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# What Drives the Growth of Competitive Advantage? A Study of One of the Largest E-commerce in Indonesia

Yogie Abrar Mustaqiem<sup>1</sup>, Aam Bastaman<sup>1</sup>, Noverdi Bross<sup>1</sup>

<sup>1</sup>Postgraduate School of Management, Trilogi University, Jakarta, Indonesia

Correspondence: Yogie Abrar Mustaqiem, Postgraduate School of Management, Trilogi University, Jakarta, Pancoran, 12760, Indonesia. Tel: +6285218284248. E-mail: yogieam24@gmail.com

## Abstract

Marketing is one of the main activities by entrepreneurs to maintain the viability of their business to grow and earn a profit. In addition, marketing knowledge is also very useful so that companies can compete and survive in the competition. This study aims to examine the effect of Value Creation and Excellent Service on Competitive Advantage, where Brand Equity and Brand Loyalty are the mediating variables. This research uses a descriptive quantitative approach. The population in this study were Bukalapak e-commerce users who live in the Jakarta and surrounding areas, and used a sample of 220 respondents. The method of analysis in this study uses Partial Least Square (PLS). The results of this study indicate that Value Creation has an effect on Brand Equity, Value Creation has an effect on Brand Loyalty, Excellent Service has an effect on Brand Equity, Excellent Service has an effect on Brand Loyalty, Brand Equity has an effect on Competitive Advantage, Brand Loyalty effects on Competitive Advantage, Value Creation. has no effect on Competitive Advantage, Excellent Service affects Competitive Advantage, Value Creation affects Competitive Advantage mediated by Brand Equity, Value Creation has no effect on Competitive Advantage mediated by Brand Loyalty, Excellent Service has an effect on Competitive Advantage mediated by Brand Equity, Excellent Service has an effect on Competitive Advantage Mediated Brand Loyalty.

**Keywords:** Brand Equity, Brand Loyalty, Competitive Advantage, Excellent Service, Value Creation

## 1. Introduction

### 1.1 Introduction

Marketing is one of the main activities for entrepreneurs to maintain the viability of their business in order to grow and earn a profit. In addition, marketing knowledge is also very useful so that companies can compete and survive in the competition. Achieving business objectives is highly dependent on expertise in marketing, production, finance and other fields, as well as the ability to combine these functions so that the organization can run smoothly.

Companies are always required to be able to provide excellent service (service excellence) so that consumers can always look at them. Not only between consumers but also business to business, in order to maintain a competitive advantage in company competition. The author considers this value creation important, because if the company cannot have more value, consumers will find it easy to switch to competitors. Porter (1987) states that competitive advantage exists when there is a harmony between the competencies that differentiate a company and the critical factors for success in the industry that cause the company to perform far better than its competitors.

Dora (2015) revealed in a study the role of value creation to increase competitive advantage. Based on the research results, it is stated that in order to increase competitive advantage, product and technique development must be carried out continuously. Besides that, it must also be able to increase the opportunities that exist as well as possible. Apart from that, it must also operate in an increasingly competitive environment, both in terms of price and attribute development. Nurwinda (2010) suggests in her research that competitive advantage is strongly influenced by service excellence, that is, the better the service excellence you have, the higher the competitive advantage the company will get. In addition, the authors also consider that brand equity also affects competitive advantage, so that in terms of competition, all variables must be properly considered.

The current view of increasingly fierce business competition, which requires companies to create a paradigm to demand readiness in creating value (value creation) to produce products or services in accordance with consumer expectations. Porter (1980) states that competitive advantage can be a strategic choice for companies to seize markets and competition.

In addition, companies still have to be demanded how to have a competitive edge that has a competitive advantage to increase the brand perception of consumers. In order to be accepted by customers so that they have high competitiveness (Aaker, 1991). Brand equity is a set of brand assets and liabilities relating to a brand, its name and symbol, which add to or protect the value provided by a good or service to consumers. Besides that, as a marketer in a company, you must be able to design such products so that they can reflect a brand that can be embedded in consumers' memories.

Perfect service (service excellence) is a part of the company that can describe the condition of the company, whether to describe good service or not. Excellent service (service excellence) according to Barata (2006) is a high quality service provided to consumers, based on certain quality standards to meet and even exceed the needs and expectations of consumers, so that satisfaction is achieved and will lead to increased consumer confidence in service providers. Apart from that, in terms of competition, which is competitive, the company must pay attention to all elements of the resources used. So that the company does not get the wrong target in maintaining the desires and expectations of consumers, so that customer satisfaction can be maintained.

