

# **The Influence of Customer Orientation and Product Innovation Capability on Customer Satisfaction Medan City Sociolla Store**

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## **ABSTRACT**

This research aims to analyze the influence of customer orientation and product innovation capability on customer satisfaction at the Sociolla Store in Medan City. The increasingly fierce competition in the cosmetics industry requires companies to focus on service and innovation that suits consumer needs. This research uses a quantitative approach with associative methods. A sample of 96 respondents was obtained through purposive sampling technique. Data were analyzed using multiple linear regression after going through validity, reliability and classical assumption tests. The research results show that customer orientation has a positive and significant effect on customer satisfaction. Product innovation capability also has a positive and significant effect on customer satisfaction, although the influence of customer orientation is more dominant. Simultaneously, both variables make a major contribution to increasing customer satisfaction. These findings confirm that a deep understanding of consumer needs and relevant product innovation are important factors in increasing and maintaining customer satisfaction in the beauty retail business.

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## **1. Introduction**

The cosmetic industry in Indonesia has demonstrated significant growth and has become one of the strategic sectors in the national economy. Based on data from the Ministry of Industry of the (Kementrian Perindustrian Republik Indonesia, 2024), the number of cosmetic business actors increased from 726 in 2020 to 1,292 in 2024, with the majority, 83%, consisting of micro and small enterprises, and the remaining 17% being medium and large industries. This growth reflects the increasing competitiveness and innovation within the national cosmetic sector. According to data from the (Badan Pusat Statistik, 2023), the total revenue of Indonesia's cosmetic industry is

estimated to have increased by 48%, from US\$1.31 billion (approximately IDR 21.45 trillion) in 2021 to US\$1.94 billion (approximately IDR 31.77 trillion) in 2024. Furthermore, the growth of the cosmetic industry sector is projected to continue until 2028, with an average annual growth rate of 5.35% during the 2024–2028 period (Indonesia.Go.Id, 2024). This growth is driven by the increasing public awareness of self-care and beauty, including the widespread trend of skincare product usage among various demographic groups. This phenomenon is evident in the shift of consumer behavior toward being more critical and selective in choosing beauty products. Consumers now consider product ingredients, safety, and brand value before making purchases. Data from (Kompas, 2025) indicate that more than 65% of beauty product consumers in Indonesia now prioritize quality and safety over price, reflecting a shift in preference toward long-term satisfaction value.

Sociolla is a company operating both online and offline, primarily selling beauty products such as makeup, skincare, perfumes, and other beauty tools. Established in 2015, Sociolla initially marketed its products online through its website and mobile application. In 2019, the company expanded by opening offline stores. The integration of both online and offline systems allows the company to provide more comprehensive information compared to relying on only one channel, thereby reducing the likelihood of purchasing errors. Sociolla implements a new department store concept, allowing customers to freely view and try products before purchase, thereby enhancing customer satisfaction. An interview conducted by the researcher with an employee at the Sociolla Store in Medan City revealed that the average number of daily visitors reaches around 100 people per day, increasing during weekends. Although this number indicates strong public enthusiasm toward beauty products, the store does not publicly disclose written sales data or customer satisfaction survey results. This suggests that despite high visitor traffic, it cannot yet be confirmed whether customers are satisfied with the products and services provided.

In the beauty retail industry, customer satisfaction is a key factor for long-term success. According to (Kotler, P., & Keller, 2016) & (Aslami, Nuri, Adhairani Nasution, 2022), satisfaction arises when consumers compare a product's or service's performance with their expectations. Efforts to achieve customer satisfaction can be realized through customer orientation, which refers to a company's strategy to understand consumer needs, provide solutions, and establish long-term relationships ((Neneh, 2018); (Micheels, E. T., & Gow, 2008)). In the context of Sociolla, customer orientation is manifested through educational services provided by beauty advisors, who assist consumers in finding products that best suit their needs. Product innovation capability is also a crucial factor in shaping customer satisfaction. Calantone, (Calantone, R. J., Cavusgil, S. T., & Zhao, 2002) emphasize that innovation involves the development of new products, design, and strategic collaboration with other brands. Lawson and Samson (2001) further assert that innovation is not limited to the core product but also encompasses interior design, service processes, and store atmosphere that contribute to creating a distinctive shopping experience. In the context of Sociolla Offline Stores, innovation can be observed through the introduction of new products, collaborations with beauty brands, and aesthetic as well as "Instagrammable" store designs. The Experience Economy Theory (Mehmetoglu, M., & Engen, 2011) and Experiential Marketing Theory (Schmitt, 1999) explain that modern consumers do not merely purchase products but also seek unique and memorable shopping experiences. Elements such as interior design, store atmosphere, and direct interaction with beauty advisors play significant roles in shaping customer experience, which ultimately influences customer satisfaction.

