

**ANALYSIS OF INTEGRATION STRATEGIES IN IMPROVING MARKETING PERFORMANCE
STUDY ON FOOD AND BEVERAGE DISTRIBUTORS IN MAKASSAR CITY**

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Abstract

Increasingly fierce business competition in marketing, companies must work hard to implement various marketing strategies to win the competition. One of the strategies used is to build an integration strategy, where all the company's strengths are synergized to improve marketing performance. This study aims to analyze the factors associated with integration strategies, such as the level of trust, dependencies, and flexibility that have an influence on the company's marketing performance. The study also involved intervening variables, namely flexibility and trust, as a link between these factors and marketing performance. The data analysis method used is Structural Equation Modeling (SEM), with a sample of 100 food and beverage companies in Makassar. The results showed that the level of trust, dependencies, and flexibility significantly affect marketing performance through intervening variables, namely Trust and flexibility. Managerial implications that can be suggested from this study is the importance of building mutually beneficial cooperation between companies, by maintaining a level of trust, flexibility, and the existence of a balanced dependency.

Keywords: Marketing performance, integration strategies, trust, dependencies and flexibility.

Abstrak

Persaingan bisnis yang semakin ketat di dalam pemasaran, perusahaan-perusahaan harus bekerja keras untuk mengimplementasikan berbagai strategi pemasaran guna memenangkan persaingan. Salah satu strategi yang digunakan adalah membangun strategi integrasi, di mana semua kekuatan perusahaan disinergikan untuk meningkatkan kinerja pemasaran. Penelitian ini bertujuan untuk menganalisis faktor-faktor yang terkait dengan strategi integrasi, seperti tingkat kepercayaan, dependensi, dan fleksibilitas yang memiliki pengaruh terhadap kinerja pemasaran perusahaan. Penelitian ini juga melibatkan variabel intervening, yaitu fleksibilitas dan kepercayaan, sebagai penghubung antara faktor-faktor tersebut dengan kinerja pemasaran. Metode analisis data yang digunakan adalah Structural Equation Modeling (SEM), dengan sampel penelitian sebanyak 100 perusahaan makanan dan minuman di Kota Makassar. Hasil penelitian menunjukkan bahwa tingkat kepercayaan, dependensi, dan fleksibilitas secara signifikan berpengaruh terhadap kinerja pemasaran melalui variabel intervening, yaitu kepercayaan dan fleksibilitas. Implikasi manajerial yang dapat disarankan dari penelitian ini adalah pentingnya membangun kerjasama yang saling menguntungkan antara perusahaan-perusahaan, dengan menjaga tingkat kepercayaan, fleksibilitas, dan adanya dependensi yang seimbang.

Kata Kunci : Kinerja pemasaran, strategi integrasi, kepercayaan, dependensi dan fleksibilitas..

INTRODUCTION

The development of consumer goods companies, especially in the food and beverage sector, in Makassar city, provides opportunities for distributors and principals to integrate with the aim of distributing products to end consumers and implementing company expansion policies, such as leveling sales areas or increasing the share of outlets.

this phenomenon creates opportunities for new outlets or retailers (new open accounts), while maintaining the coverage of existing sales areas (outlet coverage) to ensure scheduled re-orders and purchases from outlets (customer retailers)[1]. [2] also confirms the importance of cooperation and close integration between companies, which ultimately provides benefits for both parties, both producer and distributor. Model companies developed in this study will be tested on the integration strategy in the company's exclusive independent food and beverage consumer goods distributor in Makassar.

The selection of distributor company as the object of this research is based on several relevant reasons. First, in the context of integration strategies, the two sides need to reach a mutual agreement to work together. This is in line with the focus of this study, namely distributors with exclusive independent Channels who are bound by professional agreements to only distribute or sell products produced by principals.

Therefore, a mutually beneficial integration strategy is of great importance in this regard. Second, the object of this study is very suitable to examine the process of developing a model of trust in the distribution chain, flexibility to environmental changes, and dependencies on suppliers. The purpose is to demonstrate the existence of a mutually beneficial cooperative relationship between the distributor and the principal. Third, the selection of distributors as the object of this study is based on its important role as a liaison (mediation) between manufacturers and retailers or end consumers. Distributors have a vital role in bridging the relationship between manufacturers and retailers, as well as ensuring products can reach consumers efficiently

Distributors have a key role in connecting products with end consumers, so it is important to test integration strategies in the context of these distributors. Lastly, the existence of many exclusive independent distributor companies in Makassar makes it possible to use them as research objects. This gives a good possibility to conduct more comprehensive and in-depth research in order to test the developed model.

