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The Effect of Local Product Challenges and Somethinc Product Innovation on Competitive Advantage with Technology Orientation as a Moderation

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Abstract

This study aims to re-confirm whether there is an effect of product challenges and product innovation on competitive advantage moderated by technology orientation. And to determine the relationship between Technology Orientation motive in strengthening product challenge variables and product innovation. This study can provide Local Product Challenges that can be used as a reference for local beauty product entrepreneurs to know how to face competition by making superior products through technology-oriented product innovation. This study uses the structural equation modeling analysis method. The research design uses causality which aims to test the direct effect and moderating effect between variables. The software used is SmartPLS (Partial Least Square). Based on the results of the study, the Product Innovation Hypothesis Test and technology orientation significantly affect competitive advantage. . Based on the T-Statistic value of 3.608, and P Value of 0.000 and Coefficient Value of 0.328, it can be interpreted that these variables are interrelated and this Hypothesis is significant or accepted.

Abstrak

Penelitian ini bertujuan untuk memastikan kembali apakah terdapat pengaruh tantangan produk dan inovasi produk terhadap keunggulan bersaing yang dimoderasi oleh orientasi teknologi. Dan untuk mengetahui hubungan Orientasi Teknologi motive dalam memperkuat variable tantangan produk dan inovasi produk. Penelitian ini dapat memberikan Tantangan Produk Lokal yang dapat dijadikan acuan bagi para pengusaha produk kecantikan lokal agar mengetahui bagaimana menghadapi persaingan dengan menjadikan produk yang unggul melalui inovasi produk dengan berorientasi teknologi. Penelitiain ini menggunakan metode analisis structural equation modelling. Desain penelitian menggunakan kausalitas yang bertujuan untuk menguji direct effect dan moderating effect antar variabel. Software yang digunakan adalah SmartPLS (Partial Least Square). Berdasarkan Hasil penelitian Uji Hipotesis Inovasi Produk dan orientasi teknologi signifikan berpengaruh terhadap keunggulan bersaing. . Berdasarkan nilai T-Statistic 3.608, dan P Value 0.000 dan Nilai Koefisien 0.328 dapat di artikan bahwa variable ini saling berhubungan dan Hipotesis ini signifikan atau diterima.

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INTRODUCTION

The phenomenon of the development of local beauty products is currently increasing, sales of beauty products have also increased due to the increasing interest of the Indonesian people in beauty products. The results of the study stated that 48% of Indonesian customers prefer international cosmetics while 36% of research respondents choose local products. Respondents who did not choose any preference were 16% of the total respondents. Furthermore, Andriani conducted a study entitled "Analysis of Consumer Preferences for the Use of South Korean and Local Skincare Products" in 2020. The study showed a tendency for respondents to choose local beauty product preferences as much as 74% of the total respondents. The rest (24%) prefer beauty products from South Korea. Somethinc is the object of this study because the brand has succeeded in becoming one of the local brands that entered the Top 50 Local Brand Indonesia in 2020.

Only a few Indonesian beauty brands are included in the exclusive list, such as Wardah, Martha Tilaar Group and Viva. In addition, there are also brands such as Makeover, Emina, Scarlett, and Avoskin which currently excel in their respective product segments and categories in the market (50 Most Popular Local Brands, 2020). These brands are known to have been in this industry for quite some time. Somethinc successfully entered the prestigious list when the brand was only about a year old. The information above provides an indication that Somethinc is able to compete closely with leading brands that are already popular in the Indonesian beauty sector. In a technology-oriented company, it can be interpreted that the company can use its technical knowledge to produce optimal solutions in answering and meeting the needs of its users.

Technology-oriented companies are required to be in line with the company's mission and vision. Therefore, in accordance with the strategic direction, top management must decide whether to develop technology internally or acquire it from outside, how much to invest in Research & Development (R&D), choose to compete or cooperate with rivals, and which alternative methods are best for the company now and in the future. In addition, ensuring that the company's operations are run with the latest technology, deciding the amount and direction of R&D investment, and considering possible future projections are the responsibilities of the company's management.