The development of the marketing world is growing rapidly, not only in the business sphere. Currently, we have tried to follow the increasingly broad social sciences, culture and technological aspects that are always evolving. All these things are done only to satisfy consumers and so that what they want to convey can be well received by consumers, because at this time nothing can survive without a good strategy.

Electronic commerce or e-commerce is all buying and selling activities carried out through electronic media. Although the means include television and telephone, nowadays E-Commerce occurs more frequently over the internet. Electronic commerce or also known as e-commerce, is the use of communication networks and computers to carry out business processes. A popular view of e-commerce is the use of the internet and a computer with a Web browser to buy and sell products. Cashman (2007) states that e-commerce or short for electronic commerce, is a business transaction that occurs in an electronic network, such as the internet. Anyone who has access to a computer, has a connection to the internet, and has a way to pay for the goods or services they buy can participate in e-commerce.

Pusparisa (2020) argues that some e-commerce in Indonesia has been hacked. This hack was initiated by Gnosticplayers who claimed around 13 million Bukalapak user data, the user data set was valued at USD 5,000.

Tokopedia also experienced a hack which resulted in data loss of at least 91 million user data and around seven million merchant data were successfully traded with USD 5,000. The type of data taken is in the form of a user's email name and password. In addition, Bhineka also lost data that was traded for USD 1,200. Based on the explanation from this site which says that this action was masterminded by Shiny Hunters, a group of hackers who also attacked Tokopedia.

This study only focuses on one e-commerce, namely Bukalapak, this is due to the curiosity of the author how other elements in the marketing strategy will affect competitive advantage. Meanwhile, based on the results of the three years, Bukalapak has decreased in terms of the number of visitors. E-commerce media such as OLX, Tokopedia, Bukalapak and others compete with each other to be able to continue to increase sales every day, with the increasing value of sales on the site will have a positive effect on the company in terms of customer trust, user friendliness, ease of payment, and others so as to increase the selling value of the website.

Customer value is variable because it is influenced by macro environmental factors, competitive innovation and the emergence of new markets. Due to instability, customer value must be maintained by reflecting value (value creation) following changes by providing services or products in accordance with these changes. The author considers that the difficulty of competitive advantage (competitive advantage) is a problem faced by E-Commerce in Indonesia.

### *1.2 Prior Studies*

Dora (2015) conducted research on the topic of the Role of Value Creation of Crochet and Hand Embroidery Products for Sustainable Competitive Advantage in the MEA Era. This research suggests that in order to remain competitive in the new environment of the 2015 AEC era and to keep abreast of consumer expectations, crochet and hand embroidery handicraft businessmen must continuously develop their products and techniques. In order to develop products, the availability of a design workforce plays an important role in creating unique and innovative designs. They must also be able to seize the opportunities offered by the world by providing added value to products and collaborating with various parties in an effort to expand the marketing of their products. With the globalization of the market, crochet and hand embroidery handicraft businesses will find themselves obliged to operate in an increasingly competitive environment, be it in terms of price or development of new attributes, new markets, or new procedures. Then Wardianto (2020) conducted a research entitled Brand Equity: A Competitive Advantage Innovation Strategy for Small and Medium Enterprises, and this research resulted in a finding that brands as a very important asset can become capital for small and medium enterprises to win their business competition. This fits the RBV concept. Meanwhile, according to the signaling theory brand equity is good as a signal of the company's condition and this can guarantee the company's demand in the long run. Brand management can be done by the SME itself. Hidayat (2018) conducted a study entitled The Effect of Service Excellence on Brand Equity in Batik Air Customers, where the research resulted that based on the statements given by respondents about the excellent service applied by the Batik Air Company at Soekarno-Hatta International Airport, Cengkareng during the August period. - October 2016, excellent service is in the high assessment category. The highest assessment is in the dimension of empathy, while the lowest assessment is in the dimension of responsiveness. Sudarti and Putri (2013) conducted a study on the topic of Increasing Customer Loyalty through Brand Reputation, Customer Satisfaction and Service Quality to Achieve Competitive Advantage, the research resulted that based on the results of research and discussion it can be concluded that reputation, service quality and customer satisfaction can stimulate increased customer loyalty. Likewise, reputation, service quality, satisfaction and loyalty stimulate increased competitive advantage. This study also concludes that customer loyalty does not mediate the influence of reputation, satisfaction and service quality variables on competitive advantage. In addition, Kuvykaite and Piligrimiene (2014) conducted a study entitled Consumer involvement in the creation of brand equity, this research shows that when looking for brand success in the market, it is important to understand consumers, as an active partner, the role of brand value creation. Consumer brand engagement enables companies to use consumer competence in brand equity creation. Consumers who engage in brands experience emotional, functional, and social value, brands create more positive associations for them and lead to increased brand loyalty and brand fairness. Consumer brand engagement is a relatively new research topic and existing research is somewhat fragmented. Research has

