

Article

# The Influence Of Product Innovation, Market Orientation And Strategic Planning On Competitive Advantage In The Company PT. Benih Citra Asia Jember

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**Abstract:** This study aims to determine and analyze the effect of product innovation, market orientation and strategic planning on competitive advantage at PT.Benih Citra Asia Jember. This type of research uses quantitative methods with a sample size of 75 employee respondents and uses probability sampling techniques. The data collection techniques used in this study were observation and questionnaires, the distribution of questionnaires was carried out offline and also online (via the google from link). In this study using multiple linear regression data analysis with SPSS statistical tools. The results of this study indicate that the variable product innovation has a significant effect on the competitive advantage of the company PT.Benih Citra Asia Jember, the variable market orientation has a significant effect on the competitive advantage of the company PT.Benih Citra Asia Jember, and the variable strategic planning has a significant effect on the competitive advantage of the company PT.Benih Citra Asia.

**Keywords:** Product Innovation, Market Orientation, Strategic Planning

## 1. Introduction

Marketing management is one type of management that is needed for all businesses. This marketing management concerns products or services to make them better known to consumers. Therefore, the company must understand the complete discourse related to marketing management. Marketing management must be considered by an organization or company because it contributes a lot to the smooth marketing process of the product. Marketing management is also in charge of measuring and strategically analyzing the marketing process of a company or organization. Marketing management serves a very important role in a company or organization because with marketing management the company can reach the desired target market and get more consumers. Marketing management is a series of planning, implementation process, supervision and marketing control activities of a product, so that a company can achieve its targets effectively and efficiently. The marketing management is made, in general, with the aim of creating a system, building, and maintaining exchanges, for producers and consumers, in order to provide mutual benefits.

According to Styagraha in [1] Competitive advantage is very important for companies, competitive advantage is the ability to provide more value to their products that can create benefits for consumers compared to other competitors. According to Porter in Competitive advantage is the ability of a business entity to provide more value to its products than its competitors and this value can bring benefits to customers. Competitive advantage or also known as competitive advantage is the ability of a company through its

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characteristics and resources to have higher performance compared to other companies in the same industry and market.

According to Ellitan and Lina in [2], innovation is a change that includes creativity to produce new products, services, ideas, and new processes developed inside and outside the organization. According to Sukmadi, innovation means making new ideas, products, technological information, and practices that are not yet known by many people which are used to encourage major changes in aspects of people's lives and the environment. According to [3] explains that the competitive advantage of a product is one of the determining factors of new product success (so that an innovative product must have an advantage over other similar products). The advantages of new products are very important in a highly competitive global market circle. This advantage cannot be separated from the development of innovative products produced so that they will have an advantage in the market which will then win in the competition.

Product innovation is a change related to efforts to improve or improve existing resources, modify them to make them something of value to create different new things, convert a material into a resource and combine each resource into a new configuration that is more productive either directly or indirectly in an effort to achieve competitive advantage, Research conducted [4] which suggests that product innovation affects competitive advantage.

According to Narver and Slater in [5] defines market orientation as the most effective organizational culture in creating important behaviors for superior value creation for buyers and performance in business. Market orientation has the potential to improve marketing performance, the greater the intensity of competition, the stronger the relationship between market orientation. [6] defines market orientation as the most effective organizational culture in creating important behaviors for the creation of superior value for buyers and performance in business. From this understanding, it can be seen that market orientation is an important factor not only to satisfy customers but also to create performance in a business that can determine the success of a business.

Market orientation is important for companies in line with increasing global competition and changes in customer needs where companies realize that they must always be close to their markets. Market orientation is a business culture where organizations are committed to continuing to be creative in creating superior value for customers. Research such as [7] The effect of market orientation has a positive and significant effect on competitive advantage.

According to Pearce & Robinson in (Fatchuroji et al., 2020) Business strategy planning is a process for determining the mission, objectives, strategies and policies that govern the acquisition and allocation of resources to achieve organizational goals. Business strategy planning is used to formulate, establish and control strategies and formally document organizational expectations[8]. Planning is widely believed to answer all problems. Business strategy planning is the process of determining the mission, goals, strategies and policies that govern the acquisition and allocation of resources to achieve organizational goals. Strategic planning factors, increasingly fierce business competition today causes the need to conduct an environmental analysis to determine the strengths and weaknesses as well as opportunities and threats faced in order to be able to determine competitive strategies to increase competitive advantage.

