Analyzing the Impact of Product Innovation and Digital Marketing on Enhancing Competitive Advantages in Sasirangan Cloth MSMEs

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Abstract
This study explores the impact of product innovation and digital marketing on the competitive advantage of MSMEs in Banjarmasin. Employing a quantitative approach with 45 MSMEs as the population, the research uses a saturated sampling technique for data collection through a structured questionnaire. Multiple linear regression analysis is employed for data analysis. The findings indicate that product innovation positively and significantly influences the competitive advantage of Sasirangan Kain MSMEs in Banjarmasin, allowing them to differentiate and gain an edge over competitors. Additionally, digital marketing significantly contributes to their competitive advantage by effectively reaching target customers and fostering a strong brand presence. Emphasizing continuous innovation and adopting digital marketing strategies are crucial for achieving sustainable competitive advantages in this market. Policymakers and MSMEs should prioritize these aspects to thrive in the dynamic business landscape. These research findings offer valuable insights, highlighting the significance of product innovation and digital marketing as essential drivers of competitive advantage for MSMEs in Banjarmasin.

Keywords: Competitive Advantage, Digital Marketing, Product Innovation, MSMEs, Banjarmasin

Abstrak

Kata Kunci : Keunggulan Bersaing, Digital Marketing, Inovasi Produk, UMKM, Banjarmasin
INTRODUCTION

According to the Ministry of Cooperatives and SMEs, there were 65.46 million SMEs in 2019, making up 99.9% of all business entities. These small businesses, known as UMKM, play a significant role in our country's economy, providing employment opportunities to a large number of workers. MSMEs are vital contributors to the country's revenue generation and facilitate the export of goods to other nations. The Table 1 below displays the KPJU UMPK data on superior products in South Kalimantan:

The data reveals that rice, tilapia, sasirang tie-dye, rubber, woven crafts, (mixed) food stalls, traditional cakes, catfish, fishery products, and palm oil are the leading products in South Kalimantan, aligning with the region's economic structure. One creative business that supports tourism growth in the Banjar community at KPJU Featured Products in South Kalimantan is the Sasirangan Cloth Craft, found in various areas, including Banjarmasin, Banjarbaru, Tapin, Hulu Sungai Utara, and Barito Kuala.

Sasirangan cloth holds a special place as the hallmark of Banjarmasin, representing one of Indonesia's creative craft industries originating from culture and providing employment opportunities to its residents. The city government recognizes the importance of Sasirangan craftsmen and supports their commitment to developing this unique product, representing the people of South Kalimantan, particularly Banjarmasin.

<table>
<thead>
<tr>
<th>Tabel 1</th>
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<tbody>
<tr>
<td>Komoditas/Produk/Jenis Usaha (KPJU) Unggulan di Kalimantan Selatan</td>
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<td><strong>Ranking</strong></td>
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</tbody>
</table>

*Sumber: BI (diolah).2021*

This research focuses on Sasirangan Cloth SMEs, producing products reflecting the cultural heritage and noble values of South Kalimantan, which need preservation. People need to appreciate Sasirangan for its uniqueness and beauty, further emphasized by its innovative motifs, shapes, and patterns. Sasirangan business craftsmen are found throughout Banjarmasin, and two Sasirangan villages have emerged, with 16 UMKM Sasirangan fabrics across from the mosque and 29 MSMEs in Sei. Jingah.

The Sasirangan MSME sector significantly influences South Kalimantan's
economy, having been proclaimed as an icon of the region and endorsed as regional clothing by the Governor. This provides a significant opportunity for the Sasirangan cloth industry's progress, contributing to increased employment opportunities.

However, the reality falls short of expectations, as Sasirangan cloth is not widely used by the general public in Kalimantan, with many preferring fabrics from outside the region, particularly Javanese cloth, due to its affordability, designs, and superior motifs.