RESEARCH METHOD

The research Model will be tested on an exclusive independent food and beverage consumer goods distributor in Makassar. The reason for choosing this distributor is because it has an important position as a liaison (mediation) between manufacturers and retailers or end users. Because the population-sample is an exclusive independent food and beverage consumer goods distributor, the respondents in this study are leaders or owners of distributor companies. The leader or owner of the company has a role as a decision maker, especially in cooperation with other parties. As leaders, they have the authority to establish cooperation and make decisions that affect the integration strategy of distributor companies in Makassar.

The sampling technique used in this study is purposive sampling, namely sampling using predetermined criteria [3] the sample is part of the number and characteristics possessed by the population [4] the characteristics used are (1) only in cooperation with 1 (one) supplier (2) distributor, especially food and beverage (3) has been in a cooperative relationship with suppliers for at least 2 years (4) willing to do research. In accordance with the analysis tool to be used, the Structural Equation Model (SEM), the determination of the minimum number of representative samples according to [5] is dependent on the number of indicators multiplied by five [6].

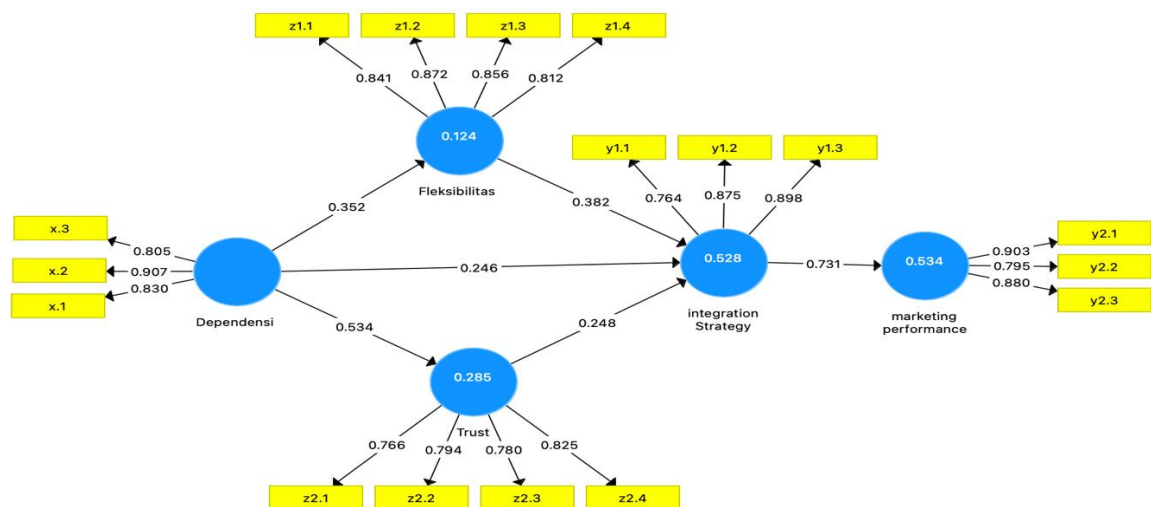
In this study, the number of samples taken using the formula $5 \times \text{number of indicators}$, IE $5 \times 17 = 85$ SMEs, the size of the sample if too large will make it difficult to get a suitable model, suggested the appropriate sample size between 100-200 respondents in order to be used estimation with SEM. From the calculation above, it can be seen that the number of respondents needed in this study is at least 100 respondents.

Data analysis techniques in this study using Structural Equation Model (SEM) with SMART PLS program. The Data that has been collected based on the questionnaire is then processed to produce information that can be analyzed in accordance with the needs and problems that have been determined.

RESULT AND DISCUSSION

3.1 Outer Models

This study calculates the effect arising from the relationship between Variables processed from the data collection of respondents using PLS-SEM.



The Model above shows the relationship of the five variables that are related by several paths. The stage in SmartPLS analysis evaluates the outer reflective model using 4 criteria, namely testing the validity and reliability of variables by looking at Cronbach's Alpha, Composite Reliability, and Average variance Extranced (AVE) on each variable. Four test criteria as follows:

a. Convergent Validity

Convergent validity is the value of the outer loading or loading Factor. An indicator is declared to meet convergent validity in a good category if outer loadings > 0.70. Here is the value of the outer loading of each indicator on the variables of the study.