mostly concentrated on analyzing consumer brand engagement behavior, examining consumer involvement in the brand equity creation process, and exploring the factors that influence consumer engagement. But there is still a lack of evaluation of integrated consumer brand engagement, consumer involvement into brand equity creation is not thoroughly explored and the answer is not available. There is a need for studies that will provide some answers to the question what customers should be involved in value creation and how should be involved in value creation for higher brand equity objectives.

### *1.3 Hypothesis Development*

Value creation for the company is when the company is able to produce something more than the invested beneficial resources. In other words, if the company is able to manage and utilize its resources so that these resources can create added value for the company, this is called value creation. Nurwinda (2010) states that value creation has a positive effect on increasing or decreasing brand equity. This has also been demonstrated in Kuvykaite's (2014) study. There is a need for studies that will provide some answers to the question - what customers should be involved in value creation and how should be involved in value creation for higher brand equity goals.

H<sub>1</sub> : Value Creation (X1) has a significant positive effect on Brand Equity (Z1)

Mowen & Minor (2002) defines brand loyalty as the extent to which a customer shows a positive attitude towards a brand, has a commitment to a particular brand and intends to continue to buy them in the future. In marketing theory, the company will always provide a good value in the eyes of customers, related to the hope that customers will remain royal and loyal to a marketing. Moreover, Hapsari (2018) shows that the value creation process has a significant effect on trust, brand love and brand loyalty. In addition, trust has been shown to influence brand love and brand loyalty. As an emerging construct in the marketing literature, brand love was found to have an important role in increasing the loyalty of members of the on-line community.

H<sub>2</sub> : Value Creation (X1) has a significant positive effect on Brand Loyalty (Z2).

In the big Indonesian dictionary, it is explained that service is an effort to serve the needs of others. Meanwhile, serving is helping to prepare (take care of) what someone needs. Another opinion says that excellent service is service with high quality standards and always follows the development of customer needs at all times, consistently and accurately. Satisfaction occurs when the ratio of results and inputs of each party in the exchange is more or less the same. Conversely, dissatisfaction occurs when customers believe that the ratio of results to inputs is worse than the company or service provider. In addition, customer satisfaction on transactions is influenced by the ratio of results to other customer input ratios. Nurwinda (2010) proved in her research that service excellence affects brand equity, which means that the better the service excellence will be followed by the increase in brand equity.

H<sub>3</sub> : Service Excellence (X2) has a significant positive effect on Brand Equity (Z1)

Excellent service has four objectives in building relationships with customers, namely preventing defection and helping customer loyalty, providing satisfaction and trust to consumers, keeping customers feeling attention to and prioritize all their needs and desires, and strive to keep customers loyal in using the products or services offered (Nurwinda, 2010). Sudarti (2013) shows that there is a positive effect of service quality on customer / customer loyalty. Nurwinda (2010) proves that service quality has an influence on customer satisfaction. Moreover, Syahfrudin (2020) proves that there is a positive and non-positive effect of service quality on customer loyalty.

H<sub>4</sub> : Service Excellence (X2) has a significant positive effect on Brand loyalty (Z2)

Brand equity, one of the indicators is its ability to maintain stable sales in the long term thanks to customer loyalty and the willingness of customers to repeat their purchases again with the same brand (Hirose et al.,

2002). In gaining an advantage in the competition for a business, both goods and services, every company must at least be able to build a good brand that will always stick in the eyes of customers. Harwani (2017) shows that consumer confidence in high attributes such as credibility and accreditation can create a competitive advantage. In addition, Nurwinda (2010) also stated that the higher the brand equity, the higher the competitive advantage.

H<sub>5</sub> : Brand Equity (Z1) has a significant positive effect on Competitive Advantage (Y)

Competitive advantage is a unique position developed by a company in facing competitors and perhaps the company can consistently outperform the brand (Porter, 1987). In his research, there is a positive effect of customer loyalty on competitive advantage (Sudarti, 2013). In addition, it is also explained that it is found that customer loyalty will affect competitive advantage. Meanwhile, according to Jatmiko (2016) in Meiriyadi (2018), the results of the study found that there was a significant influence between customer loyalty and competitive advantage and according to Pritandhari (2015) in Meiriyadi (2018), who found that the higher customer loyalty, the competitive advantage would be getting higher anyway. The strategy of building customer loyalty in order to achieve competitive advantage, there are a number of factors that influence it.

