
INNOVATION STRATEGY AND PRODUCT DEVELOPMENT TO INCREASE COMPANY COMPETITIVENESS IN DIGITAL ERA

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ABSTRACT

The development of technology and digitalization affects various aspects of life, including in the business world. Competition in the business world is getting tighter, so the right product innovation and development strategy is needed to improve the company's competitiveness. Therefore, this research was conducted to understand product innovation and development strategies that can help improve the competitiveness of companies in the digital era. The purpose of this research is to analyze product innovation and development strategies that can improve the competitiveness of companies in the digital era. This research uses a qualitative approach. Data was collected through documentation studies. The data was then analyzed descriptively with content analysis techniques. The results showed that product innovation and development strategies carried out by companies in the digital era include the use of information and communication technology, product research and development, collaboration with other parties, and product diversification. These product innovation and development strategies are considered effective in increasing the company's competitiveness in the digital era.

KEYWORDS *innovation; product development; competitiveness; company; digital era*



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INTRODUCTION

Company business competition is a condition where companies compete with other companies in order to fight for the market, customers, and available resources. Business competition can occur on a local, national, or international scale depending on how big the market is targeted by the company. Business competition between companies is very tight, especially in the digital era like now. Business people must be able to compete with innovation and product development better and more efficiently. This is important because customers increasingly demand innovative, environmentally friendly, and high-tech products (Ahmad, 2020).

The rapid development of digital technology presents new challenges for companies to continue to exist and be sustainable. Companies that are unable to innovate and develop products can lag behind the competition and potentially lose market share (Wijaya, 2020). Today, consumers are increasingly smart and critical in choosing the products they buy, they tend to prefer products that provide added value and a better experience (Bastiar, 2010). Therefore, companies must strive to continue to innovate and develop their products in order to meet the needs and desires of consumers. In this case, digital technology can be utilized as a tool to create new products, improve existing products, and increase efficiency in the production process.

However, product development and innovation are not as easy as imagined. Companies need to understand market and consumer needs, as well as know the latest trends and technological developments to be able to produce quality products that are relevant to market needs (Nisak, 2013). Companies must also consider the availability of available resources and technology as well as the ability to manufacture and market products effectively.

In Indonesia, there are still many companies that have not been able to optimally utilize the potential of digital technology. Limited human resources, infrastructure, and policies that have not been supported, become obstacles for companies in innovating and developing products in the digital era (Fitriyadi, 2013). Therefore, this study aims to examine innovation strategies and product development that can increase company competitiveness in the digital era, by taking case studies on companies in Indonesia. Based on the background description of the problem, researchers are interested in conducting research entitled "Innovation Strategy and Product Development to Increase Company Competitiveness in the Digital Era". Moreover, the purpose of this research is to analyze product innovation and development strategies that can improve the competitiveness of companies in the digital era.

RESEARCH METHOD

This research uses a qualitative approach with a case study type. Qualitative approaches are used to understand phenomena that are complex and difficult to measure quantitatively, such as subjective factors and personal experience (Nugrahani, 2014). Data was collected through documentation studies. The documents taken are journals, books and other information relevant to the research obtained through Google Scholar. The data was analyzed descriptively with content analysis techniques. Document data is analyzed to identify innovation and product development strategies undertaken by various companies. The analysis is carried out by comparing the strategies that have been carried out with market conditions and the latest technological trends.

RESULT AND DISCUSSION

In the digital era, business competition is getting tougher because of digital technology that allows companies to access global markets quickly and efficiently. Digital technology has changed the way companies operate, both in terms of production, marketing, distribution, to customer service. Companies that have the ability to adopt digital technology and utilize it effectively will be better able to compete with other companies (Banjarnahor et al., 2022). In an increasingly competitive business environment, digital technology can be a very important tool to expand markets, improve operational efficiency, and strengthen relationships with customers (Andriyanto, 2019).

However, digital technology can also be a threat to companies that are unable to adopt it properly. Companies that do not utilize digital technology effectively can be left behind and have difficulty competing with other companies that are more adaptive. In addition, digital technology also allows the emergence of new competitors who are more innovative and aggressive in utilizing these technologies (Fonna, 2019).

Another impact of digital technology on business competition is the creation of new business models that are more flexible and efficient. Digital technology allows companies to adopt business models based on cloud services, online platforms, and mobile technology, which can accelerate business processes and expand market reach (Sudarso et al., 2020). With digital technology, companies can also more easily integrate their business processes with partners and suppliers, thus accelerating the production and delivery process.

Information and communication technology (ICT) has become an integral part of a company's innovation and product development strategy. Some common strategies used by companies to develop innovative products in the digital era using ICT include:

Big Data Analytics

Companies can use data analysis tools to understand consumer behavior and preferences. By utilizing Big Data analysis technology, companies can predict

consumer needs and develop products that better suit their needs (Yuliani et al., 2020).

Application Development

Mobile and web applications can help companies develop products and services that are more innovative and accessible to consumers. Companies can leverage application development technology to create products that are more responsive and easy for users to use (Kharisma et al., 2022).

Internet of Things (IoT)

IoT enables companies to collect data from multiple sources and leverage it to develop smarter, more connected products. By connecting products with IoT devices, companies can monitor product performance and understand consumer needs better (Yuliani et al., 2020).

Augmented Reality (AR) and Virtual Reality (VR)

Companies can leverage AR and VR technologies to develop more engaging and interactive products for consumers. By using this technology, companies can expand the consumer experience and provide a more realistic and enjoyable experience (Yu'Thiika, 2015).

