



Influence of Marketing Innovation and Advanced Technologies on Firm Performance: The Case of Algeria

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ABSTRACT

Advanced technologies in marketing innovation have become potential tools for firms seeking enhanced performance. The findings reinforce the need to adopt cutting-edge technologies like Artificial intelligence, big data analytics including and customer data platforms (CDPs) to create hyper-personalised marketing campaigns for deeper insights into customer behaviour. These avenues in marketing innovation enable firms to gain deeper insights into consumer behaviour through immersive brand experiences for better performance in a rapidly evolving business environment. The study investigated the relationships between marketing innovation, strategic marketing planning and firm performance. It used the quantitative research method using questionnaire-based survey within Algerian home appliances, electronics and IT industry. From 939 companies selected by simple random sampling, 221 companies responded. The analysis was carried out using SPSS and Smart-PLS software programs. It uses a quantitative research method using a questionnaire survey in the Algerian home appliances, electronics and IT industry. Of the 939 companies selected by simple random sampling, 221 companies responded. The data was analysed using SPSS 25 and SMART PLS 3.0 software. The findings showed that; H1 ($\beta=0.274$, $t= 4.756$; $p\leq 0.00$), H2 ($\beta= 0.505$; $t= 8.403$; $p\leq 0.000$), H3 ($\beta = 0.694$; $t= 16.858$; $p\leq 0.000$) and H4 ($\beta= 0.353$; $t=7.350$, $p\leq 0.00$), which means that they are statistically significant and positive. The results show that both strategic marketing planning and marketing innovation are positively related to company performance. Moreover, there is a positive relationship between marketing innovation and firm performance through the mediating role of strategic marketing planning. The findings suggest that strategic marketing planning has a positive direct and indirect effect on firm performance.

Keywords:

Marketing innovation; Big data analytics; Artificial intelligence

1. Introduction

Marketing innovation has become a crucial factor for success in contemporary business practices. It has evolved from the flow of innovative ideas in the purview of the producer to the consumer. Alternatively, marketing innovation is defined as significant changes in aesthetic design, improved product packaging, new mass media, new pricing, and sales strategies [1]. Marketing innovations

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among manufacturing SMEs are core innovations influencing profitably and market share [2], and highlights the innovation focus needed by a firm [3]. The four areas of marketing innovation include product design, packaging innovation, newer pricing and retailing concepts and new advertising/sales promotion concepts [4].

SMEs implementing process, product, or organizational innovations are more likely to introduce marketing innovations [2,5]. A study by Forés and Camisón [6], reported that SME managers tend to focus on the differentiator, i.e., the "novelty" of the innovation outcome. Another study by found that about 80% of the 877 SMEs surveyed in Taiwan had introduced marketing innovations such as a new sales approach, a new market, and a new brand style Lin and Chen [7]. This is also true in the Ghanaian context where most innovations also originate from SMEs [8].

Consequently, SMEs achieve higher performances when strategic goals/objectives are aligned with their levels of innovation capability [9]. Peculiarly smaller firms are better positioned to innovate more radically than larger firms, within niche markets [10].

Underperforming Algerian SMEs has led to their failure to meet national economic and social obligations and is a cause of concern [11]. This may be linked to innovation ability as is indicated in their share of employment statistics where no more than two jobs were created within single enterprises and vicariously job creation. These are indicators of the lack of growth of Algerian SMEs [11]. According to the Algerian National Bureau of Statistics, unemployment rates increased from 9.9% in April 2016 to 10.5% in September 2016 [12]. This trend has remained with 12% in 2018 (IMF) [13].

The Global Innovation Index 2018 shows that Algeria's performance in innovation is unsatisfactory, similar to the performance of companies. Algerian SMEs lack originality and innovation as most of them rely on outdated traditional activities where they imitate existing practices without striving to differentiate the products from their competitors [14]. Algerian managers lack the spirit of innovation and risk taking [15]. Table 1 presents the innovation indicators of 128 countries in the world with Algeria ranked.

