

DEVELOPING PRODUCT ISOLATING ADVANTAGE TO MARKETING PERFORMANCE: A STUDY OF SALTED EGGS OF MICRO, SMALL, AND MEDIUM ENTERPRISES IN BREBES, INDONESIA

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***Abstract:** This study aims at examining the role of product isolating advantage in improving marketing performance. This study is based on research gap on influence of the product development capability on marketing performance. Product development capability is the ability of a company that requires creativity and high costs, whereas the level of success in entering the market is still in doubt. This phenomenon raises the question of what should be done to improve the success of product development capability. A concept of product isolating advantage is proposed in this study as a variable that plays an important role in improving marketing performance. This study developed four hypotheses and tested using data collected from 119 respondents consisting of the MSMEs manager (Micro, Small and Medium Enterprises). The results showed that the product isolating advantage plays an important role in improving marketing performance.*

***Keywords:** Product development capability, Product isolating advantage, Product image capability, Product reputation, marketing performance.*

1. THE BACKGROUND RESEARCH

The government is optimistic that our economic growth is at 5.2 percent (Wiyanti, 2016). This led the company still exists over the tight competition. Entering the era of global economy, the level of competition amongst companies is getting tougher. To be the leader, the best and the biggest, companies are required to provide maximum services and know the desires of consumers. Therefore, companies are required to be able to compete to beat its competitors and maintain excellence that has been achieved. Management is required to make a good performance to achieve these advantages. For companies, achieving consistently improved performance is necessary to create

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superior value for its customer's sustainability. To maximize the long term performance of the companies, they should continue to establish and maintain cooperative relation that is beneficial to customers (Slater and Narver, 1995). The creation of superior value for the customer is the main capital of the company to gain a competitive advantage (Esteban, et al., 2002).

The purpose of competitive strategy is to achieve a competitive advantage, with a competitive strategy, will enhance the performance of the company and will be a sustainable competitive advantage for the company (Bharadwaj, et al., 1993). Sustainable capability is when the advantages of asset - a unique asset of the company are able to withstand the strategy done by the competitors (Porter, 1990). Thus, the values of the assets underlying the competitive advantage of a company should be able to isolate from businesses that emulate others (Barney, 1991). Competitive advantage is the heart of the company performance in a competitive market. Competitive advantage basically grows from a created value or benefit of companies for their buyers more than the costs that they spend to create it. If the company is able to create the excellence through one of those three generic strategies, it will get the competitive advantage (Aaker, 1989).

The problem in this research comes from two sources, namely research gap and business phenomenon. Research gap in this research is the controversial views on the effect of the product development capability on marketing performance. Foss, (1999) stated that in the perspective of company started with Edith Penrose in 1959 in his book of "The Firm Theory of the Growth". Capability is defined as a reflection of the ability of the company to organize, manage and coordinate the activities (Srivastava, et al., 1998). Vesalainen and Hakala (2014) use the term capability of the company as a concept for organizational attributes. Capability of the company is the ability of a product (functional), coordinated by the business process (e.g. delivery and new product development process) and integrate other managerial activities (e.g. routine management team and information system). The high ability of the company product development has proven high maximum impact on performance marketing (Dutta et al., 1999; Baker and Sinkula, 2005; Azizi, 2009). Product development capability has a significant impact on the marketing strategy. Companies must adopt to launch the product in the market where there is significant heterogeneity associated with the assessment of the customers on the product performance (Banerjee and Soberman, 2013).

The ability of the product development, channel management, delivery management and sales is positively and significantly affects the export market orientation (Acikdilli, 2013). There is strong correlation between export market orientation and export performance (financial performance, strategic performance and satisfaction with the export business). Furthermore, marketing strategies affects the marketing performance (financial and non-financial). Instead Aydin et al., (2007) and Ramaswami et al. (2009) find that the ability of new product development is statistically not significant to the marketing performance of the company in developing countries.

Table 1
Product Development Capability and Marketing Performance Research Gap

<i>Researcher</i>	<i>Model</i>	<i>Instrument</i>	<i>Finding</i>
Dutta (1999)	Describing a model; the ability of a company consisting of marketing capability (the ability to develop products) and R&D capability that affect financial/marketing performance mediated by the demand side effect. R&D and operations capabilities affect the financial performance mediated by the supply side effect.	Regression	High product development ability has been proven to have maximum impact on marketing performance.
Baker and Sinkula (2005)	Describing a model; enviropreneurial marketing that is affected by the environment as opportunities, the environment as commitments, the environment as truths affect market share change through new product success. Market turbulence affects enviropreneurial marketing, new products success and market share change.	SEM	Product development ability is directly affected by enviropreneurial marketing and positively affects marketing performance.
Azizi (2009)	Writing a model; marketing capability (the ability to develop products) affects marketing performance (financial and non-financial). Marketing strategy affects marketing performance (financial and non-financial).	Regression	Product development capability strategy positively affects marketing performance.
Aydin (2007)	Describing a model; marketing performance affects the performance through new product cycle, innovation ability, and product design ability. New product development capability has no direct impact on performance.	Regression	New product development ability does not significantly affect the performance.
Ramaswami (2009)	Writing a model; the research and development intensities affect the company's financial performance through the new product development performance, customer control development affects the company's financial performance through the new product development performance, integration across divisions affects the company's financial performance through new product development performance. Customer assets orientation affects the company's financial performance through customers management performance, customers high value focus affects the company's financial performance through customers management performance, customer response affects the company's financial performance through customers management performance. Information share and decisions affect the company's financial performance through supply chain management performance, supply chain leadership affects the company's financial performance through supply chain management performance.	SEM	New product development ability does not significantly affect marketing performance.

Source: Developed for this dissertation, 2016.

One reason is the research and development budget on companies in developing countries are smaller than those of companies in developed countries. The clear explanation of research gap in this study will be shown in Table 1 below:

By the existence of the research gap above, the researcher mediate it with product isolating advantage variable. Product isolating advantage is the superior of the company to isolate the products of the company from replication or to ease of replication performed by a competitor. Various purposes of isolating mechanisms that makes the inability of others to imitate and substitute products of certain companies (Shane and Venkataraman, 2000). According to Hoopes, et al., (2003), to be a source of sustainable competitive advantage, the resources and the capabilities must be:

1. Valuable, the resources and the capability to increase the market position of the company against competitors.
2. Rare, the resources and the rare capability owned by the company that are not owned by other competitors.
3. Isolated from imitation or substitution, the resources and the capability are hard to imitate by other competitors. In other words, barriers of imitation are one type of isolating mechanism.

Isolating mechanism is knowledge, physical or legal barriers that could prevent replication (Lepak, et al., 2007). Isolating mechanism can create barriers to prevent competitors from imitating the capabilities and strategies (Li, and Tsai, 2009). Therefore, isolating mechanism is the use value and exchange value. The conception of competition and isolating mechanism that explains how value can be captured at different levels of analysis, since the creation of value will differ based on whether the value is created by an individual, organization, or community (Lepak, et al., 2007). Thus, the main task isolating mechanism is a continued effort of company to sustain its special innovation (Knott, 2003). Isolating mechanism and institutional sources Homogeneity Company are the determiner for a sustainable competitive advantage (Oliver, 1997). In addition, the benefit of continuing to rely on the ability of the company is to manage its resources of institutional decisions. Therefore, the alignment form on innovation of company attributes is as key driver for the successful commercialization of innovation.

