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The Influence of E-service Quality toward E-customer Satisfaction and E-customer Loyalty in SOCO by Sociolla Application

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Abstract:

Changes in the trend of society in making beauty products as their main needs in line with technological developments make the digital business competition even higher. Therefore, e-commerce engaged in beauty, Sociolla, issued a new application called SOCO by Sociolla. This application integrates its features such as Beauty Journal and Sociolla into one platform to facilitate its users. However, in its implementation, this application is considered to provide unsatisfactory service quality seen from complaints on App Store and Google Play. The purpose of this study was to determine the relationship between E-Service Quality on E-Customer Satisfaction, E-Service Quality on E-Customer Loyalty, and the relationship between E-Customer Satisfaction and E-Customer Loyalty at SOCO by Sociolla. The research method used is quantitative by distributing questionnaires to 400 people using the SOCO by Sociolla application online. The data analysis technique used is Structural Equation Modeling (SEM) assisted by AMOS 24 software. The results and discussion of this research are discussed in this paper.

Keywords: E-service quality, E-customer satisfaction, E-customer loyalty, SOCO by Sociolla

1. Introduction

The beauty industry in Indonesia is currently having an increase. This increase can be seen from the increasing number of beauty products that are present. Nowadays, the needs for beauty and body treatments is increasing. This increase also triggered the growth of the beauty industry in Indonesia (Rini, 2018). The Ministry of Industry is targeting the beauty industry in 2019 will grow until 9%. This growth is driven by society trends that started to make beauty products as their primary requirement. Various attempts were made by the Ministry of Industry to enhance competitiveness and value of the beauty industry in the country, such as the transformation to apply digital technology in the industrial era 4.0 (Rafael, 2019).

The changing trends in this society makes e-commerce named Sociolla that engaged in beauty released a new application called SOCO by Sociolla that integrate its media such as Beauty Journal and Sociolla into one platform. SOCO was released to facilitate their users to shop while read a product's review or any other articles. However, in practice, the application is rated to provide the quality of service that doesn't satisfy its users. It can be seen from the user complaints on the App Store and Google Play. The complaints that given by the user is about the performance of SOCO, ease of navigation on application, the efficiency of interactions and transactions on the application, and security in the transaction. In addition, it's found that they continue to say negative things about SOCO by Sociolla application through the App Store and Google Play. This negative review which will then be visible to potential users of the application before they are going to use it. Some users wrote a review and say that they no longer use the application because they disappointed with the quality of the application. Some of the has uninstall and no longer use the app to make transactions. From the reviews submitted known that the user decides to switch to another application other than SOCO by Sociolla. Their complaints affect users rating SOCO obtained on the App Store and Google Play are likely to be low. On the App Store, SOCO gain rating 2.5 of total 5. While on Google Play, SOCO obtain a total rating of 3.4 out of 5 stars. Another case with similar application named Sephora, where it had a rating which is higher compared to SOCO. On the App Store, Sephora has rating of 4.9 out of 5 stars, while on Google Play, Sephora has rating of 4.5 out of 5 stars.

2. Literature Review

2.1. Basic Theories

2.1.1. E-Service Quality

Service Quality focused to fulfill the needs and desires of its customers with the precision of delivery to offset expectations of customers (Tjiptono, 2014). Service quality is one of the keys in determining a success or a failure in the

electronic commerce (Santos, 2003). Another definition states the service quality is how far the difference between reality with customer expectations for services they have received (Lupiyoadi, 2013). The quality of the services traditionally refers to the quality of the entire interaction and customer experience directly (not using the Internet) with the company (Parasuraman et al, 2005).