It appears that technological orientation is able to provide a positive impact on competitive advantage in a company. The more positive the company is in implementing technological orientation, the more the creation of superior competitiveness will tend to increase. Companies need to allocate resources for investment in the latest technology and predict future technological changes followed by improving internal processes such as speed, reliability, and comprehensive information management in achieving competitive advantage. If the company can realize and build a technological orientation, it will provide an impact on the creation of innovation. Technology-oriented companies excel in technical skills and flexibility, because they are important drivers of innovative ideas from the company's project/product innovation. In the technology management literature.

Technology orientation is essentially seen as a means to create new products. However, it is emphasized by the effective empowerment of technology (i.e., technical skills, abilities) rather than technology alone that explains why firms differ in the final results of innovation efforts. Technology orientation reflects the philosophy of "technological push," which suggests that firms prefer technologically superior products and services. Firms with a technology orientation can develop technological opportunism in the new product generation phase by taking specific actions such as focusing on the future, by having top management advocate new technologies (Widiarta et al., 2020).

Based on previous research related to variables that can consider each variable to become an accurate study.(Widiarta et al., 2020). Shows that Technology Orientation has a significant positive effect on Competitive Advantage, meaning that the more optimal the existing technology orientation, the stronger the realization of superior competitiveness, which is reflected in the stronger application of technological knowledge and capabilities, the higher the company's ability to realize competitive competitive value. (Bloom & Reenen, 2013) states that the better the product innovation, the greater the competitive advantage. This is because the emergence of product innovation is basically to meet market demand, so product innovation is one that can be used as a competitive advantage for companies. . Based on this study, it has 2 positive influences which state that Technology Orientation and Product Innovation have a positive effect on Competitive Advantage.

The difference based on the research gap that has been explained, that this study is interesting because there are differences related to variables in previous studies that tend to only use 3 variables. This study will be the latest discussion, besides because this study uses 4 variables, this study also uses the Technology Orientation variable as a moderating variable so that it can complement previous studies. This study aims to re-confirm whether there is an influence of product challenges and innovation of Somethinc local products on competitive advantage moderated by technology orientation. And to prove whether the relationship between technology orientation can strengthen

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the variables of product challenges and product innovation. This study can be used as a reference for local beauty product entrepreneurs regarding what must be faced and done in forming a brand that can have high competitiveness.

LITERATURE REVIEW

Differentiation Strategy

Differentiation strategy is a product that is offered differently from one or more competitors, through one or more ways that can be assessed by customers so that it influences customer choices. Differentiation strategy is often, but not always, associated with higher prices, because the magnitude of the increase makes the price less appropriate for consumers. In addition to being based on low cost advantages, the success of the strategy will be distinguished in many ways, including by increasing its appearance, quality, prestige, main features, service guarantees, reliability or confidence in the product. The theory of differentiation strategy is relevant to this study because differentiation strategy can affect the competitive advantage of a company, with the differences of a company that are not owned by other companies, it will be able to win the competition (Sulistiani, 2014).

Product Challenges

Domestic and international competition for skincare products in Indonesia is currently increasing. To survive in the domestic market, Somethinc faces challenges posed by local skincare products in addition to competition from businesses. Local beauty products have difficulty penetrating the Indonesian market. This is because people find it difficult to believe that there are good local products because they have already thought of better products. Somethinc is determined to become a recognized beauty product in its own country. Somethinc's discovery of how to make local skincare products by creating new skincare products that suit customer needs makes local skincare products increasingly in demand by the community of skincare product users. Because they need to inform consumers about local skincare products, Somethinc encounters difficulties. In addition, when using skincare products, Indonesian consumers usually want fast results. In addition, skincare products need to be used regularly to achieve the best results. The following is a picture of the results of the Market Share of the Top Brand Skincare Category in Indonesia in 2022 (Choirunisa et al., 2023).

