

# Competitive Advantage in Cost Leadership and Differentiation of SMEs “Bakoel Zee” Marketing Strategy in BSD

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## Competitive Advantage in Cost Leadership and Differentiation of SMEs “Bakoel Zee” Marketing Strategy in BSD

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### ABSTRACT

The purpose of this study was to measure the strategy implementation of cost leadership and differentiation to its competitive advantage in the SMEs culinary business. The design or method which is used in this study is a multiple linear regression statistical analysis by the independent variable (X) products Nasi Bakoel as Cost leadership (X1) and product Dimsum as Differentiation (X2). While the dependent variable (Y) Total Sales as its competitive advantage. The findings of this study is simultaneously cost leadership and differentiation positive and significant impact on the competitive advantage, while individually the effect is greater than the cost leadership differentiation to competitive advantage. This research is also expected to be a reference for further studies with similar problems in the future.

**Keywords:** Culinary; SMEs; marketing strategies; Bakoel Zee.

## INTRODUCTION

Culinary business is one kind of business that nowadays had been developing so much and holds quite a huge potential for growth. There have been many examples of successful people who benefited from this kind of businesses. Though it doesn't mean there aren't cases of unsuccessful attempts due to bad marketing strategies and the lack of good services. This means that the success of a culinary business in winning a competition was influenced by accurate marketing strategies and also a good connection or relationship with the customers (Ahmad et al., 2015; Akib et al., 2015; Budi et al., 2015; Limpo et al., 2015; Papilaya et al., 2015; Rengifurwarin et al., 2018; Syam et al., 2018).

Even though there's no particular limit to a culinary business, the increasing number of restaurants in Indonesia could be a parameter to determine the development of this business. According to the data from BPS (2017), the total of culinary business players in Indonesia has been increasing every year but with declining growth. The biggest growth is at 27,7% in 2013, but slows down the following years until finally it's at 2,07 percents in 2016.

Table 1. The Total of Restaurant (Big and Middle Scale) in Indonesia

Year	Total
2012	1.615
2013	2.235
2014	2.704
2015	2.916
2016	2.977

Source: BPS (2017)

Culinary business in Indonesia was dominated by small scale to middle scale businesses. According to GPMI in Jawapos (2017), 70 percents of the players in this industry are small to middle scale businesses. In South Tangerang itself, at least there are 5.000 units of those small to middle scale businesses, 50 percents of it were dominated by food industries (Skalanews, 2017). Culinary business was considered to be the top choices among people, as it seemed easier than any other types of businesses (Sakaguchi et al., 2018). This, in fact, is not quite true as this business relies on a lot of innovations and a sustainable creativity.

The tight competition, pushed companies to determines the most suitable marketing strategies for them so they could stays in the game. Each companies must have had different strategies to reach a competitive benefits. There are 3 general strategies that companies tend to use as a struggle to develop their business in a tight competition in order to reach and maintain competitive benefits. Porter (1997) mentioned those 3 strategies as *Differentiation Strategy*, *Cost Leadership*, and *Focus*. *Cost Leadership* is a strategy in which by reducing the cost so that the output costs will end up being lower than the companies who applied *Differentiation Strategy* and *Focus*.

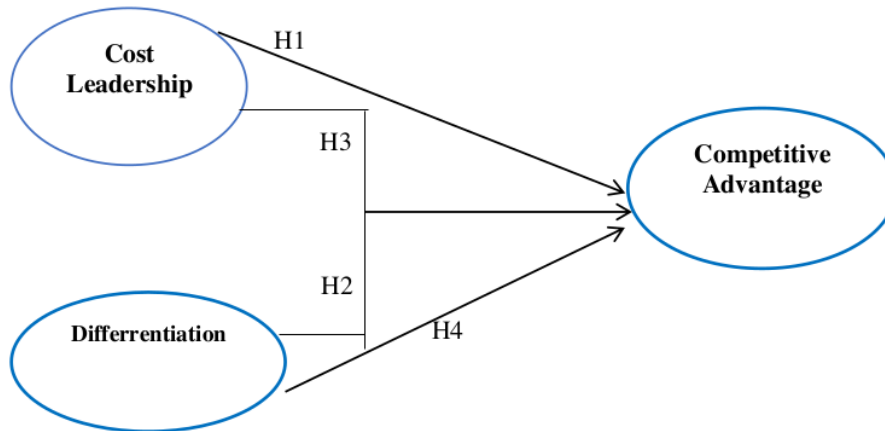
*Cost Leadership Strategy* helps allow the company to reach larger benefits because that company could pressed down the production cost thus resulting in a more competitive price and will raise the profits (Ahidin et al., 2020; Sunarsi, 2014b, 2014a, 2017, 2018; Sunarsi & Erlangga, 2020). In other words, the performance of that company will be better. (Valipour et al., 2012) explained that a company who applied the *Cost Leadership Strategy* had its *financial leverage, business strategy and dividends payout* had positive influences toward the company's performances.