To maintain dynamism in the rapidly changing business environment, Sasirangan Fabric SMEs need a competitive advantage strategy. Challenges include common product designs and a lack of innovation in creating new motifs and variations. Furthermore, Sasirangan fabrics are not extensively introduced to areas beyond Kalimantan, affecting marketing and promotion efforts. Despite its uniqueness, Sasirangan has yet to compete effectively with fabrics from other regions. To achieve a competitive advantage, Sasirangan Fabric MSMEs should focus on factors that influence their competitive position. Notably, a study in Selangor, Malaysia, titled "The effects of market orientation and innovation on competitive advantage and business performance of textile SMEs in 2019," indicated that SMEs can achieve a competitive advantage and improved business performance through market orientation and innovation (Udriyah, Jacqualine, & S, 2019). Similarly, in the furniture industry, another study explores the sources and outcomes of competitive advantage, underscoring the significance of considering factors influencing competitive advantage.

The Sasirangan MSME sector significantly influences the economy of South Kalimantan. Sasirangan cloth SMEs hold a competitive advantage, symbolizing the region and endorsed as regional clothing by the Governor. This presents a significant opportunity for progress and development, creating ample employment opportunities.

However, the reality falls short of expectations as Sasirangan cloth is not widely embraced by the general public in Kalimantan, despite some works being registered as intellectual property. People tend to prefer cloth from outside the area, particularly Javanese cloth, for important events due to its affordability, superior designs, and motifs.

To maintain dynamism in the rapidly changing business environment, Sasirangan Fabric SMEs require a robust competitive advantage strategy. In Banjarmasin, these SMEs face challenges with common product designs, a lack of innovation in creating new motifs and variations, and inadequate marketing and promotion efforts beyond Kalimantan. Despite its uniqueness, Sasirangan is unable to compete effectively with fabrics from other regions, hindering its industry's competitiveness in Banjarmasin.

Achieving a competitive advantage, the Sasirangan Fabric MSME business should pay attention to factors influencing their position in the market. While the study "The effects of market orientation and innovation on competitive advantage and business performance of textile SMEs in Selangor, Malaysia in 2019" indicates SMEs in Selangor can achieve a competitive advantage and improved business performance through market orientation and innovation (Udriyah, Jacqualine, & S, 2019), another study on the furniture industry emphasizes that innovation is the main source of competitive advantage. Companies that innovate in product design based on customer preferences thrive in the competitive landscape because their products remain in demand (Drodge, Shownee, & Markland, 1994).

To ensure sustainable business growth for MSMEs, creating products with competitive advantages is essential, and innovation plays
a crucial role in developing effective competitive advantage strategies. Research on innovation can lead to high-quality products that capture public attention (Zimmerer, 1996). Food and Beverage SMEs in Cirebon City's Harjamukti Region affirm that product innovation positively influences their competitive advantage (Curatman, Rahmadi, Maulany, & Ikhsani, 2016).

In the Sasirangan business, field observations reveal ongoing product innovation focused not only on beautiful motifs and patterns from natural Kalimantan leaves but also on various manufacturing processes. Innovations such as Sasirangan Embroidery, utilizing embroidery techniques with conventional products, and experimenting with different coloring materials from local plants have emerged. Furthermore, Sasirangan product innovation extends beyond cloth and clothing into various extraordinary art products, broadening its appeal to wider markets.

Amidst today's rapid information technology development, leveraging digital marketing through social media platforms can provide a competitive edge. Colgate emphasized the importance of information technology, particularly marketing information system technology, in creating sustainable competitive advantages (Colgate, 1998). Digital marketing, such as using WhatsApp, Instagram, Tiktok, and Facebook, can enhance brand awareness, increase sales volume, and strengthen competitive advantage, as seen in research on UMKM Bags in Bogor Regency (Zuhdi, Muniroh, & Eldine, 2021).

In Banjarmasin, most Sasirangan cloth MSMEs have adopted digital marketing through social media for product promotion, but there is room for improvement. Utilizing social media more effectively, emphasizing product advantages, quality, and craftsmen's creativity, can build trust and confidence among online consumers, encouraging them to transact and shop online. Given the growing preference for online shopping, instilling confidence in product quality through visual presentation and accurate descriptions becomes crucial for MSMEs' success.

Preliminary observations on digital marketing reveal that 5 out of 10 MSME owners of Sasirangan Fabric encounter obstacles in business development, mainly due to a lack of digital marketing skills. This deficiency stems from inadequate knowledge and skills in online marketing and difficulties in obtaining endorsements to promote products, often due to budget constraints.

