THE ROLE OF INNOVATION IN IMPROVING RETAIL BUSINESS COMPETITIVENESS IN BENGKULU CITY

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Abstract

The retail industry in Bengkulu City faces challenges in increasing competitiveness amidst changes in technology and consumer behavior. This study aims to analyze the role of innovation in increasing the competitiveness of retail businesses in Bengkulu City, as well as identifying the challenges faced by business actors in implementing innovation. The approach used in this study is qualitative with in-depth interview methods and participatory observation. The results of the study show that technology-based innovations, such as the use of e-commerce platforms and digital-based inventory management systems, have a positive impact on operational efficiency and increased customer satisfaction. However, retail business actors also face major challenges such as limited resources, low technological literacy, and limited access to digital infrastructure. The implications of this study are the importance of government support and increasing technological literacy to encourage the adoption of innovation in the retail sector.

Keywords: Innovation, Competitiveness, Retail

Introduction

In the retail business world, rapid and challenging changes are inevitable for every business actor. This is especially true in Bengkulu City, a city that has a growing market potential, but is faced with various challenges in optimizing the competitiveness of the retail sector. These changes are caused by various factors, ranging from technological advances, shifts in consumer behavior, to high levels of competition in the market. One of the most important factors in increasing the competitiveness of the retail business is innovation. Innovation in this context is not just the development of new products, but also includes other aspects such as business models, customer experience, use of technology, and more efficient distribution systems.

In the rapidly developing digital era, technology has become a major driving force in various sectors, including retail. Today's consumers prefer convenience, comfort, and speed in shopping. A study conducted by Suryani (2020) revealed that changes in consumer behavior in Bengkulu showed a significant tendency towards shopping preferences through digital platforms. This gives a signal that retail business actors in this city must immediately adapt to technological developments if they want to survive and thrive. However, the implementation of technological innovation in the retail business, especially in areas such as Bengkulu, still faces many obstacles, especially in terms of limited resources and low digital literacy among small and medium business actors.

According to Prasetyo (2019), the development of digital technology, especially in the form of e-commerce, mobile applications, and the use of other online platforms, has become the main weapon in increasing competitiveness for many large retail companies in Indonesia. This technology not only makes it easier for consumers to make transactions, but also provides opportunities for business actors to expand their market reach. On the other hand, Budianto (2021) stated that although digital technology offers many advantages, its implementation in areas such as Bengkulu is often hampered by the low level of technology adoption among local retail business actors. Many of them still rely on traditional business models and have difficulty switching to more modern and efficient systems.

This phenomenon shows a large gap between retail business actors in big cities and in smaller areas, such as Bengkulu. Husni (2022) in his research revealed that most retail business actors in Bengkulu have not utilized the potential of digital technology to its full potential. The main problems faced are limited access to more sophisticated technology and limited knowledge and skills in implementing digital systems that can improve operational efficiency. In fact, many of them do not yet have a sufficient understanding of the importance of innovation in supporting the sustainability of their business. In fact, according to Budianto (2021), innovation in supply chain management and more

efficient distribution systems can provide significant benefits in terms of reducing operational costs and increasing customer satisfaction, which ultimately has an impact on increasing competitiveness in the market.

Innovation in the retail business is not only limited to technology and operational management, but also includes other equally important aspects, such as customer experience, marketing strategy, and business model development. Christensen (2019) explains that innovation in business can be in the form of product innovation, process innovation, and marketing innovation. Product innovation is the development of new goods or services that can meet consumer needs. Process innovation refers to improvements in the way products are produced or distributed to increase efficiency and reduce costs. Meanwhile, marketing innovation is related to the development of new ways to attract consumers' attention and create a more satisfying shopping experience. In Bengkulu City, although most retail businesses still rely on conventional methods, the potential to implement these innovations is enormous, especially with the increasing use of the internet and mobile devices among the public.

In addition to the challenges in terms of technology adoption, retail business actors in Bengkulu are also faced with a more complex problem, namely the lack of understanding of the importance of innovation to create long-term competitiveness. Many retail business actors in this area are still trapped in inefficient operational routines and are less able to see the opportunities that can be obtained by utilizing technology or changing their business models. This often hinders the development of local retail businesses, which should be more competitive by utilizing innovation as a primary strategy.

In facing these challenges, the role of local government is very important in creating an environment that supports the development of innovation in the retail sector. According to Husni (2022), government support in terms of providing technology training, providing incentives for innovative business actors, and providing infrastructure that supports the use of technology can be concrete steps that can help retail businesses in Bengkulu to grow. In addition, it is also important for retail business actors to explore and understand more deeply about consumer needs and how to adapt to changes in the market. This will give them a much-needed competitive advantage in facing increasingly fierce competition.

