



## **Customer Loyalty in Village-Owned Enterprises: The Effects of Product Innovation, Marketing Communication, and Price**

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### **ABSTRACT**

This study aims to analyze how product innovation, marketing communication, and price influence customer loyalty toward the Tri Bhuna Kerthi BUMDes in Tegaljadi Village, Marga Subdistrict, Tabanan Regency. The study employs a quantitative, causal-associative design approach. Data were collected via a questionnaire distributed to 125 randomly selected customers. Data analysis was conducted through instrument validation, classical assumption tests, multiple linear regression, the coefficient of determination, and partial and simultaneous hypothesis testing. The results indicate that product innovation has not yet significantly affected customer loyalty. However, marketing communication and price were found to positively and significantly affect customer loyalty. Additionally, product innovation, marketing communication, and price were found to have a significant effect on customer loyalty. These findings confirm that customer loyalty to BUMDes is more strongly shaped by effective marketing communication and appropriate price perceptions than by product innovation alone. Therefore, managers need to strengthen communication strategies, maintain affordability, and direct product innovation toward customers' real needs.

**Keywords:** product innovation, marketing communication, pricing, customer loyalty, BUMDes

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### **INTRODUCTION**

Village-owned enterprises (BUMDes) are one of the institutional instruments of the village economy that play a strategic role in strengthening the community's economic self-reliance. BUMDes serve as both profit-oriented business units and socio-economic institutions that manage local resources, expand access to economic services, and improve the well-being of the village community. According to Sari & Wibowo (2019), the productive management of local resources by the village-owned enterprises (BUMDes) boosts the village economy. Thus, the vital position of the BUMDes in village

development is clear, as it bridges economic, social, and community empowerment interests.

BUMDes Tri Bhuana Kerthi in Tegaljadi Village, Marga Subdistrict, Tabanan Regency is one of the village-owned enterprises (BUMDes) that operates business activities to meet the needs of the community. This business unit was developed through the provision of basic necessities, microfinance services, and the marketing of agricultural products. However, as it has grown, BUMDes has faced challenges in maintaining customer loyalty. This challenge is significant because the sustainability of the BUMDes is largely determined by the institution's ability to retain customers so they continue to make repeat purchases and support the village's business activities.

Customer loyalty is a critical factor in ensuring business sustainability. Kotler & Keller (2021) posit that customer loyalty is associated with customers' commitment to consistently purchasing or using a product. Zeithaml *et al.* (2020) also emphasize that customer loyalty is reflected not only in repeat purchases but also in customers' tendency to continue using a product or service and to recommend it to others. In the context of BUMDes, the cultivation of customer loyalty has emerged as a pivotal strategy, given the potential for such loyalty to generate sustainable economic benefits while concurrently fortifying community confidence in the village business unit.

The development of customer loyalty is a gradual process that requires sustained effort and attention. Oliver (2021) posits that the development of loyalty undergoes a progression through cognitive, affective, and conative phases, ultimately manifesting in action. This sequence of events, initiated by the initial exposure to and evaluation of the product, culminates in the formation of a favorable attitude, the emergence of the intent to repurchase, and the eventual manifestation of repurchase behavior. As Griffin (2021) emphasizes, loyal customers tend to make repeat purchases, are less likely to switch to competitors, and are willing to recommend the product to others. Consequently, customer loyalty should be conceptualized as the outcome of experience, perceived value, communication, price, and the quality of the relationship between the customer and the product provider.

In the context of BUMDes, customer loyalty manifests in a distinct manner compared to loyalty in purely commercial companies. BUMDes customers are typically local residents who maintain close social ties with the managers and village institutions. However, social ties alone are insufficient to ensure customer retention if the products offered are deemed irrelevant, product information is not communicated effectively, or prices are considered excessive in relation to the community's purchasing power. Consequently, it is imperative for BUMDes to adopt a more professional approach in their marketing strategies to maintain customer loyalty and compete effectively with other businesses at the local level.

Product innovation has been identified as a significant factor in the cultivation of customer loyalty. Kotler & Keller (2021) elucidate that product innovation entails initiatives to develop or enhance products, thereby offering heightened value to customers. Tidd & Bessant (2018) emphasize that innovation can strengthen an

organization's competitiveness by creating value renewal, differentiation, and the ability to adapt to market needs. In the context of BUMDes, the achievement of product innovation can be realized through the introduction of product variations, the enhancement of quality, the optimization of packaging, and the provision of products that align with the needs of the village community.