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Variable	Indicator	Factor Loading
Dependencies (X)	X.1	0.839
	X.2	0.902
	X.3	0.798
Flexibility (Z1)	Z1.1	0.842
	Z1.2	0.872
	Z1.3	0.856
	Z1.4	0.812
Trust (Z2)	Z2.1	0.766
	Z2.2	0.794
	Z2.3	0.780
	Z2.4	0.825
Integration strategy (Y1)	Y1.1	0.759
	Y1.2	0.878
	Y1.3	0.900
Marketing Performance (Y2)	Y2.1	0.903
	Y2.1	0.795
	Y2.1	0.880

Based on the data in the table above, it can be seen that the value of the Loading factor of all variables above >0.7 .

b. Discriminant Validity, Composite reliability Test and Cronbach's Alpha

Discriminant Validity can be known through the Average Variance Extracted (AVE) method for each indicator must have > 0.5 criteria to be valid [7], the variable can be said to meet the composite reliability if the composite reliability value of each variable is > 0.70 [8], and a variable can be said to be reliable if it has Cronbach's Alpha > 0.70 .

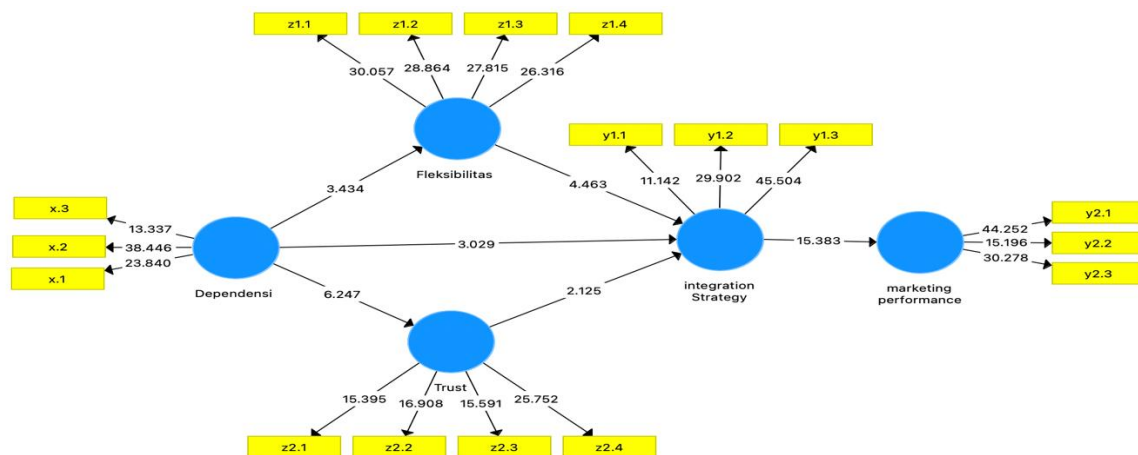
Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Dependencies (X)	0.805	0.884	0.718
Flexibility (Z1)	0.867	0.909	0.715
Trust (Z2)	0.803	0.870	0.627
Integration strategy (Y1)	0.801	0.884	0.719
Marketing Performance (Y2)	0.827	0.895	0.741

Based on the data in the table above, it can be seen that the Ave value of all variables above >0.5 , then the data in the table above, it can be seen that the value of Composite Reliability of all greater >0.7 and the data in the table above, it can be seen that the value of Cronbach's Alphabet of all variables have a value of >0.7 .

3.2 Inner Models

Testing the inner model is by doing bootstrap testing, the image below shows the results of the bootstrapping process.

a. Direct Influence



Direct influence testing using bootstrapping analysis techniques. Through the results of T-statistics obtained, can be obtained the influence of the level of significance between the independent variable to the dependent variable. When the value of T-statistic > 1.96 . ($=TINV(0.05,50)$ (T-table significance 5%)) then the effect is significant. Furthermore, through the results of the value of P value obtained when the value of P Value in each variable < 0.05 then H_0 rejected.

Variabel	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Dependencies -> Flexibility	0.352	0.360	0.103	3.434	0.001
Dependencies -> Trust	0.534	0.536	0.086	6.247	0.000
Dependencies -> integration Strategy	0.246	0.241	0.081	3.029	0.003
Flexibility -> integration Strategy	0.382	0.386	0.086	4.463	0.000
Trust -> integration Strategy	0.248	0.246	0.117	2.125	0.034
integration Strategy -> marketing performance	0.731	0.728	0.048	15.383	0.000

1. The higher the dependencies, the lower the flexibility. Dependency in business relationships can appear in several forms, each of which has an impact on flexibility. Forms of dependence include expanding consumer knowledge of

products, commitment in ensuring product availability, and building consumer confidence with consistent product availability.

