

## Product Innovation as the Foundation of Effective Marketing Strategy in the Creative Industry

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**Abstract.** This study is motivated by the increasing competition in the creative industry, which requires businesses to continuously innovate to maintain sustainability and strengthen competitiveness in the global market. The purpose of this research is to analyze the role of product innovation as the foundation for developing effective marketing strategies in the creative industry within the digital era. The study employs a qualitative descriptive approach, utilizing library research to collect data from scientific journals, books, and academic publications available on Google Scholar from 2015 to 2025. The findings reveal that product innovation plays a significant role in enhancing marketing effectiveness through value creation, product differentiation, strengthening brand image, and improving customer loyalty. Innovation also enables creative industry players to adapt to technological changes and dynamic market trends. The implications of this research highlight that marketing success is not solely determined by product quality but also by the ability to integrate continuous innovation throughout all business processes. Consistent and sustainable product innovation is identified as a key driver for the development of adaptive, competitive, and resilient creative industries in the digital age.

**Keywords:** Product Innovation; Marketing Strategy; Creative Industry; Competitiveness; Digital Era.

**Abstrak.** Penelitian ini dilatarbelakangi oleh meningkatnya persaingan pada industri kreatif yang menuntut pelaku usaha untuk terus berinovasi agar mampu mempertahankan keberlanjutan dan memperkuat daya saing di pasar global. Tujuan penelitian ini adalah untuk menganalisis peran inovasi produk sebagai landasan strategi pemasaran yang efektif dalam mengembangkan industri kreatif di era digital. Metode yang digunakan ialah pendekatan kualitatif deskriptif dengan metode kajian literatur (library research) yang bersumber dari jurnal ilmiah, buku, serta publikasi akademik yang di-

*akses melalui Google Scholar periode 2015–2025. Hasil penelitian menunjukkan bahwa inovasi produk berkontribusi besar terhadap peningkatan efektivitas pemasaran melalui penciptaan nilai tambah, diferensiasi produk, penguatan citra merek, dan peningkatan loyalitas konsumen. Inovasi juga membantu pelaku industri kreatif dalam menyesuaikan diri terhadap perubahan teknologi dan tren pasar yang dinamis. Implikasi penelitian ini menunjukkan bahwa keberhasilan strategi pemasaran tidak hanya ditentukan oleh kualitas produk, tetapi juga oleh kemampuan pelaku usaha mengintegrasikan inovasi secara berkelanjutan ke dalam seluruh proses bisnis. Inovasi produk yang konsisten menjadi kunci terciptanya pertumbuhan industri kreatif yang adaptif, berdaya saing, dan berkelanjutan di era digital.*

**Kata kunci:** *Inovasi Produk; Strategi Pemasaran; Industri Kreatif; Daya Saing; Era Digital.*

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## BACKGROUND

The increasing competitiveness of the global economy requires every business actor to continuously adapt through innovative strategies that ensure sustainability and strengthen market positioning. Product innovation has become a fundamental element that not only creates new value but also serves as the foundation for building an effective marketing strategy. The creative industry holds a strategic role in national economic development since it is driven by creativity, technology, and cultural assets that possess high economic value (Asniwati *et al.*, 2024).

Indonesia's creative industry has experienced significant growth, supported by rapid technological advancements and growing public appreciation for originality and locally inspired products. The sector's contribution to the national Gross Domestic Product (GDP) continues to increase annually, with subsectors such as fashion, culinary arts, and crafts becoming major contributors. Intense market competition, however, compels industry players to innovate continuously so that their products remain relevant amid shifting consumer trends. This condition positions product innovation as the central pillar of business strategy, particularly in marketing, which aims to build brand image, attract consumer interest, and foster customer loyalty (Damayanti & Tjahjaningsih, 2023).

The concept of product innovation in the creative industry goes beyond the creation of new products. It encompasses the integration of aesthetics, functionality, and emotional value that aligns with consumer needs. (Kotler *et al.*, 2021), emphasize that the effectiveness of marketing strategies depends largely on a company's ability to deliver meaningful consumer experiences through innovative products. Innovative products can shape market perception, expand consumer segments, and enhance brand competitiveness in dynamic business environments. Innovation becomes the initial

driver for developing marketing strategies that focus on customer value and satisfaction rather than mere promotional efforts.