In this context, this study aims to analyze the role of innovation in improving the competitiveness of retail businesses in Bengkulu City. This study also aims to identify the challenges faced by retail business actors in implementing innovation, as well as providing practical and applicable recommendations to help business actors face these challenges and maximize their innovation potential.

Through this research, it is expected to find various solutions that can help retail business actors in Bengkulu in facing the challenges of globalization and digitalization, as well as utilizing innovation to increase their competitiveness. By understanding the importance of innovation and how to implement it effectively, retail business actors can be better prepared to face increasingly fierce competition and continue to innovate to meet the growing needs of consumers.

This research not only provides theoretical contributions in the development of science on innovation in retail business, but also provides practical benefits for retail business actors and local governments in formulating policies that support the development of the retail sector in Bengkulu City. Thus, the results of this study are expected to be a guide for various interested parties in developing a more competitive and innovative retail sector in Bengkulu.

Research Methods

This study uses a qualitative approach with the aim of exploring the role of innovation in increasing the competitiveness of retail businesses in Bengkulu City. The qualitative approach was chosen because the main focus of this study is to deeply understand the innovation phenomenon that occurs in the retail business sector, as well as the challenges faced by business actors in implementing these innovations. The qualitative approach allows researchers to get a more holistic picture of the innovation practices implemented by retail business actors and how these innovations relate to competitiveness in the local market.

With this approach, this study aims to explore the empirical experiences and perspectives of retail business actors that may not be explained only through numbers or quantitative data. Qualitative research provides space for researchers to explore the meaning behind the phenomena that occur, as well as provide a richer and deeper understanding of the dynamics that occur in the retail sector in Bengkulu City. On the other hand, this approach also provides flexibility in data collection and analysis, allowing researchers to adjust to conditions and situations that develop during the research process.

Research Location

This research was conducted in Bengkulu City, an area that has the characteristics of a developing market, with significant differences compared to markets in other big cities. Bengkulu, although the provincial capital, still faces challenges in terms of developing an innovative retail sector, especially related to the adoption of technology and the implementation of more modern business models. The city also has a varied number of retail business actors, ranging from small shops, traditional markets, to several developing modern retail companies. The selection of this location is very relevant because it provides a clear picture of how retail business actors in the area face challenges in implementing innovation, as well as how they try to increase competitiveness in the increasingly competitive local market.

Data source

The data sources used in this study consist of two main types, namely primary data and secondary data. Primary data was obtained directly from retail business actors in Bengkulu City, including business owners, managers, and operational staff involved in daily activities in the retail sector. In addition, primary data was also obtained through direct observation of innovation practices applied in the field. This observation process will involve observing the application of technology in retail operations, interactions with consumers, and changes in marketing strategies and product management that occur in the field. This observation is expected to provide deeper insight into the dynamics of innovation that is occurring in the local retail sector.

Secondary data sources were obtained through literature studies covering various scientific journals, books, research reports, and articles discussing innovation in retail business and strategies to increase competitiveness in the growing market. This literature study was used as a strong theoretical basis in analyzing data obtained from interviews and observations. Secondary data also provides an understanding of global trends that are relevant to the research topic and can enrich the researcher's perspective in understanding the phenomenon being studied.

Data collection technique

To collect primary data, this study used several main techniques, namely in-depth interviews and participant observation. In-depth interviews were conducted with semi-structured interview guidelines, which allowed researchers to dig deeper into information about the experiences and views of retail business actors on the innovations they implement. These interviews were flexible, allowing researchers to further explore topics that emerged spontaneously during the conversation. The informants interviewed included retail business owners, managers, and staff who had direct experience in running business operations and implementing innovations.

In addition to interviews, participant observation techniques are used to directly observe the innovation processes implemented in the field. Researchers will be involved in daily activities in the retail business to observe how innovation is carried out in practice, whether in the use of new technology, interactions with consumers, or how companies face challenges that arise from the implementation of the innovation. This observation is very useful for gaining a more concrete and real understanding of the dynamics that occur in the retail business that is innovating.

Research Procedures

The research procedure begins with the selection of relevant locations and informants. Researchers make selections based on certain criteria, such as business actors who have been operating for at least one year and have carried out some form of innovation in their business. After the informants are selected, researchers conduct in-depth interviews accompanied by field observations. Interviews are conducted in several sessions, and each interview is guided by a semi-structured interview guide that covers various topics related to innovation in the retail business.