Table 1

The Global Innovation Index 2018 (Algeria)

Innovation Indicators	Percentage	Rank (out of 126)
Innovation Index	23.87	110
Innovation Output Sub-Index	14.07	116
Innovation Input Sub- Index	33.67	100
Innovation Efficiency Ratio	0.42	115

In essence, innovation as a whole has received considerable attention with most studies are focused on technological innovation. Consequently, the impact of marketing innovation on the performance is still unclear [2,5]. Most studies simply conceptualize marketing innovation as a multidimensional concept and the focus has primarily been on innovations without due consideration for marketing processes, ignoring the nuanced nature of marketing and its potential to affect firm performance [1]. This study seeks to expand the understanding of marketing innovation and its effect on firm performance.

2. Literature Review

2.1 Marketing Innovation

The concept of marketing innovation relates to aesthetic design, improved product packaging, new pricing and sales strategies [1]. Innovation is a mandatory competitiveness component

incorporating newer and value enhanced products and processes, newer marketing avenues intertwined with newer organizational behaviours and business practices [17,18]. Innovation and marketing are interrelated as innovation reveals buyer needs beyond just the product, while marketing innovation evaluates customer value perceptions by creating opportunities for unsatisfied customer needs premised upon what innovative products a firm, may offer [19].

Even though marketing innovation plays a key role in the success of SMEs, marketing innovation incorporates a set of interrelated processes firms employ to facilitate and implement successful development and execution of product innovations [20]. SMEs with strong marketing innovations can gain a competitive advantage over their competitors and thus achieve better performance [9,21]. In general, SMEs facing significant resource constraints [22] are often successful innovators [23]. This is because SMEs are small and nimble and can therefore act flexibly and bring new products to market more quickly to meet the ever-changing needs of customers.

Most innovation research has shown that marketing innovation is good for a company [24]. It can increase firm performance both financially and performance wise although the development, manufacturing, and marketing costs associated with a new product has a tendency to impact short term financial performance [25]. Marketing innovation increases survivability rates whilst failure to innovate is mortal [26]. As marketing innovation has been minimally researched [21], there is minimal empirical research to study its impact on firm performance. Marketing innovations helps increase profitability; however, these innovations are taken for granted today but at the time of inception they were extremely innovative. Examples of these innovations include vending machines, shopping malls, supermarkets, etc. [27].

Entertainment Inc. posted a 50% increase in sales with a 100% increase in stock value due a large part to its innovative marketing research and loyalty programs [24]. According to them, their greatest marketing innovation was their development of a quantitative model which could effectively predict "customer value." Meaningful customer relationships and its "future worth was much more ably predicted through the use of this model [24]. In the above examples, the products themselves were not necessarily innovative (e.g., candy in vending machines or gambling), but the marketing innovations had a significant and positive impact on firm performance.

2.2 Strategic Marketing Planning

Strategic planning is the formulation of long-term organizational objectives, including the selection of appropriate strategies [28-30]. The primary goal of strategic marketing planning (SMP) is to be either reactive or proactive, setting business goals and to take decisions upon the careful consideration of the environment [31,32].

Essentially, it is the process of determining long and short-term goals, strategies, tactics, and resources in alignment with the mission of the firm. SMP is a similar process, but within the marketing function of the organization [33]. Therefore, in this study, SMP is the process of achieving the company's vision, mission, and goals establish a competitive advantage to enhance firm performance [34,35].

3.3 Firm Performance

Firm performance is a crucial variable in management research as it is both a control element and an indicator of organizational success. Therefore, it can be assessed based on its efficiency and effectiveness in attaining targeted goals and objectives [36]. The term Firm performance is interchangeably and synonymously used and with effectiveness [37,38]. Effectiveness is the quantum

of achievement in achieving objectives and goals. As such an enterprise which is good at achieving efficiency and effectiveness is capable in delivering products and services to customers and stakeholders better than its competition [39]. Therefore, strategic capability allows manufacturing SMEs to create opportunities for itself so that it may contribute economically within any country [11]. Notably, for a firm to attain this position it needs to enhance its performance. Performance is the end product of any given activity and must be quantifiable so that it may be measured to identify if it has been able to meet its stated objectives.

