

The Effect of Customer Experience, Customer Engagement and Customer Value on Customer Loyalty on Tokopedia User

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ABSTRACT

This research was conducted because the authors are interested in understanding customer experience, active involvement with customers and increasing customer perceived value as factors influencing customer loyalty in using an e-commerce service. The elements used in this research are customer loyalty, including customer experience, customer engagement, and customer value. This research methodology utilizes a quantitative approach with data collection techniques through online surveys of 103 Tokopedia users. The collected data were processed with SPSS and then analyzed using multiple regression analysis to examine the relationship between the variables studied. The results of the study show that customer experience.

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1. INTRODUCTION

The Tokopedia offers a platform that enables individuals and small and medium enterprises (SMEs) to sell products online. This platform provides various product categories, from electronics, fashion, and daily necessities to food and beverages. Sellers can easily open their online shop on Tokopedia, upload product photos, set prices, and manage inventory. Meanwhile, buyers can easily explore various products, compare prices, and make purchases safely and comfortably. Tokopedia has also developed additional features that enhance the customer's shopping experience. These features include loyalty programs, discounts, special promotions, and secure payment systems. Apart from that, Tokopedia also has an integrated delivery service (Alifah et al., 2023).

Along with technological developments and increasingly fierce competition in the e-commerce industry, Tokopedia continues to innovate and expand its services. In 2020, Tokopedia announced a merger with Gojek, Indonesia's largest app-based transportation company, to form a new holding company called "GoTo" (Kibaroglu, 2022). This is to combine the strengths and resources to create a more robust and comprehensive digital ecosystem.

With rapid growth and dominance in the Indonesian e-commerce market, Tokopedia has become one of the most trusted and preferred brands by many customers. The platform is continuously committed to providing users with a fun, safe and reliable shopping experience. (Nurunnisha et al., 2021). In the rapidly growing e-commerce industry, factors such as customer experience, engagement, and value are important in influencing customer loyalty (Sukendia & Harianto, 2021). Tokopedia, one of the leading e-commerce platforms in Indonesia, is also not exempt from the influence of these factors on the commitment of its users. Therefore, this study aims to investigate the effect of customer experience, customer engagement, and customer value on customer loyalty in the context of Tokopedia users.

The theory of customer behaviour involves various approaches and theoretical frameworks developed by experts in consumer behaviour. According to Thahir (2019), consumer behaviour is an individual activity directly involved in obtaining and using goods and services, including making decisions and preparing the determinants of these activities.

Online Buying Behavior Theory is a broad theoretical framework not generally associated with any particular individual or group of researchers. This theory includes various concepts and approaches used by researchers in studying online buying behaviour by consumers. As a broad theoretical framework, this theory has been developed and reviewed by many researchers in recent years, one of which was expressed by Ferreira (2015) Trust Theory is theory emphasizes the role of trust in building relationships between customers and e-commerce platforms. High confidence in the forum can increase purchase intention and customer loyalty.

Kotler and Keller (2016) explain that loyalty is a commitment to buy or reuse a preferred product or service in the future, even though there are situational influences and marketing actions or efforts to switch. According to Kotler & Keller (2016) loyalty can be measured by three indicators, namely:

- a. Repeat purchase, namely loyalty to product purchases.
- b. Retention, namely resistance to adverse influences on the company.
- c. Referral, which refers to the total existence of the company.

According to Meyer & Schwager (2007) customer experience is customer response internally and subjectively due to direct or indirect interaction with the company. This direct relationship is usually due to the initiative of the consumer. Dimensions of Customer Experience According to Schmitt (1999) in Handaruwati (2021), there are five dimensions of customer experience: sense, feel, think, act, and relate.

Sashi (2012) states that customer engagement focuses on customer satisfaction by providing superior value to competitors to build trust and commitment in long-term relationships. Customer engagement can be interpreted as a personal customer relationship with a brand as described in cognitive, affective and behavioural responses beyond the purchase. There are five main factors in the customer engagement concept: enthusiasm (or enthusiasm), attention, absorption, interaction, and identification (Pantelis et al., 2014).

