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THE INFLUENCE OF DESIGN INNOVATION, PRODUCT QUALITY, AND DIGITAL MEDIA UTILIZATION ON SALES TURNOVER IN THE FASHION MSME SECTOR AT TANAH ABANG WHOLESALE CENTER, JAKARTA

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Abstract:

This study aims to analyze the influence of Design Innovation, Product Quality, and Digital Media Utilization on Sales Turnover in fashion MSMEs at the Tanah Abang Wholesale Center, Jakarta. The fashion sector is one of the most competitive and dynamic industries, requiring business actors to continuously innovate and adapt to technological developments and changing consumer preferences. The research method used is quantitative. The data utilized are primary data obtained through the distribution of questionnaires to 389 respondents who are fashion MSME actors at the Tanah Abang Wholesale Center. The sampling technique used is purposive sampling with specific criteria relevant to the research objectives. The research instrument was developed using a Likert scale and has been tested for its validity and reliability. The collected data were processed using SPSS version 27, with data analysis techniques including assumption tests (normality, linearity, multicollinearity, and heteroscedasticity tests), multiple linear regression analysis, and hypothesis testing (t-test, F-test, and R^2). The results show that: (1) Design innovation has a positive and significant effect on sales turnover, (2) Product quality has a positive and significant effect on sales turnover, and (3) Digital media utilization also has a positive and significant effect on sales turnover. These findings indicate that the three variables are important factors in driving the increase in sales turnover of MSMEs in the fashion sector, particularly in the Tanah Abang area of Jakarta.

Keywords: *Design Innovation, Product Quality, Digital Media, Sales Turnover*

BACKGROUND

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, contributing significantly to national GDP, employing more than 97% of the workforce, and comprising 66 million business actors as of 2023 (Kadin, 2024). MSMEs have proven resilient during crises, such as the 1998 monetary crisis and the COVID-19 pandemic, although they continue to face challenges such as digital literacy, access to capital, and product competitiveness (Al Farisi et al., 2022).

The government, in collaboration with Kadin, is encouraging MSMEs to enter the digital ecosystem, targeting 30 million MSMEs to join by 2024. This initiative is supported through training, business mentoring, and platforms such as Wiki Wirausaha (Kadin, 2024). The fashion MSME sector, particularly in Tanah Abang Market, stands as one of the largest economic hubs in Indonesia and even Southeast Asia. The market is recognized as a barometer

of national fashion trends and is known for its strength in Muslim fashion products (Auwalia et al., 2024). However, fashion MSME sales at Tanah Abang have significantly declined by 50–85% after the pandemic, due to changing consumer behavior toward online shopping and the influx of cheap imported products through digital platforms (Kulsum, 2024).

Therefore, design innovation, product quality, and digital media utilization are key to increasing MSME sales turnover. Creative design innovation adds value and differentiates products from competitors (Wasista, 2020). Product quality, including durability, aesthetics, and functionality, enhances consumer loyalty (Munzir et al., 2021). Meanwhile, digital media, such as e-commerce and social media, helps MSME players expand their market reach and strengthen their brand (Karinadiva, 2024). This study addresses conceptual, contextual, and empirical gaps in previous research that has yet to comprehensively examine the relationship between these three variables in the context of wholesale fashion MSMEs at Tanah Abang. With this approach, the research is expected to contribute both theoretically and practically in enhancing the competitiveness and revenue of MSMEs in the digital era (Saripah, 2025).

THEORETICAL FRAMEWORK

Demand and Supply Theory

The theory of demand and supply was first introduced by Adam Smith (1776) through the concept of the "invisible hand," which explains that prices are naturally formed through interactions between consumers and producers in a free market. This theory was later formally developed by Alfred Marshall (1890), who introduced the demand and supply curves as well as the concept of equilibrium price. According to Siti (2014) in her book titled "Pengantar Ilmu Ekonomi" (Introduction to Economics), the theory of demand and supply in economics describes the relationship between potential buyers and sellers of a good in the market.

Innovation Diffusion Theory

According to Rogers (2003), the Innovation Diffusion Theory is the process through which new ideas are spread via specific channels over time within a social system. Innovations can take the form of ideas, practices, or objects that are perceived as new by an individual or adoption unit. The theory discusses how new ideas or technologies spread within a culture.

Design Innovation

Design innovation is a part of product innovation that involves the renewal or development of a product's visual, functional, or aesthetic elements to make it more appealing and aligned with market needs (Hernandez et al., 2018).

