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Product Innovation as a Key Catalyst for Consumer Satisfaction: An Empirical Study of Fashion MSMEs in Denpasar

(Inovasi Produk sebagai Katalis Utama Kepuasan Konsumen: Studi Empiris UMKM Fesyen di Denpasar)

Made Ermawan Yoga Antara[a,1*], **Pande Gde Bagus Naya Primananda**[b,2], **Agus Purusa Dharma**[a,3]

[a] *Faculty of Economics and Business, Universitas Pendidikan Nasional, Denpasar, Indonesia*
[b] *Faculty of Economics and Business, Universitas Warmadewa, Denpasar, Indonesia*

E-mail: [1]madeermawan@undiknas.ac.id; [2]pandeprimananda@warmadewa.ac.id; [3]aguspurusa@undiknas.ac.id

***Corresponding Author:** madeermawan@undiknas.ac.id (M. E. Y. Antara).

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ABSTRACT

This study examines associations between product innovation, price, promotion, and consumer satisfaction among fashion MSMEs in Denpasar. A cross-sectional survey of 170 purposively selected consumers was analyzed using partial least squares structural equation modeling (PLS-SEM) in SmartPLS. The model explained 47.6% of the variance in consumer satisfaction (R^2 = 0.476). Product innovation (β = 0.331; p = 0.001), price (β = 0.279; p = 0.001), and promotion (β = 0.188; p = 0.033) each showed positive, statistically significant associations. Product innovation had the largest estimated coefficient. These findings support coordinated attention to product design, perceived price fairness, and credible promotion. Given the cross-sectional design and purposive sampling, the findings indicate associations rather than causal effects.

Keywords:
Consumer Satisfaction; Fashion MSMEs; Product Innovation; Price; Promotion

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ABSTRAK

Penelitian ini menganalisis hubungan inovasi produk, harga, dan promosi dengan kepuasan konsumen UMKM fesyen di Denpasar. Survei potong lintang terhadap 170 konsumen yang dipilih secara purposif dianalisis menggunakan partial least squares structural equation modeling (PLS-SEM) dengan SmartPLS. Model menjelaskan 47,6% variasi kepuasan konsumen (R^2 = 0,476). Inovasi produk (β = 0,331; p = 0,001), harga (β = 0,279; p = 0,001), dan promosi (β = 0,188; p = 0,033) masing-masing memiliki hubungan positif dan signifikan secara statistik. Inovasi produk menghasilkan estimasi koefisien terbesar. Temuan ini mendukung perhatian terpadu terhadap desain produk, kewajaran harga, dan promosi yang kredibel. Karena menggunakan desain potong lintang dan pengambilan sampel purposif, hasil menunjukkan hubungan antarvariabel, bukan sebab-akibat.

Kata kunci:
Kepuasan Konsumen; UMKM Fesyen; Inovasi Produk; Harga; Promosi

Introduction

Micro, Small, and Medium-sized Enterprises (MSMEs) in the fashion sector operate in a market characterized by rapidly changing trends, short product life cycles, and increasingly digitized consumer journeys. Under these conditions, business sustainability depends not only on production capacity but also on the ability to create and communicate value to consumers. Research indicates that perceived value, shopping experiences, and consumer satisfaction are closely linked to consumer behavioral responses in emerging markets (Apriliyani & Martono, 2025). At the industry level, the post-pandemic fashion market also demands a more integrated and adaptive marketing approach, as consumers increasingly evaluate products based on a combination of design, price, brand communication, and digital interactions (Ndruru & Sihite, 2026). Consequently, consumer satisfaction serves as a crucial metric for assessing whether the value offered by fashion MSMEs aligns with consumer expectations.

The context of fashion-related MSMEs in Denpasar City warrants further investigation. The urgency for such research stems not merely from assumptions regarding the uniqueness of the local market or its cultural intersections, but rather from the practical necessity for business adaptation and an understanding of consumer behavior. Empirical evidence concerning the apparel industry in Bali suggests that business performance is contingent upon how firms develop their capabilities and respond to market conditions (Antara et al., 2024). In

