

American Journal of Humanities and Social Sciences Research (AJHSSR)

e-ISSN : 2378-703X

Volume-4, Issue-12, pp-316-321

www.ajhssr.com

Research Paper

Open Access

The Effect of Product Differentiation, Service Differentiation, and Image Differentiation on Competitive Advantage

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ABSTRACT : This study aims to analyze the effect of product differentiation, service differentiation, and image differentiation on competitive advantage. The population are people who have bought Starbucks Dewata products with 65 respondents as sample using purposive sampling technique. The analysis technique applied for hypothesis testing is multiple regression analysis. The results show that product differentiation, service differentiation, and image differentiation had a positive and significant effect on competitive advantage.

Keywords: *product differentiation, service differentiation, image differentiation, competitive advantage.*

I. INTRODUCTION

Enjoying coffee at the Coffee Shop has become a lifestyle for young people today. Consumers generally prefer coffee shops that have complete facilities that can meet their needs, such as Wi-Fi, besides that, a comfortable place and atmosphere will certainly influence consumers to come back, for example, like one of the coffee shops that are well known throughout the world, Starbucks. Starbucks Corporation is a coffee company and global coffee shop chain from the United States headquartered in Seattle, Washington. Starbucks is the largest Coffee Shop company in the world, with 20,336 stores in 61 countries, including 22 Starbucks outlets in Bali.

Starbucks Dewata has a competitive advantage compared to other Starbucks. The competitive advantage of Starbucks Dewata is that Starbucks Dewata has a very attractive photo spot for consumers and the design at Starbucks Dewata resembles a museum that can educate customers about coffee that cannot be obtained at regular Starbucks. This makes consumers interested in visiting Starbucks Dewata because the advantages possessed by Starbucks Dewata are very attractive to consumers, especially among teenagers. Dewata Starbucks also has its own product advantages that are not available in regular Starbucks such as Dewata Latte and Butterfly Apple Tea. Asty (2015) stated "Competitive advantage is everything that can be done much better by a company when compared to other rival companies, when a company can do something that a rival company cannot do, or has something very high. rival firms want"

Sukawati & Jatra (2015) state that there are factors that influence competitive advantage, including product differentiation, service differentiation, and image differentiation. Starbucks Dewata's competitive advantages include product differentiation, service differentiation and image differentiation. Products that have unique and different differentiation can be used as a characteristic of a company. Product differentiation is an activity carried out by a company in producing and marketing a product that is different from competitors' offerings. The differences that are created have the advantage of value and more benefits to meet customer needs (Linda & Heriyanto, 2017). The differentiation of products owned by Starbucks Dewata is that it has a signature menu that is only available at Starbucks Dewata.

Besides having product differentiation, Starbucks Dewata also has service differentiation. Service differentiation is a form of service and quality improvement which contains different values in providing service offerings to customers (Dewi & Seminari, 2017). The differentiation of services owned by Starbucks Dewata is that all services are carried out more exclusively, consumers will be served directly by the waiter, it is different if we usually do self-service at Starbucks. Starbucks Dewata also has image differentiation from other Starbucks. According to Marito & Radi (2019), "Image differentiation is the act of designing a series of meaningful differences to differentiate the company's offer from competitors' offers, and can be expressed through symbols, media, atmosphere, and events."

Starbucks Dewata has image differentiation, Starbucks Dewata is the only Starbucks special type given to Indonesia and is the only one in Southeast Asia, and also Starbucks Dewata is the only coffee shop in the world that has a coffee sanctuary concept besides enjoying coffee, including Indonesian coffees, there we can

follow the journey of coffee from beans, planting, harvesting, processing, to becoming a delicious drink. That way, we will be able to enjoy every sip of it more, and it is also packaged in a unique way like a museum that is partly digitally displayed. This is the only one, which will not be found anywhere else but in Bali, this outlet is rich with designs that take the cultural theme of coffee-producing regions in Indonesia. Starbucks Dewata in addition, especially in Bali, there are three types of prices offered by Starbucks. Starbucks Dewata is a Starbucks that has good service, therefore it is not surprising that Starbucks Dewata has a higher price than other Starbucks, besides that, especially in Bali, there are three types of prices offered by Starbucks. The price difference between the three types of Starbucks prices in Bali is quite far, especially in city prices, so it is likely that consumers will be more interested in buying Starbucks in areas that are included in the city price. The areas that usually use the airport price are mostly located in areas that enter tourism areas, the city price is in the middle of the city, while the reserve price is the price at Starbucks Dewata.