Organizational performance is dependent on effective implementation of an adopted strategy by the firm and how well this is supported a firm's resources including innovation ability, adopted technologies and core competencies in achieving objectives such as the growth of revenues, profits, market share, workforce skills, productivity, quality, customer satisfaction and customer loyalties [34,40-42].

Measures of organizational performance can be deduced by utilising the balanced scorecard (BSC) which comprises four measures such as financial performance, customer perspective, internal processes and organisational learning [43]. The BSC provides a holistic view of organisational performance and may be utilised for centralised coordination of management, employees, investors, customers and stakeholders. This study uses performance as a measure of the successful achievement of stated goals and objectives in terms of financial and non-financial measures (financial, customer, internal process, and learning and growth perspectives [40,41].

3. Methodology

3.1 Research Framework and Hypothesis

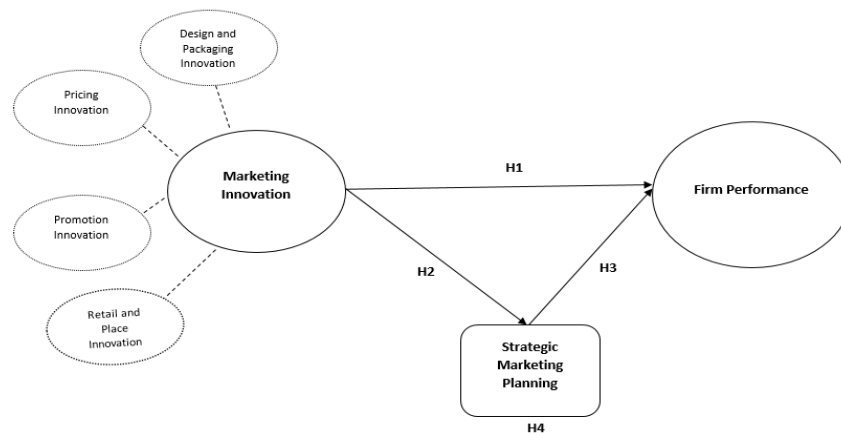


Fig. 1. Research Framework

3.2 Marketing Innovation and Firm Performance

Marketing innovation is the capability of a firm to successfully adopt and implement newer marketing modes [6]. It incorporates the ability to implement changes in design, packaging, positioning, promotions, services and product pricing by the firm (OECD) [44]. Marketing innovation includes the implementation or adoption of innovation, enables the firm to achieve higher levels of performance, this relationship was not operationalized in their studies [45]. Innovation capability is generally critical to achieving higher performance [46]. The impact of innovation on firm performance is undeniable [18,45,47,48].

In a study in North and Northwest of Paraná, Brazil on marketing innovation and firm performance it was found that marketing innovation is one of the best predictors of firm performance

in the sectors of clothing and accessories manufacturing sector. It had a significant and positive relationship with firm performance. The study also found that marketing innovation feeds into the strategic marketing processes that drives a firm's pursuit of superior business performance [49]. Hence H1: Marketing innovation effects firm performance was selected.

3.3 Marketing Innovation and SMP

It has become necessary for various companies to use all their marketing innovation to be competitive. Marketing innovation enables the company to attract more customers to its customer base. It also helps insurance companies develop products that best meet the needs of their customers. Firms that engage in comprehensive SMP are better placed to succeed in their innovation efforts. Organizations can't innovate successfully unless they take strong and extensive efforts to develop strategies enabling development of innovative ideas [50]. In a comprehensive review on literature, Crossan and Apaydin [51] opined that a firm's strategy represents a lever to encourage innovation. Product innovation within firms is a major function of the pursued strategy [52]. To innovate successfully, companies must develop a strategy that takes into account the complex and uncertain environment [53].

Marketing innovation and SMP has often been discussed but not in the context of SMEs. strategic marketing planning. Andersen [37] and Kangal [54], found a significant positive relationship between marketing innovation and SMP and concluded that it helps various economic and innovative outcomes of firms. However, it should be noted here that this relationship was not empirically tested by them or others. Therefore, H2: Marketing innovation effects Strategic marketing planning was tested.

