

PRODUCT AND SERVICE INNOVATION IN ENTREPRENEURSHIP BUSINESS

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Abstract

Product and service innovation is the key to success in modern business. Companies that are able to develop innovative products or services can win the hearts of consumers, gain a competitive advantage, and remain relevant in an ever-changing market. Therefore, it is important for companies to prioritize innovation in their business strategies and involve employees in efforts to create new ideas that can produce better products and services. With continuous innovation, companies can build a brighter future in an ever-evolving business world. The method used is a literature review using an understanding of previous research data sourced from journal references on the internet relating to product and service innovation in entrepreneurial business. Based on this study, it was found that apart from product innovation, increasing consumer repurchase interest can be done by building good service quality. Each company operating in a different field will follow its own product development strategy.

Keywords: Product innovation, service, entrepreneurial business.

INTRODUCTION

Innovation is one of the things that makes industry-leading companies successful in the current day. Corporate innovation is a critical component for any organization hoping to grow, expand, and thrive in the long term. This business innovation is crucial because it allows organizations to adapt to changing market conditions and thrive even in the face of economic disruptions.

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In a business context, innovation can be related to modifying business models and adapting to changes to create better and superior products or services. Without innovation, the business will feel less interesting and less desirable. Advanced and developing companies are companies that always innovate (Bunga Aditi, 2017).

The role of innovation in entrepreneurship is very important to improve company performance and profits. Innovation can help companies find new ways to increase productivity, reduce costs, and improve the quality of products or services offered.

However, innovation can also be a risk for companies that are not managed well. Therefore, it is important to understand the role and purpose of innovation in entrepreneurship before taking action.

Product innovation is an effort made by business people to improve, develop and improve products. In this case, product innovation is not only specific to products but also in terms of service. Businesspeople who want to develop must be updated with current developments. Therefore, they must be willing to innovate products. So that customers do not experience boredom and always wait for the newest products (Abdallah et al, 2017).

The process of conceiving, designing, developing, and ultimately launching a new product or service into the market to not only beat rivals but also generate substantial profits for the company is called "product development." When a new product is introduced, end users have higher expectations since they want something that will satisfy their demands without breaking the bank. Launching a new product is not as simple as it may seem; it calls for vision, determination, competent leadership, and meticulous attention to even the smallest aspects. Before moving forward with the next phase, the company and the personnel working on the project must overcome the various obstacles that come with producing a new product.

Hiring qualified individuals who can make a meaningful contribution to the development of new products is the first and most significant obstacle. When a new product is introduced, extensive market research, questionnaires, and customer meetings are necessary to comprehend their preferences and purchasing patterns. In order to succeed in the long run, businesses must first meticulously complete their homework. Not many individuals feel confident enough to approach end users in the field and ask them what kind of product will be an immediate hit. It will be quite difficult for the brand to become accepted by the target market if such individuals are given the task of creating new products. When developing a new product, gathering data, conducting

surveys, and analyzing market trends are crucial, and having the incorrect individuals do the same will result in a waste of corporate resources (Peter F Drucker, 1954).

Problems frequently result from budgetary limitations. Budgets must be carefully distributed by businesses to ensure that they have enough money in the end. Recall that firms must overcome financial obstacles before considering the release of a new product onto the market. Remember that there are expenses associated with advertising, brochures, booklets, and promotional initiatives.

Product promotion might also provide difficulties at times. In order to avoid offending members of specific communities or religions, entrepreneurs must take great care when creating advertising materials. After a new product is launched, businesses must be ready to deal with client criticism or unfavorable comments. When a new product fails to find a market on its own, the entrepreneur must reconsider and reintroduce it.

Product innovation is an effort by business actors to understand the fantasies created by consumers and try to fulfill these fantasies. Furthermore, product innovation is also something unique that can differentiate a company from competitors. Product innovation must become an identity that cannot be imitated by competitors. Creativity and product innovation are very necessary in creating consumer satisfaction so that satisfaction can be created.

Consumer satisfaction is also important for companies to survive in the increasingly fierce competition in the culinary business. Product performance levels that are below the level of consumer expectations will prevent them from experiencing satisfaction (Kotler & Keller, 2016). This also applies vice versa, if the level of product performance is above the level of expectations, consumers will feel satisfied. One effort that a business can make to increase consumer satisfaction is by increasing its product innovation. The higher the level of product innovation that the company provides, the higher the satisfaction that consumers will get (Antanegoro et al, 2017).