The rise of company's performance who applied *Cost Leadership Strategy* was accomplished by a strict control of costs. A company should work to minimize the costs in every aspects of business. In this case, the company should emphasizes on efficiency where that company produces a large volume of standard products.

The purpose of this research is to measure the application of *Cost Leadership Strategy* and *Differentiation Strategy* towards the benefits of competing in culinary business exclusively the "Bakoel Zee" SMEs which had a rapid development. This research is done descriptively by trying to analyze a culinary business phenomenon which caused a stir in South Tangerang and South Jakarta area. A similar research had been done by Sancoko (2015) on culinary business development strategies of "Time to Eat" depot in Surabaya.

### Hypothesis

Low cost strategy and Differentiation strategy were applied by companies to reach competitive advantage than the other competitors in the market (Barney, 1995; Day & Nedungadi, 1994; Flint, 2000; Jogaratnam, 2017; Klein, 2002; Kuncoro & Suriani, 2018; Pfeffer, 1994). With that in mind, there is an influence of low cost strategy and differentiation strategy towards the advantages a company hoped to gain. As with previous explanation, the research design that should be born is as follow:



picture 1. Research Design

This research's hypothesis are:

1. There's a significant influence of *Cost Leadership Strategy* towards a competitive advantages
2. There's a significant influence of *Differentiation Strategy* towards a competitive advantages
3. There's a significant influence of both *Cost Leadership* and *Differentiation* towards a competitive advantages

### METHOD

This research was done descriptively focusing on cases which are detailed researches of an object in particular range of time, done deeply in a complete manner and make use of various data as resources (Hancock & Algozzine, 2006). In the correlation with time and place, the object of the studies is contemporary, which is still happening or already done but left many impacts and influences (strong or particular) when the study begins (Yin, 2003). Yin also said that the most suitable case study of this research is one which had no control over events.

### Variable Operationalization

#### 1. Cost Leadership

Cost Leadership is a formula which is used to determine the main burden of production which in turn resulted in lower cost to grab a particular market segment (L. W. Porter et al., 1974; M. E. Porter, 1997).

## 2. Differentiation

Differentiation in this study is the presence of uniqueness from a product that could be compared from similar products from other businesses (Hilman & Kaliappen, 2014).

## 3. Competitive Advantage.

Competitive Advantage is a result of strategy application by a company with these indication: resulting products, segment of market gained, or market share gained (Bharadwaj et al., 1993).

## Analysis and Explanation

There are 2 products to become this research variables: 1) **BAKOEL ZEE Nasi Bakoel** is *Cost Leadership* variable due to its cheaper price than other business's product like SINBAD, Abu Nawas, Abu Salim, and even compared to the other menu inside the restaurant itself, and 2) **BAKOEL ZEE DIMSUM and variances** is *Differentiation* variable due to its unique presence that no other SMEs had.

The data that are used in this research came from sales data from May to July 2016. The sum comes in 84 data from the outlet in BSD, Banten.

