



Built Competitive Advantage Models on Cofee Shop Business in Jakarta

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Abstract: This research is to determine the influence of entrepreneurial orientation, product innovation, and business location on competitive advantage at coffee shops in Jakarta. This study used quantitative research with a data collection method using a closed model questionnaire technique measured by a likert scale by taking a sample of 200 respondents from 296 coffee shop owners who became the population. Approach modeling and data analysis using the Structure Equation Model (SEM) using the Lisrel program version 8.8. The resulting structural equation model is $KUB = -0.048*OKW + 0.35*INP + 0.53*LOK$, with an R square of 0.76 (76%) and nilai F_{count} of $5.84 \geq 3.84$, which means that the three free variables are significant to the variabel bound it. Thus, the variables of Entrepreneurship Orientation (OKW), Product Innovation (INP) and Business Location (LOK) together affect the competitive advantage (KUB) of coffee shops in Jakarta. The most dominant variable affecting the competitive advantage of coffee shops is the location of the business with a comfortable and safe environment.

Keywords: Entrepreneurial Orientation, Product Innovation, Business Location and Competitive Advantage

INTRODUCTION

The development of the coffee shop business trend in Indonesia is increasing rapidly recently. In fact, it is not just an activity, drinking coffee in a coffee shop, has developed into part of people's lifestyle.

The competition in the coffee shop business is currently getting tougher, along with the increase in coffee consumption in Indonesia. This condition can be seen from the number of coffee shop businesses that have sprung up in several strategic places to enjoy the aroma of coffee, especially in big cities such as Jakarta, for example. As a result, coffee shop business owners have to think about how to build a competitive advantage. The development of the coffee shop business requires business owners to continue to do things that make their

business to continue to survive and always thrive in the current era of globalization, by carrying out various strategies such as product innovation, brand image, comfortable and impressive location / place, competitive prices, promotion on various social media and quality services.

Referring to the background above, the problems that will be studied in this study are problems of entrepreneurial motivation, product innovation, and business location that affect the competitive advantage of Coffee Shops in Jakarta.

The purpose of this study is to determine and analyze the influence of Entrepreneurial Orientation, Product Innovation, and Business Location on the Competitive Advantage of Coffee Shops in Jakarta.

The benefit of this research is to make an empirical contribution to the study of marketing management development, especially in increasing the competitive advantage of a business entity. In addition to being able to provide scientific information as an academic reference for other researchers with the same study.

THEORETICAL REVIEW

Entrepreneurial Orientation

Entrepreneurial orientation according to Utama, L (2018) are the characteristics and values shared by entrepreneurs themselves which are unyielding, risk-taking, speed, and flexibility. Entrepreneurial orientation as the most effective and efficient organizational culture to create the behaviors needed to create superior value for buyers and produce superior performance for the company. Behaviors in an entrepreneurial orientation are described as the need for achievement, self-confidence, independence and openness so that they can become capital to build competitive advantage.

Product Innovation

Sukamadi (2016) in (Rini 2019) innovation is an idea, product, information technology, institutional, behavior, values, and new practices that are not widely known, accepted, and used or applied by a large number of citizens in a certain locality, which can be used or encourage changes in all aspects of people's lives.

Product innovation According to Kotler and Amstrong in (Pujiwidodo, 2016) states that product innovation is a combination of various processes that influence each other. So innovation is not the concept of an idea, a new invention, nor is it a development of a new market, but innovation is a picture of all these processes. Thus, it can be said that product innovation is an activity carried out by business actors to develop ideas, as well as create new products and expand different products, imitation of product types, product quality and create products that have distinctive characteristics in order to have a competitive advantage.

Business Location

According to Swastha in Palopo & Muhas, (2021) " location is the position of a store or seller in a strategic area so as to maximize profits".

Business Location According to Tjiptono in Marfuah & Hartiyah (2019) is where the company operates or where the company carries out activities to produce goods and services that attach importance to its economic aspects.

Business people or entrepreneurs in choosing their business location must consider easy access to their place of business, visibility, or easily visible from all directions, crowded traffic/traffic of people / vehicles, having a large and safe parking area, availability of land for expansion (expansion), being in a strategic environment, at least competitors in the surrounding location and meeting the provisions or local government rules for business

locations. If the location criteria are met, it can be said that the location of the business can be part of a competitive advantage.

Competitive Advantage

Competitive advantage is seen as the ability of an enterprise to provide superior value (superior value) for its customers.