Product innovation is closely related to consumer satisfaction, because consumers evaluate the goods or services they consume. The assessment of the goods or services consumed can be positive or negative. If a customer gives a product or service a bad review, it indicates that they did not like using it or that it did not live up to their expectations. As a result, they will not repurchase the product from the company. In the meantime, customers give the goods they use a positive evaluation, which makes them enjoy the product even more and encourages repeat purchases and a feeling of customer satisfaction. This is

where companies are forced to always be innovative in producing their products, there are many strategies that companies can use to always innovate their products, both in terms of price, quality, service and so on, based on trends and market demand so that companies will understand what consumers want in Finally, the products offered can be accepted and satisfy consumers.

Customer happiness has a close relationship with product innovation. If customers' expectations of the company's innovative products are met with high levels of customer satisfaction, this will lead to the creation of customers. On the other hand, customer dissatisfaction will surface if the expectations are not fulfilled. Customers are more likely to defect from the company if they are not satisfied with the new product that was made (Mukaram Fillayata, 2020).

RESEARCH METHOD

This article's methodology makes use of literature study, which is a technique for gathering data that entails comprehending and examining theories from a variety of research-related books. Preparing the required tools, creating a working bibliography, scheduling time, and reading or recording research materials are the four steps of library study in research. The process of gathering data for this study involves looking for and creating sources from a variety of sources, such as books, journals, and previously completed research. A methodical and iterative approach was used in the literature search for this thorough evaluation in order to compile a thorough understanding of subjects pertaining to product and service innovation in entrepreneurial enterprise. Establishing the scope of the literature review precisely, identifying key subjects like the theoretical foundation, optimization techniques, social and cultural aspects, and offering suggestions for real-world application are the first steps (Paré & Kitsiou, 2015).

RESULT AND DISCUSSION

Product Innovation Theory

Product innovation is a means by which businesses adjust to a changing environment. As such, businesses must be able to generate fresh concepts and ideas by providing customers with better products and services. The Latin term *innovatio*, which meaning renewal or renovation based on *novus*, is where the word innovation originates.

Product innovation is the outcome of a business or industry, whether it is already operating or not, developing new products. Innovation is required to replace dated products that have reached a degree of saturation in the market.

In order to maintain consumer interest in making purchases of that product, this replacement may take the shape of an entirely new product or the development of an outdated model that is more contemporary and appealing. The most difficult opportunity to pursue is producing new products to sell to new markets. In this case, both the product and the market served are new, so of course this will bring much more difficult consequences because we don't or don't know the characteristics of the new market or we don't know the strengths and weaknesses of our product either still new. Product development is very important for business continuity, especially in forming customer loyalty. Product innovation can be achieved by understanding what best practices should be adopted for the product development process, and then adopting these practices to replicate the success and maturity processes of the best performing companies. All companies must update their products and services to survive (Faradisa et al, 2016).

The term product innovation is an effort that must be made by business actors to create, improve, develop and perfect the product. However, in general the products developed are not only commodities, but also innovative food, beverage, agricultural and animal products that can improve services. Product innovation can come from customer feedback, a combination of existing ones, new discoveries, and more. This innovation process needs to continue to be developed and improved until the product is finished. This can be achieved by using science and technology (Herniah & Wahid, 2022).

Product innovation is the responsibility of all parts of the business. Marketing, operations, finance, accounting, purchasing departments are all integral parts of an organization to develop products effectively and efficiently. All of these departments have a role in realizing a new product. New ideas can be created, especially from consumer needs which are conveyed to one of the employees in the company who can develop them into added value to old products or into substitute products that customers expect more.

In life, innovation itself aims to improve human quality and acquire many new skills that have never existed before. For products too, certain goals must be achieved in product innovation. The following are some of the goals of product innovation:

1. Quality Improvement

In general, the goal of good innovation in all fields is to improve quality, including those related to products. Over time the products created will become obsolete because they cannot meet current needs. It is hoped that the product will experience innovation to meet current needs

2. Meet Customer Needs

A person's needs as a person are always there. Customers are constantly looking for improvements from their business owners to meet the needs of all their customers. These customer demands force business owners to innovate their products.