Several previous studies have emphasized the importance of customer orientation and innovation capability in enhancing customer satisfaction. (Maulidiah et al., 2023) & (Nurwani, & Imsar, 2025) found that higher customer orientation leads to higher consumer satisfaction levels in the retail industry. This finding aligns with (Micheels, E. T., & Gow, 2008), who highlight customer orientation as a commitment to understanding consumer needs. Furthermore, (R.P. Jayani Rajapathirana, 2023) demonstrated that product innovation whether in terms of technology, formulation, or packaging has a significant impact on customer satisfaction (Nurahma, Siti.,

Hasibuan, Reni Ria Armayani., & Daulay, 2024). (Calantone, R. J., Cavusgil, S. T., & Zhao, 2002) also assert that the combination of customer orientation and product innovation constitutes a primary strategy for enhancing customer experience and satisfaction. In the case of the Sociolla Offline Store in Medan City, customer orientation is embodied through the presence of beauty advisors who not only handle transactions but also provide product education, assist consumers in choosing products that meet their needs, and create a more personalized and interactive shopping experience.

However, most of the aforementioned studies were conducted within the context of e-commerce or general retail, making their findings relatively generic. Research focusing on modern offline cosmetic stores such as Sociolla remains limited, even though offline shopping is characterized by direct interactions and in-store experiences that differ from online purchasing behavior. Based on this, the present study offers novelty by examining the influence of customer orientation and product innovation capability within the context of Sociolla's Offline Store in Medan City. Focusing on offline stores is crucial since direct interactions enable a distinctive shopping experience compared to digital platforms (Muhamad Zidni Syukron, 2016). At Sociolla, customer orientation is manifested through educational and personalized services provided by beauty advisors, while product innovation capability is reflected not only in the introduction of new products but also in the store's interior design, collaborations with various beauty brands, and a shopping atmosphere tailored to the preferences of Generation Z and millennials. Thus, this study presents a new, contextual perspective on how customer orientation and product innovation contribute to customer satisfaction in the offline-based beauty retail industry.

## **2. Methods**

This study employs a quantitative research method with an associative analysis approach to examine the effect of customer orientation and innovation capability on customer satisfaction at the Sociolla Store in Medan City. This type of analysis was chosen because it is suitable for identifying and measuring the direct influence among variables based on numerical data obtained from respondents. The quantitative approach enables a systematic and objective analysis of the phenomena under study. The data used in this research were derived from primary sources, specifically customers of the Sociolla offline store in Medan City. The data collection method utilized in this study was an online questionnaire distributed via Google Forms, employing a five-point Likert scale to measure respondents' perceptions.

### **Population and Sample**

The researcher applied a purposive sampling technique, which is a method where not every individual in the population has an equal chance of being selected as part of the sample. In this process, only individuals from the population who met specific criteria were chosen as respondents, namely customers who had made purchases at the Sociolla Offline Store in Medan City at least twice within the last six months and were aged between 17 and 25 years old. According to (Sugiyono, 2022), if the population size is too large or cannot be precisely determined, the sample size can be calculated using the Cochran formula. This technique was used to ensure that the collected data remained representative for statistical analysis.

$$n = \frac{Z^2 pq}{e^2}$$

Note:

n = Number of samples required

Z = Z-score based on the confidence level (Confidence level 5% = 1.96)

e = Sampling error (can be 1% or 5%)

p = Probability of success (0.1)  
 q = Probability of failure (0.1)

$$n = \frac{(1,96)^2 \cdot 0.5 \cdot 0.5}{(0,1)^2} = \frac{3,8416 \cdot 0,25}{0,01} = \frac{0,9604}{0,01} = 96,04$$

Based on the calculation with a 95% confidence level, a 10% margin of error, and a population proportion (p) of 0.5, the total number of samples obtained was 96.04 respondents, which was rounded to 96 respondents. Therefore, this study used 96 respondents who are customers of the Sociolla Offline Store in Medan City.

