

**BACHELOR THESIS**

**THE INFLUENCE OF PRODUCT QUALITY AND PRODUCT  
INNOVATION ON COMPETITIVE ADVANTAGE (STUDY ON  
"NUTRITION CLUB" IN THE CITY OF BANJARMASIN)**



**Submitted To Complete The Requirements In Obtaining  
Bachelor Degree in Management Study Program**

**Arranged by :**

**FARIDATUN NISA**

**NIM : 1910312320066**

**STUDY PROGRAM : S1 MANAGEMENT**

**FACULTY OF ECONOMICS AND BUSINESS**

**LAMBUNG MANGKURAT UNIVERSITY**

**BANJARMASIN**

**2023**

**LEGALITY SHEET**  
**THE INFLUENCE OF PRODUCT QUALITY AND PRODUCT INNOVATION ON**  
**COMPETITIVE ADVANTAGE STUDY ON "NUTRITION CLUB" IN THE CITY OF**  
**BANJARMASIN**

Prepared and arranged by:

**FARIDATUN NISA**

**NIM. 1910312320066**

It has been defended in front of the Testing Team on June 20, 2023

And declared to have met the requirements to be accepted

Advisor



Dr. Hastin Umi Anisah, SE, MM

NIP. 19780714 200312 2 002

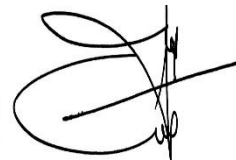
Examiner I



Ahmad Rifani, SE, MM

NIP. 19780705 200312 1 002

Examiner II



Widyarfendhi, SE, M.Si

NIP. 19761106 200604 1 002

Acknowledged by:

Head of Management Department



Dr. RR. Yulianti Prihatiningrum, SE, M.Si

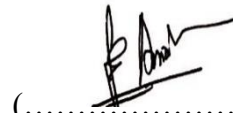
NIP. 19730727 200112 2 001

**APPROVAL SHEET OF THESIS TEST**  
**LAMBUNG MANGKURAT UNIVERSITY**  
**FACULTY OF ECONOMICS AND BUSINESS**

Name : Faridatun Nisa  
NIM : 1910312320066  
Major : Management  
Skripsi Tittle : The Influence of Product Quality and Product  
Innovation on Competitive Advantage Study on  
Nutrition Club in Banjarmasin City  
Day/Date : Tuesday, 20 June 2023  
Main Courses : Entrepreneurship Management  
Exams Conducted : Management Department Room

**Examiner's Committee:**

Advisor : Dr. Hastin Umi Anisah, SE, MM (.....)



Leader : Ahmad Rifani, SE, MM (.....)



Secretary : Widyarfendhi, SE, M.Si (.....)



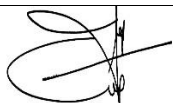


## MINUTES OF THESIS IMPROVEMENT

Based on the results of exams that have been carried out by students of the Management  
Department Faculty of Economics and Business University of Lambung Mangkurat

Name : Faridatun Nisa  
NIM : 1910312320066  
Major : Management  
Skripsi Tittle : The Influence of Product Quality and Product Innovation  
on Competitive Advantage Study on Nutrition Club in  
Banjarmasin City  
Main Courses : Entrepreneurship Management  
Exams Conducted : 20 June 2023  
Exam Time : 08.30 – 10.30

With this, I have made improvements to the thesis based on the advice of the Examining Team

No.	Name	Explanation	Signature
1.	Dr. Hastin Umi Anisah, SE, MM NIP. 19780714 200312 2 002	Advisor	
2.	Ahmad Rifani, SE, MM NIP. 19780705 200312 1 002	Examiner I	
3.	Widyarfendhi, SE, M.Si NIP. 19761106 200604 1 002	Examiner II	

This is the report on the repair of the thesis that has received approval from the  
Examining Team

Banjarmasin, 20 June 2023

Acknowledged by:

Head of Management Department



Dr. RR. Yulianti Prihatiningrum, SE, M.Si  
NIP. 19730727 200112 2 001

Student



Faridatun Nisa  
NIM. 1910312320066

## LETTER ORIGINALITY DECLARATION

I the undersigned certify that this thesis is the result of the research that I have done. All quotations and assistance from various sources have been properly disclosed. This thesis has never been published for other purposes by anyone. If in the future it turns out that my statement is untrue, then I am willing to accept the legal consequences of the untrue statement

Banjarmasin, 20 June 2023

Who make a statement,

A 10,000 Rupiah Indonesian postage stamp featuring the Garuda Pancasila emblem and a handwritten signature. The stamp includes the text 'REPUBLIK INDONESIA', '10000', 'METE', and 'TEM'. The serial number '5A545AJX017204510' is visible at the bottom.

Faridatun Nisa

NIM. 1910312320066

## FOREWORD

Praise we pray to the presence of Allah SWT, because of His grace and mercy, the thesis entitled "**The Influence Product Quality and Product Innovation On Competitive Advantage (Study on "Nutrition Club" in Banjarmasin City)**". This can be resolved. Shalawat and greetings are also sent to the role model as well as the best educator of the ummah, the prophet Muhammad SAW., along with his friends, relatives, and those who continue to follow his guidance until the end of time.

The researcher realizes that this thesis would not have been completed properly without the support and guidance from various parties during its preparation. Therefore, on this occasion, the researcher would like to sincerely thank:

1. Mr. Dr. H. Atma Hayat, Drs. Ec., M.Si, Ak., CA as the Dean of the Faculty of Economics and Business, Lambung Mangkurat University, Banjarmasin, who has provided the opportunity for researchers to complete this thesis.
2. Mrs. Raden Roro Yulianti Prihatiningrum, SE., M.Sc as Chair of the Management Study Program, Faculty of Economics and Business, University of Lambung Mangkurat, who has made it easy for researchers to complete this thesis.
3. Mrs. Hastin Umi Anisah, SE., M.M, as the supervisor who has spent the time, energy and thoughts to guide and direct and correct the writing of this thesis.
4. Mr. Birhasani, as the Head of the UMKM Nutrition Club Banjarmasin who has given approval and permission to researchers to conduct research.
5. Ms. Silvia Penorema Hasan S.IP as the Secretary of the UMKM Nutrition Club Banjarmasin and her staff, who are willing to provide information, approval and directions in conducting research for the smooth running of her thesis.
6. All MSME Nutrition Club customers who are willing to be respondents in this study.

7. Mr. and Mrs. Lecturers of the S1 Management Program who have provided knowledge and education while attending lectures, as well as all the S1 Management Program staff who have helped a lot for the smooth running of this research.
8. Mr. Supardie and Mrs. Noor Azizah, as parents who have raised, educated, provided motivation, and prayed for researchers so that they can complete this thesis.
9. My friends who always support and pray for the success of this thesis.
10. All parties who have helped in the writing of this thesis either directly or indirectly, and who cannot be mentioned one by one.

The author realizes that the thesis that has been prepared still has weaknesses and shortcomings, so constructive criticism and suggestions are very much expected. The author hopes that this thesis is useful and contributes to the development of science. For all the help, guidance and *support* from all sides, the writer prays that Allah swt will reward him with a multifold reward. *Amen, O Rabbal Alamiin.*

Banjarmasin, 20 June 2023

## ABSTRACT

Faridatun Nisa (2023). The Influence of Product Quality and Product Innovation on Competitive Advantage at Café Nutrition Club in Banjarmasin City. Advisor : Dr. Hastin Umi Anisah, SE, MM.

A business must be able to recognize the needs and wants of consumers at this time and be able to predict the needs and wants of consumers in the future, by paying attention to these two things, the business being run will have a greater chance of winning the business competition that occurs. This study aims to analyze and find out: (1) does product quality have a significant effect on competitive advantage, (2) does product innovation have a significant effect on competitive advantage.

