Kasetsart Journal of Social Sciences

journal homepage: http://kjss.kasetsart.org

Innovation, product quality and sustainable competitive advantage: Cornerstones of creative industry success in South Sulawesi tourism

Nasruddin*,†, Haris Maupa†, Muhammad Toaha, Abdullah Sanusi†

Department of Management, Faculty of Economics and Business, Hasanuddin University, South Sulawesi 90245, Indonesia

Article Info

Article history:
Received 13 June 2024
Revised 17 August 2024
Accepted 17 September 2024
Available online 17 September 2025

Keywords:
creative industry,
South Sulawesi,
structural equation model,
tourism sector

Abstract

The creative industry's influence on the tourism sector in South Sulawesi is investigated in this study, with a particular emphasis on the factors that contribute to the sector's success. The research uses a quantitative technique to examine the effects of innovation, product quality, and competitive advantage on the performance of enterprises in the creative economy. Using the Partial Least Square (PLS) Structural Equation Model (SEM), an analysis was performed on a sample of 213 creative industry participants in tourist regions that were recognized as such. The data indicate a strong association between innovation, product quality, and sustainable competitive advantage. All of these factors considerably improve business performance in the creative sector. According to the study's findings, maintaining a competitive advantage is essential for the economic viability of creative firms operating within the tourism sector in South Sulawesi over the long term. The stakeholders are provided with a strategic framework by these insights, which assists them in navigating the ever-changing problems and opportunities in this dynamic market.

© 2025 Kasetsart University.

Introduction

The inception of tourism in Indonesia can be traced back to the period of Dutch colonization. Since then, the tourism industry has witnessed significant growth, with local airlines enhancing their services and travel agents diversifying their range of vacation packages (Alvianna et al., 2022). In 2021, the number of Indonesian tourist attraction enterprises rose from 2,896 to 2,945, but the overall number decreased to 2,552. Tourism has not only boosted foreign exchange earnings but also generated fresh prospects for business and employment, effectively tackling the problem of unemployment (Dvouletý & Lukeš, 2016). Between January and June 2023, ten provinces, including South Sulawesi, will offer tourist attractions. According to the Central Statistics Agency, the number of Indonesian tourist attraction enterprises grew in 2021, although the overall count decreased to 2,552.

* Corresponding author.
E-mail address: nhast.plp@unanda.ac.id (Nasruddin).
† Co-first authors.

https://doi.org/10.34044/j.kjss.2025.46.3.17
2452–3151/© 2025 Kasetsart University.

This is an open access article under the CC BY-NC-ND license (http://creativecommons.org/licenses/by-nc-nd/4.0/).

Effective marketing is essential for firms located in popular tourist destinations to sustain a competitive advantage (Murray et al., 2016). To achieve this, it is crucial to have a marketing strategy that integrates both product innovation and market focus. Market orientation positively correlates with company success, and innovation plays a crucial role in a highly competitive economy. Marketing performance benefits lasting competitive advantage, contributing to the success of products and services in the market (Kim et al., 2020). South Sulawesi, a renowned tourist hotspot for adventure, culture, and wildlife, can be an ideal launching pad for visitors embarking on MICE (Meetings, Incentives, Conferences, and Exhibitions) and business excursions. The region's breathtaking scenery, abundant cultural legacy, and distinctive encounters render it a sought-after destination for enthusiasts of adventure, culture, and nature (Syarief, 2024).

The subject of this research is product, process, and marketing innovation performance related to market orientation. It fills a knowledge vacuum left by earlier studies that failed to find a correlation between market orientation and productivity (Ho et al., 2018). Additionally, the study delves into innovation variables in three dimensions: the procedures of product production business units, the ability of enterprises to meet customer satisfaction, and the nurturing and creativity of entrepreneurs (Isaksen, 2023). Although innovation has been shown to boost business unit performance in several studies, a recent study by Aksoy (2017) and Gök and Peker (2017) concluded no correlation between innovation and performance. The study emphasizes the importance of conducting additional research to have a deeper understanding of how market orientation affects performance and the efficiency of marketing campaigns (Adeniran & Johnston, 2012; Amin et al., 2013; Ng & Kee, 2017; Sarker & Palit, 2015; Sun & Jafar, 2018; Vitale Brovarone et al., 2017; Zongyang, 2015).

Business processes, revenue, and regional sales expansion are the three metrics used to assess companies in the study (Van Looy & Shafagatova, 2016). Various studies track many aspects of company success, including revenue, profit, employment, market share, and capital growth (Yohan & Pradipta, 2019). Results in marketing and human resources are evaluated independently of those in finance and operations. To gauge the efficacy of marketing campaigns, metrics such as product categorization, price, discounts, promotions, distribution, and distribution area coverage are utilized (Farida & Setiawan, 2022). A company's competitive advantage is defined by its ability to outperform its rivals. The monthly salary and number of permanent and non-permanent employees are indicators of HR performance. Organizational effectiveness, expertise, experience, product creation, management, profitability, and market share can all be measured using a specific scale (Sánchez et al., 2011).

In South Sulawesi's tourism sector, the creative industry is experiencing fierce rivalry, necessitating enterprises to consistently innovate and uphold superior product quality to keep their competitive edge. Nevertheless, despite the acknowledged significance of innovation and product quality, there is a shortage of extensive research investigating the direct impact of these elements on sustained competitive advantage and, ultimately, corporate performance within the creative sectors of the region. The lack of comprehension in this area presents a difficulty for individuals and organizations in the creative industry that aim to improve their market position and attain sustained success in the ever-changing tourism landscape of South Sulawesi. The research examines how sustainable competitive advantage influences the connection between innovation, product quality, and company performance in the creative industry.

