



Analysis of Product Differentiation Strategy to Obtain Competitive Advantage in MSMEs

Mhd Dimas Jayadi^{1*}, Fitri Hayati², Atika³

^{1,2,3}Department of Management, Faculty of Economics and Business, Universitas Islam Negeri
Sumatera Utara, Medan, Indonesia

Abstrak

Tight business competition occurs in various fields, including the beverage industry, so that business actors need to create competitive advantages by implementing differentiation strategies so that companies have an identity or characteristic of the products they produce. Warung TST Mas Jay must implement a differentiation strategy in order to gain an advantage in the competition. This study examines the differentiation strategy to create competitive advantages in Warung TST Mas Jay, the purpose of the study is to determine the application of differentiation strategies to create competitive advantages in Warung TST Mas Jay. The research method used is a qualitative approach with a qualitative descriptive research type. Business competition is carried out in accordance with Islamic teachings, namely competing healthily and not harming other parties. Warung TST Mas Jay implements product differentiation strategies to create competitive advantages.

Article Info

Correspondence:

Mhd Dimas Jayadi
(dimasjayadi407@gmail.com)

Article History:

Submitted: 15-08-2023

Revised: 27-09-2023

Accepted: 09-10-2023

Published: 27-10-2023

JEL Classification:

L14; M21; M31

Keyword:

Competitive Advantage;
Differentiation Strategy;
MSMEs

1. INTRODUCTION



At this time, the development of the business world is increasing and it can be seen from the busy business competition in the market. The economy continues to experience rapid growth and change so that competition is getting stronger. Business development occurs in various industrial fields. In economics, a business is an organization that sells goods or services to consumers or other businesses, to make a profit (Hayati, 2019). The high level of business competition is caused by the large number of business actors who establish businesses in the same field (Moller et al., 2020). Business competition is a natural thing because one of the activities that can be done by humans or society to be able to run the wheels of their economy in everyday life is by doing business so it is very necessary for business actors to have strong abilities amidst the existing competition. With the growth of business, it affects increasingly competitive business competition so that companies must have high competitiveness in order to survive and develop in the market (Sulistyan et al., 2022).

In the business industry, both large and small scale, including MSMEs, various appropriate methods or strategies are needed to support the success of a company so that the company can remain competitive (Aisyah & Kurniawan, 2021). The economic value of a product or service in the micro, small and medium enterprise (MSME) sector is no longer determined by raw materials or production systems as in the industrial era, but rather by the use of creativity and the creation of innovation through the development of

increasingly advanced information technology (Imnur et al., 2023). MSMEs are used as a people's economic system that not only shows to reduce income disparities or poverty alleviation. For this reason, the development of MSMEs will continue to expand the economic base so that it can contribute more quickly to structural change, improve the economy and national economic resilience (Hayati et al., 2022). With the existence of MSMEs in Indonesia, unemployment can be reduced due to non-absorption (Suseno et al., 2020). With the existence of MSMEs, development efforts must always be made with the aim that every type of business is able to overcome the problems faced and develop in a better, more advanced and independent direction so that its role in economic growth is greater (Marliyah, 2022). Therefore, business activities are always followed by the preparation of strategic plans in order to achieve sustainable company success. Sometimes business actors are so enthusiastic in carrying out their business activities but experience failure because they never take the time to develop a strategy that can differentiate them from their competitors (Hamdun et al., 2022). Companies that do not have a good strategy may be able to achieve success in a short time, but when threats and competition arise, the company will find it difficult to survive (Haenlein et al., 2020).

Without having a basis to differentiate the company from competitors, the market share owned is limited. In order to survive long and sustainably, companies must create competitive advantages. Competitive advantages require integration of thinking and strategic systems to achieve them (Huang et al., 2016). Competitive advantages will be achieved if the company can offer unique and valuable products or services in the market. There are three generic strategies that companies can do to gain competitive advantages, namely cost leadership, differentiation, and focus. To achieve an offering that is unique compared to competitors' offerings, companies need to implement a differentiation strategy. Differentiation involves creating products and services that can be felt as something unique. With a differentiation strategy, the company has an identity or characteristic for the products produced (Harahap, 2022).

