



The Effect of Product Innovation, Product Creativity and Product Quality on Superiority Competing on Suputra Herbal Incense in Badung Regency

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Abstract

In Indonesia, one sector that is starting to be of interest is the creative economy sector. The creative economy uses renewable resources that are abundant in Indonesia by increasing innovation, creativity and product quality so that they have a higher selling value. Companies must be able to understand consumers and their desires and divide the market into segments or groups of consumers and determine the desires of each of these segments. This research was conducted with the aim of knowing the Effect of Product Innovation, Product Creativity and Product Quality on Competitive Advantage in Suputra Herbal Incense. The population used in this study were all consumers of Herbal Incense for Suputra Herbal Incense in 2020-2021, totaling 110 consumers. The sampling method in this study used simple random sampling with a total sample of 86 respondents. The data analysis techniques used in this study are validity, reliability, classical assumptions, multiple linear regression, coefficient of determination, t test and F test. Product Creativity is positive and significant to Competitive Advantage. Product Quality has a positive and significant effect on Competitive Advantage. The magnitude of the influence of the independent variables on Competitive Advantage Seeing the results of Competitive Advantage, Suputra Herbal Incense's research must complement the existing equipment in the company. Complete equipment will make it easier for employees to work better and faster so that they can create satisfaction for their customers.

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INTRODUCTION

The rapid development of technology and information has made the internet a medium for communication, browsing and shopping that is widely used by the community. The change in conventional communication to modern and digital is one of the backgrounds to this very rapid technological development. The existence of smartphones can provide internet network access only through handheld media, one of

which is to access social media facilities. With the development of technology and information, business competition is getting tighter, so that many similar businesses have emerged that utilize technology to market or promote their products so that they can be known to all levels of society, especially for people who use social media. This is greatly utilized by entrepreneurs who set their market segmentation on various social media such as Whatsapp, Facebook and Instagram. From a survey by the Association of Internet Service Providers in Indonesia, it reached 196.71 million people or around 73.7% of the 266.91 million population of Indonesia.

In Indonesia itself, one of the sectors that is starting to be of interest is the creative economy sector. According to Departemen Perdagangan (2008), the creative industry is an industry that originates from the utilization of creativity, skills and individual talents to create welfare and employment through the creation and utilization of the individual's creative and creative power. The creative economy is the creation of added value based on ideas born from the creativity of human resources (creative people) and based on the utilization of science, including cultural heritage and technology.

The creative economy has great potential to become one of the driving sectors for sustainable national economic growth. The creative economy uses abundant renewable resources in Indonesia by increasing innovation, creativity and product quality so that they have a higher selling value (Ernawati & Kurniawati, 2020).

Bali is one of the provinces that is famous for its creative industry, the value of fine arts, architecture, performing arts, culinary, photography, video, music crafts and many more. Things that make the creative industry attractive in Bali is a blend of local culture combined with modern innovations that are increasingly in demand by local and foreign tourists. With the development of this increasingly modern era, many are interested in entering the business world, so that entrepreneurs with creative and innovative ideas emerge. The development of this industry is marked by the emergence of many new entrepreneurs such as one of them is the incense business. In Bali itself, the majority of the people are Hindus who are identical to worship using incense, causing the need for incense in Bali to be very high, especially before the big days of Hindus (Hadiyati, 2011). However, along with the increasing interest of the community to enter the creative industry, it creates a new problem, namely the large number of competitors that emerge in similar sectors.

LITERATURE REVIEW

a. Competitive Advantage

Competitive advantage is a benefit strategy from companies that cooperate to compete more effectively in the market place. Strategy must be designed to realize continuous competitive advantage, so that companies can dominate old and new markets (Riyanto, 1993).

b. Product innovation

is a combination of various processes that influence each other, where innovation is not a concept of a new idea, a new discovery or a development of a new market, but innovation is a depiction of all these processes (Kotler & Keller, 2006).

c. Product creativity

According to Suryana (2003) Creativity is the ability to develop new ideas and ways to solve problems and find opportunities (thinking new things). Creativity is not just luck but is conscious hard work.

d. Product quality

According to Kotler & Armstrong (2008) Product quality is a set of characteristic features of goods and services that have the ability to meet needs which is an understanding of the combination of durability, reliability, accuracy, ease of maintenance and other attributes of a product. Product quality must be a primary concern for product and service providers because customer satisfaction is the most important thing to stay competitive in the market, therefore product quality must be maintained so that consumers do not feel disappointed (Hurley & Hult, 1998).

