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Product Quality and Innovation as Drivers of Chocodot Competitive Advantage

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***Abstract*– This study examines the effects of product innovation and quality on competitive advantage in Chocodot products. A quantitative research design with a descriptive approach was employed, involving 123 respondents were selected through simple random sampling. Data were collected using a questionnaire and analyzed with SPSS 27 via multiple linear regression, data quality tests, coefficient of determination, and hypothesis testing. The findings indicate that product innovation influences competitive advantage by 67.1%, product quality contributes 70.2%, and both variables simultaneously account for 74.8%, while 25.2% is explained by other factors beyond this research. These results highlight that product innovation and product quality are critical determinants of competitive advantage, providing a strategic foundation for the development of local SMEs.**

Keywords- Product Innovation, Product Quality, Competitive Advantage, SMEs

I. INTRODUCTION

Technological advancements have influenced nearly every aspect of life, including the economy, industry, and small- and medium-sized enterprises. Technology has sped up the distribution of information and shaped increasingly dynamic, global consumption trends. The influx of foreign food and entertainment trends demonstrates how easily Indonesian society is influenced by foreign products through digital media and social networks [18]. This creates opportunities and challenges for local businesses, particularly those in the culinary sector, which is one of the largest contributors to the national creative economy. According to data from the Ministry of Tourism and Creative Economy, the culinary sector accounts for over 40% of the creative economy's GDP and employs millions[17]. In this context, it is crucial to examine how local products can compete amid an influx of global culture and products entering the domestic market.

In Indonesia's culinary industry, traditional local products face significant pressure due to the popularity of foreign foods dominating both the online and offline markets. An interesting example is Garut's signature food product, Chocodot, which combines chocolate with dodol, a semi-traditional culinary item. This innovation emerged in response to globalization and changing consumer preferences, aiming to preserve cultural heritage and differentiate products [21]. However, despite its appeal, Chocodot sales data from 2019 to 2021 show a significant decline, particularly during the pandemic (data from PT. Tama Cokelat Indonesia, 2021). This situation underscores the fact that innovation alone is insufficient; superior product quality is also necessary to create customer satisfaction and loyalty [15][12]. Therefore, studying the relationship between product quality and innovation is crucial for local SMEs seeking to maintain their competitiveness.

Theoretically, research on product innovation and quality is firmly grounded in the literature of strategic management and marketing. Porter (1985) emphasizes the importance of competitive advantage strategies based on differentiation and quality to compete with other companies. Kotler, on the other hand, asserts that continuous innovation is the key to long-term marketing success [10]. Studies done in the past have demonstrated that market appeal is increased by product innovation, and that product quality is essential in establishing consumer trust [3][16]. However, most research has focused on the craft industry, manufacturing, and non-food-related SMEs. There is a significant gap in the literature regarding semi-traditional products like Chocodot within the framework of competitive advantage that needs to be addressed. Therefore, this study aims to enrich the literature by offering a new perspective within the local context.

From a practical standpoint, this research is important because it offers strategic insights to help small and medium-sized enterprises (SMEs) in the culinary sector survive and thrive amid global competition. Local MSMEs, such as Chocodot, have great potential as regional identities and as representatives of creative economic forces capable of competing in domestic and international markets. This

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study is expected to help businesses understand how product innovation and quality can strengthen their competitive position. Additionally, this research will help local governments and policymakers design appropriate support strategies for traditional MSMEs facing modernization challenges [22]. Thus, this research is academically relevant and has significant practical implications for supporting the sustainability of local SMEs.

Given this background, this study aims to empirically examine how product innovation and quality influence the competitive advantage of Chocodot products in Garut Regency. Specifically, the study seeks to : (1) Determine the extent to which product innovation influences Chocodot's competitive advantage. (2) Measure the influence of product quality on Chocodot's competitive advantage. (3) Examine the simultaneous influence of product innovation and product quality on Chocodot's competitive advantage. The research questions are as follows : (1) Does product innovation influence Chocodot's competitive advantage? (2) Does product quality influence Chocodot's competitive advantage? (3) Do product innovation and product quality simultaneously influence Chocodot's competitive advantage? These questions form the basis of the research framework and the contribution of this study.