Product Quality

According to Kotler & Armstrong (2014), product quality is the ability of a product to perform its functions, which includes overall durability, reliability, precision, ease of operation, and reparability, as well as other product attributes.

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Digital Media

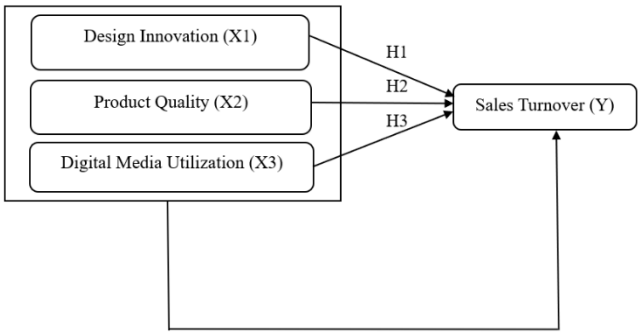
Digital media refers to the process in which all input data is converted into numbers, then encoded and outputted in the form of text, images, videos, and so on. The output of the digital process can be stored in formats such as digital disks, memory drives, online storage, or printed media (Fitria, 2021).

Sales Turnover

Sales turnover is the rate of sales growth that reflects the percentage change in the total amount of sales occurring each year. The term "turnover" refers to the total amount of revenue, while "sales" refers to the activity of selling goods or services with the aim of generating profit or income (Wahyudi et al., 2022).

Research Hypothesis

Figure 1. Conceptual Framework



Based on the theoretical framework, the hypotheses that can be developed are as follows :

H1: Design innovation has an effect on sales turnover
H2: Product quality has an effect on sales turnover
H3: Utilization of digital media has an effect on sales turnover

METHOD

This research was conducted from April to June 2025 at Tanah Abang Market, Central Jakarta. The location was chosen as it aligns with the research focus regarding the decline in sales turnover among fashion MSMEs. The study uses a quantitative approach, with variables including design innovation (X1), product quality (X2), and digital media utilization (X3) as independent variables, and sales turnover (Y) as the dependent variable.

The population in this study consists of all fashion MSME actors operating in Tanah Abang Market. Due to limited resources, the researcher used purposive sampling and the Lemeshow formula to determine a sample size of 385 respondents (Baidlowi et al., 2024). The research instrument was a questionnaire using a Likert scale. Data collection was carried out

by distributing questionnaires both online via Google Forms and offline using printed questionnaires. Data measurement used a five-point Likert scale, considered effective in assessing respondents' perceptions (Arviyanda et al., 2023). All data were analyzed using SPSS software. The analysis began with validity and reliability testing, followed by classical assumption tests, including normality (Kolmogorov–Smirnov), linearity, multicollinearity (VIF and Tolerance), and heteroscedasticity using the Glejser test (Dewanata, 2022). Subsequently, multiple linear regression analysis was used to determine the simultaneous and partial effects of the three independent variables on sales turnover (Y) (Sudariana & Yoedani, 2022). This included the F-test, t-test, and the coefficient of determination (R^2). With a systematic method and comprehensive analysis, this research is expected to provide accurate empirical insights into the influence of design innovation, product quality, and digital media utilization on the sales turnover of fashion MSMEs in Tanah Abang Market.

RESULT

Validity Test

The validity test was conducted on an initial group of 30 respondents, using a critical r-value of 0.361 as the benchmark. The results of the validity test for the variables — Design Innovation (X1), Product Quality (X2), Digital Media Utilization (X3), and Sales Turnover (Y) — are presented in the following table.

Table 1 Validity Test Results for Design Innovation (X1)

Variable	Item No	Calculated r	Description
Design Innovation	ID 1	0,763	VALID
	ID 2	0,808	VALID
	ID 3	0,574	VALID
	ID 4	0,690	VALID
	ID 5	0,712	VALID
	ID 6	0,781	VALID
	ID 7	0,795	VALID
	ID 8	0,705	VALID
	ID 9	0,823	VALID

Source: SPSS Output

Table 2 Validity Test Results for Product Quality (X2)

Variable	Item No	Calculated r	Description
Product Quality	KP 1	0,775	VALID
	KP 2	0,572	VALID

	KP 3	0,779	VALID
	KP 4	0,714	VALID
	KP 5	0,786	VALID
	KP 6	0,731	VALID
	KP 7	0,669	VALID
	KP 8	0,761	VALID
	KP 9	0,764	VALID
	KP 10	0,633	VALID
	KP 11	0,800	VALID
	KP 12	0.664	VALID
	KP 13	0,685	VALID

