

## ANALYSIS STUDY OF THE EFFECT OF ENTREPRENEURIAL INNOVATION ON CUSTOMER SATISFACTION AND PURCHASE INTENTION



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### Abstract

Many factors influence the demand for products, and researchers around the world have difficulty defining an effective and comprehensive theoretical framework that can be easily applied to the factors that motivate the demand for new products. The research method used in this study uses a systematic literature review method. While business innovation can attract consumers, innovation makes consumers interested in products that have just been sold or sold, this kind of innovation makes customer satisfaction higher than before when products sold have not been sold or are in the factory. Stage, it is better to do a test before, and If the consumer considers it acceptable then the innovation can continue. The results of this study found that innovation has a significant impact on entrepreneurship, especially improving purchasing power and customer satisfaction.

**Keywords:** Innovation, Entrepreneurship, Satisfaction

## INTRODUCTION

Many factors influence the demand for products, and researchers around the world have difficulty defining an effective and comprehensive theoretical framework that can be easily applied to the factors that motivate the demand for new products. To the best of our knowledge, no theory defines the demand function for new products as a general concept. Most papers examine a specific new product or group of products, most of which are information technology (IT) innovations (Al-Jundi et al, 2019). There is a recognized need to build and test models of factors influencing new product purchase intentions.

The intention to buy new products refers to the actualization of innovation or adoption behavior and can be represented by new products that consumers currently have or want to have in the near future (Li, Wang, Li, & Liao, 2021). The topic of research is increasingly important because the manufacturer of new products must interpret what features are more important and correspond to the needs of loyal customers and how to convince them to accept and accept something new while putting the customer in a position to activate it. High risk with new products they are not familiar with. Manufacturers seek to understand consumer behavior to design and position certain new products to appeal to specific market segments (Chatzoglou, Chatzoudes, Savvidou, Fotiadis, & Delias, 2022).

Innovation is the ability of people to give birth to something new, that is, an idea or a real work, which is relatively different from what has existed before and can respond better to the opportunity. realized and the desired sacrifices are the costs of obtaining a particular new product (Guerola, Hermenegildo, & Gomez, 2022; Adisaksana, 2022). If the company persuades the innovators of the usefulness and ease of use of the product, then the innovators themselves will use word of mouth to spread the new product concept among their relatives and friends. The public will then learn about the attributes of the product through personal communication. Information-driven innovation has a positive effect on innovation attributes such as relative superiority, social image, novelty, and aesthetics (Shastry, 2021).

Purchase intention is one of the most important concepts in the study of consumer behavior. Every year marketers spend billions of dollars on advertising just to influence purchase intent. By influencing consumer purchase intentions, marketing hopes to influence

purchasing behavior. Customer satisfaction is a person's feelings of happiness or disappointment that arise after comparing their perception of a product's performance or outcome with their expectations (Nur Aisa & Hendayani, 2021). Therefore, consumer satisfaction is a high benchmark for various marketing needs and corporate goals in general (Shastry, 2021).

The courage of entrepreneurs/entrepreneurs in taking risks is important in this regard. Competencies, changes in taste and market needs, fluctuations in the price of raw materials, losses, and many other challenges must be faced if it happens to enter the world of entrepreneurship. Anyone who does not dare to take risks tends to always choose the safe zone (Bhowmick & Seetharaman, 2023). A safe zone is an area where people feel comfortable, safe, and protected from the risk of conflict or unpleasant situations. People who choose to always be in their safe zone will look for things that prevent them from taking risks, so they tend to stagnate or stay in a certain situation or position (Chatzoglou et al., 2022).

## **RESEARCH METHOD**

The research method used in this study is the SLR (Systematic Literature Review) method. This method takes a systematic approach to collecting, evaluating, and synthesizing evidence from various sources of scientific literature relevant to a specific research topic. This research is done by using several stages between collecting data, the researcher collects secondary data from the results of the previous research, after collecting data, data analysis is done, then the researcher conducts data cleaning to obtain valid data, and finally data cleaning (Sihombing & Haditia, 2022).

## **RESULTS AND DISCUSSION**

### **The Relationship Between Entrepreneurial Innovation and Customer Satisfaction**

Yuliani, Yuniarto, & Amalia, (2024) state that country changes in consumer tastes continue to change over time. Today's consumers prefer healthy, safe, and quality products.

