Product Differentiation, Market Orientation, and Product Quality Against Competitive Advantage in UMKM Rotan Desa Trangsan, Gatak, Sukoharjo

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ABSTRACT

UMKM are one of the leading economic drivers in economic development in a country. This research was conducted in Desa Trangsan, Gatak, Sukoharjo. This study aims to determine the effect of product differentiation, market orientation, a product quality on competitive advantage in UMKM Rattan in Desa Trangsan, Gatak, Sukoharjo. This research method uses quatitative methods. The population is UMKM Rattan in Desa Trangsan is 210 and using a sample 58 respondents. Purposive sampling is a sampling technique with the criteria of a business that 5 years, is actively producing, and its products have participated in the international market. The data analysis used is using multiple linear regression, F-test, t-test and the coefficient of determination through SPSS v20. The results of the analysis of this study indicate that product differentiation, market orientation, and product quality have a significant and positive effect on competitive advantage with coefficient of 64,1%. While the remaining 35,1% is influenced by other factor or variables not examined in this study.

Keywords : product differentiation, market orientation, product quality, and competitive advantage.

PRELIMINARY

Every company must be able to improve excellence in order to achive the goals of the company itself. An advantage that is obtained by offering more value to consumers by providing low prices or at high prices by providing the best quality and benefits that support the pricing. Each time the craftsman UMKM will increase, so there will be competition between business craftsman or owner. Like it or not, they must be able to face the competition. Business craftman or owner must prepare various strategies to maintain and develop their business against competitors. Business owner must observe the development of competitors in marketing their products and take positive thing from other UMKM to improve the service and products produced to further develop in developing the business that is being run (Dimas et al., 2021).

In organizations that influence consumers to become loyal customers of the company compared to other competitors is an important aspect of product differentiation. Without product differentiation, companies will only become commodities. Ths means that the product will not be much different from other products or in other terms the average product. Generally product differentiation will make customers feel satisfied with the products that are always offered and it is hoped that these customers will make purchases again. However, if the consumer is dissatiafied, the consumer will stop buying. Consumers generally prefer to buy high=value products than they want or expect (Nugraha & Sukaatmadja, 2020).

A market-oriented company will always try to make efficiency and try to create more value for its customers wich is expected to create competitive advantage and provide long-term benefits for the company. The importance of a market-oriented company will be closely related to the product results that will be offered to customers. Products that are made or produced must be attractive and uniqe so that they can excel in competition with competitors(Muhajirin & Kamaluddin, 2019). Market-orientation is the company's ability to apply a culture that is often carried ot in the market such as the company's effort to find information about the conditions of the market, the company's willingness to always understand its customers, the company's willingness to always monitor its competitors (Oktavinus et al., 2020).

Product quality and product capabilities are both closelyj related to being able to carry out its functions, including reliability, overall product, ease of operation, accuracy, attributes, and other values (Inge et al., 2021). The quality of the copany's products, the more interested customers will be to buy continuously. This becomes the company's strategy in maintaining competitive advantage (Griffin, 2014).

LITERATURE REVIEW
Competitive advantage

Competitive advantage is an advantage over competitors that is obtained, by offering lowes value or by providing greater benefits because the price is higher (Kotler, 2014: 311). Competitive advantage is an important key to the company's ability to win the competition. Competitive advantage comes from various company activities such as in producing, designing, delivering, supporting and marketing their products (Inge et al., 2021).

Product Differentation

Product differentiation is an activity of modifying a product to make it more attractive, creating a product image or a product that is quite different from existing products with the intention of attracting cosumers. Traditionally, differentiation is defind as the act of designing a set of mainingful differences in a company's offer (Griffin, 2014: 2). Product differentiation is the process differentiating a product and service to make it more attractive to a particular target market. This distinction is made both for competitor products and for other products from the product manufactures themselves (Septian & Trustorini, 2019). From this description is a technique for making products or modifying them into different products to attract consumers.

Market Orientation

Market orientation is a response to changes in a market. The response to changes in a market in question is how a company or business organization reacts in response to what customers need for the present and the future in accordance with the development of the products offered (Kotler, 2014: 12). Market orientation is a business culture where the organization has a commitment to continue to be creative in creating the best or superior value for customers (Oktavinus et al., 2020). From this description it can be concluded that market orientation is a company's effort to get know the desires or

willingness of customers to create more more value from a given product and try to be superior to competitors.

