

Important Aspects in Product Development of MSMEs' e-Business

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Abstract

In the process of helping MSMEs have good business development through innovation, in e-business, it is necessary to have an understanding from the MSMEs' facilitators at Business Incubator. Innovation through product development has aspects that need to be considered. The purpose of this research is to focus on the priority aspects that MSMEs focus on in product development for their online business development. This research was conducted on 97 MSMEs through a qualitative approach. The data from the online survey is then processed using 2 stages of coding to get a theme, then followed by cross-case analysis. The results showed that there were 4 important aspects in the F&B category, namely price, product quality, product photo and marketing. Meanwhile, in the Non-F&B category, the important aspects are product quality, marketing, price, and product durability. This research is useful for MSMEs assistants from the government, private institutions or campuses. These aspects of the study can make it easier to focus on what MSMEs will do in order to develop innovation at the product development stage. So, product development in online business can be maximized.

Keywords

e-business, Product Development, MSMEs, Innovation, online business

1. Introduction

E-commerce is impacted by the Covid-19 which has changed habits in the buying and selling process between businesses and consumers (Bhatti et al. 2020). In addition, the pandemic has an impact on the increasing use of e-commerce and mobile commerce by users (Sardjono et al. 2021). MSMEs have an important role in the economic development of a country. The number of successful small businesses will help economic development (Menon and Varadarajan, 1992; Gunawan et al. 2019). Industry 4.0 has demanded MSMEs to continue to develop their business with digital innovations (Tortora et al. 2021).

Innovation capabilities can be presented by utilizing knowledge from various sources, corporate culture in innovation, and involving all stakeholders (Rajapathirana and Hui, 2018). In business development, evaluating ideas and making improvement ideas, can help entrepreneurs to ensure business in the long term. This skill helps entrepreneurs to innovate (Ahmad et al. 2022). Consumers and competitor orientation are factors that influence the success of new product development (Floren et al. 2018).

This study aims to explore any aspects of the product development process of MSMEs in running e-business. Which areas are the focus in product development and what are the important things in each business category.

2. Literature Review

New product development is one part of the capability to innovate (Saunila and Ukko, 2012). By digitizing the product development process, it can improve the performance of new product development (Endres et al. 2022). The existence of a match between product and technology will make new product development work well, or in other words strategic fit (Cooper and Kleinschmidt, 2007). With the development of creativity can provide many options in the product development process (Kohn, 2005). Feedback from consumers will help product innovation (Cooper and Edgett, 2015).

Businesses of all sizes can take advantage of e-business to improve their business performance by being fully present on the internet (Meroño-Cerdan and Soto-Acosta, 2005). Technological developments, especially m-commerce, need to pay attention to user perspectives (Dai and Palvia, 2009). The convenience of consumers in comparing prices makes online businesses more transparent, especially in the price section (Hanna et al. 2019). With a company on social media, it can increase the reputation of the character or identity that is built. With an online presence, it will increase interactions with consumers (Kietzmann et al. 2011).

Social media helps businesses to communicate with their customers which will impact business growth both internally and externally (Van Looy, 2016). Social media can help companies build closeness and interaction with their consumers to market their products (Reyneke et al. 2011). One of the roles of social media is that it can help the process of developing new products obtained from interactions with customers (Tuten and Solomon, 2013). Companies focus on social media that affect their targets (Safko and Brake, 2009). Social media can shape consumer perceptions of a brand through the information available in it (Mangold and Faulds, 2009).

Product development is the stage of seeing business opportunities in the market and followed by the stages of the process where the company makes new products. From production to sales (Dibb et al. 2001; Ulrich et al. 2020). Several stages from ideas, testing, analysis, market testing, to monitoring and evaluation are several stages of the process (Trott, 2017). Prototyping can be an important part of product development, especially as a strategy for making changes in the company. Human-centered product development can be one of the keys in product development (Junginger, 2008). The existence of connection, collaboration, communication and cooperation, can help companies to be close to consumers and know their needs. This is beneficial for new product development (Cook, 2008).

