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Strategies For Creating Competitive Advantage Through Product Development, Design And Quality (Case Study on the ZARA Brand in Badung Regency)

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ABSTRACT : This research is conducted in Badung Regency and ZARA as the research object. The number of samples taken are 120 respondents who had bought at least once ZARA products in Badung Regency, with a purposive sampling method. Data collected by distributing questionnaires and analyzed by multiple linear regression. Based on the results, product development has a positive and significant impact on competitive advantage, where the better a product is developed by the company, it will increase its competitive advantage in the market. Product design has a positive and significant effect on competitive advantage. Product quality has a positive and significant effect on competitive advantage where the better the quality of the product, the higher the competitive advantage the product has.

Keywords: *competitive advantage, development, design, and product quality.*

I. INTRODUCTION

Market conditions are increasingly varied nowadays, making consumers more selective in making purchases and increasingly critical in their purchasing behavior (Aldoko & Suharyono, 2016). Currently, consumers are increasingly consuming luxury brands. The issue of consuming luxury brands has received a lot of attention among marketing scholars, where is currently rampant among teenagers who use luxury goods.

Based on the Top Brand Index 2020 Phase 2 for the Jas and Blaze categories, it is known that Zara is unable to compete with the three TOP competitors which are The Executive, Cardinal Femme, and Mango. This proves that Zara has not fully implemented strategies in terms of product development to increase competitive advantage, so that Zara is still unable to overtake its competitors and remains in the top four with a 0.1 percent increase from 2019 to this year. ZARA offers more of a quantity of foreign models and makes ZARA clothes that are relatively luxurious. The perception of luxury brands in ZARA products is important in the development, design and quality of ZARA products. On the other hand, its competitors, the products sold by The Executive are almost the same in quality as Zara's products, but at a relatively cheaper price than Zara, this has led many young people from men to women to prefer The Executive (Hutama & Ekawati, 2020).

Companies are required to choose and determine strategies that can be used to face competition, in order to win in a competition, then in marketing their products the company must produce products that are distinctive or unique in terms of product development (Wahyuningsih & Sukaatmadja, 2020), the design of the product itself and product quality where the three components it will make the product have a competitive advantage in the market (Tjahyadi, 2016). Competitive advantage is a strong association between company excellence and organizational effectiveness in adapting to environmental changes (Bilgies, 2017). Competitive advantage is the translation of the reality of management, which is a process to identify developing and placing real advantages. Purba (2019) stated that competitive advantage is a company that has several positions where competitors cannot imitate the company's strategy so that the company gets sustainable benefits. Competitive advantage is the heart of marketing performance to face competition. Competitive advantage is defined as the benefit strategy of companies collaborating to create a more effective competitive advantage in their market. This strategy must be designed to create a competitive advantage continuously so that the company can dominate both the old market and the new market.

Every company that competes in a certain industrial environment basically has a desire to be superior to its competitors. To achieve this advantage, companies generally implement strategies regarding what policies will be used to achieve these goals. Competitive Advantage are the strategies implemented by the company to create or provide more value to its consumers compared to other competitors (Wira & Yasa, 2018). Product

development strategy is a strategy to develop new products that are related to existing products (Saputra & Ardani, 2017). The purpose of product development is to inform customers that the company still has competitive power which is so important to maintain their loyalty. Companies in carrying out a product development strategy should study and examine consumer behavior, especially with regard to the goods and services being marketed, so that the possibilities that lead to satisfaction can be identified (Putra & Ekawati, 2020). Agustin et al. (2015) found that product development has a positive and significant effect on competitive advantage.

Septifani et al. (2018) explains that the design of a product will be one of the factors that influence the purchasing decisions of potential consumers. The quality of a design is also one of the supporters of the overall product design offered by the manufacturer. According to Razak & Sari (2017), quality is the suitability of goods or products with market or consumer needs. Companies must properly understand what is wanted and needed for a product to be produced. The quality of an apparel is highly prioritized by consumers (Pramestya & Widagda, 2020). However, it does not exclude some consumers who put quality problems aside (Febriati & Respati, 2020). In choosing apparel, consumers prefer products that have a quality value which they consider more suitable for use. Tintara & Respati (2020) found that product quality has a positive and significant effect on competitive advantage where the better the quality of the product, the higher the competitive advantage the product has.