II. LITERATURE REVIEW

The concept of competitive advantage is firmly rooted in the field of strategic management. Porter (1985) emphasizes that companies can gain a competitive advantage by employing differentiation, cost leadership, or market focus strategies. In the context of SMEs, differentiation is often achieved by developing unique product innovations and improving product quality to meet consumer expectations[10]. Garvin (1987) explains that product quality has several dimensions, including performance, reliability, durability, aesthetics, and conformity to standards. Meanwhile, Kotler and Keller (2016) emphasize that product innovation is a crucial strategy for maintaining business relevance amid changing consumer preferences. Accordingly, their theoretical framework posits that product innovation and quality are the two primary factors that determine a business's competitive position in the market.

The development of the concepts of competitive advantage and product innovation has historically changed in line with global economic dynamics. Initially, the concept of competitive advantage centered on a company's resources, as proposed by Wernerfelt (1984). However, rapid globalization and the development of digital technology have led contemporary research to emphasize the importance of innovation and product quality for maintaining competitiveness, particularly for MSMEs facing intense competition[15]. In Indonesia's creative economy, culinary SMEs are important contributors to GDP and employment (Lydia Fransisca, 2021). Indonesia's SME development history also shows that semi-traditional local products, such as Chocodot, are the result of innovations born from the need to preserve cultural identity while responding to modern market challenges[21].

Previous studies on the relationship between product innovation, product quality, and competitive advantage have generally used a quantitative methodology. Several studies have employed survey methods, including questionnaires and multiple linear regression analysis, to examine the influence of these variables on one another. For example, Anggraeni (2021) examined the effect of product innovation and quality on competitive advantage in SMEs and found that both factors significantly contribute to it.Lestari (2020) used a similar approach in a study of Payung Geulis Mandiri Tasikmalaya. Results showed that product quality was more influential than innovation in determining competitive advantage. Other studies have used the partial least squares (PLS) method to test relationships between variables in creative industry SMEs. These studies have found consistent results: product innovation and product quality positively influence competitiveness. These findings provide a strong methodological foundation for the current study.

Similar research has been conducted at the local and international levels, focusing on micro-, small-, and medium-sized enterprises (MSMEs) in the culinary and handicraft industries. For example, Nurachman (2021) shows that sustainable product innovation can improve the competitiveness of MSMEs in the snack food industry. At the international level, Aziz (2016) emphasizes that product innovation is a major factor in expanding market share in the small and medium food industry in Malaysia. Distanont's (2020) research in Thailand found that combining product innovation with product quality is crucial for

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building a competitive advantage in the local culinary industry. Unlike previous studies, this study offers a new perspective by emphasizing semi-traditional products, such as Chocodot, that have not been extensively researched.

Based on the literature review above, a research gap has been identified that needs to be addressed. Although previous studies have extensively discussed the role of innovation and product quality in achieving a competitive advantage, most of this research has focused on the handicraft or manufacturing sectors. Few studies have specifically examined semi-traditional products in the culinary sector, particularly those that strive to preserve local identity amid globalization. Therefore, this study aims to contribute to the existing literature on the topic by empirically examining how product innovation and quality influence competitive advantage in Chocodot. Chocodot is a representative example of a culinary small-to-medium enterprise (SME) in the Garut region.

In the RBV framework, competitive advantage is a central concept. Various strategies can be implemented by companies to maintain and improve their competitive position in the market, thereby achieving success.

Additionally, the study characterizes competitive advantage in relation to two primary factors: product innovation and product quality. These variables were chosen because they significantly impact the ability of companies, especially MSMEs, to compete effectively. Product innovation reflects a company's ability to create relevant products or designs, while product quality refers to how well products meet performance, reliability, and customer satisfaction standards. Together, these aspects are expected to strengthen competitive advantage, which becomes the main objective of a company's sustainability strategy.

