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The Effect of Promotion and Product Innovation on Marketing Performance which is Mediated by Service Quality at PT. Adira Finance, East Java

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Abstract

The study analyses the effect of promotion and product innovation on marketing performance which was mediated by service quality at PT. Adira Finance, East Java. In the industry of automotive financing, especially for new cars, a higher competition forces the company to apply effective promotion strategies, present relevant product innovation, and give optimal service quality to increase marketing performance. The study applies quantitatively with a survey method. Furthermore, the population consists of partners of PT. Adira Finance, namely PIC dealer of marketing division and employees of marketing division at PT. Adira Finance, East Java. The data were collected using probability sampling with a questionnaire that was distributed to respondents. In line with that, 146 respondents were taken as samples. Moreover, the data were analysed using Structural Equation Model - Partial Least Squares (SEM-PLS) with descriptive and inferential analysis. As a result, it shows that promotion has an insignificant effect on service quality and marketing performance. Additionally, product innovation has a significant effect on marketing performance. Likewise, service quality has a significant effect on marketing performance. In addition, service quality is proven as a mediating variable in the relationship between promotion strategy and product innovation on marketing performance. The findings give implication on managerial terms that the improvement of marketing performance in the industry of automotive financing for new cars is not only dependent on product innovation, but also mostly influenced by the effectiveness of service quality which is given by either the dealer partners or consumers.

Introduction

Non-Bank Financial Institutions (NBFIs) constitute an important component of the financial system and contribute substantially to economic development by providing financing alternatives beyond conventional banking services. NBFIs offer various financial products, including consumer financing, venture capital, investment, and insurance, thereby expanding access to financial services for individuals and business groups. Their role is particularly important for segments that may face limitations in accessing bank financing, including low-income communities and micro, small, and medium-sized enterprises. Compared with conventional bank lending, NBFI financing may provide greater accessibility to customers who have limited collateral or fixed assets, making NBFIs an important mechanism for broadening financial inclusion (Mahila et al., 2024; Jrad, 2023).

The development of the NBFI industry has also intensified competition among financing companies. Increasing competition requires companies to strengthen their ability to understand market needs, develop relevant products, implement effective marketing strategies, and provide consistent service quality. Product innovation, marketing strategy, and service quality have therefore become important organizational capabilities for improving marketing performance

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and sustaining competitive advantage (Farida & Setiawan, 2022; Hajar et al., 2022; Kosasih et al., 2024; Sulistyaningsih et al., 2024; Sudirjo, 2023). Product innovation enables firms to create additional customer value and respond to changing market expectations, while marketing strategy helps organizations determine appropriate target markets, positioning, and marketing-mix decisions (Idrus, 2021; Kotler & Keller, 2016; Kotler & Armstrong, 2014). At the same time, service quality is essential because customers evaluate not only the products offered but also the reliability, responsiveness, accessibility, and overall quality of the service experience (Zeithaml et al., 2018; Tjiptono, 2015).

Within this competitive environment, PT Adira Dinamika Multi Finance (PT Adira Finance) provides a relevant context for examining the relationship between marketing strategy, product innovation, service quality, and marketing performance. As a major financing company in Indonesia, PT Adira Finance operates in a market in which customer needs, financing accessibility, service efficiency, and competition among financing providers continue to influence business performance. Marketing performance reflects the extent to which marketing activities generate desirable organizational outcomes, including sales volume, customer growth, and profitability (Herawati et al., 2021). However, the performance of the East Java New Car 2 Portfolio at PT Adira Finance declined from IDR 192 billion in financing in 2023 to IDR 149.8 billion in 2024. This decline provides an important empirical context for examining the factors that may contribute to variations in marketing performance.

From a marketing perspective, promotion and product innovation are expected to contribute to organizational performance, although their effects may depend on the quality of service through which these strategies are delivered to customers. Promotional activities communicate product benefits, create customer awareness, and establish expectations regarding the value and service provided by the company. Effective promotion may therefore strengthen market responses when the promises communicated through promotional activities are supported by satisfactory service delivery (Kotler & Keller, 2016; Kotler & Armstrong, 2014). Product innovation similarly enables companies to respond to changing customer needs by introducing improved products, digital services, and more efficient processes. Such innovations can create additional value and improve the customer experience, potentially strengthening both service quality and marketing performance (Farida & Setiawan, 2022; Hajar et al., 2022).

