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“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

**The Influence of Customer Experience and E-Service Quality on Customer Loyalty with Customer Satisfaction as an Intervening Variable****Suny Fauziyah<sup>1\*</sup>, Saddam<sup>2</sup>, Sabilal Siringoringo<sup>2</sup>, Yusuf Kurniawan<sup>3</sup>, Muhammad Irfan Nasution<sup>2</sup>**<sup>1</sup>Universitas Muhammadiyah Magelang

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<sup>2</sup>Universitas Muhammadiyah Sumatera Utara<sup>3</sup>Universitas Putra Bangsa Kebumen**\*Email:** [sunyfauziyah@gmail.com](mailto:sunyfauziyah@gmail.com)**ABSTRACT**

**Purpose** – This study aims to determine the effect of customer experience and e-service quality on customer loyalty mediated by shopee customer satisfaction in Medan City.

**Method** -This type of research is comparative causal research. The population of this research is shopee customers with a sample of 36 respondents. The research used a purposive sampling technique, which is a data collection technique using a questionnaire and a Likert scale. The data analysis technique used is path analysis.

**Results** - The results obtained by the customer experience affect customer satisfaction so as to provide customer loyalty to Shopee. However, e-service quality does not have a significant effect on customer satisfaction and customer loyalty.

**Originality (Novelty)** - In our writing this time there is literacy regarding the effect of customer experience and e-service quality on customer loyalty mediated by customer satisfaction at shopee.

**Implications** - Service providers speculate that e-service quality can make customers loyal by satisfying their expectations for the services provided. But in fact the customer experience has more influence on customer loyalty

**Keywords:** Customer Experience, Customer Loyalty, E-Service Quality

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**INTRODUCTION**

The rapid growth of the business sector in Indonesia is in line with the rapid advancement of communication technology which makes it easier for everyone to access all information via the internet. So is the consumption of goods or services. The benefits of increased consumption, lifestyle changes, and advances in communication technology have motivated businesses to develop innovative ideas so as to provide added value to customers. In addition, business people must also carefully read opportunities.

Indonesia is one of the countries with the largest population of internet users in the world. We Are Social reports that as of January 2022, there will be 204.7 million internet users in Indonesia. An increase of 1.03% compared to the previous year. In January 2021, an estimated 202.6 million Indonesians will be online. The number of people using the internet in Indonesia has been steadily increasing over the last five years. The current percentage of national internet users is 55.25% higher than in 2018. Meanwhile, in early 2022, 73.7% of Indonesia's population will have access to the internet. According to estimates, there will be 277.7 million people living in Indonesia as of January 2022. In 2018, internet penetration in Indonesia will reach 50% of the total population (Databoks.Katadata, 2022).

The rapid development of digitalization in the field of information and technology has created intense competition in the business world. Consequently, businesses need to adopt a more imaginative and original mindset in response to current circumstances. The e-commerce sector in Indonesia is growing rapidly, as seen from the proliferation of new online stores and marketplaces (cnnindonesia.com. 2020). Sales in a business can be affected by a number of different variables. No less important is the Quality of Service. E-Service Quality is any action taken to ensure customer satisfaction through direct human-to-human or human-to-machine interaction. (Sopiyan, 2022) argues that Service Quality is the level of excellence expected, and improvements to that level are necessary to meet customer needs. This shows that service perceptions have an impact on purchasing decisions and experiences or the Customer Experience.

Customer Experience refers to the sum of the various interactions a customer has with a business' products and services, combined together so that each interaction is a positive interaction and encourages the customer to return for future purchases. Creating a superior Customer Experience seems to be a very important thing in running an e-commerce business. Customer Experience is a cognitive or perceptual process to motivate customers. This recognition or perception can increase the value of products and services, which also results in interaction. The results of this interaction have the potential to increase consumer perceptions of the company. Customer Experience can be defined as a psychological and emotional response to a stimulus by optimizing sense (sensory), feel (emotional), think (cognitive), act (action), relation (relationship) in the pre and post context. purchase planning, information gathering, and emotional processing. There are three categories of Customer Experience, namely sensory experience, experiences related to the five senses. Emotional Experience, a state of mind associated with feelings and beliefs. Social Experience (Social Experience), the ability to connect individuals with other people or groups of people (Rahmalia & Tricahyono, 2020). A good customer experience will make customers satisfied and loyal to our business.

