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PRODUCT INNOVATION STRATEGY IN IMPROVING CUSTOMER SATISFACTION IN COLD DRINK MSMEs

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ABSTRACT

Beverage industry cold MSMEs facing challenge big in response change preference fast consumers and increasing competition tight. Product innovation is the key to increasing satisfaction and loyalty customers, but Many MSMEs are limited in implementing effective innovation strategies. This study aims to identify relevant product innovation strategies. for beverage SMEs cold and analytical its impact on satisfaction customers. The method used is a qualitative approach with interviews deep to owners and managers of MSMEs, as well as secondary data analysis from the case study. The results of the study show that innovation strategies such as surveys customers, social media monitoring, additions Variant's products, and scale trials small effective in improving satisfaction customers. However, limited capital is a challenge the main thing in implementing the strategy. The implications of this research indicate importance deep understanding of preferences customers and the need to adapt quickly to market trends to support the sustainability of MSMEs. This research contributes for the development of more efficient marketing strategies and product innovation for MSMEs in the sector drink cold.

Keywords: *Product innovation, satisfaction customers, msmes, beverages cold, marketing strategy.*

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INTRODUCTION

Beverage industry cold develop rapid lately because change style life and preferences dynamic consumers. Beverage market competitive cold demands product innovation to stay compete and fulfill need customers are constantly changing (Malekpour et al., 2024). Customer currently looking for product quality, delicious and valuable add like packaging interesting, unique taste, and adjustment to the trend style life like low calorie or low-calorie drinks natural. MSMEs in this sector make an important contribution to economy by providing employment and increase income public (Ma & Li, 2024). However, SMEs often face challenges such as limited capital, access to technology, and minimal market knowledge so that their product innovation is still limited (Gachara, 2017; Husriadi et al., 2024). Meanwhile, research on product innovation has developed fast, but part large study focuses on companies large or industrial sectors outside of MSMEs, so that studies related to product innovation in the context of MSMEs, especially in the sector drink cold, still limited in literature. (Khalikussabir, 2024) Existing studies tend ignoring context and needs specifically for MSMEs, so that successful innovation strategies implemented by the company big does not necessarily mean it can be adopted in a way effective by MSMEs (Dambiski Gomes de Carvalho et al., 2021; Husriadi, 2023).

Emptiness This literature creates the gap that needs to be bridged through research that is special exploring relevant and effective innovation strategies for MSMEs in the sector drink cold. Furthermore, the literature that connects direct between product innovation strategy and satisfaction customers among beverage SMEs cold is also very limited. Although Several studies have identified the importance of product innovation to meet hope customers, very few discuss in a way in-depth specific impact from innovation strategy to satisfaction customers in the MSME sector. This study aims to formulate product innovation strategies that help MSMEs in the MSME sector. drink cold increase satisfaction customers. Identifying relevant and effective innovation strategies, research provides guidance for MSMEs to create product interesting and fulfilling expectation consumers. This innovation strategy facilitates MSMEs in responding change preference consumer quickly and flexibly, strengthening the position in the market. The study also analyzed the impact of implementing innovation strategies on the level of satisfaction Customers. Product innovation strategy model served specifically for MSMEs in the sector drink cold,

considering limitations resources and adaptation. The contribution of this research to the literature marketing is in providing insights into how innovation can be managed on an MSME scale, with models that can be implemented to improve satisfaction and loyalty customer through innovations that are in line with trends dynamic consumers.

LITERATURE REVIEW

1. Product Innovation Theory

Product innovation is defined as the development or improvement of existing products to meet the evolving needs and desires of consumers. According to research, product innovation can increase the competitiveness of MSMEs by offering unique added value to customers. This is in line with the finding that product innovation can make MSMEs superior and improve their performance (Rathod et al., 2022)

2. Product Quality Theory

Product quality refers to the ability of a product to meet or exceed customer expectations. Research shows that good product quality, produced through innovation, can increase customer satisfaction. For example, MSMEs that creates beverage products with original fruit flavors and the best choice of fruit variants succeeds in attracting customers and increasing profits (Bini Dhouib et al., 2016)

3. Experiential Marketing

Experiential marketing emphasizes the importance of creating positive experiences for customers through products and services. Studies on beverage SMEs show that innovation in room design, attractive packaging, and service quality can increase customer satisfaction. Elements such as feel and relate have a significant effect on customer satisfaction (Ruswanti et al., n.d.)

