Product Innovation for Sustainable Competitive Advantage through Strarbucks Coffee Marketing Perfome in Malang

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ABSTRACT

Purpose: This study aims to identify the factors influencing product innovation that will form a sustainable competitive advantage that will affect marketing performance.

Design/methodology/approach: This study uses four hypotheses that are tested using Structural Equation Modeling (SEM) using AMOS 18 software. For 101 respondents.

Findings: The results of this study indicate that: a) Product Innovation (X) has a significant effect on competitive advantage (Z). b) Product Innovation (X) has a significant effect on Marketing Performance (Y). c) Sustainable Competitive Advantage (Z) has a significant effect on Marketing Performance (Y) d) Product Innovation (X) has a significant effect on Marketing Performance (Y) through Sustainable Competitive Advantage (Y) and SEM data processing for the full model has met the following fit criteria, chi-square = 36.7; probability = 0.000; GFI = 0.72; AGFI = 0.653; CFI = 0.36; TLI = 0.276; RMSEA = 0.109; CMIN/DF = 2.18. As a result, greater product innovation will affect marketing performance and further build a sustainable competitive advantage.

Practical implications: Based on the research, it can be concluded that Android-based accounting learning media has fulfilled the requirements for validity, practicality and has a good potential effect on student learning activities and outcomes. So that Android-based accounting learning media can be used as an alternative teacher in teaching accounting material for adjusting journal entries.

Paper type: Research paper

Keyword: Product Innovation, Sustainable Competitive Advantage and Marketing Performance

I. INTRODUCTION

In today's business development, entrepreneurs are required to be more innovative and creative in launching a product. This is due to increasingly fierce competition, on the other hand consumers are increasingly observant in choosing products. A company must be able to compete sustainably through effective marketing activities, this must be done by commercial agents because it involves fulfilling the wishes of buyers (Sari & Gultom, 2019). Launching a new product is not easy because developing a new product costs money and the product must have value compared to other similar products. Entrepreneurs are constantly looking for innovative products that are different from other products. With technological advances that cannot keep up, the company's products will develop until it becomes difficult to distinguish one product from another. To win the competition, in marketing their products today, manufacturers do not only rely on the quality of their products, but also on the strategies commonly used by entrepreneurs. Like coffee, coffee is a drink with a distinctive aroma and taste. According to Augusta (2018), Coffee is known and loved by everyone, from young to old, from various parts of the world, including Indonesia. The coffee craze has been around since ancient times and remains a cultural feature to this day. Today, coffee has become one of the favorite alternative drinks and part of the lifestyle of city dwellers.

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In general, people consume coffee in the morning, both at breakfast and before starting activities to get a good feelings. The fresh taste comes from the caffeine in coffee, therefore coffee is classified as a psychostimulant drink that can make people awake from drowsiness and give a happy effect for those who consume it. Drinks coffee in every single day is become a part of life and this has been going for a long time. More than just a trend, coffee has become a tradition since ancient times and still persists until now days. Coffee is so inherent in people's life because coffee is often likes a "friend" in various activities. Having coffee alone or with other are both enjoy. That's what makes coffee to be a favorite drinks.

Along with the times until now, coffee industry began to grow quite rapidly. Starbucks Coffee is an American coffee company and global coffee restaurant chain with headquarters in Seattle, Washington (Karamy, 2022). Starbucks Coffee is the world's largest coffee company, with 20,336 stores in 61 countries, including 13,123 in the United States, 1,299 in Canada, 977 in Japan, 793 in the UK, 732 in China, and 73 in Korea, 363 in Mexico, 282 in Taiwan. , 20 in the Philippines and 16 in Thailand. Starbucks sells hot and cold drinks, coffee beans, salads, hot and cold sandwiches, pastries, snacks, and items such as cups and glasses.

In Indonesia, each cup of Starbucks Coffee pioneered use Starbucks name, and for size of a cup of Starbucks coffee, is quite expensive. Unexpectedly Starbucks can still exist in Indonesia. Even though there are hundreds of branches, it can be grow. Product innovation is the process of introducing a new product or system that brings economic success to actors business and social success to consumers and the wider community or the environment (Fontana & Gobang, 2011). This Innovation is possible to expand local market base for several local preferences. Innovation will also give affect of marketing strategy for the coffee beverage industry, so that coffee beverage products will be a higher quality and brands will create a competitive advantage for coffee drinks (Sugianto & Mustamu, 2013).

