

## APPLICATION OF INNOVATION MANAGEMENT STRATEGIES FOR THE COMPETITIVENESS OF ONLINE PRODUCT COMPANIES

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### **Abstract**

In the modern industrial world, there is intense competition among all businesses as they strive to become more competitive in order to survive and compete on the worldwide market. Information technology is a vital component of the corporate world, particularly in light of the fiercely competitive commercial environment. Business strategy matters become more crucial to firm management because of this competitiveness. Innovation management strategy is an important step for online product companies to increase their competitiveness in the market. By implementing the right innovation strategy, companies can create unique products or services, meet customer needs, and face competition with competitors. By implementing the right innovation management strategy, online product companies can increase their competitiveness in the market. Implementing market orientation and innovation, adopting advanced technology, developing new business models, tailored marketing approaches, and product and service innovation are some of the steps that can help companies achieve these goals.

**Keywords:** strategy, innovation management, competitiveness, online product companies

### **INTRODUCTION**

The digital era is bringing profound changes in the methods by which businesses run, engage with clients, and fight in the international market. Digital technology has become the main driver of this transformation and

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influences almost all aspects of business life, from business models, to marketing and distribution methods. These changes have created new challenges and major opportunities for organizations around the world. Organizations must be able to adapt quickly to technological changes and evolving consumer behavior, while maintaining their relevance and competitiveness in an increasingly competitive market (Soeratin, 2024).

Rapid and ongoing changes in a variety of disciplines characterize industrial development in the globalization era. This demonstrates how the competition in business is becoming more intense when it comes to technological prowess. In the modern industrial world, there is intense competition among all businesses as they strive to become more competitive in order to survive and compete on the worldwide market. Information technology is an essential component of the corporate world, particularly in light of the fiercely competitive commercial environment (Riyadi, S., & Sumardi, 2017). Business strategy matters become more crucial to firm management because of this competitiveness. Strategic decision-making errors can have disastrous effects on an internet product company's ability to compete and even survive. Thanks to the internet, technological advancements have created new business options. One of them is the expansion of online shopping. One of the cutting-edge technologies that propels Indonesian digital company growth is e-commerce (Rudskaia, I., & Rodionov, 2018). E-commerce is currently an online activity or venue for the sale of goods and the purchase of tangible or electronic goods. According to Maier et al. (2019), e-commerce refers to the purchasing and selling procedure that makes use of electronic devices like phones and the internet. E-commerce has brought about numerous changes in the business world. Unlike traditional retail, it no longer necessitates in-person meetings for the purchasing and selling procedure. The only transaction processing required of sellers and purchasers is online. The e-commerce sector is expanding quickly due to factors like the rise in internet users, advancements in information technology, and shifts in consumer behavior. This presents new difficulties for companies operating in the sector. Businesses who can integrate information and technology into their operations are able to compete in this competition. Using electronic commerce to promote a variety of goods and services in both physical and digital form is one way that technology is being implemented to increase business competition and product sales (Zabala-iturriagoitia, 2014). must be able to endure and compete in the sector Businesses need to have

the appropriate plan in this situation, and one such plan should be innovation management.

Ildikó-Csilla, T. (2018) stated that business innovation strategies are the key to responding to this challenge, by utilizing digital technology as a tool to create added value for customers, improve internal processes, and expand markets. However, while innovation opportunities in the digital era appear limited, many organizations face obstacles in designing and implementing effective innovation strategies. Some of the obstacles include evolving technological complexity, market uncertainty, and challenges in acquiring and retaining necessary talent. Additionally, cultural and structural changes are often required to support this digital transformation, which can be challenging for organizations with established cultures and processes.

One of the most important factors in raising a company's competitiveness is innovation. Businesses must keep innovating if they want to develop better, more customer-focused new goods and services. The practice of managing innovation within a business to enable it to provide long-term competitive advantages for the enterprise is known as innovation management (Halim et al., 2021). Because innovation management may generate the newest ideas ahead of ever-more-rapid, ever-more-diversified, and ever-more-dynamic world advances, it is essential. A company's set of guidelines and procedures for achieving its innovation objectives is known as its innovation management strategy. Strategies for innovation management must be customized to the requirements and circumstances of each business. Businesses who don't put their innovation strategies into practice will suffer. It will be harder for these businesses to compete and endure in a time when competition is getting more intense (Lopes et al., 2022).