Nevertheless, empirical evidence regarding these relationships remains inconsistent. Several studies have reported that promotion, product innovation, and service quality have positive and significant effects on marketing performance (Ivantan et al., 2020; Andriani, 2020; Sari & Putra, 2021; Rizki, 2019; Susanti, 2020; Putra, 2021). In contrast, other studies have found insignificant relationships between these variables and marketing performance (Soebiagdo & Ruliana, 2017; Ardiansyah & Salma, 2022; Yuliana, 2022; Lestari, 2020; Hakim, 2022; Handayani, 2022). These contrasting findings indicate that the contribution of promotional strategy and product innovation to marketing performance may not be uniform across industries and organizational contexts. Consequently, examining these relationships within the non-bank financial services sector is necessary to provide more context-specific evidence.

The relationship between product innovation and service quality also remains inconclusive. Research in the banking and telecommunications sectors suggests that product innovation can improve perceived service quality by increasing convenience, processing speed, accessibility, and customer experience (Susanti, 2020; Hartono, 2021). However, research in retail and SME contexts has reported that product innovation does not necessarily improve service quality because customers may place greater emphasis on employee responsiveness, attitude, reliability, and direct service interactions than on product features (Yuliani, 2021; Hui et al.,

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2024; Sultan & Rosanti, 2026). These differences suggest that the effect of product innovation on service quality may be context-dependent. More specifically, the role of service quality as a mechanism linking innovation and marketing performance requires further examination in the non-bank financial services industry.

Based on these empirical inconsistencies and the decline in marketing performance at PT Adira Finance East Java New Car 2 Portfolio, there is a need to examine not only the direct effects of promotional strategy and product innovation on marketing performance but also the role of service quality in explaining these relationships. This study therefore investigates the effects of promotional strategy and product innovation on marketing performance, with service quality positioned as a mediating variable at PT Adira Finance East Java. By integrating these variables within a single analytical framework, the study seeks to provide empirical evidence regarding how marketing initiatives and product innovation are translated into marketing performance through service quality.

Method

Research Type and Research Object

This study employs a quantitative research approach to examine the relationships among promotion strategy, product innovation, service quality, and marketing performance at PT Adira Finance East Java. The quantitative approach is appropriate because the study uses numerical data collected from respondents and analyzes the data statistically to test the proposed relationships among the research variables. The research focuses on the experiences and assessments of individuals who are directly involved in PT Adira Finance's marketing activities and who have direct exposure to the company's promotional programs, product innovations, service quality, and marketing performance.

Population

The research population consists of dealer marketing personnel (Dealer PICs) and marketing employees of PT Adira Finance East Java New Car 2. The Dealer PICs include Sales Dealers, Supervisors, Sales Managers, Branch Managers, and General Managers, while the PT Adira Finance marketing employees include Sales Officers, Sales Heads, Heads of Satellite, and Branch Managers. These respondents are directly involved in marketing activities and therefore have relevant knowledge and experience regarding the implementation of promotional strategies, product innovations, service delivery, and marketing performance.

Dealer PICs also function as intermediaries between customers and PT Adira Finance and directly experience the company's marketing programs. These activities include the Indonesia International Motor Show (IIMS), Adira Expo, dealer rewards, on-site credit approval, and the Ad1Gate digital platform. Based on the research population identified by the study, the total population comprises 230 respondents consisting of dealer partners and PT Adira Finance marketing employees who are directly involved in evaluating promotion strategy, product innovation, service quality, and marketing performance.

Sampling Technique and Sample Size

This study applies a probability sampling technique using simple random sampling. Simple random sampling provides each member of the population with an equal opportunity to be selected as a research respondent (Sugiyono, 2017). The sample size was determined using the Slovin formula, as recommended by Sugiyono (2017), by considering the total population and the specified margin of error. With a population of 230 respondents and a margin of error of 5% (0.05).

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where *n* represents the required sample size, *N* represents the total population, and *e* represents the margin of error. Based on a population of 230 respondents and a 5% margin of error, the calculation produces a minimum sample of approximately 146 respondents. Therefore, 146 respondents were selected as the research sample for subsequent data analysis.

