

Concept And Prototype Design Differentiation Strategy Application (Case Study on Restaurants at Medan Plaza Fair Medan City)

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Abstract

The study aims to design application concepts and prototypes of differentiation strategies in achieving competitive advantage in restaurants using a design thinking model (a case study on a restaurant at Medan Plaza Fair Medan City), related to the problem of restaurants that must be able to deal with the COVID-19 pandemic situation amid of a highly competitive environment. The study used a descriptive qualitative approach and used purposive random sampling for sampling. The type of data used is primary and secondary data with data collection through interviews, observation and documentation. Data analysis uses value chain analysis, and design thinking models. The results showed that the conceptual design in building the application of a differentiation strategy to achieve competitive advantage in restaurants consisted of four data pillars, namely (i)identification, (ii) analysis of potential sources of differentiation, (iii)creating differentiation, and (iv)restaurant value chains.The prototype built on the application of a restaurant's differentiation strategy consists of five differentiations, namely: (i)product differentiation, (ii)service differentiation, (iii)place differentiation, (iv)personnel differentiation, and (v)channel differentiation.This research is expected to be able to build an application of competitive strategy through an effective differentiation strategy, making it easier for restaurant business people to develop and define differentiation strategies in achieving competitive advantage and provide opportunities for restaurant businesses to always innovate in strategies that are adaptive to any changes in the dynamic and complex environment.

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INTRODUCTION

Various industrial sectors in Indonesia have experienced negative impacts from the COVID-19 pandemic that has occurred since March 2020, but most restaurants as a sub-sector of the food and beverage industry are still able to survive and thrive. Medan plaza fair is the best culinary tourism destination in Medan City (Pariwisata Sumut, 2020), is being faced with various challenges; restaurants must be able to deal with the impact of the COVID-19 Pandemic, namely the imposition of restrictions on community activities that have the opportunity to reduce the number of restaurant visitors and restaurants must be able to survive amid a highly competitive environment at the Medan Plaza Fair. This requires restaurants to establish an adaptive and fast strategy.

In general, restaurants apply a differentiation strategy. Conventionally and manually, the activity of developing a differentiation strategy requires a long time and a systematic procedure. The use of technology such as e-business applications is one way to simplify and speed up the completion of complex and complex manual work. Abdurahman dan Riswaya (2014) says that the application is a computer program using a programming language that can be used to execute commands from the user to produce accurate, fast, and easy work results (Widarma & Kumala, 2018). By technological developments, compiling, and determining differentiation strategies can be done automatically using computer applications. Quoting from one statement "no matter how sophisticated the application/program is made, it will produce an empty shelf if the idea and purpose of making the application do not provide benefits" (Danny. U, 2015). This statement implies that the success of an application is built from an application concept idea that originates from the core of the problem to produce the right solution according to user needs. Design thinking model is one of the innovative methods for building a concept and prototype of an application so that the application can produce output according to user needs, (Holager et al., 2019) mentions design thinking model as a method and sensitivity to adjust user needs with technology or not just a method for generating business strategies. Michell et al (2019) even stated that design thinking can not only be applied to the creation of problem-solving but can also be applied to large and complex problems, namely program development (Wuertz et al., 2020).

Various studies on the design of application concepts have been carried out (Kuswantoro, 2015; Muhyadi, 2009; Nafiah, 2011; Sutirman, 2003), including research on the use of design thinking models in creating innovation (Forrester, 2018; Liedtka, 2015; Sheppard, Sarrazin, Kouyoumjian & Dore, 2018 in Dell'Era et al., 2020; Lages et al., 2020), the application of design thinking models in policy-making (Mintrom & Luetjens, 2016), and even developing the concept of innovation with a design thinking model (Da Silva et al., 2020), as well as the application of design thinking models in designing the concept of e-business applications (Lazuardi & Sukoco, 2019; Indahsari & Sukoco, 2020) which is not only applied to new product development, but has been developed as an approach to be applied in various sectors. including the non-profit sector (health and non-governmental organizations) (Liedtka, 2015; Richard & Seiyed, 2015 in Lages et al., 2020). Based on the explanation above, this study seeks to design an application concept and a prototype of a differentiation strategy in achieving competitive advantage in restaurants using a design thinking model (a case study on a restaurant at Medan Plaza Fair, Medan City).