Using method *purposive sampling*. The population in this study are business actors or employees at the nutrition club cafe in the city of Banjarmasin. Samples were taken using the technique *nonprobability sampling*. This study uses primary data by direct observation and distribution of questionnaires. Data analysis technique uses Partial Least Square.

The results of this study indicate that there is an influence of the product quality variable on competitive advantage at the nutrition club café in the city of Banjarmasin and the product innovation variable influences the competitive advantage at the nutrition club café in the city of Banjarmasin.

**Keywords:** Product Quality, Product Innovation, Competitive Advantage



## ABSTRACT

Faridatun Nisa (2023). The Influence of Product Quality and Product Innovation on Competitive Advantage at Café Nutrition Club in Banjarmasin City. Advisor : Dr. Hastin Umi Anisah, SE, MM.

A business must be able to recognize the needs and wants of consumers at this time and be able to predict the needs and wants of consumers in the future, by paying attention to these two things, the business being run will have a greater chance of winning the business competition that occurs. This study aims to analyze and find out: (1) does product quality have a significant effect on competitive advantage, (2) does product innovation have a significant effect on competitive advantage.

Using method *purposive sampling*. The population in this study are business actors or employees at the nutrition club cafe in the city of Banjarmasin. Samples were taken using the technique *nonprobability sampling*. This study uses primary data by direct observation and distribution of questionnaires. Data analysis technique uses Partial Least Square.

The results of this study indicate that there is an influence of the product quality variable on competitive advantage at the nutrition club café in the city of Banjarmasin and the product innovation variable influences the competitive advantage at the nutrition club café in the city of Banjarmasin.

**Keywords:** Product Quality, Product Innovation, Competitive Advantage

## LIST OF CONTENTS

LEGALITY SHEET .....	ii
APPROVAL SHEET OF THESIS TEST .....	iii
MINUTES OF THESIS IMPROVEMENT .....	iv
LETTER ORIGINALITY DECLARATION .....	v
FOREWORD .....	vi
ABSTRACT.....	viii
ABSTRACT.....	ix
LIST OF CONTENTS .....	x
LIST OF TABLES .....	xii
LIST OF FIGURES .....	xiii
APPENDIX LIST .....	xiv
CHAPTER I.....	1
INTRODUCTION .....	1
1.1. Background .....	1
1.2. Problem Formulation.....	13
1.3. Research purposes .....	13
1.4. Benefits of research.....	13
1.5. Discussion Systematics .....	14
CHAPTER II LITERATURE REVIEW .....	16
2.1 Theoretical Basis.....	16
2.2 Results of Previous Research.....	29
CHAPTER III CONCEPTUAL FRAMEWORK AND HYPOTHESES.....	34
3.1 Conceptual Framework.....	34
3.2. Research Hypothesis.....	35
CHAPTER IV RESEARCH METHODS .....	38
4.1 Research Scope .....	38
4.2 Types of Research.....	38
4.3 Research Place/Location.....	38
4.4 Unit of Analysis .....	39
4.5 Population and Sample .....	39
4.6 Variables and Variable Operational Definitions.....	40
4.7 Data Collection Techniques.....	42
4.8 Data Sources .....	43
4.9. Data analysis technique.....	44
CHAPTER V RESEARCH RESULTS AND ANALYSIS .....	49

