



Entrepreneurship and Innovation: Two Main Pillars that Shake the Marketing Performance of Local Coffee Shops

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Abstract: This study aims to analyze the influence of entrepreneurship and product innovation on the marketing performance of local coffee shops in Banda Aceh City. The background of this research is based on the increasing trend of the local coffee industry which has not been accompanied by optimal marketing and innovation strategies. The research method used a descriptive-associative quantitative approach with the population of coffee shop owners and managers and a sample of 25 respondents. Data analysis was carried out by multiple linear regression using SPSS 26.0. The results of the study show that simultaneously entrepreneurship and product innovation have a significant effect on marketing performance, with an F value of 60,024 and a significance of 0,000. However, partially, only the innovation variable had a positive and significant effect on marketing performance (sig. 0.001 < 0.05), while entrepreneurship had no significant effect (sig. 0.288 > 0.05). A determination coefficient value (R^2) of 0.845 indicates that 84.5% of the variation in marketing performance is explained by both variables. This study emphasizes the importance of product innovation as a dominant factor in improving the marketing performance of local coffee shops and provides implications for business owners to strengthen creativity and adaptation to consumer trends.

Keywords: Coffee Shop; Entrepreneurship; Marketing Performance; MSMEs; Product Innovation

1. INTRODUCTION

Local coffee businesses in Aceh have experienced a significant surge in recent years, especially in cities like Banda Aceh, where hangout trends, café lifestyles, and awareness of local specialty coffees like Gayo coffee are gaining popularity. However, in the midst of these great opportunities, many local coffee shops still face challenges in optimizing their marketing performance, ranging from limited market penetration, customer loyalty that has not been maximized, to low competitiveness compared to big brands. In the context of MSMEs, this shows that relying only on strategic locations and coffee flavors is not enough to significantly improve marketing performance. According to Wahyuningsih, (2023) shows that entrepreneurial orientation has a positive influence on marketing performance in MSMEs. Pramuki & Kusumawati (2024) conclude that the combination of market orientation and product innovation improves the marketing performance of MSMEs. Sudarti & Dewi (2023) show that product innovation capabilities mediate customer/digital orientation to marketing performance. Meanwhile, Sulastini & Darmawi (2024) emphasized that innovation and competitive strategies have an important role in marketing performance in MSMEs.

Although this phenomenon shows great potential, there is a significant gap between ideal conditions and reality on the ground. Ideally, a local coffee shop should have a high entrepreneurial orientation such as the ability to be proactive, risk-taking, and innovative in presenting products and product innovations that are right to meet the expectations of modern

consumers. However, the reality is that many local coffee shops in Aceh are still limited in terms of product innovation in coffee variants, presentation, digital services and systematic marketing strategies such as the use of social media, customer experience, digitalization. A study by Rahmawati & Novani (2021) in the F&B sector found that product innovation has not been significant to marketing performance during the pandemic. Gunawan et al. (2023) Entrepreneurial orientation and marketing innovation are needed for better marketing performance. Erliyani et al. (2024) emphasized that entrepreneurial orientation, innovation, and market orientation all affect the performance of MSMEs. Thus, the research gap arises because the actual condition of *coffee shops* in Aceh has not been investigated in an integrated manner how entrepreneurial orientation affects product innovation, and subsequently how these two things contribute to marketing performance.

Most of the previous research related to MSMEs and marketing performance is still general or occurs in the handicrafts/manufacturing sector, not specifically in the local coffee shop industry in Aceh. Pranoto (2023) on snack MSMEs shows the importance of product innovation for market penetration. Apriyanti & Herbert (2023) at SME in Bandung discusses product innovation and business analysis in general. Even specific research that combines entrepreneurial orientation, product innovation, and marketing performance in coffee shops in Aceh has not been found. Therefore, this study will fill this gap by examining the influence of entrepreneurial orientation on product innovation in coffee shops in Aceh, and the influence of product innovation on marketing performance in *coffee shops* in Aceh, as well as the direct influence of entrepreneurial orientation on marketing performance. The theoretical foundations include the theory of entrepreneurial orientation, the theory of product innovation, the theory of marketing performance in MSMEs, and the theory of market orientation as a strengthening context.

