

**THE ROLE OF CONSUMER'S BEHAVIOUR IN THE
OBSERVATION OF ENVIRONMENT AND SERVICE QUALITY
TO GAIN COMPETITIVE ADVANTAGE IN SMALL MICRO
MEDIUM ENTERPRISE (UMKM)
BATIK, JEMBER, EAST JAVA**

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ABSTRACT

As the world business increases rapidly these days the economic growth, both products and industrial sector, has been developing by leaps and bounds. The competition between competitors in batik business goes restrictive because there are so many companies in this field, in which there are also new comers in the game who have great capital. In the middle of the tight competition, there is an association of batik entrepreneurs who gives serious attention and develops a scheme of business to oversee the business activities. In order to draw attention and maintain the service to the consumers, a company must put the orientation into customer's satisfaction as the primary goal, where the function of the product should match with the consumer's expectation. The most essential key to win the competition might be obtained by adding value and satisfaction to the customers through the distribution of high-quality products.

Keywords: customer's behaviour, observation of environment, and service quality.

INTRODUCTION

Competition drives a company to create an exact activity and effectivity plan in which it will support the sustainability in performance, both in the effort of innovation or in the activity itself. The company that builds strategy must be staying focus on the elements of the competition, such as; new competitors, the threat of substitutive products, the strength of buyer's negotiation, and the competition itself (Rangkuti, 2002:5). Those elements determine profitability since it influences the price, cost, and the need of investigation in a company.

To build competitive advantage, a company needs to add some facilities for the service excellence to the consumers. This must be done for the sake of winning the competition in which the competitors may have more facilities and medias. Competitive advantage can be gained through the maximum work performance in giving the service to the consumers. If the company can maintain the product's quality, then service excellence will be gained. Hence, the company should be able to read and analyze the consumer's needs in pursuance of high level of competitive advantage. In a fierce situation of a competition, a company is expected to conduct a right strategy to win it. Service aspect is one of the *key performance* indicators that is essential in operational activity. Therefore, the management of all key points of service may be called as a strategic step to reaffirm the commitment of the company as the product supplier in which customer's satisfaction becomes the orientation. From that explanation, we may understand that by improving the product service quality, a company must increase sales, maintain consumers and expand consumer market. The improvement of quality service through tangible proof, reliability, responsiveness, assurance, and empathy will enhance the trust of the consumers to stay on without turning over to another competitor's product.

As the consumers have different perception about the service quality they accepted, the company must focus on the maintenance strategy. A better service quality is needed in a tight competition to draw attention from both potential consumers and existing consumers. Thus, service quality is a vital factor in creating *superior value* in which it is a stepping stone for company to gain competitive advantage (Menon, Jaworski dan Kohli, 2007:11).

Several factors that may influence the competitive advantage in this research are as follows; observation of environment, and service quality. Citing Beal (2000:27), by retrieving some informations about several sectors with different parts one may give relevant information used as an effort to synchronize competitive advantage strategy and the environment situation. The observation of environment is the information dug by the company about every issue and trend occurred can be used for the sustainability and the prosperity of the company (Beal, 2000:35).

Quoting Tobing (2006), service quality is an important part to drive competitive advantage to come. But based on his study, it is shown that observation of environment gives a significant impact too in creating the competitive advantage. By conducting observation on the environment, the company may get direction to identify the opportunities and threats that potentially occur. Because of that fact, the research would like to examine on how does the customer's behaviour influence the observation of environment and the service quality that take a role on the competitive advantage in small micro medium enterprise (UMKM) of Batik in Jember?

LITERATURE REVIEW

A company that starts to redirect its marketing activities to the consumer's satisfaction and wishes, implies that the company has already been using a new way and philosophy to gain its goals, which is well-known as the *marketing concept*. Stanton and associates (2002:31) state that, "*Marketing concept is a philosophy of business stating that the customer's want-satisfaction is the economic and social justification for a firm's existence*". It can be briefly said that this definition shows that by giving consumer's satisfaction and wishes, the company will be able to maintain its sustainability.