One of the industries that has experienced quite rapid development is the culinary food and beverage industry because it has great potential to continue to grow. This industry is able to survive in any situation, including during an economic crisis. The culinary sector is developed in Micro, Small and Medium Enterprises (MSMEs) which is an industry that has the potential to become a tool for equalizing and increasing community income. The culinary industry has potential because of the tendency of community consumption patterns that lead to the consumption of ready-to-eat processed food products. Breakthroughs in food and beverage innovation are needed to distinguish the characteristics of products produced by companies (Aisyah & Kurniawan, 2020).

In Medan City, the culinary business is a rapidly growing business. One of the culinary businesses that has very high competition is the food and beverage business. One of the beverage businesses in Medan City is MSMEs Warung TST Mas Jay. Warung Mas Jay is a beverage business that produces various processed beverages that has been established since 2022. Warung TST Mas Jay is located in the city center with a strategic business location and many competitors in similar businesses in the area. Even though the level of competition is high, Warung TST Mas Jay is able to survive and develop in good conditions, this can be seen from the number of customers it has.

Warung TST Mas Jay certainly has a strategy in running its business so that the business continues and can even grow seeing the increasingly growing culinary business competition. In the culinary business that produces food and beverages, companies can have a competitive advantage by creating various kinds of products or offerings that have uniqueness/differences compared to competitors, including in terms of service. Things that can be done to be able to compete nationally or internationally in increasing product differentiation require marketing strategies or management strategies that must be applied to a businessman so that they can continue to grow (Khouroh et al., 2019). Strategic management is the management of the formulation, implementation and evaluation of policies related to strategies that lead to the achievement of goals (Hefniy &

Fairus, 2019). This marketing strategy is a strategy in selecting a market through a systematic process to be able to reach the solution stage in carrying out product renewal so that it can compete (Sari & Aslami, 2022). Differentiation strategy making the company have a uniqueness that can be remembered by consumers and known by the wider community from the perspective of consumers who are considered important. Differentiation strategy is very necessary to be implemented in a company (Denga, et al., 2022).

One strategy that can be applied to gain a position in the market and to maintain it is by using a product differentiation strategy. A product is a combination of goods and services offered by a company to the target market. The elements included in the product marketing strategy include product variety, product quality, product design, features, brand, product packaging and services (Sobari & Atika, 2023). Meanwhile, product differentiation is creating a product or product image that is quite different from the products that are already in circulation with the aim of attracting consumers and is also a strategy carried out by companies in producing and marketing products that are different from competitors' offers. The differences created have superior value and benefits to meet consumer needs. This product differentiation strategy is usually used by companies so that consumers can get satisfaction. Consumer satisfaction makes the company get a lot of customers. One of the factors of consumer satisfaction is the emotional factor.

Consumer emotional satisfaction is usually not only obtained from product quality but also from social values that make consumers satisfied and product performance that exceeds consumer expectations. Product differentiation is very important to compete between companies in order to survive and succeed a company or business actor. Creating differences in its products as done by Warung TST Mas Jay which is engaged in the culinary beverage sector will increase satisfaction for new consumers. Warung TST Mas Jay is able to survive and market its products that are different from others, what makes it different from other MSMEs is in terms of raw materials and also several other variables such as its unique shape, good quality and the benefits received by consumers.

Based on the description above, the researcher assumes that the Warung TST Mas Jay is required to have a differentiation strategy in creating competitive advantages, so the researcher really needs to be interested in exploring further and more broadly regarding what kind of product differentiation strategy is applied to Warung TST Mas Jay so that TST Warung Mas Jay can survive by having many customers in conditions of such tight competition in the market. Thus, this study is entitled "Analysis of Product Differentiation Strategy to Obtain Competitive Advantage in MSMEs". The purpose of this study is to determine the application of differentiation strategy to create competitive advantage in MSMEs.