The purpose of this study is to measure the level of entrepreneurial orientation and innovation in *local coffee shops* in Banda Aceh, analyze the influence of product innovation on the marketing performance of *local coffee shops* in Banda Aceh, analyze the influence of direct entrepreneurial orientation on the marketing performance of *coffee shops*. Thus, this study is expected to provide a clear empirical picture of the role of entrepreneurial orientation and product innovation in improving the marketing performance of local *coffee shops* in Aceh, as well as being the basis for recommendations for more effective marketing strategies.

This research has both practical and theoretical benefits. Practically, the results of the research can be used as a guide for *local coffee shop* owners in Aceh to strengthen entrepreneurial orientation, for example, increasing innovation capabilities, daring to take

risks, proactivity and implementing product innovations that are in accordance with local consumer tastes and current coffee trends so that they can improve marketing performance such as increasing sales, customer loyalty, market penetration. Theoretically, this study enriches the literature of MSMEs in Indonesia, especially the *coffee shop sector* and the Aceh region that connects entrepreneurial orientation, product innovation, and marketing performance. By including these three variables in an integrated manner, this research contributes to the development of theories in the field of MSME marketing and entrepreneurship.

2. LITERATURE REVIEW

Marketing Performance

Marketing performance can be understood as a measure of the success of marketing activities in achieving organizational targets, including sales growth, increased market share, customer loyalty, and profitability along with the implementation of the right marketing strategy (Mubarok et al., 2023). Furthermore, marketing performance in the context of MSMEs is also conceptualized as a concrete result of marketing capabilities and product innovation which is reflected through indicators such as the growth in the number of customers, retention rates and marketing cost efficiency (Sulastini & Darmawi, 2022). Third, a definition states that marketing performance is a condition in which the marketing process not only runs but provides more value in the form of competitive advantage through different and relevant products/services (Arumsari & Marka, 2018). Fourth, other studies define marketing performance as the effectiveness and efficiency of marketing activities managed through metrics such as *return on marketing investment* (ROMI), market penetration rate, and customer satisfaction (Angkhasakulkiat et al., 2025). Fifth, marketing performance includes digital adaptability, namely how marketing is able to utilize digital marketing, social media, and agile business processes to improve marketing results in a rapidly changing environment (Tumbur et al., 2024). Thus, marketing performance is not only about the end result, but also how marketing processes and capabilities are directed strategically, innovatively, and adaptively.

According to Ferdinand (2000, p.23), marketing performance indicators include several key aspects used to assess the effectiveness of a company's marketing activities. First, sales volume, which is the number of products successfully sold in a given period, which reflects the company's ability to attract consumer interest and reach the target market. Second, customer growth, which measures the rate of increase in the number of new customers and retention of existing customers, so that it can assess the company's ability to expand market share and build

customer loyalty. Third, profitability, which is the amount of profit obtained from the sale of products, which shows the extent to which the marketing strategy is able to generate optimal margins through pricing, promotions, and operational efficiency. These three indicators together provide a comprehensive picture of marketing performance, both in terms of quantity (sales and profit) and in terms of relationships with consumers (customer growth), so that they are an important basis in evaluating the company's marketing strategy.

Entrepreneurship

Entrepreneurship can be understood as a dynamic process in which individuals or groups identify opportunities, organize resources, take risks, and create new value through efforts or innovations to answer market needs or create new markets. Entrepreneurship is "the ability and willingness to create, manage and develop a business despite uncertainty" (Fernandez & Calderon, 2018). In the context of SMEs and entrepreneurial orientation, the 2020 study said that entrepreneurial orientation includes innovative, proactive and risk-taking abilities as important factors for the success of small and medium enterprises (*The effects of customer orientation and entrepreneurial orientation on SMEs performance*, 2025). The orientation of entrepreneurial strategies in the era of digital transformation (EO) reflects the tendency of companies to actively explore new opportunities, dare to take risks, and adapt to technological changes (Čović et al., 2023). Entrepreneurship in the context of MSMEs is a strategic orientation that creates a competitive advantage through product innovation, proactivity, and organizational autonomy (Kusa et al., 2024). Entrepreneurship is the activity of creating new businesses through a combination of capital resources, labor, skills in dealing with risks and uncertainties for business growth (Toyib & Sanny, 2021 quoted in Kompas, 2023) Thus, entrepreneurship is not just about establishing a business, but further on how a person or organization actively creates, develops and maintains a business through innovation, risk taking, and adapting in a rapidly changing environment to achieve better performance.