During the data collection process, researchers also recorded the results of field observations and took field notes that could support the findings from the interviews. The data obtained were then analyzed continuously through recording and coding data that appeared in interviews and observations. In addition, researchers also cross-checked data obtained from various sources (triangulation) to ensure the validity and reliability of the data that had been collected.

Data Processing and Analysis Techniques

The technique used in data processing and analysis is thematic analysis. The first step in data analysis is to transcribe the interviews that have been conducted, which is then followed by data coding to

identify key themes related to the implementation of innovation in retail businesses. After coding is done, the data is grouped into relevant categories to facilitate further analysis.

The next step is to conduct an in-depth analysis of the emerging themes to understand how innovation is implemented in the local context and its impact on retail competitiveness. Researchers will identify consistent patterns across different retail players, as well as factors that influence innovation adoption, such as digital literacy levels, resource availability, and organizational culture.

To strengthen the analysis, triangulation techniques are used to validate the results obtained from interviews and observations with relevant literature. Thus, researchers can gain a more comprehensive and accurate understanding of how innovation plays a role in increasing the competitiveness of retail businesses in Bengkulu City.

Framework of Thought

The framework of this research is based on the theory of innovation diffusion introduced by Everett Rogers (2003). This theory explains how innovation is introduced into a social system and how innovation adoption is influenced by several factors, such as the relative advantage of innovation, its compatibility with existing values in society, and the complexity of the innovation itself. In the context of retail business in Bengkulu, this theory helps to understand how business actors decide to adopt new technologies or change the way they run their business operations.

In addition, this framework also refers to the theory of competitive strategy that underlines the importance of innovation to create competitive advantage. This theory claims that innovation, whether in product, process, or marketing, can give a company a significant advantage in a competitive market. Here, the researcher seeks to understand how innovation in the retail business can improve competitiveness and help retail business actors survive and thrive in a changing market environment. Through the application of these theories, this study will identify how retail business actors in Bengkulu face challenges in implementing innovation and how these innovations contribute to increasing their competitiveness.

Results and Disscusion

In this section, the author will present the research results obtained from interviews, field observations, and literature studies related to the role of innovation in increasing the competitiveness of retail businesses in Bengkulu City. Based on the analysis conducted, this study identified three main aspects that influence the competitiveness of retail businesses in Bengkulu City, namely: the role of innovation in increasing competitiveness, challenges faced by retail business actors in implementing innovation, and the impact of innovation on the growth and competitiveness of retail businesses in Bengkulu City. The discussion will be carried out in depth based on the research objectives that have been formulated.

Innovation in the retail business plays a vital role in increasing competitiveness, both at the individual company level and the retail industry as a whole. Based on interviews conducted with retail business owners and managers in Bengkulu City, it was revealed that the implementation of innovation, especially technology-based innovation, has had a significant impact on the ability of businesses to compete in the local market. Most retail businesses that have adopted digital technology, such as cloud-based inventory management systems, the use of e-commerce platforms, and digital marketing strategies, have experienced significant improvements in operational efficiency and wider market reach.

For example, one business owner who manages a clothing store in Bengkulu revealed that they started using a mobile application to make it easier for consumers to buy products online. As a result, the store recorded an increase in online sales of around 40% in the first six months after the application was introduced. This shows that consumers who previously preferred to shop directly now prefer the convenience of shopping online. This finding is in accordance with research by Prasetyo (2019), which states that the adoption of e-commerce can expand the market and increase competitiveness for retail companies. In Bengkulu, with the increasing use of smartphones among the public, this is a form of innovation that is very relevant to implement.

In addition, the use of technology in inventory management has also been shown to improve operational efficiency. Most of the business people interviewed revealed that they have implemented a technology-based stock management system that allows them to monitor inventory in real time and reduce errors in ordering or stock management. With this system, companies can not only reduce waste of unsold products but also increase customer satisfaction by ensuring that the products they need are always available. Innovations in distribution systems and supply chain management have improved companies'

ability to meet market demand in a more timely manner, which has a direct impact on increasing their competitiveness.

Although innovation can provide many benefits for retail businesses in Bengkulu City, business actors still face various challenges in implementing these innovations. The main challenge found during this study was the limited resources owned by business actors, especially small and medium enterprises (SMEs). Many business actors expressed that the costs required to adopt new technologies were quite high, and they often had difficulty obtaining the funding needed to purchase equipment or software that supported innovation.