This study is also conducted on the basis of a business phenomenon that occurs in the volume production and sales of salted egg which is the superior product in Brebes Regency. Brebes is one of areas in Central Java which is famous for its salty egg production. Salted egg producers in Brebes are quite large, reaching around 150 producers with total average production of 2,000 salted eggs per producer per month. For salted egg producers who have a medium or large scale business their salted egg production can reach 10,000 packs per month (Salted Egg Cluster Brebes, 2008).

The average net worth of salted eggs companies in Brebes Regency has the greatest net worth is at Rp 50,000,000, - (fifty million rupiahs) up to Rp 10,000,000,000, - (ten

billion rupiahs) and has annual sales of at most Rp 300,000,000, - (three hundred million rupiahs) to Rp 2,500,000,000, - (two billion and five hundred million rupiahs). Salted egg companies in Brebes is productive enterprises owned by individuals or entities belonging that producing traditional foods such as salted egg. Micro, Small and Medium Enterprises, salted egg company in Brebes qualify as Micro, Small and Medium Enterprises (MSMEs) based on the net assets and the results of its annual sales, according to Law No. 20 Year. 2008.

The development of vertical competition in the supply chain due to the increased market power of retailers and the horizontal competition between the large companies and MSMEs greatly affects the ability of small businesses to set right their product prices (Banterle, et al., 2010). Nevertheless, MSMEs have market opportunities associated with the development of demand for the quality of food and traditional products. They can focus on the differentiation strategy by increasing their marketing activities in order to meet the consumer needs and be better in regulating the prices. MSMEs' essential marketing skills can improve their abilities as the price determinant, especially in relation to product differentiation and market research, and exploit the value of special products (Banterle, et al., 2011).

MSMEs are often weak in marketing management as constrained by things like financial problems (Spillan and Parnell, 2006) and their lack of long-term perspectives (Laforet, 2008). Marketing skills are derived from the marketing management process of investigating market opportunities, identifying marketing objectives, and establishing marketing strategies (Kotler, 2002). Although salted eggs produced by small-sized business firms (MSMEs), however they have the opportunity to focus on their strategy, the product differentiation, by increasing their marketing activities to get closer to the consumer needs and regulate the prices better (Cartan-Quinn and Carson, 2003). Through product differentiations, MSMEs should be able to carve a niche market with their typical products, next to the large companies that offer products with special features in which consumers are willing to pay in a premium price (Kotler and Keller, 2006).

However, it is not enough to just rely on the product differentiation strategy. If MSMEs want to succeed and survive side by side with large companies, consumers must be able to recognize the unique attributes of the product and loyal to its particular features. Furthermore, in order to meet the consumer needs, the marketing strategy has a significant role and acts as the intermediary between the internal organization within companies and markets (Bagozzi, et al., 1998). MSMEs might also conduct marketing strategies by formulating clear objectives, choosing the most appropriate distribution channels, and adjusting the sales agents in the best way possible (Banterle, et al., 2009).

Department of Industrial and Trade Investment of Brebes Regency stated that salted egg is the superior traditional food commodity and gastronomic heritage (art of food processing) from Brebes. In accordance with particular geographic region and

gastronomic heritage (art of food processing), traditional food products take on a significant role in the market and are in demand by consumers who want to rediscover the tradition of food products from their origin (Jordana, 2000). Consumer interest in the quality of the food is increasing, not only to the safe and healthy food products, but also related to food products from particular geographical area (Sparkes and Thomas, 2001). Regional or traditional food products are locally produced with authentic production processes, using original raw materials that commercially available for public for at least 50 years and are parts of the gastronomic heritage (Tregear, et al., 1998). Traditional food products are important fragment of European culture, identity, and culinary heritage. Tradition and authenticity of traditional food are the social construction that makes consumers interested. Traditional food is frequently consumed and associated with holidays and/or particular season that are passed from one generation to another, produced in a certain way according to the culinary heritage, processed in a limited amount, distinguished and also discerned because of the typical taste essence of the food related to the particular local region or area (Guerrero, et al., 2009).

Salted egg marketing in Brebes is performed by selling directly to consumers through the outlets along the north coastal route to be sold to consumers who are traveling or on vacation. Food from local region or area (origin food) is usually available on less distribution channels, often produced in traditional ways in particular area and has a higher price and quality (Bryla, 2015), thus the producers of salted egg in Brebes also receive orders from customers outside the city through bus travel agency or other transportations to deliver the salted egg. Currently, research on food origin is rarely conducted; therefore, this research is important to be carried out (Bryla, 2015). The development of salted egg industry in production and sales volume in Brebes Regency is volatile, as shown in Table 2 below.

From Table 2 above can be seen that the development of production and sales volume of salted egg in Brebes Regency decreased in 2011 from 4,987,872 of total production volume to 3,672,000 eggs and from 6,484,233,000 IDR of total sales volume dropped to 6,426,000,000 IDR. Subsequently, in 2011 and 2012, the production volume

Table 2
Production and Sales Volumes of Brebes Salted Eggs 2006 to 2014

<i>Year</i>	<i>Production Volume (egg)</i>	<i>Sales Volume (IDR)</i>
2006	2,566,000	2,566,000,000
2007	4,364,680	4,364,680,000
2008	4,618,400	6,003,920,000
2009	4,618,400	6,003,920,000
2010	4,987,872	6,484,233,000
2011	3,672,000	6,426,000,000
2012	3,672,000	6,426,000,000
2013	4,420,110	7,735,193,000
2014	4,420,110	7,735,193,000

stagnated at 3,672,000 and the sales volume as well at 6,426,000,000 IDR. Data from 2002 to 2005 are not available. From 2012 to 2013, the total production volume increased by 748,110 eggs from 3,672,000 eggs to 4,420,110 eggs; the sales volume increased by 1,309,193,000 IDR from 6,426,000,000 IDR to 7,735,193,000 IDR. From 2013 to 2014, both the production and sales volume stagnated.

The objective of this study is to provide an explanation of the contradictory results of the researches on the product development capability to improve the marketing performance. This study is also expected to provide an explanation of the role of product development capability in improving the marketing performance that has been judged to be in doubt by the previous researchers by presenting superior variable and isolating the product that bridges the relation between the product development capability and marketing performance.

2. LITERATURE STUDY AND HYPOTHESIS DEVELOPMENT

Ferdinand (2003) stated that the capability refers to the capacity of a company to spread out its resources, usually in combination of using organizational processes to achieve the final objectives. Capability consists of the know-how, raw material perceptions, customer service perceptions, ability to manage adjustment, ability to innovate, ability to learn, ability to work in groups and so forth. Capability is a process based on the information, can be either tangible or intangible that is typical of the company as a result of the long-term development through a complex interaction process of these resources (Amit and Schoemaker, 1993).

Some literature managements show that the company's internal abilities have a significant effect on the innovations of the company, which refers to the openness of the organization to new ideas and the willingness to apply them in products and process (Hurley and Hult, 1998; Wang and Ahmed, 2004). The construction of abilities building differs for each company thus the result of their abilities development is different. Companies tend to develop their abilities directed by the company's strategy. There are studies that explore the importance of abilities in a company; the knowledge management ability, the technology ability, the dynamic ability, the innovative ability, and the core ability (Lin and Hsu, 2007). Moreover, strategy and ability have sort of a 'chicken and egg' relationship and should support one another. At the time the abilities of a company are valuable, rare, cannot be imitated to perfection and substituted, then the abilities are said to have strategic potentials becoming the core abilities with competitive advantage (Lin and Hsu, 2007).