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Customer Loyalty is a commitment based on positive traits in a long-term purchase of a brand, company or supplier. Loyalty is a combination of satisfaction and complaints, and customer satisfaction comes from all the company's performance to generate that satisfaction by minimizing many complaints (Cindy Mahardika Sari, 2021). Consumers demonstrate their long-term commitment to the company and its products by behaving loyally to the company and its offerings, such as by following the company's recommended consumption pattern. To that end, the company and its merchandise have become an integral part of the consumer buying decision process. If a customer is loyal to our business, then it is likely that the customer is satisfied.

Customer satisfaction is a feeling of happiness or dissatisfaction that arises when the actual performance of a product is compared to the expected performance. One of the most important factors in retaining customers is making sure they are satisfied. Indicators of customer satisfaction include repeated purchases, positive word of mouth advertising, popularization of brand image, and formation of profitable purchasing decisions (Bahrudin & Zuhro, 2016).

The e-commerce business in Indonesia has many impacts that can change differences in consumer behavior, one of many behaviors can be taken, namely by routinely buying an item in a shopping center or shop, and now switching to online shopping. The part that is currently included in the lifestyle of the Indonesian people, namely one of them is e-commerce transactions. Online shopping makes it easier for people to get goods without wasting a lot of time and effort (Whimphie Billyarta et al., 2021).

At this time there are many marketplace platforms that can be easily accessed from both computers/laptops and smartphones ( iOS and Android). One of them is the Shopee application. Shopee is one of the marketplaces that is currently experiencing an increase and acts as a business customer for customers (B2C) and customers (C2C). Shopee makes it easy for customers when shopping online. With several features such as fast and responsive live chat. This feature is very useful in facilitating related communications from the seller's side and from the buyer's side. Second, there is a product searching feature that makes it easier for consumers to find the item they want. Even now, there is a live sale feature where sellers can sell goods live and if consumers are interested in the goods and prices, they can comment directly in the live chat column. Third, shipping costs will be calculated automatically, even for the Shopee application itself there are often free shipping vouchers which are very profitable for consumers. The buyers can choose the four couriers they want, and Shopee has many other interesting programs to provide both buyers and sellers (Whimphie Billyarta et al., 2021).

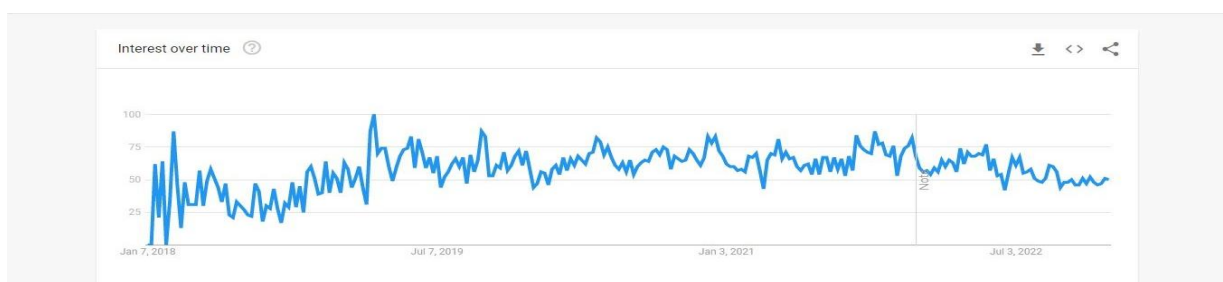


**Figure 1.** Google shopping search keywords.

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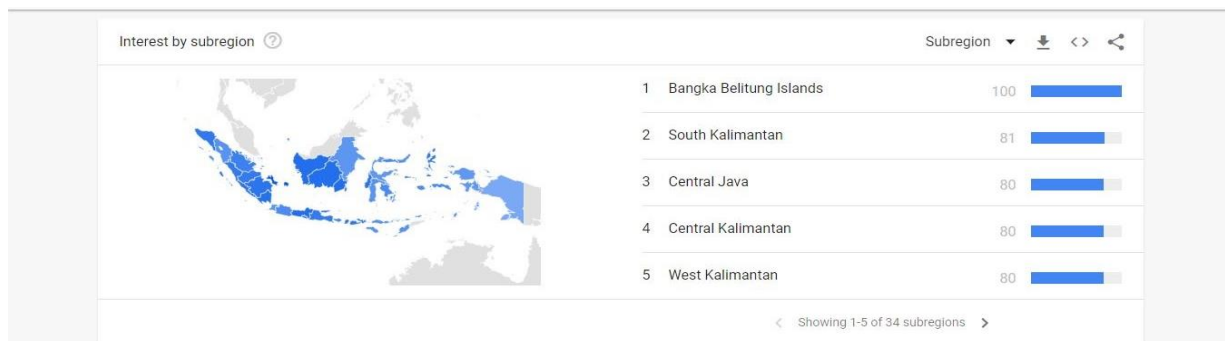


