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The Effect Of Product Innovation, Process Innovation, And Customer Experience Innovation On Competitiveness In The Tiktok Shop Market

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Abstract

The rapid growth of social commerce has intensified competition among businesses operating on digital platforms, making innovation an essential factor in achieving competitive advantage. This study aims to examine the effects of product innovation, process innovation, and customer experience innovation on the competitiveness of business actors in the TikTok Shop marketplace. A quantitative explanatory approach with a cross-sectional survey design was employed. Data were collected through an online questionnaire from 100 TikTok Shop business owners, managers, and store administrators selected using purposive sampling. The data were analyzed using descriptive statistics, multiple linear regression, and hypothesis testing, including the t-test, F-test, and coefficient of determination (R^2). The findings indicate that product innovation ($\beta = 0.227$, $p = 0.005$), process innovation ($\beta = 0.404$, $p < 0.001$), and customer experience innovation ($\beta = 0.303$, $p < 0.001$) each have a positive and significant effect on business competitiveness. Simultaneously, the three innovation variables significantly influence competitiveness ($F = 59.032$, $p < 0.001$), explaining 64.8% of the variance in business competitiveness ($R^2 = 0.648$). Among the three variables, process innovation has the strongest influence on competitiveness. These findings suggest that integrating product innovation, process innovation, and customer experience innovation is an effective strategy for strengthening business competitiveness in the increasingly competitive TikTok Shop marketplace.

Keywords: Product Innovation, Process Innovation, Customer Experience Innovation, Business Competitiveness, Tiktok Shop, Social Commerce

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INTRODUCTION

The rapid advancement of digital technology has fundamentally transformed the business environment, particularly in the trade sector. Before the emergence of e-commerce, commercial transactions were primarily conducted through physical stores and traditional markets, limiting market reach and business expansion. As a result, Small and Medium Enterprises (SMEs) depended heavily on business location, face-to-face interactions, and fixed operating hours.

The growth of e-commerce has reshaped trading patterns and consumer behavior by enabling transactions anytime and anywhere through digital platforms. While this transformation has expanded market opportunities, it has also intensified competition as more businesses enter the digital marketplace. Consequently, digital transformation has become essential for SMEs seeking to maintain competitiveness in an increasingly dynamic business environment.

The evolution of e-commerce has further led to the emergence of social commerce, which integrates social media with online buying and selling activities. One of the fastest-growing social commerce platforms in Indonesia is TikTok Shop, which combines entertainment, social interaction, and commercial transactions through short-video content and live shopping features. Unlike conventional e-commerce, consumers on TikTok Shop evaluate not only product quality and price but also content quality, seller interaction, and the overall shopping experience.

The rapid growth of TikTok Shop has encouraged more businesses to join the platform, making competitive advantage increasingly important. Beyond pricing strategies, businesses must create superior value through innovation to attract customers and sustain their market position.

Product innovation is a key source of competitive advantage, involving the development of new product variations, quality improvements, enhanced packaging, and adaptation to market trends (Tidd & Bessant, 2018). In the highly competitive TikTok Shop marketplace, unique and value-added products are more likely to achieve stronger market performance. Furthermore, digital technologies enable businesses to gather customer insights and continuously improve products based on market feedback (McKinsey & Company, 2020).

Process innovation also plays an important role by improving operational efficiency, transaction convenience, service quality, and distribution systems. On TikTok Shop, this includes optimizing live shopping features, accelerating order processing, and providing responsive customer service, all of which contribute to customer satisfaction and competitive advantage (Junaedi et al., 2025).

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In addition, customer experience has become a strategic differentiator in the social commerce era. On TikTok Shop, customer experience is influenced by content quality, seller communication, responsiveness, trust, and transaction convenience (Firdaus et al., 2021). Positive customer experiences increase customer satisfaction and loyalty, ultimately strengthening business competitiveness.

From the Resource-Based View (RBV), sustainable competitive advantage arises from valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities (Barney, 1991). In the digital economy, intangible resources such as innovation capability, technological competence, organizational knowledge, and customer relationships are increasingly important. Accordingly, product innovation, process innovation, and customer experience innovation represent strategic capabilities that enable businesses to differentiate themselves and sustain long-term competitiveness.

