

Building Competitive Advantage through Innovation, Creativity, Product Quality

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Abstract

In the increasingly fierce competition, a business must have a strong enough competitiveness to be able to continue to compete with other businesses, especially similar businesses. It is very important for a business to make strategic steps to be able to continue to compete with competitors. This study aims to determine the effect of innovation, creativity and product quality on competitive advantage at Vibar Catering in Gunungpati. The data collection method in this study used a questionnaire by distributing questionnaires to 110 respondents. The sample in this study was some visitors who bought food and beverage products at Vibar Catering. The data analysis method used multiple linear regression, normality test, multicollinearity test, heteroscedasticity test, hypothesis test: t test, f test, and coefficient of determination test (R²). The results of this research found that product innovation variable (X1) t-count 4.742 > t-table 1.6592 and significant probability 0.000 < 0.05, so that partially there is a positive and significant effect between Product Innovation (X1) on Competitive Advantage (Y). Product Creativity (X2) has a t-count of 2.536 > t-table 1.6592 and a significant probability of 0.000 < 0.05, so that partially there is a positive and significant effect between Product Creativity (X2) on Competitive Advantage (Y). Product Quality (X3) has t-count 2.982 > t-table 1.6592 significant probability 0.000 < 0.05, so that partially there is a positive and significant effect between Product Quality (X3) on Competitive Advantage (Y). Vibar Catering in Gunungpati, it is expected to improve Product Quality by providing reliable catering services in food and beverage products, because the Product Quality variable has the lowest regression coefficient among other variables. If product quality is improved, consumer confidence in the product will also increase.

Keywords: *Competitive Advantage, Innovation, Creativity, Product Quality*

INTRODUCTION

The more advanced the times and changes in the pattern of human life, human needs also change, especially in primary needs, one of which is food and drink. The fast food and beverage business is growing rapidly. One of them is the catering business.

Every business must have a different strategy in achieving competitive advantage. Competitive advantage is the ability of a business entity to provide more value to its products than its competitors and that value does bring benefits to customers (Satyagraha, 1994). Many factors determine competitive advantage, including:

1. Product innovation. According to Buchari in (Sukarmen, 2013), through product innovation, companies have advantages in facing competition and meeting market demand, thus creating a strategic position.
2. Product creativity. In research (Dismawan, 2013) states that product creativity will create new products, and the new product has received a response from the consumer when it was introduced and will then affect the ability to excel in competition.
3. Product quality. According to (Kotler & Armstrong, 2008), product quality is a potential strategic weapon to beat competitors.

In the city of Semarang, the development of catering continues to increase. Catering in Semarang is estimated to reach 200 catering businesses. In the city of Semarang, the majority of people using catering services have become a basic need, to help smooth an event. One of them is Vibar Catering in Semarang. Vibar Catering is one of the businesses engaged in the catering service. Based on Vibar Catering sales data for 4 years, from 2016 - 2020, it shows that there has been a decline in revenue and cannot achieve the planned target.

Other information is also obtained from the results of interviews with the owner of Vibar Catering. Currently the decline in Catering sales is due to the reduced spirit of creativity possessed by entrepreneurs because entrepreneurs feel that there is nothing to be updated or improved, everything is considered sufficient. Whereas in today's global era which is full of competition and growing rapidly, creativity is a source of necessity for business development and resilience. The power of creativity should be based on an advanced way of thinking, full of new ideas that are different from products that have been on the market so far. Another problem also arises because of the lack of innovation in Vibar Catering. The delay in the catering business due to the current Corona Outbreak is expected to encourage entrepreneurs to look for product innovations with different presentations. So far, catering buyers at Vibar Catering have experienced boredom with the usual food and drink menus.

In addition to the phenomena that occur there are differences in previous studies. Research conducted by (Kurniasari, 2018) on "the influence of product innovation, product creativity, product quality on competitive advantage in Water Hyacinth Handicraft Products ("AKAR") states that individual product innovation has a positive and significant effect on competitive advantage while research conducted by Tulus Haryono and Sabar Marniyati on "The influence of market orientation, product innovation, and product quality on business performance in creating competitive advantage" states that innovation and product quality do not directly affect competitive advantage. (Haryono & Marniyati, 2017)

Based on the background of the problem described above, the research problem can be formulated as follows:

1. Does product innovation affect the competitive advantage of Vibar Catering in Gunungpati?
2. Does product creativity affect the competitive advantage of Vibar Catering in Gunungpati?
3. Does product quality affect the competitive advantage of Vibar Catering in Gunungpati?