In addition to the innovation of products, marketing communication also plays a crucial role in the establishment of customer loyalty. Belch & Belch (2018) posit that marketing communication constitutes the process of creating and conveying messages to the target market with the objective of building customer relationships and driving purchasing decisions. In addition, Clow & Baack (2016) posit that marketing communication can be utilized to augment brand awareness and cultivate customer loyalty. In the context of BUMDes, marketing communication encompasses not only promotion but also transparency of information, closeness of relationships, trust, and the ability of managers to explain the benefits of products to the community.

Price has been identified as a significant factor in fostering customer loyalty. As Monroe (2015) elucidates, price exerts a significant influence on customer decisions, as consumers assess the cost they incur against the benefits they receive. Tjiptono (2019) posits that price is defined as the cost that customers must incur to procure a product or service. In a village setting, price is a highly sensitive issue because customers compare BUMDes prices with those at stores, traditional markets, or other product providers. Consequently, ensuring that prices are fair, affordable, and commensurate with quality has the potential to foster customer loyalty.

The issue of customer loyalty at BUMDes Tri Bhuana Kerthi has become increasingly salient due to the fact that, during its development, the BUMDes has encountered a paucity of public interest. The underlying factors contributing to this issue include relatively high product prices, an inadequate product range, and suboptimal employee competence. In an effort to enhance the company's competitive advantage, a multifaceted approach was adopted. This approach entailed the procurement of direct suppliers with the objective of achieving cost reductions. Additionally, a comprehensive needs assessment was conducted within the community to inform the development of innovative products. Furthermore, a systematic enhancement of employee competencies was implemented. These conditions suggest that product innovation, marketing communication, and pricing are critical aspects that require empirical analysis.

A body of research has demonstrated that variables such as innovation, communication, and price have the capacity to exert influence on the loyalty of customers. Aissyah *et al.* (2022) discovered that innovation, communication, and price are significant factors in determining customer loyalty among culinary SMEs. Wijayanti (2020) also demonstrated that product innovation, marketing communication, and price are associated with customer loyalty among SMEs. In addition, Widnyani (2021), Kadis & Sudrajat (2023), and Zidan *et al.* (2023) underscore the pivotal role of price, promotion, and innovation in cultivating customer loyalty. However, research on customer loyalty in

the context of BUMDes is still in its nascent stages due to the unique socio-economic characteristics of BUMDes, which differ from those of SMEs and commercial companies.

In light of the aforementioned findings, the objective of this study is to examine the impact of product innovation, marketing communication, and pricing on customer loyalty at BUMDes Tri Bhuana Kerthi in Tegaljeni Village, Marga Subdistrict, Tabanan Regency. The present study is expected to provide a theoretical contribution to the development of marketing management studies in the context of village enterprises, a practical contribution to BUMDes managers in formulating marketing strategies, and a policy contribution to stakeholders in strengthening the sustainability of BUMDes.

## **LITERATURE REVIEW**

### **Customer Loyalty**

Customer loyalty is a pivotal concept in marketing, as it is intrinsically linked to the sustainability of the relationship between customers and organizations. According to Kotler & Keller (2021), customer loyalty is defined as a customer's consistent utilization of a product or service. Zeithaml et al. (2020) posit that customer loyalty manifests not only in repeat purchases but also in customers' propensity to recommend products to others based on positive experiences.

Oliver (2021) proposes a multifaceted model of customer loyalty, categorizing it into four stages: cognitive, affective, conative, and behavioral loyalty. Cognitive loyalty, defined as a customer's positive knowledge or perceptions of a product, is a critical factor in understanding consumer behavior. The concept of affective loyalty, defined as the emotional attachment to a brand that arises from positive experiences with its products or services, is a critical factor in understanding consumer behavior. Conative loyalty is defined as the intention to repurchase, while behavioral loyalty is evident in actual repurchase behavior. Consequently, customer loyalty can be conceptualized as a multifaceted process that evolves from knowledge, attitudes, and intentions to actions.

Griffin (2021) posits that loyal customers exhibit a propensity to make repeat purchases, are less inclined to switch to competitors, and provide positive recommendations. Reichheld & Schefter (2021) further underscore the notion that customer loyalty can function as a strategic asset, as loyal customers have the capacity to enhance business sustainability and broaden the market through word-of-mouth recommendations. In the context of BUMDes, customer loyalty is a critical factor, as it not only generates economic benefits but also reinforces the legitimacy of BUMDes as a village economic institution

### **Product Innovation and Customer Loyalty**

Product innovation is a strategic imperative for organizations seeking to enhance their competitive positioning and generate added value. Kotler & Keller (2021) elucidate that product innovation entails initiatives to enhance or develop products, thereby rendering them more valuable to customers. Drucker (2022) conceptualizes innovation as

a process of introducing change in business, while Schumpeter (2020) regards innovation as a vital component of economic renewal.