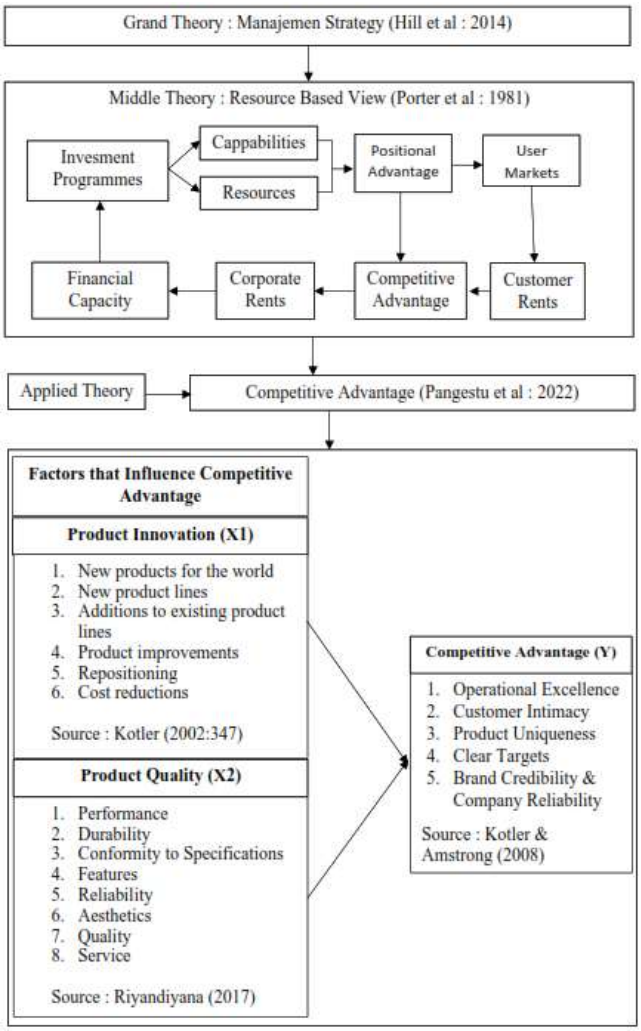

Figure 1 Theoretical Position of the Study

The research hypotheses formulated from this study are as follows: (1) Product innovation positively affects competitive advantage. (2) Product quality positively affects competitive advantage. (3) Product innovation and product quality simultaneously positively affect competitive advantage.

III. RESEARCH METHODS

The present study employs a quantitative approach with a descriptive-verificative research design. This approach was selected because it is conducive to empirically and measurably testing the influence of variables through numerical data. The descriptive design describes the characteristics of the respondents and the research variables, and the confirmatory design tests the previously formulated hypotheses. This approach is congruent with the research objectives, which center on examining the causal relationship between product innovation,

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product quality, and competitive advantage. The employment of a quantitative approach is instrumental in enabling this study to objectively address the research questions. This methodological decision ensures the reliability and generalizability of the results to the pertinent population [26].

The subjects of this study were Chocodot consumers who had purchased and consumed the product. A total of 123 respondents were included in the study. These respondents were selected using purposive sampling based on the following inclusion criteria: residing in Garut; having purchased Chocodot at least once in the last six months; and being at least 17 years old. Exclusion criteria were established for respondents unwilling to complete the questionnaire or not relevant to the target population. This sampling method is expected to provide an accurate representation of Chocodot's target consumers, ensuring that the research findings reflect actual conditions.

The research instrument employed was a structured questionnaire that incorporated a five-point Likert scale ranging from "strongly disagree" to "strongly agree." The questionnaire was developed based on indicators derived from previous theories and research. The text addressed themes related to product innovation, product quality, and competitive advantage. The validity of the instrument was assessed through the analysis of item-total correlation, while reliability was evaluated using Cronbach's alpha coefficient. Testing results showed that all items had correlation values greater than the critical value and reliability values above 0.7, indicating the instrument's suitability for the study[3][16]. Thus, the instrument has adequate validity and reliability to measure the variables under study.

The data was collected through the administration of questionnaires to respondents who met the specified criteria. Prior to implementation, researchers completed preparatory stages, including developing the instruments, testing the questionnaires, and coordinating with relevant parties. In June 2025, data collection took place in Garut Regency using both face-to-face and online distribution methods to expand respondent reach. This procedure was designed to enable other researchers to replicate the data collection process under similar conditions. The collected data was then reviewed to ensure the completeness and consistency of the responses before proceeding to the analysis stage.

The data were then subjected to inferential statistical analysis using the SPSS software program. Multiple linear regression was employed to assess the impact of the independent variables (product innovation and product quality) on the dependent variable (competitive advantage). Prior to conducting hypothesis testing, classical assumption tests were performed, encompassing normality, multicollinearity, and heteroscedasticity assessments. Multiple linear regression was selected as the optimal method due to its capacity to elucidate the extent to which product innovation and product quality exert a simultaneous and partial influence on competitive advantage [15][12]. Therefore, this analysis method is considered the most appropriate for testing the proposed hypothesis and answering the research questions.

IV. RESULT AND DISCUSSION

Result

The researchers drew conclusions about the distribution of the research questionnaires by utilizing a continuum category. The results are presented in Table 1 to make them easier for readers to understand.

Table 1. Continuum Classification Range

Value Range	Category
431 – 510	Very High
349 – 430	High
277 – 348	Enough
185 – 266	Low

Classical assumption testing is a prerequisite for multiple regression analysis. This test ensures that parameter estimation and regression coefficients are unbiased. Classical assumption testing includes normality, multicollinearity, autocorrelation, and heteroscedasticity testing.