A sustainable competitive advantage is the value companies can create for their customers. Ongoing this long-term competitive advantage can be seen from the accuracy of traders in delivering products to the market and responding to buyer complaints such as quality, product, consumer demand, new business markets and continuous product innovation (Aditya, 2004).

Marketing performance is a factor commonly used to measure the impact of a company's strategy (Ferdinand, 2000:23). The company's strategy always results with great marketing performance (such as sales volume and sales growth rate) as well as good financial performance.

The hypotheses proposed to measure the effect of Product Innovation as the independent variable (X), Sustainable Competitive Advantage as the mediating variable (Z) and Marketing Performance as the dependent variable (Y) are as follows:

H1: Product Innovation Variable (X) has an effect on the Sustainable Competitive Advantage variable (Z).

H2: The variable of Sustainable Competitive Advantage (Z) has an effect on the variable of Marketing Performance (Y).

H3: Product Innovation Variable (X) has an effect on Marketing Performance variable (Y).

H4: Product Innovation Variable (X) has an effect on Marketing Performance variable (Y) through Sustainable Competitive Advantage (Z) variable.

Based on the development of the hypothesis above, the conceptual framework in this study is explained as follows:
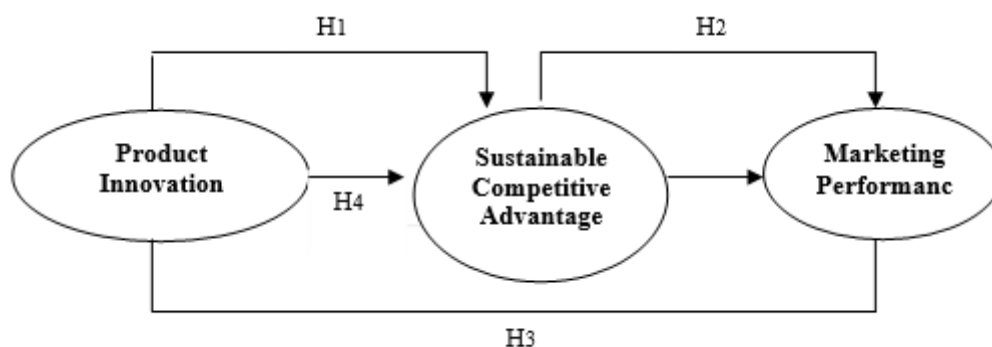

Figure 1. Conceptual Framework

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II. METHODS

This type of research is explanatory research that uses a quantitative approach. Explanatory research, namely the study of the influence of research variables by testing hypotheses that have been formed previously (Sugiyono, 2011:11). In this study, product innovation is the independent variable (X), sustainable competitive advantage is the intermediate variable (Z) and marketing performance is the dependent variable (Y). In this study, the population used is Starbucks Coffee employees in the city of Malang, amounting to 111 people. The sampling technique used is census sampling, where the entire population is taken as a sample.

According to Hair et al. (1995:637), the ideal sample size for SEM is between 100 and 200 respondents. In addition, the determination of the minimum sample size for SEM uses the mean. In this study, the sample used was Starbucks Coffee employees in the city of Malang with a total of 101 respondents. With an estimated sample of selected coffee drinks that meet the requirements. namely Tiramisu Coffe 4 respondents, Speculaas Moka Ice 46 respondents, Frappuccinoo Cinnamon Roll 12 respondents and Avocado Macchiato Nuts 39 respondents.

III. RESULTS AND DISCUSSION

The tests carried out consisted of checking the direction of each latent formation variable. The results of the processed data for confirmatory analysis are shown below.

A. CFA on Product Innovation (X)

Table 1. The results of the Model Feasibility Test on the Product Innovation variable (X)

Goodness of Fit Index	Cut – off Value	Data Processing Results	Model Evaluation
Chi-Square	Expected small	38.339	in accordance
RMSEA	≥ 0.08	0.065	it is not in accordance with
GFI	≥ 0.90	0.928	in accordance
AGFI	≥ 0.90	0.880	it is not in accordance with
CMIN/DF	≥ 2.00	1.420	it is not in accordance with
TLI	≥ 0.95	0.210	it is not in accordance with
CFI	≥ 0.94	0.407	it is not in accordance with

Source: Processed primary data, 2022

From Table 1 above, the results of confirmatory factor treatment on new product varieties indicate that the chi-square GFI meets the relevance criteria. All of these values are within the range of attenuation requirements. Therefore, the structure used to train the research model does not meet the model's eligibility criteria.