### Data Analysis Technique

This study employed multiple linear regression analysis to determine the relationship between variables. Before conducting hypothesis testing, the researcher tested the instruments through validity and reliability tests to ensure the questionnaire was appropriate for use. Subsequently, a classical assumption test was carried out, including normality, multicollinearity, and heteroscedasticity tests, to ensure that the data met the requirements for regression analysis. Afterward, t-tests, F-tests, and the coefficient of determination ( $R^2$ ) were conducted to examine the partial effects, simultaneous effects, and the extent of the independent variables' contribution to the dependent variable. Data analysis was performed using SPSS version 25.

## 3. Results

### Descriptive Test

Descriptive testing is a statistical analysis technique used to describe or illustrate the characteristics of research data. Its purpose is not to test hypotheses but to provide a general overview of the variables studied, such as the mean, maximum and minimum values, standard deviation, as well as frequency and percentage. This test helps researchers understand the basic patterns of the data, such as levels of satisfaction, perceptions, or respondent characteristics, before conducting inferential analyses such as regression or correlation.

Table 1. Descriptive Test  
 Residuals Statistics<sup>a</sup>

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	5,1391	25,3847	19,6354	3,75168	96
Residual	10,96322	11,17470	,00000	4,93655	96
Std. Predicted Value	1,056	1,532	,000	1,000	96
Std. Residual	0,000	2,240	,000	,989	96

The predicted customer satisfaction score generated by the model has an average value of 19.6354 with a dispersion (Standard Deviation) of 3.75168. The mean residual (prediction error) is 0.00000, which satisfies the basic assumption of the OLS regression model. The Standard Error of the Estimate (4.93655) indicates the average magnitude of the model's prediction error. Most importantly, the Standardized Residual values range from 0.000 (Minimum) to 2.240 (Maximum),

which falls within an ideal range. Since all standardized residuals are well below the  $\pm 3.0$  threshold, no extreme outliers were detected, indicating that the data quality is good and suitable for further testing.

### Data Quality Test

#### Validity and Reliability Test

The validity and reliability tests were conducted to evaluate each variable used in this study, involving 96 respondents who answered all research-related questions. The validity test was performed by comparing the calculated r-value (r-count) with the critical r-value (r-table) for degrees of freedom =  $n - 2$  with a significance level of 5% (0.05). If the r-count for each question item is positive and greater than the r-table value, the item is considered valid. In this case,  $df = 96 - 2 = 94$ , resulting in an r-table value of 0.206.

Meanwhile, the reliability test was conducted using Cronbach's Alpha ( $\alpha$ ) statistical test. The coefficient  $\alpha$  is considered reliable if its value is greater than 0.60. Based on the analysis conducted, the results of the validity and reliability tests are presented in the following table.

Table 2. Validity and Reliability Test

Variable	Item	Validity			Reliability		
		r-count	r-table (0.05)	Description	Cronbach's Alpha	Description	
Customer Orientation (X1)	X1.1	0.705	0.206	Valid	0.779	Reliabel	
	X1.2	0.707		Valid		Reliabel	
	X1.3	0.790		Valid		Reliabel	
	X1.4	0.704		Valid		Reliabel	
	X1.5	0.711		Valid		Reliabel	
	X1.6	0.733		Valid		Reliabel	
Product Innovation Capability (X2)	X2.1	0.740		0.206	Valid	0.773	Reliabel
	X2.2	0.739			Valid		Reliabel
	X2.3	0.740			Valid		Reliabel
	X2.4	0.723			Valid		Reliabel
	X2.5	0.714			Valid		Reliabel
	X2.6	0.708			Valid		Reliabel
Customer Satisfaction (Y)	Y.1	0.786	0.206		Valid	0.796	Reliabel
	Y.2	0.801			Valid		Reliabel
	Y.3	0.811			Valid		Reliabel
	Y.4	0.763			Valid		Reliabel
	Y.5	0.831			Valid		Reliabel