Data Sources and Data Collection

The data used in this study consist of primary and secondary data. Primary data were collected directly from respondents through a structured questionnaire designed to obtain their assessments of promotion strategy, product innovation, service quality, and marketing performance. The primary respondents were dealer partners and employees of PT Adira Finance East Java who were directly involved in the company's marketing activities. The use of primary data enables the study to capture respondents' direct perceptions and experiences regarding the variables examined.

Secondary data were obtained from relevant company documents, reports, journals, books, and other supporting literature. Secondary sources were used to provide contextual information and theoretical support for the research variables and to complement the primary data obtained through the questionnaire. The distinction between primary and secondary data follows the methodological perspectives discussed by Sugiyono (2017), and Bougie & Sekaran (2016), who describe primary data as information obtained directly from research respondents and secondary data as information obtained from existing documents and published sources.

Results and Discussion

The results section presents the findings of the PLS-SEM analysis conducted to examine the relationships among Promotion Strategy, Product Innovation, Service Quality, and Marketing Performance. The analysis begins with the assessment of the measurement model to ensure that the research instruments meet the required validity and reliability criteria before proceeding to hypothesis testing.

Table 1. Outer Loading

	Product Innovation	**Marketing Performance**	**Quality of Service**	**Promotion Strategy**
X1.1	-	-	-	0,813
X1.2	-	-	-	0,777
X1.3	-	-	-	0,720
X1.4	-	-	-	0,821
X1.5	-	-	-	0,722
X1.6	-	-	-	0,711
X1.7	-	-	-	0,832
X1.8	-	-	-	0,844
X2.1	0,761	-	-	-
X2.2	0,823	-	-	-
X2.3	0,864	-	-	-
X2.4	0,864	-	-	-
X2.5	0,778	-	-	-
Y1	-	0,822	-	-
Y2	-	0,812	-	-
Y3	-	0,806	-	-
Y4	-	0,798	-	-

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Y5	_-	0,806	_-	_-
Y6	_-	0,747	_-	_-
Z.1	_-	_-	0,810	_-
Z.2	_-	_-	0,832	_-
Z.3	_-	_-	0,793	_-
Z.4	_-	_-	0,871	_-
Z.5	_-	_-	0,882	_-
Z.6	_-	_-	0,883	_-
Z.7	_-	_-	0,883	_-
Z.8	_-	_-	0,897	_-
Z.9	_-	_-	0,750	_-
Z.10	_-	_-	0,790	_-

Source: Researcher's work.

Based on the outer loading results, all indicators demonstrate adequate loading on their respective constructs. The outer loading values range from 0.711 to 0.897, exceeding the commonly applied minimum threshold of 0.70. Specifically, the outer loading values for Product Innovation (X1) range from 0.711 to 0.844, Marketing Performance (Y) from 0.747 to 0.822, Service Quality (Z) from 0.750 to 0.897, and Promotion Strategy (X2) from 0.761 to 0.864.

Table 2. Average Variance Extracted

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Promotion Strategy	0,908	0,911	0,926	0,611
Marketing Performance	0,887	0,892	0,914	0,638
Product Innovation	0,877	0,885	0,910	0,671
Quality of Service	0,953	0,955	0,960	0,706

Source: Researcher's work

Based on Table 2, the results of the Average Variance Extracted (AVE) test on 146 respondents show that all indicators in Product Innovation, Promotion Strategy, Service Quality, and Marketing Performance have an AVE value of >0.50, thus being declared valid (Ghozali, 2021).

Table 3. Discriminant Validity

Indicator	Product Innovation	Marketing Performance	Quality of Service	Promotion Strategy
Product Innovation	0.819	-	-	-
Marketing Performance	0.734	0.799	-	-
Quality of Service	0.784	0.779	0.841	-
Promotion Strategy	0.708	0.633	0.683	0.782

Source: Researcher's work.

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Discriminative validity is related to the principle that different construct measures should not be highly correlated. Discriminative validity, with a reflective indicator, is seen from the cross-loading for each variable, which must be >0.70 (Ghozali, 2021). Table 16 shows that discriminative validity has been met because it is >0.70, except for Promotion Strategy on Service Quality (0.683) and Promotion Strategy on Marketing Performance (0.633).