The weaknesses of SMEs in enhancing their competitive advantage are partly attributed to their limitations, including an inability to adapt to the evolving business environment, seize opportunities, and innovate to proactively address challenges. While some Sasirangan fabric MSME craftsmen sell their products through online platforms like Instagram and WhatsApp, most still rely on traditional offline stores. Utilizing artist/celebgram endorsements or collaborating with public figures and participating in large markets and malls are options that have not been fully explored. Despite recognizing the significance of digital marketing, especially in the aftermath of the Covid-19 pandemic, most MSMEs lack a comprehensive understanding of digital marketing and have not received specific training in this area.

Based on the insights into innovation, digital marketing, and their impact on competitive advantage, the research problem is formulated as follows: 1) Does product innovation influence the competitive advantage of Sasirangan Fabric SMEs in Banjarmasin City? 2) Does digital marketing influence the competitive advantage of Sasirangan cloth SMEs in Banjarmasin City?

Theoretical Review

Competitive Advantage

Competitive advantage refers to the
superiority a company gains over its competitors by providing consumers with greater value (Kotler & Armstrong, 2016). Philip Kotler and Gary Armstrong outline five key objectives for achieving competitive advantage, namely: establishing appropriate positioning, retaining customers, gaining new market share, maximizing sales, and achieving effective business performance (Kotler & Armstrong, 2016).

Droge et al. identify three dimensions of competitive advantage, namely: marketing competency (differentiation), product design and development (innovation), and quality and manufacturing competency (Droge, Shownee, & Markland, 1994). These three dimensions serve as measures for assessing competitive advantage.

**Product Innovation.**

Traditionally, innovation has been associated with the success of introducing new products. Product innovation involves a series of interconnected processes, not limited to new ideas, inventions, or market developments, but rather an illustration of all these processes combined. It represents the ability to capture people's thoughts and imaginations, ultimately leading to attracting customers (Zimmerer, Scarborough, & Wilson, 2008).

For companies to survive and thrive in the market, continuous innovation is essential, as customer needs and preferences are constantly evolving. Without innovation, customers may turn to other businesses that meet their changing requirements. Product innovation encompasses three dimensions: product quality, product variants, and product style and design (Kotler & Armstrong, 2016).

**Digital Marketing.**

The influence of digital technology has transformed communication, behavior, and decision-making patterns. Marketing activities have become inseparable from the impact of digital technology. Digital marketing, as defined by Chaffey, is the utilization of internet and digital technologies alongside traditional communication methods to achieve marketing objectives (Chaffey & Ellis-Chadwick, 2016). It encompasses branding through various web-based media, such as blogs, websites, email, and social media. Digital marketing enables businesses to engage with consumers in real-time, creating more interactions and measurable results. It is a cost-effective strategy that facilitates direct interactions between businesses and consumers, enhancing overall profitability (Tarigan & Sanjaya, 2013).

Building a digital marketing strategy typically involves several stages, including situation analysis, strategic planning, setting objectives related to tasks, quantity, and time, implementation plan, budget allocation, and evaluation plan (Youn Kyung & Kim, 2004). Digital marketing effectiveness is measured across four dimensions: interactive, incentive, site design, and cost (Youn Kyung & Kim, 2004).

**Conceptual Framework and Hypotheses**

Several previous studies, such as "Market Orientation And Product Innovation To Increase Competitive Advantages And Its Impact On Marketing Performance" (Harjadi, Fatmasari, & Nurhasanah, 2020), "The effects of market orientation and innovation on competitive advantage and business performance of textile SMEs in Selangor, Malaysia" (Udriyah, Jacqualine, & S, 2019), and "The Influence of Market Orientation, Product Innovation and Creativity on Creative Industry Performance to Achieve Competitive Advantage (Study on Creative Industries Joining Malang Creative Fusion)" (Anjaningrum & Sidi, 2018), have shown that there is a positive influence of product innovation on competitive advantage.

Similarly, other studies such as "Effect of
Price and Digital Marketing on Competitive Advantage" (Zuhdi, Muniroh, & Eldine, 2021) and "Strategic Innovation Management and Adoption of Digital Marketing Efforts to Build Competitive Advantage and Business Performance of IKM Trosa Weaving, Jepara Regency" (Swastuti, 2018) have indicated that digital marketing also has a positive impact on competitive advantage.