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Denpasar, recent findings regarding the marketing mix underscore the significance of product, price, place, and promotion in shaping consumer satisfaction within the local retail landscape (Bintang et al., 2024). This indicates that fashion MSMEs cannot rely solely on their brand identity or product availability; instead, they must integratively coordinate product development, pricing decisions, and promotional communications. Nevertheless, a clear empirical gap exists: the prevailing literature—both concerning MSMEs in general and the fashion sector specifically—tends to focus on the impact of innovation on business performance, market orientation, or competitive advantage (Cudai et al., 2024; Antara, 2025), rather than on the evaluation of post-purchase consumer satisfaction. This situation gives rise to an empirical question: do innovations—such as garment redesigns, the development of new product variants, or adjustments to materials—intended to enhance business competitiveness actually translate into, and get appreciated as, greater satisfaction from the consumer's perspective? Consequently, the novelty of this research lies in its simultaneous examination of product innovation, pricing, and promotion, using consumer satisfaction as the primary proxy for successful value creation, rather than relying solely on a firm's financial performance. In practical terms, this research is designed to provide tactical contributions that can be immediately adopted by fashion-sector MSMEs (micro, small, and medium enterprises). Given the resource constraints typically faced by such enterprises, the findings offer strategic guidance for business owners to allocate their capital and efforts more efficiently—specifically by prioritizing relevant product design updates, determining targeted pricing strategies, and crafting high-impact digital promotional communications to maintain customer satisfaction amidst market competition.

Price and promotion are two additional mechanisms that fashion MSMEs can employ to shape consumer satisfaction. Price influences consumer assessments of fairness and value-for-money, while promotion communicates product benefits, distinguishing attributes, and purchasing incentives. Recent research on sustainable fashion reports that pricing and promotional strategies can influence consumer satisfaction. Furthermore, marketing research indicates that digital marketing can create consumer value and boost satisfaction when communication is both relevant and credible (Rahman et al., 2023). Literature on the marketing mix also demonstrates that product, price, place, and promotion collectively explain consumer satisfaction (Ozumba & Okon, 2023). However, previous studies have often examined price or promotion in isolation, used purchase intention as the dependent variable, or focused on sectors other than fashion. Thus, a research gap exists regarding the simultaneous impact of product innovation, price, and promotion on consumer satisfaction within fashion MSMEs—particularly in the consumer and business environment of Denpasar City, which possesses unique characteristics.

This research is significant because digital transformation has expanded consumer choices while accelerating the pace of change in fashion trends, pricing, and promotional messaging. For MSMEs, digital marketing and brand building can broaden market reach; however, these tools do not always yield satisfaction if products lack differentiation, prices are perceived as unreasonable, or promotional claims fail to align with actual consumption experiences (Satriadi et al., 2024). Consequently, measuring consumer satisfaction is crucial for identifying which marketing resources should be prioritized. The findings offer practical guidance for fashion MSME owners in Denpasar regarding the allocation of limited resources toward design development, pricing strategies, and promotional activities. From an academic perspective, this study expands the body of empirical evidence by linking firm-level marketing innovations and decisions to consumer-level satisfaction within the context of local fashion MSMEs.

The theoretical framework underpinning this research is the marketing mix theory—specifically, a limited adaptation of the 4P framework, which consists of product, price, place, and promotion. In this research model, product innovation is derived from the "product" element, encompassing the development of updates, differentiation, and responsiveness to consumer needs; price represents both the monetary sacrifice and the consumer's evaluation of fairness and value; and promotion involves communicating product benefits and brand meaning to the target market. Recent empirical research confirms the relevance of these marketing mix elements in explaining consumer satisfaction, while studies in fashion marketing emphasize the necessity of an integrated approach rather than isolated promotional activities (Nur et al., 2025). Although "place" is a vital component of the complete 4P framework, this study employs a partial adaptation, focusing exclusively on three elements: product innovation, price, and promotion. These three elements were selected because they are most directly linked to the value proposition evaluated by fashion consumers in today’s digital era. Consequently, this study aims to analyze the influence of product innovation, price, and promotion on consumer satisfaction within fashion-related MSMEs in Denpasar City, with the caveat that the findings are not intended to validate the 4P framework in its entirety.

Theoretical Review

The marketing mix theory serves as a suitable framework for explaining how companies combine various marketing instruments to create value for consumers. The 4P framework encompasses product, price, distribution channels (place), and promotion (al Kalbani et al., 2023). These four elements do not operate in isolation but rather complement one another in shaping consumer perceptions regarding a product's benefits, quality, and value. In the context of fashion MSMEs, the product relates to clothing design and quality, price pertains to the consumer's

financial outlay, place concerns purchasing accessibility, and promotion involves communication regarding the product and brand.

Previous research indicates that the marketing mix can be used to explain consumer satisfaction across various business contexts. Sinaga & Husda (2023) demonstrated the relevance of the marketing mix in explaining consumer satisfaction within the retail sector. Similar findings were reported by Supriatna (2025), who identified product, price, place, and promotion as elements that collectively relate to customer satisfaction. In the fashion industry, applying the marketing mix requires an adaptive approach because consumers evaluate products based not only on functional benefits but also on design, brand identity, digital experiences, and alignment with trends (Suasih & Budhi, 2023). Consequently, marketing mix theory serves as the primary framework for explaining the relationships between product innovation, price, and promotion and consumer satisfaction.

