

Determinants of Competitive Advantage and Their Impacts on Buyback Decisions (Case Study of Bu Tjondro's Kremes Chicken)

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Abstract

This study aims to analyze the efforts to increase competitive advantage and repurchase decisions at Bu Tjondro's Kremes Chicken Restaurant around South Tangerang. Sampling is based on Purposive criteria, with as many as 80 respondents using proportional random sampling. The analytical method used is statistical-partial least squares using the SmartPLS 3.0 software analysis tool. The study results show that digital marketing has a positive and significant effect on competitive advantage. Product quality has a negative and significant effect on competitive advantage. Price has a positive and significant effect on competitive advantage. The location has a positive but not significant effect on competitive advantage. Service quality has a positive and significant effect on competitive advantage. Product quality has a positive and significant effect on repurchase decisions. Price has a negative but significant effect on repurchase decisions. The location has a negative but not significant effect on repurchase decisions. Service quality has a positive and significant effect on repurchase decisions. Competitive advantage has a positive but not significant effect on repurchase decisions.

Keywords

Competitive advantage;
repurchase decision; product,
price; service quality; location;
digital marketing



I. Introduction

Competition among restaurants in the Bintaro Jakarta area is very competitive. The restaurant manager has made various efforts to provide the best for their customers, and this is also what the manager of the Kampung Kremes Fried Chicken restaurant, Bu Tjondro, did. Crispy fried chicken served with crispy cream is a typical menu in Jakarta.

Bu Tjondro is one of the restaurants located in the Bintaro area; the restaurant itself occupies a house building with Javanese architecture. The interior inside makes us feel like we are enjoying food at home. The room itself is divided into AC and non-AC rooms. There are also provided several places for lesehan.

The menus served at this restaurant itself are quite a lot, the average menu is all Indonesian menu, the special menu in this one place is Fried Chicken Kampung Kremes, Fried Chicken Kampung Kremes here are served beside the white rice, and the portion of the chicken is quite large. The meat itself is very tender and also very crunchy. From the outlook, the fried chicken is golden yellow, then sprinkled on top of the chicken with a creamy cream, which is in the form of a powder; the taste is delicious.

Bu Tjondro's Kampung Kremes Fried Chicken may be a choice. The tender fried chicken, the spices seep to the bone, sprinkled with fried cream, the aroma alone is tempting. Enjoyed with warm rice, fresh vegetables, fried tofu and tempeh, and chili sauce. The price is also low for the size of the Kampung Kremes chicken. For specific hours it is usually very crowded.

Product quality through the presentation of varied fried chicken with additional cream, affordable prices according to the order menu, friendly and fast service, and delivery are why consumers always come and enjoy the menus. Easy-to-reach locations are other reasons for consumers to come.

Product innovation is also a requirement for a company that faces global competition. Through product innovation, the company will be able to keep up with the rapid changes of the market and customer's wants (Kanagal, 2015). Researchers have proven that innovation has significant effects on product quality. (Febrianta, M. et al. 2021)

The results of this study partially indicate that service quality negatively influences competitive advantage. In contrast, price, product quality, and store atmosphere positively affect competitive advantage. Simultaneously, service quality, price, product quality, and store atmosphere positively influence competitive advantage. From the four independent variables used in this study, only product quality has the most significant influence on competitive advantage (Pratiwi, 2021).

II. Review of Literature

2.1 Product Quality

Product quality is the product's ability to meet customer satisfaction concerning the size of the hold time the product, could trust products, precision products, as well as ease of operation and maintenance of the product (Meinar Paramita et al., 2010). There are nine dimensions of product quality according to Kotler & Keller (2016) in Sari & Santoso (2018), namely form, features, performance quality, perceived quality, durability, reliability, repairability, style and, design.

2.2 Price

Price is the main factor that is always considered in a decision to select or purchase a product (Rochmah & Ernawati, 2019). According to Kotler & Keller (2016) in Rochmah & Ernawati (2019), to measure the price variable, the indicators are price compatibility with quality, price competitiveness, price affordability, and price compatibility with production benefits.