Normality Test

Other variables are tested based on the assumption that residual values follow a normal distribution, so normality testing needs to be done. If this assumption is violated, the statistical test becomes invalid, and parametric statistics cannot be used. This study uses the Kolmogorov-Smirnov method to test the normality of the data distribution. The results of the normality test are shown in Table 2 below.

Table 2. Normality Test Measurement Results

One-Sampel Kolmogorov-Smirnov Test		Unstandardized Residual
N		123
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.32948937

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Most Extreme Differences	**Absolute**	.065
	Positive	.065
	Negative	-.065
Test Statistic		.065
Asymp. Sig. (2-tailed)[c]		.200[d]
Monte Carlo Sig. (2-tailed)[e]	**Sig.**	.223

Source : Researchers (2025)

Table 2 shows that the Kolmogorov-Smirnov value is 0.65, which is greater than 0.05. This means that there is no difference between the frequency of observations and the expected normal frequency, and that all data in this study are normally distributed. Therefore, the data in this study are said to be normally distributed.

Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between independent variables in the regression model. This test is necessary because this study uses multiple regression analysis. The multicollinearity test can be performed by looking at the tolerance and VIF values, which should not exceed 10. If this condition is met, it can be concluded that there is no multicollinearity. The results of the multicollinearity test can be seen in Table 3 below.

Table 3. Multicollinearity Test Results

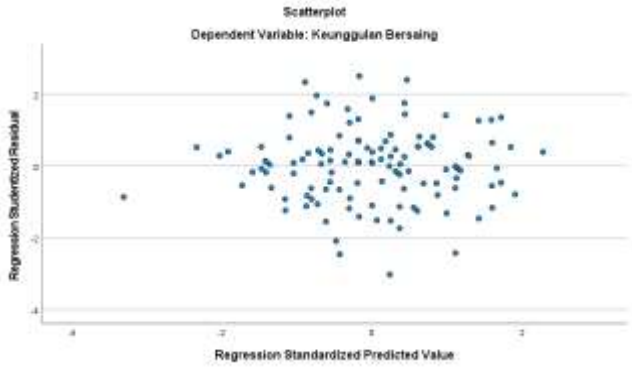
No.	Variabel Bebas	Collinearity Statistic		Kesimpulan
		Tollerance	VIF	
1	Product Innovation	0.297	3.363	No Multikolinier
2	Product Quality	0.297	3.363	No Multikolinier

Source : Researchers (2025)

As shown in the table above, the tolerance values for product innovation (X1) and product quality (X2) are both 0.297. The VIF (Variance Inflation Factor) for Product Innovation (X1) is 3.363; the VIF for Product Quality (X2) is also 3.363. These values indicate that there is no multicollinearity among the independent variables in this study.

Heteroscedasticity test

The heteroscedasticity test determines if there is variance and residual inequality in a regression model from one observation to another. A regression model is considered good if it does not exhibit heteroscedasticity. This can be detected using graphical analysis methods. One way to observe this is by examining the scatterplot. If the points in the scatterplot are randomly distributed, it indicates that there is no heteroscedasticity issue in the model (Nurfauziah, 2022).



Source : Researchers (2025
Figure 2 Results of Heteroscedasticity Testing

Based on the results of the heteroscedasticity test in the above scatter plot, the points are randomly scattered below and above zero on the studentized residual regression axis. Therefore, it can be concluded that the model does not have a heteroscedasticity problem and that the regression analysis results will not be inaccurate.

The Effect of Product Innovation on Competitive Advantage.

The first analysis was conducted to determine the relationship between product innovation and competitive advantage. This relationship was expressed by the R value, which was 0.819. The R^2 value, or coefficient of determination, was 0.671. This means that product innovation influences competitive advantage by 67.1%, while other variables not mentioned in this study influence the remaining 32.9%.

Table 4. Model Summary Relationship Between Innovation and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.671	.668	3.82036

a. Predictors : (Constant), Innovation (X1)

Source : Researchers (2025)

The second analysis was conducted to determine if the seven dimensions of product innovation influence competitive advantage. The main hypothesis to be tested in this study is H1: Product innovation influences competitive advantage. The significance value is 0.001, which is less than the critical value of 0.05. Therefore, H1 is accepted, meaning that product innovation significantly influences competitive advantage.