Based on the explanation from Hawkins and associates (2007:61), "*Consumer behavior as those activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions*". In the other hand, we may conclude that consumer's behaviour is generally a group of complex physical activities of a person in evaluating, getting, and using product, including the process of decision making that precedes and determines those activities.

According to the explanation from Kanuk and Schiffman (2003:6), consumer's behaviour is the way of a person in making a decision to use his/her resource that is available including time, money, and effort to buy things related with the consuming activity.

Based on those opinions it may be concluded that consumer's behaviour is the way and act of a person which complex in evaluating, fetching, and using a product including decision making by using all of the things that available such as time, money, and effort to consume.

There are three factors that influence the decision making; the first factor is; individual consumer, second factor is; environment situation, and the third factor is marketing strategy. A marketer must obtain information from the consumers to evaluate marketing segment situation before developing the strategic plan for marketing.

In creating the marketing strategy, a marketer should consider several factors such as; company's goal, external and internal factors from the business level. A level business unit in which it adapts fast with those factors, will be succeed. Radiosunu (2003:29) states that, "*strategy is a process of analyzing opportunities, objective ownership, strategic development, plan structuring, doing the activities, and and supervising*." By this definition, marketing strategy consists of several points; (1) marketing analysis, (2) objective determination, (3) developing marketing strategy, (4) plan structuring, and (5) marketing activities implementation and supervision.

In a strategy, an environmental observation is required. Citing Beal (2000:35), environmental observation that is dug by a company about many things and trends which is happened that is used for company's sustainability and prosperity. In deeper meaning, environmental

observation is acquisition and information use about events, trends, and relationships in external environment of the organisation, in which it might be a knowledge that will help in planning action in the future for company's sustainability and prosperity.

Company is facing an uncertain future, where a business environment becomes easier to change and managers must be able to adapt well. The company in which it can adapt well with the environment will be succeed sustaining their operations. A strategic decision must be obtained regarding with when and how facing those changes. A manager should see changes clearly and understand what is really going on, what will happen in the market, and how that thing potentially influences company's activities (Xu dan Kaye, 2005:21).

Company conducts an observation to the environment to get the big picture of the external situation so they are able to develop respond effectively for the future betterment. Choosing the right environment to observe diamati is a problem. Manager are mostly interested only with the environment which affect the decision making. He/she must be selective in choosing, and also must be sure enough to keep the quality in viewing the important signals (Xu dan Kaye, 2005:23).

According to Xu and Kaye (2005:37), several indicators showing that a company conducts an environment observation are as follows; contending competitively, through excellent services, fulfilling customer's wishes, and doing market observation by collecting information from the customers.

From the environment observation, one can obtain some informations about the competitive acts from the competitors (new product introduction, and price changing), demands, wants and buying habits. The technological and economical development in which it requires all adaptive responds of a company.

Mahmoedin (2002:29) states that service as a process to gain customer's satisfaction. In this case, need-fulfilling process through other's direct effectivity called service. Furthermore, it is stated that service is an activity done by others to fulfill people's needs. This means that service is a collective way, because serving for individual person is also counted as service.

Tjiptono (2007:63) states that there are several things that need attention in service activities, which can be seen as follows: *Tangible*, which means every service must be measureable, both the time and the cost, *Reliability*, that means a service should be done consistently and carefully, *Responsive*, which means every service must be responsive facing demands in which it must be supported also with relevant knowledge, *Assurance*, is a quality guarantee service is which is also important in building service excellence, *Emphaty*, is attention and act of the service caretaker, which also becomes one of the essential things to maintain the consumer's trust.

The success key in a competition is often put in additional service especially in adding value of a quality. The different things in the main service are simplicity, maintenance, and fixation and some others. Thus, service is an action that must be done well in fulfilling the consumer's needs and wishes every time. Lukas and Ferrell (2000) state that the competitive advantage belongs to a company will affect its market, which is measured by the customer's growth. In a fast moving environment like today, Narver and Slater (2007) state that competitive advantage is determined by creativity and innovation that might satisfy the customers better than the competitor. Thereby, the product gives positive influence to the competitive advantage of the company.

Some ways in obtaining competitive advantage are by offering minimum price of a product (*cost leadership*), offering a product with uniqueness (*differentiation*), or focusing on certain segment (*focus*). The right strategy depends on the business environment analysis to determine threats aimed to retrieve competitive advantage.