The abilities of a company cannot be a source of sustainable competitive advantages; the only way that they could be the source is if the abilities are implemented faster and smarter in constructing the configuration of company resources. The dynamic ability is a regular set of daily activities that enables the organization to respond the environmental change through the value creation strategies (Winter, 2003; Eisenhardt and Martin 2000). The company abilities consist of five cores; the ability to

commit and be involved, the ability to balance, the ability to adapt, the ability to communicate and gain support, and the ability to carry out tasks well. Ability is defined as the capacity of a company to use the resources that are integrated with a purpose of achieving the desired objectives (Baser and Morgan, 2008).

The company's ability is in the realm of the theory of resource-based view (RBV Theory) that focusing more on the internal side of the company, namely the resources of the company. Robert (1991) stated the importance of the resources and capabilities of the company as the major source of competitive advantage and increases the difficulty for competitors to imitate. RBV supporters use the company internal resources, competencies, and abilities as important determinants of strategy. This paradigm argues that the difference in company's performance can be traced back to the company's assets and heterogeneous abilities. RBV theory assumes that every company has unique resource ability and the company development subjects to the efficiency of the resource usages and ability deployments (Wernefelt, 1984). RBV theory sets out that the resources and abilities determine the competitive advantage and the company will have a significant benefit over competitors. Resources are productive assets of the company, while the ability is the company's ability to exploit resources efficiently, to produce a product or develop services to achieve business goals (Peteraf, 1993; Russo and Fouts, 1997; Raphael and Schoemaker, 1993).

RBV theory completes the industrial organization theory that considers the essence of the company strategy formulation relating to the environment (Teece, et al., 1997). According to the industrial organization theory, a company must find its own best beneficial position in an industry so that it can defend itself against the competitors' strength or even affect competitors by strategic actions such as raising the entrance obstruction (Porter, 1985). On the other hand, RBV theory postulates inside-out approach, that is what companies can do is not only limited to the opportunities and threats function, but most importantly, resources that have sustainable competitive advantage (Teece, et al., 1997). The theory based on ability shows that companies are combinations of resources and abilities, and they must continue to invest in unique ways to maintain and expand their marketing abilities. Companies with high marketing abilities will be a pioneer in identifying the customer needs and the factors that influence their purchasing behavior in order to put their products in the best position compared to the competitors (Azizi, et al., 2009). Azizi, et al. (2009) found that the company's ability to develop products affects the improvement of marketing performance.

Product development abilities and marketing distribution channels are the main priorities of resource correlation in which the company seeks to build (Hsu, et al., 2008). Craftsmanship that reflects the company's product development skills is an interaction between exploitation and exploration that mediate the positive relationships between product development abilities and performance (Li and Huang, 2012). Some studies highlight the craftsmanship importance as one of dimensional product development ability to cope with the innovation challenge and improve the performance (Cao, et al., 2009; Lubatkin, et al., 2006).

The attempts to build a better product or service, a lower price of goods or services or to combine technology innovation in research and manufacturing operations should be equipped with the company's ability to manage resources to gain competitive advantages. To build the ability of organizations, businesses must be able to adapt to the customer and strategic needs changes by establishing internal structures and processes that affect their members to develop specific organizational competencies (Ulrich, 1991). It is believed that market-based abilities contribute to the company's financial performance (Srivastava, et al., 1998). Srivastava, et al. (1999) provided a framework concept of the company resource-based view that connects the market-based company's ability based with its performance using the concept of performance process mediation. The company's ability based on the market creates values for the company in three important categories of the organization processes: new product development process, customer management process, and supply chain management process (Zahay and Handfield, 2004; Srivastava, et al., 1999). Dimensions of the product development capabilities by Ulrich and Epingner (2004) embody product quality, product cost, product development time, product development cost, and product development capability. Product development capability is the ability to perform a series of activities that covers from the market opportunities perception to the production, sale and delivery of the products.

Company ownership over resources that are rare and difficult to be imitated to perfection is not enough to guarantee the company to have competitive advantages. Isolation mechanism prevents other companies to take some or all of the profit and protects products or services by restraining the imitation of superior products. Its obstruction could be created indirectly when the company succeeds in constructing unique ability. Rumelt (1991) divided the obstructions into causal ambiguity, dependence on historical circumstances, and social complexity. Causal ambiguity is a situation where a company with abilities that are not easily defined and cannot be fully understood but still able to create values for stakeholders. Knowledge and knowhow are tacit knowledge encompassing abilities that have become one with the owners but difficult to be articulated into formulas, algorithms or rules. Such knowledge is usually acquired from trial and error then refined through practice and experience, rarely written and/or codified into manuals or handbooks, and can only be proven when practiced directly.

A company may also not be able to replicate the abilities of competitors because of their history and experience. Dependence on historical circumstances limits the ability to grow and develop in new operational needs. Dependence on historical circumstances could only be used for a short period. A good relationship between company managers, suppliers, and consumers is one thing that is difficult to imitate. The company's dependence on the causal ambiguity, dependence on historical circumstances, and social complexity helps the company to maintain its competitive advantages. There are three types of management skills to achieve the causal ambiguity; tacit, complexity, and specificity leading to sustainable competitive advantage (Reed and DeFillippi, 1990).

Products isolating advantage is the company's superiority to isolate its products from the replications ease. Products isolating advantage acts as part of the RBV theory. RBV theory is relatively new both in the strategic and marketing fields. RBV theory was first introduced by Wernerfelt in 1984 assuming that the company's ability to compete is dependent upon the uniqueness's of the resources that exist within the organization. Its concept assumes that the company is a collection of the resources (Wernerfelt, 1984). In addition, RBV theory considers that the organization competitive ability is the function of the resources uniqueness and value and the capabilities of the organization. It also considers that capability is the key to achieve sustainable competitive advantages. Difference in resources and abilities with competitors is the source of competitive advantages (Peteraf, 1993).

RBV theory is an approach used by the companies in achieving a sustainable competitive advantage based on the resources (Teece and Shuen, 1997). According to the resource-based perspective, the determinant of the company performance is the company specific capabilities and assets, as well as the company position protection mechanism and intangible assets, such as technology and managerial skills (Teece, et al, 1997). RBV theory becomes a theory that is very influential in the management both in strategic management field (Cohen and Levinthal, 1990) and strategic marketing management field (Day, 1994). One of RBV theory's strength is its ability in explaining why a company has a competitive advantage against its competitor. A perspective based on competency in strategic management of the RBV theory signifies the integration from many approaches providing more systemic and more holistic explanation of sustainable competitive advantages. RBV theory is closely related with the concept of product differentiation that leads to competitive advantages.