Product innovation refers to a business's ability to develop, update, or improve products to offer greater value and advantages compared to previous offerings or competitors' products (Sarkar et al., 2024). For fashion MSMEs, product innovation can be realized through design updates, model development, the use of different materials, the addition of size or color variations, the incorporation of local cultural elements, and product adjustments based on consumer needs. Innovation does not always entail creating entirely new products; it can also involve incremental improvements that enhance a product's functionality, aesthetics, comfort, or appeal.

Product innovation is crucial for fashion MSMEs because the industry is heavily influenced by shifting trends and consumer preferences. Antara et al. (2024) link product innovation agility to the performance of fashion MSMEs, while Cudai et al. (2024) demonstrate that product innovation plays a role in boosting MSME marketing performance. Destiana et al. (2026) also emphasize that product innovation and marketing performance can strengthen the competitive advantage of MSMEs in the fashion sector. Based on these findings, product innovation is expected to enhance consumer satisfaction when the novelty offered aligns with consumer needs, tastes, and expectations.

Consumer satisfaction arises when consumers perceive that a purchased product delivers benefits that meet or exceed their initial expectations. Fashion products featuring attractive designs, adequate quality, diverse options, and trend-aligned characteristics have the potential to generate more positive evaluations. Conversely, innovations that do not align with consumer needs can create the perception that a product is overly experimental, non-functional, or not worth the price. Thus, the impact of product innovation on consumer satisfaction is determined not only by the level of novelty but also by the innovation's relevance to the value sought by consumers.

Price represents the sacrifice a consumer must make to obtain the benefits of a product. From a consumer behavior perspective, price is understood not merely as a nominal value but also as an indicator of quality, fairness, affordability, and the alignment between benefits and costs incurred (Lumbanraja et al., 2025). For fashion MSMEs, pricing decisions must take into account production costs, material quality, design complexity, consumer purchasing power, competitor pricing, and the desired product image.

Price can influence satisfaction through perceptions of value and price fairness. Consumers tend to feel satisfied when the price paid is perceived as commensurate with the quality, design, service, and purchasing experience received. Conversely, a price perceived as too high relative to the product's benefits can lead to dissatisfaction. Research on sustainable fashion indicates that pricing strategies are linked to consumer satisfaction, particularly when consumers evaluate price alongside the product's benefits and value (Yang et al., 2025). Within the context of the marketing mix, price must also be understood in conjunction with product and promotion, as price perceptions can shift when consumers receive information regarding the product's quality, uniqueness, or benefits.

Thus, a competitive price does not necessarily mean the lowest price. A competitive price is one perceived as reasonable and aligned with the value offered. For fashion MSMEs in Denpasar, pricing strategies may include quality-based pricing, measured discounting, product bundling, or price differentiation based on design and materials. If consumers perceive these strategies as a fair value exchange, consumer satisfaction is expected to increase.

Promotion encompasses communication activities used by companies to convey information, generate appeal, remind consumers, and drive purchasing decisions. Promotion can be executed through advertising, personal selling, sales promotions, public relations, content marketing, social media, influencer marketing, and electronic word-of-mouth (Wimpertiwi et al., 2022). In the context of fashion MSMEs, digital promotion plays a crucial role, as fashion products can be visually showcased through photos, videos, online catalogs, and interactive content.

Effective promotion aims not only to boost sales but also to accurately shape consumer expectations. Information regarding design, materials, sizing, color, price, ordering procedures, and product benefits must be communicated clearly and consistently. A discrepancy between promotional messages and the actual condition of the product received can diminish consumer trust and satisfaction. Conversely, promotions that are informative, engaging, relevant, and credible help consumers understand a product's value prior to purchase.

Digital marketing also enables MSMEs to build more interactive relationships with consumers. Rahman & Salim (2024) demonstrate the relevance of digital marketing to value creation and consumer satisfaction, while Satriadi et al. (2024) emphasize that digital marketing strategies can strengthen MSME brands. In the fashion

industry, digital promotion has become increasingly vital, as consumers can compare products, prices, reviews, and brand images across various platforms. Therefore, well-managed promotions are expected to enhance consumer satisfaction by improving information availability, trust, and perceived value.

Consumer satisfaction is a post-purchase evaluation resulting from a comparison between consumer expectations and actual performance or experience. Consumers feel satisfied when product performance meets or exceeds expectations, whereas dissatisfaction arises when performance falls short of expectations (Izumi et al., 2025). Satisfaction encompasses assessments of product quality, price fairness, information clarity, transaction ease, service, and the product usage experience.