Experience shows that opportunities may occur from many sources (Beal, 2000:27). Thereby, obtaining information about some sectors or different part may give relevant information as an effort to synchronize competitive advantage strategy with the condition of environment.

Information about the environment of the company is needed for the decision makers or strategic planners, because the creation of strategic plan needs various information (Sabeni, 2001:69). For that reason, by keeping up information across departments in the workplace environment may give competitive advantage to maintain the market position. Xu and Kaye (2005:28) cite the argumentation about the adaptation of philosophy and new approach to

develop and take benefit from computer-based system. Among those which are essential is the switching of internal data management and historical focus on observation and external information management in forecasting the future. Hereby, the company must be able to use information technology to enhance the observation of environmental changing system.

There is a previous research about this, conducted by Kartika (2011) focusing on service industry. Based on the research that she has been done, it is known that the most influenced factors upon the buying interest is the location, this is shown by the value of the largest standardized coefficient of 0.337. This condition occurs because the location is a destination, which is a hotel near the places of other activities. The location has a positive and significant impact on purchasing interest by choosing Grasia hotel services with a value of 0.001 which is <0.05 . The facility has a positive and significant impact on consumer buying interest in select Grasia hotels service with a value of 0.008 which is <0.05 . Price has a positive and significant impact on consumer buying interest in selecting Grasia hotel service with a value of 0.017 which is <0.05 . Service quality has a positive and significant impact on consumer's buying interest in selecting Grasia hotel service with a value of 0.041 which is <0.05 .

RESEARCH METHODS

The method used in this journal is descriptive qualitative with the method of *snowball sampling*. The location chosen is in Jember, because the city is still in conducive situation for the business of batik, both painted batik and written batik, which is interested to research. Along with the rapid development of Jember city, batik maker phenomenon is raising too. The steps in conducting the research was started by some activities; preparation, observation, and writing the journal report. Overall, the whole research has been run for 4 months, since January of 2018 up to April 2018. The researchers collected, identified, analyzed, and did some analytical data to make an interpretation for the concept, regulation, and events which are directly and indirectly observed in the region of the batik makers in Jember.

DISCUSSION

In general, there are two kind of batik in Jember; written and stamped one. Painted batik is another thing, a new thing on the business, which brings up a different captivation in Jember. Written batik motive produced to fullfil the need of medium market to the high class one while stamped batik is available for the market in general. Written batik Jember uses tobacco leave motive which is a distinctive symbol of Jember. Like the other batik motives in other cities which contain various pattern, Batik Jember is also containing natural tobacco-leave patterns. This type of batik is not the standard batik which is a creation batik and has never been inherited by the batik makers. Nevertheless, tobacco-leave motive batik has been known since the former age in Jember.

The respondents in this research is 6 production houses in which they have been running the business from the houses around Januari - April of 2018. This research took respondents randomly, consisting 10 males and 40 females. Consumers are mostly housewives, and fathers who work in a business trip, such as business escorting which most of them are female.

1. Observation Of Environment

The role of environment observation behaviour

- a. Statement saying that medium micro small enterprise (UMKM) tries to compete fairly through cutting-edge innovation service, got the average score in the number of 37 % who considered that the company has already fought in such a competitive way through cutting-edge services by building partnership with regional small banks of Jember.
- b. Medium micro small enterprise (UMKM) of batik always gives the best effort to fulfill consumer's wishes, got the average score in the number of 39%, in which it can be said that, generally, respondents considered that UMKM always gives the best effort in fulfilling the consumer's wishes.
- c. Medium micro small enterprise (UMKM) conducts market observation by collecting relevant information from the consumers, got the highest average score in the number of 40 %, in which the respondents considered that the company has already been conducting market observation well by collecting relevant information from the consumers.

