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A promotional banner for the PRiME 2020 meeting. The background is a dark blue space-themed image with a globe. On the left, there are three circular logos: the top one is 'ECS' (Electrochemical Society), the middle one is 'The Electrochemical Society of Korea', and the bottom one is 'The Korean Electrochemical Society'. The main text in the center reads 'Joint International Meeting PRiME 2020 October 4-9, 2020' in white and blue. Below this, a blue bar contains the text 'Attendees register at NO COST!' in white. On the right side, there is a logo for 'PRiME' (Pacific Rim Meeting) with the text 'PACIFIC RIM MEETING ON ELECTROCHEMICAL AND SOLID STATE SCIENCE 2020' below it. At the bottom right, a blue bar contains the text 'REGISTER NOW' with a white arrow pointing right.

## Products innovation and diversification strategies of Banyuwangi local food souvenirs at UD. Sri Rejeki Genteng, Banyuwangi

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**Abstract.** Indonesian people have a tradition or habit when it comes to a city to buy local specialties as an area by friends and family. UD. Sri Rejeki is one of the many businesses that produce souvenirs typical of Banyuwangi in the form of cookies. One factor that makes the business continue to survive and develop is the innovation strategy and product diversification. This research was conducted at the center of souvenirs typical of Banyuwangi UD. Sri Rejeki, Genteng District, Banyuwangi. This study aims to determine the strategy of product innovation and diversification by the company. This research is a descriptive study with a qualitative approach. The subjects in this study were the owner and also employees of the typical souvenir center of Banyuwangi UD. Sri Rejeki. Data collection methods using interviews, observation and documents. The results of the study a typical souvenir center of Banyuwangi UD. Sri Rejeki has implemented several types of product innovation, namely size-based innovation, packaging-based innovation, design-based innovation, innovation-based complementary material development, and innovation-based effort reduction.

### 1. Introduction

Banyuwangi City is now in the spotlight of the community to be made as one of the choices of places to travel. The development of the tourism sector is also accompanied by the emergence of new businesses such as souvenir centers. Banyuwangi Regency's business growth conditions have also increased, which can be seen from the growth of companies with similar products as competitors, so there will be competition in fighting over market share and consumers.

Products are the main determinant of the success of a business. Many ways are done by business people to increase sales results, one of them through the products produced. Kotler & Armstrong [1] product means a combination of goods and services offered by the company to the target market. Therefore, product management will determine the success of marketing a product. This encourages business actors to continue to explore the products produced because there is no business that can survive without adapting to changes in the environment both the competitor's environment, market, social, economic and technology.

One of the businesses engaged in the production of souvenirs typical of Banyuwangi is UD. Sri Rejeki which is located on Jalan Margo Utomo RT 02 RW 05 Setail Village Kec. Kab. Tile Banyuwangi. UD. Sri Rejeki is one of the many businesses that produce souvenirs typical of Banyuwangi which has been around for quite a long time, since 1980 and is able to survive and thrive in the business of regional souvenirs. Various products produced by UD. Sri Rejeki and its superior products are klemben cake (cake), bisak cake, rolled opaque cake and cat tongue cake. Even though it has been around for a long time, it does not deny that the company can survive in the market. There are many threats that must be considered by UD. Sri Rejeki, like the emergence of production of other companies with various advantages that can cause consumers to move to other companies. Therefore a good strategy is needed so that the company can face competition and can achieve company goals, namely profit oriented. David [2] strategy is a tool to achieve long-term goals. Thus the strategy must be able to provide a clear and directed view of what is necessary and must be carried out by a business [3].



Various strategies can be carried out by UD. Sri Rejeki is one of them with an innovation strategy and product diversification. According to Tjiptono [4] diversification is a company's effort to find and develop new products or markets or both in order to pursue growth and increase company sales. Business actors can innovate and diversify products with the aim of creating a difference in the power of products produced by competing companies. Product innovation and diversification can be one of the company's efforts to retain consumers and attract a wider market.

Kotler & Keller [5] explains the existence of several types that can be done to realize product innovation in companies, such as size-based innovation, namely by launching new products to the market without changing anything except its volume, packaging-based innovation based on the way a the product is packaged so that it can change consumers' perceptions about the benefits, functions, or reasons of consumption of the product, design-based innovation that is by changing the appearance of a modified product so as to attract consumer interest, innovation based on the development of complementary materials by adding a number of new or complementary materials as well additional services into basic products in order to create a variant of a product, and Innovation based on reducing efforts by helping consumers reduce the effort and costs incurred to consume the product.