For example, a grocery store owner interviewed stated that although they recognize the importance of having a digital-based stock management system, the cost of purchasing the hardware and software needed to run the system is still a major obstacle. This limited funding often makes them prefer to stick with a cheaper, albeit less efficient, manual system. This is in line with the findings of Husni (2022), who revealed that most business actors in Bengkulu, especially small businesses, are still unable to invest in advanced technology due to limited funds and access to resources that support innovation.

Another challenge faced by retail business players in Bengkulu City is the low level of technological literacy among them. Although many business players recognize the importance of technology-based innovation, most of them do not have adequate skills to implement or operate the necessary technology. Some business players expressed confusion in choosing the right technology and how to integrate the technology into their business processes. This creates a knowledge gap that makes innovation adoption slower.

In addition, the issue of access to adequate digital infrastructure is also a significant challenge. Several business actors reported that although they were interested in developing online stores, limited and slow internet connections were often a major obstacle. In several areas in Bengkulu City, stable and fast internet access is still an issue that has not been fully resolved, which in turn affects the ability of business actors to make maximum use of technology.

Innovations implemented in retail businesses in Bengkulu City have a significant impact on their growth and competitiveness. Several business actors who have successfully adopted innovations, such as technology-based stock management systems and digital marketing, reported that they have not only managed to improve operational efficiency, but also increased customer loyalty. For example, retail stores that implemented mobile app-based loyalty programs revealed that they saw a significant increase in the number of customers who returned to shop after receiving personalized offers and discounts based on their purchase history.

This loyalty program not only provides added value to customers, but also allows businesses to collect valuable data on consumer preferences and purchasing patterns. This data is then used to design more effective and targeted marketing strategies, which in turn helps improve the competitiveness of the retail business. Based on interviews with several business owners, they stated that collecting data through this loyalty program allows them to better tailor product offerings to consumer needs and wants, which has an impact on increasing customer satisfaction and loyalty.

In addition, the implementation of a more efficient distribution system and the use of technology to improve customer experience have also had a positive impact on business growth. Several business actors who have adopted digital payment systems and accepted payments through mobile applications have reported that they have seen an increase in the number of transactions, especially among younger customers who are more accustomed to using digital payment methods. This shows that innovation in the aspect of payment technology not only increases convenience for consumers but also speeds up the transaction process, which ultimately increases business efficiency and customer satisfaction.

However, even though many business players have felt the benefits of innovation, challenges in implementing innovation in a city like Bengkulu remain. Therefore, for businesses that are still hesitant or lagging behind in terms of technology adoption, it is important to overcome these obstacles so that they can compete effectively in an increasingly competitive local market.

From the results of this study, it can be concluded that innovation plays a very important role in increasing the competitiveness of retail businesses in Bengkulu City. The application of digital technology in marketing, inventory management, and customer experience has had a positive impact on many retail business actors in increasing operational efficiency and attracting more customers. However, retail business actors also face various challenges, including limited resources, low technological literacy, and limited access to digital infrastructure. Nevertheless, the positive impact of the innovation that has been implemented, such as increasing customer satisfaction, reducing operational costs, and increasing customer loyalty, shows that innovation is an important key to increasing the competitiveness and growth of retail businesses in Bengkulu City. Therefore, support from various parties, including the government

and financial institutions, is needed to facilitate the adoption of innovation in the retail sector, especially for small and medium enterprises.

Conclusion

Based on the results of the research that has been conducted, it can be concluded that innovation plays a very important role in increasing the competitiveness of retail businesses in Bengkulu City. The adoption of digital technology in various aspects of business, such as marketing, inventory management, and customer experience, has been proven to have a significant positive impact on retail business actors. The implementation of technology-based stock management systems and e-commerce platforms has helped business actors improve operational efficiency, reduce costs, and expand their market reach. In addition, innovation in customer experience, such as the implementation of application-based loyalty programs, has increased customer satisfaction and loyalty.

However, retail business players in Bengkulu City also face several major challenges in implementing innovation. Limited resources, low technological literacy, and limited access to digital infrastructure are the main obstacles for small and medium enterprises (SMEs) in adopting new technologies. However, for business players who have successfully adopted innovation, the impact on their growth and competitiveness is very clear, with increased transactions and customer satisfaction.

Suggestions/Recommendations

Based on the findings and discussions, it is recommended that retail business actors in Bengkulu City continue to encourage the adoption of innovation through technology training and increasing digital literacy, especially for small and medium enterprises. In addition, government support in the form of providing better infrastructure and access to more affordable technology is needed to accelerate the process of adopting innovation. Further research can be conducted to explore how government policies can be more effective in supporting digital transformation in the retail sector in areas such as Bengkulu.

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