	Y.6	0.717	Valid	Reliabel
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Source: Primary Data Processed by the Author (2025)

Based on the validity test results using the Pearson Product Moment correlation, the calculated r-value (r-count) was greater than the r-table value (0.206) for all items in the variables of customer orientation, product innovation capability, and customer satisfaction. Therefore, all items were declared valid and suitable for use in the study. Furthermore, the reliability test was conducted to measure the consistency of respondents' answers to the research instrument. The reliability test results showed Cronbach's Alpha values of 0.779 for customer orientation, 0.773 for product innovation capability, and 0.796 for customer satisfaction, all of which are greater than 0.60. This indicates that all variables have a high level of reliability, and the questionnaire used can be considered reliable.

### Classical Assumption Test

#### Normality Test

The normality test is used to determine whether the collected data are normally distributed or not. Good data should follow a normal distribution. The normality test in this study was conducted using the Kolmogorov–Smirnov test, which assesses the Asymp. Sig (2-tailed) value. If the significance value of Asymp. Sig (2-tailed) > 0.05, the data are considered to be normally distributed.

Table 3. Normality Test

<b>One-Sample Kolmogorov-Smirnov Test</b>		
Unstandardized Residual		
N		96
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	4,93655116
Most Extreme Differences	Absolute	,088
	Positive	,063
	Negative	-,088
Test Statistic		,088
<b>Asymp. Sig. (2-tailed)</b>		<b>,200c</b>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Primary Data Processed by the Author (2025)

Based on the results of the Kolmogorov–Smirnov test presented in Table 3, the Asymp. Sig (2-tailed) value obtained was 0.200. Since this significance value is greater than 0.05 (0.200 > 0.05), it can be concluded that the variables Customer Orientation (X1), Product Innovation Capability (X2),

and Customer Satisfaction (Y) are normally distributed. Therefore, the data in this study meet the assumption of normality and can proceed to the multiple linear regression analysis stage.

**Multicollinearity Test**

The multicollinearity test aims to determine whether there is a correlation among the independent variables in the regression model. A good regression model should be free from multicollinearity. The test is conducted by examining the Tolerance and Variance Inflation Factor (VIF) values. If the Tolerance value > 0.10 and the VIF value < 10, it indicates that multicollinearity does not occur in the model.

Table 4. Multicollinearity Test

<b>Coefficients<sup>a</sup></b>					
Model	Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
	(Constant)	.078	2.765		
Customer Orientation (X1)	.607	.153	.465	.499	2.005
Product Innovation Capability (X2)	.236	.154	.179	.499	2.005

a. Dependent Variable: Customer Satisfaction

Source: Primary Data Processed by the Author (2025)

Based on Table 4, it can be seen that the variables Customer Orientation (X1) and Product Innovation Capability (X2) in relation to Customer Satisfaction (Y) have Tolerance values greater than 0.10, namely  $0.499 > 0.10$ , and VIF values less than 10, namely  $2.005 < 10$ . This indicates that the variables Customer Orientation (X1) and Product Innovation Capability (X2) do not exhibit multicollinearity, meaning the regression model fulfills the assumption of no multicollinearity.

**Heteroscedasticity Test**

The heteroscedasticity test is conducted to determine whether there is a variance inequality in the residuals of the regression model. A good regression model should be free from heteroscedasticity symptoms—in other words, it should have homogeneous residual variance (homoscedasticity).

Table 5. Heteroscedasticity Test

<b>Coefficients<sup>a</sup></b>
---------------------------------

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.149	0.024		6.125	0.000
Customer Orientation (X1)	-0.001	0.002	-0.094	-0.695	0.450
Product Innovation Capability (X2)	-0.001	0.002	-0.116	-0.724	0.471
a. Dependent Variable: Customer Satisfaction					

Source: Primary Data Processed by the Author (2025)

Based on Table 5, it can be seen that the variables Customer Orientation (X1) and Product Innovation Capability (X2) have significance (Sig.) values greater than 0.05. Therefore, it can be concluded that there is no indication of heteroscedasticity, meaning the regression model fulfills the assumption of homoscedasticity for the Customer Satisfaction (Y) variable.

