Identification of supporting factors of local food products towards the global market competition

A Ikhwana*, R Kurniawati, W A Kurniawan and F P Alinda
Department of Industrial Engineering, Sekolah Tinggi Teknologi Garut, Garut, Indonesia
*andri_ikhwana@sttgarut.ac.id

Abstract. Local food products that have been known as icons of a region are faced with global market competition so that they are required to have competitiveness in fighting for the global market with the hope that business activities that rely on local identity are not lost and displaced by the arrival of various products that can replace product functions and roles on global competition. This study aims to identify the factors that support the sustainability of the local food product business so that it can compete in the global market and determine the strategies that must be done. To support this research activity, the method used is the analysis of factors supported by 100 respondents conducted using the accidental sampling method involving various groups of respondents. Based on the results of the study, it was found multiple factors that support the sustainability of local food product businesses, namely: lifestyle factors, individual factors, promotion factors and places, and product identity factors. Furthermore, so that the business activities of local food products can survive and be sustainable, the strategies that must be carried out are product innovation, intensive promotion, and determining a strategic sales location.

1. Introduction
The success of a product is determined by the various superior characteristics possessed by the product and is supported by business management that can meet customer satisfaction [1] so that it becomes the choice of consumers especially in facing competition in the global market environment [2]. Local products [3,4] have a variety of unique advantages and characteristics and can be an attraction to the global market environment so that efforts are needed to identify the needs and desires of consumers supported by various attempts to manage business activities [5,6].

The success of local products in penetrating the global competition market is supported by various factors such as consumer desire or consumer behavior [7] and the company's adaptive capabilities, especially corporate governance adapted to environmental demands [8] and marketing governance priorities that are in line with the requirements of the global market environment [9]. It is hoped that through understanding consumer behavior and managing local product marketing, it will be able to receive any changes desired by consumers, especially in penetrating global market environment competition supported by the development of supporting technologies [10]. Most local business activities are carried out by relying on product excellence and distinctiveness and have the ability to meet the demands and needs of consumers [11], but for companies that carry out business activities with backgrounds and identities that are inherent in past business activities or organization-based activities on available resources, a process of change and adaptation is needed through the introduction of factors
that influence the business activities in order to be able to adapt and continue to global market competition [12]. The importance of increasing the competitiveness of local products to compete in the global market environment because it is believed that local products will be able to maintain their existence [13–15] in the global environment so that they can provide economic added value for that products.

This study aims to identify factors that support the improvement of competitiveness of local products in the global market environment so that these local products are expected to be able to survive and be sustainable and have an advantage in running competition with other businesses both similar products and substitute products.

2. Methodology

This research is a research based on a quantitative approach carried out on objects that have the characteristics and peculiarity of the background of products in an area (local products) to increase the competitiveness of these local products to be able to compete in the global market. To support the completeness of this study, the respondent samples used were respondents who were considered to understand global product characteristics and respondents who had experience in using products that had global product characteristics. The number of respondents involved as many as 100 respondents with sampling using an accidental sampling approach that is taken as members of the sample is people who are easily found or at the right time, and easily accessible.

Data was collected through questionnaires, which were then processed using the factor analysis method that was carried out by testing the validity and reliability of the data. The use of factor analysis method is done to determine the simplification of the number of factors that are considered to be able to encourage business sustainability and improve the competitiveness of local products in the global market environment. In the final stage, the supporting factors for local products are determined to be able to compete in the global market environment. In detail, it can be seen in figure 1 below.

![Figure 1. Stages of research.](image)

3. Result and discussion

Based on the results of the reduction of the factors that support local products to be able to compete in the global market environment and sustainably in running the company’s business, the processed results of factor analysts are explained as follows:

3.1. Value of Kaiser Mayer Olkin measure of sampling adequacy (KMO)

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .653 |
|-----------------------------------------------|------|
| Bartlett’s Test of Sphericity                  | Approx. Chi-Square: 3912.286 |
|                                               | df: 741 |
|                                               | Sig.: .000 |

Source: Primary data processed, KMO output from SPSS 2018
Based on the results of the SPSS results table in table 1, the resulting KMO value is 0.653 so that the results of factor analysis are considered feasible and can be continued to determine further study regarding the grouping of supporting factors for the product to be able to compete in the global market environment.

3.2. Factor grouping
Based on the results of factor grouping using factor analysis methods, the factors that can be a driving force for the sustainability of the local product business are obtained and increasing the competitiveness of local products in the global market environment as described in table 2 below.

Table 2. Supporting factors for sustainability and supporting the competitiveness of local products in the global market environment.

| Factor | Indicator | Loading factor | Factor Name |
|--------|-----------|----------------|-------------|
| I      | Influence of foreign culture | 0.854 | Life Style |
|        | Considering the product has excellent benefits | 0.822 |
|        | Cultural change | 0.611 |
|        | Lifestyle or habits | 0.606 |
|        | Following the trend | 0.605 |
|        | Service speed | 0.598 |
|        | Packaging | 0.539 |
|        | Influence of friends | 0.530 |
| II     | Income level | 0.759 | Consumer Characteristics |
|        | Consumer education level | 0.747 |
|        | Buy products based on experience | 0.725 |
|        | Buy products because of conditions | 0.725 |
|        | Type of work or consumer activity | 0.711 |
|        | The need for products based on age | 0.699 |
|        | The presumption that the product is worth buying | 0.581 |
|        | The impression of the product | 0.517 |
|        | Buy products according to feeling | 0.504 |
| III    | Service | 0.887 | Product Identity |
|        | Reception on Social Media | 0.884 |
|        | Product quality | 0.847 |
|        | Product variations | 0.561 |
|        | Prices offered | 0.549 |
| IV     | Submission of product information | 0.788 | Promotion Method and Sales Location |
|        | Ease in getting products | 0.782 |
|        | Location is easy to reach | 0.700 |
|        | Compatibility of products offered | 0.508 |

