

Analysis of the Role of Service Innovation and Product Quality in Revitalizing Culinary Business in Malang

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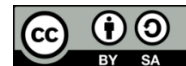
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ABSTRACT

This study investigates the role of service innovation and product quality in revitalizing culinary businesses in Malang. Using a quantitative research design, data were collected from 66 culinary business owners and managers through a structured questionnaire, with responses measured on a 5-point Likert scale. The analysis, conducted using SPSS version 25, revealed that both service innovation and product quality significantly contribute to business revitalization, with product quality demonstrating a stronger influence. These findings highlight the importance of integrating innovative service delivery methods with consistent product quality to enhance customer satisfaction and sustain competitiveness. The study offers valuable insights for culinary entrepreneurs and policymakers aiming to foster sustainable growth in Malang's culinary industry.

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1. INTRODUCTION

The culinary industry plays a significant role in local economic development through culinary tourism, community engagement, and support for local businesses, fostering economic growth and cultural identity. Culinary tourism attracts visitors who spend on local dining, food tours, and festivals, generating revenue, supporting job creation, and boosting demand for local ingredients, thereby benefiting farmers and promoting sustainable practices [1]. Community involvement is crucial, as preserving traditional culinary

practices strengthens cultural identity and supports economic activities [2]. In West Cicalong, traditional culinary arts have driven MSME development, showcasing the economic potential of local food specialties [3]. However, globalization and market competition pose challenges, requiring innovation and adaptation to meet demands while maintaining authenticity [3], [4]. Despite these challenges, active culinary preservation and strategic adaptation continue to create jobs and sustain local economies [2].

The culinary industry in Malang faces challenges such as increased competition and shifting consumer preferences, necessitating innovative strategies that balance the region's unique culinary heritage with market demands. Businesses should foster a culture of innovation, as entrepreneurial orientation significantly enhances performance through innovation in quick-casual dining [5]. Product development, including unique local dishes and modern twists on traditional recipes, can attract diverse consumer segments and enhance market appeal [6]. Digital marketing, particularly through social media platforms, plays a critical role in customer engagement, with strategies like video testimonials and online promotions proving effective [7]. Additionally, promoting local culinary experiences supports tourism, boosting local economies and strengthening community identity [6]. Operational efficiency is equally vital, with efficient cost management enabling better pricing strategies and maintaining product quality, thereby increasing revenue among culinary MSMEs [8].

Service innovation and product quality are critical strategies for maintaining competitiveness across industries, as service innovation enhances service delivery, improving customer satisfaction and loyalty, while product quality ensures consumer expectations are met, fostering repeat business. Service innovation, defined as creative changes in service delivery, is essential for enhancing customer experiences [9]. Effective service quality has a direct impact on customer loyalty, as demonstrated in the hotel industry, where superior service provides competitive advantages [9]. In the financial sector, innovative strategies have been shown to improve service quality and reshape customer interactions [10]. Similarly, high product quality plays a crucial role in meeting consumer expectations, which is closely linked to customer satisfaction and loyalty [11], [12]. Statistical evidence further supports that both product and service quality significantly affect customer satisfaction, with attributes such as reliability and responsiveness being particularly critical

[12]. For Micro, Small, and Medium Enterprises (MSMEs), product innovation is a key strategy for differentiation and sustaining growth in competitive markets [13].

Despite their importance, there is limited empirical research examining the impact of service innovation and product quality on the revitalization of culinary businesses, particularly in Malang. Most existing studies focus on the broader hospitality and service industries, often neglecting the unique dynamics and challenges specific to the culinary sector. This gap highlights the need for a focused analysis to provide actionable insights for entrepreneurs and stakeholders. Addressing this gap, the study investigates the role of service innovation and product quality in revitalizing culinary businesses in Malang, aiming to determine the extent of their influence on business performance and to identify strategies for enhancing competitiveness.

2. LITERATURE REVIEW

2.1 *Service Innovation*

Service innovation involves introducing new or improved services, delivery methods, or operational processes to enhance customer satisfaction and gain a competitive edge. As noted by [14], [15], service innovation is vital for businesses to adapt to market changes and evolving consumer needs. In the culinary industry, it manifests through digital ordering systems, personalized customer interactions, and innovative marketing strategies. Research by [16], [17] emphasizes that service innovation significantly enhances customer retention and brand differentiation, while [14]–[16] suggest that consistent innovation in service delivery positions businesses to capture new market segments. Building on these insights, this study examines the role of service innovation in revitalizing culinary businesses, particularly within the competitive landscape of Malang.

