

# PRODUCT INNOVATION AND DIGITAL MARKETING STRATEGIES IN ICED TEA BUSINESSES TO ATTRACT MILLENNIAL CONSUMERS

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Received : 3 Mei 2025	Published : 21 July 2025
Revised : 10 Juni 2025	DOI : <a href="https://doi.org/10.54443/ijset.v4i10.906">https://doi.org/ 10.54443/ijset.v4i10.906</a>
Accepted : 30 Juni 2025	Link Publish : <a href="https://www.ijset.org/index.php/ijset/index">https://www.ijset.org/index.php/ijset/index</a>

## Abstract

The purpose of this research is to study the digital marketing strategies and product innovations of iced tea companies to attract millennial generation customers. Iced tea businesses must implement effective digital marketing strategies and make product innovations to compete and meet the needs of a dynamic millennial market due to the rapid development of digital technology. This study used a quantitative approach, and preliminary data were collected through a millennial consumer survey. The results show that innovative and on-trend iced tea product innovations, as well as the use of social media, marketplaces, and online delivery platforms, have a significant influence on product appeal to millennial customers. These strategies not only make the market wider but also help customers make better choices about iced tea products.

**Keywords:** *Digital Marketing, Iced Tea, Millennial Consumers, Marketing Strategy, Product Innovation*

## INTRODUCTION

The rapid development of digital technology has brought about major changes in the way companies market their products, including in the beverage industry, such as iced tea. Millennial consumers, who are one of the largest and most dynamic market segments today, have different preferences and consumption behaviors compared to previous generations, and these are heavily influenced by digital technology and social media. As a result, iced tea companies and other soft drink companies must take steps to change their habits by using technology. Product innovation is an important key to providing variety and added value that suits millennial trends and needs. On the other hand, digital marketing allows iced tea companies to reach a wider market through platforms such as marketplaces, social media, and online delivery services. Various studies show that product quality and digital marketing have a significant influence on consumer decisions to buy iced tea products. The purpose of this study is to see how iced tea businesses can use product innovation strategies and digital marketing to attract millennial customers. The goal is to make a practical contribution to the iced tea business in developing its business in today's digital era. By understanding the factors that influence millennial customers' purchasing decisions, it is hoped that the iced tea business can improve its competitiveness and business sustainability.

## LITERATURE REVIEW

### 1. Product Innovation Strategy

Product innovation is the process of creating and implementing new ideas that provide consumers with added value (Schumpeter, 1934). For an iced tea business, product innovation can include a variety of flavors, attractive packaging, and the addition of health value to meet the consumer trends of the millennial generation. According to Tidd and Bessant (2014), businesses can strengthen their advantage in the market by innovating products. The right innovation will be able to meet the changing needs and preferences of customers, especially millennials who prefer high-quality and unique products.

**2. Digital Marketing**

The term “digital marketing” refers to the use of online media and digital technologies to promote goods and services to customers (Kotler & Keller, 2016). Some of the key platforms in digital marketing include marketplaces, online delivery services, and social media to reach millennial customers. Digital marketing can increase customer engagement and loyalty because it allows two-way interaction between businesses and consumers (Chaffey and Ellis-Chadwick 2019). There is evidence that the right digital marketing strategies, such as innovative content, paid advertising, and influencer marketing, can increase consumer knowledge and the number of product sales.

**3. Millennial Consumers**

Millennials are people born in the 1980s, mid-1990s, and early 2000s (Dimock, 2019). They are known as digital natives because they use the internet and social media actively in their daily lives, including when making purchasing decisions (Smith, 2017). Millennials are more likely to look for items that are not only practical but also have emotional and social value and that can be accessed easily through digital platforms. Millennials are more open to marketing that is original, creative, and interactive, according to research conducted by Nielsen (2018).

**4. Relationship between Product Innovation, Digital Marketing, and Millennial Consumer Appeal**

Several studies show that product innovations that are innovative and in line with the trends of millennial generation consumers can significantly increase the attractiveness of products to them (Kumar et al., 2020). A well-targeted digital marketing strategy can increase millennial consumers' awareness, interest, and interest in products (Kumar et al., 2020). Therefore, the integration of these two strategies is crucial for the growth of iced tea businesses that seek to expand their share of the millennial market.