The relationship between product innovation and marketing strategy is reciprocal. Innovation grounded in a deep understanding of consumer preferences enables the design of targeted and relevant marketing messages. This phenomenon is evident in various creative industry subsectors in Indonesia, such as modernized traditional textile fashion or eco-friendly local crafts. These products not only offer aesthetic appeal but also carry strong cultural narratives that build emotional attachment and brand loyalty among consumers.

Digital transformation accelerates innovation processes and broadens marketing reach. Social media platforms, e-commerce, and data analytics tools have become essential channels for creative industry players to introduce innovative products to global audiences. Digital marketing strategies integrated with product innovation create two-way interactions between producers and consumers. Such interactions serve not only as promotional media but also as valuable sources of feedback for future product development (Firmansyah *et al.*, 2024).

The success of product innovation as the foundation of marketing strategy is strongly influenced by a company's ability to understand market dynamics, consumer trends, and external factors such as technology and culture. Highlights that firms capable of rapidly adapting to environmental changes tend to achieve stronger competitive advantages. Major challenges faced by Indonesia's creative industry include limited access to skilled human resources, insufficient research and development (R&D) capacity, and financial constraints that hinder long-term innovation efforts. These barriers often weaken the consistency of product innovation and reduce the overall effectiveness of marketing strategies (Cillo & Rubera, 2025).

Strengthening the role of product innovation as the basis for marketing strategies in the creative industry requires collaboration among entrepreneurs, government institutions, academics, and society. Cross-sectoral cooperation can accelerate knowledge transfer, reinforce the innovation ecosystem, and enhance adaptability to global market shifts. Such synergy aligns with the vision of a creative economy that positions creativity and innovation as the driving forces of sustainable economic growth.

A comprehensive understanding of the relationship between product innovation and marketing strategy is expected to contribute theoretically to the development of marketing management studies and practically to the creative industry's advancement. Academic research in this area provides a valuable foundation for applying theoretical insights to business practices. The outcome is anticipated to help industry players design products that are not only innovative in form but also effective in reaching markets and globally competitive in value.

## **THEORETICAL REVIEW**

### **Product Innovation**

Product innovation is defined as the process of developing new or significantly improved products to create additional value for consumers and companies. According to Schumpeter (1934), innovation represents the driving force of economic development, characterized by the introduction of new goods, production methods, markets, and organizational forms. In modern business theory, product innovation encompasses not only technological advancement but also the integration of creativity, design, and consumer insight (Cillo & Rubera, 2025).

Kotler *et al.* (2021) emphasize that innovation should be perceived as a continuous and systematic process aimed at meeting evolving consumer demands. Innovative products can enhance a company's differentiation and strengthen its market position, particularly in industries where uniqueness and creativity are essential sources of competitive advantage. In the creative industry context, product innovation often involves aesthetic transformation, cultural adaptation, and emotional resonance with consumers, leading to both functional and symbolic value creation.

### **Marketing Strategy**

Marketing strategy refers to a structured plan designed to achieve organizational goals through the identification of target markets, the creation of customer value, and the establishment of sustainable competitive advantage (Porter, 1985). A successful marketing strategy integrates elements of product, price, promotion, and distribution, collectively known as the marketing mix or the 4Ps framework (McCarthy, 1960).

Effective marketing strategies are built upon a clear understanding of consumer behavior, market segmentation, and positioning. A company's marketing effectiveness depends on its ability to align products with customer expectations and communicate their unique value propositions. In the creative industry, marketing strategies must emphasize storytelling, authenticity, and emotional connection to distinguish brands from competitors. The ability to adapt marketing tactics to digital platforms, social media trends, and global audiences further enhances strategic impact and brand reach (Kotler *et al.*, 2021).

### **The Relationship between Product Innovation and Marketing Strategy**

The interaction between product innovation and marketing strategy has been widely discussed in marketing and management literature. Innovation and marketing are mutually reinforcing processes: innovation generates market opportunities, while marketing guides innovation toward consumer-relevant outcomes. Companies that integrate marketing insights into the innovation process are more likely to produce market-oriented products that meet consumer expectations.

Empirical studies have shown that product innovation directly influences marketing performance by enhancing product attractiveness, customer satisfaction, and brand loyalty. An innovative product provides a foundation for differentiation, which strengthens the effectiveness of marketing campaigns and price positioning. In creative industries, where symbolic meaning and cultural value play vital roles, innovation becomes a crucial instrument for establishing brand identity and sustaining consumer engagement (Labib, 2024).