H<sub>6</sub> : Brand Loyalty (Z2) has a significant positive effect on Competitive Advantage (Y)

Bowman and Ambrosini (2007) argue that the value creation process starts from the company perspective and business strategy level by considering whether additional activities can be tight or loose. Hansever et al., (2004) also stated that there are 3 (three) dimensions that play a role in creating benefits and vice versa, which have the potential to increase costs and risks. Dimensions that affect both value creation and value destroyed are the financial, non-financial and time aspects. Financial benefits relate to both short and long term costs and funding. Dora (2015) states that to keep up with consumer expectations, business people must continuously develop products and techniques. Ardi (2016) stated in his research that in order to compete in a respectful manner in cultivating competition, one must be able to create value.

H<sub>7</sub> : Value Creation (X1) has a significant positive effect on Competitive Advantage (Y)

Strategic competitive advantage can no longer be conveyed based on product characteristics alone, companies need to develop increased profitability through continuous maintenance of relationships with their customers (Napitupulu, 2018). Chang and Chen (1998) in Sudarti (2013) which examines the impact of market orientation on company performance, in the context of service companies, also shows that service quality is closely related to increasing competitive advantage. Musnaini (2011) states that the better and more consistent the quality of service will make a positive and significant contribution to competitive advantage.

H<sub>8</sub> : Service Excellence (X2) has a significant positive effect on Competitive Advantage (Y)

Michael Porter in his research (Ardi, 2016) states that sustainable competitive advantage is related to the amount of value created by the company for stakeholders, especially those with the most important consumer. According to Porter, companies create superior value from their customers by offering products or services at slightly higher prices, so that the added value obtained exceeds the additional costs required to make the product or service. This study considers that the brand strength of a goods or service company will also affect the competitive advantage of a company, or it will also be an obstacle to increasing the existence of a company in the eyes of consumers.

H<sub>9</sub> : Value Creation (X1) has a significant positive effect on Competitive Advantage (Y) mediated by Brand Equity (Z1)

Lee and Cunningham's (2001) in Sudarti and Putri (2013) shows that customer loyalty is one of the sources for building competitive advantage for company's services. Customer loyalty will make the company have a definite source of income (from loyal customers) so that it will make the company able to compete in the long run. Basically, competitive advantage develops from firm value which is able to create value for buyers (Li et al,

2006). Competitive advantage can be defined as the ability of a company to create value that is not owned and cannot be imitated by competitors.

H<sub>10</sub> : Value Creation (X1) has a significant positive effect on Competitive Advantage (Y) mediated by Brand loyalty (Z2)

Brand equity is related to consumer perceptions, brand equity is related to the general value associated with the brand itself, general value relates to the original brand of the name brand and not only from the physical aspect, brand equity is not absolute but depends on the competence, and brand equity affects financial performance positively. This study considers that brand equity can mediate value creation on competitive advantage, so it needs further study.

H<sub>11</sub> : Service Excellence (X2) has a significant positive effect on Competitive Advantage (Y) mediated by Brand Equity (Z1)

The company's goal is to be able to be superior to its competitors. Through a defined competitive advantage strategy, it can form the right positioning, maintain customer loyalty, maximize sales, and create effective business performance (Kotler and Amstrong 2003) in Harwani (2017). Meanwhile, excellent service has four objectives in building relationships with customers (1) preventing defection and helping customer loyalty; (2) provide a sense of satisfaction and trust to consumers; (3) to ensure that customers feel cared for and prioritized by all their needs and desires; (4) efforts to maintain customers in order to remain loyal in using the products or services offered.

H<sub>12</sub> : Service Excellence (X2) has a significant positive effect on Competitive Advantage (Y) mediated by Brand Loyalty (Z2).

## 2. Method

This research is categorized as descriptive quantitative research. Descriptive research is research designed to describe the characteristics of a population or event. Based on the source, the data is divided into primary data and secondary data. The population of this research is Bukalapak users. Because the population is not limited, it is possible to determine the sample. In addition, Bukalapak users are very diverse and also broad, covering areas in Indonesia. The author limits the population in this study to those who live in Jakarta and its surroundings, this is already representative of all consumers given the high traffic that occurs. The tool that will be used in this research is analysis using Smart PLS. Partial Least Squares is a powerful data analysis method and is often referred to as soft modeling.

