

THE INFLUENCE OF E-SERVICE QUALITY ON E-CUSTOMER LOYALTY THROUGH E-SATIFCATION AS A MEDIATOR IN INDONESIAN E-WALLET

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Abstract

This research aims to determine the effect of e-service quality on e-customer loyalty mediated by e-satisfaction among e-wallet users in Indonesia. The sample of this research was 100 respondents. Data was collected using a questionnaire that has been tested for validity and reliability. The data analysis technique used is descriptive analysis using SEM Amos 22. The results of the research show that there is a significant direct influence between e-service quality on e-satisfaction and e-customer loyalty among e-wallet users. There is a partial influence of the mediating impact of e-satisfaction between e-service quality on e-satisfaction and e-customer loyalty on e-wallet users. This shows that customer satisfaction can be built through good service so that customers do not switch to competitors.

Keywords: *e-Service Quality, e-Satisfaction, e-Loyalty, e-Wallet.*

INTRODUCTION

The online purchasing system is not measured by the age of those who use it, but all ages can use the online purchasing system. If people want goods or services, they don't need to go to the shop anymore, but instead order goods and services via smart phone and consumers can choose the goods and services they want easily and anywhere (Lova and Budaya, 2023). Likewise with business, many businesses are implementing digital systems, especially online retail services, as a business strategy to maintain customer loyalty. Maintaining customer loyalty related to digitalization cannot be separated from a website which is a collection of pages consisting of several pages containing information in the form of digital data in the form of text, images, video, audio and other animations provided via an internet connection. In the context of e-commerce, internet e-commerce allows consumers to find solutions, search for information and complete their transactions quickly and easily (Mohseni et al., 2018). Social media is also not immune from these changes, social media according to Kaplan and Haenlein (2022) is a group of internet-based applications that use Web 2.0 technology which allows the creation and exchange of user-generated content. Social media that connects people in cyberspace, both for personal and work purposes.

Along with the growth of e-commerce, of course e-pay is also increasingly growing among business actors and consumers. As is known, developments in information technology have opened the way for new opportunities in business, through e-commerce and e-pay or e-wallet services. E-commerce not only expands the flow of goods and services, but also creates opportunities for e-wallet services to be involved as business actors.

Many digital wallets have developed, including Gopay, Ovo, Dana, Doku, Just Link, Shope Pay, etc. which have developed E-wallets as an alternative to electronic payments. E-wallets are increasingly popular because they are seen as a new option for online payments while browsing social networks. When it comes to payments, e-wallets allow customers to pay easily on their smartphones. Therefore, it is not surprising that e-wallets are the choice of Indonesian people to make payments via social networking platforms or e-commerce.

The popularity of digital wallets as a payment method is increasing among the public. This refers to the results of the Insight Asia survey entitled "Consistency That Leads: 2023 E-Wallet Industry Outlook". Based on the survey results, digital wallets were the choice for 74 percent of respondents, followed by cash 49 percent, bank transfer 24 percent, QRIS 21 percent, PayLater 18 percent, debit card 17 percent, and VA transfer 16 percent. In the same survey, the highest use of digital wallets was for online shopping with a percentage of 79 percent. Followed by credit purchases at 78 percent, money transfers at 78 percent, checking transaction history at 70 percent, and bank transfers at 69 percent as the top five uses of digital wallets. GoPay is the most popular digital wallet platform among the public with the percentage of people using it being 71 percent and 58 percent of people continuing to use it in the last three months. The second position is occupied by OVO with a percentage of 70 percent who have used it and 53 percent who have continued to use it in the last three months. Furthermore, Dana, with 61 percent having used it, but not included in the three big categories of use in the last three months, and ShopeePay which was used by 51 percent of respondents in the last three months but not included in the three big categories of use in the last three months. According to Insight Asia, 61 percent of people use 2-3 digital wallet platforms. InsightAsia Research Director Olivia Samosir revealed that there are five factors that boost the popularity of digital wallets, namely security, convenience, comfort, limit-free, and can be used for everyday payments.