RESEARCH METHODS

This research design is included in causal associative research using a quantitative approach (Nurainun, 2019). Causal associative research is research that aims to determine the influence of two or more variables to be studied (Sugiyono, 2015). The quantitative approach is used because the data to be used to analyze the relationship between variables is expressed in numbers, with a study that is not in-depth and the time is relatively short. This study explains the relationship of influencing and being influenced by the variables to be studied. Where as the dependent variable is Competitive Advantage (Y), while the independent variables are Innovation (X1), Creativity (X2) and Product Quality (X3).

The population in this study were all consumers who had shopped at Dupa Herbal Suputra in 2020 - 2021, totaling 110 consumers. Sampling using the simple random sampling technique is a sampling technique from population members that is carried out randomly without considering the strata in the population Sugiyono (2016). The method used to determine the sample size is by using the Slovin formula quoted from Tjiptono & Chandra (2016) so that the sample needed in this study was 86 respondents.

There are 4 data collection techniques used in this study, namely the first is observation through direct observation at the research location, then the researcher also conducted interviews with the owner and respondents to obtain the information needed and then the researcher conducted a documentation study to obtain previous research and sources from experts in order to be able to further explore the problems that occur in the field and then the respondents provided their responses through a questionnaire, using a Likert scale (Dismawan, 2013).

The instrument tests used in this study are validity and reliability tests. Data analysis techniques in this study use a quantitative approach consisting of: classical assumption tests, multiple linear analysis, determination analysis, simultaneous significant tests (F-test) and partial significant tests (t-test).

RESULTS AND DISCUSSION

Respondent Characteristics

The characteristics of the respondents selected as research samples can be described based on gender, age, and occupation.

Table 2. Respondent Characteristics

Respondent Characteristics	N (person)	Amount	
			Percentage (%)
1. Gender Group			
Man	27		31.4
Woman	59		68.6
2. Age Group			
≤ 20 Years	4		4.7
21-30 Years	31		36.0
31-40 Years	43		43.0
>41 Years	8		9.3
3. Job group			
Students	27		31.4
Private employees	19		22.1
civil servant	9		10.5
Self-employed	13		15.0
Housewife	18		20.9

Source: Attachment 2

Respondent characteristics seen from the gender group consist of 27 men and 59 women. Then from the age group there are 4 people under 20 years old, 31 people aged 21-30 years and 43 people aged 31-40 years and 8 people over 41 years. Then the respondents have a student/college background as many as 27 people then employeesPrivate as many as 19 people, then civil servants as many as 9 people and self-employed as many as 13 people and Housewife 18 people. The distribution of questionnaires to meet the needs of research data was carried out online using Google Forms so that respondents can provide responses more easily and quickly without being limited by the distance of their place of residence.

The research instrument was then tested for validity and reliability. The results of the tests that have been carried out show that this research instrument has been declared valid. The results obtained that the r-count value of each statement item is greater than 0.3. This means that all statement items in the research instrument used to measure the variables of innovation, product quality, and competitive advantage are valid and suitable for use. The valid statement items are continued to the reliability test stage. The results obtained that the variables Innovation, Creativity, Product Quality, and competitive advantage, each consisting of two statements, have a Cronbach's Alpha value greater than 0.70, so they are declared reliable.

Table 3. Validity Test Results

Statement	Correlation Coefficient	Caption
Innovation (X1)		
X1_01	0.761	Valid
X1_02	0.767	Valid
X1_03	0.811	Valid
X1_04	0.844	Valid
Product Creativity (X2)		
X2_01	0.772	Valid
X2_02	0.789	Valid
X2_03	0.790	Valid
X2_04	0.733	
Product Quality (X3)		
X3_01	0.810	Valid
X3_02	0.709	Valid
X3_03	0.664	Valid
X3_04	0.884	Valid
X3_05	0.834	Valid
Competitive Advantage (Y)		
Y_01	0.721	Valid
Y_02	0.724	Valid
Y_03	0.782	Valid
Y_04	0.693	Valid

Source: Appendix 3

Table 4. Reliability Test Results

Variables	Number of Instruments	Cronbach's Alpha	Caption
Innovation (X1)	4	0.804	Reliable
Product Creativity (X2)	4	0.770	Reliable
Product Quality (X3)	5	0.838	Reliable
Competitive Advantage (Y)	5	0.705	Reliable