As posited by Henderson & Clark (2020), innovation can be classified into several categories, including radical, incremental, modular, and architectural innovation. Within the context of BUMDes, incremental innovation emerges as the predominant form of innovation, characterized by the systematic and gradual refinement of products or services to align more closely with the needs of the community. Such innovations may include the introduction of new product types, the enhancement of quality, the utilization of more appealing packaging, or the provision of products derived from local resources.

Tidd & Bessant (2018) posit that product innovation can fortify an organization's capacity to adapt to market fluctuations. Christensen (2023) also posits that innovation can fortify an organization's standing in competitive environments. However, Gassmann (2010) offers a caveat, underscoring the potential risks associated with innovation that fails to align with market demands or is not supported by the organization's capabilities. Consequently, the innovation of products offered by BUMDes must be directed towards the actual needs of customers in order to enhance satisfaction and loyalty.

The extant literature supports the relationship between product innovation and customer loyalty. As Wijayanti (2020) demonstrated, there is a demonstrable association between product innovation, marketing communication, and pricing, and customer loyalty among SMEs. Aissyah *et al.* (2022) also found that innovation is one of the factors associated with customer loyalty. As Widnyani (2021) and Zidan *et al.* (2023) further emphasize, innovation can play a role in building customer loyalty if it provides benefits that customers directly experience. In light of the aforementioned discourse, the initial hypothesis is hereby formulated as follows:

H1: Product innovation has a partial positive effect on customer loyalty at BUMDes Tri Bhuana Kerthi

### **Marketing Communication and Customer Loyalty**

Marketing communication is defined as a tool utilized by organizations to convey information, shape perceptions, and strengthen relationships with customers. Kotler & Keller (2021) posit that the function of marketing communication is to inform, persuade, and remind customers about products or brands. Belch & Belch (2018) define marketing communication as the process of creating and delivering messages to target markets to build customer relationships and drive purchasing decisions.

According to Clow & Baack (2016), marketing communication constitutes a combination of various communication tools utilized to augment brand awareness and to sustain customer loyalty. Kitchen & Burgmann (2020) posit that marketing communication serves a strategic function in building awareness, creating value, and fostering customer loyalty. In addition, Duncan (2020) underscores the significance of maintaining message consistency and the incorporation of diverse communication channels within the paradigm of integrated marketing communication.

In the context of BUMDes, marketing communication plays a crucial role because customers require clear information about products, prices, promotions, and the benefits of shopping at BUMDes. The ability to communicate in an effective manner can contribute to the establishment of trust, the fortification of social relationships, and the creation of a positive customer experience. According to Kotler & Armstrong (2018), effective marketing communication must be interactive and persuasive in order to influence customer decisions.

Research by Kurniawati & Hendrawan (2017) underscores the significance of marketing communication strategies in fostering customer loyalty. Rahman & Sari's (2018) study demonstrated that digital marketing communication strategies can enhance customer loyalty. Lestari (2024) similarly underscores the pivotal role of marketing communication, product innovation, and corporate image in fostering customer loyalty. Consequently, effective marketing communication has the potential to increase BUMDes customer loyalty by strengthening information, trust, and customer relationships. The second hypothesis is hereby formulated in light of the foregoing discourse:

H2: Marketing communication has a partial positive effect on customer loyalty at BUMDes Tri Bhuana Kerthi.

### **Price and Customer Loyalty**

Price is a pivotal component of the marketing mix, directly impacting purchasing decisions and fostering customer loyalty. According to Kotler & Keller (2021), price is defined as the value customers exchange to obtain benefits from a product. As Monroe (2015) asserts, price is associated with customer decision-making because customers evaluate the trade-off between the sacrifices made and the benefits received. Tjiptono (2019) also posits that price reflects the sacrifices customers make to obtain a product or service.

According to Mankiw (2017), price functions as a market mechanism that balances supply and demand. According to Kotler & Armstrong (2018), pricing is influenced by two categories of factors: internal and external. Internal factors include production costs and marketing objectives, while external factors encompass competition, economic conditions, and customer purchasing power. Nagle & Muller (2018) posit that pricing strategies may be classified into several categories, including cost-based pricing, value-based pricing, market-based pricing, psychological pricing, skimming pricing, and penetration pricing.

In the context of customer loyalty, Zeithaml (2022) posits that customers tend to exhibit loyalty when they perceive that they have achieved an equilibrium between price, quality, and value. Dodd *et al.* (1991) demonstrated that price perception is related to customers' perceptions of quality and value. Ranaweera & Neely (2003) emphasize that price factors can influence the relationship between service quality and customer retention. As Homburg *et al.* (2005) demonstrate, price satisfaction has the potential to contribute to customer loyalty.

