


# Analysis of Business Innovation Strategy and Product Differentiation Strategy in Increasing Sales Volume in Coffee Shop Msme in Sukabumi City

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Article Info	ABSTRACT
<b>Keywords:</b> business innovation, product differentiation, sales volume	Micro, small, and medium-sized coffee shops (MSME) in Sukabumi City face increasingly intense competition, necessitating effective business strategies to boost sales volume. This study examines the effects of business innovation strategies and product differentiation strategies on the sales volume of MSME coffee shops in Sukabumi City. A descriptive-associative method with a quantitative approach was employed; the sample comprised 114 MSME owners selected via saturated sampling. Data were collected using a Likert-scale questionnaire and analyzed with validity and reliability tests, classical assumption tests, multiple linear regression, and F and t tests using SPSS. The results indicate that both business innovation and product differentiation strategies have positive and significant effects on sales volume. The regression analysis yielded a coefficient of determination ( $R^2$ ) of 0.517, meaning that 51.7% of the variation in sales volume is explained by these two variables, while the remaining 48.3% is attributable to other factors outside this study. These findings underscore the importance of implementing innovations in processes, products, and organization, as well as creating differentiation in products, services, and brand image to enhance competitiveness and sales of MSME coffee shops in Sukabumi City.
This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license 	<b>Corresponding Author:</b> Meiranti Maudi Universitas Muhammadiyah Sukabumi <a href="mailto:meirantimaudi12@ummi.ac.id">meirantimaudi12@ummi.ac.id</a>

## INTRODUCTION

Micro, small, and medium-sized enterprises (MSMEs) constitute a vital component of national and local economies, contributing substantially to employment and gross domestic product. In developing countries, the food and beverage sector particularly coffee shops has emerged as a dynamic sub-sector of MSMEs, offering both income generation and opportunities for innovation (Sidin & Indiarti, 2020). Despite their economic importance, many MSMEs face persistent constraints that limit competitiveness and growth, including limited market intelligence, inadequate adoption of digital technologies, weak branding, and inefficient distribution channels. These structural limitations often result in lower market reach and vulnerability to competitive pressure from larger chain operators (Takwa et al., 2025).

The coffee shop industry in Sukabumi City illustrates these broader challenges (Warsa, 2023). Officially recorded counts of local coffee shop MSMEs show pronounced instability between 2020 and 2024, rising from 65 units in 2020 to 115 in 2022, falling sharply to

approximately 40 units in 2023, and rebounding to 165 units in 2024, indicating episodic entry and exit and suggesting underlying fragility linked to market adaptation and business model resilience. Revenue patterns within the sector are likewise uneven: monthly revenue data for April-July 2023 reveal substantial month-to-month variation, underscoring the sector's exposure to demand shocks and operational challenges. Such volatility highlights an urgent need to identify managerial and strategic levers that can stabilize and expand sales performance for local coffee shop operators.

Two strategic domains business innovation and product differentiation have been proposed as potential mechanisms for improving competitive position and increasing sales volume (Ampa, 2023). A business hopes to create products or services that have never existed before by implementing strategic innovation. To face market competition, a company needs a creative and compelling innovation strategy to compete and ensure the sustainability of the products or ideas it offers. Innovation is a crucial step in facing increasingly fierce market competition. By innovating, companies can develop more attractive products that meet consumer needs and increase their competitiveness (Jawa & Situmorang, 2024). Business innovation, encompassing process, product, and organizational innovations, can improve efficiency, quality consistency, and the ability to respond to changing customer preferences (Murdani et al., 2025).

A product differentiation strategy is an approach aimed at presenting a product or product model that differs from those already on the market. Companies employ this strategy to create unique characteristics for their products, making them easily distinguishable from competitors. The goal is to create products that stand out from the crowd and attract consumer interest. Differences, such as variations in flavor, color, or packaging, make the product more appealing to consumers and encourage them to purchase (Ratnaningsih et al., 2023). Product differentiation, which includes differentiation of product attributes, service, and brand image, can create perceived value and reduce direct price competition (Hertiana et al., 2022). Although prior studies report mixed findings regarding the magnitude and direction of these effects in different MSME contexts, the combined role of innovation and differentiation in the Sukabumi coffee-shop sector remains under-examined (Wulandari & Murniawaty, 2019).

This study addresses that gap by empirically examining the influence of business innovation strategies and product differentiation strategies on sales volume among coffee shop MSMEs in Sukabumi City. Employing a quantitative associative design, the research surveys 114 coffee shop owners using saturated sampling and analyzes responses with standard psychometric and econometric techniques (validity and reliability assessment, classical assumption testing, multiple linear regression, and hypothesis testing). The research seeks to answer the following questions: (1) What is the current profile of business innovation and product differentiation practices among Sukabumi coffee shops? (2) To what extent does business innovation affect sales volume? and (3) To what extent does product differentiation affect sales volume?

The findings are expected to contribute both theoretically and practically. Theoretically, the study refines understanding of how innovation and differentiation interact to influence

sales outcomes in a local MSME service context (Wahyuningtiyas & Wardana, 2024). Practically, the results are intended to inform coffee shop owners and local policymakers about actionable strategic priorities such as technology adoption, process improvement, product variety development, and brand building that can enhance sales resilience and growth.