3.4 Strategic Marketing Planning (SMP) and Firm Performance

Firms that conduct SMP are inadvertently more successful which is often reflected by enhanced sales results, better profits, satisfied consumers and are more in tune with changing business environments. This is demonstrated by the significant positive relationships between strategic planning and firm performance financially (Aboramadan & Borgonovi; Arasa & K'Obonyo; Gomera, [34,55,56]. Whether formal or informal SMP is used, managers need to stress on the essential analytical processes of environmental scanning, analysing competitive activities, evaluating strengths/weaknesses, ascertaining alternative actions are carried out [69].

SMP studies in Arabian SMEs countries and Algeria in particular has received very little attention to date. Although SMP has been studied in Algeria, attention to SMEs is small especially as SMEs are more prone to innovation [11,57,58]. Therefore, this study provides empirical evidence on this SMEs in Algeria. This study is the first of its kind within Algeria. Hence H3: The effect of SMP on firm performance was conducted.

3.5 Mediating Effect of Strategic Marketing Planning

The influence of entrepreneurial marketing ability on business performance was investigated with their findings revealing that by Their findings revealed that entrepreneurial marketing is a critical component that has a beneficial impact on company success [59]. Other research [60,61] indicated that entrepreneurial marketing ability is critical to a firm's performance, however their quantum of effect differs among nations and settings. According to some entrepreneurial marketing academics,

the absence of a marketing strategy convention in SMEs is interpreted as the absence of a marketing practice in such firms [62].

The research on the impact of SMP on marketing, such as promotion and market segmentation, have been undertaken. However, most of these studies do not focus on emerging companies, which is a problem given the strategic role of the entrepreneurial sector in supporting growth in developing countries. However, many managers and CEOs of major companies are dissatisfied with marketing's inability to deliver tangible results today. Surprisingly, they believe their marketing departments are falling short of expectations. Consequently, fewer and fewer marketers are rising to become CEOs [63]. While companies are openly expressing their desire to be closer to the customer, marketing is losing ground to other company functions most probably because of the lack of innovation.

Hence, marketing strategies have a significant effect on entrepreneurship ability according to a study on the relationship between marketing strategies and this trait [64], since they help the company reach desirable long-term sales. They assist companies with determining what their clients want and how to satisfy those demands. Furthermore, advertising alerts customers to the presence of the product. As a result, strategic marketing planning is likely to operate as a mediator between entrepreneurial marketing and business performance. Therefore, H4: Strategic marketing planning mediates the relationships between marketing innovation and firm performance.

3.6 Data Collection

The unit of analysis was SMEs operating in the household appliances, electronics, and IT sectors in Algiers (the country's capital), all located in the northern region of Algeria, the main location of Algerian industry. The data used for this study were collected from owners and managers of manufacturing SMEs in Algeria. Questionnaires were distributed in person to 330 SMEs over a nine-month period, from early September to May 2021. Direct telephone calls were made to remind respondents who had answered late to increase the response rate, as recommended by [65]. 107 of 330 questionnaires were not returned. Thus, 250 questionnaires were returned, for an overall response rate of 76%. Furthermore, of the 250 questionnaires, about 27 were rejected because they were incomplete. 222 usable questionnaires were used for analysis, representing 68% of the valid response rate.

3.7 Measurement and Analysis

This study used unidimensional measures that were adopted from the studies in the literature review and slightly modified to fit the context of the study. In addition, this study used a quantitative research approach with a cross-sectional approach for the questionnaire-based survey. Using the Resource-Based View (RBV) as the theoretical foundation and the Dynamic Capabilities View (DCV) as the supporting theory, this study identified strategic marketing planning (SMP) as the mediator, (IM) as the exogenous variable, and organizational performance (FP) as the endogenous variable. A stratified sampling strategy was used to select 221 marketing managers and CEOs as respondents from SMEs in the home appliance, electronics, and IT sectors. Data were analysed using SPSS 26 and Smart-PLS 3.0 software with structural equation modelling. The techniques used were two descriptive and inferential statistics. Several analysis techniques were used to test the hypotheses of the constructs based on the data from the study. Various analytical techniques were used to test the hypotheses of the constructs based on the literature review. The methods of data analysis were selected depending on the questions of the study and the characteristics of the variables (Hair, Hult, Ringle, & Sarstedt) [66].