Competitive Advantage

According to (Kotler & Armstrong, 2008), defining competitive advantage is an advantage over competitors that is obtained by offering a lower value or by providing greater benefits because of a higher price.

Product Innovation

Product innovation, according to Moreau et.al in (Sutrasmawati, 2008), can come from improvements or changes to existing products or it can also be through products that are completely new and different from before. Droge and Vickery in (Sugandini, 2012) who found that product innovation affects competitive advantage. This means that companies that are able to design their products according to customer desires will be able to survive in the midst of

competition because their products are still in demand by consumers. This research is supported by Bharadwaj et.al in (Sukarmen, 2013) whose results conclude that the company's ability to continue to innovate the products/services produced will keep the product in accordance with the wishes and needs of customers, so that these innovative products have a competitive advantage.

Product Creativity

Goetsch Davis in (Yamit, 2011) explains that quality is a dynamic condition associated with products, services, people, processes, and the environment that meet or exceed expectations. Companies that produce products, put more emphasis on results because consumers are not directly involved in the process. Product quality can also be interpreted as a measure of the extent to which a product can successfully meet customer needs based on (Hussain & Ranabhat, 2013)

Competitive advantage requires product quality so that the resulting product or service becomes more leverage. With good product quality, it is hoped that consumers will increase and not lose old customers. On the other hand, the existence of product quality will make the expectations of consumers fulfilled and this can affect the competitive advantage of a business.

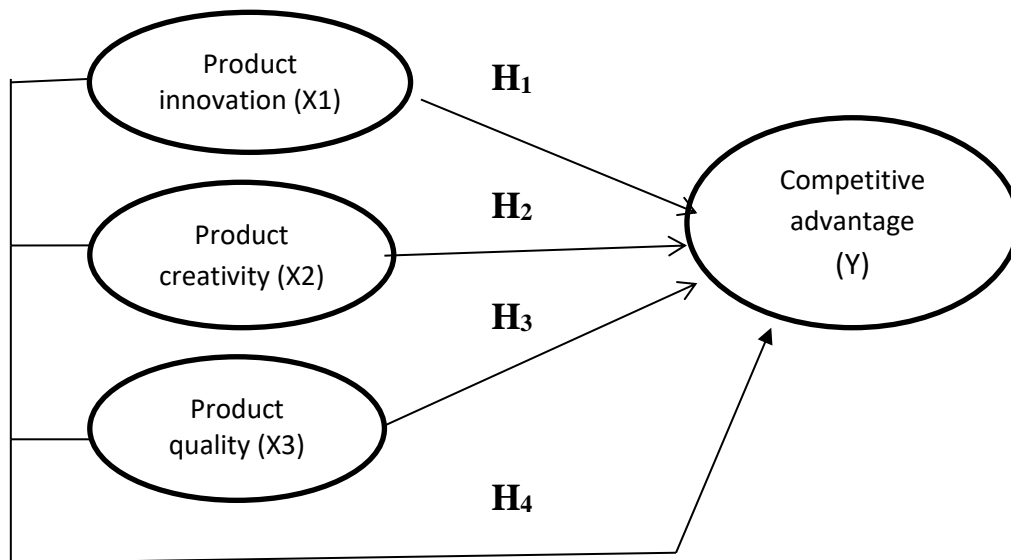


Figure 1. Research Model

RESEARCH METHODS

The method used in this research is descriptive quantitative which contains numerical data which is then processed using statistical methods to produce a finding. The population in this study were consumers of Vibar Catering. Population is not only the number of objects/subjects, but includes all the characteristics or properties possessed by the subject and object. In this study, the population used was 150 people. Determining the sample size is based on the Slovin technique (Husein, 2003). Based on this formula, the number of samples taken in this study are:

$$n = \frac{150}{1 + 150 (0,05)^2} = 109.9 = 110$$

In this study, a sample of 110 respondents was determined from customers of Food and Beverage products at Vibar Catering Gunungpati. The steps to take the subject of this sample

are done by: Determining the subjects who will be respondents in this study are consumers who will and or have made transactions at Vibar Catering Gunungpati

The research variables will be divided into two consisting of the dependent variable and the independent variable.