B. CFA on Sustainable Competitive Advantage (Z)

Table 2 Feasibility Test Results of the Variable Model of Sustainable Competitive Advantage

Goodness of Fit Index	Cut – off Value	Data Processing Results	Model Evaluation
Chi-Square	Expected small	56.435	in accordance
RMSEA	≥ 0.08	0.174	in accordance
GFI	≥ 0.90	0.866	in accordance
AGFI	≥ 0.90	0.732	it is not in accordance with
CMIN/DF	≥ 2.00	4.031	in accordance
TLI	≥ 0.95	0.335	it is not in accordance with
CFI	≥ 0.94	0.566	it is not in accordance with

Source: Processed primary data, 2022

From Table 2 above, the processed results of the confirmatory factor analysis of the Marketing Performance variable show that all indicators used to train this research model meet the criteria of the degree of Fit. the exact values displayed in the data processing result column that meet most of the requirements when four values are within the required range are displayed in the write down column (Chisquare, RMSEA, GFI and CMIN/DF). Meanwhile, for those who do not meet the criteria or get a marginal value, it does not matter because the range of values is not too far from the decline criteria. These results can be interpreted as whether the constructs or latent variables used to train the research model meet the model's eligibility criteria.

C. CFA on Marketing Performance (Y)

Table 3 Feasibility Test Results of Marketing Performance Variable Model

Goodness of Fit Index	Cut – off Value	Data Processing Results	Model Evaluation
Chi-Square	Expected small	12.318	in accordance
RMSEA	≥ 0.08	0.227	in accordance
GFI	≥ 0.90	0.947	in accordance
AGFI	≥ 0.90	0.733	Enough
CMIN/DF	≥ 2.00	6.159	in accordance
TLI	≥ 0.95	0.022	it is not in accordance with
CFI	≥ 0.94	0.674	Enough

Source: Processed primary data, 2022

From Table 3 above, the processed results on the confirmatory factor analysis of the Marketing Performance variable show that all indicators used to train this research model meet the criteria for the degree of

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Fit. All matched values that are displayed in the data processing result column meet most requirements when they fall within the required range displayed in the records column. These results can be interpreted that the construct or latent variable used to train the research model meets the eligibility criteria of a model.

D. Full Model Confirmatory Factor Analysis
1. Konfirmatori Full Model

Uji Model
Chi-Square= 364.7
Probability= 0.000
CMIN= 2.184
GFI= 0.724
AGFI= 0.653
TLI= 0.276
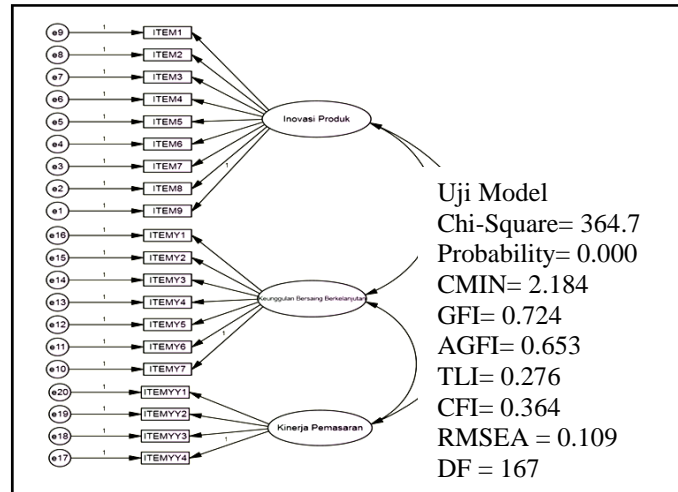CFI= 0.364
RMSEA = 0.109
DF = 167

Figure 2. Full model confirmatory factor analysis

From Figure 2 above, a complete confirmatory factor analysis of variables has been obtained which has been processed using the AMOS 18 analysis tool with the following explanation.

Table 4 Full Model Feasibility Test Results

Goodness of Fit Index	Cut – off Value	Data Processing Results	Model Evaluation
Chi - Square	Expected small	364.7	Good
RMSEA	≥ 0.08	0.109	Good
GFI	≥ 0.90	0.724	Not Good
AGFI	≥ 0.90	0.653	Not Good
CMIN / DF	≥ 2.00	2.184	Good
TLI	≥ 0.95	0.276	Not Good
CFI	≥ 0.94	0.364	Not Good

Source: processed primary data, 2022

From table 4 above, the processed confirmatory factor analysis of the entire model shows that all indicators used to form this research model have criteria that do not meet the goodness of fit. Thus, it means that the construct used to form the research model has not met the eligibility criteria for a model.

