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THE INFLUENCE OF PRODUCT INNOVATION, MARKETING STRATEGY, AND SERVICE QUALITY ON THE CMPETITIVENESS OF MSMES IN E-PEKEN SURABAYA

PENGARUH INOVASI PRODUK, STRATEGI PEMASARAN, DAN KUALITAS LAYANAN TERHADAP KEKUATAN BERSAING UMKM DI E-PEKEN SURABAYA

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ABSTRACT

This study aims to analyze the influence of product innovation, marketing strategy, and service quality on the competitiveness of MSMEs. The research employs a quantitative approach, with a sample consisting of 96 business actors registered on the E-Peken Surabaya platform. Data were collected through the distribution of questionnaires and analyzed using SPSS software version 29. The results of the study indicate that the three independent variables—namely product innovation, marketing strategy, and service quality—have a significant influence on the competitiveness of MSMEs.
Keywords: *Product Innovation, Marketing Strategy, Service Quality, Competitivness Msme.*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh inovasi produk, strategi pemasaran, dan kualitas layanan terhadap daya saing UMKM. Penelitian ini menggunakan pendekatan kuantitatif, dengan sampel terdiri dari 96 pelaku usaha yang terdaftar di platform E-Peken Surabaya. Data dikumpulkan melalui penyebaran kuesioner dan dianalisis menggunakan perangkat lunak SPSS versi 29. Hasil penelitian menunjukkan bahwa ketiga variabel independen—yaitu inovasi produk, strategi pemasaran, dan kualitas layanan—memiliki pengaruh yang signifikan terhadap daya saing UMKM.
Kata Kunci: Inovasi Produk, Strategi Pemasaran, Kualitas Layanan, Daya Saing UMKM.

INTRODUCTION

The current industrial revolution is characterized by the extensive integration of internet technology across various sectors, bringing substantial changes to the business environment. These changes are primarily driven by rapid advancements in information technology and intensifying market competition. Consequently, consumer behavior has also shifted, especially in how individuals seek information, make purchasing decisions, and manage their presence in the digital space. The development of information and communication technology (ICT) has transformed numerous aspects of daily life, including the way businesses operate. Factors such as the widespread use of the internet, the growth of the middle class, and evolving consumer preferences are among the main catalysts of this transformation.

According to a report by the Indonesian Internet Service Providers Association (APJII, 2022), the number of internet users in Indonesia has reached over 221 million, with a penetration rate of approximately 79.5%. Additionally, data from Bank Indonesia indicates that the total value of e-commerce transactions in 2021 amounted to IDR 401.25 trillion. These figures demonstrate the growing relevance of digital platforms in economic activity. Micro, Small, and Medium Enterprises (MSMEs), as a critical sector in Indonesia's economy, contribute significantly to employment, Gross Domestic Product (GDP), and poverty alleviation. However, in the digital era, MSMEs face a range of new

challenges that demand continuous adaptation and innovation.

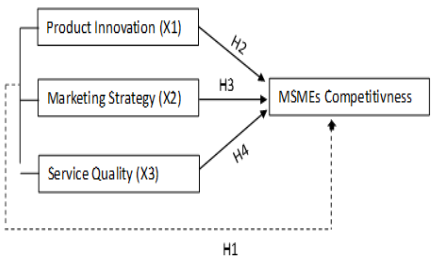
One notable initiative in supporting MSMEs to adapt to the digital economy is the E-Peken platform, developed by the Surabaya City Government. This platform was designed to respond to the rapid shift in consumer behavior toward online shopping. As of 2023, E-Peken has registered a total of 2,259 MSMEs. Nevertheless, several challenges persist. Many MSME actors continue to offer similar products with limited innovation in packaging, design, or branding, which lowers product attractiveness and hinders business growth.

In terms of marketing strategy, most MSMEs on the E-Peken platform rely on passive promotional efforts, such as waiting for customers through the catalog, without engaging in more proactive approaches such as creating content on social media, leveraging customer testimonials, or utilizing digital campaign tools available on the platform. As a result, their product visibility remains low beyond their core customer base. In addition, customer service is often conventional and unresponsive, as evidenced by slow responses to inquiries and the absence of standardized procedures for packaging and delivery. These deficiencies can negatively impact customer satisfaction and reduce repeat purchase rates.

