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Enhancing Customer Loyalty Through Product Innovation and Perceived Value: A Study on Customers Batik in Bekasi District, West Java, Indonesia

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Abstract--This study aims to investigate the factors considered as important by consumers of Batik fabric created by entrepreneurs in Bekasi, West Java, Indonesia, and the relation to the customer satisfaction level. This research is quantitative research where data were collected using self-administered questionnaires distributed in the Bekasi district in West Java province. To test the relationship modeling between variables, this study used Structural Equation Modeling using Amos 16.0 software. Data were collected using questionnaires distributed to respondents targeted with the help of enumerators. The results show that innovation and perceived value can increase customer satisfaction, which then has an impact on increasing customer loyalty and trust. In other words, customer satisfaction only serves as a bridge between innovation and perceived value with customer loyalty and trust. This is because there is no direct influence between innovation and perceived value on customer loyalty. Customer loyalty is an important aspect for Batik entrepreneurs in Bekasi in developing their business. Customers are satisfied with what they get from the innovative efforts of entrepreneurs in Batik production in Bekasi. This indicates that customer satisfaction can increase customer loyalty and trust to use a particular product.

Keywords--customer satisfaction, customer trust, loyalty, perceived value, product innovation.

Introduction

In the current era of globalization, competition in various businesses is very tight, including among Batik fabric entrepreneurs. Batik is the Oral and Intangible Heritage of Humanity, a title awarded by UNESCO in 2009 (Kustiyah, 2017). Batik is one of the leading creative products in Indonesia and becomes one of the pillars of Indonesia's economy. The Batik industry has developed rapidly due to public awareness to use Batik as part of life in various events and the establishment of the characteristics of the Indonesian people. Indonesia has many ethnic groups that produce different types of Batik. The shape of drawings in the manufacture of Batik in the form of animals and humans is made artistically. Batik artisans do not reveal primary forms, such as naturalistic flora and fauna. Instead, the artisan takes one or more vital elements in plants or animals such as buds, leaves, seeds, feathers, or tails and makes them into intricate forms of art. They arrange them into the different designs of elements. Hanipah et al. (2016), said that Batik is one of the unique cultural symbols for the people of Malay and Java.

Batik dominating the Indonesian garment exports in which during 2013, it has been reported that export value to United States was USD 3.9 billion, followed by Japan (USD 628 million), Germany (USD 523 million), and the United Kingdom (USD 285 million). As the world's 16th largest exporter of Textiles and Textile Products, Indonesia's export value was expected to reach USD 36 billion by 2019 (Indonesia Investment Coordinating Board, 2015). Industrial development in Indonesia can happen because of Indonesia's stable economy, increasing demand for goods, and government support for implementing industry 4.0. Industry 4.0 is aimed to improve the performance of various industries in Indonesia. Bekasi and Karawang Industries are the Most Favorite Industrial Estate in Indonesia. Batik is a product of culture, but it is not only a cultural heritage but also provides a livelihood for millions of people of Indonesia (Stathopoulou & Balabanis, 2016; Wu, 2013; Putra & Yasa, 2021).

Bekasi is one of the cities with a large industrial area in Indonesia, including the Batik industry, which offers a variety of motifs. Bekasi's location, which is adjacent to West Java and Jakarta, is influenced by various cultures, including Sundanese, Betawi, and Javanese, so this also influences the inspiration for Batik artisans in Bekasi to be able to create unique and creative Batik. Bekasi Batik is indicating the struggle of the Patriot City during the war against the invaders so that it reflects the spirit of patriotism of dynamic and passionate fighters. Currently, the unique Batik of Bekasi has 12 motifs. As written by Swan (2017), the 12 Bekasi Batik themes are divided into 5 categories, namely: Flora (bamboo; kecap fruit, jasmine, and lotus); Fauna (snakehead fish, catfish, sepat fish, and betik fish); Historical (Gedung Juang Tambun, Bekasi River, and Bambu Runcing Monument), and Cultural (Topeng Dance, The Legend of Rawa Tembaga, children's games such as benteng and tanidor); and light-colored Batik (green moss, green leaf, and red soil). The uniqueness of Bekasi Batik must be maintained and developed so that it can represent the richness of Indonesian culture.