Product Quality

Product quality is usually described as the characteristics of a product that support its abilityto meet the standard needs of customers or the standard of the manufaturer's eligibility. Product quality is a characteristic of a service or product that provides the potential to meet consumer needs (Kotler & Amstrong, 2015: 253). Product quality isclosely related to product's ability to perform its functions, including the overall product, reliability, accuracy ease of operation and repair and other valued attributes (Inge et al., 2021). From this descripton it can be concluded that product quality is the ability of product to perform its fuction such as duability, appearance, and reliability.

THINKING   FRAMEWORK
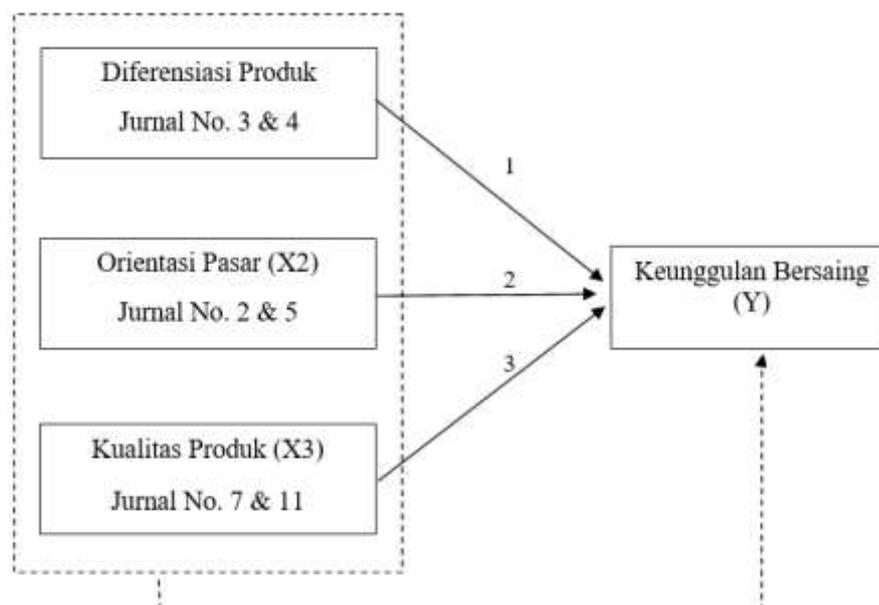
Figure 2 Thinking Framework

Information :
1.   (Jasgunawan & Keri, 2022), (Nugraha & Sukaatmadja, 2020)
2.   (Muhajirin & Kamaluddin, 2019), (Oktavinus et al., 2020)
3.   (Citra, 2019), (Fathur & Alimudin, 2019)

METHODOLOGY

The type of research used by theauthor is quantitative research. Quantitaive research method based on positivism used to examine certain populations or samples, data collection uses research instruments, data analysis is quantitative or staticstical, with the aim of testing established hypotheses (Sugiyono, 2019: 17).

Data Source

Primary data is data that is collected by the researcher directly, ehich comes from the first source or where the research object is carried out (Siregar, 2017: 16). This study uses primary data obtained from original sources. This data is result of distributing a questionnaire given to UMKM Rattan in Desa Trangsan, Gatak, Sukoharjo.

Population and sample

The population is a generalized area consisting of obcjects or subjects that have certain qualities and characterisrics derermined by researchers to be studied and then conclusions drawn (Sugiyono, 2019: 7). The population in this study were 210 rattan artisans in Desa Trangsan, Gatak, Sukoharjo.

The sample is part of the number and characteristics possessed by the population tobe studied. If the total population is less than 100, then the entire population becomes the research sample, but if the population is more than 100 then 10-15% or 15-25% can be taken (Arikunto, 2020: 173). Based on this definition, it can be said that the sum of the sample in this study is 210x25% =52,5, was rounded up to 53, but the researchers added 5 more respondents as reserves. So that in this study had to take sample data as many as 58 respondents.

The sampling technique used is purposive sampling. The purposive sampling technique is a sample determination technique with certain considerations (Sugiyono, 2019: 85). The criteria are that the company has been operating for more than 5 years, active craftsmen, products hae participated in the international market.

Method of collecting data

Data collection techniques in this study were observation, documentation, interviews, questionnaries distributed to respondents. The data analysis method used is instrument test (validity and reliability), classic assumption test, multiple linear analysis and hypothesis testing with the help of SPSS v.20.