Literature Review

Innovation in the Tourism Sector

Suppliers in the tourist industry must constantly evolve to meet the evolving demands of their customers, who are the primary force behind innovation (Hall & Williams, 2019). Businesses need to adapt to the growing demand from travelers for authentic, personalized experiences outside of the typical tourist spots (Pencarelli, 2020). Modern tourists are more adaptable and open to new ideas; they value experiential learning and cultural immersion above traditional classroom instruction. Creative sectors risk becoming irrelevant if they do not innovate if they want to stand out in a crowded marketplace. Tourism organizations ahead of the curve embrace innovation as a core value. They constantly seek new technology, invest in research and development, and form partnerships to produce captivating travel services. Tourism is booming, becoming more competitive, and drawing more and more people thanks to eco-friendly hotels, abundant cultural events, and online platforms (Kocabulut et al., 2019). Sustainable tourism and innovative tourist projects restoring historic sites can draw crowds and deliver unforgettable adventures.

Product Quality in the Tourism Sector

Tourism appeal depends on quality products and services. Beautiful scenery and natural beauty draw visitors, but attractions and facilities affect their enjoyment. According to Khairi and Darmawan (2021) tourism facilities offer more than attractions. Lodging, dining, transit, recreation, and culture. These elements of tourism infrastructure enhance guest comfort and convenience. Tourism products are superior beyond comfort. Quality encompasses hospitality, service, cleanliness, safety, and sustainability. If a place lacks amenities, guests may be disappointed despite its appeal. Tourism stakeholders need a multifaceted quality management approach for tangible and intangible tourist experiences. Staff training and development to assure professionalism and customer service, tight maintenance protocols to maintain cleanliness and safety, and sustainable practices to decrease environmental impact and protect the destination's natural and cultural legacy are all part of this Tourism product, and service quality improves with diversity. Travelers today demand authentic local culture and lifestyle experiences. An array of attractions and activities for different tastes helps locations attract and retain tourists.

Sustainable Competitive Advantage in the Tourism Sector

Various factors contribute to a country's competitiveness in the global tourism industry, including price competition, climate, topography, and stunning scenery (Boniface et al., 2016). Global hotel chains and tourism clusters enhance a country's attractiveness and competitive edge. Activities that are essential for the success of tourist businesses and groups. The advantages of travel go beyond just natural resources, encompassing top-notch hotels, renowned landmarks, and well-organized transportation systems (Soni, 2023). Festivals draw in visitors and promote cultural interchange. Effective tourism management and skilled labor are key factors in determining the success of a location. The government promotes growth, encourages investment, ensures sustainability, and prioritizes visitor safety and happiness. Supportive policies and regulations are crucial for the thriving competitiveness of the tourism industry.

Creative Industry Business Performance in the Tourism Sector

Companies in the hospitality, food service, transportation, tour operator, booking, and cultural, athletic, and entertainment industries are all part of the tourism industry's enormous web of suppliers (Hudson, 2017). The United Nations World Tourism Organization (UNWTO) defines tourism as an interconnected network of businesses that facilitate providing services and goods to tourists and organizing related events. Both state legislation, such as Law No. 10 of 1990 in Indonesia, and international standards established by the United Nations govern the business. International tourism development is guided by the standards set by the UNWTO, the global tourist organization (Perdomo, 2016).

Methodology

Participants

This study addresses South Sulawesi tourism business owners and stakeholders. These folks offer unique viewpoints and firsthand information, making them good study respondents. The research engages with various tourist industry participants to understand the region's business performance and competitive advantage. According to Sarstedt et al. (2021), the inverse square root method is a more dependable and accurate way to determine the sample size in Partial Least Square-Structural Equation Model (PLS-SEM) than the usual 10-times rule. By taking into account the anticipated effect sizes and the needed statistical power, this method gives an accurate estimate that is sensitive enough to identify meaningful relationships in the model. A minimum of 210 incidental samples are employed to collect tourism statistics in South Sulawesi.

Tourism enterprises in South Sulawesi, which drive the creative economy, are studied. These attractions are mostly small and medium-sized enterprises (SMEs), reflecting the local business climate. Most of the firms in this study are locally owned, highlighting the importance of community involvement in tourism. These SMEs are vital to the local economy, delivering unique cultural, historical, and environmental experiences steeped in South Sulawesi's legacy. The study emphasizes these firms' local ownership and community-centric nature to show how innovation and quality improvements can directly benefit local livelihoods and the tourism industry in the region.

Data Collection

The research carefully chooses a sample size based on the number of indicators relevant to the study's goals.

The study follows a methodological framework to produce reliable data that accurately depict South Sulawesi's tourism business. A study's reliability and generalizability depend on the quantity of samples. Thus, several respondents from diverse origins and localities in South Sulawesi's tourism landscape are carefully selected. Research in diverse places like South Sulawesi's tourism scene requires a representative sample. A proportionate sampling approach calculates the number of research participants from each site based on their importance in the study. By properly dispersing resources, we may ensure our sample reflects our research sites' great diversity and nuance. As shown in Table 1, proportionate sampling was used to distribute respondents among multiple South Sulawesi research locations. The study will distribute resources according to site importance and frequency to present a thorough view of the region's tourist industry's dynamics and challenges.