Previous studies consistently show that product innovation enhances differentiation (Tidd & Bessant, 2018), process innovation improves operational efficiency (Junaedi et al., 2025), and customer experience innovation strengthens customer satisfaction and loyalty (Firdaus et al., 2021). However, empirical evidence examining the combined effects of these three innovation dimensions on competitiveness within the TikTok Shop context remains limited. Given TikTok Shop's unique integration of entertainment, interaction, and commerce, further investigation is warranted.

Therefore, this study examines the effects of product innovation, process innovation, and customer experience innovation on business competitiveness in the TikTok Shop marketplace. The findings are expected to provide empirical evidence on innovation strategies that help businesses strengthen their competitive position in an increasingly competitive social commerce environment.

METHODS

This study employed a quantitative approach to examine the causal relationships between product innovation, process innovation, customer experience innovation, and business competitiveness in the TikTok Shop marketplace. An explanatory (causal) research design with a cross-sectional survey was adopted, in which data were collected at a single point in time to capture the current innovation practices and perceptions of TikTok Shop sellers. As a non-experimental study, no treatment was applied; respondents' perceptions and business experiences were measured through a structured questionnaire.

The study examined four variables: product innovation (X_1), process innovation (X_2), customer experience innovation (X_3), and business competitiveness (Y). Product

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innovation refers to the development or improvement of products to increase customer value and market differentiation. Process innovation involves improvements in operational activities, including ordering, transactions, customer service, and distribution, to enhance efficiency and service quality. Customer experience innovation focuses on creating more engaging and satisfying shopping experiences through TikTok Shop features such as video content, live shopping, chat services, and communication. Business competitiveness refers to sellers' ability to maintain market position, attract customers, outperform competitors, and sustain sales performance. All variables were measured using indicators adapted from Barney (1991), Porter (2008), Kotler and Keller (2016), Tidd and Bessant (2018), Firdaus et al. (2021), and Junaedi et al. (2025). Responses were measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), with the measurement scale treated as ordinal.

Primary data were collected through an online questionnaire distributed to business owners, store managers, or administrators actively operating TikTok Shop stores in Indonesia. Secondary data were obtained from books, scientific journals, and related publications to support the theoretical framework and instrument development. Since the exact population of TikTok Shop sellers is unknown, purposive sampling was employed. Respondents were required to have actively managed a TikTok Shop store for at least six months, handled customer transactions, used at least one TikTok Shop selling feature, and completed the questionnaire based on their business experience. The minimum sample size was determined using the Lemeshow formula for an unknown population (Lemeshow et al., 1990), resulting in a minimum of 96 respondents, with a target of 100–150 participants.

Data were analyzed using descriptive statistics, followed by classical assumption tests (normality, multicollinearity, and heteroscedasticity). Multiple linear regression analysis was employed to examine the effects of product innovation, process innovation, and customer experience innovation on business competitiveness. The hypotheses were tested using t-tests for partial effects, an F-test for simultaneous effects, and the coefficient of determination (R^2) to measure the explanatory power of the model. Instrument validity was assessed using the Corrected Item–Total Correlation, while reliability was evaluated using Cronbach's Alpha, with values of 0.70 or above indicating acceptable internal consistency.

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RESULTS AND DISCUSSION

Description of the Research Object

This study examined business actors actively selling through TikTok Shop in Indonesia. As a social commerce platform, TikTok Shop integrates social media with e-commerce, enabling businesses to promote and sell products through short videos and live shopping features. Its rapid growth has intensified competition, making innovation an important strategy for improving business competitiveness.

The respondents consisted of store owners, managers, or administrators who had actively operated TikTok Shop stores for at least six months, completed sales transactions, and utilized the platform's selling features. These criteria ensured that respondents had sufficient experience in implementing product innovation, process innovation, and customer experience innovation.