In the fashion business, consumer satisfaction is multidimensional. Consumers evaluate factors such as design alignment with personal preferences, material comfort, sizing accuracy, stitching quality, color suitability, service speed, and how well the product matches its promotional imagery. Antara (2026) indicates that satisfaction with online purchases is linked to the shopping experience and the consumer's evaluation of the purchasing process. Meanwhile, Arjang et al. (2024) developed a measure of consumer behavior for online MSME clothing stores, underscoring the importance of the consumer experience within the digital commerce environment. In this study, consumer satisfaction is positioned as the dependent variable, reflecting the consumer's evaluation of the overall value received from fashion MSMEs. This satisfaction is influenced not only by product quality but also by price appropriateness and the effectiveness of promotions. Consequently, product innovation, price, and promotion are viewed as marketing factors that can theoretically shape consumer satisfaction. Based on theory and prior research findings, product innovation, price, and promotion are positioned as independent variables, while consumer satisfaction is positioned as the dependent variable. The conceptual relationship of the study is illustrated in Figure 1.

H1: Product innovation has a significant positive effect on consumer satisfaction among fashion MSMEs in Denpasar City.

H2: Price has a significant positive effect on consumer satisfaction among fashion MSMEs in Denpasar City.

H3: Promotion has a positive effect on consumer satisfaction among fashion MSMEs in Denpasar City.

H4: Product innovation, price, and promotion have a significant collective relationship with consumer satisfaction in the fashion MSME sector in Denpasar City.

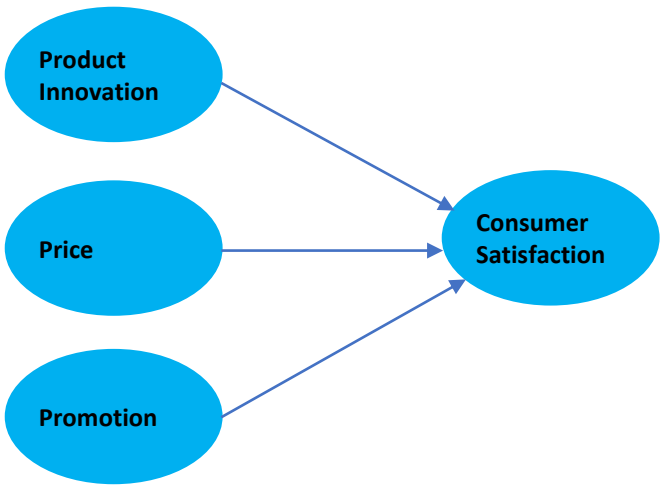


Figure 1. Research Model

Methods

Research Design

This study employs a quantitative approach with an explanatory design. This approach was selected because the research aims to examine the influence of product innovation, price, and promotion on consumer satisfaction regarding fashion MSMEs (Micro, Small, and Medium Enterprises) in Denpasar City. The unit of analysis consists of consumers who have purchased or used products from fashion MSMEs in Denpasar City. Data were collected during a single observation period; thus, the study utilizes a cross-sectional design.

The research model positions product innovation as the first independent variable (X1), price as the second independent variable (X2), promotion as the third independent variable (X3), and consumer satisfaction as the dependent variable (Y). Testing is conducted both partially and simultaneously, to determine the influence of each independent variable and to determine the combined influence of all three variables on consumer satisfaction.

Research Location and Object

The study focuses on consumers of fashion MSMEs operating in Denpasar City, Bali. The research objects encompass consumer perceptions regarding product novelty and appeal, price fairness and suitability, the quality of promotional communication, and post-purchase satisfaction. The fashion MSMEs in this study include

businesses selling clothing or similar fashion products via physical stores, social media, online marketplaces, or other digital sales channels.

Population and Sample

The research population consists of all consumers who have purchased products from fashion MSMEs in Denpasar City. As the total consumer population cannot be precisely identified, this study employs a non-probability sampling technique using the purposive sampling method. This technique ensures that selected respondents possess direct experience in evaluating the products, prices, and promotions of fashion MSMEs (Creswell & Creswell, 2017). Data were collected over a two-month period (May to June 2026).

The criteria for respondents are as follows: (1) at least 17 years of age; (2) domiciled in Denpasar City or having previously purchased from a fashion MSME operating in Denpasar City; (3) have purchased or used fashion MSME products at least once; and (4) are aware of product information or promotions communicated by the relevant MSMEs. Respondents who did not fully complete the questionnaire or provided inconsistent answers were excluded from the analysis. The sample size calculation involved multiplying the 17 research indicators by 10 = 170 respondents, based on the rule of thumb for an infinite population (Hair Jr et al., 2021). The final sample size is reported based on the number of questionnaires that met all criteria and were suitable for data processing.

Data Sources

This study utilizes primary data obtained directly from respondents via questionnaires. The primary data encompasses consumer assessments of product innovation, price, promotions, and consumer satisfaction. Secondary data—comprising supporting information on the development of fashion MSMEs, characteristics of the study area, and relevant literature—are used to strengthen the study's background and discussion.