The growth of Batik's creative products is also in line with the growth of fashion and lifestyle; this has caused Batik to transform into a creative product and then can be accepted by local and foreign markets. Most scientists agree that in Indonesia, the skill of making Batik reaches the highest artistic level (Kerlogue, 2005). Nowadays, Batik has grown in many areas, and Batik has various motifs, names, and styles, different in appearance (Tanha & Amad, 2013). The creation of Batik embodies the sincerity of the maker. Also, it is done with creative innovation and improvisation by dyeing or printing, as revealed by Asmah et al. (2015):

Textile embellishment, a creative form of self-expression in fabric design, uses countless media and procedures to produce dyed and printed fabrics.

In the face of competition, an entrepreneur is challenged to be able to make innovations, both in terms of technology production and the quality of products. These innovations are one of the important aspects to increase a company's capital in a competitive market (Ngo & O'Cass, 2013; Nguyen et al., 2016). The company's ability in terms of innovation should be able to provide more value to customers, which is directly related to customer satisfaction and loyalty (Gupta & Malhotra, 2013). Companies that continue to innovate on their products are able to attract customers because they can fulfill the desires and expectations of diverse customers, who can provide more value to these products and increase customer satisfaction. Also, the desire to continue to use products from a particular company that has been valued more by customers because of innovation can increase customer loyalty.

In an effort to increase customer satisfaction and loyalty, perceived value is also considered an important thing in the relationship between customers and companies (Kotler & Caslione, 2009). Perceived value is defined as the value received or the benefits felt by the customer after using a product (Luarn & Lin, 2003). There is a view that supports that perceived value contributes to customer loyalty (Dodds et al., 1991), its effectiveness is based on an extraordinary influence on consumer behavior, in which, the value received by the customer and customer will have a repurchase intention (Hartline & Jones, 1996). Therefore, this study aims to investigate the factors considered important by consumers who buy Batik created by entrepreneurs in the Bekasi district and the relation to the level of customer satisfaction.

Literature Review

Product innovation as it relates to satisfaction and loyalty

The brand of a product that can quickly bond with customers will lead to loyalty towards the brand. Product quality is usually determined by the customer and is an indicator of a product to be developed. According to Rita et al. (2019), to understand the level of customer satisfaction with previous products, it is very important to design products so that they can survive in a very competitive market and it needs to be maintained (1) on-time availability, (2) product development, (3) creative product, (4) satisfying product. Customer satisfaction is an emotion or feeling expressed by individuals who are happy to consume

products. Customer satisfaction is dynamic and moves and evolves, this is influenced by various factors, especially when consuming products or services that take place over time, satisfaction may vary greatly depending on which point in the cycle of use or experience that is being focused (Lovelock & Wright, 2007). Several things need to be noted in customer satisfaction, including (1) customer perceptions of service performance and their expectations (2) customer's expectations can be designed and managed (3) customer expectations must be managed (Tao, 2014).

All social relations will not work well without trust. Gul (2014), emphasizes that trust can be expressed when customers are loyal to a product or service. Customer Trust is based on quality service, trust, corporate image, which in turn will develop a loyal customer base (Sharp & Sharp, 1997). If the customer trusts the product, it will not be easy to switch to another product, because maintaining trust is important for the sustainability of a product. Good customer loyalty always leads to high customer satisfaction (Subramanian et al., 2014). Customer loyalty is a very important factor and a competitive advantage compared to other companies in a very competitive and dynamic environment. Oliver (1999), defines customer loyalty as indicated by the buyer's commitment to buy a product, a service, a particular brand of an organization over a consistent period, regardless of the product and new competitors' innovation, customers will not switch to other products.

Naveed et al. (2012), found that there was a significant relationship between innovation and customer satisfaction and brand loyalty. Naveed research also shows a significant relationship between customer satisfaction and brand loyalty. Hanaysha & Abdullah (2015), found a significant positive effect on brand satisfaction on brand trust. Consequently, brand trust has a significant effect on brand commitment. Oliver (1999), as quoted in Sondoh et al. (2007), argued that customer loyalty is a commitment and consistency of customers to the product of choice. Product innovation has an impact on consumer satisfaction and consumer loyalty.

Based on the explanation above, the hypotheses proposed in this study are as follows:

H1: Product innovation has a significant effect on consumer satisfaction.

H2: Product innovation has a significant effect on customer loyalty.

