

ABSTRACT

Innovation is considered a solution to strengthen a company's performance by helping them identify challenges, thereby affecting competitiveness and sustainability. This study is motivated by the inconsistency between Market Sensing Capability and Marketing Performance. The purpose of this study is to explore a new concept of improving marketing performance through the Resource Advantage Theory of Competition approach. The synthesis of theoretical and practical concepts is the New Product Innovation Agility product. New Product Innovation Agility acts as a mediator in bridging the research gap between Market Sensing Capability and Marketing Performance.

The sample for this study consists of furniture export SMEs in Jepara District, with a population of 445 furniture export companies, and a remaining sample of 185 respondents. The research model consists of 5 variables and 33 reflective indicators. Data analysis is conducted using SEM version 24, and partial model and Sobel tests are used to measure the strength of the mediating role in this research model. The seven hypotheses proposed in this study provide empirical evidence, showing that one hypothesis is rejected - hypothesis six - which suggests that the higher a company's market penetration, the higher its marketing performance. The remaining six hypotheses demonstrate significant values in the empirical test.

This study also successfully proves that the proposed model and concept, New Product Innovation Agility, have a significant influence as a mediator. To answer the inconclusive research before, this study shows that New Product Innovation Agility successfully acts as a mediator between Market Sensing Capability and Marketing Performance.

Keywords: *Market Sensing Capability, New Product Innovation Agility, Product Attractiveness, Market Penetration, and Marketing Performance*