CONSTRUCTION OF AN INNOVATION MODEL FOR LOYALTY THROUGH CUSTOMER TRUST: ECO HILL RETREAT AND RESTO STUDY IN BALI

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Abstract: *As a tourist destination, Kisidan Eco Hill Retreat and Resto is full of natural concepts, and local wisdom of ancient Balinese tourism and ecotourism on which tourism village products depends. However, the low level of innovation in products and services that exist today indicates weak trust and declining loyalty. Loyalty is an issues of problems faced by business industry players and has become a conversation among national and international business actors. Researchers will explore how strong the influence of innovation in increasing loyalty through current customers trust as a reference in the future. The study used an SEM test tool model with stages of descriptive analysis, inferential analysis and evaluation of goodness of fit PLS model. This research shows that customers trust is capable to completely mediate innovation on loyalty. The direct results of innovation is that it does not have any significance effect on loyalty and on the contrary innovation is capable to build trust and significant trust builds loyalty. The implication of this research in the context of Eco Hill and Resto tourism business, customer trust holds a strong roles to stimulate the creation of sustainable customers loyalty if built from innovation. Although innovation is built innovatively without gaining strong trust from customers, it has not been capable to stimulate loyalty.*

Keywords: Innovation, Trust, Customer Loyalty

1. Introduction

Industry business own lika twists struggle in develop and grow business, company in various sector including industry packing tourism products and services, necessary take step strategic for maintain and improve market share as well loyalty customer. One of aspect important that is necessary noticed is build and maintain trust customer to brand or products offered. Trust customer is base important for build connection period sustainable length between companies and customers. Loyalty said as product or services performed purchase repeat with commitment or more popular in the future come although with exists something money influences atmosphere and marketing that impact change behavior (Kotler and Keller, 2016). Loyalty become attention special for all companies that don't Can neglected, success and power stand life company lies with the customer.

Sidan Village is something village that has potency as objective tourist with superiority tour nature, heritage history era kingdom, temple with architecture ancient and artifact. Kisidan Eco Hill Retreat and Resto as object packaged tours with draft nature and wisdom local tour Bali ancient with ecotourism as mainstay product village tour. However moment This low innovation product indicated down trust and loyalty customer. Based on results observations were found conditions faced related exists decline loyalty customers happen the more strengthen so that no acceptable happen decline. Condition was found that in a way real customer state more good switch to products and services service others, so condition This in a way real give impact bad on

references that don't in accordance hope from customer to customer other. Problem strong others were also found give no achievement from the targets that have been set will addition amount customer new and performance maintain more and more old customers decrease. Condition was found from exists support problem related innovation from products and services received by customers no in accordance with what customers expect compared to with products and services provider service kind other. The results of the observations also found that exists opportunities and potential as form innovation products and services that have not been utilized and developed with Good like condition environment nature and wisdom typical local from business place kind others, confirm from customers also stated that innovation products and Java that are felt customer in a way benefit I haven't felt it yet, so matter This bring up emotional customer from side trust to business that and give impact to he turned away customers who have owned previously to provider similar products and services other .

Successful company in create unique innovation can become superiority from competitor. Hills (2008) states innovation as an idea, practice or the object considered new by someone individual or user unit other. Innovation can said as creative ideas and change them become product or method useful work (Robbins & Coulter, 2016). Value added innovation products and services to customer determined with compare them with products and services on the market regardless from is product the produced by the manufacturer or other competitors (Anselmsson & Johansson, 2009). Ability A organization for innovating is very important for his continued presence continues in adapt with changing environment with fast (Kotler & Keller, 2006). Products and services innovative part big can increase future purchases and upgrades performance brand (Rosenbusch, Brinckmann, & Bausch, 2011). If customers feel satisfied to A product or service based on on past experience, then with itself customer will feel believe to the brand he bought. Research result Adiwijaya, *et al* (2021) state innovation product can strengthen creation loyalty, likewise with results study Khamwon, *et al* (2021) concluded innovation influential positive to loyalty. Al Hasin (2017) strengthens results study that find influence positive and significant innovation to loyalty.