Perceived value's effect on satisfaction and loyalty

Consumers who have a perception that they receive value for money have higher satisfaction than consumers who do not have the perception that they have value for money (Zeithaml, 1988). Consumer satisfaction is an evaluation done after consuming a product based on quality and perceived value (Hu et al., 2009). The perceived value is the perceived usefulness of monetary and nonmonetary costs, judged by the consumer as a simultaneous consideration of what is received and what is given to obtain it (Luarn & Lin, 2003). There is a supportive view that perceived value contributes to customer loyalty (Dodds et al., 1991), its effectiveness is based on extraordinary influence on consumer behavior, where

the value received by customers and the intention of repurchasing customers (Hartline & Jones, 1996). Parasuraman & Grewal (2000), suggest the need for research on the effect of perceived value on loyalty. The perceived value of customers is a major contributor to buy intentions (Sirdeshmukh et al., 2002). Perceived value adapted from Levesque & McDougall (1996), are: (1) Compared to alternative companies, the company offers attractive product/service costs, (2) Compared to alternative companies, the company charges fairly for similar products/services, (3) Compared to alternative companies, the company provides more free services, (4) Comparing what I pay to what I might get from other competitive companies, I think the company provided me with good value, (6) Comparing what I pay to what I might get from other competitive companies, I think the company provides me with good value.

Based on the explanation above, the hypotheses proposed in this study are as follows:

H3: Product innovation has a significant effect on consumer satisfaction.

H4: Product innovation has a significant effect on customer loyalty.

Impact of satisfaction on trust

The customer trust is thought, feeling, emotion, or behavior that is shown when customers feel that producers can be relied upon to act in their best interests of customers. When consumers purchase a product and do not have personal contact with producers, consumers may build their confidence in the product (Zboja & Voorhees, 2006). If the performance of the product exceeds the expectations of consumers, then consumers will feel satisfied with the product. Bricci et al. (2016), found that trust has a positive and direct effect on commitment; trust also has a positive and direct effect on satisfaction; commitment has a positive and direct effect on loyalty, and satisfaction has a positive and direct effect on loyalty. This means that the longer the customer is loyal, the customer will feel satisfied, and customer trust will be increased.

Based on the explanation above, the hypothesis proposed in this study is as follows:

H5: Customer satisfaction has a significant impact on customer trust.

Impact of satisfaction and trust on customer loyalty

Acquiring new customers may cost companies five times more than maintaining existing ones, so it's better to retain existing customers. Fatkhurrohman (2011), argue that customer loyalty comes from commitment, which is formed as a result of feeling satisfied with the purchase or consumption of goods. Loyalty is the customer's loyal behavior to continue to buy any brand. Customer loyalty comes from commitment and trust, which is formed as a result of feeling satisfied with what they have been purchased (Lichtlé & Plichon, 2008).

Eakuru & Mat (2008), argue that creating strong relationships with customers to improve customer loyalty is a top priority for most companies. Customer

commitment and decisions to continue to buy are influenced by customer loyalty (Bowen & Chen, 2001). Rasheed & Abadi (2014), found that the perceived qualities of service, trust, and value were considered antecedents of customer loyalty. Chaudhuri & Holbrook (2001), found that product and brand level can be controlled by brand trust and combined brand influence to determine purchasing loyalty and attitude loyalty. Loyalty, corporate image, and expectations have a high impact on satisfaction (Leelakulthanit & Hongcharu, 2011). Many researchers find that there is a positive relationship between customer satisfaction and customer loyalty and they emphasize the importance of customer satisfaction in research on customer loyalty. Leninkumar (2017), found that there was a significant positive relationship between customer trust and customer loyalty.

Based on the explanation above, the hypotheses proposed in this study are as follows:

H6: Customer satisfaction has a significant impact on loyalty.

H7: Customer loyalty has a significant effect on customer trust.

From the literature review conducted by the researchers, the study was composed of the following models:

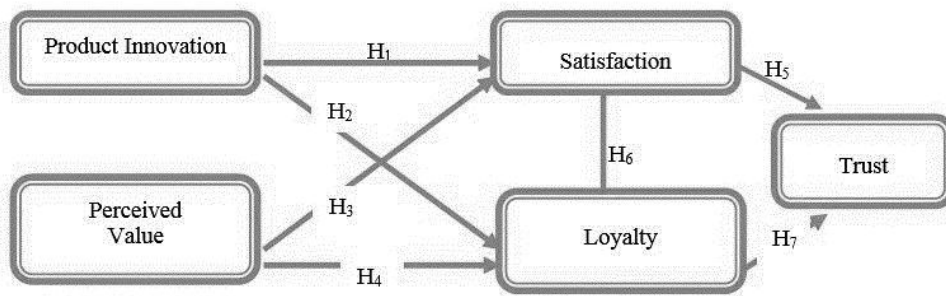


Figure 1. Research framework

Research Method

Sample

The study population comprises all the individual customers of selected Batik Customers in Bekasi District who were selected for the study. In each type of research, it is very useful to use the entire population, but in many cases, it is not possible because each subject of the population is almost limited. This is the reason behind using sampling techniques such as convenience sampling by most researchers. Questionnaires were developed and issued to 215 customers using a convenience sampling method, among which 200 were collected. Data have been collected from 225 customers of Batik Bekasi district, and the response rate was 200. The average age of the respondents was 20 years – 35 years, 37% of respondents were male, and 63% were female.

Research design

This study was used as a quantitative approach, which required to use of numbers, starting from data collection, data interpretation, and discussion of the analysis results. The analysis technique used in this study was the Structural Equation Modelling (SEM). SEM is a technique that combines aspects of multivariate factor analysis and multiple regressions, allowing researchers to test a series of interrelated dependence relationships between variables and latent constructs and among some latent constructs (Hair et al., 2006), simultaneously. Two steps need to be performed in testing the model framework using SEM, namely: 1) the development of the measurement model, and 2) the testing of the structural model.

Hair et al. (2006), stated that the measurement model should use three items measured as indicators with samples between 100-200 or 5-10 times the parameters. In this study, there were 4 indicators for innovation products, 3 indicators for customer satisfaction, 3 indicators for perceived value, 4 indicators for consumer loyalty, and 3 indicators for consumer trust. Then the total indicators of these five variables were 17 indicators so that the number of samples needed in this study is at least 85 respondents (17 indicators multiplied by 5) so that 215 questionnaires were distributed but 15 questionnaires had been rejected, so in final, there were 200 respondents. Discussion of the results of this study explains the relationship between research variables, namely the relationship between Product Innovation and Customer Satisfaction, Product Innovation and Perceived Value, Product Innovation and Consumer Loyalty, Perceived Value and Customer Satisfaction, Customer Satisfaction and Customer Loyalty, Customer Satisfaction and Consumer Trust, and Consumer Loyalty and the Consumer Trust (Yoo & Park, 2016; de Medeiros et al., 2016).

Variable Product Innovation is taken from Hsieh (2017), with four indicators: (1) the product is available on time, (2) product development, (3) product quality attractive creation, (4) and the products that satisfy customers. Customer Satisfaction variable was based on Tao (2014) with 3 indicators, namely (1) customer expectations and service expectations (2) can be designed and managed customer expectations (3) Customer expectations must be managed. The Perceived Value variable was according to Levesque and McDougall (1996) with 3 indicators namely (1) Compared to alternative companies, attractive company products/service costs, (2) Compared to alternative companies, companies charge me fairly for similar products/services, (3) Compared to alternative companies, the company provides more free services. Customer Loyalty was based on Oliver (1999), with 4 indicators namely (1) customer loyalty as a commitment of buyers to buy products (2) service to customers with certain brands of an organization over some time consistently (3) innovations (4) these customers not forced to switch to other products. Customer Trust variable was according to Sharp & Sharp (1997), with three indicators: (1) quality of service, (2) trust, (3) the company's image.

Results

Testing the measurement model

The measurement model is used to test a set of items of measurement that represent the underlying constructs (Hair et al., 2006). The measurement model aims to assess the contribution of each indicator variable to represent the underlying constructs and measures how well the combination of a set of indicators represents the constructs (reliability and validity). The results of reliability testing using construct reliability found that every variable in the model proved to be statistically reliable. Measurement model testing is also performed to assess the construct validity in the model. The results show that the indicators used were able to well represent the underlying latent constructs that prove the proposed latent variable was statistically valid (Darmayasa & Yasa, 2021; Wilson, 2019; Kustina et al., 2019).

Testing the reliability of the construct of the research variable

Reliability is a measure of the internal consistency of indicators of a formed variable that shows the degree to which each indicator indicates a common form (Ghozali, 2008). Two ways can be used, namely, construct reliability and variance extracted. For construct reliability, the cut-off value required is ≥ 0.70 , while for variance extracted, the cut-off value required is ≥ 0.50 (Ghozali, 2008). The following are the results of construct reliability and Average Variance Extracted (AVE) (Table 1).