4. Results and Discussion

4.1 Sample Characteristics

A total of 222 responses were collected through a questionnaire from the home appliance, electronics, and IT industry in Algeria. Most of the respondents in this study were male (95.05%) and female (4.05%); 29.09% of them were between 50 and 59 years old. The majority of the respondents had more than 30 years of work experience. In terms of education, slightly more than 50% of the respondents had a bachelor's degree, followed by 34.08% with a master's degree, while the remaining 5% and 9% had a high school or middle school diploma. Only 3% had a doctorate degree. In terms of length of time in business, 24% of respondents had been in operation for 6 to 10 years. Another 16.07% had been in operation for 31 to 35 years. 15.08% had been in operation for 31 to 35 years (the longest period of operation). In contrast, 13.01%, 10.09%, and 10.04% of respondents had been operating for 11 to 15, 16 to 20, and 21 to 25 years, respectively.

4.2 Evaluation of Measurement Model

Table 2 summarizes the outcomes of this study's Factor Loadings, Composite Reliability (CR), and Average Variance Extracted (AVE). According to Hair, Ortinau, and Harrison (2010), the three key assessors of convergence validity are factor loading, (CR), and (AVE). Another aspect of convergent validity is composite reliability (CR), which refers to the degree to which a set of items demonstrates latent construct consistency [67]. As a result, the convergent validity of the outer model was further tested using Average Variances Extracted (AVE) values, which in this study ranged between 0.509 and 0.717. It demonstrated that AVE values of at least 0.5 provide sufficient convergence in construct measurement [66,68,69].

Table 2
 Measurement Model: Reliability and Convergent Validity

Description	Items	Cronbach's Alpha	Reliability	AVE	Loading	P-Value	Conclusion
Marketing Innovation		0.898	0.924	0.710		< 0.001*	Valid
	M1				0.826	< 0.001*	Valid
	M2				0.828	< 0.001*	Valid
	M3				0.773	< 0.001*	Valid
	M4				0.860	< 0.001*	Valid
	M5				0.919	< 0.001*	Valid
SMP		0.967	0.970	0.717		< 0.001*	Valid
	SMP1				0.852	< 0.001*	Valid
	SMP2				0.863	< 0.001*	Valid
	SMP3				0.765	< 0.001*	Valid
	SMP4				0.841	< 0.001*	Valid
	SMP5				0.870	< 0.001*	Valid
	SMP6				0.856	< 0.001*	Valid
	SMP7				0.893	< 0.001*	Valid
	SMP8				0.846	< 0.001*	Valid
	SMP9				0.814	< 0.001*	Valid
	SMP10				0.885	< 0.001*	Valid
	SMP11				0.843	< 0.001*	Valid
	SMP12				0.885	< 0.001*	Valid
	SMP13				0.770	< 0.001*	Valid
Firm Performance		0.891	0.911	0.509		< 0.001*	Valid
	FP1				0.718	< 0.001*	Valid
	FP2				0.809	< 0.001*	Valid

FP3	0.571	< 0.001*	Valid
FP4	0.803	< 0.001*	Valid
FP5	0.765	< 0.001*	Valid
FP6	0.756	< 0.001*	Valid
FP7	0.635	< 0.001*	Valid
FP8	0.582	< 0.001*	Valid
FP9	0.754	< 0.001*	Valid
FP10	0.692	< 0.001*	Valid

The discriminant validity of the measurement model (outer model), as shown in Table 3, was further confirmed using Fornell and Larcker's [70] Cross Loading method. The discriminant validity metrics emphasize the items' use of non-overlapping ideas. In other words, the variance of each construct and its items must be greater and not overlapping when compared to the variance of other constructs. As illustrated in the following Table 3, the square root of Average Variance Extracted (AVE) for all constructs was placed at the diagonal elements of the correlation matrix. As a rule of thumb, Fornell and Larcker [70] suggested the use of AVE at 0.5 or higher. They have also suggested that the square root of the AVE should be higher than the correlation among the latent variables to determine discriminant validity.

