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The Effect of Product Innovation and Product Quality on Competitive Advantage at Umkm One Florist Lampung

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Abstract

This study aims to investigate the influence of product innovation as well as product quality for competitive advantage in One Florist MSMEs in Lampung. In the context of increasingly fierce business competition, product innovation as well as product quality are crucial factors when improving the competitiveness of MSMEs, especially in the florist industry. One Florist was chosen as the research subject due to its significant role in providing flower-based products with an innovative touch in the Lampung region. This study uses a quantitative method using owners and business actors at One Florist as respondents. Data was collected through a questionnaire covering aspects of product innovation, product quality, as well as perceptions of competitive advantage. Regression analysis was used to test the hypotheses and identify the extent to which product innovation as well as product quality contribute to competitive advantage. The result of this study is that product innovation is not significant for competitive advantage, but product quality has a significant effect on competitive advantage.

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

INTRODUCTION

The current global economic development requires MSMEs to continue to innovate and improve product quality to face increasingly fierce competition (Mirabi et al., 2015). Especially in product-based service sectors such as the flower and florist industry, product innovation and product quality are key when building competitive advantage (Shaleh,

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2017). This research will explore the impact of product innovation as well as product quality on competitive advantage in One Florist MSMEs in Lampung.

One Florist, as a representation of MSMEs in the florist industry in Lampung, was chosen as a research subject due to its significant role in providing flower-based products with an innovative twist. Product quality is important in this industry, where customer satisfaction is closely related to the aesthetics and durability of the flower products offered. Therefore, it is important to understand the extent to which product innovation as well as product quality can shape One Florist's competitive advantage in the local market (Denniswara, 2016).

In this context, this study will explore the relationship between product innovation as well as product quality with One Florist's competitive advantage. An in-depth analysis of these factors is expected to provide useful insights for similar MSME owners, florist industry stakeholders, and other researchers interested in MSME development in this sector (Abdulla et al., 2015). Through a better understanding of the interconnectedness of product innovation, product quality, as well as competitive advantage, it is expected that One Florist and similar MSMEs can improve their competitiveness in the face of changing market dynamics (Wardani et al., 2017).

LITERATURE REVIEW

Product innovation refers to the process of developing or creating new products or significant changes in existing products, either in terms of features, design, or technology (Chynthia & Hendra, 2014). The purpose of product innovation is to meet consumer needs, increase added value, or create a competitive advantage in the market. The process of product innovation involves research and development (R&D), experimentation, and adaptation to technological developments or ongoing market trends. Product innovation can be incremental, where changes are made gradually or small improvements to existing products (Rozikin, 2013). On the other hand, product innovation can also be revolutionary, resulting in a completely new product or changing the industry paradigm. It is important to note that product innovation is not only limited to the high-tech sector, but can cover a wide range of sectors, including manufactured products, services, and consumer goods (Dharmmesta et al., 2013).

Product quality is the extent to which a product can meet or exceed customer wants and needs. This includes several aspects, including reliability, durability, performance, design, features, and user satisfaction (Setiawan et al., 2015). Product

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quality is a critical parameter used to assess the level of excellence of a product in the market. Aspects of product quality involve meeting predetermined technical standards and specifications, as well as the product's ability to provide benefits and satisfaction to consumers (Romdonah et al., 2015). Products that have high quality tend to have characteristics such as good durability, long durability, availability of desirable features, and the ability to meet user functions and expectations.

Competitive advantage refers to an aspect or combination of factors that distinguish a company or product from its competitors in the market (Chalachew et al., 2020). Competitive advantage can be obtained through various means, such as product innovation, operational efficiency, customer service, competitive pricing, strong branding, or smart marketing strategies (Knebel et al., 2023). Competitive advantage allows a company to achieve a superior position and gain a larger market share. Competitive advantage can be relative, measured by comparing the performance or attributes of a company with its competitors. Factors that provide competitive advantage can be temporary or can be managed well by the company, such as expertise in supply chain management, product differentiation, or mastery of certain technologies (C.Li et al., 2020).