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Table 5 Full Model Regression Weight Test Results

			Estimate	S.E.	C.R.	P	Label
ITEM9	<--	Variable X	1.000				
ITEM8	<--	Variable X	1.451	1.532	.947	.344	par_1
ITEM7	<--	Variable X	1.824	1.697	1.075	.282	par_2
ITEM6	<--	Variable X	2.882	2.372	1.215	.224	par_3
ITEM5	<--	Variable X	.408	.760	.537	.591	par_4
ITEM4	<--	Variable X	.941	.995	.946	.344	par_5
ITEM3	<--	Variable X	.871	.949	.918	.358	par_6
ITEM2	<--	Variable X	2.155	1.841	1.170	.242	par_7
ITEM1	<--	Variable X	.699	.879	.795	.426	par_8
ITEMY7	<--	Variabel Z	1.000				
ITEMY6	<--	Variabel Z	.216	.112	1.929	.054	par_9
ITEMY5	<--	Variabel Z	.239	.136	1.761	.078	par_10
ITEMY4	<--	Variabel Z	1.221	.477	2.561	.010	par_11
ITEMY3	<--	Variabel Z	.742	.282	2.627	.009	par_12
ITEMY2	<--	Variabel Z	.119	.135	.877	.381	par_13
ITEMY1	<--	Variabel Z	.956	.320	2.986	.003	par_14

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ITEMYY4	*<-->*	*Variabel Y*	*1.000*				
ITEMYY3	*<-->*	*Variabel Y*	*19.907*	*9.033*	*2.204*	*.028*	*par_15*
ITEMYY2	*<-->*	*Variabel Y*	*.062*	*.194*	*.320*	*.749*	*par_16*
ITEMYY1	*<-->*	*Variabel Y*	*-.627*	*.351*	*-1.787*	*.074*	*par_17*

Source: processed primary data, 2022

Based on the results of table 5 analysis for all models in the validation test of this study, it is known that each variable dimension has an insignificant regression weight estimate with a critical scale value of 1.96.

2. Test Instrument

The results of the validity and reliability tests carried out in this study can be seen in full in the following table:

a. Validity test

Table 6 Anti - image Matrices

Anti - image Matrices

		Variable X	*Variable Z*	*Variable Y*
Anti - image Covariance	*Variable X*	*,816*	*-,330*	*-,049*
	Variable Z	*-,330*	*,794*	*-,149*
	Variable Y	*-,049*	*-,149*	*,951*
Anti - image Correlation	*Variable X*	*,541a*	*-,409*	*-,056*
	Variable Z	*-,409*	*,535a*	*-,172*
	Variable Y	*-,056*	*-,172*	*,667a*

a. Measures of Sampling Adequacy (MSA)
Source: processed primary data, 2022

Based on table 6 factors of product innovation, sustainable competitive advantage, marketing performance from the information above, it can be concluded that all variables are declared valid because they meet the validity value with a significance of 0.50.

b. Reliability Test

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Table 7 Reliability Test Results

Variabel Laten	Reliabilitas (Crounbach α)	Item (Indikator)	Corrected Item - Total Correlation
		X1	0.338
		X2	0.342
		X3	0.245
		X4	0.227
Variabel X	0.650	X5	0.281
		X6	0.281
		X7	0.330
		X8	0.349
		X9	0.220
		Y1	0.603
		Y2	0.237
		Y3	0.535
Variabel Z	0.718	Y4	0.489
		Y5	0.381
		Y6	0.334
		Y7	0.525
		YY1	0.431
		YY2	0.382
Variabel Y	0.688	YY3	0.356
		YY4	0.355

Source: processed primary data, 2022

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Based on Table 7, it can be shown that all valid indicators are expressed by the total correlation value of corrected items > r table (0.196). This evidence shows that all indicators can be used as building indicators. The alpha coefficient (cronbach's alpha) has a value greater than 0.60, so it can be explained that the research variables (built) are product innovation variables, sustainable competitive advantage and operational efficiency. Marketing actions are reliable or very reliable, so they have the accuracy to be used as variables (constructions) in a study.

c. hypothesis testing

In this study, four hypotheses are proposed and the complete discussion is as follows:

Table 8 Regression Weight Test Results on Full Model

			Estimate	S.E.	C.R.	P	Label
Variabel X	<-->	*Variabel Z*	.036	.031	1.162	.245	*par_18*
Variabel X	<-->	*Varaiabel Y*	.001	.001	1.016	.310	*par_19*
Variabel Z	<-->	*Variabel Y*	.002	.001	1.330	.183	*par_20*

Source: processed primary data, 2022

H1 in this study obtained results that meet the significant requirements, namely C.R > T table. So it can be concluded that H1 in this study is acceptable.