Table 3
Discriminant Validity

	Marketing Innovation	Firm performance	Strategic marketing planning
Marketing Innovation	0.842		
Firm performance	0.640	0.663	
Strategic marketing planning	0.507	0.729	0.846

Table 4 shows that the values for SRMR, Chi-square and NFI are all within the range of acceptability, so the research the model has a good model fit [71].

Table 4
Model Goodness of Fit

Parameter	Value	Criterion	Conclusion
SRMR	0.088	≤ 0.08	Good
Chi-Square	240.532	> 7.37	Good
NFI	0.637	> 0.9	Moderate

4.3 Evaluation of Structural Model

The evaluation of the structural model consists of calculating the coefficients of determination (R^2) as shown in Table 5 below. Standardized Root Mean Square Residual (SRMR), Chi-square, and Normed Fit Index (NFI) are provided in Table 4 above. The coefficient of determination (R^2) shows the size of the variance of the endogenous variable caused by all the exogenous variables connected to it. The analysis of the results shows that the R^2 value for firm performance is 0.640 and for strategic marketing planning is 0.225 (Table 5), which is slightly lower than 0.70, but can be considered to show a moderate level of predictive accuracy

Table 5
 Coefficient of Determination for Direct Relationships (R-Square)

Construct	R-Square Value (R ²)
Firm Performance	0.669
Strategic marketing planning	0.225

4.4 Hypotheses Testing

The hypothesis testing results are provided in Table 6 above for this study. The results show that all hypotheses are supported by empirical data obtained at significance levels of 95% and 99%.

Table 6
 Results of Hypotheses Testing

Hypotheses	Coefficient	Std Dev	t-values	p-values	Conclusion
H1: Marketing innovation effects firm performance	0.274	0.058	4.756	0.000	Supported
H2: Marketing innovation effects strategic marketing planning	0.505	0.060	8.403	0.000	Supported
H3: Strategic marketing planning effects firm performance	0.694	0.041	16.858	0.000	Supported
H4: Strategic marketing planning mediates the relationship between marketing innovation and firm performance	0.353	0.048	7.350	0.000	Supported