RESEARCH METHODS

Quantitative research is a research method that uses quantitative approaches in data collection, analysis, and interpretation. This method is usually used to examine phenomena that can be measured quantitatively, and is done by collecting data from certain populations or samples. This quantitative approach is based on the philosophy of positivism, which is the view that knowledge can be obtained through objective empirical observation and testing. Sugiyono (2019). Quantitative research is a type of research method used to test theories or hypotheses by measuring certain variables as well as analyzing the relationship between these variables. Quantitative research usually involves collecting measurable data in the form of numbers or statistics, and applying statistical analysis techniques to test hypotheses. (Hardani et al., 2020).

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RESULTS AND DISCUSSION

Table 1. Characteristics of Gender

Klasifikasi Jenis Kelamin	Jumlah	Persentase (%)
Laki-laki	41	49,4%
Perempuan	42	50,6%
Total	83	100%

Source: Data Managed by Researchers, 2024

Table 1 illustrates the distribution of respondents based on gender in this study. Of the total 83 respondents involved, the majority were women, 42 (50.6%), while men comprised 41 (49.4%).

Table 2. Age Characteristics

No	Klasifikasi Usia	Jumlah	Persentase (%)
	17-20 Tahun	40	48,2%
	20-30 Tahun	29	34,9%
	31-40 Tahun	12	14,5%
	41-50 Tahun	2	2,4%
	>50 Tahun	0%	0%
	Total	83	100%

Source: Data Managed by Researchers, 2024

Table 2 shows the distribution of respondents by age group in this study. Of the total 83 respondents, the majority of respondents were aged 17-20 years as many as 40 people (48.2%). Meanwhile, 20-30 years old had 29 respondents (34.9%), 31-40 years included 12 respondents (14.5%), the age group 41-50 years included 2 respondents (2,4%).

Table 3. Characteristics of Education

No	Pendidikan Responden	Jumlah	Persentase (%)
1	SD	1	1,2%
2	SMP	3	3,6%
3	SMA	51	61,4%
4	Diploma	7	8,4%
5	S1-S3	21	25,4%
	Total	83	100%

Source: Data Managed by Researchers, 2024

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Table 3 illustrates the distribution of respondents based on education level in this study. Of the total 83 respondents, most had a high school education level, reaching 51 respondents (61.4%). Elementary education level includes 1 respondent (1.2%), junior high school education level includes 3 respondents (3.6%), diploma education level includes 7 respondents (8.4%), while S1-S3 education level has a frequency of 21 respondents (25.4%).

Table 4. Results of Product Innovation Validity Test

Peryataan	r_{hitung}	R_{tabel}	Keterangan
Item_1	0,289	0,2159	Valid
Item_2	0,238	0,2159	Valid
Item_3	0,313	0,2159	Valid
Item_4	0,299	0,2159	Valid
Item_5	0,220	0,2159	Valid
Item_6	0,301	0,2159	Valid
Item_7	0,276	0,2159	Valid
Item_8	0,285	0,2159	Valid
Item_9	0,262	0,2159	Valid
Item_10	0,283	0,2159	Valid

Source: Data Managed by Researchers, 2024

The validity test results show that for each indicator tested, the value of rcount> rtable. Therefore, it can be concluded that all product innovation items are statistically valid, because the high rcount value indicates that no items need to be removed. The validity test results show that for each indicator tested, the value of rcount> rtable.

Table 5. Results of Product Quality Validity Test

Peryataan	r_{hitung}	R_{tabel}	Keterangan
Item_1	0,283	0,2159	Valid
Item_2	0,292	0,2159	Valid
Item_3	0,287	0,2159	Valid
Item_4	0,549	0,2159	Valid
Item_5	0,467	0,2159	Valid
Item_6	0,392	0,2159	Valid
Item_7	0,404	0,2159	Valid
Item_8	0,399	0,2159	Valid
Item_9	0,384	0,2159	Valid
Item_10	0,283	0,2159	Valid

Source: Data Managed by Researchers, 2024

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Therefore, it can be concluded that all product quality items are statistically valid, because the high rcount value indicates that no items need to be removed.