In order to develop a business, the company must make several breakthroughs to diversify the types of products produced, both related to existing products and by opening new businesses. David (2006: 237-239) There are three general types of diversification strategies, namely concentric diversification, horizontal diversification, and conglomerate diversification. Amirullah [3] states that concentric diversification occurs when a business decides to expand the business by looking for new forms of technology, distribution and new subscriptions, but still in the product line. Horizontal diversification according to David [2] a way to add new products or services but the product has nothing to do with existing products. Amirullah [3] states that conglomerate diversification occurs when an effort to expand business by forming new business units in various business fields that have absolutely no connection with the previous business sector.

## 2. Methods

This reseach is qualitative approach aimed at describing the strategy of innovation and product diversification carried out by the typical souvenirs of Banyuwangi UD. Sri Rejeki, Genteng District, Banyuwangi. Determination of the location using the method of purposive area, which is in the center of souvenirs typical of Banyuwangi UD. Sri Rejeki who is on Jalan Margo Utomo RT 002/05 Setail Village, Genteng District, Banyuwangi Regency. Data collection methods using interviews, observation and documents. Analysis of the data used consists of several stages, namely data reduction, data presentation, and drawing conclusions. Data validity test uses source triangulation technique which is done by checking the data that has been obtained through several different sources.

## 3. Results and Discussion

*Product Innovations Done by UD. Sri Rejeki*

Results showed that UD. Sri Rejeki has made several product innovations in developing its business, namely:

### a. Size-Based Innovation

Innovation-based innovation is a launch of a new product to the market without changing anything except the volume of products offered. Banyuwangi Distinctive Souvenir Center UD. Sri Rejeki innovates based on size because it leads to the desire of consumers to get products that are more practical and economical for consumption and for souvenirs. This is supported by the opinion of Kotler & Keller [5] which states that size-based innovation is the launch of new products into the market without changing anything except the volume, size or number of products offered. The size innovations made are sponge cake with volume size 125 gr that contains 12 sponge cake seeds, for cake has size innovation with volume 175 gr, 500 gr and 150

gr, opa roll cake has size innovation with volume 175 and 300 gr gr, and cat tongue cakes have innovative sizes with volumes of 400 gr, 250 gr and 750 gr. With the innovation of size-based products can create customer satisfaction with the needs and desires of consumers so that consumers are more interested in buying, it can increase production and sales at the Center for Distinctive Banyuwangi UD. Sri Rejeki.

#### b. Packaging-Based Innovations

Conditions of fierce business competition spur more creative business owners to create old packaging innovations that become more attractive and more practical packaging. This is done so that the products produced can compete with other similar products. Packaging innovation is usually done in conjunction with other innovations, such as the existence of new flavor innovations or new sizes. The packaging innovations made include changes to the design of the writing, images, and color composition used. As Kotler & Keller [5] explain that packaging-based innovation is based on the way a product is packaged so that it can change consumers' perceptions about the benefits, functions, or reasons for consumption of the product. Products from the Banyuwangi Distinctive Souvenir Center UD. Sri Rejeki who experienced changes in terms of packaging are:

##### 1. Sponge

cake The sponge cake was originally packed in thick plastic with a choice of colors that are not so bright. At present the Center for Distinctive Souvenirs Banyuwangi UD. Sri Rejeki created a different packaging from before, namely by using a mica package and pressed using a machine on a mica lid, the packaging that was created was more practical and economical than the previous packaging.

##### 2. Bakiak Cake

packaging for the cake at first used thick mica and the color of the packaging was only 1, the packaging was not so tight that the cake for the cake was not arranged properly. With the new idea of packaging innovation, business owners are trying to make the packaging more attractive and can attract consumers. UD. Sri Rejeki created a number of new packaging for diak cookies such as the first packaging innovation using thick plastic which was screened labeled with a variety of colors to distinguish between each variant of flavor and the upper part was tied using a ribbon. The second innovation uses clearer plastic than before and the top of the package is shaped like a fan but with a more practical package size than the previous package. The third innovation uses mini jars with more sizes than the previous packaging. The jar is made of mica with a sticker on the front. The fourth innovation using cardboard is designed to be more interesting than previous innovations, where all the information contained in the cake has been printed together with cardboard. This package is the most expensive one out of the others, because the design is better than the previous one.

