



The Influence of Product Innovation and Digital Promotion on Purchase Intention in Cre4tify's Business in Semarang City

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Abstract

In the era of globalization and increasingly intense market competition, product innovation is a crucial aspect of the competitive business landscape. Digital promotion is also an effective means of enhancing awareness and interest in purchasing. Meanwhile, purchase intention serves as an important indicator reflecting consumer decisions to buy. This study aims to analyze the influence of product innovation and digital promotion on purchase intention for Cre4tify's business in Semarang City. The research employs a quantitative approach, with data collection conducted through questionnaires distributed to Cre4tify consumers. The sample consists of consumers who have purchased Cre4tify products. Data for the study is collected randomly using random sampling, involving 30 respondents. Data analysis is carried out using instrument testing techniques, including validity and reliability tests, multiple linear regression analysis, t-tests, and coefficient of determination tests. The findings indicate a significant positive influence of product innovation and digital promotion on purchase intention, suggesting that higher levels of product innovation and digital promotion lead to greater consumer interest in Cre4tify products. This research provides insights for the owner of Cre4tify to continue developing product innovation and digital promotion to enhance consumer appeal and satisfaction. Based on this phenomenon, the researcher has titled the study "The Influence of Product Innovation and Digital Promotion on Purchase Intention in Cre4tify's Business in Semarang City."

Keywords: Product Innovation, Digital Promotion, Purchase Interest

INTRODUCTION

Small and Medium Enterprises (SMEs) are a type of business characterized by a small scale and a focus on specific fields. SMEs can be owned by individuals or groups and operate independently, meaning they are not part of larger companies. SMEs play a crucial role in the Indonesian economy, serving as a primary driver that helps enhance economic growth and supports economic resilience, particularly in times of recession. Currently, there are more than 19.5 million SME operators in Indonesia. These medium enterprises contribute 61% to the country's Gross Domestic Product (GDP) and absorb approximately 97% of the total workforce. Thus, SMEs have a significant impact on the economic well-being of society and the stability of the national economy.

In this era of globalization and technological advancement, the business world faces increasingly complex challenges and opportunities. One strategy that can help companies remain competitive is product innovation. Product innovation encompasses not only the development of new products but also the improvement of existing product features, designs, and functions. In the context of small and medium enterprises (SMEs), product innovation is key to attracting consumer attention and meeting the ever-changing market demands. Product innovation is also a significant factor in stimulating purchase interest.

In addition to product innovation, digital promotion plays a vital role in enhancing the visibility and appeal of a business. With the increasing number of internet users, especially among the younger generation, marketing strategies through digital platforms such as social media, websites, and online advertising have become increasingly relevant. Effective digital promotion can reach a broader audience, create higher engagement, and encourage consumer purchase interest. In utilizing social media, SMEs can leverage popular platforms like Instagram and Facebook to promote their products with visually appealing content, such as attractive photos and videos.

Cre4tify is a business focused on creative products and located in Semarang. This enterprise falls into the category of Small and Medium Enterprises (SMEs) and has implemented product innovation and digital promotion strategies as a means to enhance competitiveness in the market. The product innovations carried out by Cre4tify aim to capture consumer attention by offering unique and high-quality items.

On the other hand, digital promotion assists Cre4tify in reaching a broader audience through social media, online advertising, and e-commerce platforms. Despite the implementation of these strategies, questions remain regarding the extent of the impact of product innovation and digital promotion on consumer purchase interest. This indicates the need for further research to understand the relationship between these factors and how they influence consumer purchasing decisions.

LITERATURE REVIEW

Product Innovation

Product innovation refers to the process of developing and improving products aimed at enhancing their value in the eyes of consumers. Product innovation is defined as the process of renewing both new and existing products by developing what already exists to maintain product consistency and prevent consumer fatigue with current offerings (Pebriani & Busyra, 2023). According to Kotler & Armstrong (2012), product innovation is a key factor in winning market competition, as consumers tend to be attracted to products that possess unique features or new attributes not offered by other products. Product innovation encompasses various aspects, such as design, quality, and functionality, which can meet the ever-evolving needs of consumers.