Several elements of digital innovation were identified by Chen et al. (2019) in their previous study, "Business innovation strategies to increase competitiveness and organizational growth in the digital era." These results demonstrate how important e-commerce, data-driven decision making, teamwork, and better consumer experiences are to boosting growth and competitiveness. The ramifications encompass MSMEs in quest of efficacious tactics, politicians creating a conducive atmosphere, and scholars expanding their comprehension of the intricate relationships between innovation and digitization. According to a study titled "The Role of Innovation Management in Improving the Performance of Educational Organizations," management innovation is a must for any company in order to adapt to change and compete globally (Gecevska et al., 2011).

To gain the organization a competitive edge, innovation is needed because the current management, which is scientifically based management, is subject to change. New business models, services, client interfaces, and administrative changes are all potential avenues for innovation breakthroughs in service firms. When innovation is reinforced by creativity, expertise, knowledge, and community needs, it becomes a reality. Even yet, a large body of research has been done on the subject of innovation management's contribution to a company's increased competitiveness. This research is innovative since it examines an area that hasn't been explored before: the use of innovation management techniques to boost online product companies' competitiveness. The e-commerce sector was picked because it plays a significant role in the global economy and has the potential to boost productivity and effectiveness as well as accessibility, competition, and job creation. Indonesia has a sizable population and a growing number of internet users, which presents a huge opportunity for e-commerce and could benefit the country's economy.

#### **RESEARCH METHOD**

This research uses a descriptive method by collecting data from various trusted sources, including literature studies and recent publications. A descriptive approach is used to comprehensively describe the implementation of innovation management techniques on online product companies' ability to compete. The first stage in this research method is collecting literature that is relevant to the research topic. A literature search was carried out through academic databases, scientific journals and related publications discussing Innovative management techniques to boost online goods companies' competitiveness. The selected literature must be of good quality and relevant to the research objectives. After collecting literature, analysis and synthesis of the information found was carried out. Relevant data and information about innovation management strategies for the competitiveness of online product companies are analyzed comprehensively to identify the meaning, objectives and ways of implementing innovation management, the relationship between innovation management and online product companies, innovation strategies for increasing the competitiveness of related online product companies with research topics.

## **RESULT AND DISCUSSION**

### **Definition, Objectives, and How to Implement Innovation Management**

According to Nambisan et al., (2017) innovation management is a process used by companies to identify, evaluate, and implement new ideas and innovative concepts. This includes planning, organizing, directing and controlling the resources needed to achieve the formation of a product, process or business in the innovation process. The aim of innovation management is to improve company performance and increase company competitiveness.

Haefner et al., (2021) stated that innovation can be done by making significant changes in products or business processes. For example, by changing the product formula, production process or adding new features to the product. However, innovation can also be done by creating something different in the business model, such as creating a new business based on the latest technology or changing existing business processes.

In general, innovation management can help companies stay relevant and competitive in an ever-changing market. Companies can improve their performance and competitiveness by creating new innovations and implementing them well. However, it is important to remember that innovation is not a process that can be completed, but is a continuous process and must be carried out continuously (Appio et al., 2021).

In the era of digital transformation, companies are faced with the need to innovate more and more quickly. Therefore, innovation management is something that needs to be studied and carried out carefully. The following are some of the goals of innovation management (Migdadi, 2021):

#### **1. Improve Company Performance**

Through the implementation of innovative ideas and concepts in products, models or business processes, companies can improve their performance and profits. This can be done by changing existing products or processes, or by creating different innovations in the business model. It is hoped that these innovations will help companies improve efficiency, reduce costs or increase sales.

#### **2. Increase Company Competitiveness**

Innovation management can help create unique and innovative products or services, thereby increasing the company's competitiveness in the market. Innovation can help companies stay relevant and competitive in an ever-changing market, can create products or services that are better than those on the market, and can make the company better known in the market.

### 3. Developing the Company

The ultimate goal is change and develop the company further by generating new business concepts and developing fresh goods, services, or technological advancements for a market that is always evolving. Furthermore, businesses can boost staff engagement and customer happiness by using effective innovation management.

All new developments in business can technically be related to innovation. To understand what innovation management actually looks like in practice, it is helpful to understand four key aspects of innovation management (Tidd et al., 2020):

#### 1. Capability

The first aspect of innovation management is having capability. Capability is a company's ability to identify, develop and implement new ideas in the innovation process. This includes the technical competencies, processes and resources needed to implement the innovation created. This ability also includes skills in searching for and evaluating new ideas, as well as in communicating and developing these ideas into products or services that can be sold to customers. So the company is also multi-functional which is open to developing innovative ideas.