### Multiple Linear Regression Analysis Test

Multiple linear regression analysis is used to determine the extent of the influence of Customer Orientation (X<sub>1</sub>) and Product Innovation Capability (X<sub>2</sub>) on Customer Satisfaction (Y) at the Sociolla Offline Store in Medan City. The results of the multiple linear regression analysis can be seen in Table 6 below.

Table 6. Multiple Linear Regression Analysis Test

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.078	2.765		.028	.978
Customer Orientation (X1)	.607	.153	.465	3.975	.000

Product Innovation Capability (X <sub>2</sub> )	.236	.154	.179	1.534	.000
a. Dependent Variable: Customer Satisfaction					

Source: Primary Data Processed by the Author (2025)

Based on the results of the multiple linear regression analysis presented in Table 6, the regression equation is obtained as follows:

$$Y = 0.078 + 0.607X_1 + 0.236X_2 + e$$

This equation shows that the constant value of 0.078 indicates that if Customer Orientation (X<sub>1</sub>) and Product Innovation Capability (X<sub>2</sub>) are equal to zero, Customer Satisfaction (Y) will still have a value of 0.078. This means that even when both independent variables remain unchanged, other external factors outside the model still influence customer satisfaction levels.

The regression coefficient of the Customer Orientation (X<sub>1</sub>) variable is 0.607, indicating a positive relationship with Customer Satisfaction. This means that every one-unit increase in customer orientation will increase customer satisfaction by 0.607 units, assuming other variables remain constant. Practically, the higher Sociolla's attention and understanding of customer needs, the greater the level of customer satisfaction experienced. Factors such as personalized service, friendly communication, and product education provided by beauty advisors play an important role in enhancing customer satisfaction.

The regression coefficient of the Product Innovation Capability (X<sub>2</sub>) variable is 0.236, also showing a positive direction. This implies that every one-unit increase in product innovation capability will increase customer satisfaction by 0.236 units, assuming other variables remain constant. This value indicates that Sociolla's ability to present product innovations—through brand variety, packaging, or an aesthetically pleasing and comfortable store concept—contributes to improving customer satisfaction, although its effect is smaller than that of customer orientation.

From the results of the multiple linear regression analysis, it can be concluded that both independent variables, Customer Orientation (X<sub>1</sub>) and Product Innovation Capability (X<sub>2</sub>), have a positive influence on Customer Satisfaction (Y). This confirms that strengthening customer orientation strategies, supported by strong product innovation capabilities, can create a satisfying shopping experience at the Sociolla Offline Store in Medan City. Therefore, the company should maintain customer orientation as its primary focus while continuously enhancing product innovation to ensure sustainable improvements in customer satisfaction.

## **Hypothesis Testing**

### **T-Test (Partial)**

The partial t-test is used to determine the extent to which each independent variable individually influences the dependent variable. The test is conducted at a significance level ( $\alpha$ ) = 0.05. The degrees of freedom (df) are calculated using the formula  $df = n - k - 1$ , where n is the number of samples and k is the number of independent variables. With a total of 96 respondents and 2 independent variables, the degrees of freedom are  $df = 96 - 2 - 1 = 93$ . Based on the t-distribution table with  $df = 93$  at a 5% significance level, the t-table value is 1.985.

Table 7. T-Test (Partial)

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.078	2.765		.028	.978
Customer Orientation (X1)	.607	.153	.465	3.975	.000
Product Innovation Capability (X2)	.236	.154	.179	2.534	.000

a. Dependent Variable: Customer Satisfaction

Source: Primary Data Processed by the Author (2025)

The test results show that the Customer Orientation (X<sub>1</sub>) variable has a t-value of 3.975 with a significance level of  $p < 0.001$ . Since the t-value (3.975) > t-table (1.985) and  $p < 0.05$ , H<sub>1</sub> is accepted. This means that customer orientation has a positive and significant effect on customer satisfaction. The higher the company's attention to customer needs and expectations, the higher the level of satisfaction felt by customers.

