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+62 813 8765 4578

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DIVERSITY OF INNOVATION TO ENHANCE CUSTOMER LOYALTY IN BATIK SLAMET HADIPRIYANTO BANYUMAS

Feby Febrian¹, Ahmad Zaelani Adnan², Lutfi Setiadi Wibawa³, Rudi Suprianto Ahmadi⁴, Granit Agustina⁵

- ¹) Faculty of Economics & Business, Universitas Winaya Mukti, Doktoral Program Universitas Trisakti
- ²) Balongan Oil & Gas Academy, University of Pendidikan Indonesia
- ³) Faculty of Economics & Business, Universitas Winaya Mukti
- ⁴) Faculty of Economics & Business, Winaya Mukti, Doktoral Program Universitas Trisakti
- ⁵) Faculty of Economics & Business, Winaya Mukti Universitas Pendidikan Indonesia

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Corresponding author: first author

E-mail:

- obelix9009@gmail.com ¹⁾
- ahmadzaelaniadnan@upi.edu ²⁾
- granit82.ga@gmail.com ⁵⁾



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Abstract: The research objective was to evaluate the relationship between innovation and customer loyalty as a determining factor in the sustainability of the marketing of batik cloth products. Design / methodology / approach - using descriptive and verification methods. The design uses consumer report data from the objective test results of 100 consumers from 3000 populations. The responses measured include innovation and loyalty. Measured data diversity and analysis was performed using simple regression to estimate customer loyalty. Findings – diversity of innovation are important factors affecting consumer loyalty of batik cloth. Research limitations/implications - understanding the patterns that lead to product innovation diversity. Practical implications – diversity of innovation with loyalty. This diversity is a way to understand and explain antecedent innovation to increase consumer loyalty to batik cloth. Originality/value development innovation diversity to increase consumer loyalty. The conclusion shows that this variable has a significant effect, namely 68.6% of the innovation variable from the loyalty, while 31.4% is explained by other variables not included in this study.

Keywords: Diversity, Innovation, Customer Loyalty

INTRODUCTION

The process of consumers making purchasing decisions must be understood in the development of strategic applications based on purchasing theory which is thought to be

influenced by Product Innovation given by the company to its consumers, if the Product Innovation of a company is good and can satisfy consumers, then consumers will become loyal to the company so that the purchase rate increases and is a strategy. for the long term. But there are also many products that have been around for a long time but still exist and still maintain their quality and the price is very affordable. There are so many batik cloth products arriving because the innovation of these products is accepted by consumers, and most of these products are of better quality than foreign products. Therefore, now many local products are following the innovation of batik cloth products that come from abroad to meet the growing market demand. Until now, there are many producers of products from various regions who continue to innovate and continue to compete in price with products that come from regions as well as abroad and consumers are also looking for products that are affordable but the innovation is the same as products that come from various regions. Companies that are able to understand consumer purchasing behavior, they will win the competition. Companies that understand consumer wants and needs will better understand how to carry out effective strategies for making purchases and then making repeat purchases. According to Kotler, in a highly competitive economy with many rational buyers, companies can only win by creating and providing superior value (Kotler, 2015). Competition is getting tighter where more and more producers are involved in fulfilling the needs and desires of consumers, causing each company to place an orientation towards consumer satisfaction as the main goal (Fandy Tjiptono, 2014). With more and more producers offering products and services, consumers have more and more choices to determine whether a purchase will be made.

LITERATURE REVIEW

Innovation is the act of introducing new devices, methods or materials for commercial or practical purposes (Schilling, 2010). Innovation also means the adoption of new ideas or behaviors for organizations that can also be new products, new services, or new technology (Harkema, 2003). Innovation is considered an important factor for an organization's evolution and survival in a dynamic environment (Lazonick and Prencipe, 2005; Anderson et al., 2014). Firms with innovative capacities can respond to environmental changes more quickly and perform better than non-innovative organizations, especially in times of college (Brown and Eisenhardt, 1995; Miles and Snow, 1984). Innovation is the main source for companies to gain competitive advantage and can provide a lasting impetus to improve company performance in competitive markets (Kim et al., 2012). Many scholars think that organizations need to pursue exploration and exploitation of innovation activities in order to achieve optimal performance (Benner and Tushman, 2002, 2003; Gupta et al., 2006). Although many scholars have studied the effects of exploration and exploitation of innovation on firm performance, the process of acting from innovation to firm performance can be disrupted by other potential factors. Companies of different ages have different choices of innovation strategies, for example, start-ups pay more attention to how to get the difference to occupy market share, and they pay more attention to the role of innovation than old companies (Acs et al., 2009). Innovation is a high-risk investment activity, which success is not only influenced by internal factors but also by external environmental factors. Previous research on the effects of innovation activities and firm