Product Innovation

In creating a product, innovation is needed, in order to differentiate the product from its competitors and what makes the product far superior to other similar products. A company is required to be more innovative in producing a product in order to attract consumers to buy the product. Innovation is one of the important things that must always be implemented by a company if it does not want to lose its consumers. With product innovation, it can provide more choices for consumers and provide choices that suit their "tastes" (Ernawati, 2019).

Competitive Advantage

Competitive advantage according to Porter (1990) is the ability of a company to achieve economic benefits above the profits that competitors in the market in the same industry can achieve. Based on a study conducted by Porter, several ways to achieve competitive advantage include offering products or services at minimum prices (cost leadership), offering products or services that are unique compared to competitors (differentiation), or focusing on a particular segment (focus). Competitive advantage is the main key to surviving in the global era (Noviani, 2020).

Technology Orientation

Technology orientation is a strategic instrument, a technology-oriented product development policy can be used for competition management, with the assumption that the higher the technology used, the more innovative the products produced and the greater the possibility that the products or services offered can be sold to a particular target market. In a technology-oriented company, it can be interpreted that the company can use its technical knowledge to create technical solutions in answering and meeting the needs of its users (Setiawan, 2012).

The Impact of Local Product Challenges on Competitive Advantage

It is not easy for every beauty product to develop to be able to compete, one of which is local beauty products, this is because the raw materials for beauty products in the domestic market are not comparable to those used in beauty products from abroad such as Korea so that it can also affect the quality of the product itself, product quality is closely related to the product's ability to perform its function, including the entire product, reliability, accuracy, ease of operation and repair, and other valuable attributes (Noviani, 2020). In addition, cosmetic consumers consider imported cosmetics easier to use, for example in product packaging, color pigmentation, etc. The high

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market demand for premium and branded products has made the beauty market in Indonesia import many cosmetic products from abroad. The dominance of imported cosmetic products dominates retail or department store sales, thus narrowing the opportunity for local cosmetic products to compete (Aifa Fahira et al., 2021). In this case, the challenges for local products must be used as a reference for local beauty product entrepreneurs in their readiness to face competition and even make their products superior products. Based on the results of previous research from the arguments above, the first hypothesis is determined, namely H1: Local product challenges have a positive effect on competitive advantage.

The Influence of Product Innovation on Competitive Advantage

Product innovation is the result of various processes that are combined and influence each other. By carrying out product innovation, it is expected to increase consumer purchasing decisions. Companies that routinely innovate will be able to increase their competitive advantage over competitors(Hasnatika & Nurnida, 2019). The first factor that influences competitive advantage is product innovation which has a role as an idea, practice or object that is considered new by an individual or other user unit. Product innovation will create various product designs, thereby increasing alternative choices, increasing the benefits or value received by customers, which will ultimately improve product quality according to customer expectations(Kurniasari & Utama, 2018).

The higher the product innovation, the higher the competitive advantage. Attention in carrying out product innovation that provides added value as well as solutions for customers (Alwi & Handayani, 2018). From several sources that have been explained that product innovation has a good influence in making a superior product in facing competition by utilizing several factors, one of which is technology, then by carrying out product development periodically it can strengthen the company to be able to compete by bringing superior products. Based on the results of previous research and the arguments above, the second hypothesis can be determined, namely H2: Product Innovation Has a Positive Influence on Competitive Advantage.

The Influence of Technology Orientation on Competitive Advantage

Technology orientation is the ability and willingness of a company to develop a technological mindset and utilize it in improving and developing products and services. Technology orientation is also seen as a strategic orientation that is culture-based, company-specific and consists of complex capabilities that are in accordance with the company's resource perspective (Widiarta et al., 2020)Technology orientation is considered a technical skill for the business sector that has the potential to help ensure maximum returns based on the provision of better products and services in the business market (Darmawan et al., 2023).

