

# Analyzing Product

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## Analyzing A Product's Competitiveness Based On The Customer's Value Conscious: A Case Of Small Scale Business Enterprises In Indonesia

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### Abstract

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Local government is responsible for developing local products. The products need to have sustainable competitive advantage. So far, many superior goods have been managed by local SME's with some difficulties. Regarding this, customer value plays an important role in competitive environment. However, businessman need professional assistance in building customer value and help them competing in global market. Furthermore, SME's (Small Medium-sized Enterprises) competitive advantage data is needed in order to enhance their business competitiveness. Thus, this research is conducted to analyze the competitive advantage of sasirangan fabric in Martapura's SME, Banjarmasin, the province of South Kalimantan along with the competitive advantage hierarchy. The object of this research is sasirangan fabric that is managed by local SME in Martapura river, Banjarmasin. The data is obtained through questionnaires with Likert scale given to customers and SME managers. Following this, Analytical Hierarchy Process (AHP) with PriEst software is used to analyze the data. The result shows that the main competitive advantage of sasirangan fabric as the superior goods is its purpose to represent The province of South Kalimantan identity and culture, followed by color, design, and price. Yet, sasirangan fabric need to continuously increase its customer value.

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**Keywords:** *competitive advantage, consumer value, small medium-sized enterprises*

### INTRODUCTION

Competitive advantage is the key to survival in business and become unavoidable in rapidly growing market. Some previous studies indicate many small and medium-sized enterprises have not identify their competitive advantage as the source to win market competition now. Moreover, they are still incompetent in offering superior customer value.

There are several ways to help small and medium-sized enterprises to survive and keep growing in the middle of market rivalry by analyzing the competitive advantage condition of the enterprises correctly. Yet, precise analysis is required to produce a valid data so it can be implemented, especially in local enterprises which handle the best local product. Although many studies regarding the issue have been conducted, it is still important to do similar analysis considering the rapid business growth. Thus, an academic contribution is expected to enhance the sustainable competitive advantage. Therefore, this research is organized as the

answer to the current problem regarding competitive advantage condition and the competitive strategy to develop SME's products based on the priority scale.

## THE LITERATURE REVIEW

### Competitive Advantage of *Sasirangan* SMEs

Small and medium-sized enterprise (SME) or UKM in Indonesia as cited in Wikipedia is a term used to refer to a small business which net worth is equal to Rp. 200.000.000 at most, excluding the value of the land and the business property. Additionally, SME refers to a stand-alone business. Meanwhile, according to Wikipedia, *sasirangan* is a traditional fabric from Banjar ethnic group in the province of South Kalimantan crafted through *rintang* coloring process using string, yarn, or similar means to bind the required pattern. The pattern is made through hand stitching and waving techniques which are determined by many factors beside colors composition and the effect, such as types of yarn and the material of the binder. As previously mentioned, competitive advantage is important in business. In general, a company with competitive advantage is competent in producing valuable products and can satisfy and gain customer's loyalty. Jack Welch in Cravens (1996) says that if you don't have a creative advantage, do not compete.

Competitive advantage is one of the strategies to win the market. A company with competitive advantage generates more sales and better service compared to their rival. Similarly, Longenecker et.al (2005, 30) argue that competitive advantage is a benefit that exists when a firm has product or service that is seen by its target market as being better than those competitors. George S. Day and Robin Wensley in Cravens (1996) mention some competitive advantage elements including source of competitive advantage, strategic positioning, and excellent achievement. Source of achievement covers superior skills, superior resources, and superior control. Strategic positioning includes consumer value and the low cost. Consumer / customer value is the difference between the benefit and the production costs. Likewise, Cravens (2010) defines customer value as the trade-off of benefit less the costs involved in acquiring a product, while Kotler (2010) describes customer value as a comparison between a set of benefits and a set of costs. On the other hand, benefit includes: product benefit, services benefit, personnel benefit, and image benefit, while the cost includes: monetary cost, time cost, energy cost, and psychological cost. Additionally, excellent result includes satisfaction, loyalty, market share, and profit-making ability.

### Empirical Studies

Several studies regarding competitive advantage have been conducted. One of them is a study by Anwar and Elrifadah (2012) entitled *Karakteristik, Potensi, Keberhasilan Usaha Industri Kain Sasirangan dan Kebijakan Pengembangan Kain Sasirangan sebagai Produk Unggulan Kalimantan Selatan*. The respondents of this study were 100 owners of SME sasirangan in the province of South Kalimantan, with the data obtained through Likert scale questionnaire. The analysis indicated the characteristic of sasirangan has a significant effect to the success of the business, however, there is no significant effect resulted by the fabric potential. Meanwhile, the fabric policy does not influence the characteristic variable.