Companies that have a competitive advantage have a greater chance to remain exist in the industry. When they create an economic value in a particular industry or market, other several companies will follow their footsteps. Importance of competitive advantage makes companies prioritize this feature as their foremost objective. In fact, the competitive advantage is only a management tool that is implemented so that the companies achieve the best-desired position. If not careful in designing the strategy, companies can be stuck being too focus on achieving competitive advantage, but then unable to maintain the advantages in order to remain the best in the industry (Barney, 2002). The big challenges are how a company becomes superior in its industry and how to be able to maintain those that has been achieved. There are several things that affect the competitive advantages: First, the threat of imitation as the competitor makes a similar product or service. Second, the coming of new entries, although the price determinant of monopolistic competition is greater than marginal cost, but this does not guarantee that the gained advantage will last. New entries with little differentiation would undermine the market share. Third, the products that dominate a particular market niches (distinct niche products) so that companies cannot enter those markets (Collis and Montgomery, 2005).

Porter (1990) stated that there are three typologies of generic strategies to get competitive advantage: first is the low-cost strategy (cost leadership) that emphasizes the standard product production attempt (equal in all respects with the competitor product) with a very low cost per unit; second, the product differentiation strategy that encourages companies to be able to find their uniqueness in their market target. The uniqueness of the product (good or service) allows companies to attract maximum interests from the potential consumers. The maintenance ease, additional feature, flexibility, comfort and others that are difficult to be imitated is the product differentiation strategy implementation; third, the focused strategy used to build a competitive advantage in a smaller market segment. The focused strategy serves the consumers' needs that are relatively small in number in which the purchasing decision-making is not affected by the price. Requirements for the successful implementation of this strategy are a sufficient market size, good growth potential, and not under competitors' attentions. This strategy will be more effective if consumers need a certain characteristic that the competitors do not take an interest in. Companies using this strategy usually concentrate more on a specific market group (niche market), particular geographic regions and certain products or services with the ability to meet the consumers' needs well. Kotler (2002) divided the strategy of differentiation into five types namely product (features, suitability, durability, reliability, easy to fix, style, design), service (ordering ease, delivery, installation, customer training, customer consultation, maintenance and repair, hospitality), channel (range, skill, performance), image (symbol, audiovisual and written media, atmosphere, events). Products isolating advantage is the company's strategy to isolate its products from the replication ease.

Competitive advantage can be built using an integrated systems approach in which each element of strategy is mutually aligned (Collis and Montgomery, 2005). Company's resources are evaluated to see whether they can meet the success determinant factors as considerations (justifications) whether to stay in present business or enter into the new one. Furthermore, the business is monitored and controlled by the organization's infrastructure. If the management is not able to control the business independently, then it is most likely the expected competitive advantage never achieved. Besides requiring monitoring and control abilities, it is also needed a strong relationship (coherence) between various elements of business organization. Design of structure, system and processes enable companies to effectively utilize their resources. The structure should be designed to be able to give supports to every single resource with minimal intervention. The system and processes that suit the characters of the company are selected to support the human resources skills and various activities coordination.

Companies must be able to create a higher value than their competitors. This requires the resources availability and the ability to manage them (distinctive capabilities). All companies have resources and capabilities; the difference is their scarcity and imperfect mobile. Scarcity means that hardly any have the resources and abilities as one company has. However, scarcity does not guarantee that no other

companies can have similar resources or substitutions. Rare resources can be easily transferred into the hands competitors', unless these rare resources are equipped with imperfectly mobile. For example, these resources cannot easily sell themselves to a competitor. On the other hand, these rare resources easily become mobile in the form of skilled employees, information, technology and formula that can be copied.

3. PRODUCTS IMAGING CAPABILITIES AND PRODUCTS ISOLATING ADVANTAGES RELATIONSHIP

The dynamic capabilities approach main purpose is to explain the competitive advantage of a company from time to time (Teece and Pisano, 1994). The company may transform and renew organization ability in dynamic environments providing a stream of innovative product and service to customers that lead to competitive advantages (Teece, et al., 1997a). Dynamic capabilities approach focuses on three aspects: sense approach, opportunity approach (seize), and reconfiguration approach facing the environmental changes. Resources reconfiguration is the capacity of a company to recombine its resources and operations abilities to deal with the dynamic environment with a purpose to spur the company's growth (Teece, 2007).

Experts claim that dynamic capabilities affect the company's competitive advantage and performance (Eisenhardt and Martin, 2000; Helfat and Peteraf, 2003; Winter, 2003). Dynamic capabilities affect the company's performance through the unique resources and configuration capabilities (Helfat and Peteraf, 2003; Zollo and Winter, 2002). Dynamic capabilities are the company's potentials that solve problems systematically, set up by the tendencies to perceive opportunities and threats in order to make decisions in time implementing strategic decisions and changes efficiently to ensure the right direction, and also to explore relationships between dynamic capabilities and competitive advantage. Dynamic capabilities significantly affect the competitive advantage through dynamic environment in positive ways (Li and Liu, 2014).

Evers (2011) who examined the dynamic capabilities-based perspective on RBV theory, trying to understand better the new international business operating in the low-tech traditional seafood industry. Evers (2011) found that the employer ability to objectively and subjectively appears as an important key of resource strategy to manage and develop the dynamic abilities in the research and development (R and D) field of logistics and production. The company's ability to adapt and renew itself through product diversification strategies is also essential for sustainable competitive advantage. Butler and Soontiens (2014) confirmed the importance of dynamic capability as transformation booster to strategic system and realized the competitive advantage of companies.

Image is a set of standpoints, ideas, and impressions toward an object. Image is one way to differentiate one product from the others. Imaging is an attempt to build a public image in accordance with company expectation. Image is obtained through a good understanding of the public to the object being imaged. Imaging builds a

good understanding of the public through the provision of full information about the object being imaged. Its value can be subjective or objective depending on the philosophical views. Imaging can be negative if only implemented by doctor spin or Machiavellian principles that twist the information so that the object image looks good (Kotler, 2002). Imaging still should be implemented by using the public relations principles that regard integrity with the public interest orientation (Sutikna, 2013). Consumers may have different response to the product image. Effective image affect the character of the product and its proposed values stabilization, conveying its character in a different way than competitors, and providing emotional strength more than just a mental image. The image of a product will be viewed through its image, either a negative or a positive image. Image is one way to differentiate one product from the others (Kotler, 2002). Company image is one of the factors that affect competitive advantage (Smith and Barclay, 1999). The results of this study confirm the results of previous research conducted by Morgan and Hunt (1994) which showed that the quality of outlet services, differentiation, company images, quality of the relationship with the outlets, and environmental adaptability affect the competitive advantage and selling in performance.

Product images, product qualities, price, services are intangible attributes, and while the tangible attributes include design, color, size, packaging and so on. Product attributes are also components that ensure the products can meet the consumer needs and desires (Kotler, 2002). Product attributes are associated with the price, user image, usage image, feeling, experience, and personality of the brand (Keller, 2003a). Rettie and Brewer (2000) stated the importance of packaging design in competitive market as the main communication and branding medium. Packaging sometimes can be an indication of the product quality as it gives kind of originality and uniqueness to the product (Silayoi and Speece, 2004). A product will succeed if it has the appropriate attributes expected by consumers. Product attributes are the elements of a product that are considered important and become the purchasing decision making basis of consumers (Tjiptono, 2008).

