

GREEN PRODUCT INOVATION STRATEGIES IN THE ATTEMPT TO GAIN COMPETITIVE ADVANTAGE IN INDONESIA

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Abstract

The purpose of this reaserch is conducted to develop model Marketing that can formulate the value and satisfaction that can be applied in green product innovation and also as a reminder to the society about the importance of health. The advantage of green product is not also for the consumer itself but also for public environment, that is why the demand of green products keep increasing. This research produce high quality of green product innovation model with the approach of market based that can give satisfaction to the customer and also increase performance and sustainability of agriculture industry through competitive advantage. This research was done by two stages which are qualitative and quantitative with purpose to minimize the bias that contained in resource. Research method used descriptive and verification method with structural equation modelling. Customer loyalty is only influenced by customer satisfaction with the value of 98%. However, the items of measurement for customer value needs to be re-examined in subsequent studies as a whole had no significant effect on satisfaction and loyalty. Further research on loyalty for green product can be done from the perspective of attitudinal and behavioral loyalty.

Keywords: Innovation, organic product, resource based.

1. Introduction

Public today want products that are clean, healthy, pesticide-free and environmentally friendly. Trend in green product will continue growing due to increasingly limited availability of land and the need for food production is increasing both quantity and quality.

In the market, the price of green product is higher than conventional product but due to the segmentation of green product is to fill middle and upper class so the higher price is not a problem. Middle-class people are usually shopping in the supermarket so the price does not always matter. This high selling power occur because of the quality of products are better than conventional product. Its more cleaner, healthier, and more crisp.

The problem is how green product community is not exclusive but producers still can gain profit? Various innovative production processes and marketing techniques was already done so that green products can be sell at low cost and affordable for public. Bali is a paradise for raw food such as in the area of Ubud, Sanur, Denpasar, while the region of eastern Indonesia such as Maluku and East Nusa Tenggara, ranging from cashews and walnuts, raw honey without heating and harvested without damaging the whole beehive, fermented drink Kombucha, also vegetables and fruits.

Development of spiritual and health tourism led to an increase in market demand for green product. It is not followed government political consciousness to use all the potential in the country. The issue of poor infrastructure and inefficient cause of green products in the region NTT can not be easily distributed to the islands or other areas like Bali which has promising market. Green product markets can be made more affordable. Green product is more encouraged for export whereas many children need to be rescued through the country more organic and food with good processing.

2. Research Methodology

This research uses explanatory survey method as it will resolve the relationship between the variables studied, while the type of relationship between the variables used in this study is a causality that is the independent variable or variables affect the dependent variable. Explanatory research refers to the hypothesis that will be tested against the phenomena that occur. The phenomenon can be tied into the research object is consumer on organic food products. This study is based on a cross sectional coverage that reflects a description of a situation and phenomena that occur at certain times in 2015 and 2016.

Referring to the purpose of the research to be done is to find out and examine more deeply the variables of research that will be examined is the role of the strategy of organic products in achieving a competitive advantage that the consumer is responsible for his own satisfaction the products of green product, this research is descriptive and verification ,

In Indonesia green products are distributed in the provinces of West Java, Jakarta, Bali, Yogyakarta and West Sumatra, time of study 2015-2016.

The research was conducted 200 people. Population is a whole group of people, events or other matters to be observed. The population in this study is the manager of green products. Samples are taken from the collection of the population. Sampling techniques in this study using proportional cluster random sampling method, which is a simple random sample where each sampling unit consists of a collection or group of elements.

Based on the identification problem, research objectives, literature and structural models that have been put forward, the research hypothesis is as follows: Market-based effect on customer satisfaction and customer value as well as the impact on customer loyalty. Customer value and customer satisfaction simultaneously affect the customer loyalty in the company of green products. Customer Value effect on customer loyalty in the company of green products. Customer satisfaction effect on customer loyalty in the company of green products.

The design of the data processing and hypothesis testing

The analysis used two types of descriptive analysis, especially for variables that are qualitative and quantitative analysis (verification) in the form of statistical for hypothesis testing. Quantitative analysis emphasized to express the behavior of the study variables, while the descriptive analysis is used to explore the behavior of the causes, using a combination of analytical methods that can be obtained is comprehensive solution to the problems.