Respondent characteristics were classified by gender, age, selling experience, and business category. Female respondents represented the majority (59.0%), while males accounted for 41.0%. Most respondents were aged 20–30 years (56.0%), followed by those aged 31–40 years (38.0%), indicating that the sample was largely within the productive age group. In terms of selling experience, 55.0% had operated on TikTok Shop for 6–12 months, 43.0% for at least 12 months, and only 2.0% for less than six months, suggesting that most respondents had adequate experience with the platform. Regarding business categories, fashion was the largest sector (32.0%), followed by food and beverages (26.0%), beauty (22.0%), and electronics (20.0%), demonstrating that the respondents represented diverse business sectors, with fashion being the dominant category.

Results Of Descriptive Analysis of Variables

Table 1. Descriptive Analysis of Product Innovation (X1)

Product Innovation (X_1)						
Aitem	**STS**	**TS**	**N**	**S**	**SS**	**Mean**
I increase the variety of products to fit customer needs.	0	5	10	42	43	4.23
I improve the quality of the product to be superior to competitors.	1	4	13	40	42	4.18
I updated the packaging to make it more attractive and professional.	1	4	15	44	36	4.10

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My product adapts to the trending trending on TikTok.	2	2	16	55	25	3.99
Mean Grand Total						**4.13**

Based on Table 1, the descriptive analysis of the Product Innovation (X1) variable produced a grand mean of 4.13, indicating that respondents generally agreed that they had implemented product innovation in their TikTok Shop businesses. The highest mean (4.23) was obtained for the statement *"I add product variations to meet customer needs,"* suggesting that expanding product variety is the most frequently implemented form of product innovation. In contrast, the statement *"My products follow trends that are currently popular on TikTok"* recorded the lowest mean (3.99), although it remained within the "agree" category. These findings indicate that business actors place greater emphasis on expanding product variations than on adapting products to emerging trends on the TikTok Shop platform.

Table 2. Descriptive Analysis of Process Innovation (X2)

Process Innovation (X_2)						
Aitem	**STS**	**TS**	**N**	**S**	**SS**	**Mean**
The ordering process in my store is easy for customers to understand	3	2	14	44	37	4.10
I process customer orders quickly.	1	6	21	41	31	3.95
I provide payment methods that make it easy for customers	0	5	16	48	31	4.05
I ensure the information and delivery process is clear and timely	2	2	15	59	22	3.97
Mean Grand Total						**4.02**

The descriptive analysis of the Process Innovation (X2) variable, presented in Table 2, yielded a grand mean of 4.02, indicating that respondents generally agreed that they had implemented process innovation in their businesses. The highest mean (4.10) was found for the statement *"The ordering process in my store is easy for customers to understand,"* highlighting ease of ordering as the most strongly implemented aspect of process innovation. Meanwhile, the statement *"I process customer orders quickly"* obtained the lowest mean (3.95), although it also remained within the "agree" category. Overall, these results suggest that respondents have adopted process innovation

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effectively, particularly by simplifying the ordering process, while the speed of order processing remains an area that could be further improved.

Table 3. Descriptive Analysis of Customer Experience Innovation (X3)

Customer Innovation (X_3)						
Aitem	**STS**	**TS**	**N**	**S**	**SS**	**Mean**
The ordering process in my store is easy for customers to understand	1	3	10	46	40	4.21
I process customer orders quickly.	0	5	10	46	39	4.19
I provide payment methods that make it easy for customers	1	4	13	54	28	4.04
I ensure the information and delivery process is clear and timely	1	4	11	44	40	4.18
Mean Grand Total						**4.16**

Based on Table 3, the descriptive analysis of the Customer Experience Innovation (X3) variable yielded a grand mean of 4.16, indicating that respondents generally agreed that they had implemented customer experience innovation in their TikTok Shop businesses. The highest mean (4.21) was obtained for the statement *"The ordering process in my store is easy for customers to understand,"* suggesting that ease of ordering is the most prominent aspect in creating a positive customer experience. Meanwhile, the statement *"I provide payment methods that are convenient for customers"* recorded the lowest mean (4.04), although it remained within the "agree" category. These findings indicate that respondents have made considerable efforts to enhance customer experience, particularly by simplifying the ordering process, while further improvements in payment convenience may help create a more satisfying shopping experience.