### 2.1 Research Design

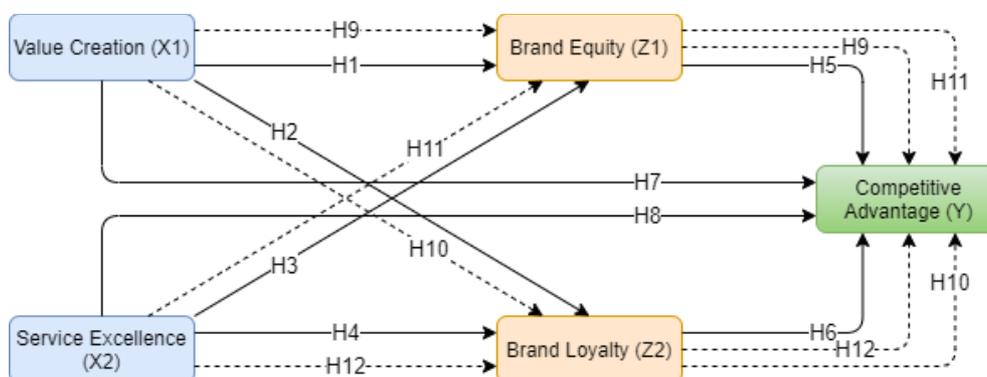


Figure 1: Research Framework

## 2.2 Structural Equation Modelling (SEM) Analysis

In this research, data processing and analysis uses the Partial Least Square (PLS) approach. PLS is a component or variant based Structural Equation Modeling (SEM) equation model. According to Ghazali (2006), PLS is an alternative approach that shifts from covariance-based to variant-based SEM approaches. Covariance-based SEM generally tests causality and theory while PLS is more of a predictive model. PLS is a powerful analytical method, because it is not based on many assumptions. For example, the data must be normally distributed, the sample does not have to be large. Data analysis in this research is Outer Model Analysis, Inner Model, and Hypothesis Test.

## 3. Results

### 3.1 Outer Model Analysis

#### 3.1.1 Convergent Validity

Table 1: Outer Loading Table

Indicators of Variabel	Outer Loading	Validity	Indicator Evaluation
X115	0,761	0,5	Valid
X121	0,628	0,5	Valid
X125	0,712	0,5	Valid
X216	0,534	0,5	Valid
X221	0,541	0,5	Valid
X222	0,644	0,5	Valid
X223	0,613	0,5	Valid
X224	0,623	0,5	Valid
X232	0,535	0,5	Valid
X236	0,612	0,5	Valid
X243	0,620	0,5	Valid
X255	0,568	0,5	Valid
Z112	0,549	0,5	Valid
Z113	0,513	0,5	Valid
Z122	0,526	0,5	Valid
Z131	0,583	0,5	Valid
Z132	0,616	0,5	Valid
Z133	0,619	0,5	Valid
Z141	0,557	0,5	Valid
Z212	0,744	0,5	Valid
Z213	0,649	0,5	Valid
Z221	0,611	0,5	Valid
Z222	0,715	0,5	Valid
Z232	0,537	0,5	Valid
Y17	0,735	0,5	Valid
Y18	0,630	0,5	Valid
Y19	0,614	0,5	Valid
Y23	0,540	0,5	Valid
Y35	0,660	0,5	Valid
Y523	0,668	0,5	Valid

The Outer Model measurement model for individual reflective indicator blocks is said to be high if it correlates more than 0.50 with the construct to be measured. However, for research in the early stages of developing a measurement scale the loading value of 0.50 to 0.60 is considered sufficient (Ghozali, 2006). So it can be said that the outer loading above has met Convergent Validity. Table 1 above shown that each indicators for every variable has outer loading value above 0.50, so it can be said that all of the indicators within each variables are valid for further analysis.

Table 2: Average Variance Extracted (AVE)

Variables	AVE Value	AVE Evaluation
Competitive Advantage	0,548	Valid
Brand Equity	0,618	Valid
Brand Loyalty	0,538	Valid
Service Excellence	0,726	Valid
Value Creation	0,614	Valid

The indicator is considered valid if it has an AVE value above 0.5 or shows that all outer loading dimensions of the variable have a loading value above 0.5 so that it can be concluded that the measurement meets the convergent validity criteria (Ghozali, 2006). Through measurement (outer loading), it states that all variables and indicators meet the criteria so that they are declared valid with a critical value above 0.5.