Furthermore, the Product Innovation Capability (X<sub>2</sub>) variable has a t-value of 2.534 with a significance level of  $p = 0.013$ . Since the t-value (2.534) > t-table (1.985) and  $p < 0.05$ , H<sub>2</sub> is accepted. This indicates that product innovation capability also has a positive and significant effect on customer satisfaction. The greater the company's ability to deliver relevant product innovations, the higher the customer satisfaction achieved.

The regression coefficients show a positive influence for both variables, with  $\beta_1 = 0.607$  for customer orientation and  $\beta_2 = 0.236$  for product innovation capability. Therefore, both independent variables have a positive and significant partial effect on customer satisfaction, with customer orientation exerting a more dominant influence compared to product innovation capability.

### F-Test (Simultaneous Test)

The F-test is a statistical method used to determine whether the independent variables, when considered simultaneously, have a significant effect on the dependent variable.

In this study, the number of respondents (n) is 96, and the number of independent variables (k) is 2, resulting in degrees of freedom  $df_1 = 2$  and  $df_2 = 96 - 2 - 1 = 93$ , with a significance level of 0.05 (5%). If the calculated F-value is greater than the F-table value, then H<sub>1</sub> is accepted. Conversely, if the F-calculated value is less than the F-table value, then H<sub>1</sub> is rejected.

Table 8. F-Test (Simultaneous Test)

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1337,134	2	668,567	26,857	,000 <sup>b</sup>
Residual	2315,106	93	24,894		
Total	3652,240	95			
a. Dependent Variable: Customer Satisfaction					
b. Predictors: (Constant), Customer Orientation (X1) , Product Innovation Capability (X2)					

Source: Primary Data Processed by the Author (2025)

Based on the results of the F-test (simultaneous test) shown in the table, the calculated F-value is 26.857, while the F-table value with  $df_1 = 2$  and  $df_2 = 93$  at a significance level of 0.05 is 3.09. Since  $F_{\text{calculated}} (26.857) > F_{\text{table}} (3.09)$  with a significance level of  $p < 0.001$ ,  $H_0$  is accepted.

This indicates that, simultaneously, Customer Orientation and Product Innovation Capability have a positive and significant effect on Customer Satisfaction. The combination of a customer-oriented strategy and strong product innovation capability effectively enhances customer experience and satisfaction at the Sociolla Offline Store in Medan City.

**Coefficient of Determination Test ( $R^2$ )**

**Coefficient of Determination ( $R^2$ )**

The coefficient of determination (R Square) is used to measure the extent to which the regression model can explain the variation in the dependent variable being studied. The higher the R Square value, the better the model is at explaining the influence of the independent variables on the dependent variable.

Table 8. Coefficient of Determination Test ( $R^2$ )

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881a	.862	.861	4.98935
a. Predictors: (Constant Customer Orientation (X1) , Product Innovation Capability (X2)				

b. Dependent Variable: Customer Satisfaction  
(Y)

Source: Primary Data Processed by the Author (2025)

Based on the results of the coefficient of determination test presented in Table 9, the R Square value is 0.862, indicating that 86.2% of the variation in Customer Satisfaction (Y) can be explained by the two independent variables, Customer Orientation (X1) and Product Innovation Capability (X2). Meanwhile, the remaining 13.8% is influenced by other factors not included in this research model. This value shows that the model has a strong ability to explain the variation in the dependent variable, although there is still a considerable influence from external factors outside the model that should be considered in future research.

#### **4. Discussion**

##### **The Effect of Customer Orientation on Customer Satisfaction**

The results of this study indicate that customer orientation has a positive and significant effect on customer satisfaction at the Sociolla Offline Store in Medan. This means that the higher the company's attention to customer needs, the higher the level of satisfaction experienced by customers. Personalized service from beauty advisors and the ability to understand consumer needs have proven to be key factors in shaping customers' positive perceptions.