There is also another study conducted by Darwanto (2013) entitled *Peningkatan Daya Saing Umkm Berbasis Inovasi Dan Kreativitas (Strategi Penguatan Property Right Terhadap Inovasi Dan Kreativitas)*. The results showed that MSMEs face some problems, such as the lack of copyright and creativity protection. Thus, to improve the competitiveness of SMEs, the protection of copyright to avoid plagiarism is required

According to Deputy of Resource Assessment of UKMK in Tambunan and Nasution's (2005) *"Pengkajian Peningkatan Daya Saing Usaha Kecil Menengah yang Berbasis Pengembangan Ekonomi Lokal"*, the local economic development did not significantly influence the development of SME performance on the rate of change and the productivity. Similarly, in general, the district government's financial policies have no significant effect on the development of SME's performance, except for the provinces of North Sumatra and East Java. It shows how regional development was not prioritizing SME, while it is necessary for the Ministry of Cooperatives Small and Medium Enterprises to develop SME as the center of regional development. The results further point out many districts have established their best commodities, yet, the decisions are based on the production capacity without trying to observe its competitive advantage compared to other regions.

METHODOLOGY

This study belongs to a survey-based research conducted in Martapura area Banjarmasin, South Kalimantan. The data were obtained through Likert scale questionnaires and interviews to get accurate information regarding sasirangan and Java's batik comparison. The object of this study is SME sasirangan located in Martapura area Banjarmasin, South Kalimantan. Through purposive sampling, this study had customers and the SME managers as the respondents. Furthermore, the data was analyzed by using Analytical Hirarkhi Process (AHP) with the help of PriEst software.

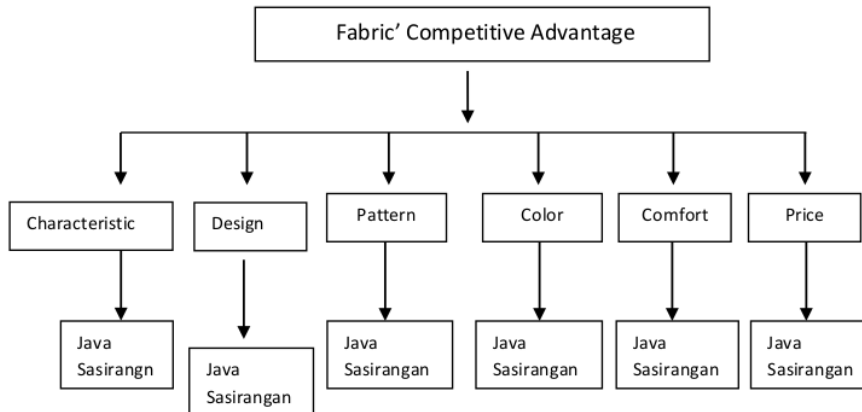


Figure 1 Analysis Hierarchy

Research Variables Definition

The variables of this research are competitive advantage in customer value perspective. The concept of competitive advantage refers to elements of competitive

advantage proposed by George S. Day and Robin Wensley in Cravens (1996) particularly on positioning advantages, which include customer value and the relative low cost. The positioning advantage is considered as the customer value. Customer value is a comparison of a set of benefits and a set of costs. In this research, customer value focuses on sasirangan fabric and refers to its benefit which is further described as follows: South Kalimantan province's identity, design variation, colors variation, material comfort, and monetary cost known as price.

**DISCUSSION**

The results of AHP analysis show that there are several competitive advantages of sasirangan fabric. The following image illustrates the analysis result through PriEst program.

Image 2. Consistency Analysis Result

**Table 1**

Judgment Score					
No	$\psi$	$\theta$	L	CR	CM
1	0	0,945	0	0,087	0,667

Data processed in 2016

**Table 2**

Preference Score					
No	Characteristic	Design	Pattern	Color	Price
1	0,428	0,249	0,16	0,103	0,06

Data processed in 2016

Logical consistency is required for consistency ratio (CR) to show the analyst's reliability in assigning the benchmark matrix. In general, the analysis results are considered consistent if they have CR <10%. If the CR value is > 10%, it should be considered to have re-evaluation in compiling the benchmark matrix. The result of analysis shows that CR is 0,087 (below 10%). It means the result of analysis shows the consistency of the respondent in answering the questionnaire.