Enthusiasm represents an intense individual excitement towards the brand, while attention describes the consumer's attention and focus on the brand. Absorption is characterized by being fully concentrated and enjoying when it comes to branding. Interaction refers to a customer's online and offline participation with brands or other customers outside of purchases. Finally, identification is felt by the individual as a sense of belonging to the brand. The five underlying dimensions collectively reflect customer engagement's psychological and behavioural aspects (So et al., 2014).

According to Jannah et al., (2014), customer value is based on the perspective of the customer or the organization concerned, taking into account the desires and beliefs of the customer from purchasing and using a product or service. Meanwhile Pramudita & Japariato (2013) state that customer value is what consumers expect. Sweeney and Soutar in Seymour (2012) divide customer value into four elements, namely:

- a. Functional value quality/performance (practical value quality/performance), namely the utility obtained from the perception of the expected quality and performance of the product.
- b. Emotional Value (Emotional value), namely the utility that comes from positive feelings or affective/emotions arising from consuming a product.
- c. Functional Value Price/Value for money (Functional Value Price/Value for money), namely the utility obtained from the product because of the perception of the price or costs incurred.
- d. Social value is the utility derived from the product's ability for the consumer's social self-concept.

Research by Cao et al (2018) provides insight into the factors influencing the customer experience in e-commerce. Through a survey of e-commerce platform users, this study identifies five main dimensions of customer experience: usability, reliability, enjoyment, trust, and customization. Previous studies have shown that customer experience positively affects customer loyalty in various contexts, including in the e-commerce industry, such as research by Kim in Cao et al (2018). This study examines the effect of customer experience on customer loyalty in an online shopping context. The results of the study show that customer experience has a positive impact on customer loyalty

through satisfaction as a mediator. In addition, this study also found that perceived value has a moderating effect on the relationship between customer experience and satisfaction. Alalwan et al., (2018) conveyed almost the same thing. This study compared the impact of customer experience on customer loyalty in online and offline shopping. The results show that customer experience significantly positively affects customer loyalty in both contexts. Positive customer experience is considered an essential factor in building customer loyalty.

Huang et al., (2018), this study conducted a systematic literature review on customer engagement in online communities. The research findings show that customer engagement positively influences customer loyalty. Customers will likely develop stronger relationships with brands or platforms through active participation and engagement in online communities, increasing their loyalty (Zhao et al., 2020), this study examines the effect of customer engagement on customer loyalty through satisfaction as a mediator in social commerce. The study results show that customer engagement, directly and indirectly, impacts customer loyalty through satisfaction. High customer engagement increases customer satisfaction, which affects their commitment level. The results of this study indicate that customer engagement has a positive effect on customer satisfaction and brand trust but has no impact on brand loyalty (Rahmawati, 2015).

2. RESEARCH METHOD

This research is included in quantitative research because this research is presented with various forms of numbers. This is the opinion Amir (2015) that quantitative research is a research approach that requires a lot of numbers, starting from data collection and interpretation. This research is a case study of Tokopedia users. The type of data used in this study is primary data through distributing questionnaires with Google Forms to Tokopedia users or customers. The dependent variable in this study is customer loyalty, while the independent variables are customer experience, engagement and value.

The analytical method used in this research is using panel data regression analysis. In addition to carrying out multiple linear regression analysis, a significance test was also used, which consisted of the t-test and F-test using the SPSS 25.0 program. So the function model used is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

Y = Customer Loyalty

α = Constant

$b_{1,2,3}$ = Regression coefficient

X1 = Customer Experience

X2 = Customer Engagement

X3 = Customer Value

e = Error terms

3. RESULTS AND DISCUSSIONS

To test the influence of Customer Experience, Customer Engagement and Customer Value on Customer Loyalty either simultaneously or partially, multiple linear regression analysis is used. Based on the hypothesis testing carried out using SPSS (statistical package for social sciences) 25.0 for Windows, the effect of each independent variable on the dependent variable in detail can be seen in Table 1.