2. The Role of Service Quality

In order to look the responds of service quality, some statements have been listed as follows:

- a. Training facilities seem to be good and comfortable, shows that the average respondents agreed much in the number of 80 %, which can be said that, generally, the respondents considered that the training facilities are comfortable and 20 % relates with the color bonding which sometimes returned to the batik owner, called the secret way of the company.
- b. The service always be on-time, shows the average responds in the number of 95 %, which is interpreted as the respondents agreed that the company has been giving on-time service including color, product quality, etc, and the 5% lies on the problem of product quality which sometimes different in color.
- c. The employees of UMKM Batik always be ready to help consumers, got the responds in the number of 100% agree, which can be said that generally, respondents considered that employees are always ready to help consumers.
- d. The employees of the UMKM have good knowledge to answer the questions from the consumers, got the average responds in the number of 90%, in which can be said that, generally, respondents considered that employees to answer the questions from the consumers, while 10% returned the questions to the batik owner.

3. Competitive Advantage

To look at the responds of each variable indicator of competitive advantage can be seen from the respondents answer distribution as follows:

- a. For the statement outlining that product offered has cutting-edge service compared with UMKM in other regions, shows the responds in the number of 96%, in which it can be said that, generally, respondents considered that product offered has higher cutting-edge service compared with UMKM in other regions.
- b. For the statement outlining that product offered by UMKM is recommended by among consumers, got the average responds in the number of 93%, in which can it be said that, generally, respondents considered that product offered by the UMKM is highly recommended among the consumers .
- c. For the statement outlining that UMKM tries to adopt information technology in improving the service quality such as creating blog, social media marketing, etc, shows that the average respond lies in the number of 83%, which can be said that, generally, respondents considered that UMKM tries to adopt information technology in improving the service quality to the consumers, while the rest are dubious about the new batik innovation.

The result of the research shows that the observation of the environment, service quality according to Beal (2000:27), where information about several sectors with different parts can give relevant information as an effort synchronizing competitive advantage strategy of the UMKM with the situation in the competition environment. And service is a process to gain consumer's satisfaction, so service quality will be better which drives the UMKM competes with the competitors such as, batik factory/textile, because consumers who are satisfy will be more loyal to the product and service offered by the company.

Service quality that is given is the physical quality offered by the UMKM to make consumer feels comfortable when the service is on-going. Eventhough not the primary thing, but it cannot be set aside as the role is important in supporting the competitive advantage of the company since it relates too with impression and *image* of the UMKM in front of the consumers. Besides, the ability of the UMKM in giving the service with satisfaction is a fundamental service in which it depends on the function of all elements. These elements include people who run spesific service job in a chain of service and tools that support the job, and also physical environment where the service is given. Moreover, the faster the action from the employees to the consumers is taken, the better the competitive advantage will be. This happens because of the action that is taken up by employees cannot be seen and felt by the consumers. Thereby, it will support the effort in enhancing the competitive advantage of the UMKM in service area.

Responsiveness is one of the quality factors which is very dynamic. The consumer's expectation on speed of the service tends to change from time to time.

Opportunity or threat may occur from many resources, that by obtaining information about some factors in different part will give relevant information as the effort to synchronize competitive advantage strategy of the UMKM with the environment condition. The observation of the environment is one of the primary ways to win the competition with a fierce condition. That's why, by keeping information on each part in the environment can set the UMKM to get the competitive advantage maintain the market situation. This explains that the better the environment observation is conducted the better, the competitive advantage will be earned. UMKM that is able to adapt with the environment may be survive and succeed which having a distinctive strategic marketing orientation such as interaction with the external environment to obtain important signals. If UMKM has systematical understanding about the change in market, then it may lead the UMKM to be correctly fitting the market position with the strategy to maximize the competitive advantage. Moreover, the observation of environment is one of the first step in the process of connecting strategy with the environment.

CONCLUSION

The factor of service quality in developing the competitive advantage of the company often needs to be done in a form of best service quality. A correct and accurate service quality is an essential factor that may influence the ability of UMKM to compete if it is all has been situated in a well-prepared plan. Moreover, a good service quality is needed to pull out the attention from existing consumers and potential consumers, in which it becomes an important factor in creating the additional value for the consumers, so it might be improving the competitive advantage for the company. The resource must be managed systematically to generate *superior value* that can be seriously appreciated by the consumers. The establishment of *superior value* for the consumers is one of the primary points for UMKM to gain the competitive advantage.

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