The first previous research was conducted by Pereira, et al (2016), found that e-satisfaction has a significant influence in increasing e-customer loyalty, then this research was also developed from research Kaya et al (2019) e-service quality plays a very important role in customer satisfaction and loyalty, this can be seen from research findings Kaya et al (2019) that e-service quality has a direct and indirect influence on satisfaction in increasing loyalty. This research was also developed by Lova and Budaya (2023) and also found that there were direct and indirect influences from the role of e-satisfaction in mediating e-service relationships. quality on e-customer loyalty, but the three studies above only refer to e-commerce and social-commerce, so in this research we try to develop the role of e-satisfaction as a mediator of e-service quality on e-customer loyalty in terms of electronic payments or e-pay in this case refers to e-wallet.

E-Service Quality

E-service quality as "the degree to which a website facilitates efficient and effective shopping, purchasing, and delivery while *recovery service quality* is the company's response in alleviating customer dissatisfaction due to failure to serve customers with the aim of maintaining customer relationships (Lova and Haryono, 2023). A previous study by Zeithaml et al (2018) reveals four dimensions that customers use to assess e-service quality such as efficiency, fulfillment system availability and privacy.

E-service quality in improving Customer satisfaction is a consequence of the customer's experience during the purchasing process, and plays an important role in influencing future customer behavior, such as repurchase and online loyalty. (Pereira *et al*, 2016). Satisfaction is closely related to customer attitudes and intentions, which are part of customer behavior and directly influence customers' positive behavioral intentions. Previous literature has confirmed the opinion that e-service quality has a positive effect on satisfaction, (Gounaris *et al*, 2010; Udo *et al*, 2010; Blut *et al.*, 2015; Thaichon and Quach, 2015; Rita *et al*, 2019; Lova, 2021; Lova and Indra 2023, Lova and Haryono, 2023).

Loyal customers provide higher revenue than “regular” customers (Fang *et al*, 2016). Quality customer service will create opportunities for customers to become loyal. Satisfied customers will be happy to recommend the business to others, and will most likely want to return to the company. Companies can invest in the quality of service provided by e-commerce. High quality e-service can persuade customers to return to e-commerce and provide retention rates. higher, This is supported by the results of research conducted by Kaya *et al* (2019), Lova and Haryono (2023) which states that e-service quality is significant to e-loyalty.

By considering the magnitude of the impact of e-service Quality on e-Satisfaction and e-loyalty from online purchases, we propose:

H1: E-service quality has a positive effect on e-satisfaction and e-loyalty.

E-Satisfaction

E-satisfaction defined as a person's feelings of pleasure or disappointment about previous online experiences (including browsing experiences and purchasing experiences) with e-commerce websites resulting from comparing the perceived performance (or results) of a product or service with expectations (Lova and Budaya, 2023).

In the context of e-commerce, there is significant empirical support for a positive relationship between satisfaction and constructs related to e-loyalty, such as site stickiness, repurchase intention, and continuity intention. Tandon *et al* (2017) also theorize that because the Internet provides a simple mechanism for accessing other e-commerce vendors, the act of switching e-commerce partners requires little effort. Lacking strong customer satisfaction, consumers will not be loyal to the service provider. Digital marketing experts believe that e-satisfaction is one of the factors that influence customer loyalty using e-services. (Lova, 2021; Lova and Budaya, 2023; Pereira *et al*, 2016; Tandon *et al*, 2017; Kaya *et al.*, 2019; and Giao *et al.*).

H2: E-satisfaction has a positive effect on e-loyalty.

E-Loyalty

E-loyalty is a customer's positive attitude towards repurchasing, revisiting online retail or company websites and recommending products or services to friends and colleagues. E-loyalty can be influenced by customer satisfaction factors, which are a measure of the gap between expectations and the reality received or felt by customers. Experience and habits, consumers will feel comfortable with the quality of the product and brand while providing convenience. Part of loyalty such as buying a product regularly can be based on experience accumulated over time. According to Lova and Haryono (2023) there are six reasons why companies must protect and retain their customers: First, existing customers have greater prospects of providing profits for the company. Second, the costs a company incurs in retaining and retaining existing customers are much less than looking for new customers. Third,

customers who trust an institution in one business matter tend to also trust it in other business matters. Fourth, if the old company has many old customers, the company will benefit from efficiency. Of course, old customers will definitely not have more requests, the company will just look after them. New employees can be used to serve them to train them, so that service costs are lower. Fifth, old customers certainly have many positive experiences related to the company, thereby reducing psychological and socialization costs. Sixth, previous customers will try to defend the company, and refer the company or business to friends and the environment. There are seven direct effect research hypotheses presented in the diagram from Figure 1.