Product attributes cover branding, packaging, warranty, and services. Product packaging has several objectives, namely the content protections, for example from damage, loss, and so on; operation ease, for example, as a holder so that no liquid spilt; reusable, for example, to be refilled or as a container; gave appeal (promotion), namely the artistic aspect, color, shape and design; product identity (image), for example, solid, durable, soft and luxurious; distribution (shipping), for example, easily set, calculated, and handled; information (labeling), relating to the contents, usage, and quality; product innovation, related to the advance of technology and recycling (Tjiptono, 2008).

The product packaging is considered as an important component of modern lifestyles and the companies' businesses can be arranged through the packaging. There are four packaging dimensions consisting of product and consumer protection; product

promotion, product usage, product convenience, and storage facility; recycling facilitations; reduction of environmental damage affect the consumers' perceptions of the product quality (Abdalkrim and AL-Hrezat, 2013). Product packaging is an instrument to compete (Chaudhary, 2014). Distribution ease, packaging durability, customer promotion through packaging structure, classified advertising, packaging variation, hygiene and innovative packaging are some important factors of product packaging that affect the competitive advantage (Rundh, 2009; Chaudhary, 2014).

Products quality is an important attribute for consumers (Noad and Rogers, 2008). Their assessment on the product quality is part of the overall product excellence (Anselmsson, et al., 2007). Product quality perceptions refer to the customers' assessment on the excellence of the products (Wang, 2013). Product image has direct and significant impacts on customer loyalty. Therefore, having a good image is very important for a company leading to a high awareness, loyalty, and good reputations (Andreassen and Lindestad, 1998). Image is a perception that is relatively consistent in long-term. It is not easy to form an image, once the image formed will be difficult to change it. The image that is formed must be distinct and excellent compared to the competitors' (Simamora, 2000). Therefore, the hypothesis is as follows:

Hypothesis 1: The higher the products imaging capabilities, the higher the products isolating advantages.

4. PRODUCTS DEVELOPMENT CAPABILITIES AND PRODUCTS ISOLATING ADVANTAGES RELATIONSHIPS

Product development capability is an ability of a company to conduct a series of activities that covers from the perception of market opportunities to the production, sale and delivery of the products. Dimensions of product development capability that is used in this research is the ability to create original products, the ability to modify the product and the ability to bring the product content formula to perfection (Ulrich, 1991; Sethi, 2000; Ulrich and Eppinger, 2004; Kotler and Armstrong, 2012). Ulrich and Eppinger (2004) divided the dimensions of product development capabilities into five, namely the ability to improve the quality of products, the product development cost efficiency ability, product development time efficiency ability, and product development ability.

On the other hand, Kotler and Armstrong (2012) defined the product development as the original product development for the company and the market, product repair / improvement, new product and brand modifications through the product developments of the company. The company's product development abilities are the perennial sources of competitive advantages (Henderson and Cockburn, 1994). A good process of new product development (NPD) should produce unique and different products, enjoy the market success and develop time efficiency (Baker and Sinkula, 1999). A set of organizational capabilities with a high social complexity degree affects the company's differentiation advantages level (Ferdinand, 2003).

Product development team is generally not found in the MSMEs business because of the limited resources and knowledge about the product development process and the importance of new product quality. Product development process is the responsibility of business owners and managers of the MSMEs (Kusmantini, et al., 2011). Four organization contextual factors that affect the quality of new products are consumer involvement, quality orientation, novelty level of products, and time pressure (Sethi, 2000). Several types of product innovation are the ability to modify existing product, the ability to develop product lines, and the ability to create new products (Zahra and Das, 1993).

Moreover, Sun (2010) explained that many companies are trying to develop new product designs by adding trivial attributes to differentiate them, to attract the attention of consumers, and to affect their purchasing decision, for example, Procter and Gamble distinguishes Folger, an instant coffee, as “Flaked Coffee Crystals”. A manager’s ability to make use of the trivial attribute strategy to create a competitive advantage depends on the brand equity and decision context (Broniarczyk and Gershoff, 2003).

The company’s ability in the dissemination of the use of information technology affects competitive advantage (Tomita 2009; Tian et al, 2010). Atkin, et al, (2012) clearly showed the significant difference of businessmen who use an environmental management system (EMS) compared to those who do not use EMS in the cost leadership and differentiation advantages. Businessmen who use EMS can optimize bigger supply chain and can streamline operational costs significantly than those who do not use EMS. Furthermore, those who use EMS can also improve their ability to enter new markets in a much greater rate.

The company’s ability to develop products has positive effect and is a perennial source of the competitive advantages. An effective new product development process is one of the most important processes that must be performed by the company to achieve competitive advantage (Henderson and Cockburn, 1994; Tomita, 2009). The research that presents the implication or how to develop the ability of the dissemination of the use of information technology and how to get business value from information technology investments, supports for the relationships between the company’s ability in the dissemination of the use of information technology with the competitive advantages (Tian, et al., 2010). A successful ability of a company in products development and launch requires the prospective producers to conduct a detailed intelligence research on the company operation environments. Producers monitor and analyze the external impact that affects the consumer choice, consumer needs, and consumer expectation, and also obtain and analyze relevant data on the competitor strategies, strengths, and weaknesses. This will help the products development based on the time realities, thus promoting a sustainable competitive advantage (Agboh, 2014). Therefore, the hypothesis is as follows:

Hypothesis 2: The higher the product development capability, the higher the product isolating advantage.

5. PRODUCTS REPUTATIONS AND ISOLATING PRODUCTS ADVANTAGES RELATIONSHIP

Reputation is the company advantage, for example, its capabilities (Herbig and Milewicz, 1993). One of the most valuable assets for a company is its rare and unique reputation (Keller, 2003b). A positive reputation is important for the companies' competitive advantage because it is a positive signal for potential buyers and suppliers, increasing their willingness to sign a contract with the companies (Fombrun and Shanley, 1990; Weigelt and Camerer, 1988). They who have a good reputation are more able to maintain superior advantages result from time to time (Roberts and Dowling, 2002).

The product reputation is one element of strategic assets leading to competitive advantage (Hall, 1993; Barney, 1991; Raphael Schoemaker, 1993; Massey, 2003). Weigelt and Camerer (1988) identified three types of reputations: the company reputation, product reputation, and the reputation of company cultures. Company reputation refers to the information of company types, such as the capacity of the factory, location, managerial capabilities, strategy, financial health and social responsibility. Products reputation is associated with the public perceptions of the product quality. Company culture reputation is related to the work environment, values, and beliefs.

Kotler (2002) described the brand reputation indicators are fame, reliability, good name, creation and its value. A superior brand builds on differentiation, value, perceived usefulness and relevance to the brand (Keller, 2013). Defective products and the ones that are potentially harmful have a negative bias on the brand reputation (Claudiu-Catalin, et al., 2014). Company reputation is the internal (shareholders) and external (customer, societies, banks and business partners) assessments (Miles and Covin, 2000). Reputation indicator is the good behavior of a company, high production standards, positive claim note, published product damages reports, the absence of negligence companies to manufacture or sell reliable or harmless products, and selling product with a warranty that exceed the market standard (Grunwald and Hempelmann, 2010). Good company reputation is the competitive advantage source (Suh and Amine, 2007). The reputation of a company positively affects the relational fund and sustainable competitive advantage (Suh and Amine 2007; Cabral, 2012; Wang, 2014). Therefore, the hypothesis is as follows:

Hypothesis 3: The higher the product reputations, the higher the product isolating advantages.