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Table 5. ANOVA Effect of Innovation on Competitive Advantage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3598.242	1	3598.242	246.536	<,001[b]
	Residual	1766.018	121	14.595		
	Total	5364.260	122			

a. Dependent Variable: Competitive Advantage (Y)
b. Predictors: (Constant), Innovation (X1)

Source : Researchers (2025)

The third analysis is a partial t-test, which determines the regression coefficient value of the product innovation variable on competitive advantage. Based on the data processing results, the regression coefficient value of the product innovation variable is 0.761. Since the regression coefficient is positive, it indicates that competitive advantage is influenced by the product innovation variable.

Table 6. Innovation Coefficients on Competitive Advantage

Model		Unstandarized Coefficients		Standarized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.264	2.661		1.603	,112
	Inovasi (X1)	.761	.048	.819	15.701	<,001

a. Dependent Variable: Competitive Advantage (Y)
Source : Researchers (2025)

The Influence of Product Quality on Competitive Advantage

The first analysis was conducted to determine the relationship between product quality and competitive advantage. This relationship was expressed by the R value, which was 0.838. The R^2 value, or coefficient of determination, was 0.702. This means that product quality influences competitive advantage by 70.2%, while other variables not mentioned in this study influence the remaining 29.8%.

Table 7. Model Summary Relationship between Product Quality and Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.838[a]	.702	.700	3.63390

a. Predictors : (Constant), Quality (X2)

Source : Researchers (2025)

The second analysis was conducted to determine if the eleven dimensions of product quality influence competitive advantage. The main hypothesis to be tested in this study is H2: Product quality influences competitive advantage. The significance value is 0.001, which is less than the critical value of 0.05. Therefore, H2 is accepted, and it can be concluded that product quality has a significant effect on competitive advantage.

Table 8. ANOVA Effect of Product Quality on Competitive Advantage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3766.431	1	3766.431	285.223	<,001[b]
	Residual	1597.829	121	13.205		
	Total	5364.260	122			

a. Dependent Variable: Competitive Advantage (Y)
b. Predictors: (Constant), Quality (X2)

Source : Researchers (2025)

The third analysis is a partial t-test, which determines the regression coefficient value of product quality on competitive advantage. According to the results of the data processing, the regression coefficient value of the product quality variable is 0.565. Since the regression coefficient is positive, competitive advantage is influenced by the product innovation variable.

Table 9. Quality Coefficients Against Competitive Advantage

Model		Unstandarized Coefficients		Standarized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.111	2.484		1.655	,100
	Quality (X2)	.565	.033	.838	16.889	<,001

a. Dependent Variable: Competitive Advantage (Y)

Source : Researchers (2025)

The Influence of Product Innovation and Product Quality on Competitive Advantage

The first analysis determined the relationship between product innovation, product quality, and competitive advantage. The strength of the relationship was expressed by the R value, which was 0.865. The R^2 value, or coefficient of determination, was 0.748. This means that competitive advantage is influenced by product innovation and quality by 74.8%, while 25.2% is influenced by other variables not mentioned in this study

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Table 10. Model Summary Relationship between Innovation and Product Quality on Competitive Advantage

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865[a]	.748	.744	3.35712

a. Predictors : (Constant), Innovation (X1), Quality (X2)

Source : Researchers (2025)

The second analysis was conducted to determine if the seven product innovations and eleven product quality dimensions influence competitive advantage. The main hypothesis to be tested in this study is H3: Product innovation and product quality influence competitive advantage. The significance value is 0.001, which is less than 0.05. Therefore, H3 is accepted, meaning that product quality significantly affects competitive advantage.

Table 11. ANOVA Effect of Innovation and Product Quality on Competitive Advantage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4011.829	2	2005.915	177.983	<,001[b]
	Residual	1352.431	120	11.270		
	Total	5364.260	122			

a. Dependent Variable: Competitive Advantage (Y)
b. Predictors: (Constant),Innovation (X1), Quality (X2)

Source : Researchers (2025)

The third analysis is a partial t-test, which determines the regression coefficient values of product innovation and product quality on competitive advantage. Based on the data processing results, the regression coefficient values for product innovation and product quality are 0.365 and 0.343, respectively. These positive regression coefficients indicate that competitive advantage is influenced by product innovation and product quality, as mentioned earlier.

Table 12. Coefficients of the Influence of Innovation and Quality on Competitive Advantage

Model		Unstandarized Coefficients		Standarized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.586	2.416		.243	.809
	Quality (X2)	.343	.057	.509	6.058	<,001
	Innovation (X1)	.365	.078	.392	4.666	<,001

a. Dependent Variable: Competitive Advantage (Y)

Source : Researchers (2025)

Discussion

The Effect of Product Innovation on Competitive Advantage.