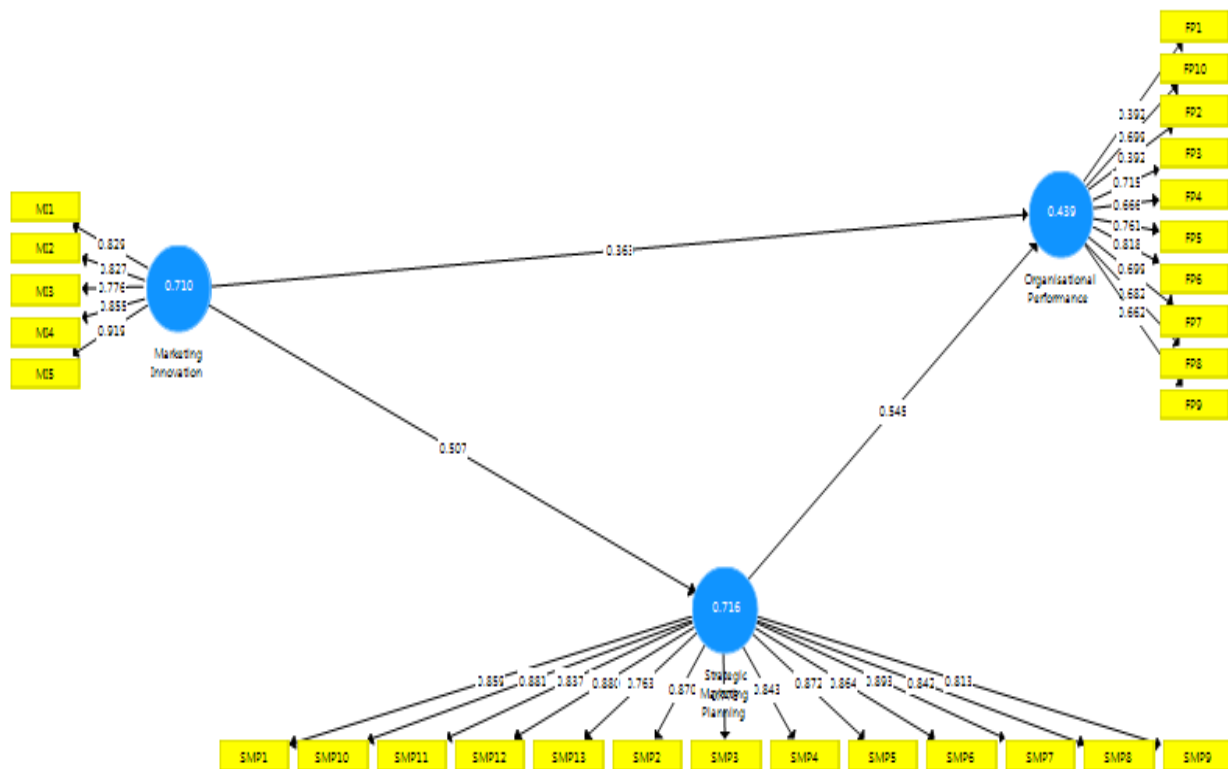


Fig. 2. PLS-SEM Algorithm Measurement Model

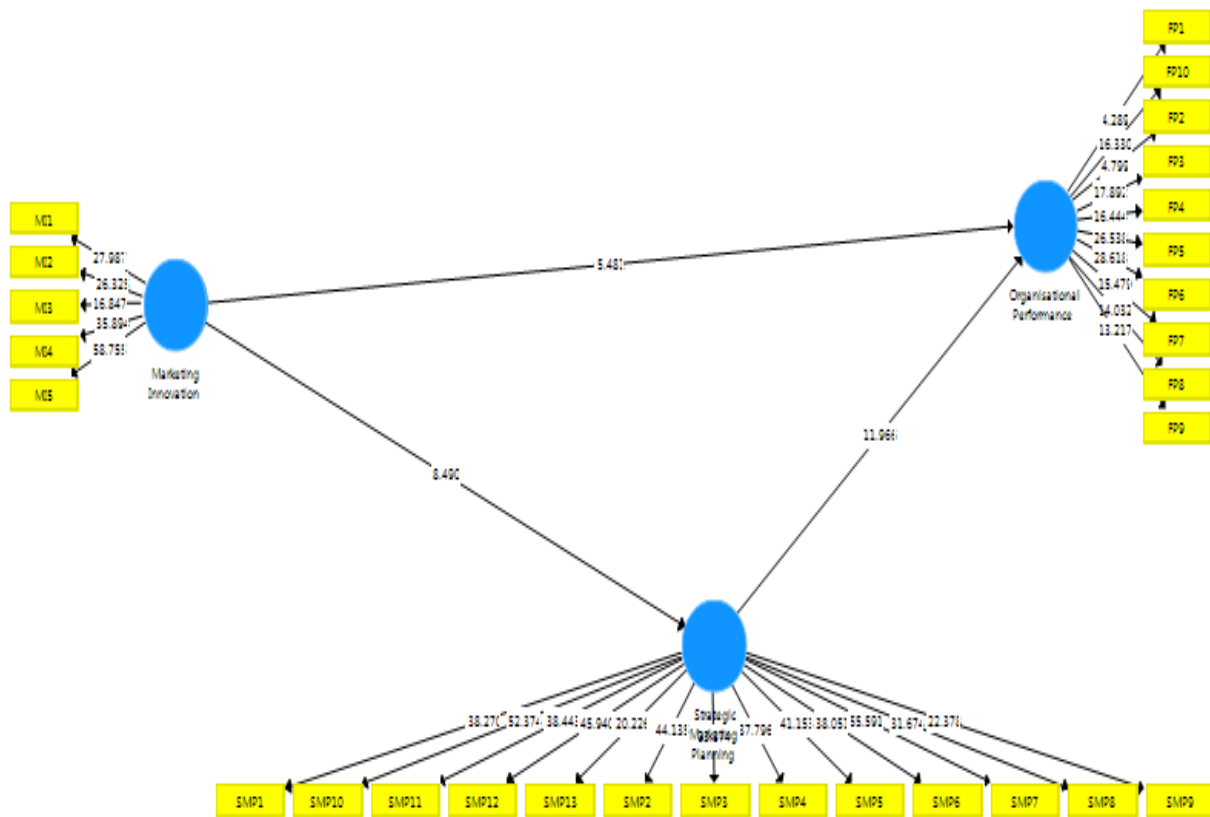


Fig. 3. PLS-SEM Bootstrapping

5. Discussion of Results

Using sample data from 221 home appliances, electronics and the IT industry, this study produced four significant findings as indicated in Table 6. First, there is a positive relationship between marketing innovation and firm performance ($b = 0.247$, $p = 0.000$). Second, there is a positive relationship between marketing innovation and strategic marketing planning ($b = 0.694$, $p = 0.000$). Third, there is a positive relationship between strategic marketing planning and firm performance ($b = 0.505$, $p = 0.000$). Fourth, there is a positive relationship between marketing innovation and firm performance through the mediation of strategic marketing planning ($b = 0.353$, $p = 0.000$), which is a complementary partial mediation as the effect is positive. Thus, the effects of marketing innovation (product design and packaging innovation, new pricing strategies, new retail concepts, new advertising and promotion concepts) and strategic marketing planning (strategy implementation, strategy formulation, monitoring and evaluation, environment analysis, and vision and mission) on firm performance (customer performance, internal process performance, financial performance, and learning and growth) have a significant and positive relationship. This requires firms to focus on developing their performance by adopting innovation in strategic marketing and management processes and also to emphasise on strategy formulation, implementation and control to increase the effectiveness of company.

6. Conclusion

The use of advanced technologies for marketing innovation has illuminated the transformative potential these tools hold for companies seeking enhanced performance in today's competitive landscape. The findings suggest that embracing cutting-edge technologies for marketing is imperative for organisations aspiring to stay ahead in the rapidly evolving business environment. Artificial intelligence through the use of chatbots, machine learning solutions including augmented analytics, engineered decision analytics and data visualization for better decision-making, big data analytics including both predictive and prescriptive modes, customer data platforms (CDPs) enabling businesses to efficiently organize and utilise valuable data resources to create hyper-personalised marketing campaigns for deeper insights into customer behaviour and augmented reality that culminate in new 3D immersive