Trust is willingness for depend on partners in connection transactional Where partner placed trust (Indarjo, 2002). Mowen and Minor (2002: 312) state trust customer is all knowledge possessed by customers and all conclusions made customer about objects, attributes, and benefits. Its creation something trust customer started from before the customer process get something services that provide reaction and stimulus, This give condition beginning that level trust still very low. Trust will start formed when the process goes through from stimulus receipt has been finished felt, then will give rise to and cause change level trust customer. Experience positive moment consume service will increase trust, meanwhile experience negative precisely will reduce trust in transaction services (Pratminingsih, 2012). Know the formation process trust will makes it easier steps for create loyalty (Ndubisi, 2007). He woke up in a way strong loyalty existing customers there is is impact from he woke up trust between second split mutual parties profitable. Circumstances willingness willingness will trust appear impact is impact from confidence will the other party provides it what to be a hope (Alrubaiee *et al.,* 2010). Basically will provide that argument trust is a decision to willing follow and depend on partners in connection transactional where partners placed trust by customers (Indarjo, M. 2002). Research result Fadila, *et al* (2022) trust can influence loyalty. Furthermore Adiwijaya, *et al* (2021) and Nasib, *et al* (2021) find results trust own influence positive and significant to loyalty.

Based on problems found in the field and support from exists results study to variable research, research this will help fill in gap knowledge in how efforts innovative can accepted with

both by the customer and the extent of mediation trust can influence the process. With thus, research this own very relevant goals in support business strategy Kissidan Eco Hill Retreat and Resto inside increase loyalty customer through exciting innovation and development trust strong customers.

Study this own objective to use answer problem following:

a. For know influence innovation product to loyalty customer
b. For know influence innovation product to trust
c. For know influence trust to loyalty customer
d. For know influence innovation product to loyalty customer through trust

Loyalty said as product or services performed purchase repeat with commitment or more popular in the future come although with exists something money influences atmosphere and marketing that impact change behavior (Kotler & Keller, 2016). Loyalty describe willingness customer For use goods or service in a way repeatedly and regularly exclusive, and with volunteer recommend product or service the to other consumers (Loveloc & Wright, 2005: 133). Indicator *customer loyalty* are: repeat purchases, retention, referrals (Kotler & Keller, 2009).

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Hypothesis proposed in the research this refer from study theory and results study previously consists from:

H1: Innovation influential positive to loyalty customer
H2: Innovation influential positive to trust
H3: Trust influential positive to loyalty customer
H4: Innovation influential positive to loyalty customer through trust

2. Research Methods

Study use approach quantitative focuses on research population or sample certain with method data collection using research instruments for test hypothesis that has been established in the research (Sugiyono, 2017). Study carried out at Kisidan Eco Hill Retreat and Resto with amount sample as many as 90 respondents, selection the sample is based on the approach

purposive sampling based on criteria certain things that have been determined researcher. Data collection is appropriate need use method questionnaire. Data analysis using SEM-PLS 4.

3. Results and Discussion
3.1. Results
Validity and Reliability Test

Inspection testing validity and reliability involve three variable research consisting from innovation with three indicators (Freeman, 2004), trust with three indicators (Mowen, 2002) and loyalty customer ith three indicators (Kotler and Keller, 2009). Test result The validity and reliability of the instrument are presented in the table following:

Table 1. Validity and Reliability Test Results Instrument Study

Variable	Indicator	Instrument	Significant Correlation	Cronbach's Alpha
Innovation (X)	Innovation Culture	X1.1	0.783**	0.833
	Technical Innovation	X1.2	0.861**	
	Innovation Service	X1.3	0.808**	
Trust (M)	Belief in Objects	M1.1	0.830**	0.837
	Trust In Attributes	M1.2	0.839**	
	Belief in Benefits	M1.3	0.819**	
Loyalty Customer (Y)	Purchase repeated	Y1.1	0.837**	0.840
	Retention	Y1.2	0.859**	
	Reference	Y1.3	0.804**	

Refer from table 1, gives description about information results testing validity and reliability innovation, trust and loyalty customer can said fulfil condition minimum value. Test result variables study own value of the conditional instrument examiner validity above 0.30 is acceptable categorized as all instrument on variables research is very worthy with mark positive correlation. Testing reliability in third variable research also provides direction positive that all mark from Cronbach Alpha own mark above 0.70 meets condition testing (Ghozali, 2014). With thereby third variable study has worthy and valid in testing validity and reliability, so can next stage furthermore.