Table 1 Number of micro and small businesses by regency/city in South Sulawesi

No	Regency/City	Amount	Percentage (%)	Distribution of Respondents
1	Makassar city	5,267	14	29
2	East Luwu Regency	2,488	6	14
3	Gowa Regency	13,559	35	74
4	Maros Regency	6,066	16	33
5	Bone Regency	8,828	23	49
6	Parepare City	2,492	6	14
Total		38,700	100	213

This research avoids bias and discrepancy from a skewed sample size. The study distributes research resources across study locations to better understand South Sulawesi's distinctive tourist ecology and the elements that determine corporate performance and competitive advantage. Thanks to proportionate sampling, researchers can draw more significant insights and repercussions beyond specific areas, making their findings more generalizable. Surveying a statistically valid sample of the region's tourist business is intended to yield insights that appeal to stakeholders across sectors and geographies. Finally, the proportional sample technique shows the research's commitment to rigorous methodology. So that decisions may be made and sustainable development supported in South Sulawesi's increasing tourism sector, the study will ensure that the sample is representative of the diverse and complex tourist landscape.

Data Analysis

This data analysis framework is carefully customized to the research pattern and variables under examination. Using a causality model, this study seeks to uncover the complex connections between various factors that influence business performance and competitive advantage in the tourism industry of South Sulawesi. Structural Equation Modeling (SEM) is utilized as the preferred analytical tool, with the assistance of the PLS program (Partial Least Squares), to examine the hypotheses in the research thoroughly (Figure 1). SEM is a complex multivariate statistical technique that combines factor analysis and regression analysis (correlation). According to Khan et al. (2019), SEM allows researchers to examine a model's complex network of relationships between variables. This includes the connections between individual indicators, their overarching constructs, and the interactions between different constructs. This comprehensive approach to analysis enables researchers to uncover intricate insights into the complicated dynamics of the tourism industry in South Sulawesi.

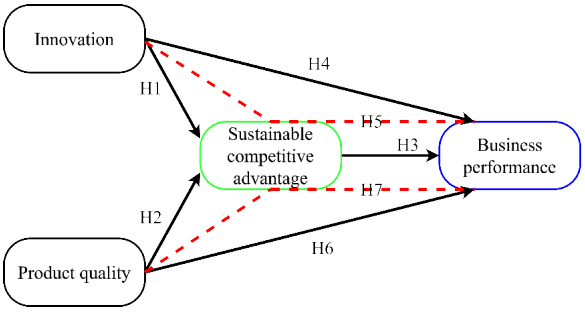

Figure 1 Direct and indirect effects

In addition, the study adopts a quantitative approach, utilizing a systematic sampling method to extract insights from the larger population. Structured questionnaires are an essential tool for collecting data, enabling researchers to gather precise factual information and measure the perceptions and experiences of respondents. Following Bernard et al.'s (2016) perspective on quantitative descriptive analysis, this approach allows for systematically arranging data into numerical or percentage formats. This enables researchers to make overall conclusions about the research objectives. This research aims to reveal the hidden factors that impact each studied variable through a meticulous quantitative approach. This will provide valuable insights into how these factors contribute to the success and competitive

edge of the tourism industry in South Sulawesi. By thoroughly examining and interpreting the data, the study aims to provide practical insights and recommendations for stakeholders who want to improve their operational efficiency, strategic positioning, and overall success in the ever-changing tourism industry of South Sulawesi.

Results and Discussion

Descriptive data presentation is critical to research since it gives information about study participants and variables. Organization and assessment of respondent characteristics can improve understanding of study data and set the stage for future research. From participants' comments, descriptive data show the aspects affecting their perspectives and experiences in the research context. These insights provide sophisticated interpretations and analysis of research findings. Surveys collect demographics, activity patterns, and other data from respondents. Many people can provide rich data through questionnaires, whether in person or online, such as Google Forms. The initial 227 respondent data sets showed the research sample's richness and breadth. When we examined closer, specific data points were outliers. Therefore, these data points were unacceptable for the final dataset. This thorough screening reduced the research dataset to 213 processable responder data sets. Examining this strong and representative sample can yield significant discoveries and insights.

Structural Equation Modeling (SEM) begins with thoroughly evaluating the data processing to guarantee the model's compatibility and statistical robustness. Extensive testing methods were implemented to ensure data accuracy and trustworthiness. The results of this comprehensive data processing stage are detailed in Table 2. This table comprehensively studies compatibility assessments and statistical tests to illuminate the initial SEM model's applicability and effectiveness. These tests allowed the researchers to verify that the model adequately captured the interdependencies among the variables and met the study's claims. To better understand the initial SEM model's strengths and limitations, researchers carefully examined the results shown in Table 2. Thanks to this, decisions about improving the model's predictive accuracy and explanatory power could be made with more knowledge.

Innovation, Product Quality, Sustainable Competitive Advantage, and Business Performance are the crucial variables in the creative tourism business in South Sulawesi. This study's conceptual framework aims to show how these variables relate. X1 and X2 are the model's exogenous or independent variables, and they stand for the things believed to affect Y, the Sustainable Competitive Advantage, and Z, the Business Performance. Innovation, Product Quality, and Business Performance are theorized to be connected by a mediating variable called Sustainable Competitive Advantage (Y). According to the model, a company's bottom line can benefit from combining innovation and high-quality products since it boosts sustainable competitive advantage.