performance has mostly focused on the situation of the incumbent company, but how the situation for start-up remains as it is resolved. Miller (1983) analyzes the characteristics and differences between incumbent firms and start-ups, and finds that the former will actively engage in market and product innovation, tend to take risks, increase awareness and action, and are willing to initiate challenges for competitors, whereas the latter is otherwise. This paper will study the impact of two types of innovation on firm performance, taking into account the interference impact of entrepreneurial orientation (EO) and the intensity of competition in the startup context. Innovation is an important means of promoting corporate development, providing firms with major competitive advantages and enabling firms to maintain vitality in highly volatile environments (Day, 1994). Innovation activities greatly affect business performance (Uotila et al., 2009). However, to achieve optimal performance, the choice of strategic innovation is balanced with a limited allocation of company resources (Gupta et al., 2006). Organizational learning theory learning is divided into exploration and exploitation (March, 1991), and they are the result of a rational allocation of existing resources. Previous research has seen the important role of ambidextrous innovation which simultaneously pursues and implements exploration and exploitative activities through organizational learning, improvement and creation (Tsai, 2016). It cannot be denied that the main objective of companies is to seek profit and improve performance, but any kind of innovation requires a business to invest in labor and material costs. On the other hand, information theory (Petersen and Rajan, 1995) argues that a concentrated market will motivate banks to develop long-term relationships with companies to overcome information asymmetry and reduce lending risks, as well as provide knowledge and advice to SMEs (Binks et al., 2006) which implies bank diversity can hinder the formation of company-bank relationships and increase financial constraints for corporate innovative projects. Scholars comment that there are limits to both market power and theoretical information, as both focus on certain aspects while ignoring others; some have called for bank-firm relationships to be evaluated from a broader perspective to reflect a complex relationship phenomenon (eg Beck et al. 2004). We argue that these two theoretical views may differ to a lesser extent, namely the relationship between banking market structure and firm financial constraints; however, they are more suitable at a higher level, namely the relationship between banking market structure and corporate innovation, mediated by bank diversity. Innovation has the potential to improve performance. However, it is inefficient. The application of innovation does not produce the expected results, especially in SMEs (Norek, 2014; Xie et al., 2013). SMEs are an important part of the local and global economy making up about 90 percent of the total active companies worldwide (Shrirame and Soni, 2015). Exploring SME's successful innovation implementation strategies can generate useful guidelines that SME managers can use to reach their firm's performance goals. SME managers can use the results of the study to improve performance and increase the competitiveness of their companies through the implementation of innovation. Product innovation should be able to provide added value compared to similar products (product excellence) so that it can give the company an advantage over its competitors. Lukas and Ferrell (2000: 240) explain the existence of several indicators of product investment, namely: 1) Line extensions, namely the products produced by the company are not really new but relatively new to a market. 2) New product (me too - product) is a new product for the company but not new to the market. 3) A completely new product (new - to - the - world - product) is a product that is new to both the company and the market.

Loyalty intent is a firmly held commitment to repurchase a particular product, service or brand (Oliver, 1999). Intention captures the various motivational factors that influence human behavior (Eagly and Chaiken, 1993). According to Ajzen (1991) intention is an indicator of how hard people are willing to try - how much effort they plan to exert - to carry out a behavior. Loyalty intentions are often used as a substitute for loyalty behavior or as the main dependent variable in satisfaction-loyalty studies (exceptions include, for example Gustafsson et al., 2005; Seiders et al., 2005). Mittal and Kamakura (2001) question this practice and argue that intention and behavior are distinct constructs. Loyalty behavior is the tendency of consumers to patronize a product, revealed through behavior (action) that can be measured and has a direct impact on sales (Worthington et al., 2010). Businesses pursue loyalty behavior because such behavior in consumers can secure long-term profitability and sustainability (Reinartz et al., 2005). The marketing literature defines and measures loyalty behavior as the frequency of self-reported purchases / consumption over time (Gustafsson et al., 2005; Pritchard et al., 1999; Yi and La, 2004) or the relative number of purchases over time (Heskett , 2002). This is also a common practice among market participants, who consider that a repeated act of purchasing the same product signifies consumer loyalty (eg Ball et al., 2004). Selected brands can be used to strengthen, create and (re) generate self-concept (Fournier, 1998), and based on self-verification theory, consumers will maintain their relationship with brands that have been included in their self-concept, that is, brands that have brand connections. alone with consumers, resulting in brand loyalty. Self-verification thus requires interaction with the brand, which must therefore be associated with brand loyalty as long as the relationship with the brand verifies the self-brand relationship. Consumer loyalty Something that arises after receiving stimulation from the product he sees, from there there is an interest in trying the product until finally there is a desire to buy in order to have it (Kotler, 2015: 205) true loyalty requires a measure of attitude combined with a measurement of behavior. Kotler and Keller in the journal Chintya Damayanti and Wahyono (2015: 240) which consists of repeat purchases, retention and referrals.