#### 2. Structure

Structure is how a company plans, manages and evaluates the innovations that have been created, including the division of tasks and responsibilities. This includes creating a system capable of identifying, evaluating and implementing innovative ideas, as well as creating an organizational structure capable of supporting the innovation process. This aspect is necessary so that all parties in the company have a common understanding of something.

#### 3. Culture

Culture is the values, norms, and behaviors accepted within a company that can support or hinder innovation. The innovative cultural aspect is determined by a company culture that encourages initiative, creativity and risk. Company management must be able to create a work environment that allows employees to think creatively and provide support for pursuing new ideas.

#### 4. Strategy

Strategy is how a company introduces ideas and integrates innovation into its long-term business plans and achieves its business goals. Innovation must be combined with the company's overall business strategy in order to

provide added value to the company in responding to opportunities. This can be done through a range of new product development methods, cost efficiencies, or improved customer service.

According to Santoro et al., (2018), there are at least three main methods of innovation management that can be used. A business can practice them individually or combine them, depending on the project and its goals. These methods include:

1. Incremental Innovation

Incremental innovation refers to small-scale, stable improvements that businesses continuously make to their products, services, systems, or processes.

Example: A sports watch company decides that instead of trying to design different watches, they will simply focus on making improved models each year. They understand that these small innovations won't necessarily get the desired hype, but they know that with steady improvements, they can grow their business, attract new customers, and encourage repeat purchases.

2. Architectural Innovation

Architectural innovation allows companies to make major changes in today's markets or industries. This type of innovation management is very common in the technology industry, where sudden technological innovations can propel technology companies into new areas of their markets.

Example: Cell phone manufacturers innovate with new, smaller, more powerful chips for their devices. This has the potential to make the next phone release a significant improvement compared to previously launched phones. Although innovation like this is a much bolder approach than incremental innovation and can change a business's position in the market, it is unlikely to revolutionize an entire industry as a whole.

3. Disruptive Innovation

Disruptive innovation is an innovation that can change the entire current market. These innovations can be very effective, but they are also more difficult to achieve, considering that most disruptive innovations are extraordinary advances in their fields.

Example: In the motorbike industry which still uses petrol as fuel, a company suddenly releases an electric motorbike which is more environmentally friendly and can be charged in many areas easily. This shows a very disruptive innovation in the market.

## **The Relationship between Innovation Management and Online Product Companies**

The relationship between innovation management and online product companies is very close. Innovation management involves managing the innovation process in a company's products, services, and business processes. In the context of online product companies, innovation management can help companies develop innovative products, improve customer experience, and increase competitiveness (Khalatur et al., 2022). One example of the link between innovation management and online product companies is in product development. In the online product industry, product innovation is critical to meeting evolving customer needs and preferences. For example, a cell phone company can innovate products by improving the quality of the cameras on their cell phones. By following these developments, cell phones with good camera capabilities will be increasingly sought after by the public, thereby increasing the public's perception of the company's worth (Urbinati et al., 2020).

Apart from that, innovation management can also help online product companies improve customer experience. By adopting innovations in customer experience, such as using advanced technology or developing new features that make transactions easier for customers, companies can build good relationships with customers and increase their loyalty. In terms of managing business processes, innovation management can also help online product companies improve their operational efficiency and effectiveness. By implementing innovation in business processes, companies can identify and implement changes that can boost output, cut expenses, and raise the caliber of the given goods or services. In general, innovation management contributes significantly to raising the competitiveness of online product companies. By adopting innovation in product development, customer experience, and business processes, companies can meet evolving market needs and differentiate themselves from competitors (Gupta, 2018).

## **Innovation Strategy to Increase the Competitiveness of Online Product Companies**

Product and process innovation is very important for a business to survive and thrive. However, these companies often face resource constraints and operational challenges that can hinder their ability to innovate. To overcome these limitations, companies must implement appropriate innovation strategies. This strategy includes product innovation, process

innovation, marketing innovation and business model innovation. Implementing these strategies can help companies differentiate in the market, increase customer value, and capture new growth opportunities. This strategy is designed to ensure that the company's main goals can be achieved through proper implementation and developed plans. a comprehensive and integrated way, linking the benefits of business strategy.