According to Kotler and Armstrong 2008 in (Syukron M.Z & Ngatno, N (2016) competitive advantage is achieved by offering greater value to consumers, either through low prices or by providing more appropriate benefits at higher prices. The definition of competitive advantage according to Michael Porter in Rambe, F. H, Eri Y.N. (2021) is the ability of a company to achieve economic benefits above the profit that competitors in the market can achieve in the same industry. Companies that have a competitive advantage always have the ability to understand changes in market structure and are able to choose effective marketing strategies to win their business competition. To build a competitive advantage, there are several ways that can be done, such as creating product/service differentiation, low-cost leadership, speed of responding/responding to consumer problems and focusing on the markets it serves.

A business entity will be able to compete, if it has human resources who have diverse competencies, high technology, quality products, innovative and excellent service quality. For entrepreneurs or business owners who are able to optimize their entrepreneurial orientation, continue to innovate their products/services and provide a comfortable/place, strategic and conducive environment, it is easier to build a competitive advantage in their business.

METHODS

This study analyzes independent variables represented by variables of entrepreneurial orientation, product innovation and business location, and their effect on competitive advantage.

This research was conducted at Coffee Shops in the Jakarta Area which in this study were selected coffee shops in South Jakarta, East Jakarta and North Jakarta.

The population in this study was 296 entrepreneurs/coffee shop owners in Jakarta. Using stratified random sampling, a sample of 200 respondents was obtained.

In this study, data collection techniques were used using a closed model questionnaire because answers had been provided and The measurement uses a likert scale, to measure the opinions, perceptions and attitudes of a respondent or group of respondents about a coffee shop problem. Questions are taken from variable items, both independent variables and dependent variables.

Approach to modeling and data processing techniques applied are appropriate according to Ghazali, Imam and Fuad (2014) in this study with the Structural Equation Model (SEM). The reason for using this method is its ability to measure constructs indirectly through measuring indicators and at the same time analyzing its indicator variables and latent variables.

SEM analysis will provide clarity on the relationship and magnitude of influence between the variables studied and is useful for describing variables and dimensions that can create a competitive advantage.

RESULTS AND DISCUSSION

The results of data processing and analysis The structural equation model (SEM) with the application of Lisrel 8.80 produces a model of the overall structural equation seen in Figure 1 and Figure 2 below;