Technology is one of the factors that influence the success of new products, where by using sophisticated technology, companies can create better or more innovative products. Market and technological changes are caused by changes in customer preferences, market expansion, and technological developments (Setiawan, 2012). From several sources that have been explained, it can be concluded that Technology Orientation has a good effect on competitive advantage, where the better the implementation of Technology Orientation, the greater the possibility of a company having strength in competitive advantage. Based on the results of previous studies and the arguments above, the second hypothesis can be determined, namely H3: Technology Orientation Has a Positive Effect on Competitive Advantage.

Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage

According to (Widiarta et al., 2020) technology orientation is the ability and willingness of a company to develop a technological mindset and utilize it in improving and developing products and services. His research strengthens the relationship between Local Product Challenges and Competitive Advantage because by being technology-oriented, companies can overcome existing challenges so that they are able to make superior products and can compete in large markets. Competitive advantage basically grows from the values or benefits created by the company. Customers generally prefer to buy products that have more value than they want or expect, this can be achieved, one of which is by carrying out technology orientation). (Dalimunthe, 2017)

In his (Aifa Fahira et al., 2021)said that most imported products have better quality than local products. So by implementing technological orientation, local products are able to have superior competitiveness, especially regarding product quality. From the explanations above, it can be concluded that technological orientation has a strong role in the relationship between local product challenges and competitive advantage, where the application of technological

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orientation can provide a reference for companies in overcoming challenges and facing competition. Based on the results of previous research and the arguments above, the second hypothesis can be established, namely H4: Technological Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage.

According to (Hasnatika & Nurnida, 2019) innovation will have an impact on a company's competitive advantage. Companies that innovate routinely will be able to increase their competitive advantage over competitors. From the explanations above, we can see that Technology Orientation can strengthen the relationship between product innovation and competitive advantage where companies that continue to innovate by utilizing technology can increase their competitive advantage. Based on the results of previous research and the arguments above, the second hypothesis can be established, namely H5: Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage

METHOD

This study used a selected sample of 134 respondents from students and the community with 119 female respondents (83.8%) and 23 male respondents (16.2%). The age of respondents in this study was based on 4 age groups, namely, 29 people aged <20 years (20.4%), 113 people aged 20-25 years (79.6%). Respondents' education was high school/vocational high school or equivalent, 39 people (27.5%), 7 D3 students/D3 graduates (4.9%), 94 S1 students/S1 graduates (66.2%), and 2 others (1.4%). Data quality testing in this study used Partial Least Square (PLS) analysis, which is a Structural Equation Model (SEM) equation model with an approach based on variance or component based structural equation modeling. The software used is SmartPLS (Partial Least Square).

RESULTS AND DISCUSSION

SmartPLS Descriptive Statistical Test

According to Ghozali (2018: 19) descriptive statistics is an analysis technique that describes or describes research data through minimum, maximum, average (mean), standard deviation, sum, range, kurtosis, and distribution skewness values. The descriptive analysis techniques used in this study are the minimum, maximum, mean, and standard deviation values of each variable, namely Local Product Challenges (X1), Product Innovation (X2), Competitive Advantage (Y), and Technology Orientation (Z).

Variabel	N	Minimum	Maximum	Mean
Local Product Challenges	132	1.000	5.000	3.82
Product Innovation	132	1.000	5.000	3.83
Competitive Advantage	132	1.000	5.000	4.05
Technology Orientation	132	1.000	5.000	3.78
Valid N	132			

Based on the Descriptive Statistical Test Results, we can describe the distribution of the data obtained as follows: Local Product Challenges based on the data above are described that the minimum value is 1 while the maximum value is 5 and the average value is 3.82 this variable needs to be increased again in order to reach the maximum value. The Product Innovation variable from the data above is described that the minimum value is 1 while the maximum value is 5 and the average value is 3.83 this variable needs to be increased again in order to reach the maximum value. The Competitive Advantage variable from the data above is described that the minimum value is 1 while the maximum value is 5 and the average value is 4.05 this variable has a higher value than other variables so that it can be the first reference for the company. The Technology Orientation variable from the data above is described that the minimum value is 1 while the maximum value is 5 and the average value is 3.78 this variable needs to be increased in order to reach the maximum value.