Table 2 Description of each variable in Structural Equation Modeling (SEM)

Symbol	Information	Symbol	Information
X1 Exogenous	Innovation	X2 Exogenous	Product quality
X1.01	Use of Technology	X2.01	Physical Evidence
X1.02	Interaction with customers	X2.02	Reliability
X1.03	Development of new services	X2.03	Responsiveness
X1.04	Service delivery system	X2.04	Guarantee and certainty
X1.05	New Product for the world	X2.05	Empathy
X1.06	New Product Line		
X1.07	Additions to existing product lines		
X1.08	Improvements and Revisions to existing Products		
X1.09	Redetermination		
X1.10	Cost reduction		
Y Endogenous	Sustainable competitive advantage	Z Endogenous	Business performance
Y.01	Price and Value	Z.01	Service Fees
Y.02	Delighting Consumers	Z.02	Use
Y.03	Consumer Experience	Z.03	Quality and Service Standards
Y.04	Logable Product Attributes	Z.04	Service Coverage
Y.05	Product Uniqueness	Z.05	Satisfaction
Y.06	Product quality		
Y.07	Competitive price		

Innovation, Product Quality, and Sustainable Competitive Advantage all impact business performance (Z), the endogenous variable (dependent variable) that this study aims to explain.

Figure 2 shows the SEM model, which lays out the interrelationships of the research variables. A comprehensive explanation of the model's parts is provided. X1 stands for innovation and the ten statements that make up this variable capture various facets of innovation in the study. These claims probably cover a wide range of novel approaches, methods, or projects the companies under scrutiny carry out. The second variable, "Product Quality," comprises five statements encompassing the various aspects of product quality assessed in the study. Product or service quality, features, durability, and other perceived traits may be the subject of these claims.

The Structural Equation Model (SEM) was evaluated using various goodness-of-fit indices. The results in Table 3 showed that the model fits the data well across multiple criteria, with 47 degrees of freedom and a Chi-Square value of 53.424. The *p* value associated with the Chi-Square test is .125, indicating a good fit. The CMIN/DF value is 1.413, indicating an excellent fit for the data. The GFI is 0.973, exceeding the recommended threshold of 0.90, indicating that the model explains a large proportion of the observed data variance. The RMSEA value is 0.042, indicating a perfect fit. The AGFI value is 0.961, also exceeding the recommended threshold of 0.90. The TLI value is 0.983, indicating a perfect fit when the value is close to 1.0. The NFI is 0.965, surpassing the 0.90 threshold, indicating that the model fits the data well compared to a null model. Overall, the SEM model fits the data well across multiple criteria.

Statistical models like the Structural Equation Model (SEM) measure and analyze construct performance. The study is assessed utilizing markers including Cronbach's Alpha, CR, AVE, HTMT, VIF, and R^2 shown in Table 4. Cronbach's Alpha scores above .7 indicate building internal coherence. Composite Reliability adjusts for indicator loadings and confirms construct reliability with values over 0.7. AVE compares construct variance to measurement error variance. Convergent validity is shown by AVE values above 0.5. HTMT checks discriminant validity to ensure constructs are distinct. Innovation, Sustainable Competitive Advantage, and Product Quality have HTMT values < 0.85, indicating discriminant validity. VIF values approaching 1 indicate no multicollinearity. The VIF of all constructs is 1.000, suggesting no multicollinearity. High R^2 values for Sustainable Competitive Advantage and Business Performance indicate excellent explanatory ability in predicting these dependent variables. The SEM model is reliable, valid, and explanatory for concept assessment.

Table 3 The overall model of Structural Equation Model (SEM)

No	Goodness of Fit Index	Cut off Value	Results	Criteria
1	Degree of Freedom (DF)	> 0	47	Good fit
2	χ^2 (Chi - Square)	Expected small	53.424	Good fit
3	Significance Probability	≥ 0.05	.125	Good fit
4	CMIN/DF	≤ 2.00	1.413	Good fit
5	GFI	≥ 0.90	0.973	Good fit
6	RMSEA	≤ 0.08	0.042	Good fit
7	AGFI	≥ 0.90	0.961	Good fit
8	TLI	≥ 0.90	0.983	Good fit
9	NFI	≥ 0.90	0.965	Good fit

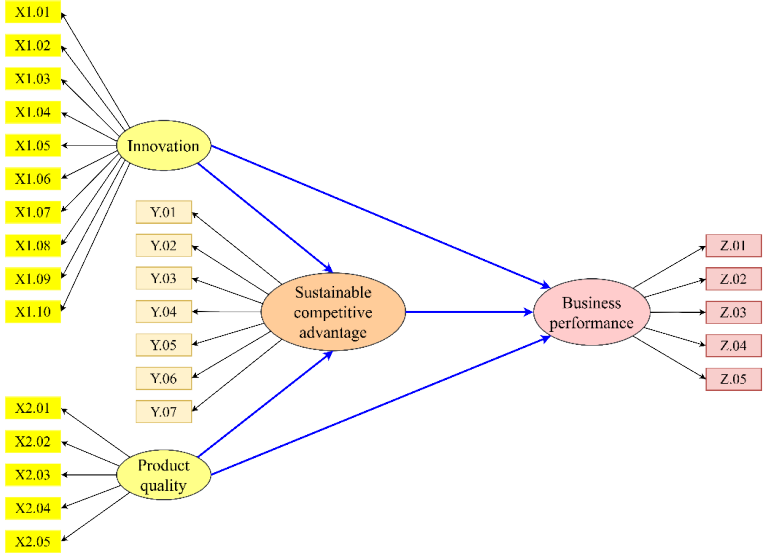

Figure 2 Structural Equation Modeling (SEM) model

Table 4 The measurement and structural model of Structural Equation Model (SEM)

