Company Strategy in Maintaining the Life Cycle of Modern Beverage Products

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Abstract. Modern beverages have gained so much popularity among today's society, especially the millennials; even during the Covid-19 pandemic, these modern beverages experienced a rocketing sales. Our study aims to analyze how company capabilities and marketig innovation affect product life cycle. We employed a quantitative approach. Data were analyzed using SEM PLS. Findings indicate that company capabilities and marketing innovation significantly affect product life cycle.

Keywords: Modern drinks; company capability; marketing innovation; product life cycle

1 Introduction

The development of the fast-food drink business or the current term known as the modern drinks, has grown very rapidly since 2020. This is triggered by changes in the lifestyle of the Indonesian people, especially the millennial generation who tend to have fast-paced services. The proliferation of modern drink brands has resulted in very tight competition. Based on data from the Ministry of Trade, more than 20 companies have registered trademarks of modern drinks, but based on a survey conducted by Populix in 2021, only 10 brands of modern drinks are kept in mind by consumers.

The survey was conducted on 627 respondents with the participation rate dominated by Generation Z which reached 42%. From the data above, it can be seen that only 3 brands purchased by consumers are above 50% while other brands are below 50%, and some are even 28%. It is certainly interesting to observe how the company's ability to face competition in order to survive the competitors' attack and new entrants. Based on the results of interviews, it can be said that the main problems experienced by today's beverage companies are related to the company's ability and lack of marketing innovation, where new entrants do not appear with new variants but imitate existing products. The current level of product marketing is greatly influenced by the number of new competitors that have emerged and the abnormal economic conditions due to the pandemic, so that some consumers still have low purchasing power for products other than basic needs. The impact of this condition is that many outlets have closed due to losses where a company that has a high Product Life Cycle will be able to dominate the market because it is easily recognized and easily obtained by consumers.
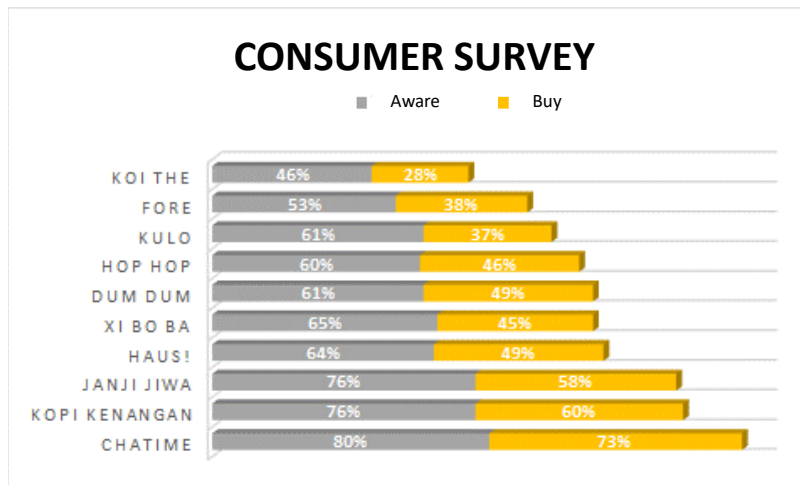
Figure 1. Survey of the most popular drinks (Populix, 2021)

2 Method

Our study employed a quantitaive approach since it aims to measure how people behave socially in a patterned manner. This study was intended to work beyond simply revealing and explaining the meaning behind people's actions then apply the results to the public for generalization. Positive paradigm leads to an objective study and science for knowledge generation [1]. Thus, our study focused on providing comprehensive yet brief information employing a logical way of thinking deductively by exploring cause-effect patterns to form theories. We used a survey method to collect data, then we drew conclusions and generalized the findings.

We used primary and secondary data. Primary data came from a fast-food company having outlets in the South Tangerang area, Indonesia. Thus, the main data source will be the research population.

The method of determining the data refers to the method or technique that determines the source of the data. That is, not all data sources will be used in this research, but will be determined based on research needs. Thus, the research sample will be decided in order to determine the source of research data. The research sample is part of a predetermined population [2]. Samples were selected purposively based on certain criteria. Our samples were employees of modern beverage companies having a managerial position so they would be able to answer questionnaires related to research variables.

Data were collected through a survey. Questions were given to respondents to obtain information from respondents [3]. Thus in this study will collect data from operational managers or marketing managers of modern beverage companies in the South Tangerang area.

3   Findings and Discussion

The estimation using PLS with a bootstrapping method shows that nearly all paths are significant with a p-value <0.05. The significance test results of this direct effect are presented in Table 1.

Table 1. Partial Effect Test Results

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Value
● KP -> SHP	0.268	0.276	0.089	3.029	0.001
● MI -> SHP	0.332	0.329	0.097	3.404	0.000

Source: Results of Data Processing (2022)

3.1 The Effect of Company Capabilities on Product Life Cycle

Table 1 confirms that company capabilities significantly and positively affect product life cycle, with a coefficient of 0.268 and a p-value of 0.001 (< 0.05). Thus, the hypothesis stating that managerial ability positively and significantly affects product life cycle is supported; the better the company capabilities, the better the product life cycle will be.

This finding supports [4], stating that managerial ability represents the competence of managers to manage the company and create and apply strategies and decisions of company's daily operations through a direct integration on and influence of capitals and inputs, consolidation of skills and technology into daily business activities–all of which help the company to respond swiftly to changing environmental opportunities. Thus, managerial capabilities will also able to integrate and respond swiftly to product life cycle. Previous research has also confirmed that successfull product life cylce is also detrmined by business procedure and operation, human resources, and technology [5].

3.2 The Effect of Marketing Innovation on Product Life Cycle

Our findings confirm a positive coeeficient of 0.332 and a p-value of 0.000. This finding indicates that strategic innovation is vital to elevate product life cycle. Strategic innovation represents an approach with various functions that unite any kinds of creativity, skills, and organizational order to create great advancements and innovative ideas leading to business growth [6].

To sum up, strategic innovation affects sustainability and competitiveness of companies. In other words, there is a relationship between strategic innovation with product life cycle and product cycle management. Previous research has also confirmed that successfull product life cylce is also detrmined by business procedure and operation, human resources, and technology [5]. business procedure and operation, human resources, and technology are capital that must be well maintained and changed into new products and processes or practices that may bring a potential effect leading to the progression of markets and industries [6]. Strategic innovation

means value creation using suitable knowledge and capital relevant to transforming ideas into new products or business procedures or operations leading to the progression of markets and industries that finally bring even more new ideas; all the process will assist in business growth and sustainable development.

5 Conclusions and Recommendations

The results show that higher company capabilities will result in higher product life cycle. The most important indicator is the company's ability to dominate the market and human resources as well as the ability to develop technology. Besides the Company's Capabilities, Marketing Innovation is also very influential on the Product Life Cycle. The results show that innovation is a powerful 'medicine' to maintain the Product Life Cycle in order to survive. Innovations in product design such as packaging and flavor variations and innovations in marketing such as online sales and the use of social media are very effective in increasing sales which have an impact on the Product Life Cycle.

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