RESEARCH METHODS

Descriptive research which aims to obtain a description of the variable characteristics of the object under study, namely the diversity of innovations and consumer loyalty. Meanwhile, the Verification research examines the diversity of innovations on consumer loyalty in Slamet Hadipriyanto Banyumas batik. To examine the diversity of innovations on customer loyalty in Slamet Hadipriyanto Banyumas batik, primary data and secondary data are needed which are obtained by means of interviews, questionnaires, observations and literature studies (Library Research). The population in this study were the customers of Slamet Hadipriyanto Banyumas batik, amounting to 3000 people. Sample calculation using the Slovin technique shows that the number of samples needed is 100 people. In this study, the sample size by statistical test form. The statistical test used in this research is simple linear regression, which examines the relationship between innovation research variables and customer loyalty in Slamet Hadipriyanto Banyumas batik. The tabulated data were processed with SPSS 24 software.

FINDINGS AND DISCUSSION

Table 1. Results of Analysis of the Validity of Item Variable X Innovation

1	2	3	4	5	6
0.387	0.455	0.465	0,397	0,477	0,435
Valid	Valid	Valid	Valid	Valid	Valid

While the results of the comprehensive customer loyalty (Y) variable validity test can be seen in the table below:

Table 2. Results of Analysis of Variable Item Validity Y Customer Loyalty

1	2	3	4	5	6
0,465	0,457	0,387	0,563	0,326	0,437
Valid	Valid	Valid	Valid	Valid	Valid

Each question item is said to be valid if the value of $r_{count} > r_{table}$. With the value of $r_{table} = 0.3$ and the value of $r_{count} > 0.3$, then the question is valid.

Table 3. Reliability Test Results for Instrument Variables X and Y

Variabel	X	Y
Reliabilitas	0.836	0.837

Table 4. Data for Innovation Indicators

No	Statement	score	Description
1	relatively new motif	385	moderate
2	clasic pattern.	397	medium
3	motif according to market tastes	497	good
4	style is not a new product of the company	390	medium
5	really a new product	387	moderate
6	completely new on the market	380	moderate

Table 5. Customer Loyalty Indicator Data

No	statement	score	Description.
1	recommend to your friends	360	moderate
2	products make you want to buy more	410	fine
3	already feel comfortable buying	362	medium
4	want to buy even though many offer other	402	good
5	something positive about	418	good
6	criticisms and suggestions	385	moderate

Tabel. 6 SPSS Result
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.828 ^a	.686	.581	26.63743	2.735

a. Predictors: (Constant), Innovasi

b. Dependent Variable: Loyalty

Source: data processed in 2020

Tabel 7. Coefficient Value

Coefficient	Value	Conclusion
$\rho_{y,x}$	0,686	There is an influence of Innovation on Customer Loyalty

The results of the above calculations show that the coefficient of Innovation (X) and Customer Loyalty (Y) is 0.686.

H0: $\rho_{yx} = 0$ (There is no influence of innovation on customer loyalty). H1: $\rho_{yx} \neq 0$ (There is an influence of innovation on customer loyalty).
 (for $i = 1$)

Furthermore, this value is compared with the ttable value for $n = 100$ with an error level of 5% and $db = n-k-1 = 100-2-1$ is 1.658.

Tabel 8. Result of t Test

No	Hypothesis	Coeffisient	t count	t tabel	conclusion	decesion
1	$\rho_{yx}=0$	0,686	2,364	1,658	H ₀ rejected	Significant

The first research hypothesis (1) states that "Innovation has an effect on Customer Loyalty". Based on the results of statistical tests with the t test, it is found that $t \text{ count} = 2.364 > t \text{ table} = 1.658$, so that H0 is rejected, which means that innovation has an effect on customer loyalty.

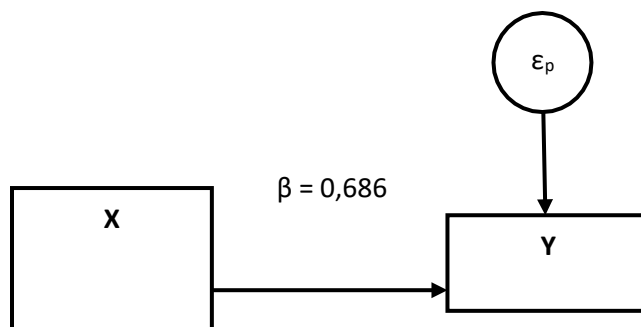


Figure 1. Conceptual framework



CONCLUSION AND SUGGESTION

Batik Slamet Hadipriyanto in general has a fairly good product innovation and is the type of product favored by consumers. There are only a few products that need to be improved, including motifs, patterns, types of products according to consumer tastes. Consumer loyalty to Slamet Hadipriyanto batik is very good where consumers really want to buy again, still want to buy batik in Slamet Hadipriyanto even though there are other products and consumers always say something positive about Slamet Hadipriyanto batik, there are only a few things that need to be improved, among others closeness with customers to want to recommend their products, comfort must be better and more open to receiving criticism and criticism from customers. From the research results, it is known that innovation affects customer loyalty. It is hoped that there will be further research by other researchers regarding the problems of experience, satisfaction and the factors that affect customer loyalty.

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