Zara's journey in Indonesia could not be separated from the business of PT. MitraAdi Perkasa Tbk. (MAP) in convincing Inditex to open its outlets in Indonesia. MAP wanted to have Zara's exclusive rights since 1999, but due to the instability of conditions in Indonesia at that time, Inditex only gave MAP the right to open a Zara outlet network in Indonesia in 2005. After entering 4 shopping centers in Jakarta, Zara also opened stores outside the city, one of which is in Bandung, to be precise in 2010 Zara opened a shop in a shopping center in Bandung, namely the Paris Van Java Mall. Previous research by Anggiani (2016) stated that the development of product design and product quality has a positive and significant effect on competitive advantage for consumers of the Rumah Batik Agnesa Company, Tasikmalaya. This research is in line with Tintara & Respati (2020) which show that product design and product quality have a positive and significant effect on competitive advantage. On the other hand, Pei et al. (2020), Tresna & Raharja (2019) explained that product design has no positive and significant effect on competitive advantage.

Based on the results of a pre-survey conducted on 11 respondents who have made purchases on ZARA products in Badung Regency, it shows that there is a phenomenon of development, design, and product quality towards competitive advantage. It can be seen from the statement "I chose ZARA products, because they are well known in the wider community.". Seven respondents answered "yes, I chose ZARA products, because they are well known in the wider community and four respondents answered no.". The statement "ZARA products have an up to date product design development." It shows that eight respondents answered yes and three respondents answered no. Meanwhile, the statement "ZARA has products that follow the latest trends." 10 respondents said ZARA had products that followed the current trend, while one respondent said it does not.

II. HYPOTHESIS DEVELOPMENT

Rinandiyana et al. (2017) found that product development has a positive and significant impact on competitive advantage where the better a product is developed by the company, it will increase the company's competitive advantage in the market. This is in line with Anggiani (2016) conducted at Rumah Batik Agnesa Tasikmalaya where product development has a positive and partially significant effect on competitive advantage. Aziz & Samad (2016) state that product development has a strong positive and significant impact on competitive advantage.

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

Hanaysha & Abdullah (2015) in a study at Automotive Industry, found that product design has a positive, strong, and significant relationship to competitive advantage. In line with Rinandiyana et al. (2017) who found that product design has a positive and significant effect on competitive advantage, this means that the more attractive and better the design of a product is, it will add value to the company's competitive advantage in the market. Putra & Lisdayanti (2020) states that product design has an effect on competitive advantage.

H2: Product design has a positive and significant effect on competitive advantage

Tintara & Respati (2020) found that product quality has a positive and significant effect on competitive advantage where the better the product quality, the higher the competitive advantage the product has. In line with Rinandiyana et al. (2017) who found that product quality has a positive and significant effect on competitive advantage. Ambarwati (2019) states that the product quality of an organization can achieve a competitive advantage in marketing. Syapsan (2019) and Hosseini et al. (2018) state that the better product quality will affect the company's competitive advantage.

H3: Product quality has a positive and significant effect on competitive advantage.

III. METHODS

This research uses a quantitative approach to the type of associative research. This research was conducted at ZARA Store, Badung Regency, located at BeachWalk Mall Bali. The object of this research is the competitive advantage that arises from the uniqueness of the design, development and quality of the product. The independent variables in this study are product development (X1), product design (X2), product quality (X3). The dependent variable in this study is competitive advantage (Y). In this study, the population used is all consumers of Badung Regency who have bought products from ZARA whose exact number is unknown (infinite). The number of indicators used in this study were 13 indicators, so the sample size was in the range 120-240. Based on the considerations, the sample size in this study was determined as many as 120 respondents. The sample criteria that will be used are: have purchased ZARA products at least once in the past year, at least 17 years old and domiciled in Badung. The quantitative data in this study are data on the number of respondents. The qualitative data in this study is the answer to a questionnaire given to respondents. Primary sources are respondents who provide data through distributed questionnaires. This study uses a questionnaire as a measuring tool. The data analysis used in this research is multiple linear regression analysis. The effect of the independent variable on the dependent variable was tested with a confidence level of 95% or $\alpha = 5\%$.

IV. RESULTS AND DISCUSSION

The characteristics of the respondents in this study were dominated by women as many as 97 respondents (80.8%). Respondents aged 22-26 years were the most in numbers among the others, with 63 respondents (52.5%). While the age with the lowest number was respondents aged > 33 years, with 14 respondents or 11.7%. Respondents who have senior high school degree dominated the most, with 61 respondents or 50.8%, while the lowest are respondents with a Masters education, with 5 respondents or 4.2%. Respondents with jobs as private employees are the most in number, with 43 respondents or 35.8%.

The product development measured using three statements related to product development. The product development statement that has the lowest score is "ZARA products have up-to-date design development.", Obtained a score of 3.90, in general respondents think the Company has not fully updated its product designs to today's fashion. The product development statement that has the highest score is "ZARA products have shown superiority to existing products to potential customers.", Obtained a score of 4.18, this means that in general the company always provides excellence for every product it sells.