Artificial Intelligence (AI)

Companies can leverage AI technology to increase the efficiency and speed of the product development process. By utilizing AI technology, companies can predict market demand, increase production speed, and optimize supply chain management (Lubis, 2021).

E-commerce

E-commerce has become an integral part of innovation and product development strategies in the digital age. Companies can utilize e-commerce platforms to expand markets and increase product accessibility for consumers (Hasibuan et al., 2020).

In order to succeed in the digital age, companies need to develop appropriate strategies to optimize the use of information and communication technology. Companies must continue to innovate and develop products that are relevant to consumer needs and leverage technology to strengthen the consumer experience and improve operational efficiency.

Companies in the digital era can use innovation and product development strategies by conducting intensive product research and development. Product research and development can be done by identifying consumer needs, analyzing market trends, and collecting information from competitors. After the information is collected, the company can develop new products that are innovative and can meet consumer needs (Suendro, 2010). In addition, companies can also conduct product trials using digital technology, such as conducting product trials online through websites or applications (Njatrijani, 2019). This AI can help companies to gather feedback from consumers and make improvements to the product before the product is launched to the market. In this case, innovation and product development strategies carried out by companies in the digital era using product research and development can help companies to meet consumer needs with more innovative and relevant products, and can maintain company competitiveness in an increasingly competitive market. There are several key factors that influence

the success of companies in implementing innovation and product development strategies in the digital era.

1. Quality human resources are critical to the success of the strategy. Companies must ensure that they have a team that is skilled and knowledgeable in managing technology and innovation. It requires skills in the use of digital tools and platforms, product development, project management, as well as the ability to adapt quickly to technological changes and advances.
2. A corporate culture that supports innovation and product development is a key factor. Companies must create a work environment that promotes creativity and experimentation, and encourages employees to take risks in developing new ideas. Companies must also be able to develop innovation capabilities internally through employee training and development programs.
3. External factors such as regulations and market conditions can affect a company's success in implementing innovation and product development strategies in the digital era. Companies must understand the applicable regulations and anticipate changes in regulations that may affect their business. Companies must also be able to understand the market and identify opportunities to develop new products or improve existing products in order to meet market needs.

In the face of the ever-evolving digital era, companies must be able to integrate these key factors in their innovation and product development strategies. Success in implementing such strategies will enable the company to remain competitive in an increasingly competitive market and can provide added value for customers.

Collaboration with other parties is also an increasingly popular product innovation and development strategy (Lizardo & Furinto, 2020). Companies can collaborate with various parties such as startups, universities, research institutions, and others to improve their innovation and product development capabilities. Collaboration with startups is one way to accelerate innovation and product development. Startups typically have a higher pace and creativity in the development of new technologies and can help traditional companies develop new products with a more innovative approach.

Collaboration with universities and research institutions is also an important strategy in product development in the digital era. Companies can leverage the expertise of academics and research resources to develop new, more sophisticated and innovative products. In addition, collaboration with other parties such as suppliers and consumers can also be an effective innovation and product development strategy. Through this collaboration, companies can gather feedback from consumers and gain insight into market needs. Thus, companies can design products that are more in line with market needs and increase the competitiveness of their products in the market.

Another strategy of innovation and product development carried out by companies in the digital era with diversification. Diversification is by expanding their product portfolio to include new products that are related to or different from existing products. Diversification can be done by developing products related to existing products or completely different products (Junaidi, 2022).

Companies can diversify by using digital technology and the internet. For example, companies can develop new products related to existing products by utilizing user data from the internet or social media. In addition, companies can diversify by expanding market reach. In the digital era, companies can take advantage of internet technology to expand their market to a wider area. For example, companies can open online stores or use e-commerce platforms to sell their products throughout the world (Rengganawati & Taufik, 2020). However, keep in mind that diversification also has risks that need to be considered, including:

Financial risk

Diversification requires considerable capital to develop a new business. If the new business does not succeed, the company can incur significant financial losses.

Risk management

In diversifying, the company must have management that is able to manage the new business. If management is not able to manage properly, the new business can fail and interfere with the overall performance of the company.

Reputational risk

In diversifying, companies can lose focus on their core business, which can damage the company's reputation and customer trust.

Operational risk

New business taken on by a company may have higher operational risk than its core business. If the new business experiences operational problems, this can affect the overall performance of the company.

Market risk

Diversification can expand a company's market, but it can also introduce a company to unfamiliar markets. If the company does not have enough knowledge about the new market, this can result in the failure of the new business.

Companies need to ensure that they have sufficient expertise and resources to develop new products and market them effectively. In addition, companies also need to pay attention to brand consistency and company values so as not to cause conflicts with existing products.

CONCLUSION

Innovation strategies and product development can increase a company's competitiveness in the digital era. Companies must be able to adapt to changes in the increasingly dynamic and complex business environment by utilizing digital technology as one of the tools to strengthen their position in the market. Through innovation and proper product development, companies can meet customer needs and expectations with better and more relevant products. In addition, companies can also improve their operational efficiency and effectiveness by implementing digital technology in their business processes. However, to achieve optimal results, a company must have a well-planned and properly implemented strategy. In addition, companies must be able to pay attention to important aspects such as the availability of resources, organizational capabilities, and clear innovation policies. Thus, it can be concluded that innovation strategies and product

development can be key factors in increasing a company's competitiveness in the digital era, but companies must pay attention to all factors involved in the process in order to achieve optimal results.

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