The pre-survey was conducted by distributing 10 questionnaires to consumers who have bought Starbucks Dewata and other Starbucks products. Starbucks Dewata is superior to other Starbucks, this can be seen from many respondents who answered "agree". Based on these conclusions, it is necessary to conduct research on the factors that cause competitive advantage in Starbucks Dewata. Hoiron et al. (2018) state Various types of consumers make business competition something that must be considered for entrepreneurs in running and maintaining their business.

Starbucks Dewata is one of the 185 best Starbucks outlets in the world. The number of coffee shops in Bali has made coffee shop competition even higher, one of the efforts made by Starbucks Dewata to be able to compete with other coffee shops is a differentiation strategy. The formulation of the problem of this research is the competitive advantage of Starbucks Dewata, although the price owned by Starbucks Dewata is much different from other Starbucks, but Starbucks Dewata is still in demand by consumers, according to 10 respondents in the pre-survey who were interviewed saying that Starbucks Dewata has a price that is more expensive than other Starbucks in Bali. Respondents said that although Starbucks Dewata has a higher price, they still want to visit Dewata Starbucks because Starbucks Dewata has differentiation compared to other Starbucks, therefore the author wants to do research at Starbucks Dewata because he wants to explore some of the differentiation of Starbucks Dewata.

Domestic visitors of Starbucks Dewata in 2019 were 80.5% while foreign visitors were 19.5%, it can be concluded that so far domestic visitors have dominated visits to Starbucks Dewata, therefore the researchers decided to take a sample of domestic respondents. Paryanti & Heriyanto (2015) state that the influence of a differentiation strategy on competitive advantage is indicated when implementing a differentiation strategy at the Resty Menara Pekanbaru hotel can increase the hotel's competitive advantage. Job & Nyongesa (2016) show that the product differentiation strategy has a positive effect on competitive advantage. Malumbot & Oroh (2015) state that the service quality variable has a significant positive effect on the competitive advantage variable. Zhang (2015), Erdil (2015) also proved that company image will increase sales of a product because it has a positive company image.

II. HYPOTHESIS DEVELOPMENT

Davcik & Sharma (2015) stated that product differentiation in the fast moving consumer goods (FMCG) brands from Nielsen has a significant effect on competitive advantage, the more differentiation of fast moving consumer goods (FMCG) brands from Nielsen will have an impact on competitive advantage in fast moving consumer goods (FMCG) brands from Nielsen. Job & Nyongesa (2016) show that the product differentiation strategy has a positive effect on competitive advantage. Product differentiation reflects the competitive pressure exerted by producers and customers. Indirectly, increasing customer focus can help identify market gaps and reveal new market opportunities.

H1: Product differentiation has a positive and significant effect on Competitive Advantage.

Sukawati & Jatra (2015) state that Service Differentiation has a significant positive effect on Sustainable Competitiveness Excellence. Service quality is very important for managers and employees to provide consistent service and meet an operating standard. Successful hospitality companies focus management's attention on setting service quality standards, communicating standards to employees through training programs and measuring performance. Providing consistent service is very complex where customer contact is involved (Mmutle, T & Shonhe, 2017). Kang & Na (2020) said that the differentiation strategy has a positive direct effect on competitive advantage, this result leads to increased efforts to offer new products, have a distinctive image and provide different services from competitors can improve and improve business position in competition. Malumbot & Oroh (2015) state that the service quality variable has a significant positive effect on the competitive advantage variable. Thus the hypothesis which states that there is a positive and significant effect of Service Quality on Competitive Advantage of PT. BNI (Persero) Tbk Manado Regional Office accepted. This also supported by Wulandari & Murniawaty (2019), Wilar et al. (2017), Afiyati et al. (2019)

H2: Service Differentiation has a positive and significant effect on Competitive Advantage