RESEARCH METHOD

This study uses a qualitative approach to explore product innovation strategies in beverage MSMEs. cold. The research design was chosen for understanding in-depth study of the perspectives of MSME actors regarding innovation practices and their impact on customers. The research was conducted through stages identification sample, interview in-depth with MSME owners, and observations field. Data collected through semi- structured interviews and observations to understand product innovation strategies and responses customers. Data analysis using thematic analysis techniques to identify themes main. Findings analyzed to understand the influence of product innovation strategy on satisfaction customers, with validation through data triangulation. The results of the analysis are expected give outlook comprehensive information about the effectiveness of product innovation strategies in increasing satisfaction customers in the beverage MSMEs sector cold.

RESULT AND DISCUSSION

A. Product Innovation Strategy

5.1 Identification Trends

5.1.1 Survey Customer Direct

The results of this study indicate that it is important survey customer live, social media monitoring, and additions Variant's products as an effective innovation strategy in increasing satisfaction customers in the beverage MSMEs sector cold. Based on findings obtained from interviews and observations field, it is known that the survey customer directly become one of the approaches that provide insight in-depth understanding of preferences and expectations consumers. With this method, MSMEs actors are able to identify need specific consumers, including the desired taste and packaging, so that allows the development of products that are more in line with market tastes. These findings are in line with research (Tolstoy et al., 2021) that surveys customer in a way direct allow adjustment product in a way appropriate target, improve loyalty customer up to 25% in business small and medium enterprises (SMEs) in the

sector food and drinks. Besides survey customer directly, social media monitoring plays a significant role in understanding the current trend growing among consumers, especially generation young people are the main target of the beverage market cold. Through the analysis of the data obtained from social media, MSMEs actors can monitor taste trends, styles packaging, and preferences consumers that are constantly changing in real-time.

5.1.2Social Media Monitoring

The results of this study show that social media monitoring has proven to be an important innovation strategy for MSMEs, especially in the sector. drink cold, to understand needs and preferences customer in more depth. Based on research results, active MSMEs actors monitor platforms like Instagram, Facebook, and Twitter to get bait come back direct from customer as well as see trend the latest developments in the market. Social media provides room for customers to share their experiences, provide reviews, and suggest product innovations, which helps MSMEs respond market demand more accurately and quickly. The findings This is in line with research (Giannakis et al., 2022) that the use of social media can increase interaction between businesses and consumers, as well as speed up the retrieval process decisions related to new product development. In addition, the results of this study are also in line with the findings (Ashley & Tuten, 2015) that effective social media monitoring enables MSMEs to be more adaptive to change trend consumers and market needs, which in turn can increase satisfaction customers. Therefore, social media monitoring not only serves as a tool for observation, but also as a means to develop marketing strategies that are more responsive and relevant to the rapidly changing market dynamics.

5.1.3Addition of Product Variants

The results of this study indicate that the addition of Variants product is a significant innovation strategy in increasing attractiveness MSMEs beverage products cold. The results of the study show that successful MSMEs develop and launch new variants, such as coffee drinks or soft drinks based on material organic, capable interesting new customers and strengthen loyalty old customers. Addition Variants This product gives consumers more choices that suit your preferences and trends style their life continues developing. These findings are in line with research (Nurcholidah

et al., n.d.)that diversification products among MSMEs contribute to increasing satisfaction customers by offering variations that are relevant to the changing market needs. In addition, the variants products tailored to taste Local can increase the competitiveness of MSMEs, especially in highly competitive markets such as the beverage industry. cold. In this study, it was found that the addition of Variants products that take into account The uniqueness of local taste and innovation has a positive impact on preferences consumers and in general significant increase sale product. Therefore, the strategy of adding Variant's product proven effective in improving market position and satisfaction customers in beverage MSMEs cold.