The five indicators of entrepreneurial orientation according to Weerawerdena, (2003) and Hadjimanolis, (2000) in Mieke Supranoto, (2009) cover several main aspects. First, risk-taking, which is the ability to be opportunity-oriented even in uncertainty. Second, flexible, able to adapt to customer needs. Third, anticipation, namely the ability to anticipate changes in the business environment. Fourth, proactive, the tendency to recognize opportunities and commit to innovation. Fifth, business experience, namely entrepreneurial attitude and innovation influenced by leadership experience. These five indicators are important benchmarks for assessing entrepreneurial orientation that influences strategy, product innovation, and business performance.

Product Innovation

Product innovation is an effort to present a new product or service, A form of innovation carried out by entrepreneurs, both those who have been running a business for a long time and those who are just starting out, are usually applied to various aspects of business, such as product innovation, process innovation, marketing innovation, and innovation in organizational management. (Susdiani, 2020). According to the Oslo Manual (2005), organizational innovation is the application of new methods in company management. Innovation is an effort to introduce various new elements in the organization, such as equipment, systems, regulations, products or services, and technology in the production process (Puryantini, 2017). Product innovation is influenced by uniqueness, variety, and product style or design (Helsanti et al., 2025). Innovation is a breakthrough for MSMEs to increase customer satisfaction through innovation (Iqbal & Yuliandari, 2019). Innovation is often the key for small companies to be able to compete with large companies that are their competitors (Sari, 2022).

According to Kotler and Keller (2014), product innovation includes the creation of new products, the development of product lines, the addition of variations to existing products, and continuous improvement. The four aim to increase the company's value, quality, choice, and competitiveness in meeting consumer needs and preferences.

3. METHODS

This research discusses the role of entrepreneurship and product innovation in marketing performance. The object of the research is a coffee shop operating in the city of Banda Aceh. The research method used is quantitative with an associative descriptive approach. The study population consisted of coffee shop owners and managers in the city of Banda Aceh, with a sample of 25 respondents. Data collection was carried out through questionnaires. Data analysis was carried out by multiple linear regression using SPSS 26.0 to test the influence of entrepreneurship and product innovation on marketing performance simultaneously or partially.

4. RESULT

Multiple Linear Regression

Table 1. Multiple Linear Regression Test Results.

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		

	(Constant)	1.648	1.059		1.556	.134
1	KW	.114	.104	.209	1.089	.288
	IN	.529	.140	.727	3.785	.001
a. Dependent Variable: KP						

Source : primary data processed, 2025.

Based on the results of multiple linear regression analysis in the Coefficients table above, a regression equation was obtained (Entrepreneurship = 1.648+0.114 (Entrepreneurship) + 0.529 (Innovation)). The constant value of 1,648 indicates that when the Entrepreneurship and Innovation variable is zero, then the Marketing Performance value is 1,648. The Entrepreneurship variable has a coefficient of 0.114 with a significance value of 0.288 (> 0.05), which means that Entrepreneurship has no significant effect on Marketing Performance. Meanwhile, the Innovation variable has a coefficient of 0.529 with a significance value of 0.001 (< 0.05), which shows that Innovation has a positive and significant effect on Marketing Performance. The standard Beta value of 0.727 in the Innovation variable also shows that Innovation is the most dominant factor in influencing Marketing Performance. Thus, it can be interpreted that an increase in Innovation will significantly improve Marketing Performance, while Entrepreneurship does not have a significant influence on changes in Marketing Performance.