3. Establishing New Markets in the Neighborhood. The creation of new markets for society is one of the objectives of product innovation. The newest features and advancements offered by innovative products pique consumers' curiosity. When consumers purchase the newest goods. Innovation might result in decreased functionality as well as less development.

4. Knowledge and Insight Development and Application. Product innovation endeavors to cultivate and implement entrepreneurial expertise. In order to innovate products, we require a variety of current knowledge sources in addition to scientific advancements. Entrepreneurs then attempt to incorporate their knowledge into the goods they manufacture.

5. Changes to Products or Services

Some business owners, including auto entrepreneurs, often discontinue or discontinue old products and services. Efforts to stop or withdraw production of products already on the market aim to innovate by exchanging these products for better products.

6. Increase Product Efficiency

Product innovation also aims to increase efficiency. Innovative products can do the job right without wasting time. The same thing applies to products in the form of shuttle service applications. Applications that were initially only used for ordering pick-up and delivery services are currently developing rapidly (Ahmad Nasir, 2017).

Product development is very important for the sustainability of a business, especially in forming customer loyalty. Better product innovation can be achieved by understanding what best practices to adopt for the product development process, and then adopting these practices to replicate the success and maturity processes of the best performing companies.

The Effect of Product and Service Innovation on Business Performance

Service quality is a concept in marketing strategy that focuses on the assumption that customers have expectations and companies try to balance these expectations by achieving the fulfillment of customer needs and desires

(Tefera & Govender, 2017). Apart from service quality, product innovation is another factor that influences member satisfaction. The process of generating original concepts and transforming them into practical goods is known as product innovation. Product innovation is the result of combining multiple processes that interact with one another (Kotler and Armstrong, 2016).

In large companies, product innovation has become a sustainable market strategy according to needs to maintain marketing performance, but what about small and medium companies that still have limited understanding of marketing strategies. For small and medium companies, product innovation is important for sustainable business continuity (Putra & Kusumadewi, 2019).

In order to cut costs, enhance profit margins, and make prices more competitive, process development must be done to create a more efficient process. In addition, it is important to enhance the current marketing system to expand its market reach and provide opportunities for client acquisition and sales volume growth. By innovating in several areas, business performance will increase. Business actors, apart from innovating, also innovate sales methods such as:

1. Utilize technology by selling via social media, such as Facebook, Instagram, WhatsApp. However, Instagram is considered the most effective media in terms of product marketing because it touches all groups of young people and older people.
2. Business actors collaborate with users of the Grabfood, Gofood and Maxim applications which have spread.
3. Business actors hold events, one of the events that is often used is religious events, such as lectures, collective dhikr, visits to orphanages, this is one effective way of conveying a brand's message is by inviting customers to the event.
4. Collaborate with Influencers, social media influencers are people who have social media accounts with a large number of followers and have the ability to create and influence all their followers looking for influencers who are suitable and represent the product being marketed.
5. Join the marketplace. Currently, there are many marketplaces that accommodate businesses to make promotions easier. Given that the product innovation variable has a significant contribution, it is clear that respondents value product innovation highly and tend to place it in the very good category. In order for items that have been manufactured and sold on the market to be able to increase market share, entrepreneurs feel

compelled to develop or expand their products to suit consumer needs while also paying attention to consumer tastes or wishes.

Thus, the product innovation variable plays a very important role in improving business performance. Innovation has a significant effect on marketing performance, both directly and indirectly. There is no effect of innovation on company performance because the innovation carried out by the company has not been optimal and still needs a lot of development, especially in terms of marketing innovation so that it can attract consumers so that it will have an impact on company performance (Merakati, Rusdarti & Wahyono, 2017)

Apart from product innovation, increasing consumer repurchase interest can be done by building good service quality. Service quality is the expected standard of excellence, and maintaining control over it satisfies client needs. A company's capacity to offer customers high-quality service as well as use it as a tactic to successfully defend itself against competitors is what distinguishes successful businesses from others. Product innovation and service quality are important things for consumers to consider when making purchases. Consumers who have been loyal to a product will find it more difficult to switch to another product unless the consumer feels that the product no longer meets their expectations. Repurchase interest is an important aspect for a company because this will determine whether the company's products and services are good or not (Tarigan & Widjaja, 2016).