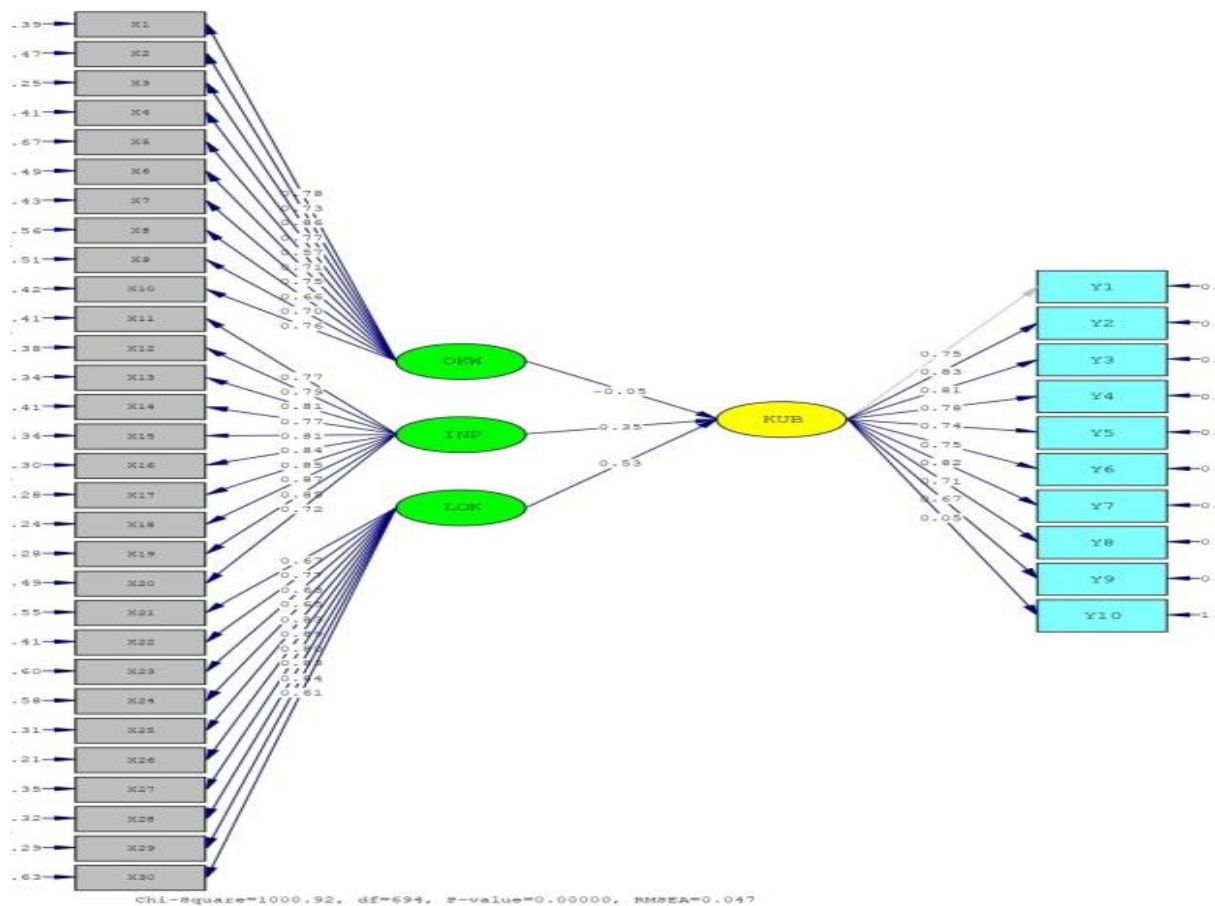


Figure 1. Standardized Structure Model
Source: Processing Results with LISREL 8.80

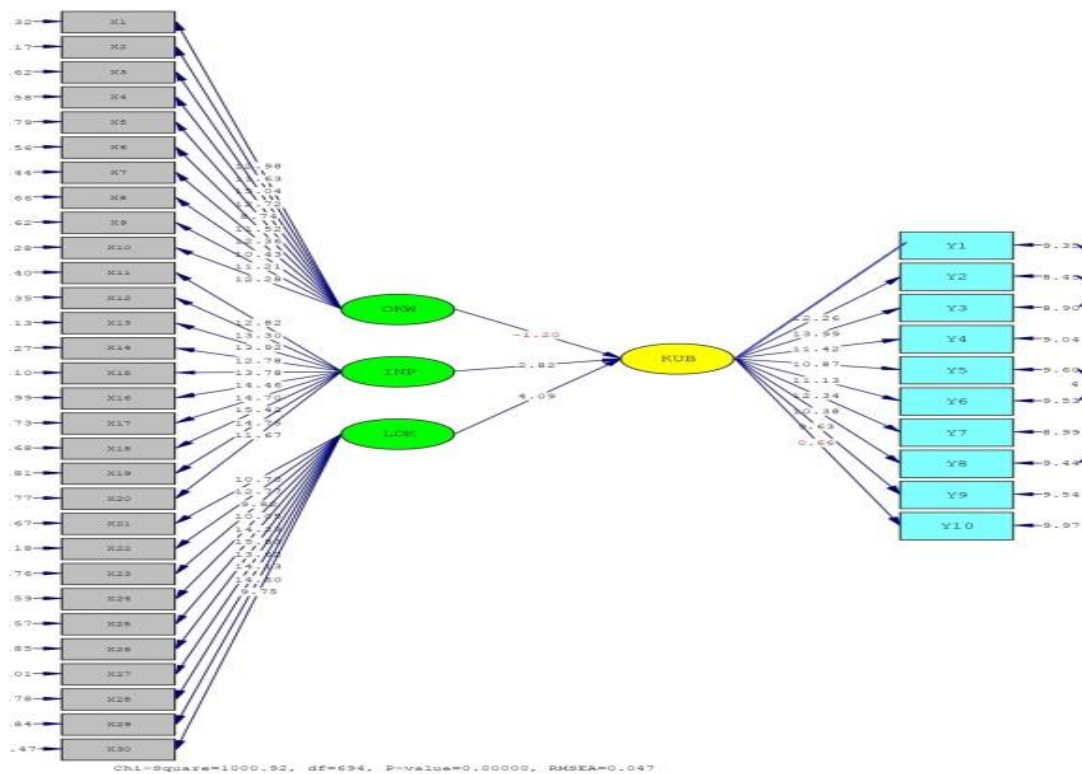


Figure 2. Structural Model t-value
Source: Processing Results with LISREL 8.80

Referring to Figures 1 and 2 that there is an influence of Exogenous variables (OKW, INP, LOK) on endogenous variables (KUB). The results of the significance test of the influence between latent variables, or the trajectory between two latent variables, can be seen in Table 1 with the resulting coefficient value along with the *calculated t* value. If the structural trajectory obtained the calculated t value ≥ 1.96 , then the coefficient of the trajectory is expressed as significant, and if $t_{count} \leq 1.96$, then the coefficient of the trajectory is insignificant.