Table 4. Descriptive Analysis of Competitiveness (Y)

Competitiveness (Y)						
Aitem	**STS**	**TS**	**N**	**S**	**SS**	**Mean**
My store is able to compete with other stores selling similar products	1	3	10	46	40	4.21
My store sales have increased in recent times	0	5	10	46	39	4.19

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The products and the way my store is marketed are unique compared to competitors	1	4	13	54	28	4.04
I'm sure my business can survive the TikTok Shop competition for the next few years.	1	4	11	44	40	4.18
Mean Grand Total						**4.16**

As presented in Table 4, the Competitiveness (Y) variable produced a grand mean of 4.16, indicating that respondents generally perceived their businesses as being competitive within the TikTok Shop marketplace. The highest mean (4.21) was recorded for the statement *"My store is able to compete with other stores selling similar products,"* reflecting respondents' confidence in their ability to compete with other sellers on the platform. Conversely, the statement *"My products and marketing strategies are unique compared to competitors"* obtained the lowest mean (4.04), although it also remained within the "agree" category. Overall, these findings suggest that the respondents' businesses demonstrate a relatively strong level of competitiveness, while greater differentiation in products and marketing strategies could further strengthen their competitive advantage.

Instrument Test Results

Table 5. Validity Test

Aitem	Aitem	R count	R table 5% (100)	Description
Product Innovation (X1)	X1.1	0.783	0.196	Valid
	X1.2	0.724	0.196	Valid
	X1.3	0.695	0.196	Valid
	X1.4	0.748	0.196	Valid
Process Innovation (X2)	X2.1	0.808	0.196	Valid
	X2.2	0.741	0.196	Valid
	X2.3	0.745	0.196	Valid
	X2.4	0.822	0.196	Valid
Customer Innovation (X3)	X3.1	0.763	0.196	Valid
	X3.2	0.721	0.196	Valid
	X3.3	0.730	0.196	Valid
	X3.4	0.809	0.196	Valid
Competitiveness (Y)	Y1	0.786	0.196	Valid

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	Y2	0.774	0.196	Valid
	Y3	0.790	0.196	Valid
	Y4	0.772	0.196	Valid

The validity test was conducted at a significance level of 0.05. A questionnaire item was considered valid if the calculated correlation coefficient (r-calculated) was greater than the critical value (r-table = 0.196, df = n − 2 = 98) or if the significance value was less than 0.05. As shown in Table 5, all questionnaire items had r-calculated values exceeding the r-table value of 0.196. Therefore, all measurement items were declared valid and were suitable for subsequent statistical analysis.

Table 6. ReliabilityTest

Variable	Cronbach'Alpha	Description
Product Innovation (X1)	0,718	Reliable
Process Innovation (X2)	0,781	Reliable
Customers Innovation (X3)	0,751	Reliable
Competitiveness (Y)	0,786	Reliable

As presented in Table 6, all variables obtained Cronbach's Alpha values above 0.70, indicating that the measurement instruments were reliable. Therefore, the data were considered sufficiently consistent and suitable for further statistical analysis.

Classical Assumption Test Results

Table 7. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.48090939
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.052
Test Statistic		.077

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Asymp. Sig. (2-tailed)[c]			.157
Monte Carlo Sig. (2-tailed)[d]	Sig.		.158
	99% Confidence Interval	Lower Bound	.149
		Upper Bound	.167
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1314643744.			

As shown in Table 7, the Asymp. Sig. (2-tailed) value is 0.157, which is greater than 0.05. Therefore, the residuals are normally distributed, indicating that the regression model satisfies the normality assumption.

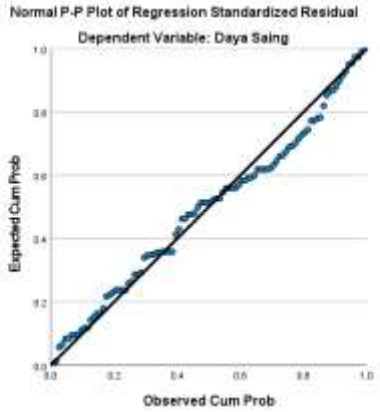


Figure 1. Normal P-Plot

Furthermore, Figure 1 (Normal P–P Plot of Regression Standardized Residual) shows that the residual points are distributed around and closely follow the diagonal line without substantial deviation. This pattern further confirms that the residuals are normally distributed.

