

ABSTRACT

Blissfulnim MSMEs sells clothing and accessories that combine K-Pop elements with political figures. Despite the product innovations that have attracted public attention, Blissfulnim faces challenges in maintaining customer satisfaction because the momentum of the Presidential Election has ended and only occurs once every five years, leading to a decline in interest in products themed around political figures.

This study aims to ascertain the simultaneous effect of product innovation on customer satisfaction, including the effects of innovation factors such as relative advantage, compatibility, and observability on the customer happiness of Blissfulnim MSMEs. Furthermore, this research reveals the element of product innovation most likely influencing consumer satisfaction.

This research uses a quantitative methodology to analyze Blissfulnim customers. The data was collected through the survey questionnaire distributed to Blissfulnim customers. The non-probability sampling methodology is applied with purposive samplings to ensure the selected respondent has purchased a Blissfulnim product. The total number of respondents in this study is 90 people. Data is analyzed using structural equation modeling - partial least squares (SEM-PLS) techniques using SMART PLS 4 software, which allows for the examination of correlations between variables and the identification of factors that have the greatest influence on customer satisfaction.

The findings indicated that the parameters of compatibility and observability had a positive and significant influence on customer satisfaction. Nevertheless, the measures of relative advantage did not have a substantial impact on customer satisfaction. Out of these factors, observability was found to have a more significant impact on customer satisfaction. Simultaneously, product innovation has an impact on customer satisfaction of 34.4%, suggesting that there are still other variables beyond this model that affect customer satisfaction of 65.6%.

This research is expected to develop the theory of product innovation in the manufactured clothing industry. Further research is suggested to explore other product innovation dimensions, such as complexity and trialability. Blissfulnim MSMEs should focus on enhancing and maintaining the compatibility and observability dimensions of their product innovations. Regarding compatibility, new products must align with customers' lifestyles and incorporate K-Pop elements. Regarding the observability dimension, products should be easily accessible and priced reasonably. To maintain and improve customer satisfaction, Blissfulnim could expand its sales channels to include platforms like Tokopedia and Lazada.

Keywords: Product Innovation, Customer Satisfaction, MSMEs, SEM-PLS