

## The Effect of Market Orientation and Product Creativity on Competitive Advantage at Etsuko Kitchen Tomohon

Meisie Tulung<sup>1</sup>, Stefani Angmalisang<sup>2</sup>

Universitas Negeri Manado<sup>1,2</sup>

Kampus Unima, Tonsaru, Kec. Tondano Selatan, Kabupaten Minahasa, Sulawesi  
Utara, 95618, Indonesia

Correspondence Email: [stefaniangmalisang@unima.ac.id](mailto:stefaniangmalisang@unima.ac.id)

ORCID ID: 0000-0002-8720-0210

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#### ABSTRACT

This study aimed to find out the effect of market orientation and product creativity on the competitive advantage at Etsuko Kitchen Tomohon. The population was the customer of Etsuko Kitchen Tomohon. The number of samples was calculated based on Lemeshow formula that was as many as 100 respondents. Data collection was conducted using questionnaire. Data analysis that used in this study was t-test, F-test and multiple linear regressions processed using SPSS program, version 2022. The results showed that market orientation variable in t-test had  $t_{count}$  value of 5.026 >  $t_{table}$  value of 1.984 and has significant value of 0.000 < 0.05, and product creativity variable had  $t_{count}$  10.384 >  $t_{table}$  1.984 and the significant score of 0.000 < 0.05. The research results showed that market orientation variable and the product creativity partially and simultaneously had positive and significant effect on the competitive advantage. Thus, it could be concluded that the role of market orientation and product creativity on the competitive advantage was 74.4% and the remaining, i.e., 25.6%, was influenced by the other variables which were not included in this study.

**Keywords:** Competitive Advantage, Market Orientation, Product Creativity.

## **INTRODUCTION**

### **Background**

Along with rapid technology advancement today, the economy growth is great. Especially in the food, industry, and fashion sector, economy grows very well and fast. Today's development compels every business to compete, has strong competitiveness, and more selective in deciding what step is necessary taken for advancing the business. In addition, being more innovative, understanding the current condition, and maintaining consumers are also important thing to keep developing the owned business, which is basically running a business in order to get maximum profit.

The entrepreneur has to keep producing more while keeping up the quality of their products in an environment where the competition is increasingly strict. To seize the market share, the entrepreneur is forced to choose the best marketing approach for their product. Every strategy must increase the competitive advantage. Understanding the market demands can help the entrepreneur concentrate on performance improvement and improve the competitiveness. The measurement of behaviors and actions that show implementation of marketing ideas called market needs or market orientation (Tjiptono, et al., 2008 in Fatmawati, et al, 2016).

Naver (2009) said that company culture known as "market orientation" generate performance through customer value generating (Manek, 2013). For compete and thrive in a competitive market, business must be capable to innovate in all company operation aspect. Every company actor must use great product innovation to gain a competitive advantage. To create useful innovations that can influence competitive advantage, creativity has the capacity to generate new ideas from pre-existing ones. Having an advantage over competitors is known as having a competitive advantage (Hajar and Sukaatmadja, 2016). A favorable approach for cooperating businesses to compete more successfully in the market is called competitive advantage. In order for a business to dominate the old market and a new market, there must be a profitable and unprofitable aspect for each company or business that is operated, so that every company faces competition and can compete better. Cooperation between business, technological adaptation, continuous performance improvement, hearing or receiving every client feedback, trust, and dedication are some of the aspects that help the company become outstanding. These are some of the elements that any business or organization should have in order to succeed in the market. Today, any organization can identify and implement the best plan for business operations without neglecting rivals to compete in the current business environment. High productivity can help businesses gain a competitive edge.

To increase innovation, understanding, and awareness of market developments, fierce competition is needed. As happened to commercial artists like Etsuko Kitchen Cake Shop in Tomohon, to be able to meet client demands and further improve the goods produced in order to compete and remain in a competitive market, competition between cake shops in Tomohon city is needed. Corporate actors need to be aware of the changes that occur in the business environment and the ongoing impact of the COVID-19 pandemic. To make a good first impression on customers, businesses must be able to be kind and forge new experiences with clients.

Although it only has 2 locations in Tomohon city and Manado city, Etsuko Kitchen in Tomohon is a relatively new cake business in the city. Etsuko Kitchen in Tomohon is a famous and preferred cake shop, especially among the residents of Tomohon city.