Variables	Cronbach's Alpha	Composite Reliability	AVE	HTMT	VIF	R square (R^2)
Innovation	.897	0.915	0.521	0.722	1.000	-
Sustainable competitive advantage	.883	0.910	0.591	0.769	1.000	.869
Business performance	.857	0.898	0.641	0.883	1.000	.871
Product quality	.828	0.877	0.591	0.844	1.000	-

In the context of this study, the concept of sustainable competitive advantage is multi-faceted, and the seven assertions that make up the Sustainable Competitive Advantage (Y) variable reflect this. Market positioning, resource capabilities, distinctiveness, and resilience are likely to be covered in these assertions, all of which contribute to a prolonged competitive advantage. Business Performance (Z): this variable shows several aspects of company performance that were evaluated in the study. It consists of five statements. Some relevant performance indicators that may be included in these statements are market share, operational efficiency, customer satisfaction levels, and financial metrics. The associations between these variables in the structural equation model represent the hypothesized relationships being tested. Aside from any indirect connections mediated by Y, the model probably also includes direct paths from X variables (innovation and product quality) to Z (business success) and Y (sustainable competitive advantage). The exact pathways, coefficients, and model fit indices may be ascertained by analyzing and interpreting the study's statistical data.

The prevalence of self-employment in the creative industry indicates a strong entrepreneurial and innovative spirit among individuals in the region. These self-employed entrepreneurs contribute diverse perspectives, skills, and experiences, fostering dynamic growth and creativity within the tourism sector. In addition, the rise of self-employment reflects larger global patterns that emphasize the growing importance of entrepreneurship as both a career option and a catalyst for economic growth. Self-employed entrepreneurs are crucial in shaping the future of South Sulawesi's creative economy as they act as agents of change and drivers of innovation.

The study's direct influence between factors is shown in Table 5. Five variables show direct influence, with the most important discovery concerning the connection between innovation (X1) and sustainable competitive advantage (Y). A regression coefficient value of 0.723 supports the result of a substantial positive link between innovation (X1) and sustainable competitive advantage (Y) in the analysis. According to this coefficient, which shows the strength and direction of the link, there is a positive correlation between innovation and sustainable competitive advantage.

Moreover, a *p* value of .0000, which is far lower than the commonly accepted threshold of .05, confirms the statistical significance of this link. The results are even more strongly supported by the computed T-value of 11.952, which is higher than the crucial threshold of 1.96. We conclude that there is a statistically significant effect of innovation (X1) on sustainable competitive advantage (Y) and accept the hypothesis that said so. This means that the variance of sustainable competitive advantage (Y) surges by 72.30 percent for every unit increase in innovation (X1).

Product quality (X2) and sustainable competitive advantage (Y) are another two variables that show a clear correlation in Table 5. The regression coefficient value of 0.237 indicates a positive direction of influence, which suggests a correlation between improvements in product quality and equivalent upgrades in sustainable competitive advantage. Reaffirming statistical significance, the *p* value of .0000 is lower than the commonly accepted threshold of .05. The computation of a T-statistic value of 3.687 is also above the critical threshold of 1.96, adding weight to the importance of the results. The result indicates a statistically significant effect of product quality (X2) on sustainable competitive advantage (Y), as predicted by the hypothesis. Thus, the variance of sustainable competitive advantage (Y) increases by 23.70 percent for every unit increase in product quality (X2).

Table 5 Direct influence between two variables

Variables	Original Sample (O)	Sample Mean (*M*)	Standard Deviation (*SD*)	*T* Statistics (|O/*SD*|)	*p* values
Innovation → Sustainable competitive advantage	0.723	0.733	0.061	11.952	.000
Innovation → Business performance	0.204	0.198	0.091	2.237	.026
Sustainable competitive advantage → Business performance	0.332	0.347	0.081	4.089	.000
Product quality → Sustainable competitive advantage	0.237	0.229	0.064	3.687	.000
Product quality → Business performance	0.441	0.433	0.077	5.688	.000

Another exciting discovery is shown in Table 6, which shows how product quality (X2) indirectly affects creative sector business success (Z) through sustainable competitive advantage (Y). A circular route shows the creative sector's complexity. A positive correlation and regression coefficient value of 0.079 shows that product quality affects creative sector business performance through sustainable competitive advantage. The *p* value is below .05, indicating statistical significance. The T-statistics value of 2.636 exceeds the critical threshold of 1.96, confirming the results. Product quality (X2) indirectly affects creative sector business performance (Z) via sustained competitive advantage (Y). This implies that product quality (X2) impact on sustainable competitive advantage (Y) mediates its link with creative industry business performance (Z), increasing (Z) volatility by 7.90 percent.

The growth of sustainable competitive advantage driven by innovation is 72.3 percent, as indicated in Table 5. This emphasizes the significance of innovation in establishing firms' competitive position and enhancing their capacities in a dynamic commercial environment. Organizations are compelled to innovate as a result of rapid technological advancements and increasing competition, creating novel products and services and enhancing current offerings to align with client requirements and preferences. Strategic innovation allows companies to distinguish themselves from competitors and develop distinctive customer value propositions. The results also corroborate the study conducted by Nimfa et al. (2021) which concluded that product innovation enhances long-term competitive advantage. The consistent findings across all contexts demonstrate that innovation is a key factor in achieving long-term competitive advantage across different industries and locations.