Table 1. Significance Between Variables

No	Structural Trajectory	Path coefficient	t-count	t-table	Test Results
1	Entrepreneurial Orientation ---> Competitive Advantage	-0.048	-1.20	1,96	No Significant
2	Product Innovation--> Competitive Advantage	0.35	2.82	1,96	Significant
3.	Business Location --> Competitive Advantage	0.53	4.09	1,96	Significant

Source: Lisrel 8.80 processing results

View the output results obtained by using the *Lisrel 8 program. 80* for structural models (*standardized and t-value models*) and structural equations, according to the four hypotheses made structural equations as below.

$$KUB = - 0.048*OKW + 0.35*INP + 0.53*LOK,$$

$$Errorvar= 0.24, R^2 = 0.76$$

Description:

KUB = Competitive Advantage

OKW = Entrepreneurial Orientation

INP = Product Innovation

LOK = Business Location

Hypothesis 1 (H₁) negatively influences Entrepreneurial Orientation (OKW) on Competitive Advantage (KUB). This can be seen in the magnitude of the *loading factor* (path coefficient) of the Entrepreneurial Orientation variable to the Competitive Advantage of coffee shops, of -0.048 with a *calculated t* value of $-1.20 \leq 1.96$, meaning it is insignificant. The magnitude of the path coefficient indicates that the magnitude of the negative influence of Entrepreneurial Orientation directly on the Competitive Advantage of coffee shops is 0.048 or 4.8%. It can be said that the entrepreneurial orientation of coffee shop owners is still low, especially their confidence in managing keda kopi, so it has a negative and insignificant effect on increasing the competitive advantage of the coffee shop business in Jakarta.

Hypothesis 2 (H₂) states that Product Innovation (INP) affects Competitive Advantage (KUB). As a result of the structural equation above, it can be seen that the value of the product innovation variable path coefficient against the competitive advantage of coffee shops is 0.35 with a *calculated t* value of $2.82 \geq 1.96$, meaning that there is a positive and **significant** influence. The magnitude of the line coefficient explains the magnitude of the effect of Product Innovation directly on the Competitive Advantage of Coffee Shops by 0.35 or 35%. This means that Product Innovation, especially innovation in creating new variants / flavors in coffee drinks is quite capable of increasing the Competitive Advantage of Coffee Shops in Jakarta. Meanwhile, the significant value of product innovation to the competitive advantage of coffee shops shows that directly product innovation can increase the competitive advantage of coffee shops in Jakarta.

Hypothesis 3 (H₃) that Business Location (LOK) affects the Competitive Advantage (KUB) of Coffee Shops in Jakarta. It is proven that the value of the variable path coefficient of Business Location to Competitive Advantage is 0.53 and the *calculated t* value of $4.09 \geq 1.96$, this means that there is a positive and **significant** influence. The value of the path

coefficient of 0.53 indicates that the Business Location can increase the Competitive Advantage by as much as 53%, especially business locations that have a comfortable and safe environment are able to increase the competitive advantage of coffee shops in Jakarta. Meanwhile, a significance value of 4.09 indicates that the Business Location can directly increase the Competitive Advantage of the coffee shop.

Hypothesis 4 (H₄) Entrepreneurship Orientation (OKW), Product Innovation (INP) and Business Location (LOK) together affect the Competitive Advantage (KUB) of Coffee Shops in Jakarta. From the structural equation above, it can be seen that the magnitude of the coefficient of determination (R^2) is 0.76 with a *calculated F* value of $5.84 \geq 3.84$, which means that the three exogenous variables are significant to the Endogenous variable. The value of the coefficient of determination (R^2) 0.76, shows the magnitude of the contribution of Entrepreneurship Orientation, Product Innovation and Business Location together to the Competitive Advantage of coffee shops in Jakarta by 76%, while the remaining 24% is other variable factors that influence beyond the variables in this study. Meanwhile, the most dominant influence on Competitive Advantage is the Business Location variable, especially in the dimension of a comfortable and safe environment.

As for the most dominant dimension of Competitive Advantage is the dimension of a comfortable and safe environment, meaning that it builds the competitive advantage of coffee shops, the priority is to have a differentiation / differentiator on the product, the location of the business and services of its competitors.

CONCLUSIONS

1. Entrepreneurial orientation has a negative and insignificant effect on the competitive advantage of coffee shops in Jakarta. The confidence of the coffee shop owner is still low in managing his business so that it cannot increase the competitive advantage of his coffee shop.
2. Product innovation has a positive and significant effect on the competitive advantage of coffee shops in Jakarta. Product innovation is mainly in creating new variants / flavors in the coffee drink, so as to increase the competitive advantage of the coffee shop.
3. Business Location has a positive and significant effect on the competitive advantage of coffee shops in Jakarta. A business location with a safe and comfortable environment can increase the competitive advantage of the coffee shop business in Jakarta.
4. Together, the variables of entrepreneurial orientation, product innovation and business location have a positive and significant effect on the competitive advantage of the coffee shop business in Jakarta. The most dominant variable affects the competitive advantage of coffee shops, especially in the dimension of a comfortable and safe environment, which can increase the competitive advantage of coffee shops in Jakarta.

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