When compared to other cake shops such as Holland Bakery which have the same and comparable sales items, the products from this cake shop have a special feature that the cakes produced are made like brownies and made in various types of cakes.

Etsuko Kitchen cake shop in Tomohon can demonstrate and produce products that meet the criteria of high competitiveness, including: (1) the products that are sold must be available regularly and sustainably; (2) the products that are sold must be of good quality and uniform; and (3) product variations may be provided according to market needs and wants. Based on preliminary observations of 15 visitors, they discovered this. From this, we can conclude and show whether the Etsuko Kitchen cake shop in Tomohon can compete and have a competitive advantage with other rivals, as well as whether it can meet the needs and wants of consumers through its supply and generate long-term sales.

It is clear from the previous statement that there is a problem with Etsuko Kitchen Cake Shop in Tomohon. Every company, that ever established and that might be considered to have survived to the present day, strives to provide their clients with the best possible goods or services. Etsuko Kitchen Tomohon cake shop must be able to manage its company operations as effectively and efficiently as possible in order to function properly and compete with the business of its competitors. The cake shop Etsuko Kitchen Tomohon should also be able to handle business tactics that please the client through his goods and help him build a repeat business in the long run.

Based on research background above, researchers are encouraged to conduct a study entitled "The Effect of Market Orientation and Product Creativity on Competitive Advantage at Etsuko Kitchen Tomohon.

### **Research Problem**

The problems of this study are:

1. Does market orientation have an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon?
2. Does product creativity have an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon?
3. Does market orientation and product creativity have an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon?

### **Research Objective**

The objectives of this study are as the following:

1. To find out in what extend the market orientation has an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.
2. To find out in what extend the product creativity has an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.

To find out in what extend the market orientation and product creativity have an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.

## **LITERATURE REVIEW**

### **Market Orientation**

#### **Definition of Market Orientation**

The corporate culture known as market orientation generates performance through added value for clients (Slater and Narver, 2000). To compete and thrive in a competitive market, businesses must be able to innovate in all aspects of the

company's operations. The measurement of behavior and activity resulting from the application of marketing ideas is called market orientation. A market-oriented company is one that is able to build and better understand what customers need to generate customer value and formulate a market strategy using knowledge of the advantages and disadvantages of competitors.

### **Components of Market Orientation**

Three elements of behavior, i.e. customer orientation, competitor orientation, and coordination between functions, form the market orientation, according to Narver and Slater (1990) in Dewi et al. (2019). The followings are the justification for each of the three components of market orientation:

- a. Customer orientation
- b. Competitor Orientation
- c. Coordination Between Functions

### **Indicators of Market Orientation**

1. consumer needs
2. consumer satisfaction
3. consumer complaint

### **Creativity Product**

#### **Definition of Creativity Product**

Creativity, as defined by uniqueness in creative expression, is a person's ability to create, according to Anik Pamilu (2007). According to Munandar in Ningrum (2022), creativity is the ability of an individual to create something new, either in the form of a concept or a real work that deviates significantly from the existing one. In Ningrum (2022), Munandar argues that creativity is the ability to generate new ideas and use them in problem solving.

We can conclude from some of the definitions given above that creativity is a unique mental process that generates inventive, adaptable, succession and disjointed new ideas, processes, techniques or products, which are beneficial in different disciplines for problem solving.

A person needs an entrepreneurial mindset to reduce failures, particularly:

- Productive and inventive. An entrepreneur must be innovative and productive
- Entrepreneurial leadership spirit, for the good of our endeavors. We have to have a leadership spirit.
- Focus on Tasks and Results. One of the mindsets of entrepreneurs is to focus on tasks and results.
- Be persistent. perseverance is a quality that all successful businesses should possess.
- Focus on the future. One of the characteristics of entrepreneurs is that they are constantly looking to the future. This shows that they are considering present and future requirements other than urgent ones.
- The entrepreneur must have a form and attitude of hard work and never give up, which also includes tenacity, persistence and patience.

### **Indicators of Product Creativity**

1. Product originality and novelty
2. Product transformation
3. Product appropriateness in the form of quality and attractiveness aspect

### **Competitive Advantage**

#### **Definition of Competitive Advantage**

According to Porter (1994) in Widajanti (2014), the ability of a corporation to generate economic benefits beyond the profits that may be obtained by its competitors in the market in the same industry is the definition of competitive advantage. Companies with competitive advantages are always able to understand changes in the structure of the market and make wise marketing decisions.