The effect size of product quality on sustainable competitive advantage is 23.70 percent, as shown in Table 5. This highlights how culinary tourist destinations must focus on product quality to promote creative economy competitiveness. Nothing surpasses providing top-notch goods and services in the competitive food tourism industry. These industries must differentiate themselves by supplying high-quality products to attract and retain clients that value excellence and satisfaction. High-quality products and services can help businesses stand out, establish client loyalty, and increase brand recognition. Product quality is strongly linked to long-term competitive advantage, demonstrating the importance of ongoing development and innovation. To succeed in the ever-changing culinary tourism industry, businesses must improve product quality, adjust to customer preferences, and handle new market trends.

Product quality boosts sustainable competitive advantage by 33.20 percent (Table 5). Quality products drive creative industries' competitiveness. Competitive advantage increases creative industries' performance. Marketing and corporate performance improve with a competitive edge. Selling distinct value propositions and better designs than competitors can help creative economy entrepreneurs succeed in marketing. To use these insights, creative economy operators must constantly evaluate and improve their products. Brand identities must be original and consumer-friendly. Communicating their distinctive qualities helps creative economy owners build brand loyalty and sell items. Competitive advantage enhances marketing success, according to Yasa et al. (2020). This paper suggests creative economy entrepreneurs prioritise competitive advantages and marketing success in today's competitive climate.

The creative industries' bottom lines benefit from innovation to the tune of 20.40 percent, as seen in Table 5. Additionally, innovation has a 24.00 percent influence on creative industry business performance through sustainable competitive advantage, which is good and considerable. These findings suggest creative sectors combine innovation, long-term competitive advantage, and corporate performance. This study confirms Hargadon's (2003) landmark work established innovation as a key element in product quality. They also agree with Khalfallah et al.'s (2022) study on TQM adoption, product innovation, and quality in Australian manufacturing and non-manufacturing enterprises. Corporate innovation and product quality are strongly correlated, highlighting the need for continual innovation in improving quality and firm performance.

Table 6 Indirect influence between three variables

Variables	Original Sample (O)	Sample Mean (*M*)	Standard Deviation (*SD*)	*T* Statistics (|O/*SD*|)	*p* values
Innovation → Sustainable competitive advantage → Business performance	0.240	0.254	0.063	3.843	.000
Product quality → Sustainable competitive advantage → Business performance	0.079	0.080	0.030	2.636	.009

As shown in Table 5, product quality boosts creative industry success by 44.10 percent. Product quality sustains competitive advantage and affects creative sector business performance by 7.90 percent. According to these data, creative industry product quality affects firm growth in two ways. Product quality boosts creative sector business success through partial mediation. Product quality directly influences firm performance and is mediated by extended competitive advantage, suggesting many complicated effects. Clean, pleasant surroundings are necessary for good service. Quality service and client loyalty require better employee-customer connections. Clear communication, client complaints, and politeness are needed. To ensure product quality, monitor variant formulation and raw material composition. High-quality ingredients and customer-focused product design can help a company maintain its reputation and lead the industry.

The results of our analysis corroborate those of Nguyen et al. (2021) in showing that innovation is critical to gaining a lasting competitive advantage. Nevertheless, this study adds something new to the literature by showing how these dynamics play out in South Sulawesi's creative tourist business, where cultural elements from the area are both a source of inspiration and a distinct competitive advantage. Furthermore, earlier research has highlighted the significance of product quality for company success. Our results broaden this comprehension to include culturally-oriented tourist businesses, where the genuineness and artistry of products play a pivotal role (Prasiasa et al., 2023). As a result of integrating these findings into the larger conversation, this study addresses a significant knowledge vacuum. It provides a regional analysis that can guide future research and policymaking in areas like this one that rely on tourism.

Conclusion and Recommendation

The research on innovation, product quality, sustainable competitive advantage, and creative sector company performance in the South Sulawesi Tourism Area is robust and illuminating based on reprocessed data. It strongly shows that innovation boosts durable competitive advantage statistically. Product quality has a positive and significant impact on lasting competitive advantage, emphasizing the necessity of high product standards. The study also shows that sustained competitive advantage drives creative industry business performance, with a positive and substantial association between the two factors. This emphasizes the need for businesses to build and maintain competitive advantages in the dynamic creative industry. According to the report, innovation boosts creative industry business success in two ways. It directly affects performance and amplifies its impact through sustainable competitive advantage. This shows innovation's complex role in the creative industry's commercial success. Product quality's favorable and significant effect on creative sector business performance extends beyond direct benefits to sustainable competitive advantage. This shows how product quality drives competitive positioning and performance in the South Sulawesi Tourism Area's creative industry sector. The findings show that innovation, product quality, sustainable competitive advantage, and creative industry business performance are interconnected, emphasizing the need for holistic strategies that leverage these interconnections to sustain success and competitiveness in the dynamic creative industry.

This research affects corporate management and strategic decision-making. The findings can assist South Sulawesi tourism enterprises in enhancing performance using customer-centric metrics. Consumption feedback measures business performance. Asking customers about effectiveness, efficiency, productivity, and contentment can assess operational efficacy and market resonance. Customer feedback on service and product use provides real-time performance data and innovation opportunities. Modern business management emphasizes client pleasure and experience, which supports customer-centric evaluation. By incorporating customer input into performance evaluations, companies can adapt their strategies, products, and services to changing consumer tastes. South Sulawesi tourism highlights these insights' regionality and contextual business approach. Customizing the local tourism market's measuring frameworks and assessment standards helps boost business and customer connections.

Conflict of Interest

The authors declare that there is no conflict of interest.