Image Differentiation is creating the image of a company by differentiating a product so that it is easily recognized by everyone. The company creates a good image to customers, then the next step is to communicate that image so that it becomes a source of competitive advantage that the company has in the long term (Putra et al., 2018). Improve the image by creating positive activities or events and implementing policies in accordance with the needs of the community so as to improve the image of the product or service throughout society. The price of a good / service is neither too low nor too high because low prices can create the perception that the product / service is of poor quality. Promotions that are carried out should convey product or service specifications without violating business ethics, display the features of the product / service and target the right target market (Sharma & Lijuan, 2015). Esmailpour (2018), Çek (2016), Upamannyu et al. (2015), Lolo (2020), Rahayu et al. (2018) stating that corporate image has a positive and significant effect on competitive advantage. Zhang (2015), Erdil (2015), Sallam (2016) also proved that company image will increase sales of a product because it has a positive company image.

H3: Image Differentiation has a positive and significant effect on Competitive Advantage.

III. METHODS

The research design uses an associative quantitative approach. The object of this research is the effect of product differentiation, service differentiation, and image differentiation on the competitive advantage of Starbucks Dewata. The independent variables in this study are product differentiation (X1), service differentiation (X2), and image differentiation (X3). The dependent variable in this study is Competitive Advantage (Y). The qualitative data used in this research is the description of the respondents such as name, age, education. Quantitative data in this study is the number of people who have bought Starbucks Dewata products and by distributing questionnaires to obtain data from consumer opinions. Primary data in this study were obtained from the results of questionnaires distributed to respondents. Secondary data in this study are books, leading journals that provide information on this research problem. The questionnaire is a tool in collecting data for this research. The population in this study are people who have bought Starbucks Dewata products. The sample used in this study is every consumer who meets certain criteria in accordance with this study who has bought Starbucks Dewata products. This study uses a non-probability sampling method, with a purposive sampling technique. Consideration of the criteria used in selecting respondents are respondents who have bought Starbucks Dewata products and at least they have high school degree- level education. In this study using a survey method. The data were then analyzed using multiple linear analysis

IV. RESULTS AND DISCUSSION

The number of consumers at Starbucks Dewata who used as a sample was 65 people. When viewed from gender, male gender dominates in this study with a percentage of 60 percent. If you look at the age, those who are 22-26 years old dominate with a percentage of 55.38 percent, this shows that Starbuck Dewata visitors are classified as young because there are many photo spots. If you look at the latest education, the respondents who have the undergraduate-degree which dominate with a percentage of 46.15 percent. Respondents who are self-employed dominate with a percentage of 36.92 percent

The statement of Competitive Advantage which has the lowest score is "Master Class is the unique attraction of Starbucks Dewata where customers can be taught to make coffee directly by baristas", obtained a score of 3.28 which is quite good criteria, in general respondents feel the program is not special. The statement of Competitive Excellence that has the highest score is "I feel Starbucks Dewata offers signature products such as Dewata Latte and Butterfly Apple Tea", obtained a score of 3.38 which is quite good, this means that in general respondents feel Starbucks Dewata has a product advantage.

The differentiation statement of the product that has the lowest score is "I feel that the choice of products from Starbucks Dewata is more diverse.", It was obtained a score of 3.18 which is sufficient, but has a low score compared to other statements, this means that in general the respondents think there is no specials on the product selection. The product differentiation statement that has the highest score is "I feel Starbucks Dewata has a special product", obtained a score of 3.40 which is quite good, this means that in general respondents feel Starbucks Dewata has products such as Dewata Latte and Butterfly Apple Tea so that consumers feel the products at Starbucks Dewata are special.

The service differentiation statement that has the lowest score is "I feel more comfortable because I can make a reservation at Starbucks Dewata.", It was obtained a score of 3.37 which is sufficient, but has a low score compared to other statements, this means that in general the respondents yet feel more comfortable because you can make a reservation at Starbucks Dewata. The service differentiation statement that has the highest score is "I feel the service provided by Starbucks Dewata is fast.", A score of 3.48 is obtained which is good, this means that in general respondents feel the services provided by Starbucks Dewata are fast.