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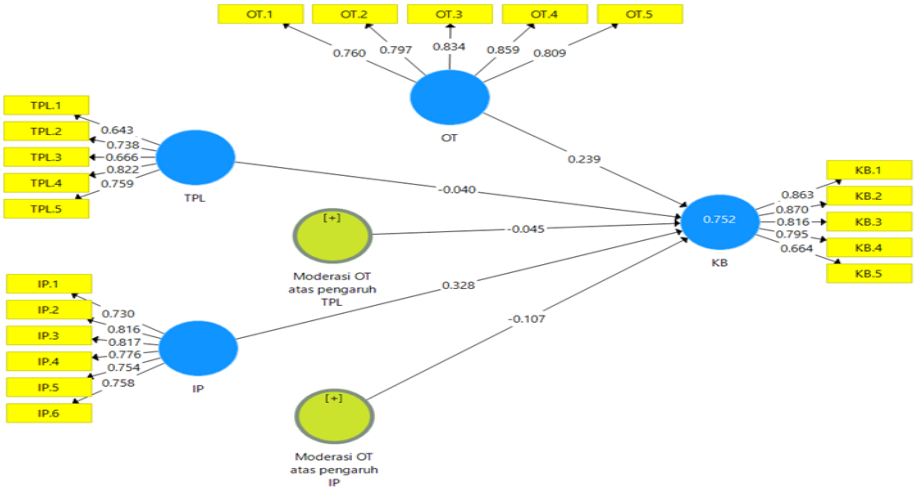
Figure 1. Loading Factor Results



Based on the loading factor results above, it shows that all numbers are above 0.05. This means that all indicators are valid. Thus, it can be concluded that all indicators of this research variable are valid. Furthermore, a reliability test is carried out which is useful for determining the consistency of research respondents.

Validation and Reliability Test

The processing of research data begins with testing the validity of the research reliability data. Validity test to see the research instrument, especially the statement of the question in the research questionnaire whether it is appropriate or not to represent the variables being studied, while the reliability test to see the consistency of the respondents' answers, whether they are serious or not in answering the research questionnaire.

Reliability test is a measurement that shows the extent to which the measurement is without bias (error free) and therefore guarantees consistent measurement across time and across various items in its indicators. In PLS this test can be done using the following methods:

- Cronch's Alpha: measures the lower limit of a variable's reliability value and is acceptable if the value is >0.6
- Composite Reliability: measures the actual value of a variable's reliability and is acceptable if the value is >0.7
- Average Variance (AVE) is acceptable if the value is above 0.5.

Table 1 Validation and Reliability

Matriks	Croncbach's Alpha	rho-A	Reliabilitas Komposit	AVE (rata-rata diestrak)
TPL	0.780	0.802	0.849	0.531
IP	0.867	0.869	0.900	0.601
KB	0.862	0.877	0.901	0.648
OT	0.871	0.875	0.907	0.660
OT*TPL	1.000	1.000	1.000	1.000
OT*IP	1.000	1.000	1.000	1.000

Based on the data above, the results of the validity test were carried out by testing the comparison of the square root of AVE with an AVE value greater than 0.5 indicating that the validation test passed correctly. Therefore, the indicators used must be valid and show adequate convergent validity. The results obtained also showed a rho-A score and composite reliability greater than 0.7, which means that the reliability test meets the criteria. It can be concluded that the local product challenge variable is reliable and can be relied on where the Croncbach's Alpha value of the variable is 0.780, the composite Reability value is 0.849 and the Average Variance Extracted (AVE) value is 0.531 which means that the variable is acceptable.