Table 8. Multicollinearity Test

Coefficients[a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Product Innovation	.581	1.722

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	Process Innovation	.708	1.413
	Customers Innovation	.555	1.801
a. Dependent Variable: Competitiveness			

As shown in Table 8, all independent variables have Tolerance values above 0.10 and VIF values below 10. Therefore, it can be concluded that the regression model is free from multicollinearity and satisfies the multicollinearity assumption.

Table 9. HeteroscedasticityTest

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	4.283	.723		5.923	.000
	Product Innovation	-.040	.049	-.101	-.831	.408
	Process Innovation	-.073	.041	-.197	-1.790	.077
	Customers Innovation	-.081	.050	-.203	-1.634	.106
a. Dependent Variable: ABS_RES						

As presented in Table 9, all independent variables have significance values greater than 0.05. Therefore, it can be concluded that the regression model does not exhibit heteroscedasticity and satisfies the heteroscedasticity assumption.

Results Of Multiple Linear Regression Analysis

Table 10. Multiple Linear Regression Analysis

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.652	1.176		1.405	.163
	Product Innovation	.227	.079	.228	2.872	.005

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	Process Innovation	.404	.067	.437	6.077	.000
	Customers Innovation	.303	.081	.304	3.739	.000
a. Dependent Variable: Competitiveness						

Based on Table 10, the multiple linear regression equation is as follows:

$$Y = 1.652 + 0.227X_1 + 0.404X_2 + 0.303X_3 + e$$

Where :

Y : represents Competitiveness.
X_1 : denotes Product Innovation.
X_2 : represents Process Innovation.
X_3 : refers to Customer Experience Innovation.

The regression results indicate that the constant value is 1.652, meaning that when Product Innovation, Process Innovation, and Customer Experience Innovation are assumed to be constant or equal to zero, the competitiveness value is 1.652. The regression coefficient for Product Innovation (X_1) is 0.227, indicating that a one-unit increase in Product Innovation increases Competitiveness by 0.227, assuming the other variables remain constant. Similarly, the coefficient for Process Innovation (X_2) is 0.404, suggesting that a one-unit increase in Process Innovation raises Competitiveness by 0.404, holding the other variables constant. Meanwhile, the coefficient for Customer Experience Innovation (X_3) is 0.303, indicating that a one-unit increase in Customer Experience Innovation increases Competitiveness by 0.303, with the other variables held constant.

Hypothesis Testing Results

The partial t-test was conducted to examine the individual effects of Product Innovation (X_1), Process Innovation (X_2), and Customer Experience Innovation (X_3) on Competitiveness (Y) at a 5% significance level (α = 0.05). The hypotheses are accepted when the significance value is less than 0.05 or t-value exceeds the t-table value (1.985; df = 96).

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The results indicate that Product Innovation (X_1) has a t-value of 2.872 with a significance value of 0.005, indicating a positive and significant effect on Competitiveness. Process Innovation (X_2) has a t-value of 6.077 with a significance value of 0.000, demonstrating a positive and significant effect on Competitiveness. Likewise, Customer Experience Innovation (X_3) has a t-value of 3.739 with a significance value of 0.000, confirming a positive and significant effect on Competitiveness. Therefore, H1, H2, and H3 are accepted.

Table 11. Simultaneous F-Test

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	400.524	3	133.508	59.032	.000[b]
	Residual	217.116	96	2.262		
	Total	617.640	99			
a. Dependent Variable: Competitiveness						
b. Predictors: (Constant), Customers Innovation, Process Innovation, Product Innovation						

As shown in Table 11, the calculated F-value is 59.032, which is greater than the F-table value of 2.70, with a significance value of 0.000 (< 0.05). These results indicate that Product Innovation, Process Innovation, and Customer Experience Innovation simultaneously have a positive and significant effect on Competitiveness. Therefore, H4 is accepted, indicating that the combined implementation of these three forms of innovation enhances the competitiveness of businesses operating on TikTok Shop.