Drawing on these findings, the conceptual framework and hypotheses for this study, which investigates the effect of product innovation and digital marketing on competitive advantage in Sasirangan SMEs in Banjarmasin City, can be formulated as follows:

![Conceptual Framework](image)

**Figure 1. Conceptual Framework**

Source: Author 2023

**Notes:**
- H1: Product Innovation positively affect the Competitive Advantage of Sasirangan SME's
- H2: Digital Marketing positively affect the Competitive Advantage of Sasirangan SME's

### RESEARCH METHODS

**Research Approach**

This research adopts a quantitative approach, specifically explanatory research, aimed at establishing the influence of product innovation and digital marketing on the competitive advantage of UMKM Sasirangan Fabrics in Banjarmasin City (Sugiyono, 2018). Explanatory research helps in understanding the extent to which these variables impact the UMKM Sasirangan Fabrics' competitive advantage. The research population consists of business actors, owners, and craftsmen from UMKM Sasirangan Fabrics in two villages, namely Sei Jingah and Opposite the Mosque, in Banjarmasin City, totaling 45 individuals. The sampling technique used is census sampling, where the entire population is included as samples. Data collection occurred from February to April 2022 through the distribution of questionnaires.

**Data Collection Method**

To assess product innovation, a Likert scale is utilized with three dimensions: product quality, product variants, and product design style (Kotler & Armstrong, 2016). The questionnaire includes statements about the durability and reliability of sasirangan products, active creation of new designs, variety in products, and following design trends to demonstrate innovation.

For digital marketing assessment, a scale with four dimensions is used, namely Interactive, Incentive, Site Design, and Cost (Youn Kyung & Kim, 2004). The questionnaire statements cover aspects like digital marketing providing product information, facilitating consumer inquiries, helping consumers access products, effectively handling customer complaints, reducing promotional expenditure costs, and successfully reaching consumers.

Regarding the Competitive Advantage variable, three dimensions are considered:
marketing competency (differentiation), product design and development (innovation), and quality and manufacturing competency (price) (Drodge, Shownee, & Markland, 1994). The questionnaire statements focus on products with unique characteristics that are difficult to imitate, distinct and unique designs, products that do not easily fade after washing, offering high-quality products compared to competitors, and providing competitive pricing.

Data Analysis

The data collected is subjected to multiple linear regression analysis to ascertain the impact of Product Innovation and Digital Marketing variables on the competitive advantage of UMKM Sasirangan Fabrics in Banjarmasin City. Multiple linear regression analysis is appropriate for this research as it allows for the examination of the relationship between multiple independent variables and the dependent variable (competitive advantage). This analysis helps to predict how changes in the independent variables (Product Innovation and Digital Marketing) influence the dependent variable when they are manipulated (increased or decreased) (Sugiyono, 2018).

RESULTS & DISCUSSION

Description of Respondents

The study provides insights into the characteristics of the respondents, which include gender, age, length of business, education, and marital status (Robins, 2016). The respondents consist of 25 men and 20 women, indicating a nearly equal representation of both genders. The majority of respondents fall into the age range of 48 years and above, accounting for 17 individuals. The Sasirangan cloth businesses surveyed have been operational for a period ranging from 4 to 27 years. In terms of education, 60% of respondents have completed high school, and 97% of them are married.

Product Innovation

The results of the frequency distribution of Product Innovation indicate that the Product Quality indicator has a mean value of 3.64, with 73.3% falling under the "Good" category. This suggests that Sasirangan cloth products are perceived to have durability and reliability compared to other products. The Product Variance indicator has a mean value of 3.82, with 80% falling under the "Good" category. This indicates that MSMEs have been actively creating new designs for Sasirangan products, resulting in product variety.

Furthermore, the Product Style and Design indicator has a mean value of 3.91, with 79.6% falling under the "Good" category. This suggests that the design of Sasirangan products follows the latest trends, even though not all MSMEs adopt these new trends. The high percentage of product variance (80%) indicates that innovative Sasirangan cloth product variants contribute to business survival, especially in the current competitive market.