6. PRODUCTS ISOLATING ADVANTAGES AND MARKETING PERFORMANCES

Products isolating advantages are part of RBV theory. It assumes that every company has unique resource abilities (Wernefelt, 1984) and company growths that subject to the efficient use of resources and deployment capabilities. RBV theory states that the

company resources and abilities determine competitive advantages in order to enjoy superior capability compared to the competitors. Resources are the company productive assets, while the abilities are the company abilities to exploit resources efficiently, to manufacture products or develop services to achieve business goals (Peteraf, 1993; Russo and Fouts 1997; Raphael and Schoemaker, 1993). Company ownership over resources that are rare and difficult to imitate is not enough to guarantee the company maintain the competitive advantages. Isolation mechanism prevents other companies to take some or all the profit and protects products or services by restraining the imitation of superior products. Its obstruction can be created indirectly when the company succeeds in constructing unique abilities. Rumelt (1991) divided the obstructions into causal ambiguity, dependence on historical circumstances, and social complexity.

New product development program is a high cost program, but its success rate is still low in entering the market. A concept called marketing architecture isolating capabilities (MAIs-Cap). Companies must have some sort of architecture ability in designing marketing strategies platform by isolating the replication or its eases. Marketing architecture isolating capabilities (MAIs-Cap) is a special competence to disseminate the marketing strategy in a particular way by isolating the replication ease, so that it is difficult to be imitated and has the potential for success (Ferdinand and Stone, 2013). Dimensions of products isolating advantage are product excellence, difficult to imitate to perfection and substitute, and customer focus (Porter, 1985; Rumelt, 1991; Jaworski and Kohli, 1991; Bharadwaj, et al., 1993; Song and Parry, 1997). The level of success of a product is positively associated with competitive advantage. Competitive advantage indicators are product uniqueness, product quality, competitive prices, innovation, price and time, durability, product novelty and product uniqueness (Jaworski and Kohli, 1991; Song and Parry, 1997; Li and Calantone, 1998).

Successful differentiation strategy generates customer value and distinctive perception as a manifestation of different strategies that are difficult to imitate (Aaker, 1989). Resources are categorized into tangible, intangible and human resources. Tangible resources are the capital, equipment, factories and others, while the intangible resources are the company's reputation, brand image and products quality. Intellectual capitals or human resources are the employees' skills and asset-oriented knowledge. Products Isolating Advantage is the company superiority to isolate the company products from the replication and its ease (Grant, 1991).

Company's competitive advantage affects the marketing performance measured by sales volume, profit rate, market share and the return of investment (Li, 2000; Newbert, 2008). The marketing performance indicators are sales growth, sales volume, and sales profit (Ferdinand, 2000). Product excellence and proficiency in tactics launch positively related to new products and organizational performances (Langerak, et al., 2004). Market-oriented culture is built on a customer's target definition and original markets concept leading to a sustainable competitive advantage (Mazaira, et al., 2003).

The competitive advantage moderates the learning orientation and business performances relationship in the service organization (Martinette and Leeson, 2012). Seogoto (2010) proved that the source of competitive advantage, marketing strategy and positional advantage affects significantly on the marketing performance. Company competitive advantages will be greater if the company financial performance compared with the average financial performance of the industry also getting bigger, meaning that the higher the performance, the higher the company competitive advantages (Peters, 2007).

Thus, the next hypothesis is as follows:

Hypothesis 4: The products isolating advantages positively affect the marketing performance.

Based on the literature study above, further research study is conducted by constructing empirical research model as follows (Figure 1).

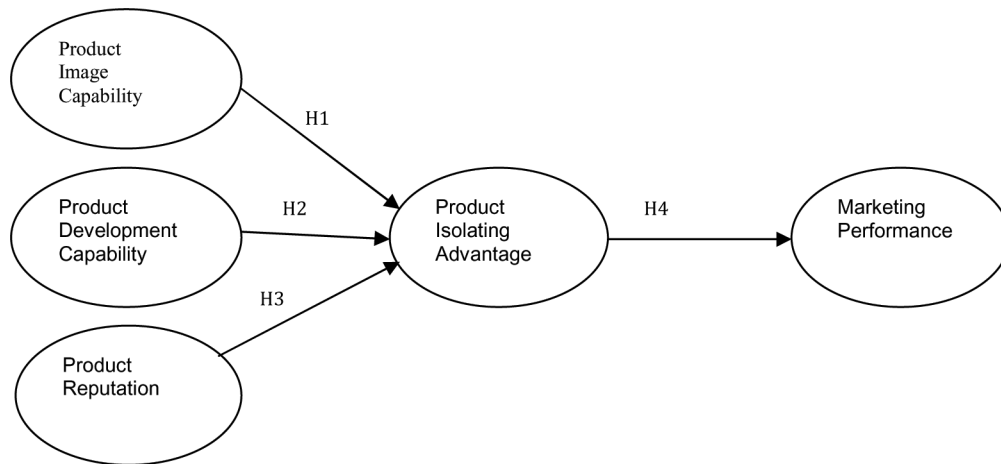


Figure 1: Empirical Research Model

Source: Developed for this study (2016)

7. RESEARCH METHODS

7.1. Operational measurements

The definition of each variable should be determined by the size that is more operational. Each variable has a relevant understanding to these variables contexts in the research model. Experts explain the definitions, antecedents and consequences of a variable transformed in the core definitions to sharpen the explanation of variables. A variable describes of what is going to be studied, but its measurements need to be concretized through operational measurements that subsequently become the reflective indicators of a variable (Table 3).

Definition of product imaging capability is the company ability to build a public image of the product in accordance with the company's expectations. Kotler (2002)

Table 3
Operational Variables Measurements

<i>Variable</i>	<i>Core Definition</i>	<i>Operational Measurement</i>
Product Image Capability (PIC)	The company ability to build the images of the products in line with the company expectations.	<ul style="list-style-type: none"> • Ability to build on salted egg tastes attractiveness • Ability to raise the image of salted egg tastes • Ability to promote salted egg
Product Development Capability (PDC)	The company ability to develop original products for the companies and markets, old products improvement, new product and brand modification through product developments.	<ul style="list-style-type: none"> • Ability to create salted egg flavors variations • Ability to modify salted egg types • Ability to create non-fishy smelled salted egg
Product Reputation (PR)	The company ability to make a superior product.	<ul style="list-style-type: none"> • Ability to make salted egg as a pioneer product • Ability to make good quality salted egg • Ability to make reliable salted egg
Product Isolating Advantage (PIA)	Company superiority to isolate products from replication and its ease	<ul style="list-style-type: none"> • Brebes salted egg advantage • Brebes salted egg difference • Salted eggs types that are difficult to imitate
Marketing Performance (MP)	A concept to measure the impacts of the applied strategies as the existing market activities reflections: increasing markets share, sales volume, and profits.	<ul style="list-style-type: none"> • Sales growth • Sales volume • Sales profits

Source: Primary data.

defined the image as a set of beliefs, ideas and impressions of a person to an object where his/her attitudes and actions are strongly conditioned by the object image. Imaging is an attempt to build a public image in accordance with the company expectations. Image is obtained through a good public understanding of the imaged object. Imaging is done by building a good public understanding through the provision of full information about the object being imaged.

