

ABSTRACT

The interest in consumption of processed food and beverages in Indonesia is so high that there are business opportunities, especially in the culinary field. Bread is one of the many processed food commodities. Business opportunities in the bread industry are increasingly promising despite the economic crisis in Indonesia, but many small-scale bread industries continue to grow and are known to be 60% dominated by small-scale industries including D'Ninis Bakery which is part of MSMEs. Since post-Covid-19 in 2021 until now D'Ninis Bakery has experienced a decline in revenue due to losing the upper hand in competition caused by people starting new businesses during the pandemic as well as fierce competition due to the emergence of new business competitors with similar businesses, both big brands and pioneering brands within a 5 km radius of D'Ninis Bakery. Based on the information obtained, things that strengthen the problem of losing the upper hand in competition are that customers still try other brands even though the quality of the products sold is not much different from D'Ninis Bakery and D'Ninis Bakery is not maximizing in exploring recipes to create new product innovations or develop existing products so that customers are dominated by business competitors, especially newly emerging business competitors. Therefore, this study aims to examine the effect of product quality on competitive advantage at D'Ninis Bakery in Bogor District, the effect of product innovation on competitive advantage at D'Ninis Bakery in Bogor District, and the effect of product quality and product innovation on competitive advantage at D'Ninis Bakery in Bogor District. This research uses quantitative methods with descriptive research types and sampling is done using non-probability sampling methods with purposive sampling types. The questionnaire survey through Google Form used in this study was distributed to 385 respondents who had made at least 1 (one) transaction at D'Ninis Bakery in Bogor District within the last 1 year. The data analysis techniques used are descriptive analysis and classical assumption tests which include normality test, multicollinearity test, and heteroscedasticity test. In this study, the statistical analysis used is multiple linear regression analysis and uses the T test, F test, and coefficient of determination to test the hypotheses. The results of this study indicate that product quality has a positive and significant effect on competitive advantage at D'Ninis Bakery in Bogor District, product innovation has a positive and significant effect on competitive advantage at D'Ninis Bakery in Bogor District, and product quality and product innovation simultaneously have a positive and significant effect on competitive advantage at D'Ninis Bakery in Bogor District.

Keywords: *Product Quality, Product Innovation, Competitive Advantage*