**Figure 2.** Shopping search keywords have experienced significant growth over the last five years.

According to the google trends data in Figure 2, it can be concluded that the Bangka Belitung area is the area that has the highest search engine intensity regarding shopee as a keyword on Google shopping. Then followed by South Kalimantan, Central Java, Central Kalimantan, and West Kalimantan.

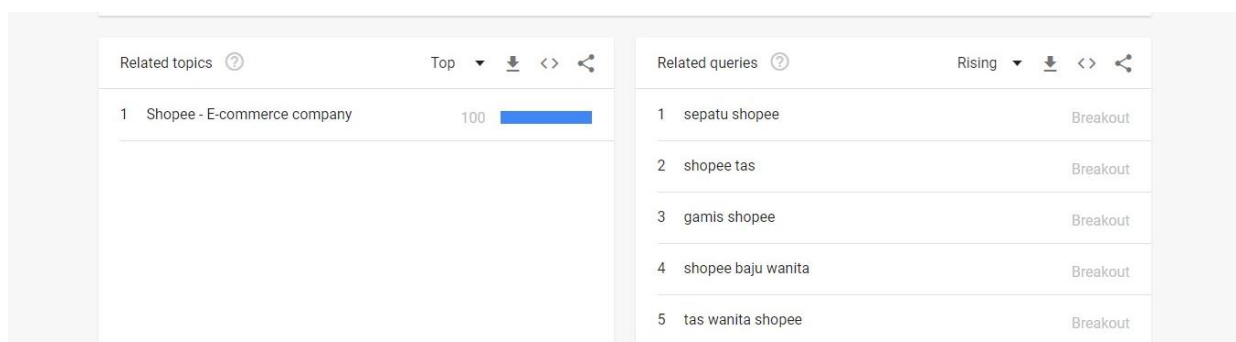


**Figure 3.** According to Google Trends data

According to Google Trends data in Figure 3, some of the commodities that are trending in Shopee searches are fashion. The types of fashion that are most sought after are shoes, bags, robes, women's clothes, and women's bags. Shopee's performance as a shopping service medium can be determined by the level of customer loyalty using Shopee services. The purpose of this research was to determine the effect of service quality and customer experience on customer loyalty through customer satisfaction as an influencing factor.

The hypothesis that we formulated is as follows. H1: Customer Experience has a positive and significant effect on Customer Loyalty. H2: Customer Experience has a positive and significant effect on Customer Satisfaction. H3: Customer Satisfaction has a positive and significant effect on Customer Loyalty. H4: E-Service Quality has a positive and significant effect on Customer Loyalty. H5 : E-Service Quality has a positive and significant effect on Customer Satisfaction. H6: Customer Experience has a positive and significant effect on Customer Loyalty through Customer Satisfaction. H7: E-Service Quality has a positive and significant effect on Customer Loyalty through Customer Satisfaction.

## METHOD

The method used in this study is a questionnaire and literature study. The reason for using this method is to find out the facts examined by the researcher and to analyze the

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influence of one variable on another which is mediated by other variables. The sample used in this study were shopee customers who had used the shopee service at least once in the last 1 month. The number of samples recruited was 36 respondents. The instrument used in this study uses instruments that have been translated from previous research. The variable measurement scale of Service Quality (X1), Customer Experience (X2), Customer Loyalty (Y), and Consumer Satisfaction (Z) uses a 5-point Linkert scale. Score 5 to 1, with the following arrangement. 5. Very good (SB), 4. Good (B), 3. Fairly good (CB), 2. Not good (TB), 1. Not very good (STB).

The statistical method used in this research is Structural Equation Modeling (SEM) based on variance using the SmartPLS version 4.0.8.7 software which is used to model partial least squares structural equations (PLS-SEM). There are 4 indicators of service quality questions, 5 indicators of Customer Experience, 2 indicators of Customer Satisfaction, and 2 indicators of Customer Loyalty. SEM can test structural models together (relationships between independent and dependent constructs). Due to the limitations of the research, the researcher made the following formula.

