

THE EFFECT OF PRODUCT INNOVATION, AND PRICES ON REPURCHASE INTEREST IN CONSUMER SATISFACTION MEDITED ON MSME WINGKO BABAT

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ABSTRACT

Competition in the business world began to give birth to various ways to be able to attract the attention of customers and keep these customers in order to buy the products previously offered. Intense competition in a business. Business actors are aggressively marketing superior products. These superior products have differences in terms of innovation and price. Researchers used quantitative methods with a sample of 160 respondents. The data analysis used is the SEM method with the Smart PLS version 3.0 tool. The test used consists of the outer model, inner model, mediation test and hypothesis testing. Product innovation variables, Price, Purchase Interest, Consumer Satisfaction are valid and reliable.

Keyword: product quality, promotion, purchase decision, consumer satisfaction, PLS-SEM.

INTRODUCTION

Competition in the business world began to give birth to various ways to be able to attract the attention of customers and keep these customers in order to buy the products previously offered. Intense competition in a business. Business actors are aggressively marketing superior products. These superior products have differences in terms of innovation and price. Thus, it becomes an added value in order to beat its competitors. MSMEs are one of the business sectors that have the opportunity to help the Indonesian economy. The existence of MSMEs also has many benefits, apart from the high risk and business uncertainty. MSME actors have struggled and proven that they can face market competition. This is evidenced in the rapid development of MSMEs to this day. Lamongan Regency is one of several regencies in East Java. Many people have established MSMEs. In MSMEs, quality products can affect consumer satisfaction. This certainly causes consumers to decide to make purchases from SMEs. Generally, people will see the value and function of the product so they prefer to buy products of good quality. On the other hand, the price

factor is also very influential. Products with a lot of innovation in the lyrics as attractive as possible will influence consumers to make purchases. The novelty of this research with previous research is the addition of variable Z or the mediating variable between the independent variable and the dependent variable. In addition, the data analysis method used has also used the SEM-PLS method.

THEORITICAL BASIS

Product Innovation

In the literature of the journal Dachi, A. (2020) Tandia and Iriani (2018) argue, product innovation is any item that has been developed or modified.

Price

According to Hrustić and Gregurec (2015) described in the literature of the journal Anam, M., S. et al., (2021) Price is the value decided by the customer. The value changes the function of ownership or use into an item.

Repurchase Interest

According to (Kotler, 1997) in the journal, repurchase interest is a consumer behavior where consumers have a desire to buy or

choose a product based on experience in choosing, using, using and consuming or even wanting a product.

Consumer Satisfaction

Buchari Alma (2013: 96) in the journal literature Widodo, A., S., & Wardani, S. (2021) explained that purchasing decisions are consumer behavior towards the products offered.

HYPOTHESES

H1: The effectiveness of product innovation has a positive and significant effect on buying interest

H0: The effectiveness of product innovation has a negative and insignificant effect on buying interest

H2: The price of the product has a positive and significant effect on buying interest.

H0: The effectiveness of product prices has a negative and insignificant effect on buying interest.

H3: Effectiveness of product innovation has a positive and significant effect on consumer goals

H0: The effectiveness of product innovation has a negative and insignificant effect on consumer goals

H4: Product price has a positive and significant effect on consumer satisfaction

H0: Product price has a negative and insignificant effect on consumer satisfaction

H5: consumer satisfaction has a positive and significant effect on buying interest

H0: consumer satisfaction has a positive and significant effect on buying interest

DATA ANALYSIS METHOD

The approach in this study uses PLS-SEM analysis, and runs the smart PLS version 3.0 application. The test is carried out with the Measurement Model (Outer Model), Structural Model (Inner Model), Mediation Test, and Hypothesis Testing.

RESULTS AND DISCUSSION

1. Measurement Model (*Outer Model*)

a. Convergent validity

Convergent validity is a test that aims to determine the validity of each

relationship of each indicator with its latent variables. The indicator can be said to meet convergent validity if the crossloading value is > 0.70 as well as the level of validity. While the value of Average Variance Extracted (AVE) > 0.50 . (Wardani, N.D. 2022:34). The test results show that, each indicator of the variables of Human Resource Management, Product Diversification, Market Revitalization, Employability, Service Quality and Income Increase has an Outer Loading value with a number > 0.70 and an AVE with a number > 0.50 . So that the conclusion from these results is valid (Ghazalii, dkk, 2015).