Table 1
Construct reliability and discriminant validity can be known by comparing the roots of Average Variance Extracted (AVE)

Dimensions	Construct Reliability	AVE
Product Innovation	0.862	0.614
Perceived Value	0.886	0.723
Customer Satisfaction	0.812	0.591
Customer Trust	0.827	0.547
Customer Loyalty	0.893	0.736

Source: data analysis 2017

Obtaining Construct Reliability figures for product innovation, Perceived Value, Customer Satisfaction, Customer Trust, and Customer Loyalty get more than 0.5, declared reliable. Likewise, the AVE figures for Product Innovation, Perceived Value, Customer Satisfaction, Customer Trust, and Customer Loyalty, get more than 0.5 numbers declared valid. The test results show that the construct of Product Innovation, Perceived Value, Customer Satisfaction, Customer Trust, Customer Loyalty is declared valid and reliable.

Testing of structural model

After testing the measurement model that includes the validity and reliability of all latent variables, the next step is to test the structural model. There are two

stages in testing the structural model, testing the goodness of fit model, and testing the significance of the path coefficient. Testing the structural model in this research can be described as figure 2.

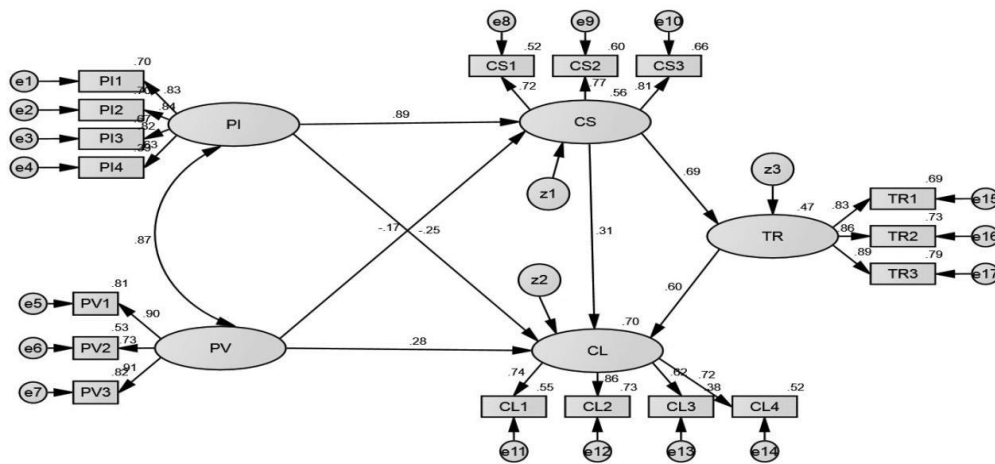


Figure 2. Structural relationship modeling using AMOS 16.0

Note:

Variables:

- PI = Product Innovation (Source: [Hsieh et al., 2017](#))
- CS = Customer Satisfaction (Source: [Tao, 2014](#))
- PV = Perceived Value (Source: [Levesque & McDougall, 1996](#))
- CL = Customer Loyalty (Source: [Oliver, 1999](#))
- TR = Customer Trust (Source: [Sharp & Sharp, 1997](#))

Indicators:

- PI 1 = product is available on time
- PI 2 = product development
- PI 3 = product attractive quality creation
- PI 4 = product satisfy customer

- CS 1 = customer perceptions of service performance and their expectations
- CS 2 = The customer's expectations can be designed and managed
- CS 3 = Customer expectations must be managed

- PV 1 = Compared to alternative companies, the company offers attractive product/service costs
- PV 2 = Compared to alternative companies, the company charges me fairly for similar products/services
- PV 3 = Compared to alternative companies, the company provides more free services

- CL 1 = customer loyalty as a commitment of buyers to buy products
- CL 2 = service to customers with certain brands of an organization over some time consistently

CL 3 = new innovation, loyal customers
 CL 4 = customers do not switch to other products.