Source: Data Processed, 2021

Classical Assumption Test

The classical assumption test that was carried out was the testnormality, multicollinearity test, and heteroscedasticity test. Normality test with the help of SPSS 25. Data spread around the diagonal line and follow the direction of the diagonal line indicating a normal distribution pattern, then the assumption of normality is met. The second stage is the multicollinearity test. A study is declared to have no correlation between variables if the Tolerance value is greater than 0.10 and the VIF coefficient is less than 10, the test results show the Tolerance value of innovation .426, Product Creativity .477 and Product Quality .421 then the VIF value of Innovation 2.347, Product Creativity 2.095 and product quality is2.375each variable is greater than 0.10 and the VIF value is less than 10. So it can be concluded that there is no multicollinearity between the independent variables in this study. The last stage of the classical assumption is the heteroscedasticity test using the glejser test. This method is carried out by regressing the absolute value of the residual against the independent variable. If none of the independent variables have a significant effect on the absolute residual, then there is no heteroscedasticity, from the test results obtained the value of the innovation variable .289 Product Creativity .166 and product quality .274 greater than 0.05 this means that there

is no Heteroscedasticity symptom in the regression model, so it can be continued with multiple linear regression analysis.

Multiple Linear Regression Analysis

The purpose of conducting multiple linear regression analysis is to predict the value of the dependent variable if the value of the independent variable increases or decreases.

Table 5. Multiple Linear Regression Analysis Results

Coefficients ^a		Unstandardized Coefficients			Standardized Coefficients	
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1,042	.190		5.493	.000
	Innovation	.263	.066	.349	3.954	.000
	Product Creativity	.216	.070	.256	3,071	.003
	Product Quality	.252	.063	.353	3.974	.000

Source: Appendix 5

The results of multiple linear regression analysis will also show the direction of influence of the independent variable on the dependent variable, namely positive or negative. The results of the regression analysis that have been obtained can be used to compile the following equation:

$$Y = 1.042 + 0.263 X1 + 0.216X2 + 0.252 X3 \quad (1)$$

Table 6. Determination Analysis Results

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853a	.728	.718	.23361

Source: Appendix 5

Based on the calculation results with SPSS, the R² value obtained is 0.728, which means that Competitive Advantage is influenced by Innovation, Product Creativity and Product Quality, while the remaining 27.2 is influenced by other variables that were not analyzed in this study.

Table 7. Simultaneous Test Results (F Test)

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11,978	3	3.993	73,162
	Residual	4.475	82	.055	
	Total	16,453	85		

Source: Appendix 5

Based on table 7, it can be explained that F-count = 73.162 > F-table = 2.72 is in the H₀ rejection area, so H₀ is rejected or H_a is accepted. This means that there is indeed a positive and significant influence simultaneously between Innovation, Product Creativity, and Product Quality on Competitive Advantage in Suputra Herbal Incense Products and it is not obtained by chance.

Partial Test (t-Test)

Partial test is intended to determine how far the influence of the independent variable in explaining the variation of the dependent variable. The results of the regression analysis that has been carried out show the magnitude of the t-count value and the significance value.

Table 8. Partial Test Results (t-Test)

Model	Coefficientsa				
	B	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
Std. Error	Beta				
1 (Constant)	1,042	.190		5.493	.000
Innovation	.263	.066	.349	3.954	.000
Product Creativity	.216	.070	.256	3,071	.003
Product Quality	.252	.063	.353	3.974	.000

Source: Appendix 5

Based on the calculation results, it is obtained that t_3 is 3.974, which is greater than t -table 1.67, which is in the H_0 rejection area, so Product Quality has a positive and significant effect on Competitive Advantage in Suputra Herbal Incense Products and is not obtained by chance.

Discussion

Based on the results of the data analysis obtained, Innovation, Product Creativity and Product Quality have a positive and significant effect simultaneously on Competitive Advantage in Suputra Herbal Incense. Factors that influence competitive advantage are product innovation, product creativity, and product quality. with product innovation, companies carry out product development, so that they can create products that have competitive advantages. Suryana (2003) continuous improvement in product creativity will form product creativity that can influence competitive advantage. Product quality is a dynamic condition related to products, humans/workforce, processes and tasks, and the environment that meets or exceeds consumer expectations or consumers by improving product quality according to customer expectations is a company strategy in maintaining competitive advantage. because if it is not supported, the product cannot compete with competitors and this will have an impact on sales such as the last 2 years of fluctuating sales. This is in line with research by Ernawati & Kurniawati (2020) which shows that: (1) product innovation individually has a positive and significant effect on competitive advantage. (2) product creativity individually has a positive and significant effect on competitive advantage. (3) product quality individually has a positive and significant influence on competitive advantage and (4) product innovation, product creativity and product quality simultaneously have a positive and significant influence on competitive advantage.

