

Effect of Market Orientation and Innovation toward Competitive Advantage in Business Street Food at Jl. Pahlawan Kusuma Bangsa Kediri City

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Abstract: This study aims to determine the effect of market orientation and innovation on competitive advantage partially and simultaneously. The population in this study are MSME entrepreneurs who sell food on Pahlawan Kusuma Bangsa Street, Kediri, with a sample size of about 100 respondents. Based on the results of data analysis and discussion conclusions can be drawn that partially market orientation and innovation posited with the highest or dominant value is market orientation. While simultaneously market orientation and innovation together affect competitive advantage. This is very good, by increasing market orientation and innovation, the company's competitive advantage will also increase. Therefore, market orientation and innovation variables are always improved so that food entrepreneurs who are on the way of the Heroes of Kusuma Bangsa can survive and increase competitive advantage.

Keywords: market orientation, innovation, competitive advantage

INTRODUCTION

Kediri City has become one of the cities that has succeeded in exploring the potential and excellence of the region to advance the welfare of the community and the area. Micro, small, and medium enterprises (MSMEs) have an essential contribution in helping to increase regional income and can improve the welfare of the people of Kediri City. Besides, MSMEs that are more flexible can help create jobs for the community so that they can reduce unemployment. In 2018, the City of Kediri also managed to reduce the poverty rate by 7.68%. The reduction in poverty in the City of Kediri is below the national achievements of 9.82% and the achievements of East Java by 10.98%. This shows that MSMEs in the City of Kediri is stretching and have a strategic role in fighting poverty and unemployment with a total of 38,806 businesses. "The large number of MSMEs that have similar products will undoubtedly produce competition that cannot be

avoided, especially in the culinary field. MSMEs must be able and ready to compete with many competitors, both inside and outside the region. Therefore, to win the competition, the company must have the ability to create a competitive advantage. Competitive advantage relates to how a company chooses and implements business strategies in its business [1].

The development of market orientation and innovation is part of the main component in increasing competitive advantage. Market orientation requires adequate resources to create a sustainable competitive advantage. The market orientation, which includes customers and competitors, requires companies to understand customer needs and provide better value than competitors [2]. In addition to being market-oriented, companies must continue to innovate by making improvements and creating new ideas to stay ahead of the competition. Innovation is the key and source of strength to achieve a competitive advantage and become a winner

in competition in the global market circle. This is supported by [3], which states that market orientation and product innovation together have a positive effect on competitive advantage. Product innovation has a positive impact on competitive advantage. The statement is following the results of research by [4], [5], [6], [7], [8], [2], [2] and [3] which show product innovation has a positive effect on competitive advantage. Based on the background described above, the purpose of this research is to find out the influence of market orientation and innovation on competitive advantage in the Street Food business on Jl. Pahlawan Kusuma Bangsa Kediri City.

THEORY STUDY

Competitive Advantage

Competitive Advantage According to [9], competitive advantage is an advantage over competitors obtained by offering more value to consumers, either through lower prices or by providing more benefits that support higher pricing. [9] explains that a competitive advantage is the heart of marketing performance to face competition. Competitive advantage defined as a benefits strategy of companies that collaborate to create competitive advantages that are more effective in their markets. Competitive advantage grows from the values or benefits created by the company for its buyers. Customers generally prefer to buy products that have more value than they want or expect.

Market Orientation

Market orientation is a business culture where the company commits to continue to be creative in creating superior value for customers. According to Bharadwaj Varadarajan and

Jayachandran [4], market orientation is a set of concrete actions that enable companies to maintain variations in market demand and supply and provide appropriate responses to various changes that occur. [10] defines market orientation as a process and activity related to customer creation and satisfaction by continuing to assess customer needs and wants. Market-oriented companies will continue to seek efficiency and create more value for buyers in the hope of creating a competitive advantage and providing long-term benefits for the company. According to [11], market orientation consists of three indicators, namely: Customer orientation defined as an adequate understanding of customer purchase targets to create superior value for buyers continuously. The Knowledge here includes an understanding of the entire value chain of the buyer, both at the latest and at the time of its development in the future. This effort can achieve through the process of finding information about customers [11]. Based on some of the opinions above, the researcher concluded to measure market orientation, the indicators used in this study were customer orientation, competitor orientation, and market information according to [11] theory.