Successful marketing strategies in creative industries often emerge from the ability to integrate creativity, technology, and consumer participation. Innovation contributes not only to tangible product development but also to the creation of unique experiences that shape consumer perception and long-term loyalty. This interdependence demonstrates that innovation is not a separate function but an integral part of strategic marketing planning (Fauziah, 2024).

### **Creative Industry as the Context of Innovation and Marketing**

The creative industry is characterized by activities that originate from individual creativity, skills, and talent, which generate wealth and employment through the production and exploitation of intellectual property. The industry covers a broad range of subsectors such as design, fashion, film, music, architecture, digital media, and crafts. Its competitive advantage lies in the capacity to merge cultural identity with market demand, producing products that are both economically and symbolically valuable (Nurcholidah *et al.*, 2024).

In Indonesia, the creative industry has become a strategic sector contributing significantly to national economic growth. Reports from the Ministry of Tourism and Creative Economy (2023) indicate that innovation and marketing are the primary factors driving the sector's expansion. The success of creative industry players depends on their ability to create original products, communicate compelling brand narratives, and leverage digital platforms for marketing. Product innovation becomes not only a business necessity but also a cultural expression that reflects the nation's identity and creativity.

### **RESEARCH METHODS**

This study employs a qualitative descriptive approach using the library research method. This approach was chosen because the research focuses on a conceptual and theoretical analysis of how product innovation serves as the foundation for effective marketing strategies within the creative industry. The data sources consist of scientific literature, including books, national and international journals, and academic publications accessed through Google Scholar. The sources were selected purposively based on their relevance to the research topic and their recency, covering publications from 2015 to 2025.

Data collection involved identifying, selecting, and synthesizing literature that discusses product innovation, marketing strategy, and the creative industry. Each source was examined critically to identify relationships between theoretical frameworks and practical applications in the creative sector. The data were analyzed using content analysis, which involved extracting key concepts and synthesizing them into a comprehensive analytical framework. Through this method, the study aims to provide a holistic theoretical understanding of how product innovation functions as a strategic element to enhance marketing effectiveness and strengthen the competitiveness of the creative industry in the digital era.

## RESULTS AND DISCUSSIONS

Product innovation serves as a fundamental pillar that shapes the direction and success of marketing strategies in the creative industry. In a modern economy driven by creativity and technology, entrepreneurs are required to produce goods that not only fulfill functional needs but also carry symbolic and emotional value. Kotler *et al.* (2021) emphasize that the effectiveness of marketing strategies depends on how well a product creates relevant differentiation in the minds of consumers. Innovation, therefore, is not merely about producing something new but transforming ideas into meaningful value that resonates with the market (Nurcholidah *et al.*, 2024).

The creative industry plays a crucial role in supporting national economic growth, as it relies heavily on creative and innovative human resources. Wahyudiono *et al.* (2024) stated that the contribution of Indonesia's creative industries to the Gross Domestic Product (GDP) continues to grow each year. However, global competitiveness remains limited due to the weak innovative capacity of many entrepreneurs. Numerous creative products have strong potential but fail to compete in broader markets due to the absence of effective marketing strategies. This indicates that product innovation must serve as the core foundation for building adaptive and market-oriented marketing strategies (Wahyudiono *et al.*, 2024).

Habiburrahman *et al.* (2024) categorize product innovation into two main types, i.e.: incremental innovation and radical innovation. Incremental innovation involves continuous improvements to product design, function, or materials, while radical innovation entails the creation of entirely new concepts. In the context of creative industries, both forms of innovation are equally essential. Incremental innovation maintains customer interest and brand relevance, whereas radical innovation opens new market opportunities. Entrepreneurs who successfully integrate innovation throughout their production processes are more capable of formulating marketing strategies that attract and retain customers effectively (Habiburrahman *et al.*, 2024).

Porter (1985) highlights differentiation as the core of competitive advantage, which can only be achieved when a product possesses unique characteristics that competitors cannot easily replicate. For instance, in the fashion subsector, the fusion of local cultural elements with contemporary designs represents a form of innovation that enhances aesthetic appeal and reinforces national identity. Such products can be marketed effectively through storytelling-based strategies, in which cultural values and creative processes become central narratives in brand communication. This approach not only strengthens brand image but also enhances consumer trust and appreciation toward local creative products (Diani & Raharjo, 2025).