The results of the second test found the results of the data analysis obtained that Innovation has a positive and significant partial effect on Competitive Advantage in Suputra Herbal Incense, Companies can make various innovations by creating various product designs, and adding value to an item (Suhaeni, 2018). 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 continue to innovate products which will ultimately increase

the competitive advantage of the company. Companies create product innovations with various product designs, thereby increasing alternative choices, increasing the benefits or value received by customers, so that product innovation is one way for companies to maintain competitive advantage. This supports previous research by Melinda & Widyasari (2019) showing that innovation has a positive and significant effect on competitive advantage.

The results of the third test found that the results of the data analysis obtained showed that Product Creativity had a positive and significant partial effect on Competitive Advantage in Suputra Herbal Incense. Product creativity has the ability to develop and combine new ideas from existing ideas that come from customers to form product creativity that can influence competitive advantage. Product creativity will create new products, and these new products have received a response from consumers when they are introduced and will then affect the ability to excel in competition. This is also supported by research by Riany & Dahmiri (2020), showing that Product Creativity has a positive and significant effect on Competitive Advantage.

The results of the fourth test found that the results of the data analysis obtained showed that Product Quality had a positive and significant partial effect on Competitive Advantage in Suputra Herbal Incense (Anjaningrum & Sidi, 2018). Product quality can be determined by a set of uses or functions, such as durability, product dependency, exclusivity, comfort, and external form (color, shape, packaging) (Sherlin, 2016). The quality of the company's products must be maintained properly, because the better the quality of the product in a product, the more interested customers will be in buying and even buying repeatedly against the product. This can be a company strategy in maintaining competitive advantage. This statement is confirmed by the results of research conducted by Budianto & Setiawan (2020), showing that Product Quality has a positive and significant effect on Competitive Advantage.

CONCLUSION

Based on the formulation of the problem and data analysis that has been carried out as well as the discussion that has been presented in the previous chapter, the following conclusions can be drawn from this research:

- a. Product Innovation, Product Creativity and Product Quality simultaneously have a positive and significant effect on competitive advantage. This means that the increasing Product Innovation, Product Creativity and Product Quality together will increase the competitive advantage of Suputra Herbal Dupa.
- b. Product innovation partially has a positive and significant effect on competitive advantage. This means that the more Product Innovation increases, the more competitive advantage in Suputra Herbal Dupa will increase.
- c. Product Creativity partially has a positive and significant effect on competitive advantage. This means that the increasing product creativity will also increase the competitive advantage of Suputra Herbal Incense.
- d. Product quality partially has a positive and significant effect on competitive advantage. This means that the increasing product quality will also increase the competitive advantage of Suputra Herbal Incense.

Suggestion

Based on the research results and conclusions that have been made, the suggestions that can be put forward in relation to this research are as follows:

- a. Based on the average score on the Competitive Advantage variable, overall respondents have the lowest perception of the statement item "Employees are able to maximize the use of resources in the company". So in the future, to be able to maximize resources, the company can hold workforce training so that later employee capabilities can increase.
- b. Based on the average score on the Product Innovation variable where overall respondents have the smallest perception of the statement item "Always develop new ideas and breakthroughs to attract consumers". So in the future Suputra Herbal Dupa can develop new ideas and breakthroughs in order to attract consumers.
- c. Based on the average score on the Product Creativity variable, overall respondents have the lowest perception of the statement item "Suputra Herbal Incense Has creative ideas in releasing incense products". So in the future Suputra Herbal Incense can create creative ideas in releasing a product.
- d. Based on the average score on the Product Quality variable where overall respondents have the smallest perception of the statement item "The quality of Suputra herbal incense products is in accordance with the price offered". So in the future Suputra Herbal Incense can improve the quality of its products in order to balance the price level with quality.
- e. For further research, this research should be further developed by adding other variables and with a larger number of samples so that it can provide more accurate results.

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