Digital Marketing

The results of the Digital Marketing frequency distribution from the Interactive indicator show a mean value of 3.53, with 70% falling under the "Good" category. This indicates that digital marketing effectively provides information about Sasirangan products to consumers. The use of digital marketing facilitates consumer inquiries and feedback about Sasirangan product designs. Additionally, the Incentive indicator has a mean value of 3.92, with 77.1% falling under the "Good" category. This reveals that digital media assists consumers in accessing Sasirangan cloth products and is more effective in handling customer complaints. Digital marketing also proves to be efficient in marketing products to consumers.

Moreover, the Site Design indicator has a mean value of 3.74, with 74.2% falling under the "Good" category. This suggests that the displayed Sasirangan designs on social media are varied and attractive to consumers, enhancing the appeal of the products.

Lastly, the Cost indicator has a mean value of 3.72, with 73.8% falling under the "Good" category. This indicates that digital marketing helps reduce promotional expenses and expands the reach to a broader audience.
Competitive Advantage

The study explores the competitive advantage of UMKM Sasirangan Fabrics based on the respondents' answers to various indicators.

Product Uniqueness: The results from the Product Uniqueness indicator show a mean value of 4.14, with 82.9% falling under the "good" category. This indicates that the designed Sasirangan products possess special characteristics that are difficult for competitors to imitate. The business actors' ability to create products with unique designs that stand out from others is highly valued by consumers.

Product Quality: The respondents' answers to the Product Quality indicator resulted in a mean value of 3.82, with 76% falling under the "good" category. This suggests that business actors can guarantee the durability and reliability of Sasirangan products, and they offer high-quality products compared to their competitors. The focus on maintaining product quality is perceived positively by consumers.

Competitive Prices: The average result from the Competitive Prices indicator is 3.64, with 71.7% falling under the "good" category. This implies that the price offered for Sasirangan products is aligned with the quality consumers receive, making it a competitive choice compared to other businesses. Business actors' ability to offer competitive prices and even lower prices than competitors enhances their competitiveness.

Overall Competitive Advantage: The highest result in the Competitive Advantage variable comes from Product Uniqueness, with a percentage value of 82.9%. Respondents emphasized the importance of having unique Sasirangan products, as the distinctiveness and attractiveness of the designs contribute significantly to the success and development of their businesses.

Reliability and Validity Test

The researchers conducted a validity test for Product Innovation (X1), Digital Marketing (X2), and Competitive Advantage (Y) variables, and the results confirmed their validity. Similarly, a reliability test was performed for Product Innovation, Digital Marketing, and Competitive Advantage, and the Cronbach's Alpha values exceeded the standard value of 0.60, indicating good reliability.

Hypotheses Testing

The multiple regression equation formulated based on the t-test results is:  
\[ Y = 7.336 \alpha + 0.294X1 + 0.993X2 + 3.215e \]  
The coefficient of determination (R-square or R2) was used to determine the influence of the independent variables on the dependent variable, resulting in an R-square value of 0.859, indicating that 85.9% of the variation in the dependent variable (Competitive Advantage) can be explained by the independent variables (Product Innovation and Digital Marketing), while the remaining 14.1% is influenced by other factors.

Regarding the t-test results, the t-values for Product Innovation (X1) and Digital Marketing (X2) were compared to the t-critical value of 4.405, and 7.182, respectively, both with significance levels below 0.05. This indicates that both Product Innovation and Digital Marketing significantly influence the Competitive Advantage of Banjarmasin Sasirangan Fabric SMEs. Therefore, Hypothesis one (H1) and Hypothesis two (H2) are accepted.

The correlation coefficient (R) of 0.927 or 92.7% indicates a very high correlation between Product Innovation (X1) and Competitive Advantage (Y) as well as between Digital Marketing (X2) and Competitive Advantage (Y).