In the context of Micro, Small, and Medium Enterprises (MSMEs), product innovation becomes a crucial strategy for enhancing competitiveness in both local and global markets. A study by Utami (2015) indicates that MSMEs that periodically engage in product innovation are able to enhance consumer appeal and boost sales. This is attributed to consumers' tendency to continually seek new offerings, particularly products that offer superior quality and functionality

According to Kotler and Armstrong (2004) as cited in Moputi et al. (2018), there are three indicators of product innovation:

1. Product Quality, which implies that high product quality builds consumer trust, thereby contributing to consumer satisfaction.
2. Product Variants, which serve as a competitive means to differentiate one product from another, or to distinguish the products offered from those of competitors.

3. Product Design, which not only focuses on appearance or style but encompasses a broader concept. In addition to considering aesthetics, design aims to enhance product performance, reduce production costs, and provide a competitive advantage. With the right design, companies can create added value for customers that goes beyond mere product appearance, encompassing functionality and efficiency.

Digital Promotion

Digital Promotion refers to marketing efforts conducted through various digital platforms such as social media, websites, and online advertising, aimed at reaching a wider audience. Digital promotion has proven to be an effective tool in increasing brand awareness and consumer purchase interest. Promotion is a critical communication activity for companies to introduce products, attract consumer buying interest, and facilitate the distribution of products, services, or ideas.

According to Chaffey & Ellis-Chadwick (2019), digital promotion allows companies to reach consumers in a more personal and interactive manner, which has the potential to enhance purchase conversions. Additionally, digital promotion is defined as a marketing medium that utilizes various internet facilities and available information technologies to expand and improve marketing functions (Victoriadita & Wahyuningtyas, 2023).

Research by Putra (2020) also indicates that digital promotion has a significant influence on purchase interest, particularly among millennials who actively use social media. Interactive digital marketing activities, such as the use of influencers or promotions through platforms like Instagram and Facebook, can create direct engagement with consumers, ultimately increasing their purchase interest.

Purchase interest

Purchase interest refers to the desire or inclination of consumers to buy a product after considering various factors, such as needs, product appeal, and financial capacity. According to Schiffman & Kanuk (2010), purchase interest is one of the stages in the purchasing decision process, influenced by internal factors (such as personal needs and perceptions) as well as external factors (such as promotions and product information).

Purchase interest is shaped by an individual's experiences and thoughts, which then generate motivation. This leads to a strong desire to satisfy needs by realizing what exists in

their minds. There are many factors that influence consumer purchase interest in a product or service.

Research by Sukmawati (2017) indicates that product innovation and appropriate marketing strategies can enhance consumer purchase interest, particularly in the context of Micro, Small, and Medium Enterprises (MSMEs). The study emphasizes that consumers tend to be attracted to products that not only meet basic needs but also offer added value, such as unique innovations or ease of access through digital promotions.

The Influence of Product Innovation and Digital Promotion on Purchase Interest

In the combination of product innovation and digital promotion, research indicates that both are interrelated in influencing consumer purchase interest. Product innovation supported by effective digital promotion strategies can significantly enhance purchase interest. Rachman (2018) emphasizes that creative product innovation, without the backing of appropriate promotion, will not yield optimal sales results. Conversely, intensive digital promotion without corresponding product innovation will also fail to capture consumer attention.

Cre4tify, as a creative enterprise in Semarang, needs to integrate product innovation and digital promotion to enhance product appeal and purchase interest. Digital promotion can help introduce product innovations more widely, while product innovation can provide strong reasons for consumers to make a purchase.

RESEARCH METHODOLOGY

This research employs a quantitative approach as it aims to measure the influence of independent variables, namely product innovation and digital promotion, on the dependent variable, which is purchase interest. The quantitative research will utilize numerical data collected through questionnaires and analyzed statistically. Sugiyono (2019) states that quantitative research methods are based on positivist philosophy, used to study a specific population or sample, data collection using research instruments, and data analysis that is quantitative/artistic, with the aim of testing established hypotheses.