According to Sampurno (2010) in Paramita (2019), competitive advantage is a combination of competencies, assets, skills and other factors that allow a business to compete successfully in its sector. However, your company's capacity to learn faster than its competitors is a lasting competitive advantage, according to Senge (Marina, 2017).

Based on the aforementioned perspective, competitive advantages cannot be recognized by taking a broad view of the business. The many actions that a business takes when inventing, creating, promoting, shipping and supporting its goods provides a competitive advantage.

#### **Indicators of Competitive Advantage**

Setiawan (2012) emphasized that a consumer will buy a product if they weigh the cost of the goods against the benefits they provide. Among the metrics for measuring competitive advantage are:

- a. Product uniqueness
- b. Product quality
- c. Competitive price

#### **Research Framework**

Companies or business actors are obliged to further increase their production results while maintaining the quality of their products. The growing competition for market share forces businesses to choose the best marketing plan for their goods. Each strategy, that is used, must increase the competitive advantage. Market orientation can help businesses gain a competitive edge, which will improve their marketing efficiency. There may be a positive and slightly significant relationship between market orientation and competitive advantage when the research hypotheses are tested. Therefore, based on the presumptions of the previous hypotheses, it can be said that the H1 hypothesis about the effect of market orientation on competitive advantage is accepted. Every company actor must use great product innovation to gain a competitive advantage. To create meaningful innovations that can affect competitive advantage, creativity has the capacity to create new ideas from ideas that are already owned and acquired from customers. There may be a positive and slightly significant relationship between the originality of the product and the competitive advantage when the research hypothesis is tested. Therefore, based on the presumptions of the previous hypothesis, it can be said that the H2 hypothesis about the effect of the originality of the product on competitive advantage is accepted.

A favorable approach for cooperating businesses to compete more successfully in the market is called competitive advantage. Business actors must apply extreme product originality. With product creativity, it is possible to make changes and develop new items that, when released, will cause a reaction from consumers and, as a result, will have an impact on the company's capacity to win the competition. There may be a positive and slightly significant relationship between the originality of the product and the competitive advantage when the research hypothesis is tested. Thus, it can be

concluded that H3 is valid, which indicates that Market Orientation (X1) and Product Creativity (X2) simultaneously have an effect on Competitive Advantage (Y).

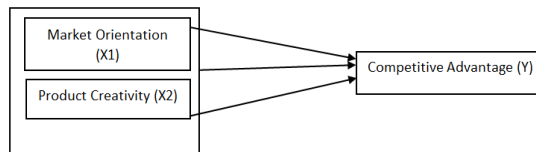


Figure 1.1 Research Framework

### Hypotheses

H 1: Market orientation has an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.

H 2: Product creativity has an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.

H 3: Market orientation and product creativity have an effect on competitive advantage in Etsuko Kitchen Cake Shop in Tomohon.

## RESEARCH METHOD

### Type of study

This research technique uses quantitative research methodology. Therefore, the goal is to utilize numerical data to describe or explain a phenomenon. Non-experimental research emphasizes data that can already be accessed without making any modifications.

### Definition of Operational Variable

According to Sugiyono (2015), definition of research operational variable study is attributes, properties, or score from an item or activities that have certain change and have been decided by the researcher for be studied and then deduced.

#### 1. Competitive Advantage

The capacity of an enterprise to outperform other businesses in the same industry or market is known as a competitive advantage. This capability is achieved through the resources and quality of the organization. Competitive advantage is a tactic to outperform competitors, according to Hajar and Sukaatmadja (2016). Competitive advantage, in this case, is a greater advantage that results in greater profits for Etsuko Kitchen Cake Shop, and vice versa. Uniqueness, quality and competitive price are the indications.

#### 2. Market Orientation

Market orientation is the type of business strategy in which the company concentrate on providing items that meet requirements and wishes of the customer. In this situation, businesses believe that clients' satisfaction is critical to their success. Etsuko Kitchen cake shop has achieved market orientation by creating cakes based on consumer preferences. Customer happiness, consumer complaints, paying attention to what competitors are doing, and reactions to changes made by competitors are the signs.

#### 3. Product Creativity

Product creativity, according to Saryanto (2018), is the ability of an individual to create something new, either in the form of a concept or a real work that is different from the pre-existing one. The ability of Etsuko Kitchen cake business to produce cakes in new forms to retain consumers is referred to as product inventiveness. Such markers

include the innovation and originality of the product, its metamorphosis and its viability in terms of its attractiveness and quality.

