

IDENTIFICATION OF INNOVATION PROCESS ON NEW PRODUCT DEVELOPMENT IN SMALL AND MEDIUM ENTERPRISES

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Abstract: Understanding the innovation process of new product development (NPD) is expected to support the company's sustainability. This study aims to identify the NPD innovation process in the food and beverage industry in Indonesia. The research method uses a qualitative multiple case study approach in 4 small and medium scale firms in the food and beverage industry in Indonesia. The results show that the NPD innovation process went through several stages, namely: idea generation, filtering idea, concept development, and testing, marketing development and strategy, business analysis, market testing, and commercialization. The results of this study can be used as a reference for companies on the same scale to innovate new products.

Keywords: innovation process, new product development, small and medium enterprise

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Innovation viewed as the key to corporate sustainability. Innovation conducted through new product development is one of the ways for a company to maintain the continuity of its business performance growth, especially for companies which has produced products massively rely on technology (Yeh, Pai, and Yang, 2010). The company's ability to generate profits massively depends on its ability to introduce new products to the market (Davila, 2000). The need for

companies to develop new products is essential given the dynamics of fast-moving consumer behavior as information technology increases (Athaide, Zhang, and Klink, 2019; Cui and Xiao, 2019; Goffin and New, 2001). For this reason, various companies have developed products through various methods and patterns, depending on the company's internal and external conditions (Salerno, de Vasconcelos Gomes, da Silva, Bagno, and Freitas, 2015).

On the other hand, SME needs to understand the NPD innovation process. This understanding can help them to introduce NPD effectively and efficiently. The results of past empirical studies found that the structure and methods used in the product development process are the keys to success (González and Palacios, 2002). Most prior studies focus on large companies, equipped with RandD