Innovation Development Strategy in Entrepreneurship

Customer happiness is directly and significantly positively impacted by innovation. It is indisputable that consumers view innovation as a current or up-to-date product or brand that is the outcome of research and development expenditures, manufactured using the best technology, and boasts the newest features. Innovative measurements in this research are measured using indicators which include: modern, investment, and unique. Respondents felt that the innovations made improved the user's lifestyle for the better because what the brand offered matched the features received so that the company was considered capable of forming strong relationships between customers and producers (Mekuri et al, 2017).

Companies need to recognize the value of product innovation if they want to create goods that are profitable and marketable in the long run. Since customers would find similar items dull and uninteresting, product

development requires originality, invention, and adaptation in order to maintain the product's approval by the market. Companies need to recognize the value of product innovation if they want to create goods that are profitable and marketable in the long run. Since customers would find similar items dull and uninteresting, product development requires originality, invention, and adaptation in order to maintain the product's approval by the market. Customer happiness is positively correlated with product quality. Customers typically spread good word about the goods they have purchased to others, indicating that the product has satisfied them. Many businesses purposefully supply satisfied customers in an effort to boost their own or their business's earnings. Customer happiness is positively impacted by the quality of the product. A product is something that sticks in the minds of consumers. The better the perception of the product in the minds of consumers, the higher the quality of the product. Conversely, if the consumer's perception of product quality is poor, consumer satisfaction will also be lower (Brierly & MacDougall, 2017).

From this statement, the right strategy is needed to popularize a product. This strategy can be started by building positive product quality in the minds of consumers. With positive product quality, the product will be known and popular as a product with guaranteed quality. The quality of the product built can be an identity and reflection of the vision, excellence, quality standards, service and commitment of the business actor or owner.

Each company operating in a different field will follow its own product development strategy. Some companies will innovate, while others will focus on adaptation in current product development. Whatever strategy is used, it must be carried out clearly. When releasing a new product on the market, there are several product development strategies that must be carried out, including:

1. Improve Existing Products

This strategy is carried out by creating new products from existing old products. Then modified and adapted to market desires. In addition, it is necessary to motivate the target market to buy the product that you have improved. This focuses on adding features and updates which will later influence consumer interest. However, there is an important thing that needs to be paid attention to, namely that you must continue to look for the features that consumers need from updated products.

2. Increase product value

Usually, the reason customers buy a product is because of the value they will receive from the product. That way, companies need to further

strengthen product value by offering premium features, improving product quality, and also customer support. The additional value presented will attract new consumers. Then existing customers will get something new from the product.

3. Experiment

Offering free samples or product samples will make customers want to buy your product. Here, customers will of course check the quality of the product and having free samples will make them more confident in buying the premium version of the product. This free offer shows customers what they will get if they buy the product.

4. Specialize and Customize

You can customize some products and make them more special to target certain groups of customers. In fact, you can also offer personalized products that are relevant to customer needs and desires. This will make them interested in buying the products you offer compared to competitors.

5. Package Offers

Offering a new package will certainly attract customers' attention. You can offer products with various packages. Such as bundle packages, discounts, or free samples to choose the products you offer. The package here is an offer that other customers will not get. Moreover, if you offer a limited time offer, that is a good marketing strategy.

6. New Product Line

A new product line is the development of a new product within a product line that is still relevant to the existing product line. When you want to create a new product, you have to be careful with the development. Don't just focus on offering products that customers need. New products must be equipped with new features. So this will increase sales of the product.

7. Changing Thoughts or Ideas

This strategy is carried out by changing product definitions and ideas. For example, when you create a new product but the target market does not respond to the offer. So you need to do market research and find out the appropriate customer wants and needs. Companies also need to provide new ideas for products that will be developed and adapted to customer needs.

8. New Target Market

Selling several types of products in different markets is one strategy in product development. Where you can sell products in different markets. In

fact, you can also change your target market and demographics and shift your focus from customers to business (Kotler & Keller, 2016).

CONCLUSION

Product creation is critical to a company's long-term viability, particularly in building client loyalty. By knowing the best practices to use in the product development process and then using them to mimic the maturity and success processes of the top-performing businesses, it is possible to achieve better product innovation.

Apart from product innovation, increasing consumer repurchase interest can be done by building good service quality. Each company operating in a different field will follow its own product development strategy.

Whatever strategy is used, namely:

1. Enhance Current Products
2. Raise the worth of the product
3. Try Something New
4. Customize and Specialize
5. Bundle Deals
6. New Product Line
7. Modifying Ideas or Thoughts
8. Novel Target Audience

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