Tabel 1 outer loading

	Price (X2)	Product Inovation (X1)	consumer satisfaction (Z)	buying interest (Y)
X1-1		0,773		
X1-2		0,890		
X1-3		0,841		
X2-1	0,747			
X2-2	0,797			
X2-3	0,882			
X2-4	0,839			
Y1				0,850
Y2				0,911
Y3				0,833
Z1			0,740	
Z2			0,892	
Z3			0,799	

Source: Data Hasil SEM-PLS 3.3.7 (2022)

In this test the variables of price, product innovation, consumer satisfaction and customer buying interest are declared valid.

b. Reliability Test

The Rule of Thumb to assess construct reliability is that the Composite Reliability value must be greater than 0.70 and the Cronbach Alpha value > 0.60 (Ghozali, 2014)

Tabel 2 Composite Reliability dan Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Harga (X2)	0,836	0,890
Inovasi Produk (X1)	0,782	0,874
Kepuasan Konsumen (Z)	0,751	0,853
MInat Beli Pelanggan (Y)	0,831	0,899

Sumber: Data Hasil SEM-PLS 3.3.7 (2022)

In the construct reliability test, the Composite Reliability value and the Cronbach Alpha value for the variables of price, product innovation, consumer satisfaction and customer buying interest are all variables greater than 0.70 and greater than 0.60.

b. Structural Model (Inner Model)

a) R-Square

According to Ghazali, Imam (2014) if the R-Square value is 0.75 then it can be said to be strong, 0.5 is said to be moderate and 0.25 is said to be weak.

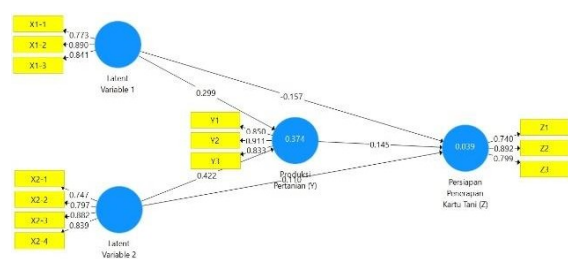
Tabel 3 R-Square

	R Square	R Square Adjusted
Kepuasan Konsumen (Z)	0,039	0,021
Minat Beli Pelanggan (Y)	0,374	0,366

Source: SEM-PLS 3.3.7 Data Results (2022)

From the table above, the R-Square value has a joint effect on the price variable (X1), product innovation (X2), Consumer Satisfaction (Z) is 0.039 with an R-Square Adjusted value of 0.021 which is said to be weak.

The R-Square value has the effect of the price variable (X1), product innovation (X2) on buying interest (Y) of 0.374 with an R-Square Adjusted value of 0.366 which is said to be strong.



Source: Data Hasil SEM-PLS 3.3.7 (2022)

Figure 1 Struktural Model

b) Mediation Test

The type of mediation from Baron in Bahri S, et al (2018) by identifying three consistent patterns with mediation and two consistent patterns without mediation, namely Complementary mediation: mediating effects (a x b) and direct effects

(c) both exist and point in the same direction.

Competitive mediation: mediating influence (a x b) and direct influence (c) both exist and point in opposite directions. Indirect-only mediation: there is a mediating effect (a x b), but no direct effect. Direct-only nonmediation: there is a direct effect (c), but no indirect effect

Tabel 4 Path Coefisien

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Harga (X2) -> Kepuasan Konsumen (Z)	0,110	0,123	0,094	1,180	0,239
Harga (X2) -> Minat Beli Pelanggan (Y)	0,422	0,425	0,070	6,058	0,000
Inovasi Produk (X1) -> Kepuasan Konsumen (Z)	-0,157	-0,169	0,091	1,713	0,087
Inovasi Produk (X1) -> Minat Beli Pelanggan (Y)	0,299	0,300	0,065	4,574	0,000
Minat Beli Pelanggan (Y) -> Kepuasan Konsumen (Z)	0,145	0,158	0,089	1,630	0,104

Sumber: Data Hasil SEM-PLS 3.3.7 (2022)

Tabel 5 Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value
Harga (X2) -> Minat Beli Pelanggan (Y) -> Kepuasan Konsumen (Z)	0,061	0,066	0,039	1,560	0,119
Inovasi Produk (X1) -> Minat Beli Pelanggan (Y) -> Kepuasan Konsumen (Z)	0,043	0,049	0,031	1,406	0,160

Sumber: Data Hasil SEM-PLS 3.3.7 (2022)

The Effect of Price on Buying Interest of Customers Mediated by Consumer Satisfaction

On the Path Coefficient of the price variable on buying interest shows a negative relationship because the P Value is $0.239 > 0.05$. In the Specific Indirect Effect of the Price Variable on Consumer Purchase Interest Mediated by Consumer Satisfaction, it shows a negative relationship because the P Value is $0.119 > 0.05$. It can be concluded that this relationship is said to be non-mediation.

