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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.

Keywords: Consumer Satisfaction; Purchase Decision; Product Quality; Promotion; 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 Hustić 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.The profitability is measured by return on assets (ROA). The ROA of Islamic commercial banks in 2020 have decreased continuously from April to November. The decline in profit was due to the economic slowdown during the Covid-19 pandemic (OJK, 2020). If the decline in profitability is not immediately corrected, the company can experience financial distress, which means experiencing financial difficulties (Azis & Rahardjo, 2020). Financial distress is when a business experiences a financial decline before the business faces bankruptcy or liquidation(Platt & Platt, 2002).

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

METHODS

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

Measurement Model (Outer Model)

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 cross loading 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, 2015). In this test the variables of price, product innovation, consumer satisfaction and customer buying interest are declared valid.

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

proportion of data 90%:10%. It has a high value of sensitivity, precision, F-Measure, and AUC compared to the first and third tests. In the construct reliability test, the Composite Reliability value and the Conbarch 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.

Structural Model (Inner Model)

According to Ghozali, 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. 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.

Table 1. Outer Loading

	Price (X2)	Product Innovation (X1)	Customer satisfaction(Z)	Buying Interest (Y)
X1-1		0,773		
X1-2		0,890		
X1-3	0,747	0,841		
X2-1	0,797			
X2-2	0,839			
X2-3				
X2-4				
Y1				0,850
Y2				0,911
Y3				0,833
Z1			0,740	
Z2			0,892	
Z3			0,799	

Source: Data Processed SEM-PLS 3.3.7 (2022)

Table 2 Composite Reliability dan Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Price (X2)	0,836	0,890
Product Innovation (X1)	0,782	0,874
Customer satisfaction (Z)	0,751	0,852
Buying Interest (Y)	0,831	0,899

Source: Data Processed SEM-PLS 3.3.7 (2022)

Table 3. R-Square

	R Square	R Square Adjusted
Customer satisfaction (Z)	0,039	0,021
Buying Interest (Y)	0,374	0,366

Source: Data Processed SEM-PLS 3.3.7 (2022)

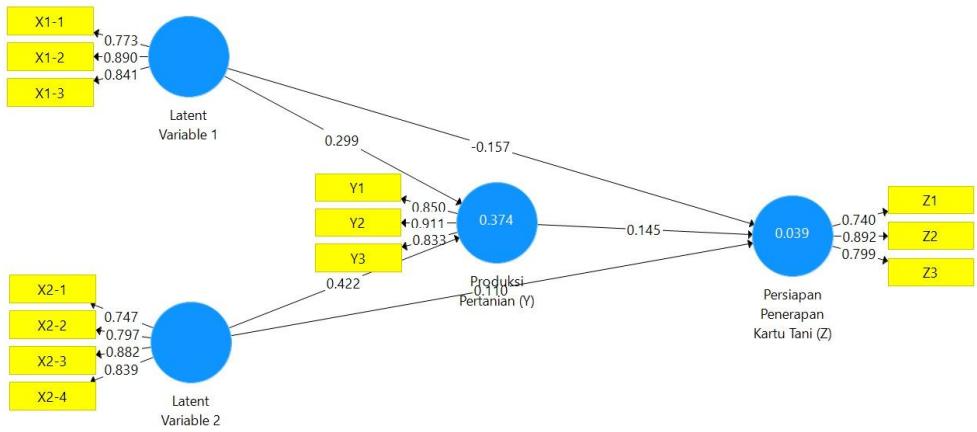

Figure 1. Model Structure
Source: Data Processed SEM-PLS 3.3.7 (2022)

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 nonmedication: there is a direct effect (c), but no indirect effect.

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.

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).

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. 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. 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. 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. 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.

Table 4 Path Coefficient

	Original Sample (O)	STDEV	T Statistics	P Values
Price (X2) -> Customer satisfaction (Z)	0,110	0,094	1,180	0,239
Price (X2) -> Buying Interest (Y)	0,422	0,070	6,058	0,000
Product Innovation (X1) -> Customer satisfaction (Z)	-0,157	0,091	1,713	0,087
Product Innovation (X1) -> Buying Interest (Y)	0,299	0,065	4,574	0,000
Buying Interest (Y) -> Customer satisfaction (Z)	0,145	0,089	1,630	0,104

Source: Data Processed SEM-PLS 3.3.7 (2022)

Table 5. Specific Indirect Effects

	Original Sample	STDEV	T Statistics	P Values
Price (X2) -> Buying Interest (Y) -> Customer satisfaction (Z)	0,061	0,039	1,560	0,119
Product Innovation (X1) Buying Interest (Y) -> Customer satisfaction (Z)	0,043	0,031	1,406	0,160

Source: Data Processed SEM-PLS 3.3.7 (2022)

CONCLUSION

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. In the R-Square test of product innovation variables (X1), Price (X2), Consumer Satisfaction (Z) was stated to be Weak because the R-Squared value was 0.039. In the R-Square test of product innovation (X1), Price (X2), Purchase Interest (Y), declared Strong because the R-Squared value was 0.374. Product innovation variables (X1), Price (X2), Purchase Interest (Y), Consumer Satisfaction (Z) are referred to as Direct-only nonmedication. Variables Price (X2), Purchase Interest (Y), Consumer Satisfaction (Z) is referred to as Direct-only nonmedication. 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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