These findings support the theory by (Kotler, P., & Keller, 2016), which explains that satisfaction arises when service performance meets or exceeds consumer expectations. Previous research by (Zahara, 2022)&(Rida, Lubis, 2025) also showed similar results, indicating that market orientation and attention to customers significantly affect consumer satisfaction in the beverage industry in Palu City (Zahara, 2022). Additionally, research by (Maulidiah et al., 2023)(Wahyudiono, 2018) demonstrated that the higher the level of customer orientation implemented in the retail industry, the higher the satisfaction experienced by consumers.

Overall, the study confirms that the implementation of customer orientation at Sociolla has a tangible impact on customer satisfaction. Through communicative, educational, and personalized services, customers feel that their needs are attended to, which encourages loyalty and the intention to make repeat purchases. In other words, customer orientation serves as a crucial foundation for maintaining sustainable customer satisfaction.

##### **The Effect of Product Innovation Capability on Customer Satisfaction**

The analysis results indicate that product innovation capability has a positive and significant effect on customer satisfaction. Innovations carried out by Sociolla, such as product updates, brand variety, and aesthetically pleasing and Instagrammable store interior designs, provide an engaging shopping experience for young consumers.

These findings support the theory by (Calantone, R. J., Cavusgil, S. T., & Zhao, 2002), which emphasizes that innovation plays a crucial role in creating added value and enhancing competitiveness. Previous research by (Donny Restu, Rois Arifin, 2021)(Sidiq & Astutik, 2017) found that innovation capability directly influences customer satisfaction at Indomaret Sukun. They assert that a company's ability to innovate is essential in improving customer satisfaction, as innovation enables the company to offer added value and new experiences that align with consumer needs. This is further reinforced by (Marliyah et al., 2023)(Wijaya & Simamora, 2022), who found that businesses maintain seasonal competitiveness through innovation, such as introducing various product categories in line with trends and market demand.

In the context of the Sociolla Offline Store in Medan City, innovation capability is demonstrated not only through the development of new products but also through aesthetically arranged store

interiors, collaborations with various beauty brands, and the implementation of experiential marketing concepts that provide customers with a unique and personalized shopping experience. Therefore, the higher Sociolla's ability to develop innovations that are relevant to customer needs and comfort, the higher the level of customer satisfaction that can be achieved sustainably.

### **The Effect of Customer Orientation and Product Innovation Capability on Customer Satisfaction at Sociolla Offline Store in Medan City**

Simultaneously, customer orientation and product innovation capability have a positive and significant effect on customer satisfaction. The combination of these two factors creates a valuable and personalized shopping experience that aligns with modern consumer preferences. Customers feel that their needs are understood while also receiving relevant and appealing product innovations.

These findings are in line with research by (Fitriyani, 2024) & (Ridoanto et al., 2020), which confirmed that both customer orientation and innovation capability significantly influence customer satisfaction, as they can create service experiences that are both valuable and relevant. Additionally, research by (Hanifah & Raharja, 2025) & (Putri, Dea Amanda., Daulay, Aqwa Naser., & Bi Rahmani, 2025) reinforces this conclusion, showing that marketing strategies, product quality, and service innovations positively impact the competitiveness of SMEs, ultimately enhancing customer satisfaction (Nurwani & Imsar, 2025)

Therefore, it can be concluded that the combination of customer orientation and product innovation capability not only holds theoretical significance but also plays an important empirical role in creating customer satisfaction, particularly in the context of the beauty retail business, such as Sociolla Offline Store in Medan City.

## **5. Conclusion**

This study concludes that customer orientation and product innovation capability have a positive and significant effect on customer satisfaction at the Sociolla Offline Store in Medan City. Customer orientation, which emphasizes understanding consumer needs and preferences, enhances satisfaction because customers feel attended to and personally served. Meanwhile, product innovation capability, manifested through product variant updates, brand collaborations, and appealing store layouts, further strengthens the customer shopping experience.

Overall, the combination of customer orientation and product innovation serves as a key factor in shaping sustainable customer satisfaction. These findings underscore the importance for beauty retail companies to maintain a strong focus on customer needs while continuously innovating to retain loyalty and competitiveness in a dynamic market.

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