Figure 1. Conceptual Framework Model

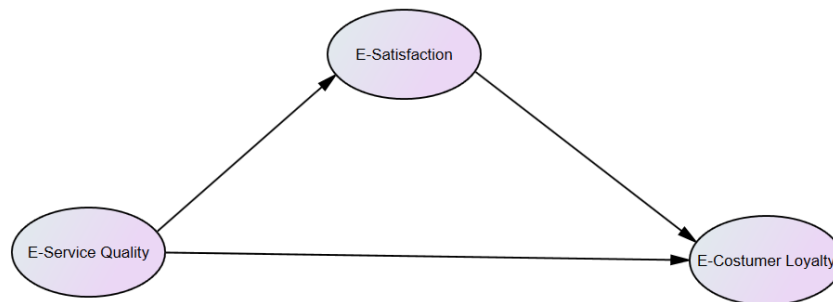


Figure 1. Conceptual Framework

Online purchasing factors such as *e-Service quality* important in the relationship between online purchasing and consumer loyalty online and e-satisfaction has played a mediating role between a number of these online purchasing factors. Consumer satisfaction with e-wallet services contributes to user loyalty. In online payment settings, satisfaction is a key subconstruct of quality online shopping (Pereira *et al*, 2016). Previous research argues that good relationships are built only when buyers are satisfied and trust their relationship with the online service provider Lova and Budaya (2023), overall consumer satisfaction with the experience of making online payments has a positive impact on consumer loyalty in e-wallet services in digital payment transactions, therefore, in the current study, we postulate:

H3: E-satisfaction plays a role in mediation *e-service quality* towards e-loyalty.

METHODS

In the context of rapidly developing e-commerce currently dominating the global market, such as the emergence of market places, social commerce, etc. E-wallets have the ability to support transactions in payment relationships, allowing internet users to use online shopping services with various types of payment services offered by their providers. Therefore, the author created this e-wallet consisting of Gopay, Ovo, Dana, Link Aja, and Shopee Pay as a reference and reference object and research population. The sample for this research consists of online buyers (Gopay, Ovo, Dana, Link Aja, and Shopee pay users use these services to purchase goods and services repeatedly at least twice). The sampling used in this research is a purposive sampling technique, namely determining the sample with certain considerations (selection of sample units) by selecting certain people who will be considered to provide the required data. In determining the sample size, the researcher uses multivariate theory, namely the number of items. questions x 20(Hair *et al.*, 2019). For this reason, the sample in this study was 14 question items x 20, so that the sample in this study was 280 respondents who were distributed via questionnaires to E-Wallet consumers voluntarily within one month to support this research data. This research was analyzed using structural equation modeling (SEM) using

Amos 22. Measurements from previous studies were adopted. Table 1 describes the sources of the measures adopted. The standard procedure for developing measures to be applied whenever necessary involves the use of multi-item indices of reliability and unidirectionality *E-service quality* measured with 4 items developed by (Al-dweeri et al., 2019; lova and Haryono, 2023). and e-customer loyalty is assessed using 4 items developed by (Madariaga et al, 2019: Lova and Budaya, 2023), E-satisfaction was assessed using 3 items developed by (Lova and Budaya, 2023) which can be seen in Table 1. The psychometric properties of the measures were assessed using confirmatory factor analysis (CFA). The scoring model is classified by Amos 22 with the highest probability. As a step to perfect the scale, a CFA standard loading estimate is carried out, if the factor loading value exceeds 0.50 then the measurement accuracy can be verified (Ghozali, 2016).

Table 1: Validity and reliability statistics of convergent dimensionality

Constructs and items	Standard. factor loading	CR (Skew)	AVE	CR	Sources (The previous research)
E-Service Quality					
This E-Wallet enables me to complete a transaction quickly	0.80	0.03			
This E-Wallet does not share my personal information with other sites	0.70	0.09			
This E-Wallet quickly delivers what I order	0.77	-0.01	0.90	0.95	Al-dweeri et al (2019); Lova and Haryono, 2023)
This website is ready and willing to respond to customer needs	0.71	0.07			
This E-Wallet enables me to complete a transaction quickly	0.70	1.01			
E-Satisfaction					
Satisfied with the offerings at this E-Wallet	0.85	-1.43			
Satisfied with the purchases at this E-Wallet	0.87	-1.19	0.88	0.90	Lova and Budaya (2023)
Satisfied with the products at this E-Wallet	0.85	0.013			
E-Customer Loyalty					
Encourage friends to visit E-Wallet	0.90	1.12			
Say positive things about E-Wallet	0.88	-1.19	0.90	0.97	Madariaga et al (2019; Lova and Budaya(2023)
Visit this E-Wallet in the next few times	0.90	1.11			
Recommend this E-Wallet to someone else	0.92	1.44			

Notes: X² /df: 379.99, P: 0.084, RMSEA: 0.002, GFI: 0.993, AGFI: 0.995, TLI: 0.992, CFI: 0.991

Source: Amos 22.