Data Analysis

Entire testing has fulfil conditions, results testing Discriminate Validity (Gozali, 2014) can seen results testing mark square root of average variance extracted (√AVE) above 0.50. Test result to variable study presented in table 2 below :

Table 2. Discriminant Validity Results

Variable	AVE	√AVE	Correlation		
			X	m	Y1
Innovation (X)	0.668	0.817	1,000	0.939	0.732
Trust (M)	0.685	0.828	0.939	1,000	0.932
Loyalty Customer (Y)	0.693	0.832	0.825	0.932	1,000

The square root of average variance extracted (√AVE) value of each variable study own mark above the average of 0.50, so in matter This all variable study fulfil condition worthy for can done analysis testing furthermore. This matter can obtained from comparison standard minimum

value ($\sqrt{AVE}$) 0.50 with value ($\sqrt{AVE}$) innovation 0.817, trust 0.828 and loyalty customers 0.832. Inner model results evaluated with Q^2 approach predictive relevance model, results testing obtained of 0.806 is close value 1. Evaluation results This give description that the model has good suitability (goodness of fit model), research model can be interpreted amounting to 80.6 percent explained from the research model and the remaining 19.4 percent explained other variables outside the research model.

Hypothesis Testing
Influence in a way direct from testing each variable through testing hypothesis study presented in the table following:

Table 3. Test Results Hypothesis

No	Relationship Between Variables	Path Coefficient (Bootstrapping)	T-Statistics	Information
1	Innovation (X) -> Loyalty (Y1)	0.020	0.143	Not significant
2	Innovation (X) -> Trust (M)	0.730	15,701	Significant
3	Trust (M) -> Loyalty (Y1)	0.750	8,061	Significant

Source: SmartPLS 4 Data Processing Results

Referring to T able 3, results testing hypothesis in a way direct of each variable If seen from t - statistical value obtained variable study can said fulfil standard limit value of t- statistics of 1.96 in testing hypothesis innovation to trust amounting to 15,701 and testing hypothesis trust to loyalty customer of 8.061, so testing second hypothesis can said own influence significant and second hypothesis can proven. Test result hypothesis innovation to loyalty own results t- statistical value below the standard limit t- statistic value is 1.96 i.e of 0.020 so can stated that the result no influential in a way significant. These results give strength that the more developed innovation to products and services offered to customer can create trust customer to product or services provided, as well as confidence or trust customer will can give impact to the more strong trust customer to level loyalty customer. These results also provide that innovation not yet capable for can increase loyalty.

The Role of Mediation
Testing role mediation adopt from Hair *et al,* 2018, results testing influence not direct through variable trust in mediate influence innovation to loyalty customers on testing this served the results in the table following:

Table 4. Test Results Variable Mediation

No	Mediation Variable	(a)	(b)	(c)	(d)	Information
	Trust					
1	Innovation (X) -> Loyalty (Y1)	0.020 N. Sig.	0.548 Sig.	0.730 Sig.	0.750 Sig.	Fully mediated

Source: SmartPLS 4 Data Processing Results

The test results obtained in table 4 are then interpreted to in the image model study following:
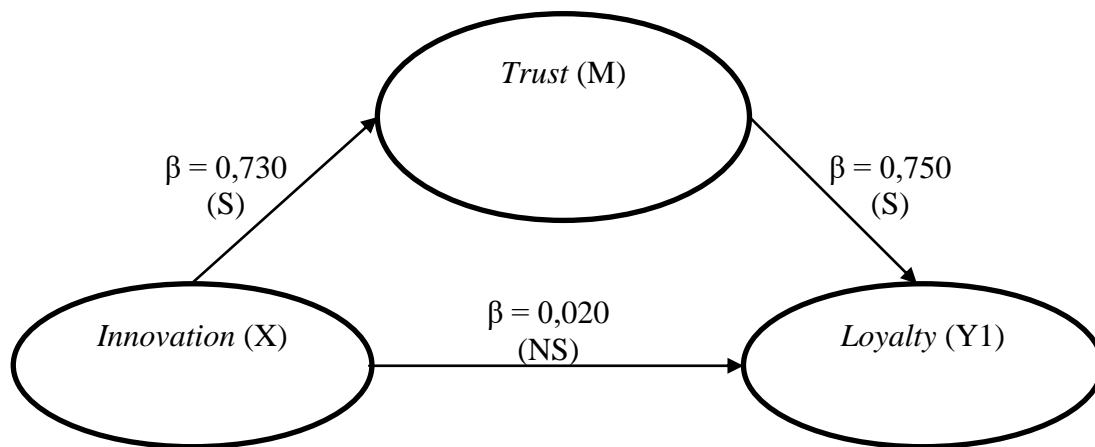
Description : (NS) ⟶ *Non-Significant*, (S) ⟶ *Significant*