Table 4. Validity Test

Variable	Statement Item	Pearson Correlation	r Table	Significance Value	Conclusion
Promotion Strategy (SP)	SP_1	0.799	0.2052	0.000	Valid
	SP_2	0.791	0.2052	0.000	Valid
	SP_3	0.708	0.2052	0.000	Valid
	SP_4	0.829	0.2052	0.000	Valid
	SP_5	0.709	0.2052	0.000	Valid
	SP_6	0.737	0.2052	0.000	Valid
	SP_7	0.822	0.2052	0.000	Valid
	SP_8	0.844	0.2052	0.000	Valid
Product Innovation (IP)	IP_1	0.783	0.2052	0.000	Valid
	IP_2	0.836	0.2052	0.000	Valid
	IP_3	0.849	0.2052	0.000	Valid
	IP_4	0.852	0.2052	0.000	Valid
	IP_5	0.770	0.2052	0.000	Valid
Service Quality (KP)	KP_1	0.808	0.2052	0.000	Valid
	KP_2	0.829	0.2052	0.000	Valid
	KP_3	0.796	0.2052	0.000	Valid
	KP_4	0.873	0.2052	0.000	Valid
	KP_5	0.884	0.2052	0.000	Valid
	KP_6	0.882	0.2052	0.000	Valid
	KP_7	0.880	0.2052	0.000	Valid
	KP_8	0.896	0.2052	0.000	Valid
	KP_9	0.754	0.2052	0.000	Valid
	KP_10	0.788	0.2052	0.000	Valid
Marketing Performance (KPms)	KPms_1	0.809	0.2052	0.000	Valid
	KPms_2	0.825	0.2052	0.000	Valid
	KPms_3	0.805	0.2052	0.000	Valid
	KPms_4	0.759	0.2052	0.000	Valid
	KPms_5	0.811	0.2052	0.000	Valid
	KPms_6	0.781	0.2052	0.000	Valid

Source: Researcher's work

The validity test results for each variable indicator, consisting of promotional strategy, product innovation, service quality, and marketing performance, were declared valid. This is because the calculated t-value is greater than the t-table value of 0.2052.

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Table 5. Instrument Reliability Test

Component	Achievement Percentage	Category
Context	80%	Good
Input	70%	Good
Process	60%	Fair
Product	70%	Good

Source: Researcher's work.

The reliability test results for each variable indicator, consisting of Product Innovation, Marketing Performance, Service Quality, and Promotion Strategy, were declared reliable, as the Cronbach's alpha value was >0.6. This test aims to ensure that each indicator measures the intended construct accurately and consistently. The results of the construct reliability and validity tests are shown in Table 19 below:

Table 6. Construct Reliability and Validity

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Product Innovation	0.877	0.885	0.910	0.671
Marketing Performance	0.887	0.892	0.914	0.638
Service Quality	0.953	0.955	0.960	0.706
Promotional Strategy	0.908	0.911	0.926	0.611

Source: Researcher's work.

Composite Reliability, used to measure internal consistency. A Composite Reliability value >0.70 is still acceptable for exploratory research (Ghozali, 2021). Table 19 shows that a Composite Reliability value >0.7 indicates acceptable. Cronbach's Alpha is used to diagnose the consistency of all scales by examining the reliability coefficients. A Cronbach's Alpha value >0.60 is still acceptable for exploratory research. Table 19 also shows that a Cronbach's Alpha value >0.60 indicates consistency across all scales in terms of reliability coefficients.

Path Diagram Construction (Path Coefficient Test)

The PLS-SEM analysis in this study began with the formation of a structural model and a measurement model according to the established conceptual framework. Figure 2 shows the research model consisting of two exogenous variables: Promotion Strategy and Product Innovation, one endogenous variable: Marketing Performance, and one moderating variable: Service Quality, which moderates the relationship between the exogenous and endogenous variables.