TR 1 = quality service
 TR 2 = trust
 TR 3 = company image

Evaluation of criteria for goodness of fit

The test results of the structural model were used to measure the extent to which the proposed model can represent real phenomena observed. In statistical language, structural model testing is termed as the Goodness of Fit Index. There are several criteria used to test the suitability index models with reality. The goodness of fit index results from the proposed model are as follows:

Table 2
 AVE value for validity test research instruments

	Product Innovation	Perceived Value	Customer Satisfaction	Customer Trust	Customer Loyalty
Product Innovation	0,774*				
Perceived Value	0,746	0,833*			
Customer Satisfaction	0,685	0,744	0,828*		
Customer Trust	0,594	0,664	0,536	0,880*	
Customer Loyalty	0,764	0,697	0,736	0,631	0,889*

Based on Table 2 it can be seen the AVE value on the Innovation Product variable, Perceived Value, Customer Satisfaction, Customer Trust, and Customer Loyalty is >0.5, where the AVE value for Innovation Products is 0.774, Perceived Value is 0.833, Customer Satisfaction is 0.828, Customer Trust is 0.880 and AVE value from Customer Loyalty is 0.889. The results obtained prove that all variables used in this study are valid, so the instruments used in this study are appropriate to be used to test the research model that was built (Fossas-Olalla et al., 2015; Parthasarthy & Hammond, 2002).

Table 3
 Goodness of fit index

The goodness of fit index	Expected value	Index	Conclusion
Absolute fit			
χ^2 (Chi-square)	small	210.876	good
RMSE of approximation	<0.08	0.067	good
The goodness of fit index	>0.90	0.890	acceptable
Incremental fit			
Adjusted Goodness of fit	>0.90	0.848	acceptable
Comparative Fit Index	>0.95	0.954	good
Tucker Lewis Index	>0.95	0.944	acceptable
Parsimonious fit			

CMIN/DF	≤5.00	1.900	good
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Source: data analysis 2019

- Chi-Square is the fundamental measure of the overall fit. A fundamental measure of the overall fit is a likelihood-ratio chi-square (χ^2). The tested model is considered good or satisfying if the chi-square value is low, the smaller the χ^2 , the better the model is the level of significance (α) and accepted based on probability (p), for this research model is considered good because it has a small expected valuation
- RMSEA (The Root Mean Square Error of Approximation) is a measure that attempts to improve the tendency of chi-square statistics to reject models with large sample sizes. The RMSEA value between 0.05 and 0.08 indicates a good index to accept the suitability of a model; for this reason, the research model is considered good because it has a result of <0.08 .
- GFI (Goodness of Fit Index) is a non-statistical measure whose value ranges from 0 to 1. The higher the value indicates a better fit. GFI value >0.90 indicates that the tested model has good suitability; this research model is good because the GFI value is >0.90 .
- AGFI (Adjusted Goodness of Fit Index) is a development of the Goodness of Fit Index (GFI) that has been adjusted to the degree of freedom ratio. Analog with R^2 in multiple regression. The recommended value is $AGFI \geq 0.90$. The greater the AGFI value, the better the suitability that the model has, for this research model is good because AGFI is >0.90 .
- TLI (Turker Lewis Index) is an incremental index that compares a model tested against a baseline model, where the recommended value as a reference for a model is ≥ 0.90 , and a value close to 1 indicates a very good fit, in the study this value is >0.95 so it's a very good fit.
- CMIN / DF is The Minimum Sample Discrepancy Function is a chi-square value divided by the degree of freedom. The value of ratio 5 or <5 includes a reasonable size. Then the value of the ratio <2 , including the size of the fit was further developed, for this study model <0.5 became reasonable or good.

Hypothesis testing

This hypothesis test is useful to know whether exogenous variables affect endogenous variables or not. This hypothesis can be accepted if the probability value is $(P) \leq 0.05$. The results of this hypothesis test can be seen in Table 4 as follows:

Table 4
Correlation between variables in structural equation modelling

Covariances			Estimate	S.E	C.R	P
Product	→	Customer	.826	.194	4.250	***
Innovation		Satisfaction				
Perceived	→	Customer	-.137	.146	-.939	.348
Value		Satisfaction				

Satisfaction	→	Customer Trust	1.293	.167	7.758	***
Product Innovation	→	Customer Loyalty	-.363	.289	-1.254	.210
Satisfaction	→	Customer Loyalty	.484	.219	2.206	.027
Trust	→	Customer Loyalty	.498	.083	5.991	***
Perceived Value	→	Customer Loyalty	.360	.196	1.835	.067

Source: data analysis 2017

Based on the table above the information obtained from the hypothesis test results as follows:

- H1: Product innovation has a significant effect on consumer satisfaction.
- According to the results of data processing above, it can be seen if the value of P (probability) is $0.001 < 0.05$. This value shows the result meets the requirements, which is less than 0.05 for P. Therefore, we can conclude that H1 in this study was accepted.
- H2: Product innovation has a significant effect on customer loyalty.
- According to the results of the data processing above, it can be seen if the P-value (probability) is $0.348 > 0.05$. This value shows the result does not meet the requirements, which is more than 0.05 for P. Therefore, we can conclude that H2 in this study was rejected.
- H3: Perceived value has a significant impact on customer satisfaction.
- According to the results of data processing above, it can be seen if the value of P (probability) is $0.001 < 0.05$. This value shows the result meets the requirements, which is less than 0.05 for P. Therefore, we can conclude that H3 in this study was accepted.
- H4: Perceived value has a significant effect on customer loyalty.
- According to the results of the data processing above, it can be seen if the P-value (probability) is $0.210 > 0.05$. This value shows the result does not meet the requirements, which is more than 0.05 for P. Therefore, we can conclude that H4 in this study was rejected.
- H5: Customer satisfaction has a significant impact on customer trust.
- According to the results of data processing above, it can be seen if the value of P (probability) is $0.027 < 0.05$. The value indicates the results meet the requirements, which is less than 0.05 for P. Therefore, we can conclude that H5 in this study was accepted.
- H6: Customer satisfaction has a significant impact on loyalty.
- According to the results of data processing above, it can be seen if the value of P (probability) is $0.001 < 0.05$. This value shows the results meet the

requirements, which is less than 0.05 for P. Therefore, we can conclude that H6 in this study was accepted.

- H7: Customer loyalty has a significant effect on customer trust.
- According to the results of the data processing above, it can be seen if the P-value (probability) is $0.067 > 0.05$. This value shows the result does not meet the requirements, which is more than 0.05 for P. Therefore, we can conclude that H7 in this study was rejected. This is the first paragraph under the main heading.

Discussion

The measurement model is used to test a set of items of measurement that represent the underlying constructs (Hair et al., 2006). Measurement model aims to assess the contribution of each indicator variable to represent the underlying constructs and measures how well the combination of a set of indicators represents the constructs (reliability). This study proposes and tests the conceptual framework of product innovation, perceived value, customer satisfaction, customer trust, loyalty, where customer perceived value and customer loyalty affects customer trust. Previous customer value studies have largely focused on product quality as an antecedent of value (Cronin et al., 2000). In the current era of globalization, companies need to improve innovation to provide value-added products that can provide customer satisfaction that impacts on customer confidence and customer loyalty. Six years into its ambitious Unilever Sustainable Living Plan, the company today announced its progress in building its 'Sustainable Living brands' as they drive value and growth for the business. While many continue to join Unilever in efforts to build brands with purpose and sustainability at their core, Unilever's Sustainable Living brands delivered over 60% of the company's total growth, up from 46% last year and grew more than 50% faster than the rest of the business in 2016. There is no doubt that Unilever's Sustainable Life Plan makes it more competitive by building product brands by increasing innovation, building consumer trust and maintaining consumer loyalty, this is what Unilever does to serve consumers and satisfy consumers more and more, to create perceived value (Haris et al., 2021; Rusfian & Alessandro, 2021).

Results of testing the correlation between variables in the model revealed that only four of the seven proposed hypotheses that proved significant, whereas the other three hypotheses are not proved significant. The hypotheses proved significant in this study were: 1) the effect of product innovation on customer satisfaction; 2) the effect of customer satisfaction on customer trust; 3) the effect of customer satisfaction on customer loyalty; 4) the effect of customer trust on customer loyalty. From the results of this study, the perceived value does not directly affect customer satisfaction, because the perceived value is only as a mediation of the influence of innovation products on customer satisfaction, innovation products do not directly influence consumer loyalty, because consumer loyalty is only mediation of the influence of innovation products on customer satisfaction, as well as perceived value towards consumer loyalty. After all, consumer loyalty is only mediation of the effect of perceived value on customer satisfaction.