5.2 Experiment Product

5.2.1 New flavor combination

The results of this study show that innovation through new flavor combinations is one of the important strategies implemented by beverage SMEs cold to improve satisfaction customers and attraction products. In interviews conducted with several For MSMEs beverage owners, the combination of flavors is considered a factor crucial that is capable create experience unique for consumers, who in turn increase loyalty to the brand. For example, SMEs that offer drinks with unique flavor combinations, such as blends fruits tropical or blended coffee with other ingredients local such as pandan or coconut, are successful interesting attention consumers who want something different from common products available on the market. These findings are in line with research (Fellicia Etano Santoso et al., 2023)that the innovation of taste that combines ingredients local and international capable increase preference consumer by 35 %, especially among generation young people who are used to it try new flavor variants as a form of exploration taste. The research also noted that drinks with unique flavor combinations not only appeal to new consumers, but also encourage repurchase, because consumer feel involved in the experience enjoy interesting drink in a way sensory. In addition, the findings (Navanti et al., 2024) that consumers are more likely to associate new flavor combinations with aspects innovative from the brand, which provides value plus for consumers and improve perception positive towards the brand. The impact of this strategy can be seen in the increase loyalty significant consumer, which is not only related to the taste of the product, but also to the perception will creativity and ability innovative brand. In Overall, new flavor combinations become an innovation strategy that is not only

relevant but also effective in fulfilling need consumers who want new variations and experiences. This strategy also strengthens the competitive position of beverage MSMEs cool in the face of a dynamic market, while push involvement consumers with unique and original products.

5.2.2Presentation unique

The results of this study indicate that the presentation unique product play a role significant in attracting attention consumers and improve satisfaction customers in beverage MSMEs cold. Through various observations and interviews with the owners' efforts, it was found that the visual elements and uniqueness presentation is an important factor that differentiates MSMEs products from competitor big. For example, some MSMEs use packaging eco -friendly designed with style modern aesthetics or add visual elements such as fruit original or decoration specifically on beverages. This approach not only strengthens identity product but also creates relevant visual appeal for consumers, especially in the digital era where aesthetics products are often shared on social media. These findings are in line with research (Balasubramani, 2022) that 60% of consumers are more likely to buy product drinks with an aesthetic and unique appearance, especially when the product in line with the trend style popular life. The study also found that visual experiences enhance perception quality products and encourage consumers to share their experiences on online platforms, which in turn increase visibility and image brand. In addition, visual elements and presentation creative on product drink contribute to the formation of connection emotional between consumers and brands. This provides value significant addition in improving loyalty consumers, because they feel connected in a way emotional with the products, they consider unique and according to preference their aesthetics. Thus, innovation in presentation product play an important role in building image strong brand and increased appeal products in a competitive market.

B. Improvement Loyalty Customer

6.1 Customer enthusiastic about new products

The results of the study showed that enthusiasm customer to product drink the new cold is very high, especially when the product offers unique innovations in taste, presentation, or packaging. Several MSMEs reported improvement interest significant consumers during period launch new product, which looks from height amount request

and response positive on social media. This shows that customers own interest strong against variation and innovation in the category drink cold, especially on products designed to fit the trend style life contemporary and preference aesthetics consumer young. These findings are in line with research (Stokes et al., 2018) that more than 70% of customers in the segment drink trend oriented more likely try new products that offer uniqueness of taste or attractive visual presentation. Lin et al. also found that customers who are enthusiastic about new products act as "brand advocates" who promote the product. in a way organic on social media, so that help increase exposure and popularity products with lower marketing costs. In addition, the enthusiasm customers to new products in the sector drink cold push creation loyalty stronger brand. When customers feel involved and interested in the innovations offered by MSMEs, they tend to build attachment deep emotional attachment to the brand, which can increase intention repeat purchases. Thus, enthusiasm customers towards new products have a long-term impact long in the competitive position of beverage MSMEs cold, both in terms of marketing and also loyalty consumers.