These observations underline the critical role of product innovation, marketing strategy, and service quality in enhancing MSMEs' competitiveness in the digital marketplace. Without improvements in these key areas, MSMEs may struggle to sustain their operations and growth amidst the increasingly competitive digital economy.

RESEARCH METHODS

This study employs a quantitative approach to analyze the influence of product innovation, marketing strategy, and service quality on the competitiveness of MSMEs on the E-Peken Surabaya platform. The sampling technique used is non-probability sampling, with a purposive sampling method. Respondents were selected based on specific criteria, namely MSME sellers who are registered as active participants on the E-Peken platform, reside in Surabaya, and are between the ages of 24 and 60. The sample size for this study consists of 96 respondents. Data were collected using a structured questionnaire designed based on the indicators of each research variable. Data analysis was conducted using SPSS version 29. The analytical techniques applied in this study include validity and reliability tests to assess the quality of the research instruments, normality tests to examine data distribution, multicollinearity tests to detect correlations among independent variables, and heteroscedasticity tests to check the consistency of residual variance. Multiple linear regression analysis was used to measure the influence of the independent variables on the dependent variable. Additionally, the F-test was used to assess the simultaneous effect of all independent variables, while the t-test was employed to determine the partial effect of each independent variable



The research framework in this study is made to explain several hypotheses, namely the effect of product innovation on MSME competitivness, marketing strategy on MSME competitivness, service quality on MSME competitivness

RESULTS AND DISCUSSIONS

Validity Test Result

In this study, the rtable value is calculated based on the degrees of freedom (df) calculated from the total number of respondents (N), namely df = n-2 = 96 – 2 = 94, so the rtable value in this study is 0.2006. The following are the results of validity testing on each indicator in the independent and dependent variables, namely product innovation (X1), marketing strategy (X2), service quality (X3) on the competitiveness of MSMEs (Y)

Variabel	Indicator	R Calcutated	r Table
Product Innovation	X1	0,2006	0,725
Marketing Strategy	X2	0,2006	0,779
Service Quality	X3	0,2006	0,551
competitiveness of MSMEs	Y	0,2006	0,697

The results of the table show that all indicators of the independent and dependent variables have correlation values greater than the predetermined r value in the table. Therefore, all research variables are considered valid and reliable as research instruments that can be used.

Reliability Test Result

This reliability test aims to measure the extent to which the instrument used in the questionnaire remains consistent in its results when used repeatedly, so that the instrument can be trusted and relied upon in assessing the instrument's reliability. The Cronbach's Alpha (a) method is used here. An instrument is considered reliable if the Cronbach's Alpha value is > 0.60.

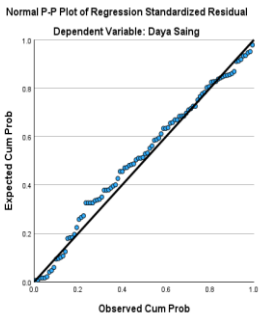
Reliability Statistics

Cronbach's Alpha	N of Items
.620	4

Based on the table provided, it can be concluded that the variables of product innovation, marketing strategy, service quality, and MSME competitiveness have Cronbach's alpha > 0.60, therefore, in this study, all instruments of these variables can be considered reliable.

Normality Test Result

The normality test in this study aims to determine whether the distribution of data on the dependent, independent, and residual variables in the regression model has a normal distribution pattern. A good regression model is characterized by residuals that are normally or nearly normally distributed.



The normality test in this study aims to determine whether the distribution of data on the dependent, independent, and residual variables in the regression model has a normal distribution pattern. A good regression model is characterized by residuals that are normally or nearly normally distributed.