Within the context of BUMDes, price emerges as a pivotal factor, as local consumers often draw parallels between BUMDes prices and those observed in neighboring stores or markets. If prices are considered affordable and commensurate with quality, customers have an economic incentive to continue shopping at BUMDes. Research by Fakhrudin & Suci (2023), Kadis & Sudrajat (2023), Soriton *et al.* (2021), Tehuayo (2021), Adilah *et al.* (2023), and Zidan *et al.* (2023) indicates that price can be linked to both purchasing decisions and customer loyalty. Consequently, fair, competitive prices that align with the community's purchasing power have the potential to increase BUMDes customer loyalty. In light of the aforementioned discourse, the third hypothesis is hereby formulated as follows:

H3: Price has a partial positive effect on customer loyalty at BUMDes Tri Bhuana Kerthi.

### **Product Innovation, Marketing Communication, and Pricing on Customer Loyalty**

The phenomenon of customer loyalty is the result of a combination of various marketing factors. Product innovation has been shown to engender added value and differentiation. Marketing communication has been demonstrated to build relationships and trust, while pricing has been shown to reinforce customers' perception of value. The three aforementioned variables work in concert to influence the customer experience with BUMDes.

Research by Aissyah *et al.* (2022), Wijayanti (2020), Widnyani (2021), Kadis & Sudrajat (2023), and Lestari (2024) indicates that innovation, communication or promotion, and price are related to customer loyalty. In the context of BUMDes, products that meet community needs must be clearly communicated and offered at prices aligned with the community's purchasing power. Consequently, it is hypothesized that product innovation, marketing communication, and pricing are collectively expected to enhance customer loyalty. In light of the aforementioned discourse, the fourth hypothesis is hereby formulated as follows:

H4: Product innovation, marketing communication, and pricing simultaneously have a positive effect on customer loyalty at BUMDes Tri Bhuana Kerthi.

### **RESEARCH METHOD**

The present study employs a quantitative approach with a causal-associative design to examine the effects of product innovation, marketing communication, and price on customer loyalty toward BUMDes Tri Bhuana Kerthi in Tegal Jadi Village, Marga Subdistrict, Tabanan Regency. The utilization of a quantitative approach was necessitated by the nature of the research data, which consists of numerical values and is consequently analyzed statistically to test the relationships between variables (Sugiyono, 2022). The study population consists of BUMDes customers, with a sample of 125 respondents selected using purposive sampling, which involves selecting respondents based on specific criteria to align with the research objectives (Sugiyono, 2022).

Primary data was collected through the administration of a structured questionnaire, while secondary data was obtained from supporting documents and literature. The research instrument employed a Likert scale to assess product innovation, marketing communication, price, and customer loyalty. The data was analyzed using a variety of statistical methods, including descriptive statistics, validity and reliability tests, classical assumption tests, multiple linear regression, t-tests, F-tests, and the coefficient of determination. Descriptive statistics were employed to characterize the data (Sugiyono, 2023), while multiple linear regression was utilized to assess the impact of multiple independent variables on a single dependent variable (Antara, 2019). As posited by Ghozali (2013) and Wirawan (2014), classical assumption tests are predicated on the criteria of multicollinearity, normality, and heteroscedasticity.

## RESULTS AND DISCUSSION

### Descriptive Statistics

Table 1 presents the descriptive statistics, indicating that the study received 125 responses. The mean value for customer loyalty was 18.2880, with a standard deviation of 2.33423. This finding suggests that customer loyalty toward BUMDes is relatively high, and that the respondents' responses exhibited a high degree of homogeneity. The mean value of the product innovation variable is 19.7600, and the standard deviation is 2.49645. This value is the highest mean among the independent variables, indicating that respondents gave a fairly positive assessment of BUMDes product innovation.

The mean value of the marketing communication variable is 18.8480. Its standard deviation is 2.34196. This value indicates that the marketing communication of BUMDes is rated quite highly by customers. The mean value of the price variable is 18.6560, and the standard deviation is 2.36610. This finding suggests that customers perceive the prices of BUMDes products to be competitive and aligned with their expectations.

Table 1. Descriptive Statistics of the Research Variables

Variables	Mean	Standard Deviation	N
Customer Loyalty	18.2880	2.33423	125
Product Innovation	19.7600	2.49645	125
Marketing Communication	18.8480	2.34196	125
Price	18.6560	2.36610	125

Source: Data Processing, 2026

The comparatively elevated mean scores across all variables suggest that respondents hold a predominantly favorable perception of the BUMDes. However, it is important to note that descriptive statistics alone are insufficient for drawing conclusions about the relationships between variables. Consequently, the analysis was continued using classical assumption tests and multiple linear regression.