LITERATURE REVIEW

The essence of the success and failure of a business is to compete through strategies that provide advantages over the industry average, reflected in the ability to earn profits and a position of sustainability. The differentiation strategy is one of the generic strategies proposed by Porter (1998) based on the results of his empirical study. In the differentiation strategy, the company is focused on

creating a unique (different from competitors) and valuable offering for its customers. Differentiation can be applied to products, delivery systems, services and marketing. The success of the differentiator is the ability to offer unique differentiation attributes (different from competitors), and must be of value (the benefits received are greater than the costs incurred).

The steps in creating a differentiation strategy are:

- a. who are your buyers? The first step in creating a differentiation strategy is to know the real buyers. Buyers do not only include a company, institution, or household but also relationships can be seen as buyers who increase the number of buyers. Errors from this identification will then result in differentiation efforts that fail; worthless (Gao & Hafsi, 2019).
- b. Identification of buyer's value chain and seller's value chain. Buyer value chain analysis is useful to be potential sources for companies to create differentiation which will then be adjusted to the company's value chain related to which company resources can meet the buyer's value chain. In this case, relationships also have an important role to help encourage companies to create value for buyers.
- c. Determine use criteria and signaling criteria. The success of the differentiator is to meet the use criteria and signaling criteria. Use criteria are creating unique and valuable offers for buyers, while signaling criteria are the company's ability to communicate the uniqueness and value to potential buyers, so that potential buyers are interested in buying.
- d. Explore the existence and potential sources to create differentiation in the company's value chain. Uniqueness can be created through the company's value chain and determine which value activities have an impact in achieving the use criteria and signaling criteria.
- e. Identify cost positions and potential sources of differentiation. Creating differentiation tends to be expensive because it focuses on valuable uniqueness but this still requires a cost driver (cost control).
- f. Choose a configuration of value activities in creating differentiation that provides added value to buyers. The success of the differentiator is to reduce the gap between the company's value chain and the buyer's value chain (Porter, 1998).

The value chain approach was first introduced by Michael Porter in his book "*Competitive Advantage: Creating and Sustaining Superior Performance*" (1985). Value chain analysis explains the performance of the organization and its network to the competitive position of the organization. Every company should be viewed as a collection of activities undertaken to design, produce, market, deliver and support its products to identify its strengths and weaknesses. The value chain model is a useful analytical tool for defining a company's core competencies in order to pursue a competitive advantage. These competitive advantages consist of cost and differentiation advantages. Cost advantage is achieved by reducing costs from value chain activities. Meanwhile, differentiation is done by focusing on activities related to core competencies and doing better than competitors (Porter, 1985). In the Big Indonesian Dictionary (KBBI), the application is the application of system design to process data using

a certain programming language to solve problems or work on tasks effectively and efficiently (Pendidikan, 2020). Kelley dan Brown (2018) explains that design thinking is an approach that focuses on innovation through design tools to integrate needs, technological opportunities in achieving business success (Editors et al., n.d.). Brown & Wyatt, 2010 said that design thinking can generate ideas for better problem-solving in every organization and in providing services to consumers (Indahsari & Sukoco, 2020). Dell’Era et al. (2020) states that the design thinking stages consist of: (1) empathize, (2) define, (3) ideate, (4) prototype, (5) test. Goonetilleke dan Karwowski, 2016 stated that the empathy process is the beginning of design thinking which is related to the ability to understand and feel the problems faced by the user and this process is a new way to find problems that continue to develop so as to produce innovative problem solving. (Su et al., 2017). Leonard & Rayport (1997) stated that the direct observation technique is effective in developing the empathy stage (Lages et al., 2020)