##### 3. Opak Gulung Cake

cake The Opak Roll cake packaging was originally packaged using thick mica without stickers and not printed or it can be said that there is no information about the product on the packaging. At present the Center for Distinctive Souvenirs Banyuwangi UD. Sri Rejeki created 2 new packaging on Opak Gulung cakes, the first innovation using thick plastic which is all the information about the product is screen printed on the plastic outer packaging. The packaging is more practical than the previous packaging and this package is not equipped with a company logo. The second innovation uses plastic that is clearer than before but with a larger packaging size, besides that information about the product is no longer screen printed on plastic but is used as a sticker and installed outside the plastic.

##### 4. Cat's Tongue Cake

Packaging of cake is also experiencing innovation, where the original packaging uses mica and the lid of the mica is only insulated so the product can last a long time. At present the Center for Distinctive Souvenirs Banyuwangi UD. Sri Rejeki created a package with a different size than before, with a size of 400 gr, 250 gr and 750 gr. Packaging that is 400 gr



and 250 still using thick mica, it's just that there is a change in the sticker attached to the top of the package, for the lid the mica has also undergone a change, which is no longer using insulation, but has used a pressing machine so the product can be more durable than the previous packaging. Subsequent packaging innovations using jars, these packages were created because of demand from consumers.

c. Design-Based Innovation

Innovation is a product innovation that is carried out by changing the appearance or modifying the product so that it can attract the interest of consumers. With the design-based innovation can minimize the level of consumer saturation in consuming products that previously existed. Business owners assume that changes in product design can expand their target market and increase the selling power of a product. This is in accordance with the opinion of Kotler & Keller [5] which states that design-based innovation is innovation where products, contents, packaging and sizes are sold the same, but the design or appearance are modified so as to attract consumer interest. Products that experience design-based innovation in terms of shape are sponge cake, sesame flavor, roll opaque and cat tongue cake. At first the company launched a regular sponge cake with a round shape and then innovated into a box shape, sesame cake for flat-shaped sesak flavors in innovation into an elongated and round shape, roll opaque cake with a tube-like shape in innovation into a cone shape and cat tongue cake oval in innovation becomes long and rounded.

d. Innovation Based on Complementary Material Development

Innovations based on the development of complementary materials involve the addition of complementary materials or additional services to a product. Innovations based on the development of complementary materials can also be done by adding a number of new ingredients into the basic product to create product variants. Innovations in developing complementary materials need to be made with the aim of adding variety to the cake. This innovation is in accordance with the opinion of Kotler & Keller [5] which states that the development of complementary materials involves adding a number of new or supplementary materials and additional services to the basic product in order to create a variant of a product. Innovation based on the development of complementary materials is done by adding complementary ingredients to products such as adding cheese and tape to regular sponge, cheese and almonds on a comb sponge, adding ingredients such as brow, jackfruit, cheese, sesame, chocolate and durian to a cake and giving sesame on the opaque cake. Innovations based on the development of complementary materials are created to vary the variety of flavors in the products produced according to what is expected and needed by consumers.

e. Innovation Reduction Based Efforts Reduction

Innovation efforts are the company's efforts to facilitate consumers to get the products they produce. Banyuwangi Distinctive Souvenir Center UD. Sri Rejeki innovates based on reducing efforts by looking at other factors that can make products known to the public and easily available to consumers. This is in accordance with the opinion of Kotler & Keller [5] which states that innovation based on effort reduction is a way carried out by a company by helping consumers reduce the effort and costs incurred to consume the product. Reduction-based innovation efforts undertaken are as follows:

1. Opening a Branch Outlet

Reduction-based effort efforts made by the Distinctive Center of Banyuwangi UD. Sri Rejeki is to open a branch outlet located on Jl. Jember 30 Setail Village, Genteng District, Banyuwangi Regency or more precisely in front of the Mahkota Genteng Hotel. The opening of this outlet aims to make it easier for consumers to enjoy the production and also expand the distribution area, so as to increase sales volume.

2. Having a Distributor

Based on reduction, the next effort made is to have distributors in several places in Banyuwangi Regency, such as in traditional markets, supermarkets and other pastry shops. In addition, the Distinctive Souvenir Center of Banyuwangi UD. Sri Rejeki also has distributors outside of Banyuwangi Regency, such as almost all cities in East Java, Central Java, Kalimantan, Bali and parts of Mataram.