Table 1. Measurement Item

Variable	Item code	Measurement Indicators	Reference
Product Innovation (X1)	X1.1	Novelty of design	Adapted from Antara (2025)
	X1.2	Variations in models, colors, sizes	
	X1.3	Product uniqueness	
	X1.4	Improving quality and function	
	X1.5	Product suitability to consumer needs	
Price (X2)	X2.1	Price affordability	Adapted from Ozumba & Okon (2023)
	X2.2	Price reasonableness	
	X2.3	Price-quality alignment	
	X2.4	Price competitiveness	
Promotion (X3)	X3.1	Clarity of information	Adapted from Yang et al. (2025).
	X3.2	Appeal of the promotional message	
	X3.3	Ease of finding the promotion	
Consumer Satisfaction (Y)	Y.1	Alignment of experience with expectations	Adapted from Antara M. E. Y. (2026)
	Y.2	Satisfaction with the product	
	Y.3	Satisfaction with the price	
	Y.4	Satisfaction with information	
	Y.5	Satisfaction with the purchasing process	

Source: Adapted from Antara (2025); Ozumba & Okon (2023); Yang et al. (2025); Antara, M. E. Y. (2026).

Data Collection Techniques

Data were collected using structured questionnaires distributed online and, where necessary, in person to consumers of fashion MSMEs in Denpasar City. Before completing the questionnaire, respondents were informed of the research objectives, participation criteria, confidentiality of responses, and the voluntary nature of their participation. Respondents could only proceed with the questionnaire if they consented to participate. Each statement was measured using a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5). Using the same scale across all constructs facilitated the comparison of respondent perceptions and the creation of composite scores for each variable.

Instrument Testing

Before the questionnaire was distributed to the main sample, the research instrument underwent pilot testing with a small group of 30 consumers of fashion-related MSMEs in Denpasar to ensure linguistic clarity and the validity of the measurement tool. The instrument was evaluated comprehensively using an outer model approach within the PLS-SEM framework. Indicators with a loading value below the critical threshold of 0.70 were assessed and considered for removal from the model, provided that such removal would improve the composite reliability (CR) and average variance extracted (AVE) to levels above the required thresholds (Hair Jr et al., 2021). For reliability testing, this model utilizes CR, rho_A, and Cronbach's alpha (with a criterion of >0.70) as additional diagnostic metrics (serving as a conservative lower bound) to confirm the internal consistency of item responses for each variable.

Data Analysis Techniques

Data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with SmartPLS software, following the analysis procedures recommended by Hair et al. (2021). This analysis was carried out in two stages: first, evaluating the measurement model (outer model) to assess the validity and reliability of the construct using outer loadings, Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach's alpha. Discriminant validity was tested using the Fornell-Larcker and Heterotrait-Monotrait Ratio (HTMT) criteria. The second stage includes evaluation of the structural model (inner model). Hypothesis testing (partial influence) was based on the path coefficient (β), t-statistic values, and p-values derived from the bootstrapping procedure with a setting of 5,000 subsamples. The criterion for accepting the hypothesis is a t value > 1.96 (two-tailed) at a significance level of 5%, which is supported by analysis of confidence intervals (95% confidence intervals) which do not contain zeros between the lower and upper limits. In addition, the coefficient of determination (R^2) was calculated to assess the predictive power (explanatory power) of the model simultaneously, and the effect size (f^2) was reported for each path to evaluate the relative contribution of each predictor (Product Innovation, Price, and Promotion) to the endogenous latent variable individually (Sarstedt et al., 2020).

Results

Measurement Test Results (Outer Model)

Based on Table 2, which presents the Outer Loadings test results, most of the indicators used to measure the variables Product Innovation, Price, Promotion, and Consumer Satisfaction exhibit sufficient loading factor values, exceeding the generally recommended threshold of 0.7. Nevertheless, three indicators fall slightly below this ideal threshold: X1.2 (0.681) for Product Innovation, and X2.3 (0.675) and X2.4 (0.658) for Price. Despite being below 0.7, these three indicators have been retained in the model based on several methodological justifications. First, these loading values remain above the absolute minimum tolerance threshold of 0.40 for exploratory research in the social sciences (Hair Jr et al., 2021). Second, removing these indicators would not improve the Composite Reliability (CR) or Average Variance Extracted (AVE) metrics beyond the required thresholds; furthermore, the CR and AVE values for each construct (Table 3) already satisfy the overall requirements for convergent validity. Third, from the perspective of content validity, the items X1.2 (variety of colors/sizes), X2.3 (price-quality alignment), and X2.4 (price competitiveness) represent essential, inseparable aspects for evaluating the offerings of fashion-based MSMEs in Denpasar. Therefore, all indicators within this measurement model are considered to possess convergent validity for measuring their respective constructs.