Strategic planning provides a clear direction for a business. The greater the level of sophistication of the planning process, the better the performance. companies that show higher levels of strategic planning perform better in financial and non-financial indicators compared to those that show low levels of strategic planning. Like research (Suroso & Kristanto, 2022) Strategic planning has a significant effect on competitive advantage strategies.

The role of agriculture in the economy is considered as supporting needs only. Based on developed countries, economic development seems to require a rapid structural

transformation of the economy which initially relied on agriculture and now relies more on industry and services. So the role of agriculture today is to provide sufficient labor and food based on low tariffs for dynamic industrial development as an important sector in the economic development strategy. The role of the agricultural sector in the economy is very important because most people in developing countries depend on the agricultural sector. If there is serious planning, it should pay attention to the welfare of the community by improving the welfare of the people in the agricultural sector. The way that can be taken by increasing the production of food crops and increasing the price of the productivity produced by farmers. [9]

PT. Benih Citra Asia is one of the companies engaged in agriculture, especially the food crop and horticultural seed industry. The type of work carried out at PT. Benih Citra Asia includes all business activities for the production of various types of horticultural plants. Starting from breeding activities to plant production activities whose output is in the form of seeds, where then the seeds are processed and attempted in such a way that the seeds are ready to be marketed to consumers.

In the agricultural industry, competitive advantage is very important for Horticultural Seed Companies in the East Java region in particular. PT. Benih Citra Asia has many similar or the same competitors, To face highly competitive business competition, the importance of a company increasing innovation strategies, market orientation and strategic planning for competitive advantage in the face of many similar companies. The following is a list of similar companies or competitors in East Java.

No.	Company Name	Production Amount	Sales Amount	Profit
1.	PT. Benih Citra Asia (Jember)	390kg	350kg	Rp 648.000.000
2.	PT. Agri Makmur Pertiwi (Kediri)	350kg	200kg	Rp 876.480.000
3.	PT. Benih Inti Subur Intani (BISI) Internasional Tbk. (Sidoarjo)	450kg	400kg	Rp 1.296.000.000
4.	PT. Selektani Holtikultur Surabaya (Surabaya)	350kg	320kg	Rp 565.000.000
5.	PT. Advanta Seed Indonesia (Mojokerto)	325kg	300kg	Rp 530.500.000

From the table above there are 5 Horticultural Seed companies. The company PT Inti Subur Intani (BISI) International Tbk experienced excellence in Total Production of 450kg, Total Sales of 400kg and Profit of IDR 1,296,000,000 in 2023. Then there is the company PT. Advanta Seed Indonesia with Total Production of 325kg, Total Sales of 300kg and Profit of IDR 530,500,000 with the lowest income in 2023. In the company PT Citra Asia Seed in 2023 is in the middle of the middle with a total production of 390kg, total sales of 350kg and a profit of Rp 648,000,000, from the results of these companies PT Citra Asia Seed is not in a superior position and is also not in a low position because there are still many competitors whose total production, total sales and profits are lower than PT Citra Asia Seed, for example, such as the company PT Selektani Horticulture Surabaya and PT Advanta Seed Indonesia.

With the above phenomenon, PT. Benih Citra Asia product innovation, market orientation and strategic planning are weak with a lot of competition, PT Benih Citra Asia must increase practical product innovation in seed product development, and evaluate market orientation so that companies are able to understand consumer needs and preferences well, and mature strategic planning companies can achieve competitive advantage. Overall, the influence of innovation strategy, market orientation and strategic planning is an important phenomenon to pay attention to. Companies that are able to

combine these two strategies well have a better chance of achieving long-term growth, higher profits and a stronger position in the competitive market.

There is a research gap in previous studies, according to (Rahmadi et al., 2020) the results of the study show that innovation has a negative effect on competitive advantage, while according to (Priharti et al., 2021) Market Orientation and Product Innovation affect Competitive Advantage, and according to (Devi Agustini, Erry Sunarya, 2023) The results in this study show that there is a positive and significant influence between strategic planning on competitive advantage.

## 2. Materials and Methods

### Research design

The quantitative approach is used to examine a specific population or sample, with the sampling technique carried out by purposive sampling. The type of research used is a causal relationship, namely studying the causal relationship, namely the extent to which variations in one variable are the cause and the other variable is the result.[10]

### Population and Sample

In this case the population that is the object of research is the employees of PT.Benih Citra Asia. The total population based on the database of PT.Benih Citra Asia is 150 people consisting of 75 permanent employees and 75 non-permanent employees. The sample taken in this study were employees of PT Benih Citra Asia, totaling 75 employees including directors who will be used as respondents in this study.