Product development capability is the company's ability to develop original products for the companies and markets, old products improvement, new products and brands modification through product developments (Kotler and Armstrong, 2012).

Product reputation is the company advantage, for example, the capabilities of a company (Herbig and Milewicz, 1993) to create superior products measured by indicators of the ability to make salted egg as pioneer product, and the ability to make good quality salted egg, and the ability reliable salted egg.

Product isolating advantage is the company superiority to isolate product from replication and its ease done by the competitors (Rumelt, 1991; Jaworski and Kohli, 1991; Bharadwaj, et al., 1993; Song and Parry, 1997).

Marketing Performance indicators consist of sales growth, sales volume and sales profits (Ferdinand, 2000). Marketing performance is a concept to measure the impact of the strategy applied by the company as a reflection of the existing markets activities, including increasing sales volume, market share and profits.

7.2. Data Collection

This research was conducted with a population of 402 MSMEs companies. The samples were 119 respondents in total; this number meets the sample minimum standard criteria (Hair, et al., 2010) that are 5 times the number of indicator. In this research, there were 15 indicators so the samples number in this study should be $5 \times 15 = 75$ samples. Recommended number of samples is between 100 to 200 companies. Accordingly, the samples of 119 respondents meet the requirements.

The sampling technique was based on random samplings since the sampling was done on the members of the population randomly regardless of their status. The sampling was done in a way that will ensure that the selection of to-be-examined elements based on objectivity, not subjectivity. This study uses primary data obtained from questionnaires distributed directly to 119 managers/owners of MSMEs in salted egg food industry in Brebes Regency, Central Java Province. Data were collected through survey by asking questions to the respondents. Survey method in the study was applied using research instruments such as questionnaires with open questions consisting of items that represent the independent variable and dependent variable. Questionnaires were distributed to respondents directly, so that respondents can provide value and short answers to the open questions provided.

7.3. Constructs Measurement

Several indicators, the basis of the questionnaire making, explain each existing variables. Every indicator is derived from the theoretical explanations and empirical review of previous research. By using SPSS 16.0 and AMOS 16 software, every indicator was also examined, the extent of its ability to explain the variables using constructs measurement that consists of a α cronbach parameter test and model measurement test from the loading factor of each indicator with confirmatory factors analysis (CFA). Questionnaire measurement determined by interval scale from the numbers 1 to 10 so that the level of the respondents' answers can be obtained. Overall constructs test results can be seen in Table 4 below.

Product imaging capability is measured by several indicators, namely the ability to build salted egg tastes attractiveness, ability to raise salted egg tastes images, and ability to promote salted egg. The α cronbach value of the variable is 0.826 and for its indicators are respectively 0.778, 0.739, and 0.764. The indicators loading factor values of the ability to build salted egg tastes attractiveness, ability to raise salted egg tastes images, and ability to promote salted egg are respectively 0.794, 0.797, and 0.764. Each indicator of product imaging capability has the power to explain ideal constructs as

Table 4
Constructs Validity

<i>Variable dan Indikator</i>	<i>Loading Factor</i>	<i>Critical Ratio</i>	<i>p</i>	<i>α cronbach</i>
<i>Product Imaging Capability</i>				0.826
• Ability to build salted egg tastes attractiveness	0.794	7.683	***	0.778
• Ability to raise the image of salted egg tastes	0.797	8.208	***	0.739
• Ability to promote salted egg	0.764		***	0.764
<i>Product Development Capability</i>				0.893
• Ability to create salted egg flavors variations	0.877	11.040	***	0.840
• Ability to modify salted egg types	0.854	10.913	***	0.846
• Ability to create non-fishy smelled salted egg	0.841		***	0.855
<i>Product Reputation</i>				0.882
• Ability to make salted egg a pioneer product	0.885	10.974	***	0.810
• Ability to make good quality salted egg	0.818	10.098	***	0.853
• Ability to make reliable salted egg	0.837		***	0.832
<i>Product Isolating Advantage</i>				0.910
• Brebes salted egg advantage	0.904		***	0.853
• Brebes salted egg difference	0.894	13.835	***	0.864
• Salted eggs types that are difficult to imitate	0.835	12.297	***	0.894
<i>Marketing Performance</i>				0.847
• Sales growth	0.841	8.525	***	0.763
• Sales volume	0.816	8.296	***	0.785
• Sales profits	0.763		***	0.813

the convergent validity parameter exceeding the required value that is α cronbach above 0.7 and loading factor above 0.7 (Ghozali, 2011).

Products development capability is measured by several indicators, namely the ability to create salted egg flavors variants, ability to modify salted egg types, and ability to create non-fishy smelled salted eggs. The α cronbach value of the variable is 0.893 and for its indicators are respectively 0.840, 0.846, and 0.855. The indicators loading factor values of the ability to create salted egg flavors variants, ability to modify salted egg types, and ability to create non-fishy smelled salted eggs are respectively 0.877, 0.854, and 0.841. Based on their α cronbach and loading factor values, it can be concluded that these indicators have full power to explain the variable.

Product reputation is measured by some indicators, namely the ability to make salted egg a pioneer product, ability to make good quality salted egg, and ability to make reliable salted egg. The α cronbach value of the variable is 0.882 and for its indicators are respectively 0.810, 0.853, and 0.832. Indicators loading factors values of the ability to make salted egg a pioneer product, ability to make good quality salted eggs, and ability to make reliable salted eggs are respectively 0.885, 0.818, and 0.837. Each indicator of product reputations has the powers to explain its ideal constructs as the convergent validity parameter exceeding the required value that is α cronbach above 0.7 and loading factor above 0.7.

Products isolating advantage is measured by several indicators, namely Brebes salted egg advantage, Brebes salted egg difference, and salted egg types that are difficult to imitate. The α cronbach value of the variable is 0.910 and for its indicators are respectively 0.853, 0.864, and 0.894. The indicators loading factor values of Brebes salted egg advantage, Brebes salted egg difference, and salted egg types that are difficult to imitate are respectively 0.904, 0.894, and 0.835. Based on their α cronbach and loading factor values, it can be concluded that these indicators have full power to explain the variable.

Marketing performance is measured by some indicators: sales growth, sales volume, and sales profits. The α cronbach value of the variable is 0.847 and for indicators are respectively 0.763, 0.785, and 0.813. The indicators loading factors values of sales growth, sales volume, and sales profit are respectively 0.841, 0.816, and 0.763. Based on the α cronbach and loading factor values, it can be concluded that these indicators have full power to explain the variable. From Table 4 it can be seen that the critical ratios of all indicators shows values above 1.96. This shows good constructs validity.

8. DATA ANALYSIS

The proposed hypotheses are tested using analytical tools, AMOS 16.