Table 6. Results of Validity Test for Competitive Advantage

Peryataan	r_{hitung}	R_{tabel}	Keterangan
Item_1	0,390	0,2159	Valid
Item_2	0,308	0,2159	Valid
Item_3	0,320	0,2159	Valid
Item_4	0,430	0,2159	Valid
Item_5	0,303	0,2159	Valid
Item_6	0,365	0,2159	Valid
Item_7	0,287	0,2159	Valid
Item_8	0,258	0,2159	Valid
Item_9	0,342	0,2159	Valid
Item_10	0,390	0,2159	Valid

Source: Data Managed by Researchers, 2024

The validity test results show that for each indicator tested, the value of rcount> rtable. Therefore, it can be concluded that all competitive advantage items are statistically valid, because the high rcount value indicates that no items need to be eliminated.

Table 7. Reliability Test

Uji Reliabilitas Variabel	Hasil Pengujian	Taraf Cronbach Alpha	Keterangan
Variabel inovasi produk terhadap keunggulan bersaing	0,838	0,60	Reliabel
Variabel kualitas produk terhadap keunggulan bersaing	0,870	0,60	Reliabel
Variabel inovasi produk dan kualitas produk terhadap keunggulan bersaing	0,879	0,60	Reliabel

Source: Data Managed by Researchers, 2024

Cronbach's Alpha value of .838, the product quality variable, with a Cronbach's Alpha value of .870, and the competitive advantage variable, with a Cronbach's Alpha value of .879. A Cronbach's Alpha value of close to or more than 0.60 is generally considered an indicator of high reliability in measurement instruments.

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Table 8. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		83
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.50787690
Most Extreme Differences	Absolute	.115
	Positive	.115
	Negative	-.104
Test Statistic		.115
Exact Sig. (2-tailed)		.203
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data Managed by Researchers, 2024

In the normality test, the basis for decision making is if the sig value> .05 until the conclusion is obtained that the data is normal. In this study, the sig value of .203> .05 so that it can be categorized as normal data for this study.

Table 9. Multicollinearity Test

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.940	2.165		1.358	.178		
INOVASI PRODUK	.177	.101	.164	1.744	.085	.286	3.499
KUALITAS PRODUK	.743	.093	.749	7.951	.000	.286	3.499
a. Dependent Variable: KEUNGGULAN BERSAING							

Source: Data Managed by Researchers, 2024

For the multicollinearity test, the basis for decision making is if the VIF value < 10 and the Tolerance value> .10 so

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that it can be said that the data does not experience multicollinearity symptoms. In this study, the VIF value is 3.399 < 10 and the Tolerance value is .286> .10 so that it can be concluded that there are no symptoms of multicollinearity.

Table 10. Heteroscedasticity Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.936	1.489		3.988	.000
	INOVASI PRODUK	-.058	.070	-.167	-.827	.411
	KUALITAS PRODUK	-.032	.064	-.101	-.499	.619
a. Dependent Variable: RES1						

Source: Data Managed by Researchers, 2024

From the heteroscedasticity test, the data shows that if the sig value is>.005 then the data does not occur heteroscedasticity.

Table 11. Hasil Uji Statistik Deskriptif

		INOVASI PRODUK	KUALITAS PRODUK	KEUNGGULAN BERSAING
N	Valid	83	83	83
	Missing	0	0	0
Mean		38.95	38.72	38.59
Std. Deviation		7.238	7.853	7.784
Variance		52.388	61.666	60.586
Range		30	32	31
Minimum		20	18	19
Maximum		50	50	50

Source: Data Managed by Researchers, 2024

Table 11 shows that the number of respondents (N) reached 83 people. From all respondents, it is known that the lowest total answer score (Minimum) for the product innovation variable is 20, while for the product quality variable is 18, and for the competitive advantage variable is 19. Meanwhile, the highest total respondent score (Maximum) for product innovation variables, product quality, as well as competitive advantage reaches 50. On average (Mean), the score for the product innovation variable

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reaches 38.95, for the product quality variable reaches 38.72, and for the competitive advantage variable reaches 38.59.