The Effect of Product Innovation on Consumer Purchase Interest Mediated by Consumer Satisfaction

On the Path Coefficient variable product innovation on buying interest shows a positive relationship because P Value $0.000 < 0.05$. On Specific Indirect Effect of product innovation variable on buying interest mediated by consumer satisfaction shows a negative relationship because P Value $0.160 > 0.05$. It can be concluded that this relationship is said to be non-mediation.

c. Hypothesis Test

Hypothesis testing by looking at the calculated value of the Path Coefficient on the inner model test. Testing the hypothesis can be seen through the value of t-statistics and probability values. For hypothesis testing using statistical values, for alpha 5% the t-statistic value used is 1.96 (Muniarti, et al. 2013).

Tabel 6 *Path Coefisien*

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Sig / Tidak Sig
Harga (X2) -> Kepuasan Konsumen (Z)	0,110	0,123	0,094	1,180	0,239	Tidak Sig
Harga (X2) -> Minat Beli Pelanggan (Y)	0,422	0,425	0,070	6,058	0,000	Sig
Inovasi Produk (X1) -> Kepuasan Konsumen (Z)	-0,157	-0,169	0,091	1,713	0,087	Tidak Sig
Inovasi Produk (X1) -> Minat Beli Pelanggan (Y)	0,299	0,300	0,065	4,574	0,000	Sig
Minat Beli Pelanggan (Y) -> Kepuasan Konsumen (Z)	0,145	0,158	0,089	1,630	0,104	Tidak Sig

Sumber: Data Hasil SEM-PLS 3.3.7 (2022)

1. The Effect of Price on Consumer Satisfaction

Based on the results of the analysis above, the value of the Original

Sample (Coefficient) is $0.110 > 0.000$. T Statistics $(1.180) < T$ Table (1.654) . P values $0.239 > 0.05$ means that the price variable has a negative and insignificant effect on consumer satisfaction

2. The Influence of Price on Customers' Buying Interest

Based on the results of the analysis above, the value of the Original Sample (Coefficient) is $0.422 > 0.000$. T Statistics $(6.058) > T$ Table (1.654) . P values $0.000 < 0.05$ means that the price variable has a significant positive effect on customer buying interest

3. The Effect of Product Innovation on Consumer Satisfaction

Based on the results of the analysis above, the value of the Original Sample (Coefficient) is $-0.517 < 0.000$. T Statistics $(1.713) > T$ Table (1.654) . P values $0.087 > 0.05$ means that the Innovation variable has a negative and insignificant effect on consumer satisfaction

4. The Effect of Product Innovation on Customers' Buying Interest

Based on the results of the analysis above, the value of the Original Sample (Coefficient) is $-0.299 > 0.000$. T Statistics $(4.574) > T$ Table (1.654) . P values $0.000 < 0.05$ means that the innovation variable has a significant positive effect on customer buying interest

5. The Influence of Customer Purchase Interest on Consumer Satisfaction

Based on the results of the analysis above, the value of the Original Sample (Coefficient) is $0.145 > 0.000$. T Statistics $(1.630) > T$ Table (1.654) . P values $0.104 < 0.05$ means that the variable of customer buying interest has a non-significant negative effect on consumer satisfaction

CONCLUSION

1. Measurement Model (Outer Model)

In the test of the validity of the product innovation variables (X1), Price

(X2), Purchase Interest (Y), Consumer Satisfaction (Z) it is said to be valid because the results of the outer loading calculation show the value of all variables above 0.70.

In the reliability test, the product innovation variable (X1), Price (X2), Purchase Interest (Y), Consumer Satisfaction (Z) is said to be reliable because the results of the Cronbach Alpha calculation show the value of all variables above 0.70.

2. Structural model (Inner model)

In the R-Square test of product innovation variables (X1), Price (X2), Consumer Satisfaction (Z) was stated to be Weak because the R-Square value was 0.039. In the R-Square test of product innovation (X1), Price (X2), Purchase Interest (Y), declared Strong because the R-Square value was 0.374

3. Mediation Test

Product innovation variables (X1), Price (X2), Purchase Interest (Y), Consumer Satisfaction (Z) are referred to as Direct-only nonmediation. Variables Price (X2), Purchase Interest (Y), Consumer Satisfaction (Z) is referred to as Direct-only nonmediation.

4. Hypothesis Test

The price variable (X2) has a negative and insignificant effect on consumer satisfaction(Z). the price variable (X2) has a significant positive effect on customer buying interest (Y). the Innovation variable (X1) has a negative and insignificant effect on consumer satisfaction (Z). the variable of customer buying interest(Y) has a non-significant negative effect on consumer satisfaction(Z).

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