3. Methodology

This research method uses a qualitative approach through an online survey of respondents from MSMEs. The open-ended question data were then analyzed using coding and cross-case analysis. The coding data is verified in order to obtain numerical data that can be performed cross-case analysis with existing variables.

4. Data Collection

This research was conducted on 97 MSMEs through a qualitative approach. The data from the online survey is then processed using 2 stages of coding to get a theme, then followed by cross-case analysis. Respondents were divided into two business categories, namely F&B and Non-F&B.

5. Results and Discussion

This table illustrates the important aspects that business students apply during the process of product development. The information is given as percentages of total participants. Overall, there was widespread viewpoint of important aspect to consider in performing business development. It is found that four aspects are most considered by participants. At around 16.0% of the students stated product quality as a very important factor. Defining the price were favourable too with nearly four per cent in different, at 13.6%. The case of marketing and product photo were recalled too, at around eleven per cent for each aspect. Meanwhile, the rest of other aspects remained comparatively low at less than ten per cent each.

Table 1. Document Variables Statistics

	Frequency	Percentage	Percentage (valid)
Product Quality	34	35,42	35,42
Price	29	30,21	30,21
Marketing	25	26,04	26,04
Product Photo	24	25,00	25,00
Product Durability	17	17,71	17,71
Attractive	16	16,67	16,67
Packaging	16	16,67	16,67
Promotion	13	13,54	13,54
Customer Service	12	12,50	12,50
Awareness	7	7,29	7,29
Delivery	7	7,29	7,29
Market	7	7,29	7,29
Platform	6	6,25	6,25
DOCUMENTS with code(s)	96	100,00	100,00
DOCUMENTS without code(s)	0	0,00	-
ANALYZED DOCUMENTS	96	100,00	-

Table 2. Important Aspects in Product Development

Aspects	F&B	Non-F&B	Total
Platform	1,8%	6,8%	2,8%
Market Needs	2,4%	6,8%	3,3%
Marketing	11,2%	13,6%	11,7%
Delivery	4,1%	0	3,3%
Customer Service	7,1%	0	5,6%
Promotion	5,9%	6,8%	6,1%
Product Photo	11,8%	9,1%	11,3%
Awareness	3,0%	4,5%	3,3%
Packaging	8,9%	2,3%	7,5%
Product Quality	14,2%	22,7%	16,0%
Price	14,2%	11,4%	13,6%
Attractive	7,7%	6,8%	7,5%
Product Durability	7,7%	9,1%	8,0%
SUM	100,00	100,00	100,00

The following are some of the comments from the 4 aspects most chosen by the respondents. One respondent revealed the importance of product quality, "Product quality, product durability, product type." Another opinion from another respondent is regarding the price, "An aspect that must be considered when creating a product that can be sold online is the price of the product. We have to look at the prices of competitors' products." In addition, on the marketing side, respondents argued, "Marketing or promotion strategies, content, postage, maximum production amount." And on

product photos, respondents said, "Photos from products, descriptions that make people interested and provide interesting promos".

If we compare the condition between F&B and non-F&B businesses, they express quite dissimilar opinions. For non F&B group, product quality has the most important role with 22.7%, while the F&B group considered two aspects to be significant with 14,2% each for product quality and price. In the other side, non-F&B group thought marketing as second important factor with 13.6%, and price to be considered after at 11.4%. It is slightly different with F&B group which stated photo product with 11.8% and marketing with 11.2%. This study confirms previous research that product development can improve business performance (Kohn, 2005).

6. Conclusion

The results showed that there were 4 important aspects in the F&B category, namely price, product quality, product photo and marketing. Meanwhile, in the Non-F&B category, the important aspects are product quality, marketing, price, and product durability. This research is useful for MSMEs assistants from the government, private institutions or campuses. These aspects of the study can make it easier to focus on what MSMEs will do in order to develop innovation at the product development stage. So, product development in online business can be maximized.

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Biography

Puji Prabowo is a creativepreneur lecturer, and also a sociopreneur who has been working for 10 years. He is also a coach for business incubator at Binus University. He is enthusiastic about the entrepreneurial ecosystem, entrepreneurial skills, innovation, creative ideas, and business development.

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