### Instrument

#### Validity test

Measuring validity is done by correlating the score of the statement items with the total variable score. To find out whether the score of each statement item is valid or not, the following criteria are determined, if  $r_{count} > r_{table}$ , then the variable is valid, If  $r_{count} < r_{table}$ , then the variable is invalid

#### Reliability test

The reliability test can be carried out using the help of the SPSS version 25.0 program which will provide facilities to measure reliability with the Cronbach Alpha ( $\alpha$ ) statistical test with a standard value of 0.60.

### Data analysis

#### Multiple Linier Regression Analysis

Multiple linear regression analysis is used to measure the effect between more than one independent variable on the dependent variable. In this study, researchers used multiple linear regression analysis techniques to test the truth of the hypothesis. The regression equation model used can be formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y = Competitive Advantage

a = Constant Numbers

X1 = Product Innovation

X2 = Market Orientation

X3 = Strategic Planning

$\beta_1, \beta_2, \beta_3$  = Regression Coefficient

e = Confounding Variable

## 3. Results

### Intrument Data Test Results

#### Validity and Reliability Test

Validity and reliability tests are useful for testing the validity and reliability of questionnaires for use. Therefore, validity and reliability testing is conducted, and the

results are presented in table 1. Both tests aim to assess how suitable the data instrument is for use in the study. Both tests are important steps in research.

**Table 1.** Results of Validity Testing

No	Item	Validity		Remarks	Reliability	
		r-value	r-table		Cronbach'sA Ipa	Remarks
1	X1.1	0,811	0,2272	VALID	0,779	Reliabel
2	X1.2	0,785	0,2272	VALID	0,779	Reliabel
3	X1.3	0,661	0,2272	VALID	0,779	Reliabel
4	X1.4	0,853	0,2272	VALID	0,779	Reliabel
5	X2.1	0,754	0,2272	VALID	0,760	Reliabel
6	X2.2	0,859	0,2272	VALID	0,760	Reliabel
7	X2.3	0,850	0,2272	VALID	0,760	Reliabel
8	X3.1	0,868	0,2272	VALID	0,829	Reliabel
9	X3.2	0,863	0,2272	VALID	0,829	Reliabel
10	X3.3	0,860	0,2272	VALID	0,829	Reliabel
11	Y.1	0,779	0,2272	VALID	0,804	Reliabel
12	Y.2	0,804	0,2272	VALID	0,804	Reliabel
13	Y.3	0,758	0,2272	VALID	0,804	Reliabel
14	Y.4	0,885	0,2272	VALID	0,804	Reliabel

Based on the results of validity and reliability testing presented in Table 1, it can be concluded that the tested instrument has been proven to be valid and reliable for use. An instrument is considered valid if the r value > r table and reliable if the Cronbach's Alpha value > r table. Therefore, since all instruments above meet these requirements, all of them can be used in the research.

#### Multiple Linier Regression Test

**Table 2.** Multiple Linear regression test

Variabel	Coefficient	t value	Sig	Remarks
Constant	3.476	-	-	-
Inovasi Produk	0,332	0,339	0,000	Signifikan
Orientasi pasar	0,174	0,139	0,005	Signifikan
Perencanaan Strategi	0,451	0,582	0,000	Signifikan

Based on the results of regression analysis, it is used to test the hypothesis about the partial effect of independent variables on the dependent variable, which is  $Y = 3.476 + 0.332 X_1 + 0.174 X_2 + 0.451 X_3$ . Meanwhile, hypothesis testing in this research is tested for its truthfulness using a partial test. The testing is done by looking at the t value with the statistical value of t table and the significance level (p-value). If the significance level resulting from the calculation is below 0.05, then the hypothesis is accepted; conversely, if the calculated significance level is greater than 0.05, then the hypothesis is rejected. The t-table value is obtained from  $df = n - k$  (75-4), which equals 71. Where n is the sample size and k is the number of research variables. So, to see the t-table, you look at the t-table row 71, which is 1.994.

