

ABSTRACT

The rapid transformation in the coffee industry, predominantly managed by Micro, Small, and Medium Enterprises (MSMEs), necessitates the development of strategies that are not only effective but also incorporate innovative elements to optimize competitive advantages. This study specifically focuses on a deep exploration of the crucial role of product innovation in strengthening the competitiveness of MSME Genre Coffee. The strategic focus to achieve these objectives revolves around an innovative approach to products, considered as the primary foundation and a differentiation factor.

The research aims to analyze the impact of product innovation on competitive advantages. It seeks to assess the extent to which product innovation influences and contributes to the competitive advantages in the coffee shop MSMEs within the Genre Coffee in Pangkalan Kerinci. In exploring the role and impact of product innovation, the study employs the Structural Equation Modeling (SEM) method through the Smart PLS application to analyze the collected survey data. This approach is not only limited to understanding complex relationships among variables but also provides the ability to measure meticulously and contextually how product innovation specifically affects competitive advantages in MSMEs within the Genre Coffee.

Keywords: *Product Innovation, Quality Product, Competitive Advantage, MSMEs in the Coffee Shop Genre.*