In the context of the Internet is defined as the overall customer evaluation and opinion on the quality of service delivered through the Internet (Amin, 2015). Meanwhile, according to another opinion, e-service quality should be extended to the global level, also need to be considered in all aspects of the transaction, including service delivery, customer service, and support (Rolland and Freeman, 2010). Presented that e-service quality is a form of broader service quality with the internet as a media that connects between customers and sellers to meet the shopping activities effectively and efficiently (Saragih, 2019). As the increasing e-service in the field of business, the importance of measuring and pay attention on e-service quality in virtual has also been realized (Visansakon and Prougestaporn, 2015). Although in some areas of academic research has been done in the development of measurement e-service quality, but there are still a lot of study that combines the quality of traditional services as a starting point measurements (Hongxiu et al., 2009). This research is using the dimensions as Personal Needs, Site Organization, User Friendliness, and Efficiency of Website in measuring scale E-Service Quality (Amin, 2015).

2.1.2. E-Customer Satisfaction

Customer satisfaction is about how consumers feel happy with the product or service that has been served by the company, also on the standpoint of the company to deliver value to the customer, handling, and also anticipating their needs and show the ability to meet their needs (Alias et al., 2016). According to Amin (2015) that customer satisfaction refers to a meeting between the expectations of the customers on the product or service, if the result of the product or service is deemed suitable or even exceed customer expectations, then they will be satisfied, and vice versa.

In the context of the Internet, electronic conceptualize customer satisfaction is consumers' assessment of their internet experience compared to their experience in dealing with the traditional way (Amin, 2015). He also extended that customer satisfaction is very important to create long-term relationships with clients and maintaining the company's profitability, customer satisfaction electronically is also an important component in determining the success of shopping on line especially on market Business to Consumer (B2C) (Ting et al., 2016). It can be concluded that electronic customer satisfaction or e-customer satisfaction is the difference between expectations and reality perceived by the customer upon their experience in accessing the company's website

2.1.3. E-Customer Loyalty

E-customer loyalty is defined as the tendency of consumers to re-use a particular web site and visit it regularly (Anderson and Srinivasan, 2003). Other research says that the experience of interacting with the web site is the most important in influencing the consumer's decision to re-use the site and give good recommendations to the others (Gera, 2011). Moreover, a return visit and giving a good recommendation to others will lead to high commitment to re-purchase the product or service consistently in the future, it will also prevent them create a bad word-of-mouth (WOM) and negative impression to the other customers (Jeong and Lee, 2010). This is in line with other theories, presented that e-customer loyalty referring to their interest to re-visit a website and are considering to re-purchase the products and services they like consistently in the future (Ramseook and Naidoo, 2011).

2.1.4. E-Commerce

The term of e-commerce has been around since the 1990s through the initiative in changing the process of buying and selling and also a conventional initial payment into a digital form of computer-based electronic and Internet networks (Pratama, 2015). Also conveyed that in 2007 appeared all kinds of security technology, online payment, devices mobile (smartphones, mobile phones, tablets) and the increasing number of organizations and users connected to the internet, thus defining e-commerce as a form of information exchange process that occurs between the organization and stakeholder based electronic media are connected to the Internet (Pratama, 2015).

Another opinion of the definition of e-commerce is 'the use of the Internet, the Web, and apps to transact business. More formally, digitally enabled commercial transactions between and among organisasi and individual' (Laudon and Traver, 2014) which means that e-commerce an internet usage, web, and applications that are used is to perform digital business transactions between organizations and individuals.

2.2. Hypothesis

Based on the research, there are three hypotheses that will be tested:

- H1: E-service quality has a positive relationship with e-customer satisfaction in the application of SOCO by Sociolla.
- H2: E-service quality has a positive relationship with e-customer loyalty in the SOCO by Sociolla application.
- H3: E-customer satisfaction has a positive relationship with e-customer loyalty in the SOCO by Sociolla application.

3. Methodology

A total of 400 survey questionnaires distributed to the people who use the application SOCO by Sociolla. A questionnaire was used to measure the following research variables: dimension e-service quality consisting of personal needs (4 items), site organization (4 items), user friendliness (4 items), and efficiency of the website (3 items), e-customer

satisfaction (6 items), and e-customer loyalty (5 items). Likert scale is used to measure (1 = strongly disagree to 5 = strongly agree) items statement variables to be measured. Data were analyzed using software AMOS 24. The questionnaires items were taken from Amin (2015).