Test result role mediation trust in mediate influence innovation to loyalty customer based on table 4 and image model results research adopting Hair *et al.,* (2018) provides results that trust in a way significant and playing role full mediation (full mediation*)* in increase loyalty customer with build innovation through build trust customer. Full role mediation obtained from results mark innovation to trust (c), trust to loyalty (d) have mark significant with involve results mark innovation to loyalty own non significant value.

3.2. Discussion

Trust role full mediate (full mediation*)* influence innovation to loyalty customer, p got this from results testing adopting mediation statement by Hair *et al.,* (2018) with compare influence direct innovation to trust, trust to loyalty customers who have mark significant as well as mark results in a way direct influence innovation to loyalty own mark no significant. This result give understanding that create and improve happen loyalty customer in a way sustainable of course in a way strong can be built with create innovation to all type service product nor services that will be felt by customers, so innovation carried out can help customer in a way easy in fulfil the required hopes and desires customer for fulfilled. Create loyalty in a way sustainable no can just waking up through innovation only, however necessity build innovation through role from realization trust customers show up from impact innovation perceived by customers in accordance with mark desired prerequisites will give impact to creation loyalty in a way sustainable. Maintain consumers are loyal to the brand required innovation service (Meryawan, et al., 2022) means build loyalty through exists touch innovation must be balanced through exists level trust increasing number of customers tall.

Create innovation in all form products and services service hold very important role, p This reflected from results research perceived by customers in a way direct that innovation No only built from civilize innovation and innovation in a way technical however create Innovation also needs to be built from exists innovation to service matter got this from evaluation customer in a way straight away, that customer not yet feel exists innovation services provided Kisidan Eco Hill Retreat and Restaurant. Trust from side customer to what the customer feels Kisidan Eco Hill Retreat and Resto from results obtained that customer already start get trust from objects and attributes provided however customer not yet feel felt trust from side benefit products and services that are felt, so build trust customer the more strong can be built through how? create

powerful benefits to product or services provided for which the customer pays. Innovation and trust have key important strong inside realize and create customers who don't move and turn away to other parties sustainable (Suryawan, et al., 2022) so necessity realize perception strong belief for every customer.

Result of study this can support study Khamwon, *et al.,* (2021) trust brand role mediate innovation brand to loyalty brand, Research from (Dachyar, M. 2011; Laemonta, et al., 2016; Gözükara, *et al.,* 2016; Khamwon, et al ., 2021) direct innovation no own influence positive and significant. Study from (Al Hasin, MBA 2017; Adiwijaya, et al., 2021; Khamwon, *et al.,* 2021) found results innovation influential positive and significant to trust. Furthermore research by Fadila, *et al* (2022) trust can influence loyalty, (Wahyoedi, S., & Winoto, H. 2018; Adiwijaya, *et al.,* 2021; Nasib, *et al.,* 2021; Murtiasih, 2021) found results trust own influence positive and significant to loyalty.

4. Conclusion

By sustainable need reviewing and developing models of innovation for study advanced about influence in a way direct no significant to loyalty customer from results research obtained. Research result This strengthen innovation theories and models in create loyalty the customer wakes up through enhancement trust customer especially in type Eco Hill Retreat and Restaurant. More carry on for do study about type Eco Hill Retreat and Restaurant business in Bali especially formerly can done observation in depth and research from invention previously through study empirical, so results from development study This can give donation towards the development model innovation in frame build loyalty customer with trust. Necessity done study more carry on in scope more time spacious, considering study This done with limitations time so that study advanced can represent characteristics customer other. Study more carry on expected can develop innovation models with constructs and other instruments in development draft Eco Hill Retreat and Restaurant business. So that input this is based on considerations use indicator reflective and needs to be developed with appropriate formative format.

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