Step analysis of qualitative data on consumers or the respondents to the study variables: any indicator variables or sub-variables were assessed by the respondents, classified into five alternative answers using each indicator is given a score between 1 and 5. Calculated total score of each of the variables or sub-variables: total score of all scores. Indicator variables for all respondents. Calculated sub score of each variable or variables which is an average of the total score. To discuss the respondents used descriptive statistics such as frequency distribution by using SPSS.

Analysis verification. In analyzing the relationship between an indicator variable, variable research and mistake, Structural Equation Modeling (SEM) approach is used to obtain data on the latent variables (unobservable variable), each variable is first translated into indicators is a reflection or a manifest of the concept so that it can be observed or measured directly (observable variables). Each indicator is measured by the size of the response to the scale of ordinal rankings.

Based on the hypothesis proposed conceptual and research paradigms described above can be illustrated a plot framework relationship between the variables in the form of structural equation modeling (SEM). Based on the structural model of the research mentioned above, it can be arranged structural equation that will be used to answer the research problem and prove the research hypothesis, Structural equation model generally uses the covariance matrix and correlation matrix as the basis of analysis or as input data. Individual observations can be input in the program, but the observation was converted into one or two types of matrices prior to estimation. This study used the covariance matrix for analysis.

4. Results and Discussion

Structural Test Model

Test Results showed that indicators are all significant at 5% error rate and standardized loading factor on all indicators is bigger than the required cut-off value of 0.50. This indicated that all the indicators have good validity and reliability to measure the research variables.

Running model shows an overall fit fulfilling the usual fit criteria recommended in literature: CFI = 0.954; TLI = 0.949; RMSEA = 0.077. This can be concluded that the data is fit to the model, and it also means the model able to estimate population covariance matrix that is somewhat not different with sample's covariance matrix.

Conformance testing model

Suitability model is compatibility between structural variance-covariance matrix model with a theoretical structure variance-covariance matrix of empirical models. If the two matrices is identical, then the theoretical model can be summed up perfectly acceptable. Path diagram model is complete in this study using notation lisrel PLS.

Evaluation of structural equation modeling can be done descriptively known as suitability index (goodness of fit indices, GFI) for practical purposes a model inferred accepted criteria is if GFI is more than or equal to 0.9 (Hair Anderson, Tatham, Black, 2008).

Hypothesis testing

To test the hypothesis in this study conducted by student's t statistical test. The statistical tests of significance and its value can be performed using the program package lisrel. The criteria used is acceptable if later test the hypothesis t-test statistic is greater than 1.971 and rejected if less than or equal to 1.971. The criteria used are: $H_0 : \rho = 0$ means there is no effect on the value of consumer product strategy and customer satisfaction and no influence customer value and customer satisfaction to customer loyalty.

$H_a: \rho_1 \neq 0$ means no influence product strategy to customer value and customer satisfaction and no influence customer value and customer satisfaction to customer loyalty with the criteria if the value: $t \leq 1.971$, H_0 , accepted, H_a rejected, meaning that there is no influence strategy the product of the value and satisfaction and there is no influence of customer value and customer satisfaction to customer loyalty. If $t \geq 1.971$ then H_0 is rejected and H_a accepted, meaning that there is influence of product strategy to customer value and customer satisfaction as well as there are significant customer value and customer satisfaction to customer loyalty.

5. Conclusion

Customer loyalty is only influenced by customer satisfaction with the value of 98%. However, the items of measurement for customer satisfaction needs to be re-examined in subsequent studies as a whole had no significant effect on satisfaction. On the other hand the items of measurement for the value of the customer already has a significantly high level, but the value of the customer does not have a significant effect on loyalty

The strategy of product innovation simultaneously affect the value of the company customers green products. The strategy of product innovation effect on customer satisfaction. Customer value and customer satisfaction simultaneously affect the customer loyalty in the company of organic food products. The value of the customer does not affect the customer loyalty in the company of green products. Customer satisfaction effect on customer loyalty in the green companies.

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