## **Population and Sample**

### **Population**

Population is an area for generalization consisting of things or individuals selected by the researcher to investigate and then concluded because they have a certain number and quality (Sugiyono, 2016). The consumers of Etsuko Kitchen cake business in Tomohon, which is currently unknown in number, are the research population.

### **Sample**

The sample represents a representation of the size of the population and its arrangement. All customers or visitors of Etsuko Kitchen cake shop in Tomohon became the population in this study. The Lemeshow formula is used to determine the sample size. A procedure called the Lemeshow formula is used to calculate the sample size. And because the population size is erratic and volatile, this study uses the Lemeshow formula which results in an indeterminate population size. Lemeshow's equation is as follows:

$$N = \frac{z^2 p (1-p)}{d^2}$$

Information:

n = number of sample

z = standard value = 1.96

p = maximum estimate = 50% = 0.5

d = alpha (0.10) or *sample taking error* = 10%

Stating that the sample results obtained from the Lemeshow formula is the minimum sample needed in this study was 96 respondents rounded to 100 respondents. This Lemeshow formula is used because the number of populations is not known for certain and the number varies.

## **Research Time and Place**

This research is carried out since the receipt of the Supervisor's Decree and research permit within 3 months: 2 months of the process of preparing proposals and collecting data and 1 month of the mentoring process takes place.

This research was conducted in Tomohon.

## **RESULTS**

### **Discussion**

#### **The Effect of Market Orientation (X1) on Competitive Advantage (Y)**

The variable market orientation has a significant effect on the competitive advantage in a positive direction. The significance value can be seen in Table 2.3 which shows a significant value for the market orientation variable, which is  $0.000 < 0.05$  so it can be said that the market orientation variable has a significant effect on the competitive advantage at Etsuko Kitchen cake shop in Tomohon.

#### **The Effect of Product Creativity (X2) on Competitive Advantage (Y)**

Product creativity variables have a significant effect on competitive advantage in a positive direction. The significance value can be seen in Table 2.3 which shows a significant value for the product creativity variable, i.e.  $0.000 < 0.05$  so that it can be said that the product creativity variable has a significant effect on the competitive advantage at Etsuko Kitchen cake shop in Tomohon.

### **The Effect of Market Orientation (X1) and Product Creativity (X2) on Competitive Advantage (Y) Simultaneously**

Based on the empirical tests result of the effect of Market Orientation and Product Creativity on Competitive Advantage. Based on the results of the H3 test, significant values obtained for the simultaneous effect of H1 and H2 on Y is  $0.000 < 0.05$  and  $F_{\text{count}} 140.618 > F_{\text{table}} 3.09$ . Thus, it can be concluded that H3 is accepted which means that there is an effect of Market Orientation (X1) and Product Creativity (X2) simultaneously on Competitive Advantage (Y).

### **DISCUSSION**

As the result, the market orientation variable has a significant effect on the competitive advantage at Etsuko Kitchen cake shop in Tomohon. Market orientation is a business strategy where a company focuses on meeting the needs and wants of customers through its products. Satisfying customers is important to generate loyalty and repeat sales in the long run. The results are the same as the results of previous research conducted by Dewi, et al. (2019) which stated that the market orientation variable has a positive and significant effect on competitive advantage.

The product creativity variable has a significant effect on the competitive advantage at Etsuko Kitchen cake shop in Tomohon. To answer the challenges so that companies can win a competitive advantage, every company is required to carry out high product creativity. Product creativity has the ability to develop new ideas from the ideas it already has and that are sourced from the consumer. Furthermore, combine them so as to form product creativity that can affect the competitive advantage. The results are the same as the results of previous studies conducted by Riany, et. Al. (2020) in his research stating that the product creativity variable has a positive and significant effect on competitive advantage.

There is an effect of Market Orientation (X1) and Product Creativity (X2) simultaneously on Competitive Advantage (Y). This research is in line with the results of previous research conducted by Anjaningrum, et. al. (2018). In their research, it is stated that there is a positive and significant effect between the market orientation and product creativity on competitive advantage variable simultaneously.

### **CONCLUSION**

Based on the research results, the market orientation variable and the product creativity partially and simultaneously had positive and significant effect on the competitive advantage. Thus, it could be concluded that the role of market orientation and product creativity on the competitive advantage was 74.4% and the remaining, i.e. 25.6%, was influenced by the other variables which were not included in this study.

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