METHODS

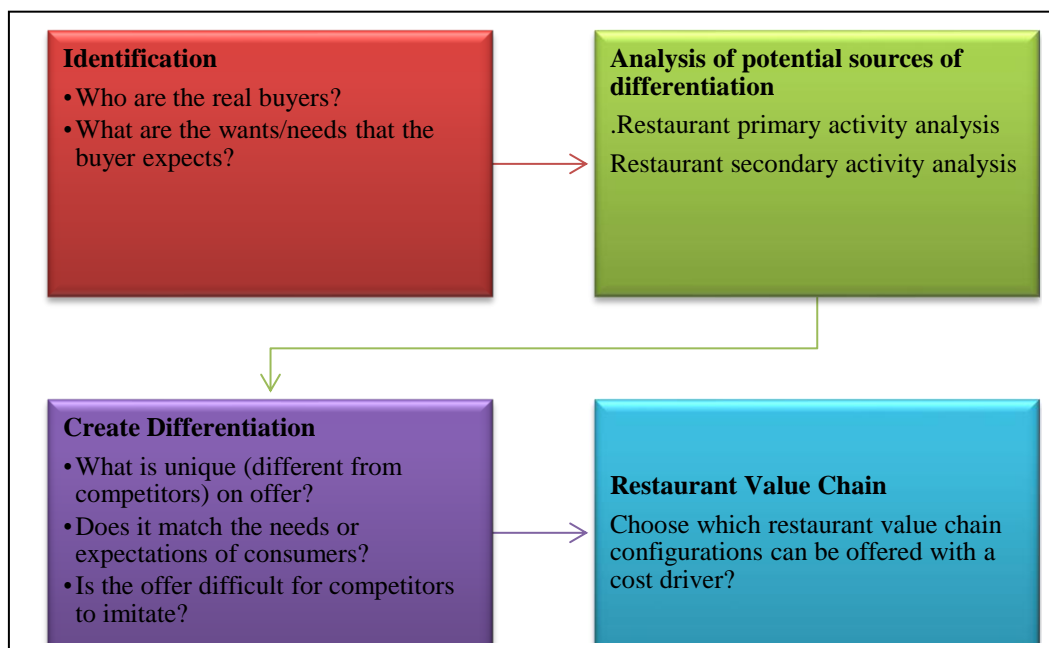
By the research objectives to be achieved in this study, the research method used is descriptive qualitative, and this research was conducted in a restaurant located in Medan Plaza Fair, Medan City, North Sumatra. The population in this study is a restaurant, which is 49 restaurants and this study uses purposive random sampling in sampling which is included in the population. The criteria for sampling are: (a) restaurants that offer unique (unique) products and services or do not just offer products at lower prices, (b) restaurants are not franchised. The types of data used in this research are primary data and secondary data. Data collection techniques used in this study were interviews, observation, and documentation. By the objectives to be achieved in this research, the data analysis uses value chain analysis and 4 (four) stages of design thinking model: (1) Emphatise, (2) Define, (3) Ideate, (4) Prototype.

RESULTS AND DISCUSSION

The success of the differentiator is the ability to identify the needs or desires of real buyers and conduct chain analysis of restaurant activities as alternative solutions to find potential sources in creating value or restaurant offerings that are unique and valuable to consumers. Differentiation can be created through uniqueness and value which must be done through consumer value chain analysis (Porter, 1998). It can be interpreted that to produce valuable differentiation for students is to analyze the needs or desires of potential consumers through a series of consumer activities and then analyze the chain of restaurant activities to find configurations of restaurant activities that can contribute to differentiation (value chain analysis). Value chain analysis is a series of activities that are explored and processed to obtain value in achieving competitive advantage through differentiation (Su et al., 2017). The value chain is a series of business activities (processes) that convert inputs into outputs. Inputs are potential sources for creating differentiation (unique and valuable outputs for consumers).