The F-test results in Table 2 demonstrate that both Digital Marketing and Product Innovation have a significant combined effect on the Competitive Advantage of Banjarmasin Sasirangan Cloth SMEs. The F-value of 152.725 is greater than the F-table value at a significance level of 0.000 < 0.05, indicating that the multiple linear regression model used in the study is feasible in explaining the influence of the independent variables on the dependent variable. Thus, it can be concluded that the Competitive Advantage of Sasirangan Fabric SMEs in Banjarmasin City is influenced by both Digital Marketing and Product Innovation.
Tabel 2. Item Validity and Reliability Test

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Correlation</th>
<th>Alpha</th>
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<tbody>
<tr>
<td><strong>Product Innovation (X1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1.1</td>
<td>Sasirangan fabric products possess durability.</td>
<td>0.904</td>
<td>0.979</td>
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<tr>
<td>X1.2</td>
<td>Sasirangan cloth products exhibit good quality.</td>
<td>0.943</td>
<td></td>
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<tr>
<td>X1.3</td>
<td>They have the reliability of other products.</td>
<td>0.943</td>
<td></td>
</tr>
<tr>
<td>X1.4</td>
<td>The company actively creates new designs for the products being sold.</td>
<td>0.687</td>
<td></td>
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<tr>
<td>X1.5</td>
<td>The Sasirangan Fabric products that I sell are highly diverse.</td>
<td>0.930</td>
<td></td>
</tr>
<tr>
<td>X1.6</td>
<td>The Sasirangan product designs that are sold follow the latest trends.</td>
<td>0.948</td>
<td></td>
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<tr>
<td><strong>Digital Marketing X2</strong> (Source: Anjaningrum, (2018), Zuhdi (2021), Hendrawan (2019), Swastuti (2018))</td>
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<tr>
<td>X2.1</td>
<td>Digital marketing delivers product information to consumers.</td>
<td>0.903</td>
<td>0.939</td>
</tr>
<tr>
<td>X2.2</td>
<td>The use of digital marketing can make it easier for consumers to ask questions.</td>
<td>0.702</td>
<td></td>
</tr>
<tr>
<td>X2.3</td>
<td>It is responsible for the design of Sasirangan cloth products.</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>X2.4</td>
<td>Through digital media, it helps consumers access Sasirangan cloth products.</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>X2.5</td>
<td>Digital media is more effective in handling customer complaints.</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>X2.6</td>
<td>Sasirangan cloth designs are displayed on social media.</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td>X2.7</td>
<td>Many kinds of Sasirangan cloth designs in digital marketing attract consumers.</td>
<td>0.790</td>
<td></td>
</tr>
<tr>
<td>X2.8</td>
<td>The use of digital marketing can reduce expenses for promotion.</td>
<td>0.903</td>
<td></td>
</tr>
<tr>
<td><strong>Competitive Advantage Y</strong> (Source: Rahmadi (2016), (2019), Swastuti (2018))</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Y.1</td>
<td>The Sasirangan fabric product that I designed has special characteristics that are difficult for competitors to imitate.</td>
<td>0.766</td>
<td>0.959</td>
</tr>
<tr>
<td>Y.2</td>
<td>Business actors make the products displayed preferred by consumers by having a unique design different from the others.</td>
<td>0.885</td>
<td></td>
</tr>
<tr>
<td>Y.3</td>
<td>Entrepreneurs can guarantee that the product does not fade easily when washed.</td>
<td>0.894</td>
<td></td>
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<tr>
<td>Y.4</td>
<td>They offer higher quality products than competitors.</td>
<td>0.885</td>
<td></td>
</tr>
<tr>
<td>Y.5</td>
<td>The price offered is in accordance with the quality that consumers will get.</td>
<td>0.766</td>
<td></td>
</tr>
<tr>
<td>Y.6</td>
<td>They offer competitive prices compared to competitors.</td>
<td>0.933</td>
<td></td>
</tr>
<tr>
<td>Y.7</td>
<td>They offer lower prices compared to competitors.</td>
<td>0.923</td>
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Sumber: Authors, 2023
Table 3. Hypotheses Testing Results

<table>
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<tr>
<th>Model</th>
<th>UnStd. Beta</th>
<th>Std Error</th>
<th>Std. Beta</th>
<th>t-test</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>7.336</td>
<td>3.215</td>
<td>-</td>
<td>2.282</td>
<td>0.27</td>
</tr>
<tr>
<td>Product Innovation (X1)</td>
<td>0.294</td>
<td>0.067</td>
<td>0.372</td>
<td>4.405</td>
<td>0.000</td>
</tr>
<tr>
<td>Digital Marketing (X2)</td>
<td>0.933</td>
<td>0.130</td>
<td>0.607</td>
<td>7.182</td>
<td>0.000</td>
</tr>
<tr>
<td>F-test</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.927</td>
<td></td>
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<td></td>
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<tr>
<td>R²</td>
<td>0.859</td>
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</table>

*Dependent: Competitive Advantage (Y)

Source: Authors, 2023

Discussion

Effect of Product Innovation on Competitive Advantage:

The study emphasizes that product innovation plays a crucial role in achieving competitive advantage. By focusing on variables like product quality, product variants, and product design styles, Sasirangan cloth businesses can effectively market their goods to consumers. The highest indicator among the product innovation variables is product variants, indicating that introducing innovative variants in Sasirangan cloth products can be a competitive advantage in today's competitive business environment.