1. The dependent variable used is competitive advantage (Y) with 3 indicators: Product uniqueness, Competitive price, Not easy to find means its existence is rare in the current competition according to Bharadwaj et al. 1993 in (Sukarmen, 2013)
2. The independent variable used is:
 - a. Product Innovation (X1) with 3 indicators: product quality, product variant, product style and design (Kotler & Armstrong, 2008).
 - b. Product Creativity (X2) with 3 indicators: Product originality and novelty, Product transformation, Product feasibility in the form of quality and attractiveness aspects (Dismawan, 2013)
 - c. Product Quality (X3) with 4 indicators: Product top view, The level of conformity of the previous product., Product reliability, namely, Product durability (Zhang, 1999)

Data Collection Method

The method used to obtain information from respondents is in the form of a questionnaire. The type of questionnaire that the author uses is a closed questionnaire, which is a questionnaire that has been provided with answers. The reasons why the author uses a closed questionnaire are:

- a. Closed questionnaires provide convenience to respondents in providing answers.
- b. Closed is more practical.
- c. Limited research time.

In measuring the answers to the questionnaires submitted to the respondents, the scale used is the Likert scale. Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. With a Likert scale, the variables to be measured are translated into variable indicators. Then the indicator is used as a starting point for compiling instrument items which can be in the form of statements or questions.

Analysis Method

1. Classical Assumption Test

Consisting of:

- a. Normality Test
- b. Multicollinearity Test
- c. Heteroscedasticity Test

2. Multiple Linear Regression Analysis

It is an analysis of the relationship between two or more independent variables with one dependent variable in this case aims to predict the value of the influence of Product Innovation, Product Creativity, Product Quality on Competitive Advantage at Vibar Catering in Gunungpati. According to (Sugiyono, 2013), multiple regression analysis was carried out using the following formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

Information:

Y = Competitive Advantage

a = coefficient constant

b = Regression coefficient

X1= Product Innovation

X2= Product Creativity

X3= Product Quality

3. Hypothesis Test

Consisting of:

- a. t Test
- b. F Test
- c. Coefficient of Determination Analysis

RESULTS AND DISCUSSION

Classical Assumption Test

a. Normality Test

The normality test aims to test whether in the regression model, the dependent variable and the independent variable both have a normal distribution or not. A good regression model is to have a normal or close to normal data distribution. (Ghozali, 2016)

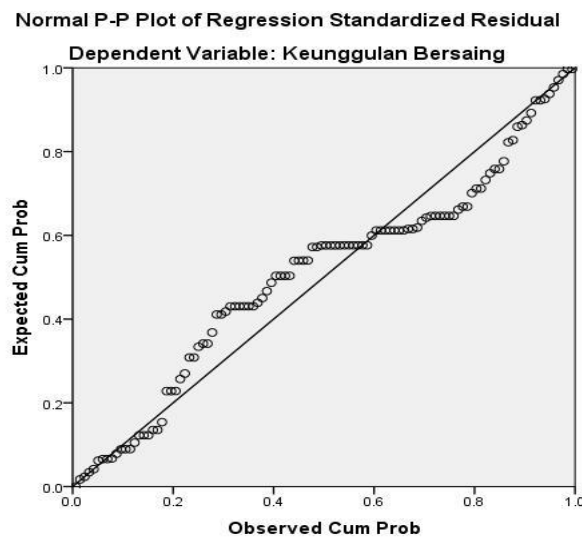


Figure 2. Normal Plot Graph (Test Assumption of Normality)

Source: Processed primary data, 2020

In the normality graph plot, it can be seen that the data spreads around the diagonal line, so the research data is normally distributed, so it is feasible to use a regression model in testing the hypothesis.