The company cannot always determine the selling price of the product as desired, because several competitors offer a certain price. To produce products that have competitive prices and maintain good product quality to earn a profit, they must be able to sort out, workaround, or even reduce costs or activities that are not needed in the production process so that the profits to be obtained are more optimal. Therefore, a target costing. (Palulun, Y. et al. 2021)

2.3 Location

Location is where the company operates or where the company carries out activities to produce goods and services that are economically important. The right location and a good brand image can influence consumer decisions in determining the choice of purchase or transaction Puspitasari et al. (2018). If the company manages to acquire and maintain a strategic location, it can be an effective barrier for competitors to gain access to the market. Physical location selection requires careful consideration of the following factors (Puspitasari et al., 2018):

1. Access is a location that is easily accessible by public transportation facilities.
2. Visibility is a location or place that can be seen clearly from a normal viewing distance.

3. Traffic involves two primary considerations,
4. A large, comfortable, and safe parking space.
5. Expansion is a large enough space available for business expansion in the future.
6. The environment is the surrounding area that supports the services offered.
7. Competition is the location of competitors.
8. Government regulations contain provisions to regulate the location of certain businesses.

2.4 Quality of Service

Quality of service is the level of advantage to meet consumer wants and needs. Whether or not it is good depends on the producer's ability to consistently meet consumer expectations (Arief, 2007). Public services are activities based on certain systems, procedurals, and methods to meet consumer needs (Wardani et al., 2020).

2.5 Competitive Advantage

Bharadwaj et al. (1993) explain that competitive advantage results from implementing strategies that utilize various resources owned by the company. The measurement of competitive advantage indicators is used based on indicators are unique, competitively priced, rarely found, not easy to imitate, and not easy to replace (Paulus & Wardhani, 2018).

2.6 Buyback Decisions

According to Huang et al. (2014) in Fa'al Akbar & Nurcholis (2020), repurchase decisions are based on a psychological commitment to a product or service that appears after use so that the idea of using or re-consuming arises. The decision to repurchase is based on the extent to which consumers are willing to buy another product or service, which is expected to include a decision to make recommendations to others. There are 3 indicators to measure repurchase decisions, namely making repeat purchases, recommending to others, and not wanting to move to other brands (Fa'al Akbar & Nurcholis, 2020).

2.7 Conceptual Framework

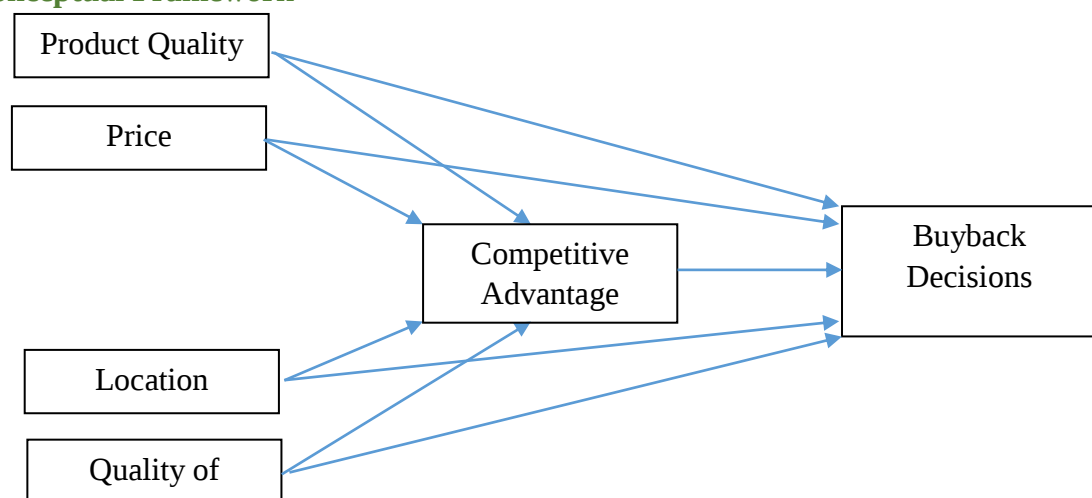


Figure 1. Conceptual Framework

2.8 Hypothesis

The hypotheses in this study include:

- H1. There is an effect of product quality on competitive advantage
- H2. There is an effect of price on competitive advantage
- H3. There is an influence of location on competitive advantage
- H4. There is an influence of service quality on competitive advantage
- H5. There is an influence of product quality on repurchase decisions
- H6. There is an effect of price on repurchase decisions
- H7. There is an influence of location on repurchase decisions
- H8. There is an influence of service quality on repurchase decisions
- H9. There is a competitive advantage that affects repurchase decisions

III. Research Method

This research design uses a causal research design. Causal research is one type of conclusive research with the primary objective of finding out and obtaining evidence regarding cause-and-effect relationships (Malhotra et al., 2004). This causal research aims to determine which is the independent variable and the dependent variable. Also, to find the relationship between the independent and dependent variables. The cause-and-effect relationship in this study was to reveal the effect of product quality, price, location, and service quality on satisfaction through the purchase decision of the Kampung Bu Tjondro Fried Chicken restaurant.

The research approach used in this research is quantitative research methods. According to Sugiyono (2014), quantitative research methods emphasize data numerical (numbers) analysis, which is processed by statistical methods. The quantitative approach is usually conducted in inferential research and relies on conclusions to test hypotheses.

Data was obtained using a questionnaire through a list of questions arranged systematically with several answer choices that were easy to understand using a Likert scale. The data analysis method used is the descriptive analysis method, and the researcher uses the Structural Equation Modeling (SEM) technique using SmartPLS 3.0 software for Windows.

IV. Research Method

4.1 Inner Model Evaluation

The evaluation of the inner model in the partial least square analysis is carried out to determine the suitability of the structural model that has been prepared. The review of the inner model will describe the value of R-squared (R^2) and test the research hypothesis.

a. R-square

Based on data processing with PLS, the value of the coefficient of determination (R^2 square) is generated in Table 1.

Table 1. Value of R-square Model	
Variabel	R-Square
Competitive Advantage	0.918
Decision Repurchase	0.905

Source: Data processed with SmartPLS3.0

R-square is used to determine the goodness of fit model of the effect of exogenous variables on endogenous variables, where the higher the R-squared value, the more significant the impact will be (Ghozali, 2014). It is known that the R-square value for the competitive advantage variable is 0.918 which means that the competitive advantage of the Kremes Bu Tjondro Fried Chicken Restaurant can explain the competitive advantage of 91.8%. For the R-square value of the repurchase decision variable, a value of 0.905 is obtained, which means that the repurchase decision at the Kremes Fried Chicken Restaurant, Bu Tjondro, can explain the repurchase decision of 90.5%.

b. Inner Weight

Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample. Evaluation of the inner weight is used to see the magnitude of the influence on each path of the structural model, where the values obtained are the bootstrapping results from the existing sample.