### Classical Assumptions Test

As demonstrated in Figures 1 and 2, the outcomes of the normality tests suggest that the residuals are normally distributed. This phenomenon is evident when examining the histograms, which form a pattern approximating a normal curve, and the Normal P-P Plot, which shows the data points following the diagonal line. Consequently, the regression model is found to satisfy the normality assumption, as the presence of normally distributed residuals is a prerequisite for regression analysis (Ghozali, 2013; Wirawan, 2014).

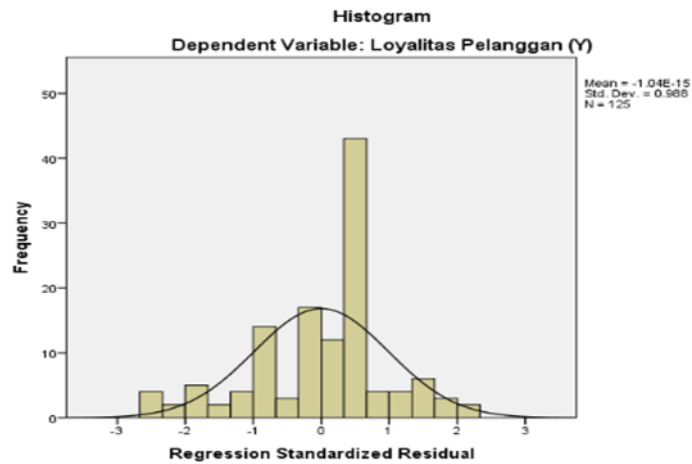


Figure 1. Normality Test Results: Histogram

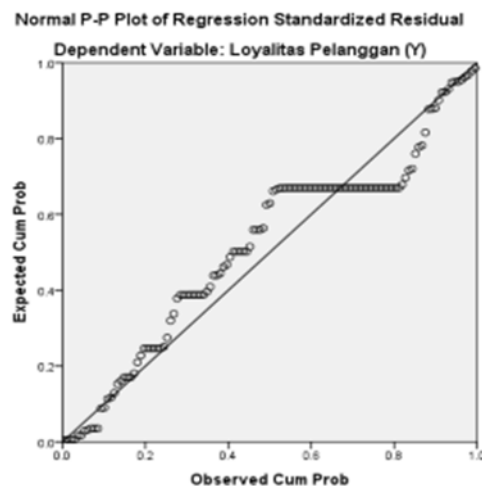


Figure 2. Results of the Normality Test: Normal P-P Plot

The findings of the multicollinearity test in Table 2 indicate that all independent variables possess tolerance values greater than 0.10 and VIF values less than 10. The tolerance value for product innovation is 0.654, the VIF is 1.528, for marketing communication the tolerance is 0.506, the VIF is 1.974, and for price the tolerance is

0.610, the VIF is 1.639. In accordance with the criteria established by Ghozali (2013), the findings suggest the absence of multicollinearity in the regression model.

Table 2. Results of the Multicollinearity Test

Variables	Tolerance	VIF	Note
Product Innovation	0.654	1.528	There is no multicollinearity
Marketing Communication	0.506	1.974	There is no multicollinearity
Price	0.610	1.639	There is no multicollinearity

Source: Data Processing, 2026

As illustrated in the heteroscedasticity test results depicted in Figure 4, the points are randomly dispersed and do not exhibit a discernible pattern. This finding indicates that the regression model does not demonstrate heteroscedasticity. Assuming the validity of the assumptions of normality, multicollinearity, and heteroscedasticity, the multiple linear regression model is deemed suitable for the examination of the impact of product innovation, marketing communication, and price on customer loyalty at BUMDes Tri Bhuana Kerthi (Antara, 2019; Ghozali, 2013; Wirawan, 2014).

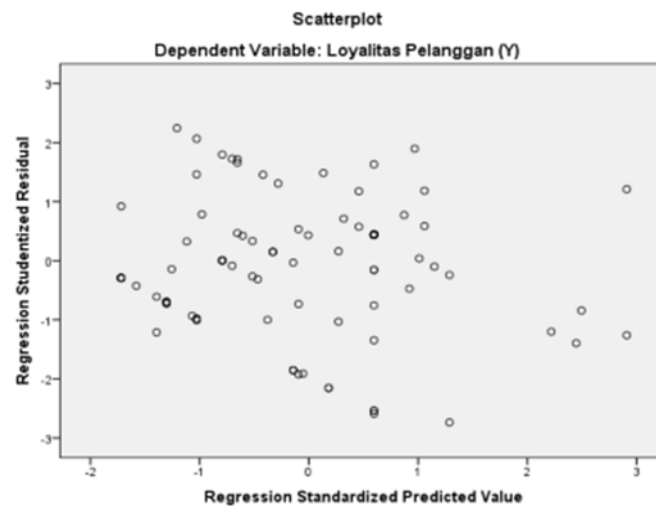


Figure 4. Heteroscedasticity Test Results

**Multiple Linear Regression Analysis**

The results of the multiple linear regression analysis yielded the following equation:  
 $Y = 4.143 + 0.000X1 + 0.226X2 + 0.530X3$