Next, the Product Innovation variable is reliable and can be relied on where the Croncbach's Alpha variable

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value is 0.867, the composite Reability value is 0.900 and the Average Variance Extracted (AVE) value is 0.601, which means that the variable can be consistent in the study and the variable can be accepted. Next, the Competitive Advantage variable is reliable and can be relied on where the Croncbach's Alpha variable value is 0.862, the composite Reability value is 0.901 and the Average Variance Extracted (AVE) value is 0.648, which means that the variable can be accepted as a research variable. Next, the Technology Orientation variable is reliable and can be relied on where the Croncbach's Alpha variable value is 0.871, the composite Reability value is 0.907 and the Average Variance Extracted (AVE) value is 0.660, which means that the variable is consistent in the study so that this variable can be accepted.

Then the moderating variable on the influence of local product challenges and product innovation has the same Cronbach's Alpha, Composite Reability and Average Variance Extrade (AVE) values, namely 1,000, 1,000, 1,000, meaning that this variable provides consistent results in the study and this variable can be accepted. The structural model test or inner model shows the relationship or strength of the estimate between variables measured using 3 criteria, namely R-square, F-Square, and For Path Coefficient Estimation. The following are the results of the researcher's hypothesis testing.

R-square is an index that shows the extent to which a measuring instrument to determine how much endogenous variables are influenced by other variables. Based on the data presentation above, it can be seen that the R-square value for the competitive advantage variable is 0.752. This acquisition explains that the percentage of the magnitude of the Purchasing Decision can be explained by the influence of Local Product Challenges, Product Innovation, and Technology Orientation of 0.743 or 74.3%, so the resulting construct is quite strong.

In F-square there is an influence between variables with effect size, the F-square value is 0.02 (small) to 0.15 is very small 0.15 (moderate), and the value is 0.35 (large). If the value being compared is less than 0.02 then it can be ignored or not accepted

So based on the F-square value table above, which has a large effect size with criteria > 0.35 is the variable Flexibility of Usefulness which has a value of 0.148 > 0.35.

In the moderating effect, the path coefficient states that from the image above, the hypothesis is obtained: Moderation of Technology Orientation (Z) on the influence of Local Product Challenges (X1) on Competitive Advantage (Y) has an insignificant effect. Moderation of Technology Orientation (Z) on the influence of Local Product Challenges (X1) on Competitive Advantage (Y) has an insignificant effect.

Hypothesis Testing

Furthermore, testing the five hypotheses in the study in the table below, based on the data processing carried out, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out by looking at the T-statistics value and the P-value. The research hypothesis can be declared accepted if the T-statistics value> 1.96 and P – Value <0.05. The following is a picture and table of research results that have been tested using PLS so that significant and insignificant data can be seen.

Hypothesis		Koefisien Value	Sampel Mean	Deviation Standars	T Statistic	P value	Descriptive
H1	Local Product Challenges >> Competitive Advantage	-0.040	-0.040	0.089	0.453	0.651	Rejected
H2	Product Innovation >> Competitive Advantage	0.328	0.335	0.091	3.608	0.000	Accepted
H3	Technology Orientation >> Competitive Advantage	0.239	0.234	0.095	2.520	0.012	Accepted
H4	Technology Orientation Moderation >> Local Product Challenges >> Competitive Advantage	-0.045	-0.048	0.112	0.400	0.689	Rejected

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H5	Technology Orientation Moderation >> Product Innovation >> Competitive Advantage	-0.107	-0.112	0.110	0.981	0.327	Rejected

Source: SmartPLS Data Processing Results, 2023

Based on the data results above, it can be concluded that the hypothesis test obtained is that of the 5 hypotheses proposed in this study, there are 2 variables that are accepted.

