

## **ABSTRACT**

*Laxmi Tailors, founded with the determination to provide high-quality custom clothing in Jakarta, remains one of the leading traditional tailors in the city. This study aims to describe the Innovation Strategy implemented by Laxmi Tailor, analyze the company's Competitive Advantage, and examine the impact of Innovation Strategy on Competitive Advantage. The research employs a quantitative approach with a causal design to identify the cause-and-effect relationships between the studied variables, with Innovation Strategy as the independent variable and Competitive Advantage as the dependent variable. Data were collected using a Likert-scale based questionnaire with 5 response options. The population consists of 70 employees of Laxmi Tailor, and the sampling technique used is non-probability sampling, specifically Survey/Absolute sampling. The eligible number of employees surveyed is 54. Data analysis was performed using simple linear regression with IBM SPSS 23.0. The descriptive analysis results show that the Innovation Strategy is in the "High" range, with process, product, and people innovations significantly contributing to the company's performance. Hypothesis testing using the t-test reveals that innovation strategy has a significant effect on competitive advantage, with a t-value of 23.986 and a p-value of 0.000, indicating that the alternative hypothesis is accepted. Additionally, an R-squared value of 0.917 indicates that 91.7% of the variation in competitive advantage can be explained by the applied innovation strategy. These findings affirm that an effective innovation strategy plays a crucial role in strengthening Laxmi Tailor's competitive position in the market.*

*Keywords: Innovation Strategy, Competitive Advantage, Bespoke Tailoring.*