1. Introduction

In the era of globalization and increasingly fierce business competition, competitive advantage is an important factor for the survival and success of a company. Competitive advantage is the ability of a company to produce and provide superior products or services compared to its competitors. (Porter, 1985). One of the important keys to achieving a competitive advantage is through product quality and product innovation (Barney, 1991). Product quality is an attribute or characteristic of a product that meets or even exceeds the expectations and needs of consumers. Good product quality covers various aspects, such as effective product function, reliability, durability, attractive design, high-quality materials, and ease of use and maintenance. Products that meet or exceed consumer expectations will increase the level of customer satisfaction and can form long-term customer loyalty. Companies that focus on product quality can often differentiate themselves from their competitors and build a good reputation in the marketplace. This can help companies achieve a
competitive advantage and increase their market share (Prajogo, 2006; Gunday, 2011).

In the nutrition industry, such as the Herbalife Nutrition Club, product quality is of paramount importance because these products are directly related to the health and well-being of consumers. Therefore, Nutrition Club needs to ensure that the products they offer have passed high-quality standards and have been clinically tested for safety and efficacy. Herbalife Nutrition Club is a business concept run by independent distributors of Herbalife Nutrition products. Herbalife Nutrition is a multilevel marketing company based in Los Angeles, California, United States. The company was founded in 1980 by Mark Hughes with the aim of providing nutrition and wellness products to consumers around the world. The Herbalife Nutrition Club concept aims to provide consumers with support and guidance in matters of nutrition, health, and an active lifestyle. Nutrition Clubs often operate in the form of homes or friendly places for Herbalife members and consumers to meet, discuss, and gain support from Herbalife distributors. The Herbalife Nutrition Club provides a variety of Herbalife nutrition and supplement products, including protein shakes, herbal teas, vitamins and minerals, and other products designed to help consumers achieve their health and wellness goals. Herbalife distributors usually provide explanations regarding the benefits and how to consume Herbalife products to consumers at the Nutrition Club.

Product innovation is an important factor in creating a competitive advantage in the market. Product innovation involves developing, implementing, and marketing new or updated products that have added value and are able to meet consumer needs better and wants than products already on the market (Bower, 1995). Through product innovation, companies can better understand market needs and demands that are constantly evolving. By introducing new products that are relevant and in accordance with consumer trends and preferences, companies can increase the attractiveness of their products in the market. Product innovation enables companies to create added value and unique features that differentiate their products from competitors. This can provide a competitive advantage and make consumers prefer products from these companies over other brands. Consumers tend to be more interested in products that are innovative and constantly evolving. By continuously presenting new and updated products, companies can build long-term relationships with customers, increase loyalty, and reduce the risk of losing consumers to competitors (Kim, 2004). Product innovation enables companies to stay relevant and ready for changes in the industry and market. By always innovating, companies can anticipate changes in trends, technology, or consumer needs, so that they remain a major player in the industry. Product innovation does not only focus on new features and functions but can also include increasing efficiency in production or distribution processes (Damanpour, 1991; Teece, 1997). This kind of innovation can help companies reduce production costs, increase profitability, and provide added value for consumers. In the nutrition industry, such as the Herbalife Nutrition Club in Banjarmasin, product innovation can mean developing nutritional formulas that are more effective and suited to consumers’ health needs, introducing nutritional products with attractive flavors or packaging, or implementing more efficient distribution methods to reach more consumers. By combining superior product quality and evolving innovation, Herbalife Nutrition Club can create a competitive advantage in the competitive nutrition market and strengthen its position as a leader in providing high-quality nutritional products and services that support the health and well-being of consumers. This study aimed to determine the role of product quality and product innovation on competitive advantage, a case study at the Nutrition Club in Banjarmasin, Indonesia.
2. Literature Review

Product quality

Product quality refers to the extent to which the product meets or exceeds customer expectations and needs. These are product attributes or characteristics that are measured against certain standards (Cohen, 1990). Product quality plays a crucial role in the success of a company, as it has a direct impact on customer satisfaction, brand reputation, and competitive advantage. The following are the nine dimensions of product quality: 1) Performance: This includes the product's ability to perform its functions as expected. A good product should function properly and provide the desired results. For example, a car that is powerful, efficient in fuel consumption, and has reliable performance. 2) Features: Features are additions or attributes that add value to the product. These features can differentiate a product from its competitors and make it more attractive to customers. Examples of features on smartphones can include high-quality cameras, facial recognition, and advanced security features. 3) Reliability: The quality of reliability reflects the degree to which a product can function without failure or damage within a certain period of time. A reliable product creates customer trust and reduces maintenance costs and warranty claims. 4) Durability: This refers to the product's physical and structural resistance to stress, age, or repeated use. Longer product life minimizes the need for replacement or repair, ultimately saving costs for the customer. 5) Ease of maintenance: This quality relates to how easy the product is to maintain and repair if needed. Products that are easy to maintain and repair will reduce downtime and maintenance costs and extend product life. 6) Aesthetics: The aesthetic aspect includes the visual appearance and aesthetics of the product. A visually appealing and well-designed product will increase its appeal to consumers. 7) Perception: This refers to the customer's image and view of the product and brand. A positive brand image will increase customer interest and trust in the product. 8) Service quality: This aspect relates to how the company provides support, after-sales service, and interactions with customers. Good service quality will increase customer satisfaction and create long-term relationships. 9) Standard compliance: Product quality is also related to the degree to which the product meets applicable quality, safety, and regulatory standards.