experience are identified as key drivers of marketing innovation, enabling companies to gain deeper insights into consumer behaviour to create immersive brand experiences. As companies navigate the complexities of the digital era, the integration of these advanced technologies becomes a strategic imperative. AI-powered algorithms can optimise marketing campaigns, ensuring precision in targeting and resource allocation. machine learning algorithms, when applied to large datasets, enable businesses to identify patterns and trends that inform more effective decision-making. Big data analytics emerges as a cornerstone for informed marketing strategies, allowing companies to leverage vast amounts of data to identify market trends, assess consumer preferences, and refine their value proposition. Additionally, augmented reality provides an innovative means to engage consumers, offering immersive and interactive experiences that foster stronger brand-consumer relationships.

However, it is crucial for organizations to recognise that the successful implementation of these technologies require a comprehensive understanding of their specific business context related to the adoption of marketing innovation within the firm. Moreover, a strategic marketing approach acts as a crucial mediator, ensuring that the benefits of marketing innovation are aligned with overarching business objectives. In conclusion, the synergy between marketing innovation, advanced technologies, and strategic marketing is a powerful formula to enhance firm performance. Embracing these tools positions companies at the forefront of industry evolution, enabling them to adapt, thrive, and drive sustainable growth in an increasingly competitive global market. This study underscores the importance of a holistic and adaptive approach to marketing innovation, recognizing it as a dynamic process that evolves alongside technological advancements and changing market dynamics.

This study contributes to a better understanding of marketing innovation as it found a significant and positive relationship between marketing innovation and firm performance through the mediation and influencing strategic marketing plans. This study implies that the management and marketing of an enterprise should focus on marketing innovation in order to be competitive and gain market share especially in niches that have hitherto not been identified and finally lead the market which is hypercompetitive to maintain their competitive advantage and improve firm performance.

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