2.2 *Product Quality*

Product quality encompasses the attributes and characteristics of a product that meet customer expectations and provide satisfaction, with key dimensions identified by [18], [19] including performance, durability, reliability, and aesthetics. In the culinary context, product quality is reflected in the taste, freshness, presentation, and nutritional value of food and beverages. Previous studies, such as [20], [21], highlight that high product quality is essential for creating positive consumer perceptions and fostering long-term loyalty. Additionally, [11], [18], [20] argue that product quality plays a vital role in the co-creation of value, particularly in industries where customer experience is critical. This study explores how product quality contributes to the revitalization of culinary businesses by enhancing customer satisfaction and driving repeat patronage.

2.3 Business Revitalization

Business revitalization entails implementing strategies and practices to renew and rejuvenate operations, addressing challenges such as declining market share or changing consumer preferences. [22], [23] emphasize that revitalization requires a focus on innovation, quality, and customer-centric approaches to regain competitiveness. In the culinary industry, this often involves tackling operational inefficiencies, enhancing customer experiences, and embracing modern trends. [24]–[26] highlight that culinary businesses prioritizing innovation and quality are more likely to achieve sustainable growth and resilience. Aligning with these perspectives, this study examines the combined impact of service innovation and product quality on business revitalization in Malang.

2.4 Research Gap

Despite the extensive literature on service innovation and product quality, few studies have explored their combined impact on business revitalization in the culinary sector, particularly in local contexts such as Malang. Most existing research focuses on general service industries or global markets, leaving a gap in understanding the unique

challenges and opportunities faced by culinary businesses in specific regions.

2.5 Theoretical Framework

This study adopts the Resource-Based View (RBV) as its theoretical framework. The RBV posits that a firm's resources and capabilities, such as innovation and quality management, are key determinants of its competitive advantage (Barney, 1991). Applying this theory, the study investigates how service innovation and product quality serve as strategic resources for revitalizing culinary businesses in Malang.

3. METHODS

3.1 Research Design

This study adopts a quantitative research design to assess the relationship between service innovation, product quality, and business revitalization. The quantitative approach enables the measurement of variables through structured instruments and the statistical analysis of their interrelationships. The research aims to identify the extent to which service innovation and product quality contribute to business revitalization in the culinary industry.

3.2 Population and Sample

The population for this study comprises culinary business owners and managers operating in Malang, with 66 respondents selected using purposive sampling based on specific criteria: the business must be actively operating in Malang, the respondent must be involved in management or decision-making, and the business must have been operational for at least two years to ensure sufficient experience with service and product quality initiatives. This sample size is considered adequate for exploratory quantitative analysis, following the principle of data sufficiency in small business research. Data were collected through structured questionnaires, with each item rated on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

3.3 Data Analysis

The collected data were analyzed using SPSS version 25 through a structured analytical process. Descriptive statistics were used to summarize the demographic characteristics of the respondents and provide an overview of the variables. Inferential statistics included Pearson correlation analysis to examine the strength and direction of relationships between service innovation, product quality, and business revitalization,

and multiple linear regression analysis to test the influence of service innovation and product quality on business revitalization.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

The demographic characteristics of respondents indicate a diverse sample of culinary business owners in Malang.

Table 1. Demographic Sample

Category	Frequency	Percentage
Business Age		
Less than 5 years	20	30.3%
5-10 years	30	45.5%
More than 10 years	16	24.2%
Type of Cuisine		
Traditional Indonesian	40	60.6%
Fusion/Modern	15	22.7%
International	11	16.7%

The majority of businesses are between 5 and 10 years old, and most offer traditional Indonesian cuisine, reflecting the

local culinary heritage. Table 2 shows the mean and standard deviation for the primary variables.

Table 2. Descriptive Statistics

Variable	Mean	Standard Deviation
Service Innovation	4.12	0.65
Product Quality	4.35	0.58
Business Revitalization	4.21	0.62

The high mean values (≥ 4) indicate strong positive perceptions of service innovation, product quality, and business revitalization among respondents.

4.2 Reliability and Validity Analysis

The reliability test demonstrated Cronbach's alpha values exceeding 0.70 for all constructs, with service innovation at 0.843, product quality at 0.875, and business revitalization at 0.818, indicating high internal

consistency across the measures. Additionally, the validity test confirmed that all items had significant factor loadings (≥ 0.5), establishing strong construct validity for the study's instruments.

4.3 Hypothesis Testing

The regression analysis was conducted to test the influence of service innovation and product quality on business revitalization.

Table 3. Hypothesis Test

Variable	β Coefficient	t-Value	p-Value
Service Innovation	0.332	4.214	0.000
Product Quality	0.487	6.102	0.000
R ²	0.567		

The model explains 56.7% of the variance in business revitalization ($R^2 = 0.567$). Both service innovation ($\beta = 0.332$, $p < 0.01$)

and product quality ($\beta = 0.487$, $p < 0.01$) significantly influence business revitalization.