Hellier et al. (2003), that the proposed relationship of perceived value upon customer satisfaction is supported by value disconfirmation experience. Innovation is defined as the production of new ideas to create sustainable customer value, and adoption of these ideas in new products, new processes and managerial procedures, by Nasution & Mavondo (2008). Customer loyalty in service industries will lead to better productivity. In addition, researchers have also tried to examine the moderation effect of switching costs on the relationship between customer satisfaction and loyalty (Bell et al., 2005; Jones et al., 2000; Leninkumar, 2017). Upamannyu et al. (2014), it's a trusted attribute that loyalty is a function of two reciprocal actions that is the expectation and actual experiences.

Customer loyalty is in fact, an important aspect for Batik entrepreneurs in Bekasi in developing their business. Various innovations have been carried out in the hope of being able to meet customer desires in terms of quality and various kinds of motives that can be offered. This can significantly increase customer satisfaction. Customers are satisfied with what they get from the innovative efforts of entrepreneurs in Batik production in Bekasi. On the other hand, the values and benefits felt by customers for what they have issued to get Batik to become a separate added value in increasing customer satisfaction. Customer satisfaction refers to the desire of customers to continue to conduct transactions in the same place. This indicates that customer satisfaction can increase customer loyalty and trust to use a particular product (Yuan et al., 2020; Chapman & Hyland, 2004).

Implication

Batik is a cultural product, but not only as a cultural heritage but also a source of livelihood for millions of Indonesians. On the other hand, batik production has surpassed the world export market by becoming the dominant garment export commodity in Indonesia. Batik products have been exported to various countries in the world, including the United States, Japan, Germany, and the UK. Uniqueness The growth of Batik creative products is also in line with the development of fashion and lifestyle; This causes batik to be transformed into a creative product and then it can be accepted by domestic and foreign markets. Bekasi batik must be maintained and developed in order to represent the richness of Indonesian culture. Efforts, in order to increase batik productivity in Indonesia, need to be increased, especially in the cities of Karawang and Bekasi which are the favorite Batik industry cities in Indonesia.

The increase in demand for batik products is largely based on consumer trust and loyalty. Trust and loyalty do not necessarily form in people's consumption habits, but are influenced by various factors. Ngo & O'Cass (2013), and Nguyen et al. (2016), suggest that innovation is an important aspect of increasing company capital in a competitive market, especially in the current era of globalization where each company is required to focus more in efforts to improve value added product. The Batik Industry in Bekasi City has now developed batik motifs into 12 motifs which are divided into 5 categories, namely flora (bamboo, lute, jasmine and lotus), Fauna (cork, catfish, sepat fish, and betik fish), History (Juang Tambun Building, Kali Bekasi, and Sharp Bamboo Monument), Culture (Mask

Dance, Copper Swamp Legend, children's games such as forts and tanidor), and light colored batik (green moss, green leaves, and red earth) (Swan, 2017). This is one of the efforts of batik industry entrepreneurs in Bekasi City to increase the added value of products through innovating various batik motifs to meet consumer needs that have begun to develop along with the times. The company's ability to meet the needs of batik both in Indonesia and abroad the country encourages consumer satisfaction to then return to using these products. The needs here are not only related to the quantity of batik, but also consumer desires in terms of quality. which includes motifs, materials, neatness, and so on. Consumers who are satisfied with the batik products produced will certainly give positive reviews for these products. This can also trigger trust from other parties. Batik exports increased from 2018, namely US \$ 52.44 million to US \$ 56.63 million in 2019, this increase reached 6-8% from the previous year. In fact, the realization of the export value of Indonesian batik is far behind the world trade value for apparel products which reached US \$ 442 billion. This is a great opportunity for the Indonesian batik industry to increase its market. Batik exports recorded a positive trend, along with the increasing interest in overseas products for this archipelago. Currently, batik has transformed into various forms of fashion, crafts and home decoration that have been able to touch various layers of society both at home and abroad (Ministry of Industry, 2019). This shows the high interest from other countries towards Indonesian Batik products (Islam et al., 2021; Iglesias et al., 2019).

Conclusion

As with all research, this study has several limitations. First, our survey only includes post-paid Generation Y mobile internet users. Further research should include a sample of 200 Bekasi Batik customers who are met directly. The importance of sorting the customers' samples following more detailed characteristics such as teenagers and parents, workers, housewives, or the type of work the respondent will improve external validity. Secondly, since this study uses a cross-sectional design that does not involve an investigation of causal relationships, the results can only imply a relationship between customer loyalty and product innovation, resulting in customer perceived value and customer loyalty.

Conflict of interest

The author declares there is no conflict of interest

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