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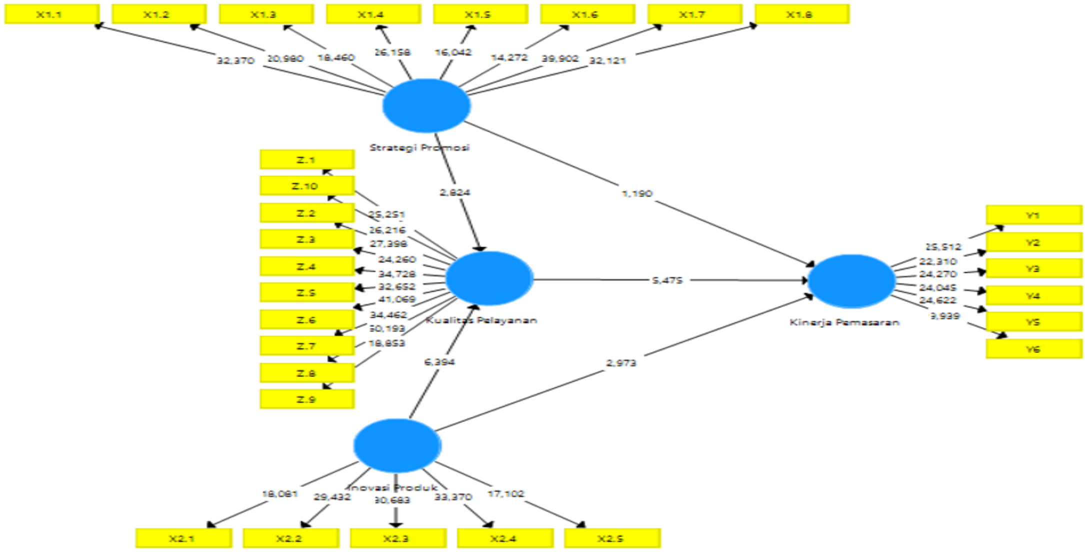

Figure 1. Path Diagram Construction

Source: Researcher's work.

The model shows that each exogenous variable has a direct path to Marketing Performance, and there are two interaction paths (moderation) from Service Quality to the relationship between Promotion Strategy and Product Innovation.

Table 7. Path Coefficient

Relationship Between Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Product Innovation and Marketing Performance	0.274	0.278	0.092	2.973	0.003
Product Innovation and Service Quality	0.603	0.601	0.094	6.394	0.000
Service Quality and Marketing Performance	0.497	0.492	0.091	5.475	0.000
Promotion Strategy and Marketing Performance	0.100	0.104	0.084	1.190	0.235
Promotion Strategy and Service Quality	0.256	0.258	0.091	2.824	0.005

Source: Researcher Processing.

Table 20 shows that all variables have T-statistics > 1.96, except for the variable "Promotion Strategy on Marketing Performance," which is < 1.96 or 1.190. The P-value must be < 0.05. The P-value for Promotion Strategy on Marketing Performance is > 0.05 or 0.235, indicating that this variable does not significantly influence marketing performance because in the financing industry, the primary factor in acquiring customers still requires access through the dealer's marketing team.

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Table 8. R-Square

Variable	R Square	Adjusted R Square
Marketing Performance	0.651	0.644
Service Quality	0.648	0.643

Source: Researcher's work.

Table 8 shows that the R-Square value for Marketing Performance is 0.651, indicating that 65.1% of the variance in Marketing Performance is explained by Promotion Strategy, Product Innovation, and Service Quality in the research model. The remaining 34.9% is attributable to other factors outside the model. This result indicates that the structural model provides substantial explanatory power for Marketing Performance.

Table 9. Hypothesis

Hypothesis	Relationship	Path Coefficient	T-Statistics	P-Value	Result
H1	Promotion Strategy – Marketing Performance	0.100	1.190	0.235	Not Significant
H2	Promotion Strategy – Service Quality	0.256	2.824	0.005	Significant
H3	Product Innovation – Marketing Performance	0.274	2.973	0.003	Significant
H4	Product Innovation – Service Quality	0.603	6.394	0.000	Significant
H5	Service Quality – Marketing Performance	0.497	5.475	0.000	Significant
H6	Promotion Strategy – Service Quality – Marketing Performance	0.127	2.383	0.018	Significant
H7	Product Innovation – Service Quality – Marketing Performance	0.299	4.187	0.000033	Significant

Source: Researcher's work.

Based on the hypothesis testing results, H2, H3, H4, H5, H6, and H7 are supported, as their *t*-statistics exceed 1.96 and their *p*-values are below 0.05. These results indicate that promotion strategy has a significant effect on service quality, product innovation has significant effects on marketing performance and service quality, and service quality significantly affects marketing performance. Furthermore, service quality significantly mediates the relationships between promotion strategy and marketing performance, as well as between product innovation and marketing performance. In contrast, H1 is not supported, because the effect of promotion strategy on marketing performance has a *t*-statistic of 1.190 and a *p*-value of 0.235, which do not meet the required significance criteria. Overall, the findings demonstrate that service quality plays an important role in linking the company's promotional and product innovation activities to marketing performance.