RESULTS AND DISCUSSION

Table 1 Validity Test Results

Variabel	Item Pernyataan	r hitung	r table	Ket
Keunggulan Bersaing (Y)	Y.1	0,899	0,444	Valid
	Y.2	0,797	0,444	Valid
	Y.3	0,643	0,444	Valid
	Y.4	0,477	0,444	Valid
Diferensiasi Produk (X1)	X1.1	0,713	0,444	Valid
	X1.2	0,900	0,444	Valid
	X1.3	0,787	0,444	Valid
	X1.4	0,485	0,444	Valid
Orientasi Pasar (X2)	X2.1	0,800	0,444	Valid
	X2.2	0,774	0,444	Valid
	X2.3	0,650	0,444	Valid
	X2.4	0,688	0,444	Valid
Kualitas Produk (X3)	X3.1	0,714	0,444	Valid
	X3.2	0,741	0,444	Valid
	X3.3	0,767	0,444	Valid
	X3.4	0,654	0,444	Valid

Source: Primary data processed, 2023

Based on the results of the validity of 20 respondents UMKM Rattan in Trangsan, Gatak, Sukoharjo, all instruments are valid because r_{hitung} is greater than r_{tabel} (0,444). So that all the statements tested can be used as a research questionnaire.

Table 2 Reliability Test Results

Variabel	Cronbach Alpha	Kriteria Nunnaly	Keterangan
Keunggulan Bersaing	0.667	0.600	Reliabel
Diferensiasi Produk	0.678	0.600	Reliabel
Orientasi Pasar	0.698	0.600	Reliabel
Kualitas Produk	0.654	0.600	Reliabel

Source: Primary data processed, 2023

The test decision in this study is the Cronbach's Apha value of 0,600. Based on the test above, the competitive advantage variable is obtained with a value of 0,667, product differentiation variable with an alpha value of 0,678, market orientation variable with an alpha value of 0,698 and producy quality with an alpha value of 0,654. All of the instruments are more than r alpha, which is 0,600, so the test results above can be said to be reliable or reliable.

Table 3 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		58
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.68487899
Most Extreme Differences	Absolute	.130
	Positive	.081
	Negative	-.130
Kolmogorov-Smirnov Z		.990
Asymp. Sig. (2-tailed)		.280

a. Test distribution is Normal.
b. Calculated from data.

Source: Primary data processed, 2023

Based on the table, the Kolmogorov-Smirnov value is 0,990 and the Asymp Sig value is 0,280 > 0,05. This show that the regression model is normally distributed.

Table 4 Multicollinearity Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.156	1.044		3.981	.000		
	Total_X1	.213	.105	.259	2.037	.047	.390	2.562
	Total_X2	.236	.115	.275	2.060	.044	.354	2.826
	Total_X3	.281	.109	.356	2.587	.012	.332	3.015

a. Dependent Variable: Total Y

Source: Primary data processed, 2023

From the table it can be seen that the variables Product Differentitation (X_1), Market Orientation (X_2), and Product Quality (X_3) have tolerance values > 0,10 and VIF < 10. So the three variables above do not occur multicollinearity.
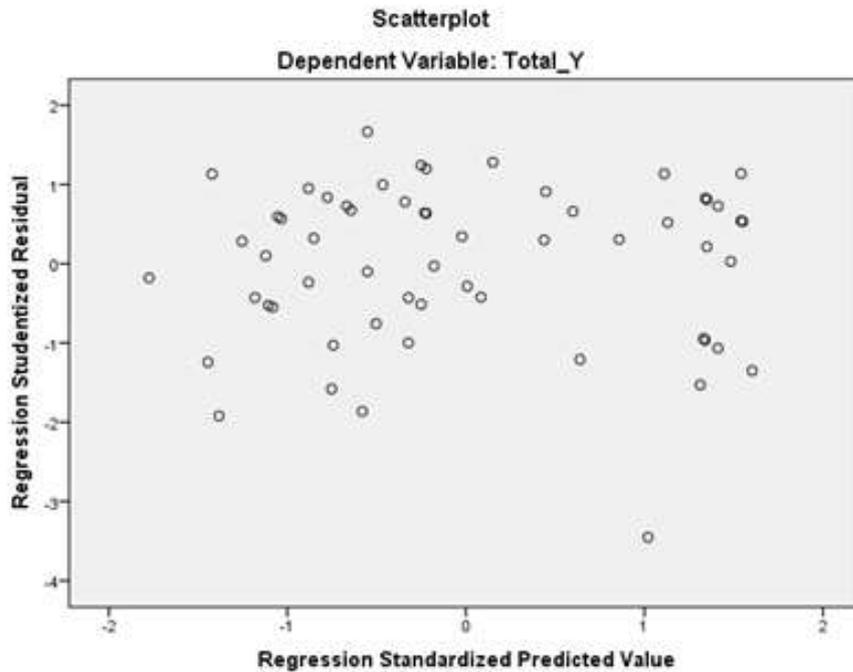
Figure 2 Heteroscedasticity Scatterplot
Source: Primary data processed, 2023

From the picture above, the data looks spread above and below pint 0 and does not from a specific pattern. That is, the results of this study did not occur heteroscedasticity.