Source: SPSS Output

Table 3 Validity Test Results for Digital Media Utilization (X3)

Variable	Item No	Calculated r	Description
Digital Media Utilization	PMD 1	0,764	VALID
	PMD 2	0,723	VALID
	PMD 3	0,817	VALID
	PMD 4	0,764	VALID
	PMD 5	0,560	VALID
	PMD 6	0,811	VALID
	PMD 7	0,679	VALID
	PMD 8	0,724	VALID
	PMD 9	0,738	VALID
	PMD 10	0,679	VALID

Source: SPSS Output

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Table 4 Validity Test Results for Sales Turnover (Y)

Variable	Item No	Calculated r	Description
Sales Turnover	OP 1	0,690	VALID
	OP 2	0,822	VALID
	OP 3	0,790	VALID
	OP 4	0,895	VALID
	OP 5	0,719	VALID
	OP 6	0,757	VALID
	OP 7	0,653	VALID
	OP 8	0,831	VALID
	OP 9	0,779	VALID

Source: SPSS Output

Reliability Test

The reliability test is conducted to assess the level of consistency of a questionnaire in collecting research data. If the instrument demonstrates adequate consistency, it can proceed to the next stage of analysis. A variable is considered reliable if the Cronbach's Alpha value is greater than 0.7, while a value below 0.7 indicates that the instrument is not reliable. The results of the reliability test are presented in the following table:

Table 5 Reliability Test Results

Variabel	Cronbach Alpha	Keterangan
Design Innovation (X1)	0,898	Reliabel
Product Quality (X2)	0,922	Reliabel
Digital Media Utilization (X3)	0,901	Reliabel
Sales Turnover (Y)	0,915	Reliabel

Source: SPSS Output

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Normality Test Results

Table 6 Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			389
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		1.76856416
Most Extreme Differences	Absolute		.040
	Positive		.040
	Negative		-.028
Test Statistic			0.40
Asymp. Sig. (2-tailed)[c]			.153
Monte Carlo Sig. (2-tailed)[e]	Sig.		.134
	99% Confidence Interval	Lower Bound	.125
		Upper Bound	.143

Source: SPSS Output

The Asymp. Sig. table displays the results of the normality test obtained using SPSS version 27. Based on the table, the significance value is 0.153, which is greater than 0.05, indicating that the data are normally distributed.

Linearity Test

1. The significance value for Deviation from Linearity between the Design Innovation (X1) variable and Sales Turnover (Y) is 0.954. Since this value is greater than 0.05, it can be concluded that there is a linear relationship between the two variables.
2. The significance value for Deviation from Linearity between the Product Quality (X2) variable and Sales Turnover (Y) is 0.496. As this value exceeds 0.05, it indicates a linear relationship between these variables.
3. The significance value for Deviation from Linearity between the Digital Media Utilization (X3) variable and Sales Turnover (Y) is 0.382. Since this value is also

greater than 0.05, it can be concluded that there is a linear relationship between the two variables.

Multicollinearity Test

The multicollinearity test shows that the Tolerance values for variables X1, X2, and X3 are 0.987, 0.997, and 0.987, respectively. Meanwhile, the Variance Inflation Factor (VIF) values for these variables are 1.013, 1.003, and 1.014, respectively. Since all Tolerance values are greater than 0.10 and all VIF values are less than 10, it can be concluded that there is no indication of multicollinearity in this model.

This means that the independent variables do not exhibit high correlation with one another, allowing them to be used simultaneously in the regression analysis without causing bias or instability in the model estimates.

Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether there is a variance inequality in the residuals of the regression model. Based on the results, the significance values for the independent variables — Design Innovation (X1), Product Quality (X2), and Digital Media Utilization (X3) — were 0.584, 0.820, and 0.705, respectively. Since all significance values are greater than 0.05, it can be concluded that there is no indication of heteroscedasticity in the regression model used.

This means that the variance of the residuals is constant across all levels of the independent variables, fulfilling one of the classical assumptions of linear regression.

Results of Multiple Linear Regression Test

Tabel 7 Results of Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std.Error	Beta	t	Sig.
1	(Constant)	1.424	2.578		.552	.581
	X1	.195	.041	.187	4.743	<.001
	X2	.468	.033	.549	13.974	<.001
	X3	.249	.039	.252	6.374	<.001

a. Dependent Variable : Y

Source: SPSS Output

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T-Test Results

In the t-test results table from SPSS 27, it can be seen that the variable Design Innovation (X1) has a significance value of 0.000 < 0.05. The variable Product Quality (X2) has a significance value of 0.000 < 0.05. The variable Utilization of Digital Media (X3) also has a significance value of 0.000 < 0.05. This means that the variables Design Innovation (X1), Product Quality (X2), and Utilization of Digital Media (X3) have a positive and significant relationship with the variable Sales Turnover (Y), as indicated by their significance values.

