

## ABSTRACT

Era of globalization has demanded a change in the old paradigm in all areas, one of which is the field of marketing. Competition in the development business in the era of globalization requires companies to be able to act and act quickly and appropriately in the face of competition in the moving business environment is very dynamic and full of uncertainty. Similarly, the market for batik. In this business there are many direct competitors. Must therefore be dealt with wisely by observing Product Innovation of batik. For that research on Product Innovation batik worth it. Product Innovation batik was chosen because the less Product Innovation of batik.

This study analyzes the factors that influence Product Innovation as an effort to influence Marketing Working to increase Sustainable Competitive advantages. Research problem based on 2 (two) things: First is the research gap of Baker dan sinkula (1999), dengan han et al. (1998). The second problem comes from the research problem that is the less Product Innovation of batik (for pra survey).

From those problems, that underlie this research, namely to determine the factors that influence Product Innovation that will influence Marketing Working and ultimately to Sustainable Competitive advantages. In this study developed a theoretical model of the proposed six hypotheses to be tested using Structural Equation Model (SEM) using AMOS software 16. Respondents used in this study was taken from respondents businessman batik respondents numbered 114. Results from SEM data processing for the full model meets the goodness of fit as follows, the value of *chi square* =170,190; probability = 0,067; GFI = 0,862; AGFI = 0,817; CFI = 0,979; TLI = 0,975; RMSEA = 0,040; CMIN/DF = 1,182. Thus it can be said that the model is feasible for use. The results of this study showed that Product Innovation can be improved by increasing Customer Orientation, Competitor Orientation and Coordination Of Across Function. Furthermore, Product Innovation that will affect the higher Marketing Working and further increase Sustainable Competitive advantages

**Keywords: Customer Orientation, Competitor Orientation, Coordination Of Across Function, Product Innovation, Marketing Working, and Sustainable Competitive advantages**