Table 12. Multiple Linear Regression Analysis Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.940	2.165		1.358	.178
	INOVASI PRODUK	.177	.101	.164	1.744	.085
	KUALITAS PRODUK	.743	.093	.749	7.951	.000
a. Dependent Variable: KEUNGGULAN BERSAING						

Source: Data Managed by Researchers, 2024

From the table above, the equation formed is

$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$

$Y = 2{,}940 + 0{,}177\ IP + 0{,}743\ KP + e$

Table 13. Partial Significance Test (t)

Coefficients[a]						
Model		Unstandardize dCoefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.940	2.165		1.358	.178
	INOVASI PRODUK	.177	.101	.164	1.744	.085
	KUALITAS PRODUK	.743	.093	.749	7.951	.000
b. Dependent Variable: KEUNGGULAN BERSAING						

Source: Data Managed by Researchers, 2024

In the T test analysis, the basis for decision making is if the sig value < .05 as well as the calculated T value> T table, it can be concluded that there is an influence between one variable and another. In this study, the significance value for the product innovation variable .085> .05 and the calculated T value of 1.744 < 1.990 with that it can be concluded that the variable X1 on Y is not significant. The product quality variable has a

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sig value of .000 < .05 as well as the T value of 7.951> T table 1.990 so that it can be concluded that the X2 variable has an influence on Y.

Table 14. Simultaneous Significant Test (F)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3959.046	2	1979.523	156.945	.000[b]
	Residual	1009.026	80	12.613		
	Total	4968.072	82			
a. Dependent Variable: KEUNGGULAN BERSAING						
b. Predictors: (Constant), KUALITAS PRODUK, INOVASI PRODUK						

Source: Data Managed by Researchers, 2024

From the results of the F test, it is found that the data has a sig value of .000 < .05 so that and Fcount of 156.945> F table, therefore it can be concluded that there is an influence between the X1 and X2 variables for variable Y.

Table 15. Coefficient of Determination $(R)^2$

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893[a]	.797	.792	3.551
a. Predictors: (Constant), KUALITAS PRODUK, INOVASI PRODUK				
b. Dependent Variable: KEUNGGULAN BERSAING				

Source: Data Managed by Researchers, 2024

In the determination test results, the data obtained that the effect of X1 as well as X2 for Y is 0.797 or 79.7%. The remaining 21.3%.

CONCLUSIONS AND SUGGESTIONS

Conclusion

From the results obtained, the conclusion is obtained, namely:

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1. Product innovation does not have a significant partial effect on the competitive advantage of One Florist Lampung MSMEs due to various factors. One of the main reasons is the mismatch with market needs. Innovations that are not in accordance with customer wants or needs can fail to have a significant impact.
2. Product quality has a significant partial effect on competitive advantage in UMKM One Florist Lampung. . This means that the better the product quality at One Florist Lampung, the higher the competitive advantage of One Florist Lampung. High quality not only ensures customer satisfaction, but also creates long-term loyalty.
3. Product innovation and product quality have a significant effect simultaneously on competitive advantage in UMKM One Florist Lampung. The influence of product innovation and product quality on competitive advantage is closely related and can create a strong synergy for a company.

Suggestion

Suggestions on this research include:

1. To the business owner of One Florist Lampung To always pay attention to innovation ideas that suit market needs and also always pay attention to product quality and the owner should always improve and evaluate these two variables again so that more buyers and increase business profits.
2. For further researchers, this research can be a reference for further research. Until further researchers hope to be able to develop and also explain other variables outside of research that can affect the competitive advantage of One Florist Lampung such as promotion and price variables.

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