The product design measured using three statements related to product design. The product development statement that has the lowest score is "ZARA products are durable.", a score of 4.02 was obtained, this means that in general the respondents think that the Company has not fully made quality and durable products. The product development statement that has the highest score is "ZARA products always have a different design from competitors.", a score of 4.04 was obtained, this means that in general the company has different design characteristics from its competitors.

The product quality measured using three statements related to social support. The product development statement that has the lowest score is "ZARA has superior material, so that it becomes an added value.", obtained a score of 3.84, this means that in general respondents think ZARA Company has not fully used quality basic ingredients. The product development statement that has the highest score is "ZARA products have very good quality so they are not easily damaged.", obtained a score of 4.17, this means that in general the company has used good quality so that it is not easily damaged.

The competitive advantage variable in this study is the dependent variable which is measured using four statements related to competitive advantage. The product development statement that has the lowest score is "I chose ZARA products because they are known.", the score was 3.58, this means that in general some respondents are not familiar with ZARA products. The product development statement that has the highest score is "I chose ZARA products because they have good quality.", The score was 3.98, this means that in general the respondents have recognized ZARA products.

Table 1. Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.350	0.917		3.653	0.000
	Product development	0.245	0.078	0.241	3.148	0.002
	Product design	0.186	0.080	0.176	2.325	0.022
	Product quality	0.551	0.088	0.483	6.279	0.000

Source: Primary data processed, (2020)

Based on Table 1, the following multiple linear regression equation can be made: $Y = 3,350 + 0,245X_1 + 0,186X_2 + 0,551X_3$

The constant (α) of 3,350 means that product development, product design, and product quality have a positive influence on competitive advantage. The product development variable has a coefficient of 0.245, meaning product development has a positive effect on competitive advantage, this means that if product development increases, competitive advantage will increase by 0.245. The product design variable has a coefficient of 0.186, which means that the product design has a positive influence on competitive advantage, this means that if product development increases, competitive advantage will increase by 0.186. The product quality variable has a coefficient of 0.551 which means that product quality has a positive effect on competitive advantage, this means that if product development increases, competitive advantage will increase by 0.551.

Table 2. F-test results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	167,361	3	55.787	57.152	0.000
	Residual	113,230	116	0.976		
	Total	280,592	119			

Source: Primary data processed, (2020)

The results of the simultaneous significance test (Test F) obtained a significance value of F of 0.000. A significant value of $0.000 < 0.05$ means that product development, product design, and product quality are thought to be significantly associated with competitive advantage. The adjusted R2 value of 0.586 means 58.6%, the change in competitive advantage is influenced by product development, product design, and product quality, while the remaining 41.4% is influenced by other factors outside of this study.

Based on the results of the t test, the effect of product development on competitive advantage obtained a significance value of 0.002 with a regression coefficient of 0.245 that is positive. A significance value of $0.002 < 0.05$ indicates that H1 is accepted. This result means that product development has a significant positive effect on competitive advantage. This means that if the product development is getting better, the competitive advantage is getting better.

The effect of product design on competitive advantage obtained a significance value of 0.022 with a regression coefficient of 0.186 that is positive. A significance value of $0.022 < 0.05$ indicates that H1 is accepted. This result means that product design has a significant positive effect on competitive advantage. This means that if the product design is getting better, the competitive advantage will be getting better, if the product design is getting worse, the competitive advantage will also get worse.

The effect of product quality on competitive advantage obtained a significance value of 0.000 with a regression coefficient value of 0.551 which is positive. A significance value of $0.000 < 0.05$ indicates that H1 is accepted. This result means that product quality has a significant positive effect on competitive advantage. This means that if the quality of the product is getting better, the competitive advantage is getting better, if the quality of the product is getting worse, the competitive advantage will get worse.

V. CONCLUSION

Based on the discussion, it can be stated that product development has a significant positive effect on competitive advantage. These results imply that in order to increase competitive advantage, company management should increase product development by updating product designs according to the times. In addition, the company should show the superiority of the product to the consumer candidate in terms of quality, design and value suitability so that the competitive advantage will increase. Product design has a significant positive effect on competitive advantage. This implies that in order to increase competitive advantage, company management should always develop product designs that are distinctive and different from competitors in the market. In addition, the company management should use superior materials in the manufacture of products so that the products produced will have a durability in accordance with the value that must be issued. In addition, product quality has a significant positive effect on competitive advantage. These results imply that the management should use quality ingredients so that they can produce quality products and are not easily damaged. This research still has some limitations. First, the sample used needs to be increased. This is done so that the results obtained can describe the situation in the field holistically. Second, the variable construction used in the research model is simple. In the future, this can be overcome by adding construction variables in the form of mediating and moderating variables.

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