References

Adeniran, T. V., & Johnston, K. A. (2012). Investigating the dynamic capabilities and competitive advantage of South African SMEs. *African Journal of Business Management*, *6*(11), 4088. https://doi.org/10.5897/AJBM11.1673

Aksoy, H. (2017). How do innovation culture, marketing innovation and product innovation affect the market performance of small and medium-sized enterprises (SMEs)? *Technology in Society*, *51*, 133–141. https://doi.org/10.1016/j.techsoc.2017.08.005

Alvianna, S., Astuti, W., Hidayatullah, S., & Krisnanda, R. (2022). *Pengantar Ilmu Pariwisata (Sejarah, Jenis, Macam, Dampak, dan Istilah dalam Pariwisata)* [Introduction to tourism (History, types, kinds, impacts, and terms in tourism)]. Uwais Inspirasi Indonesia. https://books.google.co.id/books/about/PENGANTAR_ILMU_PARIWISATA_Sejarah_Jenis.html?id=dpCWEAAAQBAJ&redir_esc=y [in Indonesian]

Amin, M., Yahya, Z., Ismayatim, W. F. A., Nasharuddin, S. Z., & Kassim, E. (2013). Service quality dimension and customer satisfaction: An empirical study in the Malaysian hotel industry. *Services Marketing Quarterly*, *34*(2), 115–125. https://doi.org/10.1080/15332969.2013.770665

Bernard, H. R., Wutich, A., & Ryan, G. W. (2016). *Analyzing qualitative data: Systematic approaches*. SAGE Publications. https://uk.sagepub.com/en-gb/eur/analyzing-qualitative-data/book240717

Boniface, B., Cooper, C., & Cooper, R. (2016). *Worldwide destinations: The geography of travel and tourism*. Routledge. https://www.routledge.com/Worldwide-Destinations-The-Geography-of-Travel-and-Tourism/Boniface-Cooper/p/book/9781032524917?srsltid=AfmBOoqgCca-ni6jEFa0HL52hUQMHqyAee2Mh4kMDrSGdSV2TQxxRGT-

Dvouletý, O., & Lukeš, M. (2016). Review of empirical studies on self-employment out of unemployment: Do self-employment policies make a positive impact? *International Review of Entrepreneurship*, *14*(3), 361–376. https://www.researchgate.net/publication/308174513_Review_of_Empirical_Studies_on_Self-Employment_out_of_Unemployment_Do_Self-Employment_Policies_Make_a_Positive_Impact

Farida, I., & Setiawan, D. (2022). Business strategies and competitive advantage: The role of performance and innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *8*(3), 163. https://doi.org/10.3390/joitmc8030163

Gök, O., & Peker, S. (2017). Understanding the links among innovation performance, market performance and financial performance. *Review of managerial science*, *11*, 605–631. https://doi.org/10.1007/s11846-016-0198-8

Hall, C. M., & Williams, A. M. (2019). *Tourism and innovation*. Routledge. https://www.routledge.com/Tourism-and-Innovation/Hall-Williams/p/book/9781138060821?srsltid=AfmBOop8cNaohNFAWso1Au2DV8y4B6DlzU8IQUg1eN70YpgWGGh62kqi

Hargadon, A. (2003). *How breakthroughs happen: The surprising truth about how companies innovate*. Harvard Business Press. https://books.google.co.id/books/about/How_Breakthroughs_Happen.html?id=9X7CnSbBqdoC&redir_esc=y

Ho, K. L. P., Nguyen, C. N., Adhikari, R., Miles, M. P., & Bonney, L. (2018). Exploring market orientation, innovation, and financial performance in agricultural value chains in emerging economies. *Journal of Innovation & Knowledge*, *3*(3), 154–163. https://doi.org/10.1016/j.jik.2017.03.008

Hudson, S. (2017). *Marketing for tourism, hospitality & events: A global & digital approach*. SAGE Publications. https://uk.sagepub.com/en-gb/eur/marketing-for-tourism-hospitality-events/book286380

Isaksen, S. G. (2023). Assessing the work environment for creativity and innovation: Building on Mathisen and Einarsen's review (2004). *Creativity Research Journal*, *35*(2), 227–253. https://doi.org/10.1080/10400419.2022.2112837

Khairi, M., & Darmawan, D. (2021). The relationship between destination attractiveness, location, tourism facilities, and revisit intentions. *Journal of Marketing and Business Research (MARK)*, *1*(1), 39–50. https://doi.org/10.56348/mark.v1i1.32

Khalfallah, M., Ben Salem, A., Zorgati, H., & Lakhal, L. (2022). Innovation mediating relationship between TQM and performance: Cases of industrial certified companies. *The TQM Journal*, *34*(3), 552–575. https://doi.org/10.1108/TQM-01-2021-0019

Khan, G. F., Sarstedt, M., Shiau, W.-L., Hair, J. F., Ringle, C. M., & Fritze, M. P. (2019). Methodological research on partial least squares structural equation modeling (PLS-SEM) an analysis based on social network approaches. *Internet Research*, *29*(3), 407–429. http://doi.org/10.1108/IntR-12-2017-0509

Kim, J.-h., Seok, B.-i., Choi, H.-j., Jung, S.-h., & Yu, J.-p. (2020). Sustainable management activities: A study on the relations between technology commercialization capabilities, sustainable competitive advantage, and business performance. *Sustainability*, *12*(19), 7913. https://doi.org/10.3390/su12197913

Kocabulut, Ö., Yozukmaz, N., & Bertan, S. (2019). Environmental impacts of tourism. In D. Gursoy & R. Nunkoo (Eds.), *The Routledge Handbook of Tourism Impacts* (pp. 281–297). Routledge. https://doi.org/10.4324/9781351025102