Population and Sample

- **Population:** The population of this research comprises consumers of Cre4tify in Semarang who have previously interacted with the products or seen digital promotions from the business.
- **Sample:** The sampling technique used is purposive sampling, where samples are selected based on specific criteria, such as consumers who have purchased products or are aware of Cre4tify through digital promotions. A minimum of 30 respondents will be taken as samples, in accordance with the statistical testing rules for simple linear regression.

Data Collection Technique

Data is collected using a questionnaire consisting of a series of statements. The questionnaire is designed to measure three main aspects:

- **Product Innovation:** The extent to which consumers perceive innovation in the offered products.
- **Digital Promotion:** Consumers' perceptions of the effectiveness of the digital promotions conducted.
- **Purchase Interest:** Consumers' desire to purchase products after observing the innovations and promotions.

Data Analysis Technique

The testing technique involves distributing the questionnaire to customers. The collected data is analyzed using SPSS Version 22 to determine validity and reliability.

- **Validity and Reliability Tests:** Before conducting the main analysis, validity and reliability tests are performed to ensure that the questionnaire can accurately and consistently measure the variables.
- **Classical Assumption Tests:** Normality, multicollinearity, and heteroscedasticity tests are conducted to ensure that the regression model meets the basic assumptions.
- **Multiple Linear Regression:** Multiple linear regression analysis is employed to test the influence of product innovation (X1) and digital promotion (X2) on purchase interest (Y).

Hypothesis Testing

- t-Test: To test the partial effects of each independent variable (product innovation and digital promotion) on purchase interest.
- F-Test: To test the simultaneous effect of product innovation and digital promotion on purchase interest as a whole.
- Coefficient of Determination (R²): Used to determine the extent of the independent variables' contribution to explaining the dependent variable.

RESULT AND DISCUSSION

Data Analysis

Validity Test

All items in the variables of Product Innovation, Digital Promotion, and Purchase Interest demonstrate significant correlation values, indicating that each item has a substantial contribution to measuring the variable it represents. This suggests that the instruments used possess good validity.

Reliability Test

The variables of Digital Promotion and Purchase Interest exhibit high reliability values (Cronbach's Alpha > 0.70), whereas the reliability for Product Innovation is slightly lower (< 0.60). This indicates that the measurement instrument for Product Innovation requires improvement or reevaluation to enhance its consistency.

Normality Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			30
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		1.67968792
	Most Extreme Differences	Absolute	.139
	Positive	.088	
	Negative	-.139	
Test Statistic			.139
Asymp. Sig. (2-tailed)			.142 ^c

It can be observed from the table above that the residuals of the regression are normally distributed, with a p-value of 0.142, which is greater than 0.05. This indicates that the assumption of normality is satisfied.

