

Business Development by Product Innovation in The New Normal Era

Yenny Maya Dora¹

Universitas Widyatama Bandung – Indonesia
yenny.maya@widyatama.ac.id

Oktora Yogi Sari²

Universitas Widyatama Bandung – Indonesia

Intan Widuri Sakti³

Universitas Widyatama Bandung – Indonesia

Nugraha Saefudin⁴

Universitas Widyatama Bandung – Indonesia

Yusep Budiansyah⁵

Universitas Widyatama Bandung – Indonesia

Asep Sudrajat.⁶

Universitas Widyatama Bandung – Indonesia

Abstract

During the new normal era, purchasing power tends to decrease and has not returned to the time before the Covid-19 pandemic emerged. Consumer behavior also changes and this causes changes in the business world. Uncertainty during this crisis made consumers need to be more careful in taking action during the new normal period like today. Consumers are more selective in shopping and prefer to save their funds due to fears of tightening liquidity in financial markets.

When the new normal phase takes place, competition between business actors is certainly getting tighter with unstable economic market conditions. Purchasing power has not returned to normal, the value of assets automatically decreases. In these conditions, hard work alone is not enough. All are required to innovate as a way out to return to normal. Because without innovation, it will be difficult to make products that are able to create markets, and make breakthroughs that can provide business benefits.

In innovation, the ability to use existing data is needed to turn the current transition period into business profits. Innovation can be in the form of creating quality products at low costs, or creating simple but effective marketing or sales strategies. Innovation is not only limited to business strategy, but also the physical form of the product itself.

Therefore, the MSMEs in Bandung are required to carry out business development by Product Innovation in order to increase their sellers. So that the business can survive and thrive. In an effort to help the MSMEs in the city of Bandung to develop business in order to increase sales of their products. In order to do so, teams of lecturer of Widyatama University provided assistance by explaining and providing examples of business development by Product Innovation. This activity will encourage MSMEs in the City of Bandung to make product innovations produced by their business.

Keywords

New Normal, Business Development, Product Innovation and Sales.

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Introduction

The new normal condition or what is commonly known as the new normal era had created uncertainty, especially in the business sector. Business people are busy making speculations of what will happen in the future without having a definite clue how changes occur in every line of life.

During the new normal, purchasing power may still tend to shrink and have not returned to normal. Consumer behavior is no longer the same as before the Corona Virus pandemic emerged, and had caused changes in the business world. The uncertain situation during the crisis makes people more careful to take action during the new normal period like now. People are becoming more selective in shopping and choosing to keep their funds in fear of tightening liquidity in the financial market.

As a result, business actors, especially MSMEs, can only bite their fingers because demand does not flow fast. Therefore, MSMEs must be observant in seeing new business opportunities when the new normal is present. One way is by observing changes in people's consumption patterns in various lines, then shifting business strategies to opportunities that arise in front of their eyes according to the observations that have been made.

The thing to remember is that opportunities do not only come from the business field that they are currently engaged in, but can also come from other business sectors. The point is not to waste the slightest opportunity that comes. Create products according to the current new normal conditions. Current conditions force business actors to think about work and get out of their comfort zone. Thinking outside the box is a must if you want to survive the transition.

When the new normal phase takes place, competition is certainly getting tougher with unstable economic market conditions. Purchasing power has not returned to normal, the value of assets automatically decreases. In these conditions, hard work alone is not enough. All are required to innovate as a way out to return to normal.

Without innovation, it will be difficult to make products that are able to create markets, and make breakthroughs that can provide business benefits. In creating innovation, the ability to use existing data is needed to turn the current transition period into business profits. Innovation can be in the form of creating quality products at low costs, or creating simple but effective marketing or sales strategies. Innovation is not only limited to business strategy, but also the physical form of the product itself.

Therefore, the MSMEs in Bandung are required to be able to develop their business by way of Product Innovation in order to increase their sales. So that the business can survive and thrive. The PKM activity of the Lecturer Team of the Faculty of Business and Management at Widyatama University this time aims to help MSMEs in the City of Bandung to be able to develop their businesses by way of Product Innovation. Product innovation is carried out in order to increase sales of goods or services produced by these SMEs.

Business Development

Business development is every effort to improve the implementation of current and future work, by providing information, influencing attitudes or increasing skills (Owusu, Owusu Ansah, Djan, & Anin, 2021). The development of a business is the responsibility of every entrepreneur or entrepreneur who requires foresight, motivation and creativity.

In general, business owners in developing their business must be able to see opportunities where other people are not able to see it, seize opportunities and start a business (business), and run a business successfully. Business development is a method or process of improving current and future work by increasing business expansion and the quality and quantity of production rather than economic activity by moving the mind, energy and body to achieve a certain goal.