**Table 1.** Operational Defination

| Variable              | Indicator                       |                                                                                                            | Source                       |
|-----------------------|---------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------|
| CustomerExperience    | CE1<br>CE2<br>CE3<br>CE4<br>CE5 | 1. Accessibility<br>2. Quality Standards<br>3. personalization<br>4. Problem solving<br>5. Value over time | (Bagasworo & Hardiani, 2019) |
| E-Service Quality     | EQ1<br>EQ2<br>EQ3<br>EQ4        | 1. Website Usability<br>2. Information Quality<br>3. Reliability<br>4. responsiveness                      | (Romadhan et al., n.d.)      |
| Customer satisfaction | KP1<br>KP2<br>KP3               | 1. Price<br>2. Product quality<br>3. Service Quality                                                       | (Bagasworo & Hardiani, 2019) |

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|                  |            |                                         |                              |
|------------------|------------|-----------------------------------------|------------------------------|
| Customer loyalty | LP1<br>LP2 | 1. Repurchase rate<br>2. Recommendation | (Bagasworo & Hardiani, 2019) |
|------------------|------------|-----------------------------------------|------------------------------|

### RESULT AND DISCUSSION

From the results of distributing questionnaires that have been recapitulated and mapped with a total of 36 respondents who have met the criteria so that the data is processed further. From the data generated, the majority of respondents in terms of gender were 69.4% women and 30.6% men with the age of the most respondents being 21 years of 41.7%. And 91.7% of respondents are students.

**Table 2.** Construct Reliability and validity

| Variable              | Indicator | Outer Loading | AVE     | Composite Reability | Cronbach's Alpha |
|-----------------------|-----------|---------------|---------|---------------------|------------------|
| CustomerExperience    | CE 1      | 0.916 _       | 0.761 _ | 0.754 _             | 0.694 _          |
|                       | CE 2      | 0.83 9        |         |                     |                  |
|                       | CE 3      | 0.8 42        |         |                     |                  |
|                       | CE 4      | 0.8 89        |         |                     |                  |
| E-Service Quality     | EQ 1      | 0.822 _       | 0.768 _ | 0.927 _             | 0.924 _          |
|                       | EQ 2      | 0.922 _       |         |                     |                  |
|                       | EQ 3      | 0.8 42        |         |                     |                  |
|                       | E Q 4     | 0.8 05        |         |                     |                  |
|                       |           |               |         |                     |                  |
|                       | CE 5      | 0.8 96        |         |                     |                  |
| Customer Satisfaction | KP 1      | 0.914         | 0.795 _ | 0.8 95              | 0.8 69           |
|                       | KP 2      | 0.790 _       |         |                     |                  |
|                       | KP 3      | 0.962 _       |         |                     |                  |
|                       | SC 4      | 0.900         |         |                     |                  |
|                       | SC 5      | 0.794         |         |                     |                  |
| Interest Buying       | LP 1      | 0.825         | 0.7 21  | 0.875 _             | 0.870 _          |
|                       | LP 2      | 0.918         |         |                     |                  |

Based on table 1, the Composite Reliability and Cronbach Alpha tests produce valid values, namely reliable latent variables because all latent variable values have Composite Reliability and Cronbach's Alpha values of  $> 0.60$ . Then in the discriminant validity test it is shown that the average variance extracted (AVE) produces a value of  $> 0.6$  which exceeds the acceptable value of  $> 0.5$ . Then the value of this study produces an acceptable correlation value.

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**Table 3.** Discriminant validity test results (Cross loading)