4.4 Discussion

4.4.1 Service Innovation and Business Revitalization

Service innovation emerged as a significant factor influencing business revitalization, consistent with the findings of [14], [27], [28]a, who highlighted the role of innovative service delivery in enhancing customer satisfaction. In Malang's culinary sector, innovations such as digital payment systems, online reservations, and personalized dining experiences have been instrumental in attracting a tech-savvy customer base. However, the relatively moderate β coefficient (0.332) indicates that while service innovation is important, it is not the sole determinant of revitalization, underscoring the need for businesses to integrate innovation with complementary strategies like marketing and customer engagement to achieve maximum impact.

4.4.2 Product Quality and Business Revitalization

Product quality was identified as the stronger predictor of business revitalization, with a β coefficient of 0.487, aligning with [29]–[31], who highlighted quality as a crucial determinant of consumer satisfaction and loyalty. In Malang's culinary sector, where traditional recipes dominate, maintaining high standards of taste, freshness, and presentation is vital. Businesses that prioritize locally sourced ingredients and consistent flavor profiles have successfully distinguished themselves in a competitive market. These findings emphasize that while service innovation enhances the customer journey, the core product must meet or exceed expectations to secure repeat patronage.

4.4.3 Combined Effect of Service Innovation and Product Quality

The interplay between service innovation and product quality highlights their complementary roles in revitalizing businesses, where service innovation enhances customer interactions and product quality ensures satisfaction with the core offering. Together, they create a synergistic effect that drives customer retention and profitability. For example, a restaurant providing excellent food quality may face

challenges without efficient service systems, while innovative services can fail to deliver value if the product does not meet customer expectations. This underscores the necessity of a balanced approach to strategic planning, integrating both elements to achieve sustainable success.

4.4.4 Insights from Malang's Culinary Sector

The unique cultural and economic dynamics of Malang's culinary sector offer valuable insights, particularly the strong demand for authenticity reflected in the prominence of traditional Indonesian cuisine, which underscores the critical importance of product quality. Simultaneously, the increasing adoption of digital tools highlights the necessity of service innovation to meet the evolving preferences of modern consumers, demonstrating the dual focus required for success in this competitive market.

4.5 Practical Implications

The findings provide actionable insights for culinary entrepreneurs, emphasizing the importance of investing in service innovation by adopting digital solutions like online reservations and delivery services to streamline operations and enhance customer convenience. Prioritizing product quality through consistent quality control measures, such as regular staff training and reliable ingredient sourcing, is essential for maintaining customer trust. Moreover, integrating service innovation with product quality initiatives can create a holistic customer experience, fostering loyalty and encouraging repeat visits. For policymakers and industry stakeholders, these insights underscore the need for supportive programs, such as training workshops and innovation grants, to empower local businesses and drive sustainable growth in the culinary sector.

4.6 Theoretical Implications

This study contributes to the literature by confirming the significance of service innovation and product quality in business revitalization, highlighting their unique interplay within the culinary sector. Additionally, it extends the applicability of the Resource-Based View (RBV) by demonstrating how intangible resources, such

as innovation capabilities and quality management, serve as critical drivers of competitive advantage, offering valuable insights into strategic resource allocation for sustainable business growth.

4.7 Limitations and Future Research

While this study offers valuable insights, it has certain limitations. The relatively small sample size of 66 respondents limits the generalizability of the findings, suggesting that future research should incorporate larger samples to enhance validation. Additionally, the focus on Malang's culinary sector may not fully capture the dynamics present in other regions, highlighting the need for comparative studies across different cities or countries to provide a broader perspective. Furthermore, future research could explore additional variables, such as marketing strategies and customer demographics, to develop a more comprehensive understanding of the factors influencing business revitalization.

5. CONCLUSION

The findings of this study highlight the critical roles of service innovation and product quality in revitalizing culinary businesses in Malang, with product quality

emerging as the most significant factor, emphasizing the need to maintain high standards in taste, freshness, and presentation. Service innovation, while slightly less influential, plays a crucial role in enhancing customer experiences through improved operational efficiency and engagement. The synergistic relationship between service innovation and product quality underscores the importance of an integrated approach, balancing innovative service strategies with superior product offerings to meet evolving consumer expectations, foster loyalty, and enhance market competitiveness. From a practical standpoint, culinary entrepreneurs should prioritize investments in technological advancements and rigorous quality control systems, while policymakers and stakeholders can support these efforts through targeted training programs and innovation grants. Although this study contributes to understanding business revitalization in Malang, further research is recommended to explore additional variables and broader geographical contexts to improve generalizability. Addressing these factors will enable culinary businesses in Malang to navigate market challenges effectively and achieve sustainable growth.

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