Respondents expressed that product innovation is essential for Sasirangan cloth craftsmen in Banjarmasin, especially in creating unique products that attract consumers' attention. The ability to create unique products sustains the business and has the potential for further development. In a market where shapes and motifs are constantly changing, uniqueness becomes an icon for the business.

Effect of Digital Marketing on Competitive Advantage:

To achieve a targeted competitive advantage, marketing competency, particularly in differentiation, is crucial. Being market-oriented and possessing marketing skills are essential for gaining competitive advantage. In the current digital era, having effective digital marketing capabilities is vital for the Sasirangan Banjarmasin Fabric SMEs to increase their competitive advantage.

The findings show that the Incentive indicator has the highest score, indicating that respondents believe digital marketing programs help them develop products through social media, allowing them to compete with similar products.

Managerial Implications:

Management should focus on improving product innovation to increase competitive advantage. Recommendations include enhancing product quality, such as color resistance, providing diverse fabric choices, and introducing new motifs or product variants like curtains or bed sheets that attract consumers. These measures can give the Sasirangan cloth business a competitive edge.

Regarding digital marketing, the research findings suggest that it is currently underutilized. Management should put more effort into promoting through digital marketing channels such as online shops, marketplaces, and social media. Leveraging technology and online platforms can help expand the reach of sasirangan handicrafts and attract consumers without geographical limitations. Strengthening the digital marketing strategy can significantly contribute to enhancing the competitive advantage of Sasirangan Fabric SMEs in Banjarmasin.

CONCLUSION

Conclusions

The study establishes a positive impact of product innovation on the competitive advantage of Sasirangan cloth SMEs in Banjarmasin. It highlights that better product innovation leads to greater competitive advantage. Therefore, Sasirangan Fabric SMEs should continuously strive to innovate their products, including the design of Sasirangan cloth models, production process efficiency, and adopting digital marketing
strategies to optimize their competitive advantage.

Manager can focus on enhancing product innovation, such as improving product quality, ensuring color resistance, providing diverse fabric choices, and introducing new motifs or product variants like curtains or bed sheets. These steps will attract consumers and create a competitive edge for the business.

Additionally, the study reveals a positive and significant influence of digital marketing on the competitive advantage of Sasirangan cloth SMEs. This suggests that mastery of digital marketing can contribute to increasing competitive advantage.

Manager should invest more effort in digital marketing activities, especially in terms of interactive content and showcasing sasirangan designs on various social media platforms. Leveraging technology, online shops, marketplaces, and social media can help promote Sasirangan handicrafts effectively and reach a broader consumer base, enhancing the competitive advantage of the business.

Research Limitations and Suggestions
The study acknowledges certain limitations. Firstly, the research scope was limited to Sasirangan SMEs in the Sasirangan village of Banjarmasin. For more comprehensive insights, future research can expand its scope to include Sasirangan SMEs throughout the city of Banjarmasin and even extend to the provincial level of South Kalimantan.

Secondly, the study only examined the variables of Product Innovation and Digital Marketing. Future research can explore additional variables, such as entrepreneur competence or factors related to global environmental impact issues, as these variables may also influence the competitive advantage of Sasirangan Fabric SMEs.

In conclusion, this study highlights the importance of product innovation and digital marketing in achieving and enhancing the competitive advantage of Sasirangan cloth SMEs in Banjarmasin. By continuously innovating their products and leveraging digital marketing strategies, these SMEs can gain a competitive edge in the market and sustain their business growth. Future research can further expand on these findings and explore additional factors that may influence competitive advantage in the context of Sasirangan Fabric SMEs.

REFERENCES