Notes:

- Y = Customer loyalty
- X1 = Product innovation
- X2 = Marketing communication
- X3 = Price

The results of the multiple linear regression are presented in Table 3.

Table 3. Results of the multiple linear regression analysis

No	Description	B
1	Constanta	4.143
2	Product Innovation	0.000
3	Marketing Communication	0.226
3	Price	0.530

Source: Data Processing, 2026

As indicated by the regression equation in Table 3, the constant of 4.143 denotes the baseline value of customer loyalty when product innovation, marketing communication, and price are constant. In the context of multiple linear regression, the constant denotes the initial value of the dependent variable, while the regression coefficients signify the direction and magnitude of the independent variables' effects on the dependent variable (Antara, 2019; Ghozali, 2013).

This is further evidenced by the product innovation coefficient of 0.000, which suggests a negligible contribution of product innovation to changes in customer loyalty. This suggests that the innovations implemented by BUMDes are not yet perceived by customers as a key factor in shaping loyalty, especially if they do not align with the market's actual needs (Gassmann, 2010; Rahman *et al.*, 2021).

This result is further corroborated by the marketing communication coefficient of 0.226, which suggests a positive correlation between marketing communication and customer loyalty. Consequently, the quality of information, promotions, and communication provided by BUMDes directly correlates with customer loyalty (Belch & Belch, 2018; Kotler & Keller, 2021).

The price coefficient of 0.530 is the highest value in comparison to the other variables. This finding suggests that price is the predominant factor in shaping customer loyalty, particularly when customers perceive the price to be affordable, fair, and commensurate with product quality (Monroe, 2015; Zeithaml, 2022).

### **Coefficient of Determination**

The coefficient of determination, which is represented by  $R^2$  in statistical analysis, indicates that 49 percent of the variation in customer loyalty can be explained by product innovation, marketing communication, and price. Conversely, the residual 51% of the variance is attributable to variables that fall outside the confines of the research model. The aforementioned factors may comprise service quality, customer satisfaction, customer loyalty, the image of the BUMDes, product availability, geographic location, customer experience, and social factors within the village community (see Table 4 below).

Tabel 4. Nilai R-Square (R2)

No	R Square (R2)
1	0.490

Source: Data Processing, 2026

These results suggest that the research model possesses a satisfactory degree of explanatory power. Nevertheless, customer loyalty is a multifaceted construct that cannot be adequately explained by three marketing variables alone. This finding aligns with the assertions put forth by Zeithaml *et al.* (2020), who contend that customer loyalty can be influenced by a multitude of factors, including product quality, customer satisfaction, price, marketing communication, and customer experience.

### Partial Hypothesis Testing

The findings of the t-test presented in Table 3 suggest that product innovation does not exert a considerable partial influence on customer loyalty. The calculated t-value for product innovation is 0.002, with a p-value of 0.999. This finding suggests that the initial hypothesis is not substantiated. Consequently, the product innovations implemented by BUMDes Tri Bhuana Kerthi have yet to demonstrate a direct impact on customer loyalty.

Marketing communication exerts a positive and significant effect on customer loyalty. The t-value for marketing communication is 2.481, with a significance level of 0.014. These results provide evidence that supports the second hypothesis. Consequently, the efficacy of marketing communications executed by BUMDes directly correlates with the level of customer loyalty.

Price has been demonstrated to exert a positive and significant effect on customer loyalty. The t-value for price is 6.464, with a significance level of 0.000. The findings of this study provide evidence that supports the third hypothesis. Consequently, it can be inferred that an enhancement in customers' perceptions of price is associated with an increase in their loyalty to BUMDes.

Table 3. t-Test Results

Variable	t-value	Significance	Notes
Product Innovation	0.002	0.999	Not significant
Marketing Communication	2.481	0.014	Significant
Price	6.464	0.000	Significant

Source: Data Processing, 2026

### Simultaneous Hypothesis Testing

The findings of the F-test presented in Table 4 reveal that product innovation, marketing communication, and price jointly exert a significant influence on customer loyalty. The calculated F-value is 38.705, with a significance level of 0.000. This value indicates support for the fourth hypothesis. Consequently, these three independent variables collectively elucidate customer loyalty toward BUMDes Tri Bhuana Kerthi.