The image differentiation statement that has the lowest score is "I feel the Starbucks Dewata logo is cooler than ordinary Starbucks", a score of 3.25 is obtained which is sufficient, but has a low score compared to

other statements, this means that in general the respondents have not felt the Starbucks Dewata logo is cooler than regular Starbucks. The image differentiation statement that has the highest score is "I feel that the atmosphere of Starbucks Dewata gives a sense of comfort", obtained a score of 3.45 which is good, this means that in general the respondents feel that the atmosphere of Starbucks Dewata provides a sense of comfort.

Table 1. Multiple Linear Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.035	.262		.133	.895
	Product Differentiation	.293	.123	.266	2.387	.020
	Service Differentiation	.286	.102	.269	2.804	.007
	Image Differentiation	.408	.104	.419	3.929	.000
R ² :		.753				
F :		61.991 Sig : 0.000				

Source: Data Processed,2020

The value of R² = 75.3 percent, which means that 75.3 percent of Competitive Advantage at Starbucks Dewata is influenced by product differentiation (X1), service differentiation (X2), and image differentiation (X3) and the remaining 24.7 percent is influenced by other variables not examined in this study. The significance value of F is 0.000 < 0.05, then H₀ is rejected. This means that the product differentiation variable (X1), the service differentiation variable (X2), the image differentiation variable (X3), simultaneously have a significant effect on Competitive Advantage (Y).

Based on SPSS data processing, a significance level of 0.020 < 0.05 was generated. Based on the test value, it can be seen with statistics that the fall test on the rejection of H₀ is rejected and H₁ is accepted for the first hypothesis. This states the acceptance of the hypothesis that there is a positive and significant influence between product differentiation on Competitive Advantage at Starbucks Dewata. The coefficient of variable X1 is positive 0.293 meaning that product differentiation has a positive effect on Competitive Advantage. If product differentiation increases while service differentiation and image differentiation is fixed, then Competitive Advantage will increase by 0.293.

Based on SPSS data processing, a significance level of 0.007 < 0.05 was generated. Based on the test value, it can be seen with statistics that the fall test on the rejection of H₀ is rejected and H₁ is accepted for the second hypothesis. This states the acceptance of the hypothesis that there is a positive and significant influence between the Competitive Advantage at Starbucks Dewata. The coefficient of variable X2 is positive 0.286, which means that service differentiation has a positive effect on Competitive Advantage. If service differentiation increases while product differentiation and image differentiation is fixed, then Competitive Advantage will increase by 0.286.

Based on SPSS data processing, the significance level is 0.000 < 0.05. Based on the test value, it can be seen with statistics that the fall test on the rejection of H₀ is rejected and H₁ is accepted for the third hypothesis. This states the acceptance of the hypothesis that there is a positive and significant influence between the Competitive Advantage at Starbucks Dewata. The coefficient of variable X3 is positive 0.408, meaning that image differentiation has a positive effect on Competitive Advantage. If image differentiation increases while product differentiation and service differentiation is constant, then Competitive Advantage will increase by 0.408.

V. CONCLUSION

There is a positive and significant influence between product differentiation on Competitive Advantage at Starbucks Dewata, this means that the higher the product differentiation, it will increase the Competitive Advantage. There is a positive and significant influence between Service Differentiation on Competitive Advantage at Starbucks Dewata. This means that the higher differentiation of services, it will increase Competitive Advantage. There is a positive and significant influence between image differentiation on competitive advantage at Starbucks Dewata. This means that the higher the image differentiation, it will increase the Competitive Advantage.

Regarding Competitive Advantage at Starbucks Dewata. Starbucks Dewata can pay attention to Master Class products that are less attractive to consumers because the price is quite expensive, so Starbucks Dewata can reduce the price of Master Class products. Regarding Product Differentiation, Starbucks Dewata has less

diverse products, so Starbucks Dewata can pay attention to the products being sold to attract consumers' attention by innovating new flavors in drinks and food. Regarding Service Differentiation at Starbucks Dewata. Starbucks Dewata can pay attention to reservation services because consumers do not feel comfortable being able to reserve a place at Starbucks Dewata. Starbucks Dewata can further speed up or shorten the reservation process so that consumers feel more comfortable making reservations. Regarding Image Differentiation at Starbucks Dewata, consumers consider the Starbucks Dewata logo to be indistinguishable from Starbucks in general, in this case the researcher suggests that Starbucks dewata management identify these differences to be further poured into the new logo image so that consumers can see the difference..

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