Table 6 Multiple Linear Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.156	1.044		3.981	.000
	Total_X1	.213	.105	.259	2.037	.047
	Total_X2	.236	.115	.275	2.060	.044
	Total_X3	.281	.109	.356	2.587	.012

a. Dependent Variable: Total_Y

Source: Primary data processed, 2023

Based on the results of the regression analysis, the multiple linear regression quation is obtained as bellow :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$
$$Y = 4,156 + 0,236\ X_1 + 0,236\ X_2 + 0,281\ X_3 + e$$

From the regression equation, it can be interpreted as follows :

The constant value for the regression equation is 4,156. Ths shows that the product differentiation, market orientation, and product quality variables are 0, so the customer's decision will be at 4,156.

The product differentiation variable from multiple linear regression calculation increases is 0,213. This can be interpreted if product differentiation increases, while other variables remain the same. Then the competitive advantage will icrease by 0,213 or 21,3%.

The market orientation variable from multiple linear regression calculations is 0,236. This can be interpreted if market orientation increases, while other variables remain the same. Then the competitive advantage will increase by 0,236 or 23,6%.

The product quality variable from multiple linear regression calculations is 0,281. This can be interpreted if the quality of the product increases, while other remain the same. Than the competitive advantage will increase by 0,281 or 28,1%.

Table 7 Test Results for the Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813[a]	.660	.641	1.731

Source: Primary data processed, 2023

The results of calculating the coefficient of determination in multiple linear regression analysis obtain an Adjusted R square (R^2) value of 0,641 or 64,1%. This is the variabels product differentiation, market orientation, and product quality have an influence of 64,1% on the competitive advantage variable in UMKM Rattan Desa Trangsan, Gatak, Sukoharjo. The remaining 35,9% is influenced by other variables not examined in this study.

Tabel 8 Hasil Uji t

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.156	1.044		3.981	.000
	Total_X1	.213	.105	.259	2.037	.047
	Total_X2	.236	.115	.275	2.060	.044
	Total_X3	.281	.109	.356	2.587	.012

a. Dependent Variable: Total Y

Source: Primary data processed, 2023

Based on the results the t test of 2,037 which means a total of 0,2609 and a significant level 0,047 which means <0,05, then product differentiation has an effect on the competitive advantage. This research is the same as that of Jasgunawan & Keri (2022) and Septian & Trustorini (2019) that Product Differentitation has a positive and significant effect on Competitive Advantage. The Rattan Craftsmen of Trangsan, Gatak, Sukoharjo have their own characteristics and different product designs so as to simplify the marketing process. With this shows that product differentiation is very influential on competitive advantage.

The test results are 2,060, or tu is 0,2609, significant level of 0,044 which means < 0,05 the market orientation variabels has a significant impact on the competitive advantage. This research is the same as that of Muhajirin & Kamluddin (2019) and Nugraha & Sukatmadja (2020) that Market Orientation has a positive and significant effect on competitive advantage. So that the higher the market orientation is carried out, the more competitive advantage will increase

The test results are 2,587, or tu is 0,2609, significant level of 0,012 which means < 0,05 the product quality variabels has a significant impact on the competitive advantage. Every buyer wants the product they buy to be of the highest quality. So that if the product is getting better the competitive advantage will increase. The results of this study are the same as those of Noviani (2020) and Rahmawati et al., (2020) that product quality has a positive and significant effect on competitive advantage.

The test results 3,981 > or tu is 0,2609 significant level 0,000 which mean < 0,05, meaning that Ho was rejected. This means that the variables of product differentiation, market orientation, and product quality have a positive and significant influence on competitive advantage.

CONCLUSIONS AND RECOMMENDATIONS
Conclusions

Product differentiation, market orientation, and product quality have a positive and significant effect on competitive advantage in UMKM Rattan Desa Trangsan, Gatak, Sukoharjo. Competitive advantage is explained by product differentiation, market orientation, and product quality of 64,1% while the remaining 35,9% is explained by other variables such as promotion, service, level of trust, and so on which were not examined in this study.

Suggestion

In product differentiation, UMKM Rattan craftsmen in DesaTrangsan, Gatak, Sukoharjo are different and have unique characteristics so that buyers are interested and order or buy these products.

In the market orientation of UMKM Rattan craftsmen in Desa Trangsan, Gatak, Sukoharjo, it suggested to improve market orientation by studying the wants and needs of customers and buyers.

In terms of product quality, UMKM rattan craftsmen in Desa Trangsan, Gatak, Sukoharjo are advised to improve product quality by making the best products, quality product, and products of high quality.

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