Validity indicates the extent to which the gauges can measure what you want to measure, so it can be said that the higher validity of gauges, the gauges are meant to show what should be measured (Indrawati, 2015). This study uses Confirmatory Factor Analysis (CFA) to test the relationship of each indicator or dimension there. A statement said it can be valid if it fulfilled the value of loading factor and Average Variance Extracted (AVE). Loading factor or the level of relationship of each indicator is good if it is greater than 0.5 to ensure that all indicators or dimensions of each variable is centered on the measurement of these variables (Hair et al., 2014). Presented that Average Variance Extracted (AVE) is used to ensure that the indicators or dimensions of the research can be fused and represent variables. AVE is worth 0.5 or higher is a good rule which indicates an adequate statement. Reliable instruments are instruments which, if used repeatedly to measure a same object then it will generate the same data as well (Sugiyono, 2016). In this study, to test the reliability is using Construct Reliability (CR) and Cronbach Alpha (α). In helping this reliability testing, researchers use AMOS 24 software. Value Construct Reliability (CR) greater than 0.7 shows good reliability (Hair et al., 2014). Meanwhile, the value of Cronbach Alpha (α) good is greater than 0.7 (Amin, 2015).

| Variable | Sub Variable | Items | Factor Loading | AVE | CR |
|--|---|---|----------------|-------|-------|
| E-Service Quality | Personal Needs $\alpha = 0,843$ | I feel really safe when making transactions on SOCO by Sociolla. | 0,79 | 0,647 | 0,863 |
| | | I feel that my personal needs are met when using applications SOCO by Sociolla. | 0,65 | | |
| | | SOCO by Sociolla provide me with information based on my preferences. | 0,875 | | |
| | | SOCO by Sociolla provide me the product based on my preferences | 0,882 | | |
| | Site Organization $\alpha = 0,901$ | SOCO by Sociolla is easy to use. | 0,847 | 0,71 | 0,895 |
| | | SOCO by Sociolla is well-organized. | 0,879 | | |
| | | I can get into the application of SOCO by Sociolla quickly. | 0,693 | | |
| | | Display of SOCO by Sociolla is user-friendly. | 0,94 | | |
| | User Friendliness $\alpha = 0,875$ | SOCO by Sociolla is easy to understand. | 0,987 | 0,648 | 0,893 |
| | | Navigation on SOCO by Sociolla is easy. | 0,664 | | |
| | | SOCO by Sociolla application can run smoothly. | 0,763 | | |
| | | Pages on SOCO by Sociolla free from interference. | 0,772 | | |
| | Efficiency of Website $\alpha = 0,768$ | Easy for me to find what I need in SOCO by Sociolla. | 0,92 | 0,646 | 0,780 |
| | | Easy for me to discover many things in SOCO by Sociolla. | 0,891 | | |
| I am able to complete the transaction quickly in SOCO by Sociolla. | | 0,548 | | | |
| E-Customer Satisfaction $\alpha = 0,962$ | | I am happy with SOCO by Sociolla service. | 0,941 | 0,819 | 0,974 |
| | | I am satisfied with SOCO by Sociolla service. | 0,889 | | |
| | | I am pleased with the features of SOCO by Sociolla. | 0,916 | | |
| | | SOCO by Sociolla is easy to use. | 0,9 | | |
| | | I am satisfied with the overall product on SOCO by Sociolla. | 0,874 | | |
| | | I am satisfied with the overall service on SOCO by Sociolla. | 0,91 | | |
| E-Customer Loyalty $\alpha = 0,966$ | | I would recommend SOCO by Sociolla to others. | 0,932 | 0,852 | 0,960 |
| | | I prefer SOCO by Sociolla than others. | 0,871 | | |
| | | I would say positive things about SOCO by Sociolla to others | 0,939 | | |
| | | I would recommend SOCO by Sociolla to people who are looking for advice. | 0,963 | | |
| | | I intend to continue using SOCO by Sociolla. | 0,91 | | |