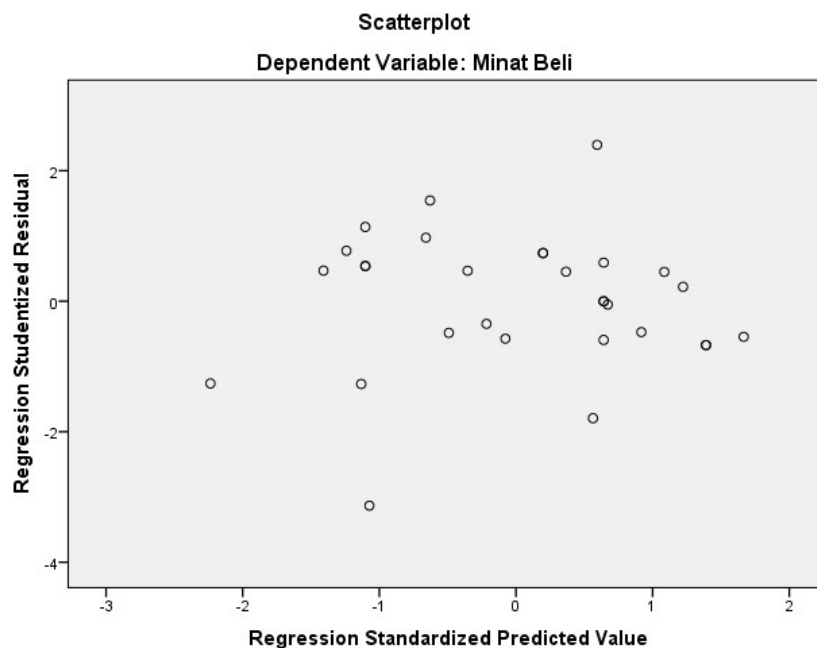
Multicollinearity Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-3.987	3.507		-1.137	.266		
Inovasi Produk	.859	.210	.516	4.090	.000	.611	1.635
Promosi Digital	.387	.112	.435	3.448	.002	.611	1.635

The results of the multicollinearity test indicate that both independent variables (Product Innovation and Digital Promotion) do not experience multicollinearity issues, with a Tolerance value of 0.611 and a VIF value of 1.635 (below the threshold of 10).

Heteroscedasticity Test



The points on the scatterplot are evenly distributed both below and above the zero mark on the Y-axis. This indicates that the test is free from heteroscedasticity.

t-Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-3.987	3.507		-1.137	.266		
Inovasi Produk	.859	.210	.516	4.090	.000	.611	1.635
Promosi Digital	.387	.112	.435	3.448	.002	.611	1.635

As observed from the table above, the Product Innovation variable has a significant effect on Purchase Interest, with a t-value of 4.090 and a p-value of 0.000 (significant at the 1% level). The Digital Promotion variable also has a significant effect on Purchase Interest, with a t-value of 3.448 and a p-value of 0.002.

F-Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	228.981	2	114.490	37.781	.000 ^b
	Residual	81.819	27	3.030		
	Total	310.800	29			

The F-test indicates that, simultaneously, the variables of Product Innovation and Digital Promotion have a significant effect on Purchase Interest, with an F-value of 37.781 and a p-value of 0.000 (significant at the 1% level).

Determination Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858 ^a	.737	.717	1.741

The R-squared value of 0.737 indicates that 73.7% of the variability in Purchase Interest can be explained by the variables of Product Innovation and Digital Promotion. The remaining 26.3% is explained by other variables not included in the model.

The results of this study indicate that product innovation and digital promotion play a significant role in enhancing purchase interest in Cre4tify's business. Successful product

innovation that meets consumer needs and effective digital promotion in reaching the target market can increase product appeal. These findings align with the literature suggesting that innovation and appropriate marketing strategies enhance competitiveness and consumer purchase interest.

CONCLUSION

From the study on the Influence of Product Innovation and Digital Promotion on Purchase Interest in Cre4tify's business in Semarang, several important findings can be obtained. The statistical test results indicate that:

1. **Product Innovation** has a significant and positive effect on Purchase Interest. The higher the level of product innovation offered by Cre4tify, the greater the consumer interest in purchasing the product. Innovations in terms of quality, features, and product design play a crucial role in attracting consumer interest.
2. **Digital Promotion** also has a significant effect on Purchase Interest. The use of digital media, such as online advertisements and social media, can effectively increase consumer awareness and interest in Cre4tify's products. Consumers exposed to digital promotions tend to show a higher inclination to purchase the products.
3. **Simultaneously**, both product innovation and digital promotion provide a significant impact on consumer purchase interest, contributing 73.7% to the variability in purchase interest. This indicates that the combination of these two strategies is essential for enhancing product appeal and consumer satisfaction.

Based on this research, it is recommended that Cre4tify continue to enhance product innovation and maximize digital promotion as efforts to maintain and increase consumer purchase interest, particularly amidst increasingly competitive market conditions.

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