Based on the description of the requirements for the success of the differentiator, the design concept for the application of a differentiation strategy in restaurants can be described as follows:

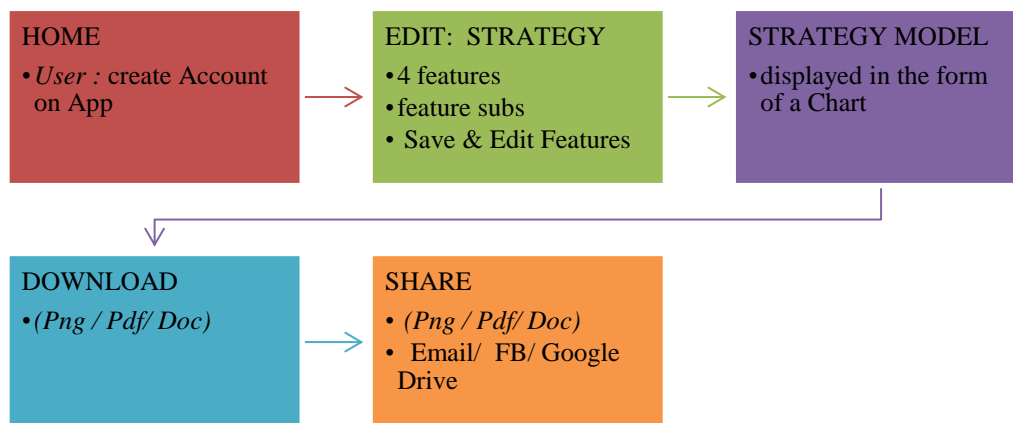
Figure 4. 1 Conceptual design of differentiation strategy application in restaurants



Prototype

In producing a prototype design for a competitive strategy application through differentiation using a design thinking model in achieving competitive advantage in an effective and efficient restaurant, at this stage a mechanism for using the application is proposed in several systematic steps, namely as follows:

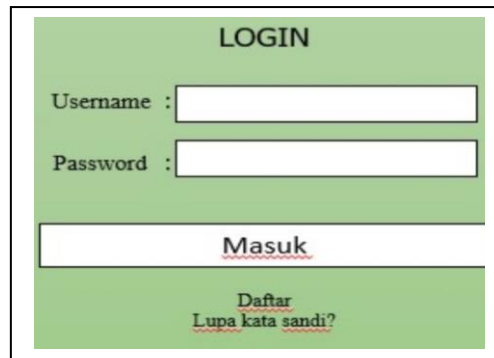
**Figure 4.2
Designing a competitive strategy application prototype
through differentiation in achieving competitive advantage in restaurants**



The picture above shows that the differentiation strategy application prototype consists of several features, which are as follows:

1. The "HOME" feature, the user is directed to create an account/registration on the application to make it easier to log in when the user will use it again.