Table 2. Outer Loadings

	Price	Product Innovation	Consumer Satisfaction	Promotion
X1.1		0.803		
X1.2		0.681		
X1.3		0.798		
X1.4		0.762		
X1.5		0.719		
X2.1	0.879			
X2.2	0.941			
X2.3	0.675			
X2.4	0.658			
X3.1				0.821
X3.2				0.950
X3.3				0.951
Y.1			0.880	
Y.2			0.779	
Y.3			0.799	
Y.4			0.776	
Y.5			0.791	

Source: Processed data, 2026

Table 3 presents the results of the construct reliability and validity testing. The analysis indicates that all research variables exhibit excellent reliability, evidenced by Cronbach's Alpha, rho_A, and Composite Reliability (CR) values that consistently exceed the minimum threshold of 0.70. Furthermore, the Average Variance Extracted (AVE) values for all variables meet the acceptability criteria (>0.50), with specific values of 0.607 for Price, 0.543

for Product Innovation, 0.649 for Consumer Satisfaction, and a high of 0.827 for Promotion. These comprehensive findings confirm that the measurement instruments for each construct in this research model are highly reliable and valid.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Price	0.770	0.813	0.856	0.607
Product Innovation	0.789	0.808	0.855	0.543
Consumer Satisfaction	0.866	0.879	0.902	0.649
Promotion	0.893	0.899	0.935	0.827

Source: Processed data, 2026

Discriminant validity testing using the Fornell-Larcker criterion, as presented in Table 4, shows that the square root of the AVE for each variable exceeds its correlation with other constructs or variables. The value for the Price variable is 0.779, which is significantly higher than its correlations with Product Innovation (0.576), Consumer Satisfaction (0.601), and Promotion (0.700). A similar consistent pattern is observed for the variables of Product Innovation (0.737), Consumer Satisfaction (0.806), and Promotion (0.909). These test results demonstrate that each construct is unique and empirically sufficiently distinct from the other constructs in the model.

Table 4. Fornell-Larcker Criterion

	Price	Product Innovation	Consumer Satisfaction	Promotion
Price	0.779			
Product Innovation	0.576	0.737		
Consumer Satisfaction	0.601	0.603	0.806	
Promotion	0.700	0.597	0.581	0.909

Source: Processed data, 2026

To strengthen the evaluation of discriminant validity, Table 5 presents the Heterotrait-Monotrait (HTMT) ratios between the research variables. The highest HTMT value was observed in the correlation between the Promotion and Price variables, at 0.875. Although this value exceeds the conservative threshold of 0.85, it remains below the 0.90 tolerance threshold recommended for constructs that share conceptual similarities (Hair Jr et al., 2021). The selection of the 0.90 threshold is justified because elements of the marketing mix—specifically Price and Promotion, are constructs that are theoretically very close and interrelated in shaping consumer value perception; thus, a higher correlation is to be expected. Other HTMT ratios, such as those between Product Innovation and Price (0.772) and between Consumer Satisfaction and Promotion (0.631), consistently fall below the conservative threshold of 0.85.

Table 5. Heterotrait-Monotrait Ratio (HTMT)

	Price	Product Innovation	Consumer Satisfaction	Promotion
Price				
Product Innovation	0.772			
Consumer Satisfaction	0.691	0.678		
Promotion	0.875	0.719	0.631	

Source: Processed data, 2026

Structural Model (Inner Model) Test Results

Table 6 presents the coefficient of determination (R-squared) values, which measure the proportion of variance in the dependent variable that can be explained by the independent variables within the studied sample. Consumer Satisfaction variable yielded an R-squared value of 0.476 and an adjusted R-squared value of 0.467. These estimation results indicate that 47.6% of the variance in consumer satisfaction within this sample is explained simultaneously by the variables of product innovation, price, and promotion, while the remaining 52.4% is influenced by other variables or predictor factors outside the scope of this research framework. It is important to note that this R-squared value represents the explanatory power of the statistical model regarding the perceptions of the observed sample at a specific point in time; it should not be interpreted as definitive evidence of deterministic causality, nor as an absolute metric for the success of marketing strategy implementation by MSMEs in practice. This predictive interpretation is constrained by the use of a cross-sectional research design, which limits the study's ability to capture the dynamics of changes in consumer satisfaction over time or to establish a definitive temporal sequence of cause and effect among the variables under investigation.