**METHOD**

This study used a quantitative approach to collect primary data from the target iced tea business, millennials. The sample was drawn by purposive sampling from a representative population of millennial consumers who actively use digital media and have experience buying iced tea. Data was collected through a questionnaire designed to measure the product innovation strategy variables of iced tea companies. Data analysis was conducted through multiple linear regression analysis to evaluate how digital marketing and product innovation strategies affect consumer purchasing decisions. Descriptive statistical methods were also used to describe the research variables and respondent characteristics. To ensure that the data is accurate, instrument validity and reliability tests were also conducted. This method is in line with previous research, which shows that a combination of digital marketing and product innovation is crucial in making better iced tea purchasing decisions. By using this approach, the research is expected to provide a clear picture of how effective product innovation and digital marketing strategies are in attracting millennial generation customers to the iced tea business. In addition, this research will also provide practical advice for business owners.

**RESULTS AND DISCUSSION**

Some key findings about product innovation and digital marketing strategies in attracting millennial consumers were found through data analysis from a survey involving 150 millennial customers who actively purchase iced tea products.

**1. Product Innovation**

Most respondents (72%) said that product innovations, such as new flavors, attractive packaging, and the addition of health value (such as organic or low-sugar iced tea), strongly influence their decision to choose iced tea products. This shows that millennial consumers tend to be attracted to products that offer something different and in line with healthy lifestyles and current trends.

**2. Digital Marketing**

About 85% of the people who responded said they often find iced tea products on social media platforms such as Instagram and TikTok, as well as online marketplaces and delivery apps. Findings show that a digital marketing approach involving innovative content, the use of influencers, and promotion through online advertising successfully increases consumer awareness and purchase intention. The data showed a significant positive correlation between purchase choice and digital marketing (correlation value  $r = 0.68$ ,  $p < 0.01$ ).

### **3. The Combined Effect of Product Innovation and Digital Marketing**

Multiple regression analysis shows that product innovation and digital marketing together have a significant effect on millennial consumers' purchasing decisions; with a coefficient of determination ( $R^2$ ) value of 0.62, product innovation is responsible for 35% of the variation in purchasing decisions, while digital marketing is responsible for 62%.

## **DISCUSSION**

The results of this study corroborate the theory that innovation is a major factor in attracting millennial consumers. Millennial customers who focus on health value, unique flavors, and attractive packaging tend to choose innovative iced tea products. According to Tidd and Bessant (2014), product innovation can increase a company's competitiveness.



Figure 1 Ice's Tea

On the other hand, digital marketing has proven to be very effective in reaching millennial customers—the original digital generation. According to Chaffey & Ellis-Chadwick (2019), millennials prioritize experience and engagement and consider the use of social media and digital platforms as a way to increase product visibility and establish more intimate relationships with customers. To foster customer trust and loyalty, methods such as influencer marketing and innovative content are useful. A strong synergy between product innovation and digital marketing influences purchasing decisions. If digital marketing is not supported by product innovation, it will be difficult to be widely recognized, while without product innovation, digital marketing will lose its appeal and added value to consumers. Therefore, to win the competition in the competitive millennial market, iced tea entrepreneurs must optimally integrate these two strategies.



Figure 2. Presentation Product

## **CONCLUSION**

The study found that, to attract millennial customers to the iced tea business, innovative and on-trend product innovations and digital marketing strategies, such as new flavors, attractive packaging, and added health value, can increase product appeal in the eyes of millennial customers. In addition, it has been proven that digital marketing through online delivery platforms, marketplaces, and social media can successfully reach and interact with millennial customers, increasing purchase interest and customer loyalty. To maintain and expand millennial

market share in the current digital era, iced tea entrepreneurs are advised to continue developing new products and maximize the utilization of digital marketing, as the combination of the two strategies creates a strong synergy, where product innovation provides added value that consumers need, while digital marketing expands reach and increases product awareness.

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