### 3.1.2 Discriminant Validity

Table 3: Cross-Loading Table

Indicators of Variabel	Brand Equity	Brand Loyalty	Competitive Advantage	Service Excellence	Value Creation
X115	0,400	0,236	0,211	0,303	0,761
X121	0,324	0,175	0,117	0,273	0,628
X125	0,320	0,232	0,220	0,240	0,712
X216	0,248	0,258	0,260	0,534	0,214
X221	0,269	0,231	0,341	0,541	0,260
X222	0,324	0,313	0,318	0,644	0,194
X223	0,349	0,238	0,245	0,613	0,277
X224	0,268	0,255	0,328	0,623	0,293
X232	0,280	0,293	0,297	0,535	0,199
X236	0,377	0,312	0,321	0,612	0,172
X243	0,395	0,213	0,449	0,620	0,153
X255	0,297	0,267	0,433	0,568	0,311
Y17	0,439	0,258	0,735	0,423	0,234
Y18	0,352	0,298	0,630	0,348	0,116
Y19	0,231	0,243	0,614	0,381	0,208
Y23	0,229	0,204	0,540	0,339	0,168
Y35	0,382	0,353	0,660	0,346	0,160
Y523	0,335	0,364	0,668	0,380	0,144
Z112	0,549	0,255	0,306	0,190	0,339
Z113	0,513	0,242	0,263	0,424	0,236
Z122	0,526	0,200	0,188	0,237	0,347
Z131	0,583	0,280	0,321	0,333	0,336

Z132	0,616	0,283	0,342	0,281	0,215
Z133	0,619	0,247	0,358	0,336	0,244
Z141	0,557	0,279	0,265	0,298	0,271
Z212	0,306	0,744	0,354	0,368	0,257
Z213	0,233	0,649	0,254	0,188	0,173
Z221	0,319	0,611	0,263	0,292	0,252
Z222	0,295	0,715	0,304	0,342	0,210
Z232	0,328	0,537	0,284	0,238	0,085

From the table data above, it can be seen that the comparison, the outer loadings of the indicator in the associated construct must be greater than any cross-loadings of the other constructs. So that latent variables can be said to predict their indicators better than other latent variables.

Table 4: Fornell-Larcker Criterion

Variables	Brand Equity	Brand Loyalty	Competitive Advantage	Service Excellence	Value Creation
Brand Equity	0,567				
Brand Loyalty	0,451	0,655			
Competitive Advantage	0,520	0,450	0,644		
Service Excellence	0,535	0,449	0,573	0,589	
Value Creation	0,498	0,307	0,265	0,387	0,702

The Fornell-Larcker criterion is a second approach to assessing discriminant validity. It compares the square root of the AVE value with the latent variable correlation. In particular, the square root of each AVE construct must be greater than the highest correlation with the other constructs. An alternative approach to evaluating the Fornell-Larcker criterion results is to determine whether the AVE is greater than the squared correlation with other constructs. The logic of the Fornell-Larcker method is based on the idea that constructs share more variance with related indicators than with other constructs. Based on the table above, it can be seen that the AVE value is greater than the quadratic correlation with other constructs. This shows that all the constructs in the estimated model meet the criteria for discriminant validity.

### 3.1.3 Reliability Test

Table 5: Reliability Test Table

Variables	Cronbach's Alpha value	rho_A	Composite Reliability
Brand Equity	0,648	0,649	0,768
Brand Loyalty	0,665	0,680	0,788
Competitive Advantage	0,716	0,725	0,808
Service Excellence	0,764	0,766	0,826
Value Creation	0,612	0,497	0,744

Furthermore, the reliability test can be seen from the Cronbach's Alpha value and the Composite Reliability value. To be able to say that a statement item is reliable, then the Cronbach's alpha value must be above 0.6 and the composite reliability value must be 0.7, so it can be concluded that all constructs meet the reliability value because Cronbach's Alpha and Composite Reliability are above the reliability test standard.

## 3.1.4 Multicollinearity Test

Table 6: Inner Variance Inflation Factor (VIF) Value

Inner VIF Values	Brand Equity	Brand Loyalty	Competitive Advantage	Service Excellence	Value Creation
Brand Equity			1,728		
Brand Loyalty			1,364		
Competitive Advantage					
Service Excellence	1,176	1,176	1,547		
Value Creation	1,176	1,176	1,372		

The manifest variables or indicators in a formative block must be tested for their multicollinearity. Testing whether or not multicollinearity occurs between indicators in the formative block uses the VIF value. If the VIF value above 10, there is collinearity between indicators in one formative block. From the table results, it shows that the data above is free from multicollinearity.