Based on the results of the partial testing, there is an influence between product innovation and the competitive advantage of Chocodot products in Garut Regency. The influence of product innovation on competitive advantage yielded a regression coefficient value of 0.761 at a 5% significance level, with a significant value of 0.001. Since the regression coefficient is positive and significant ($p < 0.05$), it can be concluded that the greater the level of product innovation, the greater the competitive advantage.

Similarly, if product innovation is low, then competitive advantage will also be low. A value of R of 0.819 indicates a high level of product innovation with competitive advantage. The R^2 value of 0.671 is the coefficient of determination, meaning the competitive advantage of Garut Chocodot products is influenced 67.1% by product innovation and 32.9% by other independent variables outside the regression model. This percentage indicates that product innovation has been implemented in Chocodot products and has yielded good results. Further increasing the product innovation value will enhance its influence on competitive advantage compared to competing products.

The descriptive analysis of the product innovation variable found that the lowest value was in the cost reduction dimension of the statement, "Chocodot provides a wide range of affordable prices for all customer segments," with a score of 429. This was the lowest score among the other dimensions and statements. Innovating in pricing is common in the business world. A cost leadership or low-cost strategy is usually implemented by offering prices lower than competing products in the market.

However, companies can innovate through pricing in other ways. One way is to offer different prices for products of different sizes. This way, innovation through pricing will not be too obvious because the size and shape of the product will vary. Customers will be happier if a company offers innovations in products, variants, prices, and other aspects.

Innovation in pricing is currently rampant, especially in online sales. These sales offer attractive deals such as buy one, get one free; live streaming; and discounts for joining live streams. This relates to market innovation, where the term "businessmen picking up the ball" is used. Two innovations are simultaneously aimed at attracting customers to a

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product. This is an innovative step something that did not exist before, but now does thanks to the company's continuous development of innovations. The better the innovations are developed, the greater the competitive advantage the company can achieve.

According to the continuum table, the second lowest score is 445 points. This score is found in the social and environmental dimension, accompanied by the following statement: "Chocodot is an environmentally friendly product." It is the second lowest score after the cost reduction dimension. Companies must pay attention to social and environmental aspects because these aspects directly relate to the community and customers.

Chocodot has always held special events for its customers as part of its commitment to social and environmental responsibility. One such event is the annual Choconation chocolate party. This event is intended not only for the local community, but also has a wide reach, allowing Chocodot to promote tourism in Garut. Attractive prizes are awarded to customers as a reward for Chocodot's achievements.

Environmental aspects are also part of the company's maximization strategy. While some Chocodot products use paper packaging, others still use plastic. Chocodot has implemented other strategies, such as using more environmentally friendly packaging, which demonstrates that the company pays close attention to social and environmental issues.

According to the continuum table, the third lowest score or point value is in the market demand dimension, with a score of 458 and the following statement: "Chocodot has a fairly large market demand." Since demand originates from consumer needs, the company must better identify customer needs and preferences. With its unique product innovation that combines chocolate and dodol, Chocodot undoubtedly has an appealing product. However, the company must also carefully consider its strategy for identifying market opportunities.

Meanwhile, other results show that the highest value for the innovation variable is in the product line dimension, with a score of 519 and the following statement: "Chocodot provides products with different variants and offers many choices." Therefore, it can be concluded that product innovation is an effective strategy for attracting consumers and encouraging them to buy a company's products. There are many other factors that contribute to product uniqueness and appeal.

The next highest score in the innovation variable is in the product line dimension, with a score of 510 and the following statement: "Chocodot has a wide variety of products." Having a diverse product range is undoubtedly a company strategy to offer more variety and options. This strategy is closely related to the convenience customers experience when a company provides different products within its portfolio. The goal of this strategy is to create a competitive advantage through product lines.

The next result shows the third highest score in the new product dimension, with 508 points and the following statement: "Chocodot provides new and different innovations." According to the continuum table, the innovation and uniqueness of Chocodot products have been recognized by achieving the second-highest score. This is a key factor that attracts customers to Chocodot, as it highlights the products' uniqueness compared to others.

This is important for improving, creating, and enhancing businesses to achieve competitive advantages equal to or better than those abroad and to realize sustainable company development. Innovation is a highly effective means of increasing a company's competitive advantage, enabling it to compete not only with local products, but also with foreign ones. If businesses can identify innovations that consumers appreciate, these innovations can foster customer loyalty and competitive advantage through the presence of innovation within a product. Therefore, H0 is rejected and H1 is accepted: product innovation influences competitive advantage.