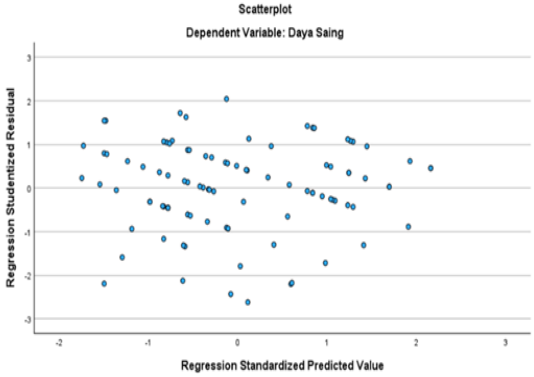
Multicolinierity Test Result

variable	tolerance	VIF	Desc
Innovation product	.641	1.561	Multicollinearity does not occur
Marketing	.753	1.328	Multicollinearity

Strategy			does not occur
Service Quality	.632	1.583	Multicollinearity does not occur

Based on the results of the multicollinearity test in study, all independent variables, namely innovation produk (X1), marketing strategy (X2), and service quality (X3) have a Tolerance value of > 0.10 and VIF < 10. This shows that there are no symptoms of multicollinearity in the regression model used. Thus, the variables in the model can be analyzed independently and the regression model qualifies the assumption of multicollinearity.

Heteroscedasticity Test Result



Based on the results of the Glejser test in the file, it was obtained that all independent variables in the regression model (speed, ease, and effectiveness) had a significance value of > 0.05. This suggests that there are no symptoms of heteroscedasticity in the model, so the residual variance is constant. Thus, the homoscedasticity assumption is fulfilled and the regression model is feasible to use for further statistical analysis.

Autocorrelation Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.578[a]	.334	.312	1.36150	1.633

a. Predictors: (Constant), Kualitas Pelayanan, Strategi Pemasaran, Inovasi Produk

b. Dependent Variable: Daya Saing

The Durbin-Watson (DW) value calculated in the table above is 1.633. This value falls within the tolerance range of -2 to +2, indicating no indication of autocorrelation in the regression model. Therefore, it can be concluded that the residual independence assumption in the model has been met and the model is suitable for further analysis.

Analysis of Multiple Linear Regression

Multiple liniear regression was used to analyze the influence of the variable of Innovation Product (X1), Marketing Strategy (X2), and Service Quality (X3) on MSMe competitivness.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	5.450	1.843		2.958	.004		
	Inovasi Produk	.237	.091	.276	2.597	.011	.641	1.561
	Strategi Pemasaran	.220	.096	.225	2.292	.024	.753	1.328
	Kualitas Pelayanan	.192	.097	.212	1.976	.051	.632	1.583

a. Dependent Variable: Daya Saing

Based on the regesiion equation, the contant value was found to be 5,450, meaning that if the variable Product Innovation (X1), Marketing Strategy (X2), and Service Quality (X3) are held constant, the predict value of MSMe Competitivness (Y) would be 5,450. The regression coefficient for Product Innovation (X1) was 0.237. the regresssion coefficient for Marketing Strategy (X2) was 0.220. the regresssion coefficient for Service Quality (X3) was 0.192.

F Test Result

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.420	3	28.473	15.361	<.001[b]
	Residual	170.538	92	1.854		
	Total	255.958	95			

a. Dependent Variable: Daya Saing

b. Predictors: (Constant), Kualitas Pelayanan, Strategi Pemasaran, Inovasi Produk

The F value is calculated as 15.361 and the significant value is < 0,05 This can be stated that Ho is rejected and Ha is accepted, meaning that the variables product innovation (X1), marketing strategy (X2), and service quality (X3) simultaneously

have a significant influence on the competitiveness of MSMEs (Y1).

T Test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	5.450	1.843		2.958	.004		
	Inovasi Produk	.237	.091	.276	2.597	.011	.641	1.561
	Strategi Pemasaran	.220	.096	.225	2.292	.024	.753	1.328
	Kualitas Pelayanan	.192	.097	.212	1.976	.051	.632	1.583

a. Dependent Variable: Daya Saing

From the calculation results, the Tcount value is obtained > Ttable (2.597 > 1.661) and the significance probability value is <0.05, which is <0.01, so it can be said that H0 is rejected, where the product innovation variable (X1) has an effect on the competitiveness of MSMEs (Y).

Based on the results of the T test above, the conclusion is that the results of the product innovation variable (X1) from the calculation results obtained a calculated T value > T table (2.292 > 1.661) and a significance probability value <0.05, namely <0.01, so it can be said that H0 is rejected, where the Marketing Strategy variable (X2) has an effect on the competitiveness of MSMEs (Y).