Table 12. Cofficient of Determination R Square

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.805[a]	.648	.637	1.50387
a. Predictors: (Constant), Customers Innovation, Process Innovation, Product Innovation				

As shown in Table 12, the R Square value is 0.648, indicating that 64.8% of the variation in Competitiveness is explained by Product Innovation, Process Innovation, and Customer Experience Innovation. The remaining 35.2% is explained by other factors not included in this research model

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DISCUSSION

The Effect of Product Innovation on Competitiveness

The partial t-test results indicate that Product Innovation has a positive and significant effect on Competitiveness ($t = 2.872 > 1.985$; $p = 0.005$), supporting H1. This finding suggests that improvements in product variety, quality, packaging, and alignment with market trends enhance the competitiveness of businesses on TikTok Shop by creating added value and differentiation.

This result is consistent with the innovation theory proposed by Tidd and Bessant (2018), which states that product innovation enhances customer value and competitive advantage. It also supports previous studies by Lani et al. (2025), Madani and Apriadi (2024), and Tustiati (2025), all of which found that product innovation significantly improves business competitiveness, particularly in the digital marketplace.

The Effect of Process Innovation on Competitiveness

The partial t-test shows that Process Innovation has a positive and significant effect on Competitiveness ($t = 6.077 > 1.985$; $p < 0.001$), confirming H2. This indicates that efficient ordering, faster order processing, convenient payment methods, and reliable delivery contribute to stronger competitiveness by improving operational efficiency and customer convenience.

These findings support Tidd and Bessant (2018), who argue that process innovation enhances organizational efficiency and service quality. They are also consistent with studies by Junaedi et al. (2025), Firdaus et al. (2021), and Istiqomah et al. (2024), which concluded that digital process innovation strengthens competitiveness by improving operational performance and customer satisfaction.

The Effect of Customer Experience Innovation on Competitiveness

The partial t-test indicates that Customer Experience Innovation has a positive and significant effect on Competitiveness ($t = 3.739 > 1.985$; $p < 0.001$), supporting H3. This finding suggests that responsive service, effective communication, convenient transactions, and engaging shopping experiences enhance customer satisfaction and loyalty, thereby strengthening business competitiveness on TikTok Shop.

The findings are consistent with Schmitt's (1999) Customer Experience theory, which emphasizes that positive customer experiences foster satisfaction and long-term relationships. They also align with previous studies by Lani et al. (2025), Firdaus et al. (2021), and Zulva and Ali (2025), which reported that customer experience and service

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innovation positively influence competitiveness through increased customer value and loyalty.

The Simultaneous Effect of Product Innovation, Process Innovation, and Customer Experience Innovation on Competitiveness

The F-test results demonstrate that Product Innovation, Process Innovation, and Customer Experience Innovation simultaneously have a positive and significant effect on Competitiveness ($F = 59.032 > 2.70$; $p < 0.001$), supporting H4. Furthermore, the R^2 value of 0.648 indicates that these three variables explain 64.8% of the variation in competitiveness, while the remaining 35.2% is attributable to factors outside the research model.

These findings are consistent with Tidd and Bessant (2018), who argue that sustainable competitive advantage is achieved through integrated innovation across products, processes, and services. They also support previous studies by Istiqomah et al. (2024), Junaedi et al. (2025), and Ashhab and Wahib (2024), which concluded that comprehensive innovation strategies and the effective use of digital technology significantly enhance business competitiveness. Therefore, the integrated implementation of product, process, and customer experience innovation represents an effective strategy for strengthening the competitiveness of businesses on TikTok Shop.

CONCLUSION

The findings indicate that Product Innovation, Process Innovation, and Customer Experience Innovation each have a positive and significant effect on the competitiveness of businesses operating on TikTok Shop. Among the three variables, Process Innovation exerts the strongest influence, highlighting the importance of efficient operational processes in enhancing competitiveness. Furthermore, the three innovation variables jointly have a positive and significant effect on competitiveness, explaining 64.8% of its variation, while the remaining 35.2% is attributed to factors outside the scope of this research. These findings suggest that the integrated implementation of product, process, and customer experience innovation is essential for strengthening the competitiveness of businesses in the TikTok Shop marketplace.

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