The Influence of Product Quality on Competitive Advantage

The results of this study indicate that product quality positively influences the competitive advantage of Chocodot food products in Garut Regency. Based on the partial calculation of the influence of product quality on competitive advantage, a regression coefficient of 0.565 was obtained. At a 5% significance level, with a significance value of 0.001 and a positive regression coefficient, it can be concluded that the higher the product quality, the greater the competitive advantage.

Conversely, lower product quality results in lower competitive advantage. The relationship between product quality and competitive advantage is indicated by an R^2 value of 0.838, which falls into the high category. The R^2 value of 0.702 is the coefficient of determination, meaning product quality influences itself by 70.2%, while 29.8% is attributed to independent variables outside the regression model. Given this product quality value, it can be concluded

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that Chocodot has implemented good product quality. Therefore, H0 is rejected and H2 is accepted: product quality influences competitive advantage.

Based on descriptive testing results using a continuum table, the lowest value or score in the product quality variable was 433. This score was the lowest in the suitability dimension and corresponded to a questionnaire statement that read, "Chocodot gives customers a feeling of addiction." Given this score, it can be concluded that some customers have not yet experienced an addiction to Chocodot products.

Looking at the next Continuum table, the second-lowest score in the Product Quality variable is found in the Performance dimension, with a score of 446 and the following statement: "Chocodot has good and friendly employees." Employees are the first line of defense in helping the company carry out its mission and objectives. Therefore, good resource management is essential for the continuity of business processes. Customers can feel a comfortable and friendly impression not only through the product, but also through the employees, who play a key role in interacting directly with customers. Thus, training and implementing standard operating procedures are essential to developing human resources that help a company carry out its operations. Human resources play a crucial role in a company, so hiring well-suited employees can serve as a good benchmark.

The third lowest score, 457, was in the reliability dimension and was accompanied by the following statement: "Chocodot is a consistently satisfactory product." A quality product satisfies its customers. To gain a competitive advantage, companies require that products satisfy customers in the long term. Focusing on quality, innovation, and other aspects of the product can enhance customer satisfaction and achieve product updates.

Meanwhile, the highest score for product quality was found in the design dimension, as reflected in the statement, "Chocodot has good, attractive product designs." Chocodot has a design quality that is highly appreciated by consumers, which gives them a competitive advantage through product quality. Appearance is the first thing customers see, so the design of a product must be given serious attention. When it comes to product quality, appearance is closely related to customer satisfaction.

Businesses are required to provide the best quality products and services to customers. This quality must be carefully considered based on what customers like because a company's goal is to make a profit, regardless of the field in which it operates. The better the product quality, the greater the competitive advantage the company will gain.

The second-highest score in the product quality variable was in the aesthetic dimension, with a score of 505 and the following statement: "Chocodot has appeal in terms of appearance." Aesthetics and design are elements of a product that can immediately attract customers. Chocodot has successfully attracted customers through its unique and distinctive packaging design, which makes customers feel that Chocodot stands out in terms of appearance, as evidenced by its second-highest score.

The third-highest score in the product quality variable is found in the suitability dimension, with a score of 497 and the following statement: "Chocodot is a recommendable product." A company's product quality can be seen in its suitability because if the product is suitable for customers, then it has met their needs. Thus, customers feel that the product is worth recommending to others.

The Influence of Product Innovation and Product Quality on Competitive Advantage

The results of the competitive advantage variable were reviewed using descriptive analysis. According to the continuum table, the lowest value was 428 for the operational perfection dimension, which had the statement, "Chocodot is a superior product and leads in price." This statement is closely related to the dimensions present in the innovation variable. Companies must prioritize production costs when balancing the price of products to be sold with the production costs incurred.

There is also a strategy that pays attention to the market, in which the company monitors competitors' prices. With attractive quality that is popular with customers, market demand prices can increase, though factors such as product innovation, product quality, and other variables outside the scope of the author's research must be considered. The better product innovation and quality are developed, the greater the company's competitive advantage.

The second lowest score, 430 points, was obtained in the product leadership dimension, accompanied by the following statement: "Chocodot is a leading product in the market." To generate customer feedback and create competitiveness for the company, a company must be able to communicate its products well and be flexible in responding to customer desires and needs.