## 3.2 Inner Model Analysis

Table 7: R-Square Table

Variables	R-Square	Adjusted R-Square
Brand Equity	0,386	0,380
Brand Loyalty	0,222	0,215
Competitive Advantage	0,419	0,408

The table above shows that the R Square from Competitive Advantage variable has a moderate value, which is 0.419, which means that the effect of independent variables on Competitive Advantage is 41.9%, the rest is influenced by other variables not explained in the study. Meanwhile, the Brand Equity variable reached 0.386 or 38.6% and the Brand Loyalty was 0.222 or 22.2%.

## 3.3 Hypothesis Testing

Table 8: Hypothesis Testing Result

Hypothesis	Original Sample	T-Statistics	P-Values	Results
Value Creation --> Brand Equity	0,342	4,941	0,000	H <sub>1</sub> Accepted
Value Creation --> Brand Loyalty	0,157	1,965	0,050	H <sub>2</sub> Accepted
Service Excellence --> Brand Equity	0,403	6,936	0,000	H <sub>3</sub> Accepted
Service Excellence --> Brand Loyalty	0,388	5,035	0,000	H <sub>4</sub> Accepted
Brand Equity --> Competitive Advantage	0,275	3,264	0,001	H <sub>5</sub> Accepted
Brand Loyalty --> Competitive Advantage	0,180	2,341	0,020	H <sub>6</sub> Accepted
Value Creation --> Competitive Advantage	-0,072	1,015	0,310	H <sub>7</sub> Rejected
Service Excellence --> Competitive Advantage	0,373	4,804	0,000	H <sub>8</sub> Accepted
Value Creation --> Brand Equity --> Competitive Advantage	0,094	2,552	0,011	H <sub>9</sub> Accepted
Value Creation --> Brand Loyalty --> Competitive Advantage	0,028	1,337	0,182	H <sub>10</sub> Rejected
Service Excellence --> Brand Equity --> Competitive Advantage	0,111	2,919	0,004	H <sub>11</sub> Accepted

Advantage

Service Excellence -> Brand Loyalty -> Competitive Advantage	0,070	2,040	0,042	H <sub>12</sub> Accepted
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It can be seen in the table above that a population has a relationship between one variable and another variable. It can be seen in the path coefficient (rho) by looking at the value of the original sample and the statistical T value as a statement of the significance level of the relationship between one variable and other variables. The final diagram model image is based on the results of the hypothesis testing results.