## METHOD

This study employed a quantitative associative design to examine the effects of business innovation and product differentiation strategies on sales volume among MSME coffee shops in Sukabumi City; the population comprised all registered coffee shops in the city, and a saturated sampling approach was used so that all 114 firms were surveyed. Data were collected via a structured, five-point Likert questionnaire that operationalized business innovation (process, product, organizational innovation), product differentiation (product, service, image differentiation), and sales volume (product, price, promotion, payment methods), and the instrument's psychometric properties were verified through item-total validity testing and Cronbach's alpha reliability analysis. Prior to hypothesis testing, classical regression assumptions were evaluated (normality of residuals, multicollinearity via tolerance/VIF, heteroskedasticity, and autocorrelation via Durbin-Watson) to ensure model adequacy; inferential analysis was conducted using SPSS v.22 and comprised descriptive statistics, Pearson correlation, multiple linear regression, the coefficient of determination ( $R^2$ ), and F and t tests at a 5% significance level to assess simultaneous and partial effects (Sugiyono, 2023).

## RESULTS AND DISCUSSION

### Demographic Characteristics of Respondents

This study involved 114 coffee shops in Sukabumi City. Personal data and business profiles were collected prior to the questionnaire to ensure the accuracy and honesty of responses. The following is the data on the respondents in the study sample, broken down by gender and age:

**Table 1.** Distribution of Characteristics of Respondents Based Gender

No.	Gender	Frequency	Percentage (%)
1.	Male	69	60,53%
2.	Female	45	39,47%
Total		114	100%

Based on the results of the table above, there are 69 male respondents with a percentage of 60.53%, while there are 45 female respondents with a percentage of 39.47%.

### Validity Test

The validity of this study is assessed using the SPSS version 22 test tool. Based on the data obtained from the questionnaire that was distributed to 114 respondents, the results of the validity test are as follows:

**Table 2.** Distribution of Characteristics of Respondents Based

Variable	Item	R Value	R Tabel	Information
Business Innovation Strategy	X1.1	0,784	0,186	Valid
	X1.2	0,732	0,186	Valid
	X1.3	0,719	0,186	Valid
	X1.4	0,739	0,186	Valid
	X1.5	0,783	0,186	Valid
	X1.6	0,761	0,186	Valid
	X1.7	0,797	0,186	Valid
	X1.8	0,744	0,186	Valid
	X1.9	0,753	0,186	Valid
Product Differentiation Strategy	X2.1	0,801	0,186	Valid
	X2.2	0,802	0,186	Valid
	X2.3	0,779	0,186	Valid
	X2.4	0,774	0,186	Valid
	X2.5	0,739	0,186	Valid
	X2.6	0,745	0,186	Valid
	X2.7	0,806	0,186	Valid
	X2.8	0,756	0,186	Valid
	X2.9	0,743	0,186	Valid
Increasing Sales Volume	Y.1	0,786	0,186	Valid
	Y.2	0,650	0,186	Valid
	Y.3	0,805	0,186	Valid
	Y.4	0,822	0,186	Valid
	Y.5	0,802	0,186	Valid
	Y.6	0,837	0,186	Valid
	Y.7	0,791	0,186	Valid
	Y.8	0,849	0,186	Valid
	Y.9	0,811	0,186	Valid
	Y.10	0,722	0,186	Valid
	Y.11	0,802	0,186	Valid
	Y.12	0,841	0,186	Valid

Based on table 2, all calculated r values are greater than the table r, which means that all statement items are considered valid and legitimate for use as data collection tools. Thus, the tool can be trusted to measure the variables discussed in this study.

### Reliability Test

Using the SPSS version 22 application, this method was carried out using Cronbach's Alpha, where a questionnaire is considered reliable if the Cronbach's Alpha score is greater than 0.6. The following are the results of the reliability test in this study.

**Table 3.** Reliability Test

Variable	Cronbach's Alpha,	Information
Business Innovation Strategy	0,907	Reliabel

Variable	Cronbach's Alpha,	Information
Product Differentiation Strategy	0,915	Reliabel
Increasing Sales Volume	0,946	Reliabel

All of the variables in this study have a reasonable degree of reliability, according to the data above. This is due to the fact that all variables have Cronbach's Alpha values larger than 0.6, which denotes consistent measurement outcomes. As a result, the research findings are trustworthy and the data can be utilized for additional investigation.

### Classical Assumption Test

Classical assumption tests are a series of statistical examinations that must be conducted in linear regression analysis to ensure the model is valid, unbiased, and consistent. These examinations include a normality test, a multicollinearity test, a heteroscedasticity test, and an autocorrelation test.

