

## **ABSTRACT**

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### **THE IMPACT OF INNOVATION IN INCREASING CUSTOMERS LOYALTY AT NIKE FACTORY, MEDAN**

(xiv + 66 pages; 5 figures; 21 tables; 5 appendices)

Nike is one of the most popular brand in shoe wear industry. Many of its innovative products are being sold out in market. However, despite of its innovativeness Nike still face a high competition with Adidas. The research phenomena that writer see is number of customers that pay visit to Nike Factory are few. Hence in this research writer will analyze deeper on how Nike innovation can increase customers loyalty in buying their products again at Nike Factory.

In general innovation can be divided into several types such as product, process, marketing, and organizational innovation. Theoretically, innovation is able to make customer satisfied and ultimately lead to loyalty. While there are some factors that affecting loyalty such as price, value, quality, and customer experience.

Writer in this research is using quantitative method and the number of sample that writer takes are 40 and 30 for pre test. Sampling method that writer use is convenience sampling method as it deal with total number of population that hard to access. The research is undertaken for 2 weeks long after working hours.

The result of the research is the correlation between innovation and loyalty is 0.664 while in determination test shows that around 44.1% factors of innovation have an impact in increasing customers loyalty. Through the z test, the result is 4,1466 which is larger than z table. Hence it means that alternate hypotesis is being accepted and innovation have an impact in increasing customers loyalty.

Recommendation for Nike Factory is they need to do some promotion like discount to attract and invite customers to pay visit. While for Nike brand, in improving their business they have to maintain their innovation level, do more collaboration with star athlete, and promote CSR to alter customers mindset that using recycle material could decrease products quality.

**Keyword: Loyalty, Innovation, Types of Innovation, Factors affect Loyalty**

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