2. METHODS

This study uses a qualitative research approach which is data collection in a natural setting with the intention of interpreting the phenomena that occur where the researcher is the key instrument. With a qualitative approach, researchers directly collect data according to the conditions of natural objects and interpret the phenomena that occur in MSMEs Warung TST Mas Jay regarding differentiation strategies to create competitive advantages. This type of research is a qualitative descriptive study, where researchers describe an object or phenomenon that will be poured into narrative writing results. In this study, researchers describe the objects observed directly in more depth so that in this case researchers can present data on differentiation strategies to create competitive advantages in Warung TST Mas Jay in detail according to the results of research in the field. This study is intended to determine the product differentiation strategy to get competitive advantage in MSMEs.

The data sources in this study are primary data and secondary data. Primary data were obtained by researchers directly from the objects studied, either from respondents or informants in the study through the results of observations or observations at the research location. Primary data in this study were obtained from research informants, namely the business owner, two employees, and three consumers of Warung TST Mas Jay. Secondary data were obtained by researchers indirectly from their sources or research objects but from sources that have been compiled by other parties such as data from books, journals, and so on that are related to the focus of the research or are still in the context of the research theme. The data collection technique in this study is the observation technique, namely this study conducted direct observations at Warung TST Mas Jay. Researchers directly observed things that were in accordance with the research problem, namely the differentiation strategy to create competitive advantage in Warung TST Mas Jay, interview techniques for data collection or excavation activities by means of direct and face-to-face questions and answers between researchers and respondents in the study.

3. RESULTS AND DISCUSSION

Implementation of Product Differentiation Strategy to Create Competitive Advantage in MSMEs Warung TST Mas Jay

In an effort to create competitive advantage in a business, it is necessary to have knowledge about the business competition atmosphere in the surrounding area. Warung TST Mas Jay is one of the beverage businesses located in the Medan City area so it is often in a crowd because it is close to public facilities such as government offices, hospitals, schools, bus terminals, and other public facilities. The business competition atmosphere of Warung TST is fairly tight or crowded. Many business actors have established their businesses in the culinary business in this area. Competitors in Warung TST Mas Jay are beverage businesses that have brands with the same ingredients.

Although the competitive atmosphere of Warung TST business in Medan city is quite tight, the condition or position of Warung TST Mas Jay in the competition remains in good condition. This good position is due to the evidence that even though there are many similar businesses, Warung TST Mas Jay still has new customers and consumers. The increasingly crowded competition makes Warung TST Mas Jay increasingly driven and motivated to develop even better.

With the existence of business competition, Warung TST Mas Jay is still able to compete because it always looks for ways to keep catering existing and familiar in the surrounding community. From a sharia business perspective, the competitive atmosphere in Medan City is in accordance with Islamic teachings. It can be said that because the competition in the beverage business is carried out healthily by business actors. No business actor intentionally damages or brings down other businesses so that no party feels disadvantaged or disappointed. Business competition from a sharia perspective is competing healthily in a halal way. If business actors face competition calmly and do not consider competitors as enemies to be hated, then there will be forms of healthy competition that are in accordance with Islamic business ethics.

In an effort to create competitive advantage or competitive advantage, a business needs to have the right strategies. One strategy that can be used to create competitive advantage is differentiation strategy. Warung TST Mas Jay, which is a business engaged in the beverage sector, also applies a differentiation strategy. By implementing a differentiation strategy, the unique products made will be difficult for competitors to imitate and this of course can strengthen the business's position in the competition (Liu & Atuahene-Gima, 2018). With the differences in products offered from competitors, consumers will be able to directly feel the uniqueness of the products made, making Warung TST Mas Jay superior.

This product differentiation strategy is usually used by companies so that consumers can get satisfaction. Consumer satisfaction will make the company get a lot of customers. One factor in consumer satisfaction is the emotional factor. Consumer emotional satisfaction is usually not only obtained from product quality but also from social values that make consumers satisfied and product performance that exceeds consumer expectations. Product differentiation is very important to use to compete between companies in order to survive and succeed a company or a business actor. Creating differences in its products as done by Warung TST Mas Jay to be more superior.