Table 1. Results of Statistical Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	1624	1,716		.946	.346
	CustomerExperience	.303	.058	.504	5.213	.000
	Customer Engagement	.056	.122	.054	.456	.649
	Customer Value	.272	.081	.331	3,372	.001

a. Dependent Variable: Customer Loyalty

Based on SPSS calculations in Table 1. the multiple linear regression equation is obtained as follows:

$$Y = 1.624 + 0.303X_1 + 0.056X_2 + 0.272X_3$$

The interpretation of the regression equation above is as follows:

1. From the multiple linear regression equation above, a constant value of 1.624 is obtained. This continuous value indicates that the level of Customer Loyalty is 1.624 per cent if the increase in customer experience, customer engagement and customer value is zero.
2. The regression coefficient of the customer experience variable is 0.303, meaning that if customer experience increases by one per cent, customer loyalty will increase by 0.303 per cent, assuming the variable increase in customer engagement and customer value does not change (fixed).
3. The regression coefficient of the customer engagement variable is 0.056, meaning that if customer engagement increases by one per cent, customer loyalty will increase by 0.056 per cent, assuming the variable increase in customer experience and customer value does not change (fixed).
4. The regression coefficient of the customer value variable is 0.272, meaning that if customer value increases by one per cent, customer loyalty will increase by 0.272 per cent, assuming that the variable increase in customer experience and engagement does not change (fixed).

Partial Regression Coefficient Significance Test (t-test)

1. The Customer Experience variable has a significant value of 0.000 (<0.05), so it is concluded that the Customer Experience variable has a significant effect on the Customer Loyalty variable (H1 Accepted)
2. The Customer Engagement variable has a significant value of 0.649 (> 0.05), so it is concluded that the Customer Engagement variable has no significant effect on the Customer Loyalty variable (H2 Rejected)
3. The Customer value variable has a significant value of 0.001 (<0.05), so it is concluded that the Customer Value variable has a significant effect on the Customer Loyalty variable (H3 Accepted)

Simultaneous Regression Significance Test (F-Test)

Table 2. F-test
ANOVA^a

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	637,199	3	212,400	66,354	.000b
	residual	316,898	99	3,201		
	Total	954,097	102			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Customer Value, Customer Experience, Customer Engagement

Based on SPSS calculations, a significance value of 0.000 (<0.05) is obtained. The conclusion is that the variables of Customer Experience, Customer Engagement and Customer Value have a significant effect simultaneously (together) on Customer Loyalty. Thus, the hypothesis in this study is accepted.

Coefficient of Determination (R²)

Table 3. Coefficient of Determination (R²)

Summary models				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.817a	.668	.658	1,789

a. Predictors: (Constant), Customer Value, Customer Experience, Customer Engagement

It is known that the Adjusted R Square value is 0.658, which means that Customer Experience, Customer Engagement and Customer Value contribute 66.5% to the variable Customer Loyalty and other variables outside this study influence the remaining 34.2%.

4. CONCLUSION

In conclusion, this research aimed to investigate the influence of customer experience, customer engagement, and customer value on customer loyalty in the context of Tokopedia users. The research findings revealed that customer experience and customer value had a significant positive effect on customer loyalty, while customer engagement did not show a significant impact. The results indicated that providing a positive and satisfying customer experience and delivering value through products or services played crucial roles in fostering customer loyalty. Tokopedia's commitment to enhancing the customer shopping experience, offering secure payment systems, and providing additional features such as loyalty programs and promotions contributes to building customer loyalty. However, customer engagement did not demonstrate a significant influence on customer loyalty in this study. Further research could explore other factors or dimensions of customer engagement that substantially impact customer loyalty in e-commerce.

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