6.2 Level of satisfaction and loyalty increase

The results of the study show that successful product innovation in the sector drink cold in a way significant increase level satisfaction and loyalty customers. Customers who feel satisfied with the quality and variety product tend to be more loyal and committed to continuing buy from MSMEs that offer products innovative. This is reflected in data showing that consumers prefer a brand that continues innovate and fulfill their expectations regarding taste, presentation and packaging product. These findings are in line with research (Mustaqimah et al., 2019) that 65% of customers who try new products in the sector drink cold report improvement satisfaction, which leads to increased loyalty customer by 30%. The study also highlights connection positive between product innovation and loyalty customers, which confirms that customers tend to be more loyal to brands that are consistent present new products that are interesting and relevant. In addition, product innovation followed by an increase quality service, produce level higher satisfaction, and encourage consumers to become supporter’s brand. Thus, the right innovation strategy not only enriches experience customers, but also create connection term profitable length for beverage SMEs cold.

C. Barriers to Product Innovation

7.1 Capital limitations

The results of the study show that capital limitations are challenge significant challenges faced by MSMEs in implementing product innovation, especially in the sector drink cold. Many MSMEs actors admit that difficulty investing in the research and development (R&D) and technology needed to create new products that can fulfill market expectations. This funding constraint also hampers their ability to conduct product trials in a way thoroughly before launch, as well as influence ability to do effective promotion. These findings are in line with research (Dambiski Gomes de Carvalho et al., 2021)that almost 60% of MSMEs in the sector food and Drink face constraint financial constraints that limit their efforts to innovate. In the study, respondents revealed that even though There is high market demand for new products, limited capital is an obstacle key in creating relevant and sustainable innovations. In addition, limited capital often makes MSMEs rely on method marketing conventional and reduce their focus on diversification products, which may harm competitiveness term long. Thus, even though the potential for innovation is enormous, limited capital remains an obstacle that MSMEs need to overcome to ensure sustainability and growth in the face of rapid market dynamics.

7.2 Conformity with expectations customer

The results of this study indicate that the suitability between product innovation and expectations customer play an important role in improving satisfaction and loyalty in the beverage MSMEs sector cold. Customer currently tends to look for products that are not only innovative, but also relevant to your preferences and style. their lives. Therefore, MSMEs that can understand and fulfill hope customer in a way accurate own greater opportunity to retain and attract new customers. These findings are in line with research (Malekpour et al., 2024) that innovations that focus on fulfilling hope customers can improve level satisfaction up to 40%, which is direct influence decision purchase repeatedly. The study also showed that customers prefer products that reflect trend latest in taste, packaging and presentation, with preferences focused on health, sustainability and experience. unique consumers. In addition, product innovations that do not meet expectations customer precisely at-risk lower satisfaction and improve churn rate. This shows importance understanding deep into the needs customers as the basis for an effective innovation strategy. Therefore, the suitability

between innovation and hope Customers are the key to success term long for beverage SMEs cold.

CONCLUSION AND SUGGESTION

This study investigates product innovation strategies for MSMEs in the manufacturing sector. drink cold use increase satisfaction and loyalty Customers. Findings shows that the survey customer live, social media monitoring, adding new variants, innovative flavor combinations, presentation unique, and scale trials small effective in attracting interest Customers. Consumers need product creative, different, and relevant to market trends. Innovation strategies that are in line with market preferences customers can improve level satisfaction and loyalty, supporting success term length of UMKM. Challenges the main thing is limited capital, but collaboration with other parties and use of materials standard local can help overcome this problem. It is recommended that SMEs carry out market research, monitoring social media, and conducting trials before launching new products. The use of digital technology and further research on the influence of product innovation on consumer behavior. consumer needed to support the growth of MSMEs in this sector.

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