3. Delivery order services

Innovation-based reduction of the next effort is to have a delivery order service. This was done to facilitate consumers in enjoying products from the Center for Distinctive Souvenirs, Banyuwangi UD. Sri Rejeki. Delivery order service is specialized for distributors and consumers who buy in large quantities. The innovation is expected to be able to expand the market and attract new consumers, so that there are factors that can support the product to be better known to the public. The focus of the development of a company is not only seen from its products but also other factors that can support its existence in the business world by utilizing existing opportunities.

*Product Diversification Performed by UD. Sri Rejeki*

Results showed that UD. Sri Rejeki has done several product diversifications in developing his business, namely:

a. Diversification of Concentric

Development of technology has made the company diversify concentrically by utilizing new forms of technology, such as machine-assisted production activities, where previously all production activities were carried out manually. UD. Sri Rejeki also diversified concentrically by finding new forms of distribution and subscriptions. This was done to expand the marketing area of the products produced. The form of distribution that is done is by the service between goods to distributors and customers who buy in large quantities, this new subscription is obtained from entering markets that have not yet been entered by the company. This is in accordance with the opinion of Amirullah [3] which states concentric diversification occurs when a business decides to expand the business by seeking new forms of technology, distribution and new subscriptions, but still in the product line. In entering a new market, of course, it should not only depend on superior products, but must diversify the products produced. This is done by creating new products that are favored by consumers. Concentric diversification products such as Bagelan Cake, elephant ears, pluntiran, dried brownies, dried pastels, fish eggs, dried donuts, sagon, bidaran and so on. Diversification of the types of products produced aims to meet the desires and needs of consumers, because the more products offered to consumers, the greater the consumer's interest in buying the products offered.

b. Diversification of Horizontal

UD. Sri Rejeki also diversified horizontally into his business, namely by setting up a screen printing business, both plastic and sack. This is in accordance with the opinion of David [2] which states that horizontal diversification is done by companies by adding new products or services but not related to existing products. The business started with consumers who wanted to order the same plastic packaging as product packaging at the Banyuwangi Distinctive UD Center. Sri Rejeki. The screen printing business also shows rapid progress, which can be seen from orders for screen printing products that not only come from the Banyuwangi region, but have arrived outside Banyuwangi regencies, such as Lumajang, Malang, Bali and NTB.

c. Diversification of Conglomerate

UD. Sri Rejeki also diversified conglomerates into his business, to realize the diversification UD. Sri Rejeki founded a new business that is not related to the typical souvenir products of Banyuwangi. UD. Sri Rejeki established a restaurant next to one of the outlets in an effort to develop its business. This is in accordance with the opinion of Amirullah [3] which states that diversification of conglomerates is a way for companies to expand their businesses by forming

new business units in various business fields that have absolutely no connection with the previous business sector. The business was established because it has big opportunity for company profits. Diversification of conglomerates has a positive impact on the company, in addition to increasing company turnover it also helps increase the sales volume of souvenir products typical of Banyuwangi, because in the restaurant is also equipped with souvenir products typical of Banyuwangi, in addition to the establishment of the restaurant can create new jobs for local residents.

#### 4. Conclusion

Based on the research results obtained, the Center for Special Souvenirs of Banyuwangi UD. Sri Rejeki has innovated and diversified its products, especially in superior products such as sponge cakes, divide cakes, opa-rolled cakes and cat liah cakes. Product innovation is carried out by modifying the products produced so that it is more attractive to consumers. Banyuwangi Distinctive Souvenir Center UD. Sri Rejeki applies five bases of innovation in its products, namely size-based innovation, packaging-based innovation, design-based innovation, innovation-based complementary material development and effort-based innovation reduction. In addition, the Center for Distinctive Souvenirs Banyuwangi UD. Sri Rejeki also applies product diversification to his business, product diversification is carried out with the aim of minimizing the level of consumer saturation of existing products. Product diversification includes concentric diversification by utilizing technological developments, looking for new forms of distribution and subscriptions by entering new markets and diversifying the types of products produced, horizontal diversification by establishing new businesses, namely UD screen printing. Sri Rejeki and diversification of conglomerates by establishing a restaurant business UD. Sri Rejeki. Innovation and product diversification that is carried out can't be separated from the ability of business owners to read the wants and needs of consumers.

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