**Table 4.** Classcial Assumption Test

Criteria	Scale	Result	Information
Normality	0,05	0,200	Normally distributed
Multicollinearity	T: > 0,1 VIF: < 10	T: 0,997 X1, 0,997 X2 VIF: 1,003 X1, 1,003 X2	No multicollinearity
Heteroscedasticity	0,05	X1:0,82 X2:0,814	No heteroscedasticity
Autocorrelation	Du < Dw < 4-Du	1,891	No autocorrelation

The regression model satisfies every requirement for additional analysis based on the traditional assumption tests. The residuals are regularly distributed, according to the normality test, which yields a probability value of 0.200 (> 0.05). The multicollinearity test confirms the lack of multicollinearity by displaying tolerance values over 0.1 and VIF values below 10 for each independent variable. The absence of heteroscedasticity in the model is indicated by significance values larger than 0.05 in the heteroscedasticity test. Additionally, the Durbin-Watson value of 1.891 indicates that there is no autocorrelation because it falls between the upper bound ( $dU = 1.730$ ) and  $4 - dU = 2.27$ . As a result, the regression model is reliable and appropriate for coefficient interpretation and inferential analysis (F and t tests).

### Multiple Linear Regression Analysis

Regression analysis aims to assess how strong the relationship is between two or more variables and also indicates the direction of the relationship between the dependent variable and the independent variable (Ghozali, 2021, p. 145).

**Table 5.** Multiple Linear Regression Test

Model	Unstandardized		Standardized		t	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
1(Constant)	14.169	3.227			4.390	.000
STRATEGI INOVASI BISNIS	.495	.065	.505		7.640	.000
STRATEGI DIFERENSIASI PRODUK	.456	.062	.485		7.344	.000

Based on the results of multiple linear regression analysis, the regression equation  $Y = 114.169 + 0.495X1 + 0.456X2$  was obtained. This shows that Business Innovation Strategy

(X1) and Product Differentiation Strategy (X2) have a positive effect on Increasing Sales Volume (Y). This means that if both variables increase, coffee shop sales in Sukabumi City will increase significantly.

### Coefficient of Determination

The coefficient of determination, also known as R-squared, ranges from 0 to 1 ( $0 \leq R^2 \leq 1$ ), which indicates the degree of influence of the independent variable on the dependent variable.

**Table 5.** Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719 <sup>a</sup>	.517	.508	3.80163

The coefficient of determination analysis shows that business innovation and product differentiation strategies only contribute 51.7%, which is considered moderate. The remaining 48.3% is influenced by factors outside the research model. This suggests that further research is needed to identify other factors that have a greater influence on coffee shop sales in Sukabumi City.

### Partial Test (T)

Partial t-test is conducted to measure the extent to which the impact of each independent variable affects the variation in the dependent variable separately (Ghozali, 2021, p. 148),

**Table 6.** T Test

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	14.169	3.227		4.390	.000
STRATEGI INOVASI BISNIS	.495	.065	.505	7.640	.000
STRATEGI DIFERENSIASI PRODUK	.456	.062	.485	7.344	.000

Based on the analysis results, the independent variables, business innovation strategy and product differentiation strategy, were examined to identify their respective influences on the dependent variable, namely sales volume. The partial test results show that business innovation strategy has a significant positive influence on sales volume, as evidenced by the calculated t value of 7.640, which is greater than the t table of 1981. This finding is in line with Hotima & Sufa'ati (2020), which states that business innovation strategy has a positive and significant influence on increasing product sales volume.

The partial test results show that product differentiation strategy has a significant positive influence on sales volume, as evidenced by the calculated t value of 7.344, which is greater than the t table of 1981. This finding is in line with Novitasari & Ratnanto (2023), which states that product differentiation strategy has a positive and significant influence on increasing product sales volume.

These results indicate that enhancements in both business innovation strategy and product differentiation strategy partially contribute to increasing sales volume, as each variable demonstrated a direct and significant effect on sales growth.

### Simultaneous Significance Test (F)

The F test is used to evaluate whether the independent variable as a whole influences the dependent variable (Ghozali, 2021).

**Table 7.** F Test

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1714.518	2	857.259	59.316	0.000 <sup>b</sup>
	Residual	1604.219	111	14.452		
	Total	3318.737	113			

Based on the F-test results, a significance value of 0.000 was obtained, which is smaller than 0.05, and the calculated F-value of 59.316 is greater than the F-table of 3.078. These findings indicate that the variables of business innovation strategy and product differentiation strategy simultaneously have a significant influence on increasing sales volume. This finding is in line with Maesaroh (2020), which states that business innovation strategy and product differentiation strategy has a positive and significant influence on increasing product sales volume.

### CONCLUSION

Based on the research results, it can be concluded that business innovation strategies and product differentiation strategies both have a positive and significant effect on increasing sales volume in MSME coffee shops in Sukabumi City. Both variables fall into the moderate category, indicating that MSME owners understand the importance of innovation and product differentiation, although there is still room for further improvement. The implementation of effective innovation strategies, consistent personalized services, and the maintenance of product quality during promotional periods have been shown to support increased sales; therefore, the combination of managerial innovation and product differentiation is a competitive strategy that MSMEs should optimize. In practice, MSMEs are advised to accelerate governance transformation, consistently implement personalized services, and maintain quality during promotions. For further research, it is recommended to examine additional variables and expand the sample to improve generalizability.

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