Table 1: Validity and Reliability Test

As can be shown in table 1, the items has been tested the validity using AMOS 24 software, and it is known that items contained in the questionnaire is valid because it has met its value loading factor > 0.5 and AVE values > 0.5. The

reliability test is done by looking at the value of construct reliability and Cronbach alpha. It can be seen that all the questionnaire items are reliable because it has met the value of construct reliability (CR) > 0.7 and values of Cronbach alpha > 0.7.

4. Measurement Model

4.1. Structural Equation Model

This study uses data analysis SEM with AMOS 24. The use of SEM is intended to determine the relationship between the three variables of the study, E-Service Quality, E-Customer Satisfaction, and E-Customer Loyalty. The model in the research also needs to be tested for their suitability by using Goodness of Fit as a parameter of the suitability of a research model. Goodness-of-Fit (GOF) shows how well the model that has been determined generate covariance matrix that has been observed between the indicators (Hair et al., 2014). Here is the model used in this research.

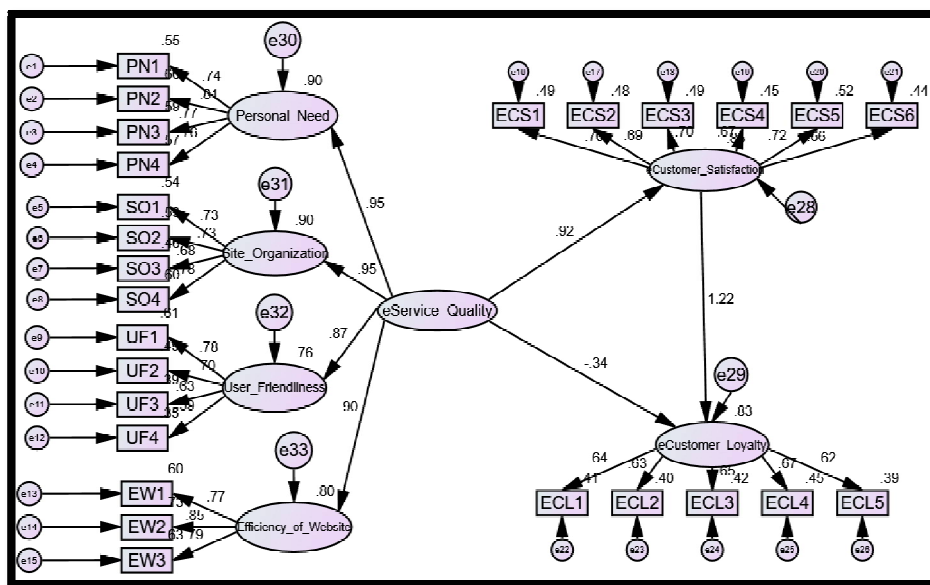


Figure 1: AMOS Model Research

Based on Figure 1 above it can be seen the relationship between the three variables in the study. Then explained also that the E-Service Quality has four dimensions and each of them has indicators. After created a model study, then obtained subsequent measurement of Goodness of Fit.

