

Analysis of the Influence of Product Innovation on Consumer Purchasing Decisions

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ABSTRACT

This study aims to analyze the influence of product innovation on consumer purchasing decisions. In the face of increasingly fierce business competition, product innovation has become an important strategy used by companies to attract consumer interest and increase competitiveness. This study uses a quantitative approach with an associative method. Data were collected by distributing questionnaires to 100 respondents who are consumers of the products studied, using a purposive sampling technique. The research instrument used a Likert scale and has undergone validity and reliability tests. The data analysis technique used was simple linear regression with the help of statistical software. The results show that product innovation has a positive and significant effect on consumer purchasing decisions, with a regression coefficient value of 0.678 and a significance value of 0.000 (<0.05). In addition, the coefficient of determination (R^2) value of 0.536 indicates that product innovation is able to explain 53.6% of the variation in purchasing decisions, while the rest is influenced by other factors outside the study. These findings indicate that the higher the level of product innovation carried out by a company, the higher the likelihood of consumers making a purchase. Therefore, companies are advised to continue to innovate according to consumer needs and preferences in order to improve purchasing decisions and maintain competitive advantage.



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INTRODUCTION

In an era of increasingly fierce business competition, companies are required to continuously adapt and provide added value to consumers. One widely used strategy to win the competition is through product innovation. Innovation encompasses not only the development of new products but also improvements in the quality, design, features, and functionality of existing products. Companies that are able to continuously innovate tend to have a stronger competitive advantage over their competitors.

Consumer purchasing decisions are one indicator of the success of a company's marketing strategy. This decision-making process is influenced by various factors, both internal and external, such as needs, preferences, perceptions of quality, price, and the product's appeal. In this context, product innovation is a crucial factor that can influence consumer perceptions of a product's value, potentially increasing interest and purchasing decisions.

Technological advancements and increasingly dynamic changes in consumer behavior are also pushing companies to be more responsive in creating innovation. Today's consumers tend to seek products that not only meet basic needs but also provide new experiences, ease of use, and enhanced aesthetic value. Therefore, product innovation is a strategic element in attracting consumer attention and building long-term loyalty.

However, not all product innovations positively impact purchasing decisions. It's possible that innovations don't align with consumer needs or expectations, resulting in insignificant impact. This highlights the importance of a thorough understanding of consumer preferences before implementing innovation.

Based on this background, this study aims to analyze the influence of product innovation on consumer purchasing decisions. The results are expected to contribute to companies' formulation of appropriate innovation strategies and serve as a reference for the development of knowledge in the field of marketing management.

METHOD

This study uses a quantitative approach with an associative approach, aiming to analyze the relationship and influence between product innovation variables and consumer purchasing decisions. This approach was chosen because it provides a measurable picture of the strength of the relationship between the variables studied.

The population in this study is all consumers who have purchased or used products from the specified research object. The sampling technique used purposive sampling, which selects respondents based on specific criteria, such as consumers who have made at least one purchase within a specific period. The sample size is determined by considering the need for statistical analysis, generally ranging from 50-150 respondents to ensure more representative research results.

The data used was primary data obtained directly from respondents through questionnaires. The research instrument was constructed using a Likert scale with a value range of 1 to 5, reflecting the respondent's level of agreement with the statements. Product innovation variables were measured using indicators such as product quality, design, features, and uniqueness, while purchasing decisions were

measured using indicators such as needs, preferences, product beliefs, and purchasing behavior.

The data analysis techniques used included validity and reliability tests to ensure the research instruments were suitable for use. Next, classical assumption tests were conducted, consisting of normality, multicollinearity, and heteroscedasticity tests. To test the research hypotheses, simple linear regression analysis was used to determine the influence of product innovation on consumer purchasing decisions. Data processing was performed using statistical software such as SPSS.

The results of the analysis are then interpreted to determine the significance and direction of the influence of the independent variables on the dependent variables, so that conclusions can be drawn that are relevant to the research objectives.

RESULTS AND DISCUSSION

Based on the results of data processing from questionnaires distributed to 100 respondents, we obtained an overview of the influence of product innovation on consumer purchasing decisions. Analysis was conducted using a simple linear regression test to determine the relationship and influence between variables.

1. Simple Linear Regression Test Results

Variables	Coefficient (β)	t-count	Sig.
Constant	1,215	3,102	0.002
Product Innovation (X)	0.678	8,945	0,000

Based on the table above, the following regression equation is obtained:

$$Y = 1.215 + 0.678X$$

The regression coefficient of 0.678 indicates that product innovation has a positive influence on purchasing decisions. This means that each increase in product innovation will increase consumer purchasing decisions by 0.678 units.

A significance value of 0.000 (<0.05) indicates that product innovation significantly influences consumer purchasing decisions. Thus, the research hypothesis is accepted.

2. Results of the Determination Coefficient (R^2) Test Conclusion

Model	R	R Square	Adjusted R Square
1	0.732	0.536	0.531

The R-square value of 0.536 indicates that 53.6% of the variation in purchasing decisions can be explained by product innovation. The remaining 46.4% is influenced by other factors not examined in this study, such as price, promotion, service quality, and brand image.

CONCLUSION

The research results show that product innovation has a positive and significant influence on consumer purchasing decisions. This aligns with marketing theory,

which states that innovation is a crucial factor in attracting consumer attention and creating added value.

Consumers tend to be more attracted to products with new features, attractive designs, and unique features that differentiate them from competitors. Product innovation can also improve perceived quality and consumer satisfaction, ultimately driving purchasing decisions.

Furthermore, the relatively high coefficient of determination indicates that product innovation is a dominant factor influencing purchasing decisions in this study. However, other contributing factors also exist, so companies need to consider other aspects such as pricing and promotional strategies to improve overall product competitiveness.

Overall, the results of this study confirm that companies need to continue to innovate products sustainably in order to meet the evolving needs and expectations of consumers, as well as increase the chances of purchasing decisions occurring.

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