Product innovation

Product innovation refers to developing or changing existing products or creating new products that have unique, innovative features or benefits and are able to better meet customer needs or wants than previous products or competing products (Christensen, 1997). Product innovation is one of the main factors in creating competitive advantage and sustainable business growth. Following are some aspects of product innovation: 1) Invention: Product innovation often begins with a new invention. This can be the discovery of new technologies, new materials, or even creative ideas that can unlock the potential for developing better products. 2) Research and development (R&D): The R&D process is a critical step in creating product innovation. Companies conduct intensive research and allocate resources to find new solutions, improve performance, or create entirely new products. 3) Quality improvement: Product innovation does not always mean creating something completely new. Sometimes, innovation can occur through improving the quality of an existing product, such as increased durability, performance, or better features. 4) Use of new technologies: Utilization of new or existing technologies to create more sophisticated or efficient products is one common form of product innovation. 5) Product diversification: Innovation can also occur through product diversification, namely, creating new products that are different from existing products but are still related to the company's core business. 6) Product combination: Innovation can occur by merging two or more existing products into...
one product that has higher added value and unique features. 7) Cost reduction: Innovation can also occur through reducing production costs, which can result in products that are more affordable for consumers without sacrificing quality. 8) Increasing sustainability: Product innovation can also include using materials or production processes that are more environmentally friendly, thereby creating more sustainable products. 9) Industrial revolution: Sometimes, product innovation can also occur as part of an industrial revolution, such as the introduction of the internet in technology products. 10) Listening to the customer: Successful innovation often stems from a deep understanding of customer needs and problems. Listening carefully to customers opens up opportunities to create more relevant and competitive products.

Product innovation is very important for the growth and survival of a company. Companies that are able to follow innovation trends and respond quickly to market changes will be able to achieve a competitive advantage and win the hearts of customers. Therefore, many companies are driving a culture of innovation and investing in R&D to create impressive products and meet the changing market demands.

**Competitive advantage**

Competitive advantage refers to conditions or factors that enable a company or organization to excel compared to its competitors in the market. Competitive advantages are the special things that make a company better, more efficient, or more attractive to customers than its competitors (Dyer, 1998). Competitive advantage can contribute significantly to business growth, expand market share, and create long-term corporate resilience. Following are some dimensions of competitive advantage: 1) Cost advantage: A company with a cost advantage is able to produce a product or service at a lower production cost than its competitors. This allows companies to offer more competitive prices, attract more customers, or earn more profit on each sale. 2) Product advantage: Companies with product advantages offer products that are better, more innovative, or better suited to customer needs than competitors’ products. Unique features or higher quality can create strong customer loyalty. 3) Differentiation advantages: Product differentiation is a company’s ability to differentiate itself from competitors by offering unique added value or a different customer experience. This could be better customer service, a stronger brand, or a better relationship with consumers. 4) Marketing advantage: A company with a marketing advantage has the ability to reach and attract customers more effectively than its competitors. A smart and efficient marketing strategy can create high brand awareness and help companies win the competition in the market. 5) Quality advantage: Companies that focus on product quality and excellent service can win customer trust and create a good reputation in the market. 6) Innovation advantage: Companies that focus on constant innovation can create revolutionary products or services, meet unmet customer needs, and create new markets. 7) Market access advantages: Access to a wider market or strong relationships with business or distribution partners can give a company an edge in reaching its target market efficiently. 8) Customization advantage: Companies that are able to tailor a product or service to meet specific customer needs can create high levels of loyalty and build long-term relationships with clients.