Table 4. F-Test Results

	Model		F-statistic	Significance	Note
Product Innovation, Marketing Communication, and Pricing on Customer Loyalty			38.705	0.000	Significant

Source: Data Processing, 2026

## Discussion

### The Impact of Product Innovation on Customer Loyalty

The findings of the study suggest that product innovation does not exert a substantial influence on customer loyalty. These findings suggest that the product innovations implemented by BUMDes Tri Bhuana Kerthi are not yet sufficiently robust to encourage customers to make repeat purchases or foster loyalty. In principle, the introduction of novel products should generate added value and fortify an organization's competitive position (Kotler & Keller, 2021; Tidd & Bessant, 2018). Christensen (2023) also posits that innovation can fortify an organization's standing in competitive environments. However, the findings of this study suggest that innovation does not invariably serve as the primary catalyst in fostering customer loyalty.

The observed phenomenon can be attributed to the distinctive attributes exhibited by the customer base of BumDes. Local customers have been observed to prioritize the availability of basic necessities, affordability, ease of transaction, and clarity of information over product novelty. Consequently, innovations that do not adequately address customers' actual needs will not directly impact loyalty. Gassmann (2010) posits that innovation is inherently risky unless it aligns with market demands and is supported by the organization's capabilities.

The findings of this study are consistent with those of Rahman *et al.* (2021), who determined that innovation does not invariably serve as the primary catalyst in fostering customer loyalty, particularly when it is not accompanied by trust and service quality. Consequently, the innovation of BUMDes products should be directed towards addressing the community's genuine needs, including the accessibility of daily necessities, the assurance of consistent quality, the enhancement of packaging, and the facilitation of transactions. Consequently, product innovation can offer customers a more concrete sense of value.

### The Impact of Marketing Communication on Customer Loyalty

The findings of the study suggest that marketing communication exerts a positive and significant influence on customer loyalty. These findings imply that the superiority of the marketing communication strategies employed by BUMDes is directly correlated with the propensity of customers to persist in patronizing these enterprises and to recommend them to others. These results align with the findings of Kotler & Keller (2021), who explain that marketing communication serves to inform, persuade, and

remind customers. Belch & Belch (2018) emphasize that marketing communication can build customer relationships and drive purchasing decisions. In addition, Clow & Baack (2016) posit that marketing communication plays a role in increasing brand awareness and maintaining customer loyalty.

In the context of BUMDes, effective marketing communication is imperative, as customers require transparent information regarding products, prices, promotional offers, and the advantages of patronizing BUMDes. Kitchen & Burgmann (2020) posit that marketing communication can foster loyalty through value creation and customer relationships. As Duncan (2020) underscores, effective communication must be consistent and integrated. Consequently, the marketing communication efforts of Business Unit Management of Enterprises (BUMDes) must be executed in a consistent manner, employing a variety of channels such as social media, community forums, village announcements, and direct interactions between managerial personnel and customers.

These findings align with the research conducted by Dessy Kurniawati & Hendrawan (2017), Rahman & Sari (2018), and Lestari (2024), which underscores the significance of effective marketing communication in fostering customer loyalty. In the context of a village, interpersonal communication and digital communication can serve as complementary mechanisms. Interpersonal communication fosters social cohesion, while digital communication amplifies the dissemination of information. Consequently, it is imperative for BUMDes to fortify its communication strategy, ensuring that customers receive clear, prompt, and reliable information.

### **The Impact of Price on Customer Loyalty**

The findings of the study suggest a positive and significant relationship between price and customer loyalty. Among the variables examined, price emerged as the most significant predictor of consumer behavior, surpassing the influence of product innovation and marketing communication strategies. These findings suggest that customers of BUMDes place significant importance on price affordability, the alignment of price with quality, and price fairness. These results align with the findings of Monroe (2015), who posits that price is contingent on the sacrifices customers make to obtain product benefits. Zeithaml (2022) posits that the perception of customer value is shaped by a comparison of price, quality, and product benefits. Dodd et al. (1991) seminal study demonstrated that price perception is associated with perceptions of quality and customer value. Consequently, customers exhibit heightened brand loyalty when they perceive that the price they pay is aligned with the value they receive.

Within the context of BUMDes, price assumes particular significance due to the prevalence of alternative purchasing options available to local customers. In the context of Bumdes products, it has been observed that if these products are perceived as being more expensive than similar items available at nearby stores or markets, customers tend to opt for the more affordable alternatives. Conversely, if prices are deemed reasonable and commensurate with quality, customers will have an economic incentive to continue shopping at BUMDes. This finding aligns with the work of Fakhruddin & Suci (2023),

Kadis & Sudrajat (2023), Widnyani (2021), and Zidan (2023), which demonstrates that price can influence customer loyalty.