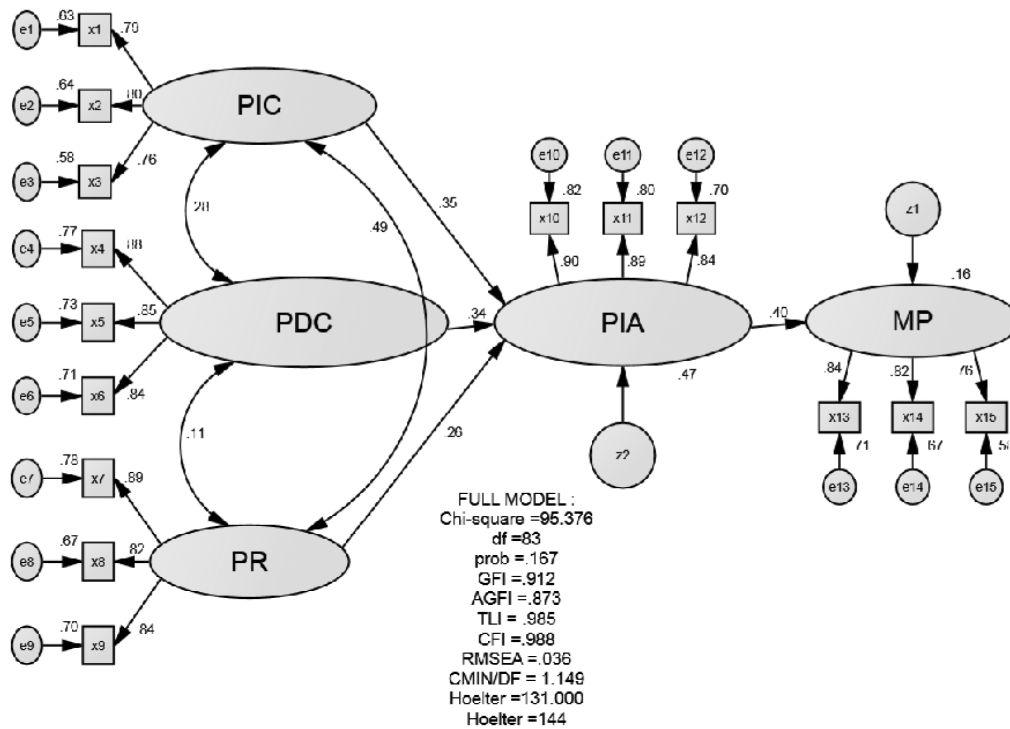


Table 5
Structural Model Test Results

<i>Variable Relationship</i>	<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P</i>	<i>Hypothesis Result</i>
PIA ← PIC	0.509	0.161	3.170	0.002	H1 accepted
PIA ← PDC	0.378	0.098	3.857	***	H2 accepted
PIA ← PR	0.301	0.114	2.646	0.008	H3 accepted
MP ← PIA	0.334	0.087	3.844	***	H4 accepted

From the full model data processing results using analysis tool AMOS 16 can be obtained the goodness of fit results as follows: the value of Chi-Square = 95 376, the probability = 0.167 indicates that the model fits the empirical data. This is also supported by other fit criteria such as GFI = 0.912; AGFI = 0.873; TLI = 0.985; CFI = 0.988; RMSEA = 0.036, all of which meet the fit criteria as recommended (Ghozali, 2011).

Hypothesis 1 testing shows significant result with CR value = 3.170 > 1.96 with probability = 0.002, the testing probability meets the requirement that is under 0.05. Thus H1 in this study is accepted. Estimated parameter of two variables relationship obtained is 0.509. Hypothesis 2 testing shows significant result with CR value = 3.857 > 1.96 with probability = 0.000, the testing probability meets the requirement to be under 0.05. Thus H2 is accepted. Estimated parameter of two variables relationship obtained is 0.378. Hypothesis 3 testing shows significant result with CR value = 2.646 > 1.96 with probability = 0.008, testing probability meets the requirement that is under 0.05. Thus H3 in this study is accepted. Estimated parameter of two variables relationship obtained is 0.301. Hypothesis 4 testing shows significant result with CR value = 3.844 > 1.96 with probability = 0.000, the testing probability meets the requirement that is under 0.05. Thus H4 in this study is accepted. Estimated parameter of the relationship between two variables relationship obtained is 0.344 (Table 5).

9. CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND FURTHER RESEARCH

9.1. Conclusion

Based on the data analysis, hypothesis 1 testing shows significant result with CR value = 3.170 > 1.96 with probability = 0.002, the testing probability meets the requirement that is under 0.05. Thus H1 in this study is accepted. Hypothesis 2 testing shows significant result with CR value = 3.857 > 1.96 with probability = 0.000, the testing probability meets the requirement to be under 0.05. Thus H2 is accepted. Hypothesis 3 testing shows significant result with CR value = 2.646 > 1.96 with probability = 0.008, the testing probability meets the requirement under 0.05 thus H3 in this study is accepted. Hypothesis 4 testing shows significant result with CR value = 3.844 > 1.96 with probability = 0.000, the testing probability meets the requirement under 0.05 thus H4 in this study is accepted. Accordingly, all hypotheses are accepted.

9.2. Theoretical and Managerial Implications

Theoretical implication is obtained from the study data analysis that is when the company has objective to improve the marketing performance, and then the company needs to consider how to boost the iconic product advantage. Based on the research results, iconic product advantage positively and significantly affect marketing performances. In order to improve the marketing performance, products isolating advantage is positively affected by the product developments capability. Full model test results shows that the product isolating advantage has an important role in improving the marketing performance (0.397). Product isolating advantage is affected by product imaging capability (0.346), product development capability (0.338), and product reputation (0.259).

Managerial implication also obtained from the study data analysis that is by the products isolating advantage through Brebes original product advantage and Brebes salted egg peculiar taste that is different from other region can improve the marketing performance in accordance with the study's results of Guerrero, et al., (2009), that traditional foods are foods frequently consumed or related to vacations or particular seasons passed from one generation to another, produced in a certain way according to the culinary heritage, processed in a limited amount, distinguished and also discerned because of the typical taste essence of the food related to the particular local region or area.

Brebes salted eggs are produced by small-sized business firms (MSMEs) with a product differentiation strategy to create a distinctive product different from other regions. Therefore, the results of this study can be applied on other MSMEs focusing on products differentiation strategy by increasing marketing activities to get closer to consumer needs and develop better abilities to regulate prices (Cartan-Quinn and Carson, 2003). Through product differentiation, MSMEs should be able to carve a niche market with their peculiar products, next to the large companies that offer products with special features in which consumers are willing to pay in a premium price (Kotler and Keller, 2006). However, it is not enough to just rely on the product differentiation strategy. If MSMEs really want to succeed and survive side by side with large companies, consumers must be able to recognize the unique attributes of the product and loyal to its particular features.

MSMEs may also conduct marketing strategies by formulating clear objectives, choosing the most appropriate distribution channels, and adjusting sales agents in the best way possible (Banterle, et al., 2009). The marketing of salted egg in Brebes is performed by selling directly to consumers through outlets along the north coastal routes who are traveling or on vacation. Food from local region or area (origin food) is usually available on less distribution channels, often produced in traditional ways in particular area and has a higher price and quality (Bryla, 2015), thus the producers of salted egg in Brebes also receive orders from customers outside the city through bus travel agency or other transportations to deliver the salted egg.

9.3. Research Limitations

The writer is aware of the limitations of this study. The limitations involve several things like models and the number of survey respondents. Conceptual limitation in this study lies in the simple model tests. It is expected that further researches should develop and improve the model application and the number of survey respondent to conduct a better and more efficient research study.

9.4. Further Research

Model limitation in this study is there no variables that can sense the markets. The writer suggests that further researches should add a variable that can sense the markets, such as the marketing sensing capability.

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