In the digital era, product innovation becomes increasingly vital in shaping technology-driven marketing strategies. Digitalization provides vast opportunities for creative entrepreneurs to introduce their innovative products through online platforms, social media, and marketplaces. The use of digital technology allows locally crafted products to gain international visibility. For example, handicraft entrepreneurs who utilize eco-friendly materials can emphasize sustainability as their core marketing narrative. Global consumer trends indicate that modern buyers prefer products that are

not only aesthetically appealing but also ethically produced. Thus, product innovation that incorporates sustainability values forms a strong foundation for marketing strategies that align with contemporary consumer behavior (Ortiz-Ospino *et al.*, 2025).

Furthermore, product innovation is closely linked to brand image formation and customer loyalty. Consumers tend to remain loyal to brands that consistently demonstrate creativity and improvement. This loyalty stems not only from product quality but also from the emotional and symbolic values associated with the brand. In creative marketing, product innovation often becomes the essence of brand identity. When a product evolves while maintaining its authenticity, it conveys commitment, originality, and artistic integrity qualities that strengthen long-term relationships between brands and customers (Tyasari *et al.*, 2024).

However, the literature also reveals several challenges that hinder optimal product innovation in the creative industry. One of the main barriers is the limited availability of human resources with innovative and adaptive capabilities. Many small and medium enterprises (SMEs) still focus primarily on traditional production without sufficient attention to research and development (R&D). Low digital literacy and restricted access to modern technology prevent many entrepreneurs from aligning their innovations with global consumer needs. Moreover, limited financial resources and weak institutional support further constrain innovation capacity (Ortiz-Ospino *et al.*, 2025).

Nevertheless, studies show that cross-sector collaboration can significantly enhance innovation and marketing effectiveness in the creative industry. Partnerships between entrepreneurs, academics, government agencies, and creative communities foster a synergy of ideas, resources, and networks. In practice, many creative entrepreneurs have benefited from business incubators and university-led innovation programs, which provide training, mentorship, and technological assistance. Such initiatives have proven effective in generating new products with high market value and supporting digital-based marketing strategies that reach broader audiences (Wahyudiono *et al.*, 2024).

Beyond market competitiveness, product innovation also ensures business sustainability. Products that are continuously renewed according to consumer trends can extend their life cycle and maintain business stability amid global economic shifts. This demonstrates that innovation is not only a growth strategy but also a long-term adaptation mechanism in a rapidly changing environment. Sustained innovation thus becomes a determining factor for the resilience and longevity of creative enterprises in the digital economy era.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion**

This study concludes that product innovation acts as the cornerstone of effective marketing strategies within the creative industry. Innovation represents more than the introduction of new products it embodies a systematic process that integrates creativity,



consumer insights, and competitive differentiation. The literature reveals that innovative products can enhance consumer attraction, establish distinctive brand identities, and sustain customer loyalty over time. Innovation also allows creative enterprises to respond effectively to technological advancements, global competition, and changing consumer behaviors. When innovation becomes the foundation of marketing strategy, it amplifies promotional effectiveness, improves brand awareness, and ensures the long-term sustainability of creative businesses.

Product innovation serves as a bridge between creativity and market competitiveness. It provides a dynamic framework through which creative entrepreneurs can transform cultural values, technology, and design into tangible economic benefits. The creative industry thrives when innovation is not treated as a one-time activity but as a continuous process that shapes business direction and marketing communication. This continuous cycle of innovation and marketing adaptation fosters not only economic resilience but also the preservation of cultural identity, positioning creative industries as vital drivers of inclusive and sustainable growth.

### **Recommendations**

For creative entrepreneurs, innovation should be embedded as a continuous process within product development and marketing planning. Entrepreneurs are encouraged to integrate creative concepts with market research, cultural identity, and sustainability values to create unique products with strong market potential. For the government and supporting institutions, strengthening innovation ecosystems is essential through funding assistance, business incubation, and creative industry training programs. Policies should promote collaboration between entrepreneurs, academic institutions, and technology providers.

For future researchers, further studies are recommended to empirically examine the impact of innovation on marketing performance or to explore digital innovation as a key element of competitiveness in the modern creative economy. By positioning innovation as a strategic foundation, the creative industry can enhance its competitive advantage locally and globally, while simultaneously contributing to sustainable economic development and cultural continuity.

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