|       | CustomerExperience | Customer Loyalty | Customer Satisfaction | E- Service Quality |
|-------|--------------------|------------------|-----------------------|--------------------|
| CE1   | 0.916 _            | 0.792 _          | 0.808 _               | 0.847 _            |
| CE2   | 0.839 _            | 0.646 _          | 0.735 _               | 0.700 _            |
| CE3   | 0.8 42             | 0.7 27           | 0. 683                | 0.815 _            |
| CE4   | 0.8 89             | 0.638 _          | 0.822 _               | 0.771 _            |
| CE5   | 0.8 96             | 0.644 _          | 0.790 _               | 0.839 _            |
| E Q 1 | 0.807 _            | 0.652 _          | 0.696 _               | 0.822              |
| E Q 2 | 0.7 82             | 0.743 _          | 0.722 _               | 0.922 _            |
| E Q 3 | 0.7 06             | 0.742 _          | 0.664 _               | 0.842 _            |
| E Q 4 | 0.792 _            | 0.573 _          | 0.651 _               | 0.805 _            |
| KP 1  | 0.7 94             | 0.860 _          | 0.914 _               | 0.775 _            |
| KP 2  | 0.665 _            | 0.575 _          | 0.790 _               | 0.579 _            |
| KP 3  | 0.872 _            | 0.7 69           | 0.962 _               | 0.778 _            |
| LP 1  | 0.5 65             | 0.825 _          | 0.551 _               | 0.6 16             |
| LP 2  | 0.783 _            | 0.918 _          | 0.862 _               | 0.768 _            |

On the indicators of Customer Experience , E-Service Quality , Customer Satisfaction, and Customer Loyalty through discriminant validity test results (Cross loading) It can be seen that all indicators have a reliability value for each indicator which is far greater than the minimum acceptable level  $>0.4$  (Kwong & Wong, 2013). For our research, it has a value of  $> 0.50$ , all indicators have a good share . So it can be concluded that all indicators are consistent.

### Structural Test

From the results of previous tests on variables and indicators that have values that can be fulfilled and are valid. Therefore the research can be continued by describing a structural model that can determine whether each variable has an effect or not.

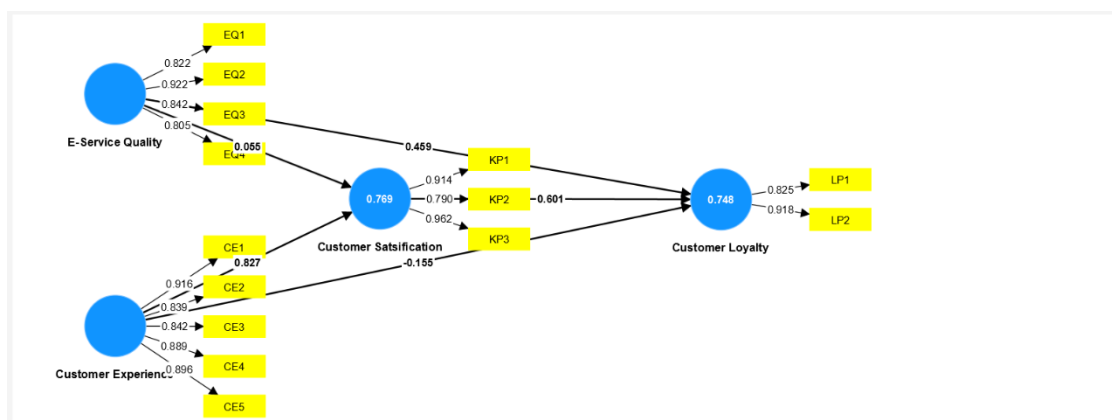


**Figure 1.** Structural Test

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**Table 4.** Hypothesis Testing Results

| Path                                                           | Original Sample | T Statistics | Note     |
|----------------------------------------------------------------|-----------------|--------------|----------|
| Customer Experience → Customer Loyalty                         | -0.155          | 0.504        | Rejected |
| Customer Experience → Customer Satisfaction                    | 0.827 _         | 4,234        | accepted |
| Customer Satisfaction → Customer Loyalty                       | 0.601           | 2,881        | accepted |
| E-Service Quality → Customer Loyalty                           | 0.459 _         | 1678         | rejected |
| E-Service Quality → Customer Satisfaction                      | 0.055 _         | 0.257        | rejected |
| Customer Experience → Customer Satisfaction → Customer Loyalty | 0.497 _         | 2.188        | accepted |
| E-Service Quality → Customer Satisfaction → Customer Loyalty   | 0.033           | 0.235 _      | rejected |