Table 6. R Square

	R Square	R Square Adjusted
Consumer Satisfaction	0.476	0.467

Source: Processed data, 2026

Table 7 and Figure 2 summarize the results of the empirical hypothesis testing (partial effects) conducted via a bootstrapping procedure, which indicate that all three independent variables have a positive and statistically significant relationship with Consumer Satisfaction. The Price variable is shown to have a positive and significant effect on Consumer Satisfaction (β = 0.279; t-statistic = 3.249 > 1.96; p = 0.001; 95% CI [0.110; 0.448]; f^2 = 0.085). The Product Innovation variable yields the highest point estimate for the coefficient among the three predictors (β = 0.331; t-statistic = 3.416; p = 0.001; 95% CI [0.141; 0.521]; f^2 = 0.115). Meanwhile, the Promotion variable is also confirmed to have a positive and significant effect (β = 0.188; t-statistic = 2.141; p = 0.033; 95% CI [0.015; 0.361]; f^2 = 0.038). Although Product Innovation exhibits the largest sample coefficient estimate (β = 0.331) and effect size (f^2 = 0.115) in the model, this should be interpreted cautiously as a relative sample predictor size ranging from the smallest to the largest estimate, rather than as definitive proof of absolute causal dominance. The 95% confidence interval ranges for Product Innovation [0.141; 0.521] and Price [0.110; 0.448] the confidence intervals (CIs) overlap, which indicates that, at the population level, the magnitude of the effect of both variables on consumer satisfaction is comparable.

Table 7. Hypothesis Testing

Path	Original Sample (β)	Sample Mean	Standard Deviation	t-Statistics	p-Values	95% Confidence Interval	f^2 Effect Size	Information
Price Consumer Satisfaction	0.279	0.284	0.086	3.249	0.001	[0.110; 0.448]	0.085	Significant (Small Effect)
Product Innovation Consumer Satisfaction	0.331	0.339	0.097	3.416	0.001	[0.141; 0.521]	0.115	Significant (Medium Effect)
Promotion Consumer Satisfaction	0.188	0.182	0.088	2.141	0.033	[0.015; 0.361]	0.038	Significant (Small Effect)

Source: Processed data, 2026

Collective Effect Evaluation (Model Explanatory Power)

The hypothesis regarding the joint effect (H4) was evaluated by assessing the explanatory power of the structural model (Hair Jr et al., 2021). This assessment is based on the coefficient of determination (R^2) value for the endogenous variable, supported by the significance of all path estimates. An R^2 value of 0.476 confirms that the three marketing mix instruments Product, Price, and Promotion collectively account for 47.6% of the variance in Consumer Satisfaction. This explanatory capacity, which approaches a moderate level, combined with empirical evidence that all predictors are significant at the individual (partial) level—as determined via a bootstrapping procedure with valid 95% confidence intervals, confirming both conceptually and statistically, that these elements collectively serve as valid predictors; thus, H4 is accepted.

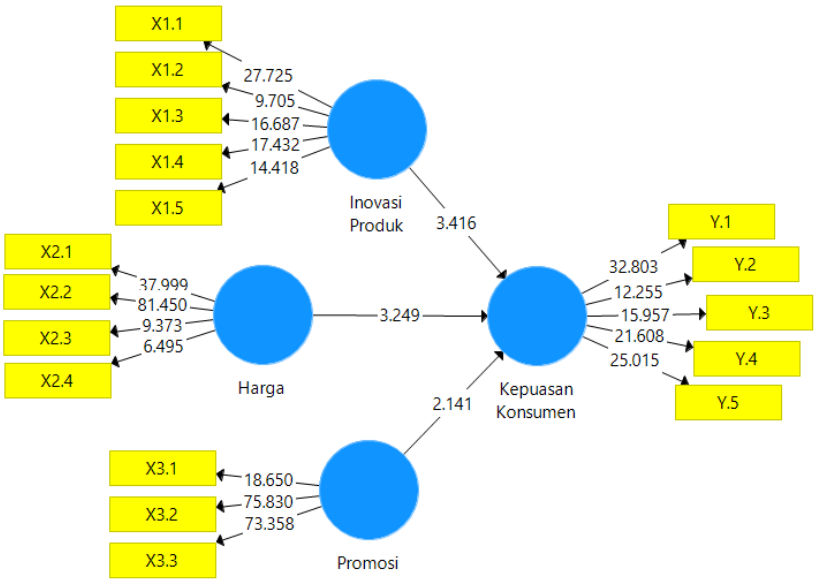


Figure 2. PLS analysis results

Discussion

The results of the first hypothesis test demonstrate that product innovation has a positive and significant impact on consumer satisfaction regarding fashion MSMEs in Denpasar City. This finding aligns with marketing mix theory, which positions the product as the central element of value creation; here, innovation represents the development of novelty, differentiation, and an appropriate response to market trends or expectations. Empirically, these results reinforce the perspective of Sarkar et al. (2024), who assert that innovation aims to generate offerings with value and advantages far superior to previous ones. These findings also confirm the studies by Antara et al. (2025) and Cudai et al. (2024)—which link product innovation to business performance—and support the role of innovation in driving competitiveness within the fashion sector. For consumers in Denpasar, the ability of fashion MSMEs to blend diverse local materials with modern designs represents more than just a simple update; it embodies a customer-oriented value proposition that garners highly positive post-purchase evaluations.