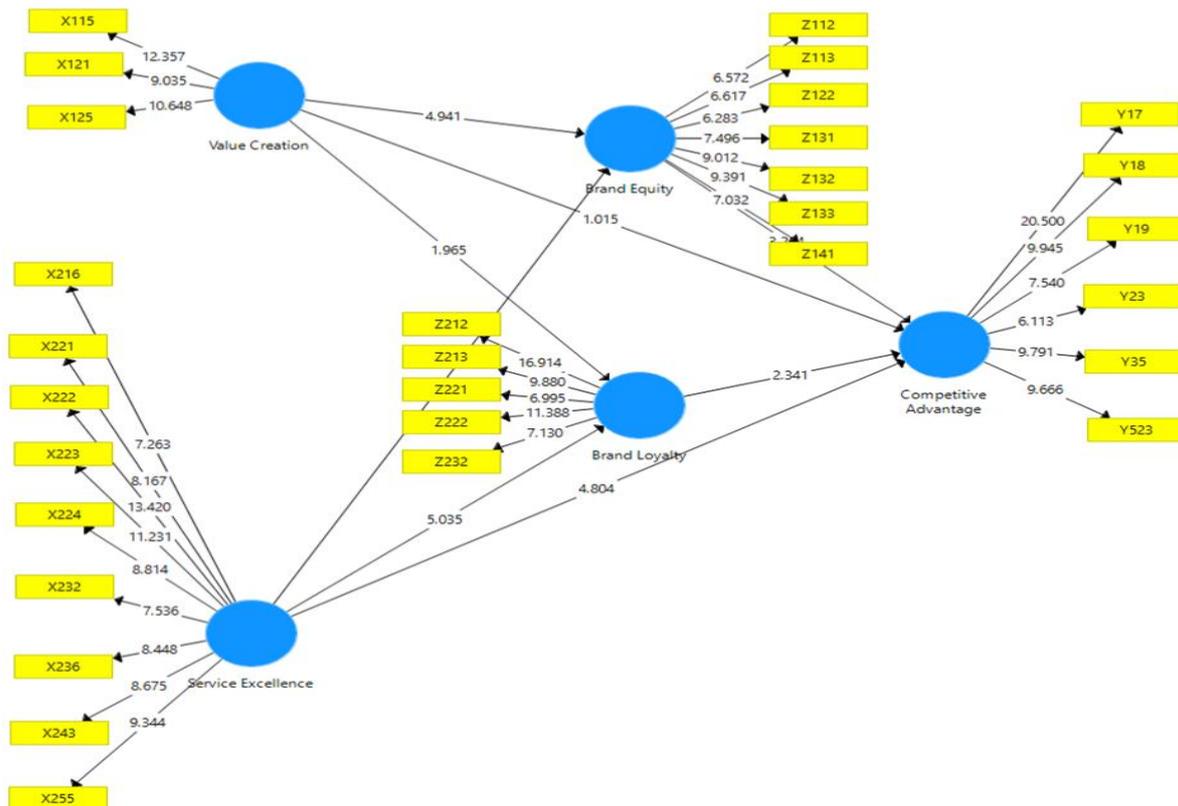


Figure 2: Relationship between variables

4. Discussion

Value Creation expands beyond the boundaries of the creation of individuals or pairs of Service and Value Systems into a dynamic, sustainable translating process that involves Service Systems. This is also in line with research (Nurwinda, 2010) which states that value creation has a positive effect on increasing or decreasing brand equity. Value creation has positive and significant effect to Brand Loyalty, this result is in line with (Hapsari, 2018) which states that the value creation process has a significant effect on brand loyalty, therefore the result of the research states that the variable value creation and brand loyalty is supported. Service Excellence has positive and significant effect to Brand Equity, this result is in line with (Nurwinda, 2010) which research results show that service excellence affects brand equity. Service Excellence has positive and significant effect to Brand Loyalty, this result is in line with Devia et al., (2018), that states service quality has an effect on customer loyalty. Brand Equity has positive and significant effect to Competitive Advantage, this result indicate that the signaling theory of brand equity is good as a signal of the company's condition and this can guarantee long-term company demand (Wardianto, 2020). Brand Loyalty has positive and significant effect to Competitive Advantage, this result is in line with Meiriyadi (2018) which states that loyalty has a positive and significant effect on competitive advantage. Value Creation has negative and insignificant effect to Competitive Advantage, the results of this study are different from (Nurwinda, 2010) which states that value creation has a

positive effect on competitive advantage, we analyze in this case is research examining e-commerce as an object of research, while Nurwinda's research makes tertiary institutions a research object, however In terms of business concentration, both of them present service activities, it's just that services in an educational context are different from shopping services and product delivery. Service Excellence has positive and significant effect to Competitive Advantage, Nurwinda (2010) stated that better service excellence has an influence in increasing competitive advantage. There is an indirect effect of Value Creation on Competitive Advantage mediated by Brand Equity, this mainly because Bukalapak projects business growth of 40%-50% in 2021 in line with the development of the digital economy industry in Indonesia. There is no indirect effect of Value Creation on Competitive Advantage mediated by Brand Loyalty, this should be a concern for e-commerce Bukalapak to pay more attention to how to build value for customers, the application in the field of how to build customer loyalty to the brand will be very important to pay attention to so that it is further improved. There is an indirect effect of Service Excellence on Competitive Advantage mediated by Brand Equity, this mainly because the CEO of Bukalapak is still on his vision to improve various financial services. At least electronic commerce must pay attention to attitudes, concerns, actions, abilities, appearance and actions. In addition, the company's ability to improve services in accordance with consumer expectations will affect brand equity and will also affect competitive advantage. There is an indirect effect of Service Excellence on Competitive Advantage mediated by Brand Loyalty, excellent service that is further enhanced in innovating as e-commerce will affect loyalty to the Bukalapak brand, besides that it will also affect competitive advantage in the competition between e-commerce.

## 5. Conclusion

Value Creation affects Brand Equity. Value Creation affects Brand Loyalty. Service Excellence affects Brand Equity. Service Excellence affects Brand Loyalty. Brand Equity affects the Competitive Advantage. Brand Loyalty has an effect on Competitive Advantage. Value Creation does not affect Competitive advantage. Service Excellence has an effect on Competitive Advantage. Value Creation affects Competitive Advantage and is mediated by Brand Equity. Value Creation does not affect Competitive Advantage and is mediated by Brand Loyalty. Service Excellence affects Competitive Advantage and is mediated by Brand Equity. Service Excellence affects Competitive Advantage and is mediated by Brand Loyalty.

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