

## **ABSTRACT**

*Indonesia is the fifth largest pearl exporting country in the world. One of the locations in Indonesia that produces pearls is the island of Lombok, which is already famous for its beautiful pearls that attract the interest of the global export market. However, the pearl handicraft industry in Lombok such as Toko Sinar Abadi Mutiara is faced with problems in the form of increased competition reinforced by the large number of physical and online stores selling pearl handicrafts with the presence of the MotoGP circuit in Mandalika.*

*The purpose of the study was to examine how much influence product innovation has on competitive advantage at Toko Sinar Abadi Mutiara, Mataram City. This study uses a quantitative approach, using primary data sources through distributing questionnaires via Google Form to a sample of 110 customers of Toko Sinar Abadi Mutiara. The data collected was then analyzed using the IBM SPSS 23 application. The survey distribution method was carried out using the WhatsApp application and displayed a QR code link on the cashier's desk at Toko Sinar Abadi Mutiara to access the questionnaire. The analysis approach used is descriptive analysis, along with standard assumption tests such as normality test, heteroscedasticity test. The statistical analysis used in this study is simple linear regression analysis, accompanied by hypothesis testing using the F test, and the coefficient of determination. The results of this study indicate that product innovation has an influence on competitive advantage.*

*Then, Toko Sinar Abadi Mutiara is advised to increase recognition on social media by creating interesting and relevant content, and actively engaging in discussions with followers. Then, it is also recommended to increase the promotion of old and new products by offering product packages that include both at a discounted price and combining both at a special price. In addition, it is suggested that Toko Sinar Abadi Mutiara to negotiate prices with pearl suppliers can help the store get more affordable prices, so they can reduce retail prices for consumers.*

**Keywords :** *Product Innovation, Competitive Advantage, Pearls*