Strengthening the company's innovation strategy to increase competitiveness. Competitiveness can also be understood as competitive advantage based on potential. According to Farida et al., (2022), competitive advantage emerges and develops from the value created by the company. Thus, value is created through a logical and creative process (innovation). Wen et al., (2022) also mentioned indicators of competitive advantage, including replicability, sustainability, and ease of integration. Innovation is the key to increasing company competitiveness. Now that we have entered the digital world, conventional marketing efforts can no longer maximize business success. Of course, time passes faster and this big world feels closer. Therefore, the ability to create, combine and solve problems is very necessary in innovation activities.

Innovation activities to increase competitiveness can easily be implemented in the form of observation, imitation and modification. These three ways are very useful for finding inspiration. Furthermore, Bayraktar (2017) argues that business innovation includes innovation in business models, marketing, organizations, processes and technology, products, services and supply chains. Therefore, it is important to carry out innovation activities to increase the value and advantages of existing situations and conditions. Increasing a company's competitiveness can be achieved primarily through innovation. To meet consumer needs, businesses must keep innovating to provide new and improved goods and services. Businesses who don't have an innovation plan will lose money. In a time of escalating competition, it will get harder for businesses to compete and survive. Several innovative tactics can help online product companies become more competitive be implemented. The following are several innovation strategies that can help increase the competitiveness of online product companies (Svatosova, 2020):

1. E-commerce Adoption: E-commerce adoption is an important innovation strategy in increasing the competitiveness of online product companies. With the adoption of e-commerce, companies can expand their market reach and increase the accessibility of their products.

2. **Data-Based Decision Making:** Another innovation strategy is data-based decision making. By collecting and analyzing customer data, companies can better understand customer preferences and needs. This allows companies to develop products that better suit customer desires and improve the customer experience.
3. **Collaboration:** Collaboration between the business and technology sectors is also an important innovation strategy. By working with technology companies, online product companies can create innovative ecosystems that drive growth. This collaboration can help companies integrate innovation into all aspects of their operations.
4. **Improved Customer Experience:** Improved customer experience is also an effective innovation strategy. By providing unique and satisfying customer experiences, companies can build good relationships with customers and expand their customer base.
5. **Product Innovation:** Product innovation is also an important innovation strategy in increasing the competitiveness of online product companies. By developing different and special products, companies can attract customer interest and differentiate themselves from competitors.
6. **SWOT Analysis:** Businesses can assess their opportunities, threats, weaknesses, and strengths with the use of SWOT analysis. Knowing these elements, companies can design innovation strategies that are more effective and in line with market needs

It is important to note that appropriate innovation strategies may vary depending on a company's characteristics and needs. Therefore, companies need to conduct in-depth analysis and consider their business context before implementing a particular innovation strategy.

## **CONCLUSION**

Innovation management strategy is an important step for online product companies to increase their competitiveness in the market. By implementing the right innovation strategy, companies can create unique products or services, meet customer needs, and face competition with competitors. The following are several important points related to implementing innovation management strategies for the competitiveness of online product companies:

1. **Implementation of Market Orientation and Innovation:** Implementation of market orientation and innovation is an important factor in increasing the competitiveness of online product companies.

2. **Adoption of Advanced Technology:** Online product companies can increase their competitiveness by adopting advanced technology. This may include adopting new technologies that can improve operational efficiency, product or service quality, and create unique customer experiences.
3. **New Business Models:** Apart from adopting advanced technology, online product companies can also implement new business models as an innovation strategy. In an article discussing innovative strategies in increasing business competitiveness in the digital era, it is stated that companies can explore new business models that suit dynamic market needs.
4. **Tailored Marketing Approach:** Online product companies can also increase their competitiveness by implementing a marketing approach tailored to dynamic market needs.
5. **Innovation in Products and Services:** Innovation in products and services is an important aspect in increasing the competitiveness of online product companies. In a study, it was found that product innovation plays an important role in maintaining a company's competitiveness and relevance by presenting new or improved products or services, so that they can better meet customer needs and desires than competitors.

By implementing the right innovation management strategy, online product companies can increase their competitiveness in the market. Implementing market orientation and innovation, adopting advanced technology, developing new business models, tailored marketing approaches, and product and service innovation are some of the steps that can help companies achieve these goals.

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