Factors that lead to changes in consumer tastes are increasing health awareness, consumers are now more health conscious and choose healthier products, increasing people's income, and increasing people's income allows them to buy higher quality products. The influence of social media is that social media often promotes new products and the latest trends, thus influencing consumer tastes. The impact of changing consumer tastes is that MSMEs must continue to innovate to keep up with changing consumer tastes. SMEs that cannot keep up with changing consumer tastes will lose the market.

Two words that are always associated in the business world are the words creativity and innovation. Wiyono, Ardiansyah, & Rasul, (2020) believe that creativity is related to finding new ideas for products and innovation is a way to apply that creativity. A product will be purchased by the customer depending on whether the product can satisfy the customer's taste or not. For example, the shape, color, size, characteristics, and price of the service are adjusted to the customer's taste, the product should be made with a variety of differences (differentiation) from the same business, so that the consumer can choose and choose the product that is considered good (Rahma & Ramadan, 2024). The business you run must also create a special position for the consumers you serve. For example, for businesses in the culinary sector, you must have differentiation and positioning in activities, such as differences in taste, shape, color, size, and so on.

Entrepreneurial innovation has a significant impact on customer satisfaction. Business innovation can attract consumers, innovation makes consumers interested in the product that has just been sold or sold, this kind of innovation makes customer satisfaction higher than before, the product that is sold has not been sold or is in the manufacturing stage, that is, it is better to test before and If the consumer thinks it can be accepted then innovation can be continued entrepreneurs must innovate their products at least every 6 months to attract consumers (Pebriani & Busyra, 2023).

In addition, entrepreneurial innovation can also increase product or brand differentiation, allowing companies to differentiate themselves from competitors and attract more customers. This means that entrepreneurial innovation not only affects customer satisfaction directly, but can also have a long-term impact on business growth and

sustainability. However, it is important to remember that innovation must remain focused on the needs and wants of customers to be truly useful and to maximize customer satisfaction.

According to the discussion above, the relationship between entrepreneurial innovation and customer satisfaction is that entrepreneurial innovation, which includes the development of new products, new processes, and new approaches to meet market needs, directly affects customer satisfaction. When business people can create innovative and relevant solutions, customers tend to feel more satisfied because the product or service meets or exceeds their expectations. Entrepreneurial innovation can also add value to customers by providing more efficient, effective solutions, or even solving previously unsolved problems.

### **The Effect of Entrepreneurial Innovation on Purchase Intention**

The importance of product innovation in running a business is that greater profits can be made if the product appears to be less monotonous and more varied so that it is more desirable than the previous business. Carrying out innovation will facilitate product promotion. With a wide variety of products, the promotion process to the public or distributors will be easier and faster to accept, compared to monotonous products without new products. So, it can be concluded that product innovation is very important for business success (Rahma & Ramadan, 2024).

Due to the creativity and innovation demonstrated by the business owner, it is evident that the owner consistently strives to diversify the production process. This includes producing products of varying sizes, creating unique designs, and developing products with distinctive features to stand out from competitors. The owner also actively supports efforts to enhance product marketing activities (Hadiyati, 2012). Promotional strategies are implemented using novel and communicative methods, including the creation of attractive packaging and the exploration of new business opportunities to ensure that marketing activities proceed smoothly as planned. Analysis results also indicate that innovation significantly impacts entrepreneurial marketing.

Customer satisfaction stems not only from the personal service provided but is also significantly influenced by the products being bought and sold. The latest innovations in entrepreneurship mustn't compromise the quality that has been established by the

entrepreneur, as a decline in quality will lead to disappointed consumers. Innovation is crucial in the industry to ensure sustainability; effective product innovation can enhance purchasing power. The positive impact of innovation leads to increased consumer satisfaction and encourages businesses to be more innovative. Evidence in the field shows that product innovation makes consumers more willing to try new things. Through innovation, customers can experience these benefits (Bhowmick & Seetharaman, 2023).

High supply causes a product to experience a price drop to overcome this, entrepreneurs can innovate the products and services they provide, the economic value will increase with innovation, while customer satisfaction will increase if the innovated features provide convenience and usefulness. For entrepreneurs, innovation is a step to save entrepreneurs in times of crisis, in this case, entrepreneurs need to know what consumers want (Wiyono et al., 2020).