The third lowest score in the competitive advantage variable was found in the customer intimacy

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dimension, which received a score of 439 and the following statement: "Chocodot is a company that has a close relationship with its customers." As customer habits change over time, companies can use technology to pay closer attention to their customers. A company can strengthen its relationship with customers in many ways, one of which is by being active on social media. A dedicated admin can interact directly with customers using the question-and-answer feature. Customers can ask questions directly, and the admin can respond by sharing information about products and events organized by the company. This attracts enthusiasm, sympathy, and attention from customers.

There are also results with the highest scores in the competitive advantage variable. This variable is found in the brand credibility and reliable company dimension, which has a score of 508. The following statement is associated with this dimension: "Chocodot has a good reputation and brand." A company's reputation is formed when customers evaluate it as having positive attributes, which then become associated with their psychological impressions of the company. Achieving and maintaining a good reputation in an increasingly competitive market is undoubtedly a significant accomplishment.

From a branding perspective, this also gives you an advantage in the competitive landscape. A good brand leaves a positive impression on customers. Therefore, Chocodot's strategy to achieve a competitive advantage is to focus on brand image and company reputation. This advantage can easily attract customers. By adding strategies and innovations to product pricing and continuing to develop these aspects, Chocodot can gain a competitive advantage over other companies.

The second-highest score in the competitive advantage variable was found in the product uniqueness dimension, with a score of 507 and the following statement: "Chocodot has its own unique products." Companies developing products must pay attention to uniqueness. Having unique products is certainly the main way to gain a competitive advantage over other companies.

The third-highest score in the competitive advantage variable is found in the clear target dimension, which has a score of 493 and the following statement: "Chocodot has clear product sales targets." With clear targets and objectives, the company's steps must align with carefully calculated processes that will lead it to its goals. Market segmentation must be carefully considered because the company's pricing decisions determine the market segmentation, which must be broad enough to include all customer segments. With broad market segmentation, more customers from various categories will be aware of the company's product quality.

The results support the third hypothesis, which states that product innovation and quality influence the competitive advantage of Chocodot products in Garut Regency. The influence of product innovation and quality on competitive advantage was determined using the R value of 0.865. The R^2 value of 0.748 is the coefficient of determination, indicating that 74.8% of competitive advantage is influenced by product innovation and quality, while 25.2% is influenced by other variables not mentioned in this study. Therefore, H0 is rejected and H3 is accepted: product innovation and product quality influence competitive advantage.

V. CONCLUSION AND SUGGESTION

This study examines how product innovation and quality influence competitive advantage in Chocodot products in Garut Regency. The results indicate that all of the proposed hypotheses can be accepted. The main finding is that product innovation and product quality both contribute significantly to the formation of competitive advantage, either partially or simultaneously. Specifically, product innovation influences competitive advantage by 67.1%. This confirms that the higher the level of innovation in terms of appearance, design, taste, or concept, the stronger a product's competitive position in the market. Chocodot's unique combination of chocolate and dodol demonstrates that creativity can generate added value that is modern yet preserves the region's traditional identity.

Furthermore, product quality was found to have a greater influence on competitive advantage, at 70.2%. This finding shows that quality is the main factor in determining customer loyalty and can even encourage customers to pay more as long as the product meets their needs and expectations. Thus, consistent quality increases product appeal and strengthens competitive sustainability. Additionally, product innovation and quality contribute 74.8% to competitive advantage simultaneously, highlighting the importance of synergy between these two aspects as an effective business strategy amid increasingly intense competition.

This study theoretically reinforces the Resource-Based View (RBV) framework by confirming that a competitive advantage can be gained by utilizing internal company resources, especially through

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innovation and product quality. This finding broadens the scope of RBV theory, demonstrating its relevance not only for large companies, but also for local SMEs in the creative industry. In practice, this research provides strategic insights to help business owners, particularly those in the culinary industry, continue to enhance creativity in product development while maintaining quality as the cornerstone of success in the market.

However, the scope of this study is limited to Chocodot consumers in Garut Regency. Therefore, future research is recommended that expands the scope to various micro, small, and medium-sized enterprise (MSME) sectors and adds other variables, such as marketing strategies, brand image, and customer satisfaction, which also have the potential to influence competitive advantage. Additionally, using different research methods, such as qualitative or longitudinal approaches, could provide a more comprehensive understanding of long-term competitiveness dynamics.

Overall, this study confirms that product innovation and quality are key factors in establishing a competitive advantage. These findings contribute to the development of strategic management science and have real implications for businesses and policymakers seeking to strengthen the competitiveness of micro, small, and medium-sized enterprises (MSMEs) in an era of global competition.

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