## Testing the Coefficient of Determinations

Table 3. Testing the Coefficient of Determinations

No.	Kriteria	Coefficient
1.	R	0,934
2.	R Square	0,872
3.	Adjusted R Square	0,867

Based on the results of validity and reliability testing presented in Table 1, it can be concluded that the tested instrument has been proven to be valid and reliable for use. An instrument is considered valid if the  $r$  value  $>$   $r$  table and reliable if the Cronbach's Alpha value  $>$   $r$  table. Therefore, since all instruments above meet these requirements, all of them can be used in the research.

### 4. Discussion

Overall, the research findings support the proposed hypothesis. The following is a discussion of the hypothesis:

#### **The effect of product innovation on competitive advantage at the company PT.Benih Citra Asia (H1)**

From the results of the  $t$  test, it states that the product innovation variable has a positive and significant influence on competitive advantage at the company PT.Benih Citra Asia. This means that product innovation has a very important role in creating and maintaining a company's competitive advantage, product innovation allows companies to create products that are different and unique compared to competitors and can make products more attractive to consumers, difficult for competitors to imitate. Companies improve product quality, performance and features because they provide added value to consumers and make products superior to competitors. By implementing effective product innovation, companies can create unique, high-quality products that are difficult for competitors to imitate, thereby gaining a strong and sustainable competitive advantage.

The results of this study are also supported by previous research conducted by [11] which states that "product innovation has a significant effect on competitive advantage. The large contribution of the product innovation variable shows that respondents really want product innovation so that they tend to rate product innovation in the very good category. Because entrepreneurs feel the need to develop or expand their products to meet consumer needs while still paying attention to consumer tastes or desires, so that products that have developed and sold in the market are able to increase market share. Product innovation is a way to increase value as a key component of the success of a business operation that can bring companies to have a competitive advantage and become market leaders (Tandia & Iriani, 2018). According to (Hubeis, 2012) explains that product innovation is a change related to efforts to increase or improve existing resources, modify them to make them something of value to create different new things, change a material. [12]

#### **Market orientation on competitive advantage at the company PT.Benih Citra Asia (H2)**

From the  $t$  test results, it states that the market orientation variable has a positive and significant influence on competitive advantage at the company PT.Benih Citra Asia. Market orientation refers to the extent to which an organization focuses on the needs and desires of customers and the competitive environment. Market orientation has proven to be an important factor that can drive the creation of competitive advantage for organizations. By understanding customers, monitoring competitors and integrating various functions, organizations can develop unique capabilities that are difficult to imitate and provide superior value to customers.

These results are supported by research conducted by [13] proving that market orientation has a positive influence on competitive advantage. Companies that implement market orientation have advantages in terms of customer knowledge and these advantages can be used as a source for creating products that match customer wants and needs. The main keys to product success to win the competition include being able to understand consumer desires and the conditions of competitors in the market so that the products produced are of greater value and able to compete with competing products.[14]

### **Product strategy planning on competitive advantage at the company PT.Benih Citra Asia (H3)**

From the t test results, it states that the strategic planning variable has a positive and significant influence on the competitive advantage of the company PT.Benih Citra Asia. Strategic planning is an important process for an organization to achieve its long-term goals, through strategic planning, the organization can identify and take advantage of existing opportunities and anticipate challenges and threats that may be faced. By conducting comprehensive strategic planning, companies can develop strategies that are in line with their resources and capabilities, and are responsive to market dynamics. This will ultimately help the company achieve a sustainable competitive advantage.

These results are supported by research conducted [15] proving that strategic planning has a significant effect on the competitive advantage of the company. This proves that strategic planning in companies has an impact on competitive advantage, strategic planning that has been well organized and implemented in the company is needed by the company in achieving company goals or goals [16].

## **5. Conclusion**

Based on the results of data analysis and discussion that has been described, the following conclusions can be drawn:

1. Product Innovation Variable (X1) partially has a positive and significant influence on competitive advantage at the company PT.Benih Citra Asia Jember. The results of these findings mean that product innovation is very helpful for companies to compete for market share so that it affects competitive advantage [17].
2. The Market Orientation variable (X2) partially has a positive and significant effect on the competitive advantage of the company PT.Benih Citra Asia Jember [18]. The results of these findings mean that market orientation is very helpful for companies to compete on market share so that it affects competitive advantage [19].
3. Variable Strategic Planning (X3) partially proves that this variable has a positive and significant influence on the competitive advantage of the company PT.Benih Citra Asia Jember. The results of these findings mean that strategic planning is very helpful for companies to compete on market share so that it affects competitive advantage [20].

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