b. Multicollinearity Test

To detect the presence of multicollinearity in the regression, it can be seen from the tolerance value and the Variance Inflation Factor (VIF) value. Tolerance measures the independent variables that cannot be explained by other independent variables. If the VIF is < 10 and the tolerance value is > 0.10 , there is no symptom of multicollinearity (Ghozali, 2016)

Table 1. Multicollinearity Test

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.319	.607		.525	.601		
	Inovasi Produk	.385	.081	.395	4.742	.000	.292	3.419
	Kreativitas Produk	.289	.114	.275	2.536	.013	.172	5.804
	Kualitas Produk	.217	.073	.274	2.982	.004	.240	4.173

a. Dependent Variable: Keunggulan Bersaing

Source: Processed primary data, 2020

Based on the output table above, Product Innovation (X1) is 3,419 above 01 and VIF value is below 10, Product Creativity (X2) is 5,804 above 01 and VIF value is below 10, Product Quality (X3) is 4,173 above 01 and VIF value is below 10. So it can be concluded that there is no multicollinearity between the independent variables in this regression model.

c. Heteroscedasticity Test

In the following scatterplot graph, it can be seen that there is no certain pattern because the points spread above and below the 0 axis on the Y axis. It can be concluded that there are no symptoms of heteroscedasticity or H0 is accepted.

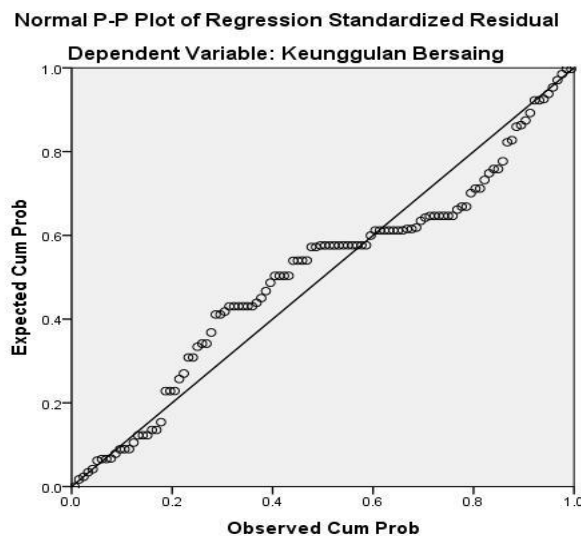


Figure 3. Heteroscedasticity Test

Source: Processed primary data, 2020

Multiple Linear Regression Analysis

Multiple linear regression equations are used to determine the influence of independent variables, including: Product Innovation (X1), Product Creativity (X2), and Product Quality (X3) on the dependent variable, namely Competitive Advantage (Y) with outputs that can be seen in the following table.

Table 2. Multiple Linear Regression Output

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.319	.607		.525	.601		
	Inovasi Produk	.385	.081	.395	4.742	.000	.292	3.419
	Kreativitas Produk	.289	.114	.275	2.536	.013	.172	5.804
	Kualitas Produk	.217	.073	.274	2.982	.004	.240	4.173

a. Dependent Variable: Keunggulan Bersaing

Source: Processed primary data, 2020

From the table above, the results of testing with SPSS, obtained the equation of a multiple linear line:

$$Y = 0.319 + 0,385 X_1 + 0,289 X_2 + 0,217 X_3$$

Table 3. t Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.319	.607		.525	.601		
	Inovasi Produk	.385	.081	.395	4.742	.000	.292	3.419
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	Kualitas Produk	.217	.073	.274	2.982	.004	.240	4.173

a. Dependent Variable: Keunggulan Bersaing

Source: Processed primary data, 2020

Table 4. F Test Results

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	543.109	3	181.036	129.169	.000 ^b
	Residual	148.564	106	1.402		
	Total	691.673	109			

a. Dependent Variable: Keunggulan Bersaing

b. Predictors: (Constant), Kualitas Produk, Inovasi Produk, Kreativitas Produk

Source: Processed primary data, 2020

From the table above shows that the calculated F value is 129.169 > F table (df1 = 3; df2=109) is 2.28 and a significance value of 0.000 is smaller than 0.05, meaning that the influence model of Product Innovation (X1), Product Creativity (X2), and Product Quality (X3) against Competitive Advantage (Y) deserves to be continued.