This is proven by the existence of product differentiation which includes product differentiation strategy applied to the MSMEs Warung TST Mas Jay is:

a. Product Design

Warung TST Mas Jay optimizes product design as attractively as possible to create uniqueness or characteristics of the products made. Product design in this case includes the shape of the products produced which is very diverse. Warung TST Mas Jay can make the shape of its products attractively and also according to consumer demand. Then, the product design in terms of packaging design, namely Warung TST Mas Jay provides a TST Mas Jay label or logo on the glass served to customers. Product design from the arrangement of its products, where Warung TST Mas Jay pays attention to the placement of drinks or processed products so that the appearance of the product is more beautiful. An attractive product design will make Warung TST Mas Jay products different from competitors' products because they have characteristics or characteristics.

b. Product Quality

Warung TST Mas Jay really maximizes the quality of its products. The products produced prioritize quality in terms of taste, hygiene, nutritional value, and halalness. Products are processed with fresh and quality raw materials so that the products produced are also of high quality. Product processing is carried out in accordance with existing procedures and the recipe is also from the business owner's recipe, processing any type of product already has a recipe measurement and is not reduced or added so that the quality of the product produced will remain optimal according to consumer expectations and demands. By prioritizing the quality of Warung TST Mas Jay products, it can still be able to compete to become the consumer's choice.

c. Price

Warung TST Mas Jay has a product price differentiation strategy, namely consumers who order products can adjust to their budget. This means that Warung TST Mas Jay has actually set prices for its products, but if consumers have a certain budget, they will still be served. For example, consumers come to want drinks but have their own financial capabilities, so the Warung TST Mas Jay can provide a menu list that can be ordered according to the consumer's budget. Providing product prices that can be adjusted to the consumer's ability can provide a distinctive feature of difference from competitors.

d. Features

The specialty of Warung TST Mas Jay is that all products are made from the best quality ingredients, taste delicious, and have health benefits. The specialty of MSMEs Warung TST Mas Jay's products lies in the ingredients used so that they are unique in terms of their beautiful colors and shapes. In addition to increasing stamina, MSMEs Warung TST Mas Jay products also have several other benefits, including:

- 1) Maintain healthy skin, bones, teeth and eyes
- 2) Treating diabetes
- 3) Does not contain preservatives
- 4) Make your body fit again

The product differentiation strategy applied to the Warung TST Mas Jay can create a competitive advantage. By implementing a differentiation strategy, the Warung TST Mas Jay can create products that have uniqueness, characteristics or distinctive features compared to competitors. The application of the differentiation strategy to the Warung TST Mas Jay creates a different offering by having advantages in terms of products, service

quality, personal quality, distribution channels, and brand image. The differentiation strategy applied will be difficult for competitors to imitate so that the offering given will have high competitiveness because it is different from the products of its competitors. The differentiation strategy in the Warung TST Mas Jay not only emphasizes uniqueness but is also balanced with the benefits or added value of the products produced that are not obtained from competing companies. This is in line with and in accordance with the statement of Kotler and Keller (2012), that product differentiation is a way for companies to win competition through a differentiating power or unique attributes so that it is perceived as a product that has more value by consumers. The most important determinant of product success and profit is product quality.

4. CONCLUSION

Based on the findings and discussion of the data presented above, this study can be concluded as follows: The competitive atmosphere of the beverage business is quite tight or crowded and business competition is carried out in accordance with Islamic teachings, namely competing healthily. Competition is carried out with a good competitive strategy without harming other parties. Actors do not bring down other businesses or competitors, but they use halal ways to win the competition. In fact, between business actors do not close themselves to interacting or socializing with each other. The differentiation strategy applied to create competitive advantage in Warung TST Mas Jay is a product differentiation strategy. The product differentiation strategy applied to Warung TST Mas Jay can create competitive advantage. Where the product offering has uniqueness, characteristics or distinctive features compared to competing products.

The implementation of product differentiation strategy to create competitive advantage in Warung TST Mas Jay can be seen from the attractive product design, the quality of the product made from good quality materials, affordable product prices and the special features of the product that are beneficial for health. Based on the conclusion of this study, the suggestion that the researcher can give is that the Warung TST Mas Jay remains committed to implementing a differentiation strategy in its business in order to maintain the uniqueness or distinctive characteristics of its offerings that will make the business highly competitive.

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