Promotional Strategy, Product Innovation, and Marketing Performance

The findings reveal different effects of promotional strategy and product innovation on marketing performance at PT Adira Finance East Java. Promotional strategy has a positive but statistically insignificant direct effect on marketing performance, with a path coefficient of

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0.100, a *t*-statistic of 1.190, and a *p*-value of 0.235. This finding suggests that promotional activities alone are not sufficient to directly improve marketing performance in the automotive financing context. Unlike conventional consumer-oriented markets, financing decisions are strongly influenced by dealer partners or Dealer PICs, who play an important role in directing customers toward financing providers. Factors such as interest rates, credit approval speed, financing programs, administrative convenience, and the strength of relationships between dealers and PT Adira Finance sales personnel may therefore have greater practical importance in determining financing decisions than promotional exposure alone. This result is consistent with Rizki (2019), who also found that promotion did not have a significant direct effect on marketing performance. Although promotion is theoretically expected to strengthen market communication and marketing effectiveness (Kotler & Keller, 2016), the present findings indicate that its effectiveness depends substantially on how promotional messages are translated into actual customer and dealer experiences.

In contrast, product innovation has a positive and significant effect on marketing performance, with a path coefficient of 0.274, a *t*-statistic of 2.973, and a *p*-value of 0.003. This finding demonstrates that innovations in financing products and supporting technologies can contribute directly to marketing performance. At PT Adira Finance, digital innovations such as the AD1Gate platform facilitate credit application submission, approval-status monitoring, document administration, and transaction information for dealer partners. The ADIRAKU application also provides customers with access to financing products, promotions, and company services. These innovations can reduce procedural complexity, increase accessibility, and improve the efficiency of interactions among customers, dealers, and the company. From a market-orientation perspective, innovation becomes strategically meaningful when it responds to the needs of customers and business partners (Narver & Slater, 1990). The finding is also consistent with Rizki (2019), who reported that product innovation positively and significantly contributes to marketing performance. Thus, within the context of automotive financing, innovation appears to have a more direct role in strengthening marketing performance than promotional activity alone.

Promotional Strategy, Product Innovation, and Service Quality

The findings further demonstrate that both promotional strategy and product innovation significantly contribute to service quality. Promotional strategy has a positive and significant effect on service quality, with a path coefficient of 0.256, a *t*-statistic of 2.824, and a *p*-value of 0.005. This relationship indicates that promotion should not be understood solely as a mechanism for attracting customers but also as a means of communicating service expectations. Promotional messages concerning service speed, financing convenience, affordability, and professionalism create expectations among customers and dealer partners. When these expectations are supported by actual service delivery, perceptions of service quality may be strengthened. This interpretation is consistent with Kotler and Keller (2016) and the SERVQUAL perspective of Zeithaml et al. (1990), which emphasizes the importance of communication and customer expectations in the evaluation of service experiences. The result also supports Andriani (2020) and Sari and Putra (2021), who found that appropriately designed promotional activities can contribute to improved perceptions of service quality.

Product innovation demonstrates an even stronger relationship with service quality, with a path coefficient of 0.603, a *t*-statistic of 6.394, and a *p*-value below 0.001. This is the strongest direct relationship identified among the variables examined in the study. The result suggests that technological and product-based innovations are particularly important for improving how customers and dealer partners experience financing services. Digital credit processing,

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electronic documentation, online financing facilities, and other technology-supported services can reduce waiting time, simplify procedures, improve accessibility, and provide greater transparency throughout the financing process. Consequently, innovation is not merely a mechanism for introducing new products but also functions as an operational capability that improves service delivery. This finding is consistent with Kotler and Keller (2016), who emphasize the importance of innovation in responding to changing customer needs. However, it differs from Yuliana (2022) and Ardiansyah & Salma (2022), who reported insignificant relationships between product innovation or promotion and service quality in e-commerce settings. The difference may reflect the characteristics of the research context: in automotive financing, technological innovation directly affects credit processing and service interactions, whereas in e-commerce, perceptions of service quality may be more strongly determined by logistics, delivery, and payment processes.