It is important to remember that competitive advantage is relative and can change over time. Therefore, companies must continuously adapt to market changes, consumer trends, and technological developments in order to maintain or regain their competitive advantage. Having one or more strong competitive advantages can help a company beat the competition in a competitive market and achieve long-term success.
3. Methods

This study was an associative quantitative observational study and used primary data obtained from interviews using questionnaires to research respondents. A total of 90 research respondents participated in this study, where the respondents were managers of a nutrition club in the city of Banjarmasin, Indonesia. The sampling process is carried out in a non-probability manner with purposive sampling. The process of interviewing respondents was carried out using a questionnaire that was distributed online to respondents.

This study observes the variables of product quality (X1), product innovation (X2), and competitive advantage (Y). The dimensions assessed on product quality are product appearance, product suitability, product reliability, and product durability. Meanwhile, aspects that are assessed on product innovation are line expansion, new products, and product modifications. The dimensions assessed on competitive advantage are product superiority, competitive price, not easy to find, not easy to imitate, and difficult to replace. The analysis technique used in this study is SEM-PLS (structural equation modeling-partial least square) through SmartPLS 4.0 software.

4. Results and Discussion

Product quality consists of four indicators, namely: the appearance of the product, the display of product conformity, product reliability, and product durability. Each indicator has an explanation that describes the indicators in detail as follows:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Item</th>
<th>Mean</th>
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<tbody>
<tr>
<td>Product display</td>
<td>PQ 1</td>
<td>4.71</td>
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<tr>
<td></td>
<td>PQ 2</td>
<td>4.58</td>
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<tr>
<td>Mean</td>
<td></td>
<td>4.64</td>
</tr>
<tr>
<td>Product compatibility display</td>
<td>PQ 3</td>
<td>4.64</td>
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<tr>
<td></td>
<td>PQ 4</td>
<td>4.64</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td>4.64</td>
</tr>
<tr>
<td>Product reliability</td>
<td>PQ 5</td>
<td>4.63</td>
</tr>
<tr>
<td></td>
<td>PQ 6</td>
<td>4.61</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td>4.62</td>
</tr>
<tr>
<td>Product durability</td>
<td>PQ 7</td>
<td>4.70</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td>4.70</td>
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Based on Table 1, it can be described that the average value of the respondent’s perception index of statement items on the product quality variable is included in the high category (4.65), where the highest average index value is found in the product durability indicator with a value of 4.70, while the lowest average index value is found in the product reliability indicator of 4.62. This shows that product durability indicators are the dominant factor in respondents’ choices in measuring product quality variables.

Product innovation consists of 3 indicators, namely: line expansion, new products, and completely new products. Each indicator has a description that describes the indicators in detail as follows:
Based on Table 2, it can be described that the average value of the respondent's perception index of statement items on the product innovation variable is included in the high category (4.75), where the highest average index value is found in the truly new product indicator with a value of 4.81, while the lowest average index value is found in the line extension and new product indicator of 4.73. This shows that the product indicator is really new and is the dominant factor in the choice of respondents in measuring product innovation variables.

The competitive advantage consists of 5 indicators, namely: product uniqueness, competitive price, not easy to find, not easy to imitate, and difficult to replace. Each indicator has a description that describes the indicators in detail as follows:

Based on Table 3, it can be described that the average value of the respondent's perception index of statement items on competitive advantage variables is included in the high category (4.61), where the highest average index value is found in the product uniqueness indicator with a value of 4.76, while the lowest average index value is found in the difficult to replace indicator of 4.46. This shows that the product
uniqueness indicator is the dominant factor in the choice of respondents in measuring competitive advantage variables.

All question items from each construct have a value of outer loading >0.7. All variables have a value of AVE > 0.5. This shows that the statement items and variable indicators of product quality, product innovation, and competitive advantage have met the requirements of the convergent validity test and are suitable for use in the next process. Cross loading in the discriminant validity test in the research conducted shows that the overall correlation value of each variable to the indicator has a value of > 0.7. This shows that in a discriminant test, the indicators that make up each variable have a strong relationship and already have a standard discriminant validity test. The results of the reliability test show that the value of Cronbach’s alpha and value composite reliability for all variables (product quality, product innovation, and competitive advantage) has a value of > 0.7. This shows that all the variables used in this study are reliable as a measuring tool. The value of predictive relevance ($Q^{2}$) of 0.980. This shows that $Q^{2}$ > 0 and proves that the model in this study has predictive relevance for endogenous variables, where the evaluated values have been well reconstructed. All relationships between variables in this study have a value of 0 to 1, indicating a positive relationship. Specifically, the relationship between product quality constructs (X1) and product innovation (X2) to competitive advantage (Y) has a coefficient value close to 0. This illustrates that the relationship between product innovation with a competitive advantage has a weak positive correlation, while a constructive relationship between product quality with a competitive advantage shows a positive and stronger correlation (closer to 1).