Cohesion Determination

Table 2. Cohesion Determination.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919 ^a	.845	.831	.87935
a. Predictors: (Constant), IN, KW				

Source : primary data processed, 2025.

Based on Table 2 regarding the coefficient of determination, a value of $R = 0.919$ was obtained which indicates a very strong relationship between independent variables (IN and KW) and dependent variables (KP). The value of $R \text{ Square} = 0.845$ means that 84.5% of the variation in changes in KP can be explained by the variables IN and KW, while the remaining 15.5% is explained by other factors outside this study model. *The value of Adjusted R Square* = 0.831 indicates the results that have been adjusted for the number of variables and sample size, which is still relatively high and indicates that the regression model used is quite good in explaining the relationship between variables. Meanwhile, the *Std. Error of the Estimate* value of 0.87935 indicates a relatively small rate of model prediction error. Thus, it can be interpreted that this regression model has excellent predictive capabilities, with the variables IN and KW together being able to explain most of the variation in KP.

Partial T-Test

Table 3. The Results of the T.

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.648	1.059		1.556	.134
	KW	.114	.104	.209	1.089	.288
	IN	.529	.140	.727	3.785	.001
a. Dependent Variable: KP						

Source : primary data processed, 2025.

The results showed that for the KW variable, the Sig. value was $0.288 > 0.05$, so H_0 was accepted and H_1 was rejected, which means that the KW variable had no significant effect on KP. On the other hand, for the IN variable, the Sig. value is $0.001 < 0.05$, so H_0 is rejected and H_1 is accepted, which means that the IN variable has a positive and significant effect on KP. Thus, it can be concluded that only the IN variable has a significant influence on KP, while the KW variable does not have a significant influence.

Simultaneous F Test

Table 4. Test Results F.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.828	2	46.414	60.024	.000 ^b
	Residual	17.012	22	.773		
	Total	109.840	24			
a. Dependent Variable: KP						
b. Predictors: (Constant), IN, KW						

Source : primary data processed, 2025.

Based on the results of the F test in the ANOVA table, an F value was obtained calculated as 60,024 with a significance value of 0.000. With the sum of independent variables (k) = 2 and the number of samples (n) = 25, the degrees of freedom $df_1 = 2$ and $df_2 = 22$, resulting in a table F value of 3.44 at a significance level of 0.05. Since the value of the F calculation (60.024) is greater than the F of the table (3.44) and the value of Sig. (0.000) < 0.05, then H_0 is rejected and H_1 is accepted. This shows that simultaneously the KW and IN variables have a significant effect on KP. Thus, the regression model used is declared fit because the two independent variables are jointly able to explain the variations that occur in the KP dependent variables.

5. CONCLUSION

Based on the results of the research on the influence of entrepreneurship and innovation on the marketing performance of local coffee shops in Banda Aceh, it can be concluded that innovation has a significant role in improving marketing performance, while entrepreneurship does not show a significant influence partially. This can be seen from the results of the t-test, where the innovation variable (IN) has a significance value of 0.001 (< 0.05) and has a positive effect on marketing performance (KP), while the entrepreneurship variable (KW) has a significance value of 0.288 (> 0.05) which means it has no significant effect. The results of the F test also showed that simultaneously the two variables had a significant effect on marketing performance, with the F value of 60,024 greater than the F of table 3.44 and the significance of 0.000. A coefficient of determination value (R^2) of 0.845 indicates that 84.5% of the variation in marketing performance changes can be explained by entrepreneurship and innovation, while the remaining 15.5% are influenced by factors outside the research model. Thus, it can be concluded that the success of local coffee shops in Banda Aceh in improving marketing performance is largely determined by the ability to innovate in products and services, while entrepreneurship without strong innovation has not been able to have a

significant impact. This study emphasizes the importance of innovation as a dominant factor that drives business competitiveness and sustainability in the local coffee shop sector. The next research is suggested to add mediation variables, expand the sample, and include digital marketing aspects to deepen the influence of innovation on marketing performance.

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