The results of testing the hypothesis on customer experience have an effect on customer loyalty showing a result of  $0.504 < t\text{-table} (1.96)$  and significance value  $< 0.05$ , so hypothesis 1 can not be accepted. The hypothesis on customer experience has an effect on customer satisfaction showing results  $4.234 > t\text{-table} (1.96)$  and significance value  $< 0.05$ , hypothesis 2 can be accepted. The next hypothesis on customer satisfaction has an effect on customer loyalty showing a result of  $2,881 < t\text{-table} (1.96)$  and significance value  $< 0.05$ , so hypothesis 3 can be accepted. In the e-service quality hypothesis, the effect on customer loyalty shows a result of  $1,678 > t\text{-table} (1.96)$  and significance value  $> 0.05$ , hypothesis 4 cannot be accepted. On the e-service quality hypothesis effect on customer satisfaction shows the results of  $0.257 > t\text{-table} (1.96)$  and a significance value of  $> 0.05$ , hypothesis 5 cannot be accepted. In the path analysis hypothesis, customer experience has an effect on customer loyalty through customer satisfaction, showing the result of  $2.188 > t\text{-table} (1.96)$  and significance value  $> 0.05$ , hypothesis 6 can be accepted. Furthermore, in the last hypothesis, e-service quality has an effect on customer loyalty through customer satisfaction, showing a result of  $0.235 > t\text{-table} (1.96)$  and a significance value of  $> 0.05$ , so hypothesis 7 cannot be accepted. Thus H1, H4, H5, and H7 do not support that the dependent variables, independent variables, and intervening variables above have an influence on one another.

## DISCUSSION

### The Effect of Customer Experience on Customer Loyalty

The results of testing the hypothesis on the effect of customer experience on customer loyalty show that the results of hypothesis 1 can not be accepted. This makes the customer experience does not have a significant effect on customer loyalty. Customer experience in

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terms of accessibility, quality standards, personalization, problem solving, and value over time has not been an indicator for shopee customers to become loyal customers.

**The Effect of Customer Experience on Customer Satisfaction**

The hypothesis on customer experience has an effect on customer satisfaction showing the results of hypothesis 2 can be accepted. Customer experience in terms of accessibility, quality standards, personalization, problem solving, and value over time are indicators that shopee customers are satisfied.

**The Effect of Customer Satisfaction on Customer Loyalty**

The next hypothesis on customer satisfaction has an effect on customer loyalty showing the results of hypothesis 3 can be accepted. This shows that price, product quality, and service quality, which are indicators of customer satisfaction, have a direct and significant effect on shopee customer loyalty. It can be observed that the prices offered by Shopee for the various items traded by Shopee sellers are very diverse and the quality of products and services matches expectations for prices so that customers feel satisfied and loyal to Shopee.

**Effect of E-Service Quality on Customer Loyalty**

In the hypothesis that e-service quality affects customer loyalty, the results of hypothesis 4 cannot be accepted. From the test results it can be concluded that e-service quality with indicators of website usability, information quality, reliability, and responsiveness cannot be a factor that makes Shopee customers loyal.

**Effect of E-Service Quality on Customer Satisfaction**

In the hypothesis that e-service quality has an effect on customer satisfaction, it shows that the results of hypothesis 5 are unacceptable. From the results of the hypothesis test, it can be concluded that e-service quality or website usability, information quality, reliability, and responsiveness cannot be factors that make shopee customers feel satisfied using shopee.

**The Influence of Customer Experience on Customer Loyalty Through Customer Satisfaction**

In the path analysis hypothesis, customer experience has an effect on customer loyalty through customer satisfaction, indicating that hypothesis 6 can be accepted. From the hypothesis testing, it resulted that there was a significant influence on customer experience in the form of accessibility, quality standards, personalization, problem solving, and the value of time on customer loyalty through customer satisfaction.

**The Influence of E-Service Quality on Customer Loyalty Through Customer Satisfaction**

E-service quality affects customer loyalty through customer satisfaction indicating hypothesis 7 cannot be accepted. The hypothesis testing carried out resulted that website usability, information quality, reliability, and responsiveness through price, product quality, and service quality as indicators of customer satisfaction have no effect on customer loyalty.

**CONCLUSION**

In this study three hypotheses were accepted, namely, H2, H3, H6, and H1, H4, H5, H7 were rejected. Therefore customer experience can increase customer loyalty with customer satisfaction as a mediating indicator. There are four hypotheses that do not have a direct significant effect on customer loyalty. However, there are three hypotheses that have a significant effect on customer loyalty. So that shopee needs to pay attention to customer

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experience in terms of increasing customer loyalty by providing satisfying services and prices to customers. Therefore, it is also hoped that in the future this research can add the number of respondents who need to be increased and add more varied research variables and indicators.

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