Based on the results of the study, it was found that the factors that support the sustainability and ability of local products to be able to compete in the global market environment must adjust to individual characteristics that are by unique global components consisting of lifestyle and consumer identity. Personal characteristics as one of the factors that must be considered in an effort to market products so as to be able to create value to consumers and must be supported by following lifestyle and cultural changes [16] that occur in consumers who are more influenced by outside culture and dominate the global environment so as to provide influence on the selection of products consumed.

On the other side, consumer lifestyles that are harmonized with cultural changes and social groups will be able to support the use of local products if the product is by the tastes desired by the consumer. Furthermore, product competition in the global market environment will also be determined by the identity of the consumer who uses the product such as income level, education level, type of work or consumer activity, experience and impression in using similar products, and consumer tastes for the
products offered. Whereas to be able to support business sustainability in marketing local products in the global market environment, we must pay attention to the two driving factors of the business, namely product characteristics and promotion methods and sales locations.

The characteristics of the desired product in the global marketing environment [17], must be accompanied by additional services beyond the function of products such as product distribution or guarantees for the products offered, product information available on social media so that consumers can quickly get information about the product, and consumers must get a fair value for the products they get, especially those related to product quality, product variety, and the price offered for these products. Business governance in the global market environment must follow the desires and needs of consumers such as delivering information about the existence and conditions of products offered through the internet [18], as part of product promotion provided by companies, ease of obtaining products, strategic locations and affordable products and the suitability of the products supplied with the products received.

4. Conclusions
Based on the results of the study, to support business sustainability and encourage local products to be able to compete in the global market environment, it is expected that the product must adapt to the wishes of consumers, especially following the consumer lifestyle, consumer characteristics, product characteristics according to consumer desires, and paying attention to promotional methods which are supported by a strategic location. Local products that can compete in the global market environment must begin with local market control so that similar products or substitutes do not displace them from various competitors or newcomers.

Acknowledgments
Thanks to Sekolah Tinggi Teknologi Garut which inspiringly support the publication of this article.

References
[1] Babolian H R 2016 Effect of food experience on tourist satisfaction: the case of Indonesia Int. J. Cult. Tour. Hosp. Res. 10 272–82
[2] Kumar A and Sylvia S 2017 Understanding local food consumers: Theory of planned behavior and segmentation approach J. Food Prod. Mark. 1–20
[3] Pencarelli T, Forlani F and Dini M 2018 Marketing of Traditional-Local Products in the Experience Logic Perspective (Springer, Cham) pp 205–20
[4] Madaleno A, Eusébio C and Varum C 2019 The promotion of local agro-food products through tourism: a segmentation analysis Curr. Issues Tour. 22 643–63
[5] Charter M and Tischner U 2017 Sustainable solutions: developing products and services for the future (Routledge)
[6] Lasserre P 2017 Global Strategic Management (Macmillan International Higher Education)
[7] Justin P and Jyoti R 2012 Consumer behavior and purchase intention for organic food J. Consum. Mark. 29(6) 412–22
[8] Tallman S, Luo Y and Buckley P J 2018 Business models in global competition Glob. Strateg. J. 8 517–35
[9] Bang V V, Joshi S L and Singh M C 2016 Marketing strategy in emerging markets: a conceptual framework J. Strateg. Mark. 24 104–17
[10] Samiee S 1994 Customer evaluation of products in a global market J. Int. Bus. Stud. 25 579–604
[11] Xie Y, Batra R and Peng S 2015 An extended model of preference formation between global and local brands: The roles of identity expressiveness, trust, and affect J. Int. Mark. 23 50–71
[12] Hitt M A, Xu K and Li D 2015 International strategy: From local to global and beyond J. World Bus.
[13] Swoboda B and Hirschmann J 2016 Does Being Perceived as Global Pay Off? An Analysis of Leading Foreign and Domestic Multinational Corporations in India, Japan, and the United
[14] Bartsch F, Riefler P and Diamantopoulos A 2016 A Taxonomy and Review of Positive Consumer Dispositions toward Foreign Countries and Globalization J. Int. Mark. 24 82–110

[15] Talay M B, Townsend J D and Yeniyurt S 2015 Global Brand Architecture Position and Market-Based Performance: The Moderating Role of Culture J. Int. Mark. 23 55–72

[16] Kim S, Choe J Y and Lee A 2016 Efforts to globalize a national food: Market segmentation by reasons for ethnic food preferences Int. J. Contemp. Hosp. Manag. 28 2310–30

[17] Pitta D A and Franzak F J 2008 Foundations for building share of heart in global brands J. Prod. Brand Manag. 17 64–72

[18] Sparkes A and Thomas B 2001 The use of the Internet as a critical success factor for the marketing of Welsh agri-food SMEs in the twenty-first century Br. Food J. 103 331–47