Based on the results of the T test above, the conclusion is that the results of the service quality variable (X3) from the calculation results obtained a calculated T value > T table (1.976 > 1.661) and a significance probability value <0.05, namely <0.01, so it can be said that H0 is accepted, where the service quality variable (X3) has an effect on the competitiveness of MSMEs (Y).

DISCUSSION

effect of Product Innovation on MSME competitivness

The results of the linear regression analysis show that the product innovation variable has a coefficient of 0.237 with a positive direction. This indicates a positive influence of product innovation on the competitiveness of MSMEs. In other words, the higher the level of product innovation implemented by MSMEs, the greater the potential to enhance their competitiveness. Product innovation plays a crucial role in creating added value, attracting consumer interest, and differentiating MSME products from their competitors in the market. Therefore, continuous product development and renewal efforts become strategic factors in strengthening MSME competitiveness.

The multiple linear regression analysis also reveals that product innovation has a significant individual influence on MSME competitiveness. This is supported by the partial test results, where the product innovation variable (X1) yielded a t-value of 2.597, which is greater than the t-table value of 1.661, and a significance level (p-value) below 0.05. Thus, it can be concluded that product innovation has a statistically significant impact on MSME competitiveness. These findings are consistent with the research conducted by Fajrina F.N (2021), entitled *"The Influence of Product Innovation, Product Design, and Product Quality on Competitive Advantage of Maybelline Products in Yogyakarta."*

The effect Marketing Strategy on MSME Competitivness

The results of the linear regression analysis for the marketing strategy variable show a coefficient of 0.220, indicating a positive relationship. This suggests that the more effective the marketing strategy implemented, the stronger the competitiveness of the MSMEs. Effective marketing contributes to attracting more customers, enhancing brand awareness, and boosting both sales and customer loyalty.

From the multiple linear regression analysis, it was found that there is a significant individual influence on MSME competitiveness. This is supported by the results of the partial test, where the Marketing Strategy (X2) yielded a t-value of 2.292, which is greater than the critical t-table value of 1.661, with a significance level (p-value) less than 0.05. Therefore, it can be concluded that the Marketing Strategy variable has a statistically significant effect on the competitiveness of MSMEs.

These findings are in line with the study conducted by Nizam, M.F., et al. (2020), entitled *"The Influence of Entrepreneurial Orientation, Product Innovation, and Competitive Advantage on MSME Marketing."*

The Effect Service Quality on Service Quality

The results of the linear regression analysis for the marketing strategy variable show a coefficient value of 0.192, indicating a positive relationship. However, based on the multiple linear regression analysis, it was found that the variable did not have a highly significant individual effect on the competitiveness of MSMEs.

In contrast, the partial test results for the service quality variable (X3) showed a t-value of 1.976, which is greater than the t-table value of 1.661, with a significance level (p-value) below 0.05. This indicates that service quality has a statistically significant effect on MSME competitiveness. Although service quality is considered important within the context of MSMEs on the E-Peken platform, its direct impact on competitiveness may vary. It is possible that customers prioritize other aspects more, or that the level of service quality provided by MSMEs on this platform tends to be uniform, thus reducing its role as a strong differentiator in competitiveness.

This result contrasts with findings from other studies, suggesting that the impact of service quality may be context-dependent and influenced by platform-specific factors.

CONCLUSION AND SUGGESTION

Based on the data collected, processed, and analyzed by the researcher, this study investigated the influence of product innovation, marketing strategy, and service quality on the competitiveness of MSMEs on the E-Peken platform in Surabaya. The results of the hypothesis testing indicate that H1 is accepted, meaning product innovation has a significant influence on MSME competitiveness. Likewise, H2 is accepted for the marketing strategy variable, demonstrating its positive impact on competitiveness. Furthermore, H3 is accepted for the service quality variable, confirming its statistically significant contribution to enhancing MSME competitiveness. Additionally, the results of the F-test revealed that these three independent variables—product innovation, marketing strategy, and service quality—collectively have a significant simultaneous effect on the competitiveness of MSMEs. These findings affirm that improving these three key business aspects can effectively strengthen the competitive advantage of MSMEs operating within digital platforms such as E-Peken.

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