## RESULT AND DISCUSSION

### Regression Result

Before conducting the regression method to the research models, the hypothesis which resulted in this was done as follows:

$$Total\ Sales = 1941063.148 + 1.876FNC + 2.135FNP + E$$

Table 2. Regression Result

Model	R	R Square	Model Summary <sup>b</sup>		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
2	.977 <sup>a</sup>	.955	.954	1180184.68125	2.217

a. Predictors: (Constant), SALESBZNB, SALESBZDS

b. Dependent Variable: TOTALSALES

Going by the output above, we can see that the value of DW is 2.217. Next this value will be compared with the value of significant table (5%), the total of samples (N=82), and the total of independent variables 2(K=2) = 2.82. Then we get the value of du 1.6913. The value of DW is 2.217 times larger than the limit (du) which is 1.6913 and less than (4-du) 4-1.6913 = 2.3087. Se we can conclude that there are no autocorrelation in the above regression models.

### Simultaneous Influence Test (F-test)

F-test or usually called Simultaneous test and Anova test, is used to watch the influence of all independent variables towards dependent variables. F-test is also used as an indicator as to whether the regression model is significant or not. This test use level of significance with 1 percent, 5 percents and 10 percents of probability. The criteria for receiving area (H<sub>0</sub>) or

rejection in F-test were done by comparing F-test with degree of numerator (k) and degree of denominator (n-1-k), where n is the sum of all samples and k is the sum of all independent variables in this test. With samples as many as  $n = 82$ , df denominator = 79 and df numerator = 2. From the distribution table, we get the value of  $F_{table} = 4.88$  for  $\alpha = 1$  percent, 3.11 with  $\alpha = 5$  percents and  $F_{table} = 2.37$  with  $\alpha = 10$  percents. The value of Fstat which is larger than  $F_{table}$ , shows that there is a significance influence between independent variables together towards dependent variables.

**Table 3. Simultaneous Influence Test (F-test)**  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2339310751882097.000	2	1169655375941048.500	839.765	.000 <sup>b</sup>
1 Residual	110034034666683.270	79	1392835881856.750		
Total	2449344786548780.500	81			

a. Dependent Variable: TOTALSALES

b. Predictors: (Constant), SALEBZNB, SALESBZDS

The table above shows that there is a value of probability Fstat is 0,000 smaller than  $\alpha = 1$  percent. Thus we can conclude that the value Fstat is significant.

#### The Result of Testing the Hypothesis of Time Series Equivalent Model

The testing was done by observing the significance of correlation from each dependent variables. On the table below, shows that the positive value of coefficient depicted that the dependent variable stands perpendicular towards the variables that influenced it. On the other side, the negative value of coefficient depicted that the dependent variable stands inversely towards the variables that influenced it.

**Table 4. Result of Testing the Hypothesis**  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1941063.148	358370.358		5.416	.000		
1 SALESNKL	1.876	.121	.658	15.566	.000	.318	3.145
SASALESNKABM	2.135	.250	.360	8.523	.000	.318	3.145

a. Dependent Variable: TOTALSALES

Going by the table above, it was discovered that BZNB sales free variables reach the value of 1.876 with positive value which means BZNB sales had a positive influences towards the overall sales. The same goes with BZDS sales which got the positive value of 2.135 which means that BZDS sales also had a positive influences towards the overall sales

According to the result of regression analysis, we get the value of t is  $15.566 > t_{table} 1.984$  and the value of significance is  $0.000 < 0.05$ . Thus we can conclude that  $H_0$  is rejected while  $H_1$  is accepted which means BZNB sales had a significance influence towards the overall sales. Meanwhile, with BZDS sales free variable it was discovered that the value of t is  $8.523 > t_{table} 1.984$  and the significance value is  $0.000 < 0.05$ . So we can say that  $H_0$  is rejected and  $H_1$  is accepted, which means just like BZNB sales, BZDS sales also had a significance influence towards the overall sales.



## CONCLUSION

Using F-test, it was proven that *Cost leadership* which used ***Bakoel Zee Nasi Bakul*** and *Differentiation* which used ***Bakoel Zee Dim Sum*** simultaneously had a positive influence and significance toward the Competitive Advantage. While individually, using T-test, it was proven that *Cost leadership* had a positive influence and significance toward the Competitive Advantage. Also *Differentiation* had a positive influence and significance toward the Competitive Advantage.

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