Consequently, it is imperative for BUMDes to undertake systematic price evaluations on a regular basis. Managers can compare prices with competitors, seek out direct suppliers to reduce costs, offer discounts to regular customers, or provide packages of essential goods at competitive prices. These strategies have the potential to reinforce the perception that BUMDes provide tangible economic benefits to the community.

### **The Simultaneous Effects of Product Innovation, Marketing Communication, and Price on Customer Loyalty**

The findings of the study suggest that product innovation, marketing communication, and pricing all exert a considerable influence on customer loyalty concurrently. These findings suggest that customer loyalty toward BUMDes cannot be explained by a single factor but is shaped by a combination of product, communication, and pricing strategies. While the innovation of a product may appear negligible when evaluated in isolation, its role remains paramount within the overarching model. The enhancement of product value through innovation is contingent upon the implementation of effective marketing communication and appropriate pricing strategies. The introduction of innovative products to the market is not guaranteed to yield optimal results if consumers are unaware of their benefits or perceive the price to be inappropriate. Conversely, effective communication and affordable pricing will be more impactful when supported by products that align with customer needs.

These findings are consistent with those of Aissyah *et al.* (2022), Wijayanti (2020), Kadis & Sudrajat (2023), Widnyani (2021), and Lestari (2024), who found that innovation, communication or promotion, and price can be associated with customer loyalty. In the context of BUMDes, the implementation of marketing strategies must be executed in an integrated manner. The development of product innovation must be grounded in a comprehensive understanding of customer needs. Moreover, effective marketing communication is paramount for consistently conveying the inherent value of the product. Finally, pricing strategies must be meticulously calibrated to reflect purchasing power and customers' perceived value.

Theoretically, the findings of this study support the view that customer loyalty is a multidimensional construct. Oliver (2021) posits that loyalty evolves from knowledge, attitudes, and intentions to actions. Consequently, it is imperative for BUMDes to cultivate customer loyalty through the meticulous delivery of positive experiences. Marketing communications have been demonstrated to engender knowledge and trust, pricing has been shown to reinforce perceptions of value, and product innovation has been demonstrated to enhance the relevance and benefits of products.

### **CONCLUSION**

The findings of the study suggest that product innovation has not yet exerted a substantial impact on customer loyalty toward BUMDes Tri Bhuana Kerthi. However,

marketing communication and price have been identified as factors that positively and significantly influence customer loyalty. The collective impact of product innovation, marketing communication, and price on customer loyalty was examined. These findings indicate that BUMDes customer loyalty is predominantly influenced by clear, active, and easily comprehensible marketing communication, as well as by perceptions of prices that are affordable, fair, and commensurate with product quality. The practical implication of this study is that BUMDes managers must prioritize the following: first, the strengthening of communication with customers; second, the consistent conveying of product information; and third, the periodic evaluation of prices. These actions are necessary for managers to remain competitive and aligned with the purchasing power of the village community.

The present study is subject to certain limitations due to its exclusive focus on a single BUMDes, precluding the establishment of universally applicable conclusions concerning all BUMDes in diverse geographical regions. Furthermore, the variables employed are still constrained to product innovation, marketing communication, and price, while customer loyalty may also be influenced by other factors such as service quality, customer satisfaction, trust, the BUMDes's image, product availability, and customer experience. Consequently, future research is recommended to expand the scope to include multiple BUMDes, incorporate additional relevant variables, and adopt a mixed-methods approach so that the findings not only statistically explain the relationships between variables but also explore the underlying reasons behind customer loyalty.

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### **Declaration Statement**

The authors declare that no external funding was received for this research. The data supporting the findings of this study were obtained from primary questionnaire responses collected from 125 customers of BUMDes Tri Bhuana Kerthi and from relevant secondary sources, including supporting documents and published literature cited in the manuscript. Due to confidentiality and ethical considerations related to respondent information, the raw questionnaire data are not publicly available; however, anonymized data may be made available by the corresponding author upon reasonable request. This study involved human respondents through a structured questionnaire survey; participation was conducted for academic research purposes, and the data were analyzed

in aggregate without disclosing respondents' personal identities. As the study did not involve clinical intervention, experimental treatment, vulnerable participants, or sensitive personal data, formal institutional ethics approval was not required. The authors further declare that they have no financial or non-financial competing interests that could have influenced the conduct, analysis, interpretation, or reporting of this research.

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