Proof of the First Hypothesis The Influence of Local Product Challenges on Competitive Advantage

The results of the path coefficient based on the T-Statistic value show that the Influence of Local Product Challenges on Competitive Advantage has no significant effect with a T-Statistic of 0.453 <1.96, which means that based on this, Hypothesis 1 is rejected. The original sample value is negative, namely -0.040, which shows that the Influence of Local Product Challenges on Competitive Advantage is Negative. Thus, the first hypothesis is rejected or not significant. This means that the results of the proof show that Product Challenges have no effect on competitive advantage. The local product challenge variable is the weakest variable which is in 4th place in influencing competitive advantage.

This is inconsistent with the results of previous journal research conducted by (Aifa Fahira et al., 2021), and (Noviani, 2020). Which states that Local Product Challenges have a positive effect on competitive advantage. In this case, it can be concluded that the local product challenge variable cannot affect competitive advantage, so this variable does not have the power for a company to influence the competitive advantage of local products or brands.

The Second proof is Hypothesis of the Influence of Product Innovation on Competitive Advantage

The results of the path coefficient based on the T-Statistic value show that Product Innovation on competitive advantage has a significant effect with a T-Statistic of 3.608> 1.96, which means that based on this, the second hypothesis is accepted. The original sample value is positive, namely 0.328, which shows that the effect of Product Innovation on Competitive Advantage is positive. Thus, the second hypothesis is accepted or significant. This means that the results of the proof show that Product Innovation has an effect on Competitive Advantage. The Product Innovation variable is the strongest variable in the 1st order in influencing User Satisfaction, so it can be used as a reference for local beauty product companies in increasing the competitive advantage of their products

This is consistent with the results of previous journal research conducted by (Hasnatika & Nurnida, 2019), (Kurniasari & Utama, 2018) and (Alwi & Handayani, 2018) which stated that Product Innovation has a Positive Effect on Competitive Advantage. Based on the results of the analysis of the Product Innovation variable on Competitive Advantage, it has a significant influence in influencing competitive advantage, if a company continues to innovate its products or brands well, then the company's competitive advantage can increase so that in carrying out this product innovation it can be used as something that needs to be considered by the company in addition to product development but also as a material for evaluating the company in increasing competitive advantage.

Proof of the Third Hypothesis of the Influence of Technology Orientation on Competitive Advantage

The results of the path coefficient based on the T-Statistic value show that Technology Orientation on Competitive Advantage has a significant effect with T-Statistic 2.520> 1.96, which means that based on this, the third hypothesis is accepted. The original sample value is positive, namely 0.239, which shows that the influence of Technology Orientation on Competitive Advantage is positive. Thus, the third hypothesis is accepted or significant. This means that the results of the proof show that Technology Orientation has an influence on Competitive Advantage. The Technology Orientation variable is the second strongest variable in influencing Competitive Advantage, so it is useful for local beauty product companies in innovating to make their products superior and able to compete. So that it can be easier to determine the strategy that can be taken to improve the company.

This is consistent with the results of previous journal studies conducted by (Widiarta et al., 2020), (Darmawan et al., 2023), dan (Setiawan, 2012) which state that Technology Orientation has a positive effect. In this study, the Technology Orientation variable has a significant influence on the competitive advantage variable, so that the technology orientation variable can be used as a solution for companies in the competitive advantage

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process, a company can utilize technology orientation in various fields, so that it can also facilitate a company in the smooth running of the technology-oriented process in its company.

Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage

The results of the path coefficient based on the T-Statistic value show that Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage has no significant effect with T-Statistic 0.400 <1.96, which means that based on this, Hypothesis 4 is not accepted. The original sample value is negative, namely -0.045, which indicates that the direction of Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage is negative. Thus, the fourth hypothesis is not accepted or is not significant. This means that the results of the proof show that Technology Orientation Strengthens the Relationship Between Local Product Challenges and has no effect on Competitive Advantage. The variable Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage is the weakest variable which is in 5th place in influencing Competitive Advantage. So that it can be seen that local beauty product companies need to pay attention to and improve the technology orientation system in order to achieve the goal of strengthening the existing system.