5.1	General Description of the Research Object .....	49
5.1.1	A Brief History of Herbalife .....	49
5.1.2	Product Type .....	55
5.1.3	Herbalife Vision and Mission .....	60
5.2	Characteristics of Respondents .....	61
5.2.1	Characteristics of Respondents Based on Gender .....	61
5.2.2	Characteristics of Respondents on Age .....	62
5.2.3	Characteristics of Respondents Based on Occupation .....	63
5.2.4	Characteristics of Respondents Based on Length of Business .....	63
5.3	Descriptive Analysis of Respondents' Answers .....	64
5.3.1	Descriptive Analysis of Product Quality Variables .....	65
5.3.2	Descriptive Analysis of Product Innovation Variables .....	66
5.3.3	Descriptive Analysis of Competitive Advantage Variables .....	67
5.4	Model Evaluation Results .....	69
5.4.1	Outer Model Evaluation Results .....	69
5.4.2	Inner Model Evaluation Results .....	73
5.4.3	Hypothesis Testing Results .....	75
5.5.2	Influence of Product Innovation on Competitive Advantage .....	78
5.6	Implications of Research Results .....	80
5.6.1	Theoretical Implications .....	80
5.6.2	Practical Implications .....	81
5.7	Research Limitations .....	82
CHAPTER VI CLOSING .....		84
6.1	Conclusion .....	84
6.2	Suggestions .....	84
BIBLIOGRAPHY .....		86

## LIST OF TABLES

Table 1. 1 TBI Top Brand Index data for the category of special diet milk food and drinks in 2015-2018.....	2
Table 1. 2 Herbalife Product Price List.....	3
Table 1. 3 Sales Data .....	4
Table 1. 4 Herbalife Sales at the Zone Sehati Café in Banjarmasin City 2022 .....	12
Table 4. 1 Research Instrument Development.....	42
Table 4. 2 Measurement Scale .....	43
Table 4. 3 Inner Model Interpretation Criteria .....	45
Table 4. 4 Outer Model Criteria .....	47
Table 5. 1 Characteristics of Respondents Based on Gender .....	61
Table 5. 2 Characteristics of Respondents Based on Age.....	62
Table 5. 3 Characteristics of Respondents Based on Occupation .....	63
Table 5. 4 Characteristics of Respondents Based on Length of Business .....	63
Table 5. 5 Descriptive Analysis index values.....	64
Table 5. 6 Descriptive Analysis of Product Quality Variables .....	65
Table 5. 7 Outer loading values at the Initial Estimation Stage of the Research .....	70
Table 5. 8 Average Variance Extracted (AVE).....	71
Table 5. 9 Fornell Larcker Criteria Values.....	72
Table 5. 10 Cross Loading Values .....	72
Table 5. 11 Reliability Test Results.....	73
Table 5. 12 Determinant Coefficient Values (R Square/ R <sup>2</sup> ).....	73
Table 5. 13 Path Coefficient Values .....	75
Table 5. 14 Statistical T Value and P Value .....	76
Table 5. 15 Total effect values.....	76
Table 5. 16 Research Hypothesis Testing Results .....	77

## LIST OF FIGURES

Figure 1. 1 Herbalife Products .....	4
Figure 1. 2 Mark Hughes – Founder of Herbalife .....	8
Figure 1. 3 Nutrition Clubs .....	10
Figure 3. 1 Conceptual Framework .....	37
Figure 5. 1 Herbalife symbol .....	53
Figure 5. 2 Herbalife Best Seller Products.....	57
Figure 5. 3 Herbalife Best Seller Products.....	58
Figure 5. 4 Herbalife Best Seller Products.....	58
Figure 5. 5 Herbalife Best Seller Products.....	59
Figure 5. 6 Herbalife Best Seller Products.....	60
Figure 5. 7 Product Quality Variable Descriptive Analysis Index Values .....	67
Figure 5. 8 Descriptive Analysis Index Value of Product Quality Variables .....	68
Figure 5. 9 Descriptive Analysis Index Value of Competitive Advantage Variables .....	69
Figure 5. 10 Research Models .....	70
Figure 5. 11 Outer Value of Initial Estimation Stage Research Model .....	71

## **APPENDIX LIST**

APPENDIX I TABLE OF RESEARCH INSTRUMENT DEVELOPMENT .....	92
APPENDIX II RESEARCH QUESTIONNAIRE .....	96
APPENDIX III TABLE OF CRITICAL REVIEW JOURNAL.....	102
APPENDIX IV CHARACTERISTICS OF RESPONDENTS .....	118
APPENDIX V THE RESPONDENT'S RESPONSE .....	124