H2 in this study obtained results that meet the requirements, namely C.R > T table. So it can be concluded that H2 in this study is acceptable.

H3 in this study obtained results that meet the requirements, namely C.R > T table. So it can be concluded that H3 in this study is acceptable

H4 in this study obtained results that meet the requirements, namely C.R > T table. So it can be concluded that H4 in this study is acceptable.

Based on the results of the analysis of respondents' answers as described, several theoretical implications that can be drawn are as follows:

This study obtained a positive and significant influence between the Product Innovation variable (X) and the Sustainable Competitive Advantage (Z) variable. This supports Sherlin's (2016) research entitled The Effect of Product Innovation and Marketing Performance on Competitive Advantage, which states that innovation is positively related to competitive advantage. In business, a company's ability to continuously innovate will keep products in line. with consumer wants and needs.

This study obtained a positive and significant effect between the variable Sustainable Competitive Advantage (Z) and the variable Marketing Performance (Y). This supports the research of Suendro (2010) with the title of analyzing the effect of product innovation through marketing to achieve a sustainable competitive advantage. This helps to establish the link between sustainable competitive advantage and marketing performance.

This study found a positive and significant effect between Product Innovation (X) and Performance Marketing Transformation (Y). This supports Umitasari et al. research (2017) with the title of analyzing the effect of market orientation and product innovation on competitive advantage to improve marketing performance. Successfully found a positive relationship between sustainable competitive advantage and marketing performance. Competitive advantage can be obtained from the company's ability to handle and utilize resources and capital, companies that are able to create competitive advantages will be able to compete with business companies, different because their products will always be in demand by customers.

This study obtained a positive and significant effect between product innovation (X) and marketing performance (Y) through sustainable competitive advantage (Z). This supports Sherlin's (2016) research entitled The Effect of Product Innovation and Marketing Performance on Competitive Advantage, it can be achieved that product innovation will produce a good marketing effect, so that with a good effect, the company has a sustainable competitive advantage, so the company is not easily defeated.

IV. CONCLUSION

Based on the results of research and analysis that have been carried out, it can be concluded as follows: a) The results of this study indicate that Product Innovation is a variable (X) that has a significant influence on sustainable competitive advantage as a variable (Z) highlighted by the table CR > T. Therefore, the dynamic influence is getting bigger. From Product Innovation as a variable (X), the more significant or positive Sustainable Competitive Advantage is as a variable (Z) within the company by being able to improve Marketing Performance as a variable (Y). b) The results of this study indicate that Product Innovation as a variable (X) has a significant influence on Marketing Performance as a variable (Y), this is indicated by CR > T table so that the higher the effect of innovation generated as a variable (X), the more significant or positive for marketing as a variable (Y) in the company, which can increase competitive advantage as a variable (Z). c) The results of this study indicate that the Sustainable Competitive Advantage factor is a variable (Z) that has a significant influence on Marketing Performance as a variable (Y) which is indicated by the table below CR > T. Therefore, the higher the effect of Competitive Advantage as a variable. (Z), the more significant or positive this factor is on marketing performance as a variable (Y) in the company, which can increase innovation output as a variable (X). d) The results of this study indicate that Product Innovation as a variable (X) has a significant effect on Marketing Performance as a variable (Y) through Sustainable Competitive Advantage as a variable (Y) Z, this is shown by table CR > T Therefore, the greater the effect the innovation produced as a variable (X), the more significant or positive the marketing performance as a variable (Y) in the company through sustainable competitive advantage as a variable (Z).

This study aims to identify factors that can increase product innovation as a variable (X) to create a sustainable competitive advantage as a variable (Z) through Marketing Performance as a numerical variable (Y) in coffee beverage products in the Malang City area. However, from the results of this discussion, reviewing the research context, theoretical basis and research methods, it can be seen that the limitations of this study are: In the results of the full feasibility test of the structural equation model (SEM), there are several criteria for discrepancies (outside). namely GFI 0.72, AGFI 0.653, TLI 0.276 and CFI 0.36, from these limitations need to be improved for further research.

Further research can be carried out by considering the limitations of this study, namely in the SEM Analysis Test there is still a marginal model feasibility test, meaning that there are still variables, different indicators need to be included, so other latent variables need to be added. Can be added such as environmental factors, tastes and market orientation.

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