4.2. Goodness of Fit

As in the following table, in Goodness of Fit, we have three category, name as Absolute Fit, Incremental Fit, and Parsimony Fit.

| Category | Fit Measurement | Acceptable Fit | Result | Description |
|-----------------|-----------------|---------------------|--------|-------------|
| Absolute Fit | CMIN/DF | 0 ≤ CMIN ≤ 5,00 | 1,959 | Fit |
| | GFI | 0 ≤ GFI ≤ 1,00 | 0,898 | Fit |
| | RMSEA | 0,05 ≤ RMSEA ≤ 0,08 | 0,049 | Fit |
| Incremental Fit | TLI | 0,90 ≤ TLI ≤ 1,00 | 0,942 | Fit |
| | NFI | 0,90 ≤ NFI ≤ 1,00 | 0,898 | Fit |
| Parsimony Fit | PNFI | 0,60 ≤ PNFI ≤ 0,90 | 0,815 | Fit |
| | PGFI | 0 ≤ PGFI ≤ 1,00 | 0,755 | Fit |

Table 2: Goodness of Fit Measurement

Based on the fit test results table above, it can be seen that the model meets the criteria goodness of fit. Where, as is the case which has been submitted that in order to determine if the model can be said to fit, at least there is one index for each category of test measurement tool fit (Hair et al., 2014).

4.3. Hypothesis Testing

After doing the Goodness of Fit Measurement, then to determine whether this hypothesis is supported or not supported, then it can be seen from the value of t-value or so-called the critical ratio (cr) on AMOS. If the value of t-value or the critical ratio (cr) ≥ 1.96, then H1 is supported. Conversely, if the value the critical ratio (cr) ≤ 1.96, then H1 is not supported.

| | Description | Coefficient | T-Value | T Critical | Results |
|----|--|-------------|---------|------------|---------------|
| H1 | eService Quality → eCustomer Satisfaction | .922 | 15.315 | 1.966 | Supported |
| H2 | eService Quality → eCustomer Loyalty | -.340 | -1.665 | 1.966 | Not Supported |
| H3 | eCustomer Satisfaction → eCustomer Loyalty | 1.215 | 5.317 | 1.966 | Supported |

Table 3: Hypothesis Testing

Based on the table of hypothesis above, that a path coefficient and t-value were generated from data processing using AMOS 24 software. These results can be seen from output regression weight on AMOS 24 (Santoso, 2018). Based on the table, it can be seen that the three hypotheses on the research, there are only two hypotheses that are supported. The first hypothesis (H1) and the third hypothesis (H3) is the supported hypothesis that already qualified. While the second hypothesis (H2) was not supported because it does not qualify.

The results of the first hypothesis (H1) in this study is consistent with the results from previous studies that e-service quality have a positive relationship to e-customer satisfaction (Saragih, 2019). Other research also states that e-service quality has a positive relationship with e-customer satisfaction (Amin, 2015). Presented that a good service quality was believed to give satisfaction to customers, especially in online transaction (Saragih, 2019).

The results of the second hypothesis (H2) in this study was consistent with the results of hypothesis on previous research done that e-service quality do not have a positive relationship with e-customer loyalty (Amin, 2015). This indicates that customers do not feel that if e-service quality of the company is already good have a positive impact on their loyalty in using the application. However, e-service quality has an indirect relationship with e-customer loyalty through e-customer satisfaction.

Lastly, the results of the third hypothesis (H3) in this study is in line with previous research that e-customer satisfaction have a positive relationship with e-customer loyalty (Puriwat and Tripopsakul, 2017). In addition, this study is consistent with Amin (2015) and Saragih (2019) which also states that e-customer satisfaction has a positive relationship with e-customer loyalty. If customers are satisfied, then they would be willing to recommend it to others. As a result, if there are more customers that are satisfied with SOCO by Sociolla, then they would be willing loyal and committed to the application (Amin, 2015).

5. Limitation and Future Research

There is some limitation in this research. The respondent of the questionnaire must be a user of SOCO by Sociolla Application who has done a transaction on the app at least three times in order to measure the customer loyalty and their experience using the app. Based on the research that has been conducted, researchers have suggestions for further research. Researchers can conduct similar studies with different application for the objects. If this research is choosing beauty applications, namely SOCO by Sociolla as its object, then future research may use other applications that are still similar. In addition, further research can also do research with the same object, but using qualitative methods in order to determine periodically the development of applications examined.

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