The result of AHP analysis shows that Javanese batik is better than sasirangan in terms of the design, color, material comfort, and price. Nevertheless, sasirangan have advantages in terms of their image as the representation of South Kalimantan face. Beyond that batik has more competitive advantage compared to sasirangan. Regarding this, it is such an interesting fact as sasirangan is recognized as having traditional value of South



Kalimantan. Thus, sasirangan needs to be developed to have competitive advantage similar to batik products and can be beneficial for the involved SME and indirectly improve the economy condition.

Sasirangan has an advantage on the patterned/batik fabric that signifies the characteristic of South Kalimantan province. This is indicated by a preference score of 0.428, as the biggest value compared to other values (design, style, color and price). That is to say, compared to Javanese batik, sasirangan competitive advantage is its image to represent South Kalimantan. This is the most superior competitive compared to other values. However, compared to Javanese batik as the competitor, several things should have taken care before to build sasirangan's competitive advantage. This certainly requires the attention of all involved parties. The second competitive advantage is the color of the fabric. The results of the analysis showed a preference score of 0.249 as the second largest number after characteristic value. That is to say, the color of the fabric is the second priority to attract consumers. According to the results, the stands out color of sasirangan fabric should be maintained, since it becomes a unique attraction yet lacking in variation.

Moreover, the results showed a preference score of 0.16 on product benefits associated with sasirangan style. This can be interpreted as the third competitive advantage of sasirangan fabric, even though it is not enough to appeal the buyer. The unique and strong sasirangan style which represent South Kalimantan is a competitive advantage that cannot be ignored to improve its uniqueness. Yet, a bit creativity is needed to vary the style without excluding the originality. Moreover, although its name is barong parang, prodo and other accessories are used in the style to add value while retaining its unique style. Sasirangan SME also offers apparel products, handbags, wallets, pencil cases, key chains, and others. Yet, sasirangan shirt design comes fourth out of five competitive advantage of sasirangan, with 0.103 preference score followed by the price with 0.06 point. It can be said that the design of sasirangan clothes is not enough to be a competitive advantage. Similarly, the last competitive advantage is the perception regarding the cost, especially monetary cost or price. The price of the fabric is relatively expensive compared to the value of sasirangan. Meanwhile, Javanese batik that has better variation is cheaper than sasirangan. This is why Javanese batik is more popular than sasirangan fabric.

Sasirangan is an asset of South Kalimantan. Its existence must be continuously maintained and developed. One thing that can motivate the effort in maintaining the fabric is through making financial and non-financial output. Regarding this, the academics can participate in maintaining and developing sasirangan by doing continuous research and developing the competitive advantages of sasirangan fabrics. Additionally, the results show several priorities regarding the competitive advantage of sasirangan products. The result of AHP analysis through PriEst program shows that unique characteristic of South Kalimantan province attracts people attention. Consumers buy the fabric since it represents the South Kalimantan province image. However, the variations of color, patterns / motifs, the design of the actual clothes is still below batik's variations. It is quite difficult to give competitive price while the fabric is not popular enough. The variation of sasirangan is the barrier when entering the market, since the price is considered expensive. In order to give a competitive

price, the SME needs to find innovation in terms of color variations, patterns and sasirangan design alongside reducing the production costs.

SME has a vital contribution to the national economy, especially the province of South Kalimantan. Its role in encouraging the economic growth and employment is expected to be used as a reference for government in escalating the production sector in many business fields. However, the reality indicates many SME with low competitive advantage. As the results of this study, compared to Javanese batik, sasirangan fabric as one of Indonesia traditional cloth is only better in terms of their image to represent South Kalimantan identity.

Indonesian government's policy on the development of industrial sector, specifically in South Kalimantan province and Banjarmasin, is expected to respond to the challenges of global economic and enable people to cope with rapid environmental changing. Through building sustainable competitive advantages, the exploitation of the resources in South Kalimantan and Banjarmasin should be able to take advantage of the available opportunities regionally or nationally, as well as encourage regional economic growth internationally. The direction of the policy of the national industry must be mutually agreed upon, so that the industry will grow naturally and can compete with other products. If the South Kalimantan government observe from other countries' experience, they advanced their industry sector through the national industry policy supported by the nation potential consistently. Therefore, it is important to have a comprehensive national industrial policy that is agreed by involved stakeholders.