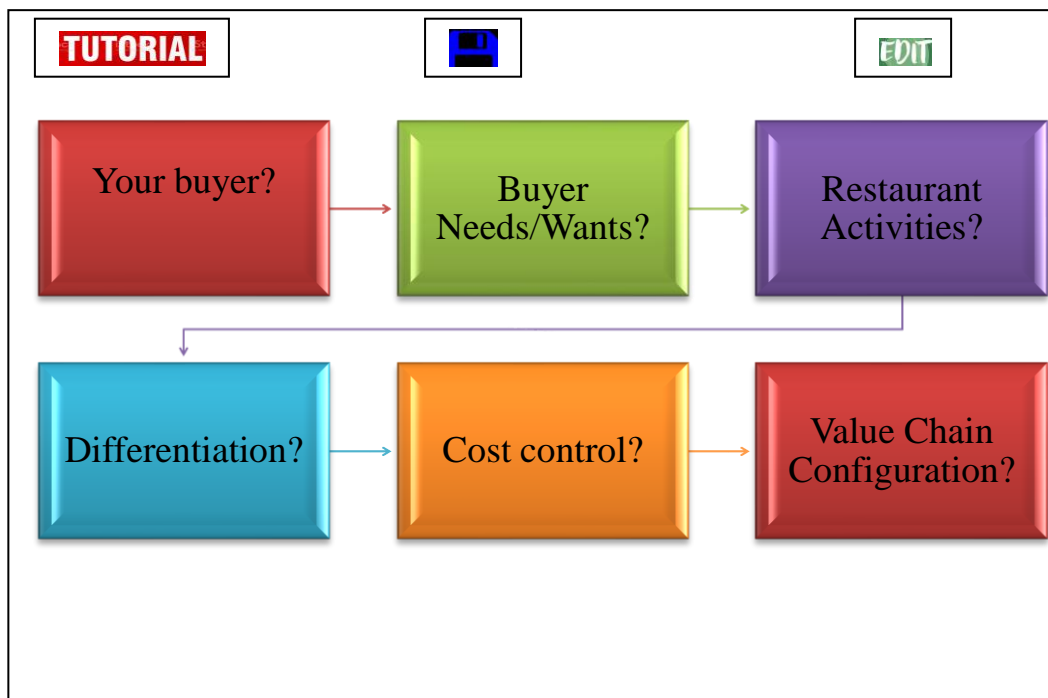
Figure 4.3 Login Features



2. Fitur "EDIT STRATEGY"

The user is directed to the "edit strategy" feature which consists of several fields in the form of the identity of the strategy to be created.

Figure 4.4 "EDIT STRATEGY" feature



The above feature is the first step for restaurants in creating a differentiation strategy in achieving a competitive advantage. In making it easier for the user, this feature is equipped with 6 (six) sub-features as a systematic step to create differentiation and the user can click the "edit" sub-feature to start filling in each of the six sub-features. This feature is equipped with a "tutorial" sub-feature as a guide for restaurants to fill each of the six sub-features in formulating strategies. The prototype of the "tutorial" sub-feature is as follows:

Figure 4.5 Sub features “tutorial”



In the “edit strategy” feature, there is a “restaurant activity” sub-feature as the initial stage for the user to identify potential restaurant sources (restaurant activity analysis) to create differentiation (ie create a unique/different from competitors and valuable offer). Users identify and analyze sub-features of restaurant activities that have the potential to generate value for consumers as a restaurant value chain. In checking which specific activities can be used as potential sources of differentiation, the user is accompanied by several “yes/no” questions and must be filled in by the user according to the ability of the restaurant's resources. The questions in the form are indicators of the success of the differentiator mentioned above. Each user's answer is directed based on the wishes or needs of consumers and the ability of the user's resources to create services according to the wishes or needs of consumers. The prototype for the “restaurant activity” sub-feature is as follows:

Figure 4.6 Restaurant Value Activity Sub Features



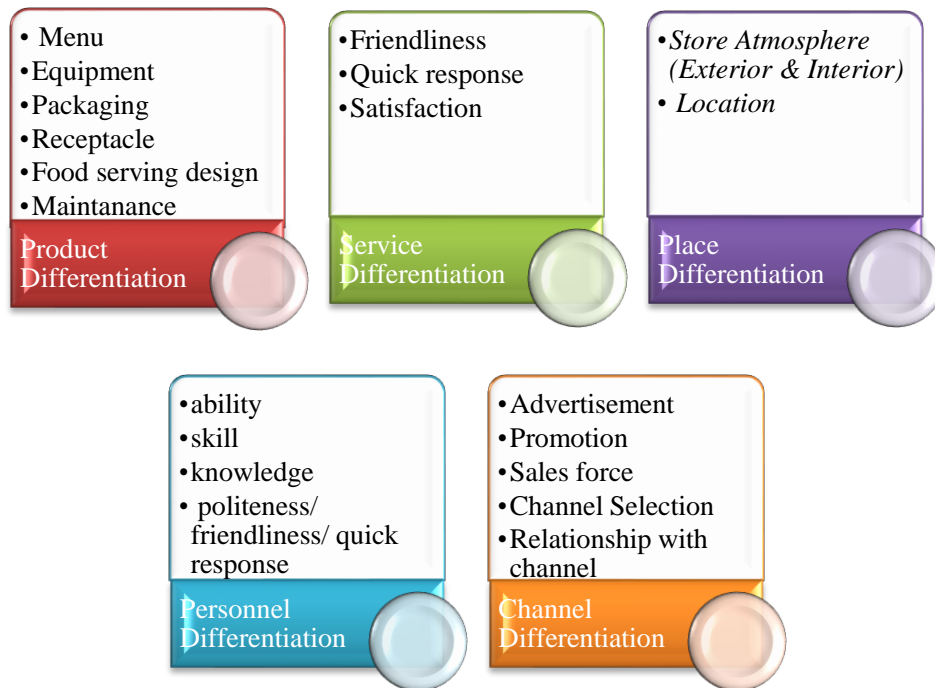
The sub-feature "restaurant activity" in this prototype is presented comprehensively which aims to avoid user misunderstandings in creating a differentiation strategy namely, differentiation is only found in product differentiation. Users must believe that users can differentiate anything, including product differentiation, personnel differentiation, channel differentiation, service differentiation, image differentiation, place differentiation. The results of filling in the "restaurant activity" sub-feature the user will get a summary of the differentiation that can be applied (there is a synchronization process from filling the "restaurant activity" sub-feature to the "differentiation" sub-feature. The prototype of the "differentiation" sub-feature is as follows:

Figure 4.7 Sub-feature “differentiation”

In this “differentiation” sub-feature, it will display various aspects that are differentiated by restaurants based on the “yes” entry in the “restaurant activity” sub-feature and if there is “no” entry in the “restaurant activity” sub-feature then differentiation is not created/displayed on that aspect. . The success of the differentiator will provide great opportunities for restaurants to offer products at premium prices, but different things such as Solaria restaurants; offers various aspects of differentiation with standard prices for large portions of food (some consumers say the prices of products at Solaria restaurants are cheap for jumbo portions like this). Solaria restaurant reflects that the ability to differentiate on various dimensions also has the opportunity to offer relatively cheap prices, theoretically this is what Porter calls the cost driver or in other words cost control over the differentiation that will be offered to consumers so that there is a great opportunity to achieve competitive advantage. optimal because consumers like a product that is unique, valuable, and affordable/relatively cheap.

The "STRATEGY MODELS" feature displays the final result of the differentiation design created through a previous systematic process and is useful for users in obtaining a summary of the uniqueness and value that can be offered to potential customers as a restaurant strategy. This feature is displayed in the form of a chart, making it easier for users to understand and make references in implementation. An explanation of how to read on this feature can be found in the tutorial feature. The prototype of this feature is as follows:

4. 8 Features of Strategy Models



The results of this strategy model can be printed by moving it to Ms. Office and can be shared through various applications, such as WhatsApp, Telegram, Facebook, send to zoom, classroom, PC and can be stored both in the application and on google drive.

Conclusion

Based on the results of research conducted and discussion, it can be concluded that the concept design in building the concept of a differentiation strategy in achieving competitive advantage in a restaurant consists of four data pillars, namely (i) identification, (ii) analysis of potential sources of differentiation, (iii) creating differentiation. , and (iv) restaurant value chains. The prototype built on the application of differentiation strategy in achieving competitive advantage in a restaurant consists of five differentiations, namely: (i) product differentiation, (ii) service differentiation, (iii) place differentiation, (iv) personnel differentiation, and (v) differentiation. channel. The limitation in this study is the limited research sample so it is not maximal to draw generalizations and the concept designs and prototypes produced in this study still require re-testing based on a computer science perspective.

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