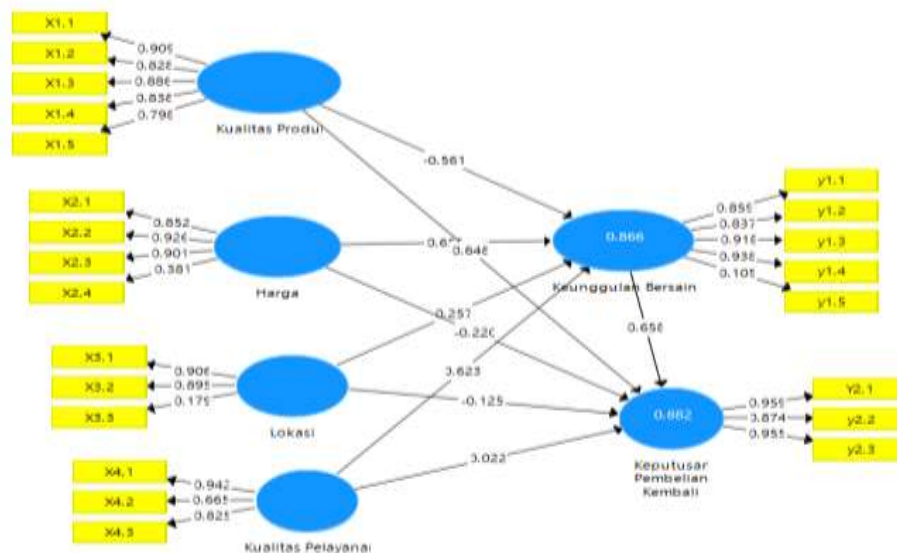


Figure 2. Bootstrapping Estimation Results

Table 2. Effects between Variables in Structural Equations & Hypothesis Testing

Hypotheses	Relations	Original Sampel	t Statistics	p-value	Results
H ₁	Quality products → Competitive advantage	-0.561	2.156	0.032	Accepted
H ₂	Price → Competitive advantage	0.655	2.555	0.011	Accepted
H ₃	Location → Competitive advantage	0.257	1.260	0.000	Accepted
H ₄	Quality of service → Competitive advantage	0.623		0.048	Accepted
H ₅	Quality products → Buyback decisions	0.648	2.504	0.013	Accepted
H ₆	Price → Buyback decisions	-0.251	1.157	0.2405	Rejected
H ₇	Location → Buyback decisions	-0.125	0.480	0.771	Rejected
H ₈	Quality of service → Buyback decisions	0.022	0.195	0.044	Accepted
H ₉	Competitive advantage → Buyback decisions	0.658	1.792	0.774	Rejected

4.2 Discussion

1. Product quality on competitive advantage

The results showed a significant negative and significant effect on product quality on competitive advantage. The results of this study have the effect of product quality and brand on repurchase decisions (Sari & Santoso, 2018).

2. Price on competitive advantage

The results show that price has a positive and significant effect on competitive advantage. Price does not significantly affect repurchase decisions at Natasha Skin Care Lippo Cikarang (Rochmah & Ernawati, 2019).

3. Location on competitive advantage

The results show that product innovation has a positive and significant impact on competitive advantage. Product innovation has a positive and significant influence on the Purchase Decision in purchasing and consuming products in KFC Pier Point Palembang (Puspitasari et al., 2018).

4. Service quality on competitive advantage.

The results show that service quality has a significant and significant influence on competitive advantage. Servicequality variable had a significant and positive influence on competitive advantage (Putri, 2018).

5. Product quality on repurchase decisions.

The results show that product quality has a positive and significant effect on repurchase decisions. Product quality has a positive and significant influence on the decision to re-purchase credit on Simpati Telkomsel cards (Winata, 2020).

6. Price on repurchase decisions.

The results show that price has a negative but not significant effect on repurchase decisions. Price has a positive and significant influence on the decision to re-purchase credit on Simpati Telkomsel cards (Winata, 2020).

7. Location on repurchase decisions.

The results show that location has a positive and significant effect on repurchase decisions. locations have a simultaneous effect on product repurchase decisions (Prastiwi et al., 2019).

8. Quality of service on repurchase decisions

Service quality has a significant and significant effect on repurchase decisions. service quality has a significant effect on the decision to repurchase (Waworuntu & Hajar, 2019).

9. Competitive advantage on repurchase decisions

The results of this study indicate that competitive advantage has an effect but not significantly on repurchase decisions. Competitive Advantage had a significant positive effect on Customer Decision to Become a Customer at KJKS BMT Taruna Sejahtera Bringin Branch Semarang Regency (Rochmah & Ernawati, 2019).

V. Conclusion

The conclusions in this study are:

1. The results show a significant and significant effect on product quality on competitive advantage.
2. The results show that price has a positive and significant effect on competitive advantage.
3. The results showed that location had a positive but not significant effect on competitive advantage.

4. The results show that service quality has a significant and significant effect on competitive advantage.
5. The results showed that product quality positively and significantly affected repurchase decisions.
6. The results show that price has a negative but not significant effect on repurchase decisions.
7. The results showed that location had a negative but not significant effect on repurchase decisions.
8. Service quality has a significant and significant effect on repurchase decisions.
9. The results of this study indicate that competitive advantage has an effect but not significantly on repurchase decisions.

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