Table 4. Total effect value.

| Variable                                | Original sample (O) | T-statistics (|O/STDEV|) | P-value |
|-----------------------------------------|---------------------|-----------------|---------|
| Product quality (X1) -> Competitive advantage | 0.790               | 9.625           | 0.000   |
| Product Innovation (X2) -> Competitive advantage | 0.214               | 2.604           | 0.009   |

Based on Table 4, it can be seen that the relationship between the two variables of product quality (X1) to competitive advantage (Y) is direct, which shows the original sample value (path coefficient) 0.790, T-statistic 9.625 and P-value 0.000, so that the effect of competitive advantage (X1) on competitive advantage (Y) (significant condition for T statistic > 1.96 and P-value < 0.05 has a positive correlation. Meanwhile, the product innovation variable (X2) to competitive advantage (Y) directly shows the original sample value (path coefficient) 0.214, T-statistic 2.604, and P-values 0.009, so the effect of product innovation (X2) on competitive advantage (Y) (significant condition for T-statistic > 1.96 and P-value < 0.05 has a positive correlation.

Product quality plays a very important role in creating and maintaining a competitive advantage for a company. Product quality is one of the main factors that influence customer perception and satisfaction and can differentiate a company from its competitors in the market (Dyer, 1998; Song, 1998). Products with high quality tend to create a good brand image in the eyes of customers. Customers are more likely to trust brands whose product quality is recognized and tested. A strong brand image helps companies attract new customers and retain loyal ones. High-quality products can meet or even exceed customer expectations. This leads to higher customer satisfaction, and satisfied customers are more likely to return to buy products or services from the same
company, reducing customer churn rates (Tellis, 1981). Consistent and reliable product quality helps the company build a good reputation in the market. A good reputation will help the company attract quality business partners, investments, and prospective employees. In a competitive market, high product quality can be a powerful source of differentiation. Companies that are able to provide products with superior quality can attract customers who are looking for a better and more satisfying experience. High-quality products are prone to fewer defects and breakdowns. This reduces rework costs and warranty claims, helping companies save on production costs and increase efficiency. High-quality products are generally more durable and more resistant to pressure and wear and tear. This means customers are likely to experience longer product life, increasing satisfaction and reducing the need for product replacements. Customers tend to have more trust in companies that offer high-quality products. High trust in the company and its products can create strong customer loyalty and reduce doubts in purchasing decisions. High-quality products can help a company enter new markets or secure a larger market share. They create a positive reputation among customers, which can support business expansion and growth. Thus, product quality is not only a technical aspect but also a critical element in marketing strategy and overall business success. Companies that are able to produce high-quality products and maintain consistent quality standards will have greater opportunities to achieve competitive advantage and win the competition in a competitive market (Jassawalla, 2002; Katila, 2002).

Product innovation plays a very important role in creating and maintaining a competitive advantage for a company (Utterback, 1994). Product innovation refers to a company's ability to develop new products or update existing products with features, technologies, or benefits that are unique and different from competitors. Product innovation allows companies to create different and unique products from their competitors. Innovative products attract customers' attention and can be a strong differentiator in a competitive market (Mavondo, 2005; Damanpour, 2006). By creating innovative new products, companies can enter markets that previously did not exist or had not been filled. This provides an opportunity to reach new market share and increase revenue. Product innovation can increase customer satisfaction by providing better or more efficient solutions to meet their needs. Innovative products are able to provide a more positive experience for customers. Companies that continue to innovate in their products become more competitive in the market. Innovation helps companies to stay relevant in the face of changing market trends and customer needs. Product innovation helps companies to face new challenges and changes in the business environment. By continuing to innovate, companies can anticipate market changes and prepare for a better future. Product innovation does not only mean creating new products but can also include improvements to production and distribution processes. Technology and process innovation can help companies increase their efficiency and productivity. Customers tend to be loyal to companies that continue to innovate and offer products that are relevant and up-to-date. Product innovation helps create long-term relationships with customers. Product innovation can help a company stay ahead of its competitors. Companies that are constantly innovating have a greater chance of setting market trends and becoming industry leaders. Product innovation can open opportunities for collaboration with business partners or technology companies. This collaboration can expand the company's capabilities and create better products. Product innovation is one of the main keys to achieving sustainable business growth. Companies that succeed in creating innovative products have the potential to increase revenue and expand market coverage. In a dynamic and changing business environment, product innovation becomes very important for companies to face competition and
achieve competitive advantage. Companies that are open to innovation promote a culture of innovation, and invest in product research and development have a greater opportunity to create added value for customers and lead the market (Nonaka, 1994; Nambisan, 2009).

5. Conclusion
Product quality plays a role in competitive advantage, and product innovation also plays a role in competitive advantage.

6. References