This is inconsistent with the results of previous journal studies conducted by (Widiarta et al., 2020), (Aifa Fahira et al., 2021), dan (Dalimunthe, 2017) which stated that Technology Orientation strengthens the relationship between local product challenges and Competitive Advantage has a negative effect. Technology orientation cannot strengthen the local product challenge variable towards competitive advantage. In this case, because the Technology Orientation variable cannot strengthen the relationship between the local product challenge variable and competitive advantage, the technology orientation variable is only a moderator of the local product challenge variable towards competitive advantage.

Proof of Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage

The results of the path coefficient based on the T-Statistic value show that Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage has no significant effect with T-Statistic 0.327 <1.96, which means that based on this, the fifth hypothesis is rejected. The original sample value is negative, namely -0.107, which shows that the effect of Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage is negative. Thus, the fifth hypothesis is rejected or not significant. This means that the results of the proof show that Technology Orientation cannot Strengthen the Relationship Between Product Innovation and has no effect on Competitive Advantage. The variable Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage is the weakest variable which is in 3rd place in influencing Competitive Advantage, so it is useful for local beauty product companies to continue to pay attention to and improve innovative products to face competition by utilizing technology orientation.

This is inconsistent with the results of previous studies conducted by (Kurniasari & Utama, 2018), (Noviani, 2020), dan (Hasnatika & Nurnida, 2019) which stated that Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage has a negative effect. So with this study, local product companies/companies can see that technology orientation cannot strengthen the relationship between product innovation and competitive advantage, but the technology orientation variable is only a moderator.

CONCLUSIONS AND SUGGESTION

Based on the results of the analysis that has been done, this study produces the following conclusions: This study was conducted with a field study, namely by distributing questionnaires to 132 respondents or users of local beauty products Somethinc. This study aims to see how the Influence of Local Product Challenges and Product Innovation on Competitive Advantage with Technology Orientation as a Moderator. To analyze the relationship between variables, this study uses Partial Least Square (PLS) with SmartPLS software version 3.

After conducting the analysis using the smartPLS program, the following results were obtained:

The results of the hypothesis test show an insignificant relationship between local Product

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Challenges and Competitive Advantage. Based on the T-Statistic value of 0.453, and P Value of 0.651 and Coefficient Value of 0.040, it can be interpreted that this Hypothesis is not significant because the p value affects the results of the hypothesis test.

The results of the second hypothesis test show that Product Innovation and Competitive Advantage are interrelated so that they can create positive values. Based on the T-Statistic value of 3.608, and P Value of 0.000 and Coefficient Value of 0.328, it can be interpreted that these variables are interrelated and this Hypothesis is significant or accepted. This shows that implementing good product innovation can be used as a reference for local beauty product companies to increase competitive advantage.

The results of the second hypothesis test show that Technology Orientation towards Competitive Advantage are interrelated so that they can create positive values. Based on the T-Statistic value of 2.520, and P Value of 0.012 and Coefficient Value of 0.239, it can be interpreted that these variables are interrelated and this Hypothesis is significant or accepted. This shows that with a technology orientation, local beauty product companies can create competitive advantages.

The results of the third hypothesis test show that Technology Orientation Strengthens the Relationship Between Local Product Challenges and Competitive Advantage does not have a positive relationship. Based on the T-Statistic value of 0.400, and P Value of 0.689 and Coefficient Value of -0.045, it can be interpreted that this Hypothesis is not significant because the p value affects the results of the hypothesis test.

The results of the third hypothesis test show that Technology Orientation Strengthens the Relationship Between Product Innovation and Competitive Advantage does not have a positive relationship. Based on the T-Statistic value of 0.981, and P Value of 0.327 and Coefficient Value of -0.107, it can be interpreted that this Hypothesis is not significant because the p value affects the results of the hypothesis test.

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