The results of the second hypothesis test indicate that price exerts a positive and significant influence on consumer satisfaction regarding fashion MSMEs. This finding reinforces the theoretical postulates of the marketing mix framework, wherein price is understood not merely as a representation of nominal value or financial sacrifice, but as an indicator of fairness, affordability, and value alignment. These results align with research by Lumbanraja et al. (2025), which states that price functions as a quality signal, fostering a sense of fair exchange among consumers. Furthermore, this finding strongly supports the arguments put forward by Wedhana & Darma (2022) in the study of sustainable fashion, which demonstrates that pricing strategy is closely linked to customer satisfaction when consumers perceive an absolute equivalence between the money spent and the functional or aesthetic benefits received from the product.

The results of the third hypothesis test confirm that promotion has a positive and significant influence on consumer satisfaction, although this variable shows a relatively smaller coefficient contribution compared to product and price. From the perspective of marketing mix theory, promotion serves as a vital channel for communicating product benefits, managing perceptions, and shaping consumer expectations prior to purchase decisions. These empirical results are highly consistent with the findings of Rahman & Salim (2024) and Satriadi et al. (2024), which highlight the strategic relevance of digital marketing in establishing value credibility and strengthening the brand. This demonstrates that amidst the dynamics of the digital fashion market, well-managed visual communication, honest product descriptions, and consistent promotional messaging—as suggested by Wimpertiwi et al. (2022)—are crucial for ensuring there is no gap between marketer promises and the actual quality received by consumers.

The results of the fourth hypothesis test simultaneously demonstrate that product innovation, price, and promotion collectively exert a significant influence on the satisfaction evaluation of consumers of fashion MSMEs in Denpasar. These findings partially validate the philosophy of the marketing mix framework, demonstrating that the observed elements (product innovation, price, and promotion), do not function in isolation but rather complement one another in orchestrating consumer value within the local fashion market. This affirms the results of prior studies, such as Bintang et al. (2024) and Zahra & Piartrini (2024), which successfully examined the integrated influence of marketing elements within a retail context. These findings also corroborate Suasih & Budhi (2023), who emphasize the urgency of a post-pandemic adaptive approach in which consumers evaluate brands comprehensively—spanning design and pricing to digital communication. In conclusion, strategic imbalances—such as setting excessively high prices for mediocre innovations or heavily promoting products of low quality—undermine overall utility value; consequently, MSMEs must align these three elements to achieve optimal customer satisfaction.

Conclusion

Based on the analysis of cross-sectional data, this study concludes that there is a positive and significant association between product innovation, price, and promotion with consumer satisfaction among fashion MSMEs in Denpasar City, both individually and collectively. Product innovation demonstrates the strongest relationship with post-purchase evaluations, followed by price and promotion. However, given the cross-sectional design and the use of purposive sampling, these findings reflect correlational patterns specific to the surveyed demographic rather than absolute causal effects. From an operational standpoint, these associations suggest that fashion MSMEs should treat product design, pricing, and communication not as isolated tactics, but as a cohesive strategy; imbalances—such as premium pricing without corresponding product uniqueness or misaligned promotional claims—are strongly linked to lower consumer satisfaction.

Based on the study's conclusions, the following recommendations are offered. Fashion MSME owners and operators in Denpasar City are advised to prioritize resource allocation toward design innovation and product variety, given that this variable exerts the greatest influence on customer satisfaction. Pricing strategies must prioritize alignment with material quality and design complexity to maintain a perception of fairness. Furthermore, promotional content should be honest, informative, and consistent with the product's actual quality to prevent a gap between expectations and actual experience. Academics and future researchers are advised to complete the 4P framework by incorporating the "place" or distribution channel variable into their model testing.

The inclusion of mediating variables—such as digital shopping experience or brand image—is also recommended to foster a richer understanding of the consumer value journey within the creative industry sector.

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Declarations

Artificial Intelligence Use

The authors did not use generative artificial intelligence in the preparation of this article. Full responsibility for the entire content and the final output rests solely with the authors.

Author Contributions

All authors contributed substantially to the conceptualization, conduct of the research, data analysis, and manuscript writing. All authors have read and approved the final version of the submitted manuscript.

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Conflict of Interest

The authors declare no conflicts of interest related to the research, writing, or publication of this article.

Ethics Approval / Ethical Clearance

While formal ethical board approval was not required for this non-interventional consumer survey, informed consent was obtained from all participants, and their anonymity and data protection were strictly guaranteed throughout the study.

Data Availability Statement

Data supporting the findings of this study are available from the corresponding author upon reasonable request.

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