Murray, N., Lynch, P., & Foley, A. (2016). Unlocking the magic in successful tourism destination marketing: The role of sensing capability. *Journal of marketing management*, *32*(9–10), 877–899. https://doi.org/10.1080/0267257X.2016.1192557

Ng, H. S., & Kee, D. M. H. (2017). Entrepreneurial SMEs surviving in the era of globalization: Critical success factors. In S. Sindakis, & P. Theodorou (Eds.), *Global opportunities for entrepreneurial growth: Coopetition and knowledge dynamics within and across firms* (pp. 75–90). Emerald Publishing Limited. https://doi.org/10.1108/978-1-78714-501-620171007

Nguyen, H., Tran, T. H. M., Nguyen, T. H. Y., & Truong, D. D. (2021). The influence of competitive advantage on financial performance: A case study of SMEs in Vietnam. *The Journal of Asian Finance, Economics and Business*, *8*(5), 335–343. https://doi.org/10.13106/jafeb.2021.vol8.no5.0335

Nimfa, D. T., Uzir, M. U. H., Maimako, L. N., Eneizan, B., Latiff, A. S. A., & Wahab, S. A. (2021). The impact of innovation competitive advantage on product quality for sustainable growth among SMES: An empirical analysis. *International Journal of Business Science & Applied Management (IJBSAM)*, *16*(3), 39–62. https://hdl.handle.net/10419/261658

Pencarelli, T. (2020). The digital revolution in the travel and tourism industry. *Information Technology & Tourism*, *22*(3), 455–476. https://doi.org/10.1007/s40558-019-00160-3

Perdomo, Y. (2016). Key issues for tourism development–the AM-UNWTO contribution. *Worldwide hospitality and tourism themes*, *8*(6), 625–632. https://doi.org/10.1108/WHATT-09-2016-0050

Prasiasa, D. P. O., Widari, D. A. D. S., & Susanti, P. H. (2023). Authenticity and commodification of creative industry products in the tourism sector, Bali. *Mudra Jurnal Seni Budaya*, *38*(3), 234–244. https://doi.org/10.31091/mudra.v38i3.2285

Sánchez, D., Sazeides, Y., Aragón, J. L., & García, J. M. (2011). An analytical model for the calculation of the expected miss ratio in faulty caches. In *2011 IEEE 17th International On-Line Testing Symposium* (pp. 252–257). IEEE. https://doi.org/ 10.1109/IOLTS.2011.5994538

Sarker, S., & Palit, M. (2015). Strategic orientation and performance of small and medium enterprises in Bangladesh. *International Journal of Entrepreneurship and Small Business*, *24*(4), 572–586. https://doi.org/10.1504/IJESB.2015.068643

Sarstedt, M., Ringle, C. M., & Hair, J. F. (2021). Partial least squares structural equation modeling. In C. Homburg, M. Klarmann, & A. Vomberg (Eds.), *Handbook of Market Research* (pp. 587–632). Springer. https://link.springer.com/rwe/10.1007/978-3-319-57413-4_15

Soni, J. (2023). *The critical hotel attraction factors of lower middle-class families. A case study*. [Bachelor's thesis, KAMK University of Applied Sciences]. Theseus. https://www.theseus.fi/handle/10024/805404

Sun, H., & Jafar, S. A. (2018). The capacity of symmetric private information retrieval. *IEEE Transactions on Information Theory*, *65*(1), 322–329. https://doi.org/10.48550/arXiv.1606.08828

Syarief. (2024). *"Provinsi Sulsel dengan potensi Wisata Mendunia," dinas komunikasi, informatika, statistik dan persandian Provinsi Sulawesi Selatan* ["South Sulawesi Province with World-Class Tourism Potential," said the South Sulawesi Province communication, informatics, statistics and cryptography service]. https://sulselprov.go.id/post/provinsi-sulsel-dengan-potensi-wisata-mendunia [in Indonesian]

Van Looy, A., & Shafagatova, A. (2016). Business process performance measurement: A structured literature review of indicators, measures and metrics. *SpringerPlus*, *5*(1), 1797. https://doi.org/10.1186/s40064-016-3498-1

Vitale Brovarone, A., Martinez, I., Elmaleh, A., Compagnoni, R., Chaduteau, C., Ferraris, C., & Esteve, I. (2017). Massive production of abiotic methane during subduction evidenced in metamorphosed ophicarbonates from the Italian Alps. *Nature Communications*, *8*(1), 14134. https://doi.org/10.1038/ncomms14134

Yasa, N., Giantari, I., Setini, M., & Rahmayanti, P. (2020). The role of competitive advantage in mediating the effect of promotional strategy on marketing performance. *Management Science Letters*, *10*(12), 2845–2848. https://doi.org/10.5267/j.msl.2020.4.024

Yohan, Y., & Pradipta, A. (2019). *Pengaruh ROA, leverage, komite audit, size, sales growth terhadap tax avoidance* [The influence of ROA, leverage, audit committee, size, sales growth on tax avoidance]. *Jurnal Bisnis dan Akuntansi*, *21*(1a–1), 1–8. https://doi.org/10.34208/jba.v21i1a-1.704 [in Indonesian]

Zongyang, L. I. (2015). Numerical simulation research of crude oil viscosity boundary in chemical flooding of heavy oil reservoir. *Petroleum Geology and Engineering*, *29*(3), 126–128. https://doi.org/10.2118/157925-MS