The significant effect of service quality on marketing performance further strengthens this interpretation. Service quality has a positive and significant effect on marketing performance, with a path coefficient of 0.497, a *t*-statistic of 5.475, and a *p*-value below 0.001. The finding indicates that improvements in service delivery can translate into stronger marketing outcomes. In the context of PT Adira Finance, high-quality service to dealer partners can strengthen their willingness to cooperate with, recommend, and prioritize the company when offering financing alternatives to customers. Service quality therefore extends beyond the immediate customer-service interaction and becomes part of the company's broader marketing capability. This finding is consistent with Kotler and Keller (2016), who emphasize the strategic importance of service quality for competitive advantage and marketing success. It is also consistent with Tjiptono (2017), and Putra (2021), who found that service quality contributes to marketing performance through mechanisms associated with customer satisfaction, loyalty, and sales outcomes.

The Mediating Role of Service Quality in Marketing Performance

The mediation results provide a more integrated explanation of how promotional strategy and product innovation influence marketing performance. Promotional strategy has a positive and significant indirect effect on marketing performance through service quality, with an indirect path coefficient of 0.127, a *t*-statistic of 2.383, and a *p*-value of 0.018. Although the direct effect of promotional strategy on marketing performance is not significant, its indirect effect through service quality is significant. This pattern suggests that promotional activities generate greater marketing value when they are translated into actual service experiences. In other words, promotion alone may not substantially change marketing performance, but promotion can contribute to performance when the expectations communicated through promotional activities are supported by reliable, responsive, and convenient service. This finding is consistent with Zeithaml et al. (1990) and Kotler and Keller (2016), who emphasize the relationship between customer expectations, service delivery, and perceived value. It is also consistent with Sari (2020), who found that promotional strategy can influence consumer outcomes through service quality.

Product innovation also has a positive and significant indirect effect on marketing performance through service quality, with an indirect path coefficient of 0.299, a *t*-statistic of 4.187, and a *p*-value of 0.000033. Combined with the significant direct effect of product innovation on marketing performance, these results indicate that service quality partially mediates the relationship between product innovation and marketing performance. Product innovation therefore contributes to marketing performance through two interconnected mechanisms: first, through its direct contribution to the attractiveness and functionality of the company's financing

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services; and second, through its ability to improve service quality. Digital innovation that makes financing processes faster, simpler, more accessible, and more transparent can enhance service experiences, which in turn support customer satisfaction, loyalty, and marketing outcomes. This finding is supported by Kotler and Keller (2016), who emphasize the importance of innovation and service quality in creating customer value, and is consistent with Lestari and Saifuddin (2020), who found that product innovation can improve marketing performance through service quality in the banking industry.

Taken together, the findings suggest that service quality is an important mechanism linking the company's market-oriented activities to marketing performance. The results do not indicate that promotion and innovation operate through the same mechanism or with the same strength. Product innovation demonstrates both a significant direct effect and a significant indirect effect through service quality, whereas promotional strategy does not have a significant direct effect but demonstrates a significant indirect effect through service quality. This distinction is theoretically and managerially important because it indicates that improving marketing performance at PT Adira Finance requires more than increasing promotional activity. Promotional communication needs to be supported by consistent service delivery, while product and digital innovation need to be translated into tangible improvements in the customer and dealer experience. In this sense, service quality functions as a critical bridge through which the company's marketing and innovation initiatives are converted into measurable marketing performance.

Conclusion

This study concludes that promotional strategy, product innovation, and service quality play interconnected roles in shaping marketing performance at PT Adira Finance East Java New Car 2 Portfolio. Promotional strategy does not directly influence marketing performance significantly, but it contributes indirectly through service quality. In contrast, product innovation has a significant direct and indirect effect on marketing performance, with service quality serving as an important mediating mechanism. The findings further demonstrate that both promotional strategy and product innovation significantly enhance service quality, while improved service quality contributes directly to stronger marketing performance. These results indicate that promotional activities alone may be insufficient to generate superior marketing outcomes in automotive financing, particularly where dealer partners play an important role in marketing activities. Therefore, strengthening service quality alongside continuous product innovation is essential for translating promotional initiatives and innovative financing services into improved marketing performance. Overall, the study highlights service quality as a strategic mechanism that connects organizational marketing initiatives with customer-related and business performance outcomes.

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