The purchasing power of consumers is in line with the innovations made by entrepreneurs. Technological developments also force entrepreneurs to innovate. It can be seen that entrepreneurs who create digital innovations have an impact on increasing the purchasing power of products and services sold and sold. Consumers' purchase intention can increase due to several things, including needs, services, and the uniqueness of the product sold, while the uniqueness of the product sold must be carried out with scheduled product innovation, entrepreneurs are also obliged to carry out service innovation, service innovation is also quite important in the level of consumer purchase value (Pebriani & Busyra, 2023).

### **The Importance of Continuous Innovation to Maintain Customer Satisfaction**

Entrepreneurial innovation has a significant impact on customer satisfaction. Sustainable innovation is the process of change that occurs in a company or industry to maintain the existing position and improve the quality or efficiency of the products or services offered. Sustainable innovation is usually characterized by the emergence of small improvements or improvements to existing products or services. Continuous innovation is one way for a company or industry to continue to compete and increase its competitive advantage. Sustainable innovation can help companies or industries improve the quality of products or services offered, as well as reduce production costs by increasing the efficiency

of the production process (Bhowmick & Seetharaman, 2023). Continuous innovation can also help a company or industry continue to improve customer satisfaction by offering better products or services. Therefore, continuous innovation is an important way for a company or industry to continue to compete and increase its competitive advantage in the market (Hadiyati, 2012).

Sustainable principles in every corner of the business are expected to support the company's growth. Sustainability is the impact it will have over time. What is interested in business is the state or condition of business, where there is a way to live, develop, and protect resources and meet the needs of business (industry). Innovation is not limited to the development of new products or services but also includes changes in business models (Pebriani & Busyra, 2023).

Entrepreneurial innovation allows companies to do this more flexibly and adaptively. Business innovation does not only include changes in the products or services offered but also includes transformations in the way companies operate and are valued in the market. Innovative business models can create new opportunities, change the way companies interact with customers, and provide significant added value. In the context of digital transformation, business innovation is key to optimizing the use of information technology. Sustainable innovation must be managed by entrepreneurs so that the products produced are not monotonous (Yuliani et al., 2024).

Entrepreneurs can carry out continuous innovation by determining the length of time to release new products and services, while the ideal time is 6 months, entrepreneurs must release new products so that customer satisfaction remains constant, and consumer purchasing power is aligned. with innovation carried out by entrepreneurs, technological developments also force entrepreneurs to innovate, it can be seen that entrepreneurs who innovate digitally have an impact on increasing the purchasing power of the products and services they sell. Customers who are satisfied with the innovations made by entrepreneurs can make these customers make repeated purchases, and also carry out promotions for their families and relatives (Peña-García, Gil-Saura, Rodríguez-Orejuela, & Siqueira-Junior, 2020).

Continuous innovation plays an important role in maintaining customer satisfaction and the long-term success of the company. First, innovation allows companies to stay relevant and competitive in an ever-changing market by developing products and services that meet or exceed customer expectations. In addition, innovation allows companies to respond quickly to changing customer needs and preferences, keeping products and services relevant. By creating added value for customers, continuous innovation can also improve customer satisfaction and encourage long-term loyalty, while also reducing the risk of customer turnover. In addition, companies known for continuous innovation tend to have a stronger brand image, improving customer perceptions of the quality and value of their products or services. Therefore, continuous innovation is not only important to maintain customer satisfaction but is also a key factor for the company's long-term success and sustainability in a dynamic business environment.

## **CONCLUSION**

The findings of this research indicate that innovation plays a crucial role in the realm of entrepreneurship, especially in terms of boosting purchasing power and enhancing customer satisfaction. It is suggested that entrepreneurs should introduce new product or service innovations on a biannual basis to maintain competitiveness and relevance in the market. Customer satisfaction is determined not only by the quality of private services rendered but also significantly by the quality and appeal of the products available for purchase. New products resulting from recent innovations mustn't deteriorate the quality standards that have been previously established by the entrepreneur, as any decline in quality can lead to significant customer dissatisfaction and disappointment. Therefore, it is highly recommended for all business owners and entrepreneurs to meticulously focus on and prioritize continuous innovation in both their products and services to ensure sustained customer loyalty and satisfaction.

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