F-Test Results

In this study, the F-calculated value obtained from data processing using SPSS is 88.079, with a significance value of 0.000. This significance value is much smaller than 0.05, indicating that the regression model is significant overall. This means that the variables Design Innovation (X1), Product Quality (X2), and Utilization of Digital Media (X3) collectively influence the Sales Turnover (Y) variable.

Coefficient of Determination Test Results

Tabel 8 Coefficient of Determination Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638 [a]	.407	.402	1.775

a. Predictors: (Constant), X3, X2, X1

Source: SPSS Output

Based on the output in Table 8, the value of the multiple correlation coefficient (R) is 0.638, and the R Square value obtained is 0.407. This indicates that 40.7% of the variation in the dependent variable, namely Sales Turnover (Y), can be explained by the three independent variables in this model: Design Innovation (X1), Product Quality (X2), and the Use of Digital Media (X3). Meanwhile, the remaining 59.3% is influenced by other variables outside the scope of this research model.

DISCUSSION

The Influence of Design Innovation on Sales Turnover

The results of the linear regression analysis show that Design Innovation (X1) has a positive and significant effect on Sales Turnover (Y), with a regression coefficient of 0.195 and a significance value of 0.000 (< 0.05). This indicates that higher levels of design innovation among MSMEs, especially in the fashion sector, contribute to increased consumer interest and higher sales turnover. This finding aligns with Rogers' Diffusion of Innovation Theory (1962), suggesting that visible and unique innovations accelerate consumer adoption and improve business performance.

Previous studies support these results. Indriyani & Shan (2024) found that design innovation significantly boosts sales in the creative sector. Wahyudiono et al. (2024) emphasized that consistent innovation enhances competitiveness and sales in fashion-based MSMEs. Xue et al. (2024) highlighted that innovative design plays a key role in product

differentiation and customer loyalty in the digital era. Thus, the first hypothesis (H1) is supported and accepted, confirming that design innovation positively and significantly influences sales turnover.

The Influence of Product Quality on Sales Turnover

The linear regression analysis shows that product quality has a positive and significant effect on sales turnover, with a significance value below 0.05. Improvements in aspects such as performance, durability, conformance to specifications, and aesthetics increase customer trust and satisfaction, which directly boost sales turnover. This finding aligns with the Theory of Demand and Supply and is supported by previous studies confirming that high-quality products encourage customer loyalty and sustainable sales growth. Therefore, the second hypothesis (H2) is supported and accepted.

The Influence of Digital Media Utilization on Sales Turnover

Regression analysis reveals that digital media utilization has a positive and significant effect on sales turnover, with a significance value below 0.05. Platforms such as Instagram, TikTok, Shopee, and Tokopedia help expand market reach, enhance customer interaction, and simplify the buying process. This finding is in line with the Theory of Demand and Supply, where wider information distribution and digital accessibility increase demand and improve supply-side efficiency. Previous studies also support this, highlighting how digital media—especially social media—significantly boost MSME revenues. Therefore, the third hypothesis (H3) is supported and accepted.

CONCLUSION

1. Design innovation has a positive and significant influence on sales turnover. This indicates that the higher the level of product design innovation implemented by MSME actors, the greater the potential for increased sales turnover. Consumers tend to be more attracted to and loyal toward products that are unique, distinctive, and aligned with continuously evolving fashion trends.
2. Product quality also has a positive and significant impact on sales turnover. Products with good quality in terms of materials, durability, and visual appearance enhance customer satisfaction, strengthen customer loyalty, and encourage repeat purchases. Therefore, quality is one of the fundamental aspects in driving sustainable sales growth.
3. The utilization of digital media also positively and significantly contributes to increasing sales turnover. Digital strategies such as promotions through social media, selling through e-commerce platforms, and the use of engaging visual content help expand MSMEs' market reach, improve consumer interaction, and strengthen brand awareness.

Simultaneously, these three variables positively influence the increase in sales turnover, meaning that the success of MSMEs in growing their businesses is strongly influenced by the combination of creativity in design, good product quality, and effective digital strategy implementation.

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