Table 5. t Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.886 ^a	.785	.779	1.184

a. Predictors: (Constant), Kualitas Produk, Inovasi Produk, Kreativitas Produk

b. Dependent Variable: Keunggulan Bersaing

Source: Processed primary data, 2020

From table 5 the results of the regression test obtained the coefficient of determination (R Square) of 0.785. This means that the variables Store Product Innovation (X1), Product Creativity (X2), and Product Quality (X3) have a contribution of 78.5% in explaining Competitive Advantage (Y). Meanwhile, other factors that were not studied were $(100\% - 78.5\%) = 21.5\%$.

The Effect of Product Innovation on Competitive Advantage

The Product Innovation variable has a t count of 4.742 > t-table of 1.6592 and a significance probability of 0.000 < 0.05, so that the Product Innovation variable has a significant effect on Competitive Advantage. The regression coefficient is 0.395 and is positive, it shows that every increase in the Product Innovation variable will increase the Competitive Advantage at Vibar Catering Gunungpati by 0.395.

Innovation is very important for a company. Product innovation is also one of the impacts of rapid technological change. Rapid technological advances and high levels of competition require every company to continuously innovate products which will ultimately increase the company's competitive advantage. The company creates product innovation with a variety of food and beverage products, thereby increasing alternative choices, increasing the benefits or value received by customers, so that product innovation is one of the company's ways to maintain competitive advantage.

The results of this study are in accordance with research by (Christian, 2017) conducting research on "The Effect of Product Quality and Product Innovation on Competitive Advantage in Our Bandung Style Clothing".

The Effect of Product Creativity on Competitive Advantage

Product Creativity variable has a t count of 2.536 > t-table of 1.6592 and a significance probability of 0.013 < 0.05, so that the Product Creativity variable has a significant effect on Competitive Advantage. The regression coefficient is 0.275 and is positive, this indicates that every increase in the Product Creativity variable will increase the Competitive advantage at Vibar Catering Gunungpati by 0.275.

Product creativity has the ability to develop and incorporate ideas developed from new ideas developed from the customer side so that it can have an impact on competitive advantage. Product creativity will create new products, and these new products get a response from consumers when introduced and will further affect the ability to excel and compete.

The results of this study are in accordance with (Kurniasari, 2018) who conducted research on "The Effect of Product Innovation, Product Creativity, and Product Quality on Competitive Advantage (a case study on the water hyacinth handicraft product "AKAR")".

Effect of Product Quality on Competitive Advantage

The Product Quality variable has a t count of 2,982 > a t-table of 1.6592 and a significance probability of 0.004 < 0.05, so that the Product Quality variable has a significant

effect on Competitive Advantage. The regression coefficient is 0.274 and is positive, it shows that every increase in the Product Quality variable will increase the Competitive Advantage at Vibar Catering Gunungpati by 0.274.

Consumers tend to prefer a reliable catering business in food and beverage products. Businesses must really understand what consumers need for a product to be produced. Product quality can be determined by a set of uses or functions, such as durability and outward appearance (shape and packaging). Product quality must be maintained properly, because the better the quality of the product in a product, the more interested customers will be to buy and even buy repeatedly for the product. This can be a business strategy in maintaining competitive advantage.

The results of this study are in accordance with research by (Bagaskara, 2019), conducting research on "The Effect of Product Innovation, Product Design, and Product Quality on Competitive Advantage on Woodenway products".

CONCLUSION

Based on the research and discussion, some conclusions can be drawn as follows:

1. The t-count value is $4.742 > t\text{-table is } 1.6592$ and the significance probability is $0.000 < 0.05$, so that the Product Innovation variable has a significant and positive effect on Competitive Advantage at Vibar Catering in Gunungpati
2. The calculated t value is $2.536 > t\text{-table } 1.6592$ and the significance probability is $0.013 < 0.05$, so that the Product Creativity variable has a significant and positive effect on competitive advantage at Vibar Catering in Gunungpati.
3. The t-count value is $2.982 > t\text{-table is } 1.6592$ and the significance probability is $0.004 < 0.05$, so that the Product Quality variable has a significant and positive effect on Competitive Advantage at Vibar Catering in Gunungpati.

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