Innovation

Innovation is the process of changing transform creative ideas into a product or method useful work, [12] . Innovate a company that will guarantee the company's ability to compete, [13].

From some of the above understanding, innovation can be interpreting as a breakthrough in products or services implemented by a company for the sustainability of its business. Companies that can innovate highly will be more successful in adapting to their environment and con-

tinue to develop new capabilities to compete superiorly. Product innovation is a combination of various processes that affect one another [14].

RESEARCH METHODS

The method used in this research is quantitative research methods. The population in this study is MSME entrepreneurs in street food, Jl. PK Bangsa Kediri City. Data collection techniques using probability sampling [15] In obtaining data from respondents used interviews, literature studies, observations, and distributing questionnaires based on indicators of each variable using a Likert measurement scale 1-5. From the data collected, data analysis carried out using the SPSS (Statistical Package for Social Science) program. This analysis is carried on in several stages of multiple linear regression analysis is a means of forecasting the influence of two or more independent variables on the dependent variable to prove the presence or absence of a functioning relationship or causal relationship between two or more independent variables with one dependent variable[15]. The purpose of this analysis tool is to determine the magnitude of the effect caused by market orientation and innovation on competitive advantage using multiple regression equations. Furthermore, the hypothesis test uses the t-test and the F-test.

RESULTS AND DISCUSSION

This study uses 100 respondents taken from MSME entrepreneurs who sell permanently along the PK Bangsa road. The City of Kediri both sells during the day and night. This research was conducted from February to March 2020.

The results of the validity test of this study showed that the results of the questionnaire from the variables of market orientation, innovation, and competitive advantage were declared valid. The reliability test of all questionnaires showed a fairly large alpha coefficient where the alpha coefficient was above 0.60, so that it could be said that all measurement concepts from the questionnaire were reliable. Data processing that has been obtained is tested using multiple linear regression. Then several steps are carried out to find the relationship between the independent variable and the dependent variable through the relationship between Market Orientation and Innovation to competitive advantage. So we can get the multiple regression coefficient value where an equation $Y = 5.710 + 0.727 X_1 + 0.308 X_2 + e$ appears. From the above equation, it can be interpreted that constant $\hat{a} = 5,710$ means that if there is no change in market orientation, innovation, and competitive advantage, the competitive advantage variable will increase by 5,710 units. If the market orientation variable rises by one group, competitive advantage will increase by 0.727 units. Next, if innovation rises by one unit, competitive advantage will increase by 0.308 units.

Table 1 t-Test

Model	Coefficients ^a			T	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	5.710	1.154		4.947	.000
X1	.727	.063	.686	11.496	.000
X2	.308	.063	.291	4.882	.000

a. Dependent Variable: Y

Source: Primary data by research (2020)

The next results of the partial test or t-test can be concluded that the variables consisting of market orientation and innovation have a

partially positive effect on competitive advantage in the street food business in PK Bangsa Kediri City. Of the variables that influence dominantly is market orientation. The previous analysis of supports this research, [16], where the results of his study show that market orientation and innovation influence competitive advantage. To test the next hypothesis, which is to determine the effect of market orientation and innovation simultaneously influence competitive advantage, the results of the independent variables are less than significant α (0.05). This shows that the hypothesis is accepted. Thus, the two independent variables consisting of market orientation and innovation, have a simultaneous influence on competitive advantage.

Table 2 F-Test ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	770.752	2	385.376	335.687	.000 ^b
Residual	111.358	97	1.148		
Total	882.110	99			

a. Dependent Variable: Y

a. Predictors: (Constant), X2, X1

Source: Primary data by research (2020)

In this study, it can be concluded that there is a positive influence between market orientation and innovation on partial competitive advantage. And simultaneously influence market orientation and change on competitive advantage. And this research is supported by [16] and research from [17].

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