### **FINDINGS**

Based on the AHP result, the first competitive advantage of sasirangan fabric is its value to represent South Kalimantan identity followed by the colors, the pattern, the cloth design and the price. The results point out price element comes last in the competitive advantage category which indicates sasirangan cloth is more expensive than Javanese batik. Thus, the involved party along with government should able to suppress the production cost and also monitor the value chain of sasirangan in order to offer competitive price in the market. Yet, other categories such as color variation, pattern and design need to be improved. To get the creative ideas and produce appealing product with color combination, comfortable material, and great design, a professional assistance is required. It is important to increase the competitive advantage of Kalimantan's featured product. Therefore, the analyst should explore more about the product's competitive advantage. Thus, it makes easier to acknowledge the potential of the product especially sasirangan cloth in facing the competition in textiles market in South Kalimantan province and in global market.

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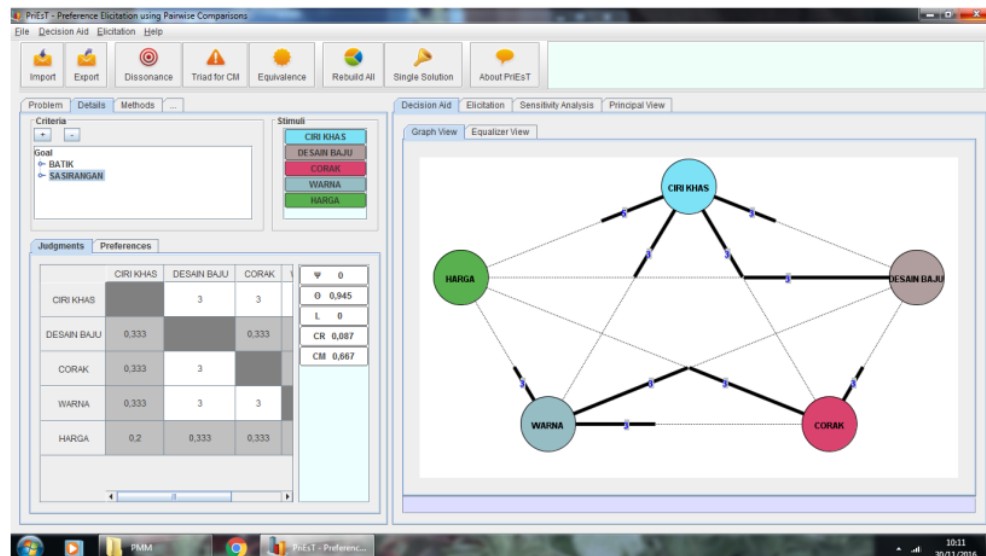
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**Appendices**

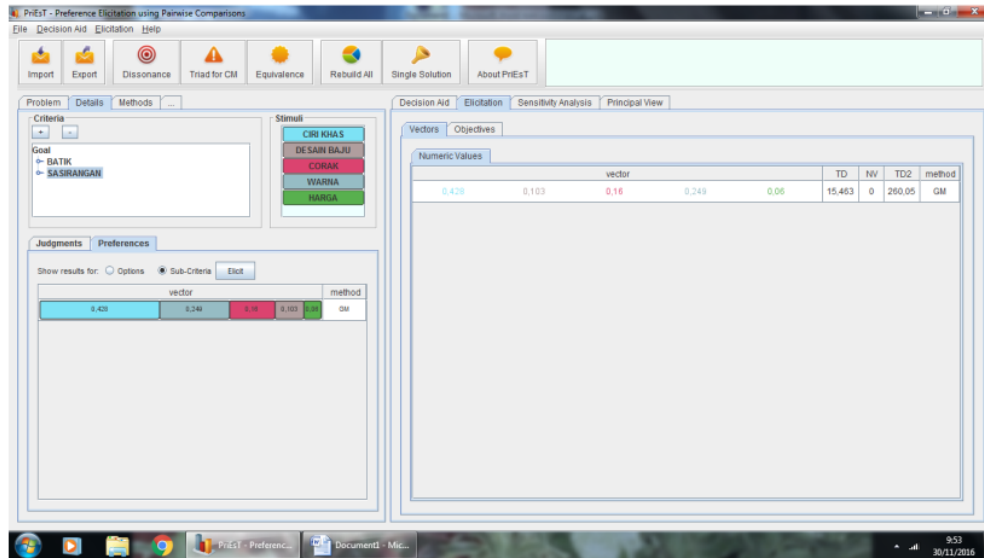
**PriEst Analysis Result**

**1. Judgment Score**





## 2. Preference Score



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