Types of Business Development

According to De Carlo et al. (2021), in general, business development is divided into two types, namely:

Vertical development. Vertical development is business expansion by building a new business core that still has a direct relationship with its main business.

Horizontal development. Horizontal development is the development of a new business that aims to strengthen the main business to gain a comparative advantage, which product line has no relationship with the core business.

According to [Owusu et al. \(2021\)](#), based on the way business development is divided into three types, namely:

Upstream or downstream expansion. The direction of business development is adjusted to your current business position, if the business is downstream, then the development is towards upstream. Pros: development in this position is easier, because you already know the market, material sources, and technology. Disadvantages: if there is a weak demand for products in this business, then the level of sales will decrease.

Business diversification. Business diversification is expanding the business into various types of businesses. Pros: if one type of business experiences a decrease in market demand (loss), then the other business can still cover the loss. Disadvantages: developing this method is quite difficult because you have to learn from the beginning the market, material sources, or technology and so on.

Selling business (franchise). The meaning of selling a business here is to sell the patent. This is done when the business already has a patent on the product or service and its marketing concept.

Business Development Strategy

According to [Liguori and Zane \(2021\)](#), there are several strategies commonly used in business development, namely as follows:

Developing the market from the product side

Developing the market from the product side is the most feasible step to do first because the main product has been introduced and has grown, so that the problems of profitability (ability to make a profit) as well as popularity and quality have been accepted in the market.

Product Innovation

Product innovation is creating new products that can meet the needs and desires of consumers so that buying interest arises for the product, which is expected to be realized through purchasing decisions. Product innovation must be able to create a sustainable competitive advantage in a rapidly changing environment and towards a global market. The success of product innovation requires a match between the process and the enabling environment. In addition, the success of the innovations implemented must be continuous and not incidental. Product innovation is improving or improving the function of the use of a product or resource so that humans get more benefits than before.

The Objectives of Product Innovation

The objectives of innovation are as follows;

1. Improving Quality In General, the purpose of innovation in various fields is to improve the quality and also the value of something that already exists, be it a product or service. With the latest innovations, it is hoped that these products have advantages and benefits that are more valuable than before.
2. Reducing Costs Innovation also aims to help reduce costs, particularly labor costs. For example, nowadays many machines or equipment are created that can replace human labor in the production process. With the machines and equipment, the cost of labor for production will decrease. In addition, the use of machinery and equipment in the production process of certain goods/services will result in better performance.
3. Creating New Markets. With higher-value products as a result of innovation, this will create new markets in society.

4. Expanding Product Range, one example can be seen from the e-commerce business as it is today. Entrepreneurs are expanding the range of their products by utilizing the internet which can be accessed by more potential customers.
5. Replacing Products/Services. Innovation also aims to replace products or services that are considered less effective/efficient. One of them we can see the innovations that occur in motorcycle engines which are now more fuel efficient.
6. Reducing Energy Consumption. Man have the desire to save energy usage, that's why there are so many innovations made by man. One of them is the existence of renewable energy sources that utilize nature, such as solar power, wind, and water, as a source of electrical energy.

Types of Innovation

The following are the types of innovation:

1. Incremental Innovation. Incremental Innovation is the most common form of innovation and usually utilizes existing technology by increasing product value such as features, design, etc. An innovation is not always about drastic changes to a product or strategy and instead they are making improvements to existing products. Small changes to a product can improve functionality, reduce costs and attract new customers.
2. Disruptive Innovation. Disruptive Innovation is also known as hidden innovation that involves the application of technology to form new markets. This type of innovation will usually try to understand and anticipate changing market cycles and vary the business to adapt to changing times. For example, at this time many physical newspapers or magazines are starting to switch to the digital world because physical media are starting to be abandoned by their readers. Therefore, media owners innovate to bring their magazines into the digital world.
3. Architectural Innovation. With Architectural Innovation only take lessons, technology, skills as a whole and then apply them in different markets. This can be used to increase the number of new customers in the market. The risk posed by Architectural Innovation is very low because previous innovations have been proven. Although this takes time to adjust to suit the new market requirements.
4. Radical innovation. Radical innovation is a type of innovation that aims to create new products and is not related to old products.

Classification of Innovation

According to Budi Sanjaya et al., in the book of Social Sciences, Robertson classifies innovation into three types where this classification is based on the impact of innovation on behavior in the social structure used in marketing, namely:

- Continuous innovation in the form of modifications to something that already exists. . This innovation often confuses consumers. For example, Honda's automatic motorcycle, there is an output of the Beat model and the Vario continues to come out. Even then, there are vario and vario new injection, beat and new beat. Not to mention the Scoopy (Scoopy sporty, stylish scoopy, playful scoopy).
- Continuous innovation in the form of making new products or changing existing products but not changing established behavior patterns in the eyes of consumers. For example: making new packaging for cosmetic tools to make them more attractive.
- Continuous innovation, namely the creation of new products that have nothing to do with old products. For example: the creation of computers, the creation of binary numbers, the creation of air conditioners or refrigerators etc.

