

ABSTRACT

Innovative organizations will be more successful and can provide benefits to society. Competitive advantage is the ability of an organization to be the best in its industry. With increasingly dynamic changes in the business environment and increasingly fierce competition, business organizations need to innovate and adapt continuously. Innovation and product quality are company strategies to prevent boredom and maintain customer satisfaction (Erniati, et.al, 2021). Companies must continue to innovate and be creative to offer products that are superior to other products and maintain their position in the market. Apart from product innovation, product quality is also important for a company's competitive advantage.

Product quality needs to be considered so as not to disappoint consumers. Product quality has a direct impact on product or service performance. This research aims to investigate the impact of Product Innovation and Product Quality on the Competitive Advantage of Fluffy Japanese Pancake MSMEs in Cirebon City. This research methodology uses data collection which is carried out using an online questionnaire (Google-form) which is distributed via social media. Regression analysis will be used to test the relationship between these variables. The data used is primary data. All consumers who know and have tried Fluffy Japanese Pancakes in Cirebon City are the population in this research. The samples collected were 200 respondents. The sampling technique used was non-probability sampling, namely the purposive method (judgment sampling). The technique used is validity and reliability testing. In exploring the role and impact of product innovation, this research applies the Structural Equation Modeling (SEM) method through the Smart PLS application to analyze the survey data that has been collected.

The results of the study Product innovation has a significant positive effect on competitive advantage in Fluffy Japanese Pancake MSMEs in Cirebon City. This illustrates that product innovation not only increases product attractiveness, but also strengthens the position of Fluffy Japanese Pancakes in competition with other products. Product quality has a significant positive effect on competitive advantage in Fluffy Japanese Pancake MSMEs in Cirebon City. It proves that product quality plays a big role in strengthening the position of Fluffy Japanese Pancake compared to other culinary. The practical implications of this research can help Fluffy Japanese Pancake entrepreneurs and the like in developing more effective marketing strategies by understanding consumer perceptions of product innovation and product quality. Thus, this research not only contributes to the academic literature but can also provide the benefits of product quality and competitive advantage for MSME business actors in the culinary sector, especially those engaged in businesses such as Pancake Fluffy Japanese in Cirebon City.

Keywords: Product Innovation, Product Quality, Competitive Advantage, MSMEs