2. The higher the dependencies, the lower the trust, especially if there is no substitute product. Dependence in the absence of a substitute product can reduce the confidence of consumers or business partners in the supplier company. To increase trust, companies must conduct promotions that educate consumers about the benefits of products and maintain product quality and continuity.
3. The higher the level of dependencies, the higher the degree of integration strategy. The high dependence between the company and its business partners promotes the expansion of mutually beneficial integration strategies. The success of product distribution and the achievement of sales targets are the main indicators of effective cooperation.
4. The higher the level of flexibility, the higher the integration strategy can be done. The company needs to have a sales system that can adapt to changes, such as changes in the payment system. The ability to negotiate in terms of price changes is also important, as well as the ability to negotiate in the exchange of goods and payments.
5. The higher the level of honesty, the higher the integration strategy that can be done by the distributor/supplier company. The importance of the company's operational standards and reliability in carrying out commitments is an important factor in cooperation. The credibility of the company must also be maintained by making payments and administration in accordance with the agreement.
6. The higher the integration strategy, the higher the marketing performance can be achieved. The increase in sales volume is related to the assistance provided by the supplier company in the service and availability of products. Market share expansion can also be achieved with a strong integration strategy between distributors and suppliers.

b. Indirect influence testing (mediation Test)

Variabel	Original Sample(O)	Sample Mean(M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Dependencies -> Flexibility_ -> integration Strategy	0.135	0.139	0.050	2.688	0.007
Dependencies -> Trust -> integration Strategy	0.133	0.130	0.065	2.047	0.041
Dependencies -> integration Strategy -> marketing performance	0.180	0.176	0.061	2.928	0.004
Flexibility _ -> integration Strategy -> marketing performance	0.279	0.281	0.063	4.461	0.000
Dependencies -> Flexibility _ -> integration Strategy -> marketing performance	0.098	0.101	0.038	2.591	0.010
Trust -> integration Strategy -> marketing performance	0.181	0.180	0.088	2.060	0.040
Dependencies -> Trust -> integration Strategy -> marketing performance	0.097	0.095	0.049	1.966	0.050

1. Dependencies - > flexibility -> integration strategies - > marketing performance: the high level of dependencies between a company and its business partners can reduce the flexibility it has. However, by implementing the right integration strategies, companies can overcome these flexibility limitations and improve their marketing performance. The integration strategy allows the company to work closely with its business partners, optimize existing resources and achieve common goals.
2. Dependencies - > Trust -> integration strategies - > marketing performance: a high dependence on the supplier company can reduce the trust of consumers or business partners. However, by implementing a good integration strategy, companies can rebuild that trust. An effective integration strategy involves a commitment to maintaining product quality and continuity, conducting promotions that educate consumers, and fulfilling all commitments that have been made. By regaining trust, companies can improve their marketing performance.
3. Dependencies - > integration strategies - > marketing performance: the high level of dependencies between a company and its business partners requires a stronger integration strategy. An effective integration strategy allows the company to work closely with its business partners, achieve common goals,

and improve marketing performance. With mutually beneficial cooperation, the company can achieve an increase in sales volume and expand market share.

4. Flexibility - > Integration Strategy - > Marketing Performance: The higher the level of flexibility possessed by the company, the higher the integration strategy can be carried out. Companies with sales systems that can adapt to change and have good negotiating skills have an advantage in implementing effective integration strategies. This contributes to improved marketing performance, such as increased sales volume and expanded market share.
5. Trust - > Integration Strategy - > Marketing Performance: The Trust built between the company and business partners is an important factor in achieving good marketing performance. By implementing effective and mutually beneficial integration strategies, companies can strengthen the trust of business partners and consumers. This trust contributes to improved marketing performance by expanding market share, increasing sales volume, and building a good reputation

CONCLUSION

In this study, it was found that a high level of dependency between the company and its business partners can reduce flexibility. However, by implementing the right integration strategies, companies can overcome these flexibility limitations and improve their marketing performance. The trust built between the company and business partners is also an important factor in achieving good marketing performance. By implementing an effective integration strategy, the company can strengthen the trust of business partners and consumers, which in turn will contribute to improving marketing performance by expanding market share, increasing sales volume, and building a good reputation.

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