Types of Product Innovation

According to [Carboni and Medda \(2021\)](#) in [Aulia \(2021\)](#), approaches regarding new product development are based on fixed market assumptions, namely:

- 1) Modulation-based innovation. Modulation-based innovation involves changing a basic characteristic of a product or service, by increasing or decreasing the characteristic. We generally refer to functional or physical characteristics. In the modulation innovation that the basic

characteristics of the product need to be improved and lowered. Examples of innovations based on modulation include low-sugar juices, more fruit instead of concentrates, with vitamins, without additives.

2) Size-based innovation. Size-based innovation is the launch of a new product into the market without changing anything except the volume. For example, potato chips with bags of 5 ounces, 12 ounces, 20 ounces, packs of several large bags for family consumption and so on.

3) Packaging-based innovation. The way a product is packaged can change consumer perceptions of the benefits, functions, or reasons for consumption of a product or service. For example, nestle markets chocolate in various types of boxes, although the taste and shape of the chocolate is always the same. One of the boxes is small and simple and made of paper that is sold at kiosks or candy shops. The function of this product is to fulfill fun or as a snack.

4) Design-based innovation. Design-based innovation is an innovation where the product, container, or packaging and size sold are the same, but the design or appearance is modified. For example, a car manufacturer will launch the same product with a different exterior design.

5) Innovation-based development of complementary materials. Complement-based innovation involves adding complementary materials or additional services to basic products or services, for example biscuits sprinkled with sugar, with milk chocolate, with white chocolate, and others.

6) Innovation based on reducing effort. Innovation based on reducing effort does not change the product or service, but increases the size of the market. This kind of innovation increases the value by lowering the denominator instead of increasing the numerator.

The Problems with Partners

Problems faced by MSMEs in the current New Normal Era are:

1. Business is not growing
2. Sales are declining

Solutions to Partner Problems.

1. Provide explanations to MSMEs on the meaning, objectives and methods of business development.
2. Teach and provide examples to MSMEs on how to develop their businesses.
3. Explain and give examples to SMEs how to increase sales.

Implementation Method

Steps in implementing solutions to problems faced by partners.

1. Provide an explanation of business development.
2. Teach and give examples of how to develop a business.
3. Provide explanations and examples of how to increase sales.

Overview of Science and Technology

The description of science and technology and for PKM activities for business development of MSME actors in the city of Bandung is as follows:

1. Explains, teaches, gives examples and guides how to develop business.
2. Explain, teach, give examples and guide the sales activities of SMEs in the city of Bandung to increase sales.
3. Explain, give examples, direct and guide MSME actors to increase their income.

Discussion

Business Development with Product Innovation

The MSMEs in Bandung were given an explanation of the importance of doing business development. In addition, an explanation regarding the aims and objectives as well as ways to carry out business development is given. Where is the guidance of Product Innovation for SMEs in the city of Bandung by providing an example of one product from MSME participants who produce bread? The innovations carried out by the bakery product entrepreneurs are as follows:

1. Modulation-based innovation. Modulation-based innovation is basically an innovation that involves a basic characteristic of the product by increasing or decreasing these characteristics. This modulation-based innovation is that the Roti Enak company changes the basic characteristics of a product, namely by changing the yeast contained in the bread dough, first using ordinary yeast, then replacing it with premium yeast, resulting in a softer bread than before, then Roti Enak also improves the character. Bread products are one of them on big shredded buns, big blueberry buns, big brown braid bread, cheese big buns, big donut buns and three flavored big buns with more flavor toppings than before.
2. Size-based innovation. Size-based innovation is basically an innovation that is focused on product size. Roti Anak made innovations based on product size, one of which was the chocolate banana bread product, where at the beginning of the making of Roti Enak, it created a size of 10 cm and then launched a product called the large banana chocolate bread with a size of 15 cm, then on the mini bread tart, Roti Enak launched a new product, namely a small cake that is practical and sufficient when consumed alone. So that when viewed from the theoretical aspect in determining the size innovation in Roti Enak, we have been able to read the existing situation and problems, which are related to requests and suggestions from consumers who want a more economical and practical size for Roti Enak.
3. Packaging-based innovation. Packaging-based innovation is the way a product is packaged, the packaging-based innovation carried out by Roti Enak is the size of the packaging cardboard that varies from small, medium, to large, also in writing and pictures, packaging color composition, the packaging includes the Roti Enak tag line namely "tasty, cheap, fresh from the oven" and the telephone number for Roti Enak. Based on the data analysis described by the researcher, the packaging-based product innovation carried out by the Roti Enak company is as a place for products that have been purchased by consumers and because of the packaging design it is also a promotional or marketing medium for the Roti Enak brand.
4. Design-based innovation. Design-based innovation is basically an innovation that is focused on a modified design or appearance. Design-based innovation is carried out by Roti Enak in following competitive conditions. Design innovations were carried out on changing the shape and decoration of the bread, one example of the design innovation on brown bread was initially only oval in shape, as the development of business managers tried to change the shape of the bread such as braided hair and then given the name brown braided bread.
5. Innovation based on the development of complementary materials. Innovation based on the development of complementary materials is an innovation that involves the addition of complementary materials. In this case, Roti Enak is very good at flavor innovation in its bakery products, where some competitors have not or have not developed complementary ingredients such as what Roti Enak does. Roti Anak is able to make its products different from competitors, namely the Roti Boy Ceria product, with the observe, imitate and modify (ATM) formula, Roti Enak has its own ideas and concepts to create a boy bread which basically has an original and mocha taste, through innovative development of complementary ingredients This Roti Enak creates boy bread at very economical prices and a variety of new flavor variants, namely pandan, banana, manga, durian, peanut, and strawberry.
6. Innovation based on effort reduction. Another supporting factor in innovating Roti Enak is effort-reduction-based innovation, namely the company's efforts to cut distribution flows so that consumers can easily get Roti Enak products. Roti Enak has two outlets that are used as a place to sell products that are ready to be offered to consumers, the first outlet as well as a bakery is located in the city but not right in the city center, the second is located in the city center near the shopping center, so both are easy to reach by customers. The innovation of reducing efforts made by Roti Enak is related to sales through distributors and online sales. Roti Enak entrusts its products

to shops that are partners, then for other products, Roti Enak sells online via the web, Facebook and Instagram, Grabfood. So that consumers do not need to come to the outlet because they can make purchases through the online system.

Increase in Sales

The following are sales strategies to deal with the current new normal situation given to MSMEs in the City of Bandung, among others:

1. MSMEs must be able to adapt to consumers, by paying attention to health protocols, such as packaging products as well and as hygienically as possible following the predetermined new normal standards, maintain a safe distance at the place of production or place of business, and minimize face-to-face services directly to consumers, by means of online sales and non-cash payments.
2. Be observant in seeing consumer needs, in the sense of being responsive to what products consumers want and like, only selling products that are really needed and in accordance with market tastes, avoid selling products that are *slow moving*.
3. Knowing exactly who our consumers are, this is based on 4 supporting factors, namely knowing their location *geographical* (weather, topography, climate), knowing their *demographics* (gender, characteristics, occupation, and economic level of the community), recognizing the *behavior* of the surrounding community (behavior and habits). day-to-day), and finally identify the *psychographics*, namely the interests and hobbies of most people and what fields interest them the most.
4. Never get tired of evaluating products, always listen to opinions, suggestions and input from consumers and other parties, because the most objective input comes from consumers, they are king for producers, the opinions, suggestions and input they provide are very useful for the development of product quality in the present or in the future.
5. Creating attractive product packaging in the eyes of consumers. The form of packaging, color schemes, designs, and types of packaging must be adjusted to the new normal era, this is done so that the level of consumer confidence in the product is always maintained.
6. Continue to evaluate prices and always pay attention to competition. In the new normal phase, consumer behavior will be more selective in shopping, so they must regularly evaluate prices. Must have creativity in determining economical packages and attractive promotional packages, for example selling 3 in 1 packages or low-priced packages with reduced packaging.
7. Literacy in technology is a must, focus on selling online through several online markets such as Tokopedia, Bukalapak, Shopee, Lazada, blibli.com, and so on.
8. Looking for the widest possible business network, because in the new normal era this is very necessary. Besides that, MSMEs are required to master information technology.

Conclusion

PKM activities carried out in an effort to help MSMEs to solve the problems they are facing related to the products they produce have decreased sales. So that in an effort to increase sales of their products, it is necessary to develop business by means of product innovation. After participating in this PKM activity, MSMEs in Bandung understand how to develop their business by way of Product Innovations that they can do, including: Modulation Innovation, Size-based Innovation, Packaging-based Innovation, Design-based Innovation, Complementary material-based innovation and reduction-based innovation. effort.

In addition, the Bandung MSMEs who participated in this event also became aware of and understood the ways/strategies they had to do to be able to increase the sales of their products. The strategies that can be carried out by MSMEs in Bnadung City to increase sales of their products are as follows: Adapting to consumers, being observant of seeing consumer needs, understanding well who our consumers are, Never tired of evaluating the products produced, making product packaging designs that attract consumers' eyes , continue to evaluate the prices of products offered and pay attention to competition, must be willing to be technology literate and seek the widest possible business network and master IT.

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