RESULTS AND DISCUSSION

Table 1 describes each indicator or aspect that forms each latent variable which shows good results, especially with an average total respondent performance (TCR) above 70% and a high standardized loading factor where each indicator is greater than 0.50 (Lova , 2021). After completing the measurements, the path relationships in the research model were analyzed using structural equation models. AMOS 22 is used for data analysis because the proposed research model includes a system of equations simultaneously with several indices. GoF index shows a good fit with the data Chi-Square: 379.99, P: 0.084, RMSEA: 0.002, GFI: 0.993, AGFI: 0.995, TLI: 0.992, CFI: 0.991. With these results it can be said that the latent variable construct indicator variable construct latent has shown good results, so that all manifest variables of website quality are declared valid. Apart from that, the results of the normality test in Table 1 show that most of the critical ratio (CR) values for skewness are in the range of ± 2.58 , with these results. In this case it can be confirmed that the data used in this study is normally distributed.

Table 2: Hypothesis Test

Variable		Estimate	S.E	CR	P
E-Service Quality	---> E Satisfaction	,532	,104	4,233	***
E Satisfaction	---> E Customer Loyalty	-,163	,066	-3,577	***
E-Service Quality	---> E Customer Loyalty	,538	,113	5,119	***

Source: Amos 25

From table 2 it can be concluded that e-service quality has a direct significant effect on e-satisfaction, the results of testing the relationship between each variable directly show a CR value of 4.233 greater than 1.96 ($4.233 > 1.96$) with a probability smaller than 0.05 ($0.00 < 0.05$), so the better the service provided by e-wallet, the more likely users are to feel satisfied. The results of this research are in line with the research results of Lova (2021), Lova and Budaya (2023), Rita et al (2019), Blut et al (2015), Kaya et al (2019) and Kitapci et al (2014), showing that e-service quality can affect e-satisfaction. Thus, research H1 is supported

Apart from that, from table 2 it can also be concluded that e-service quality has a significant direct effect on e-customer loyalty. The results of testing the relationship between each variable directly show a CR value of 5.119 which is greater than 1.96 ($5.119 > 1.96$) with the probability is smaller than 0.05 ($0.00 < 0.05$), so the higher the e-wallet service, the more loyal the customers tend to be. The results of this research are in line with research results (Lova., 2021; Lova and Haryono, 2023; Oliveira et al., 2017; Kaya et al., 2019) which show that e-service quality can influence e-loyalty. Thus, research H2 is supported. From table 2 it can also be concluded that e-satisfaction has a direct significant effect on e-customer loyalty. The results of testing the relationship between each of these variables directly show a CR value of -3.577 which is greater than -1.96 ($-3.577 > -1.96$) with a smaller probability. of 0.05 ($0.014 < 0.05$), so that customers who are increasingly dissatisfied with what is provided by e-wallet will make customers less loyal. The results of this research are in line with research results (Lova and Budaya, 2023; Pereira et al., 2016; Tandon et al, 2017; Kaya et al., 2019 and Giao et al, 2020) which show that e-satisfaction can influence customer satisfaction. loyalty Thus, research H3 is supported

Table 3: E-satisfaction as a mediator of E-loyalty

Standardized	Direct Effects	Indirect Effect E-satisfaction as mediation	Results
<i>E service quality</i> --> E-loyalty	0.101	-0.016	<i>Partial mediation</i>

Source: Amos 25

From table 3, the standardized direct effect estimation parameters show that there is a direct influence of e-service quality on e-loyalty of 0.101. greater than the indirect influence of electronic service quality standards on electronic loyalty indirectly through electronic satisfaction of -0.016. So it can be concluded that e-service quality has a partial influence (partial mediation) on e-loyalty through e-satisfaction. This is also proven by the influence of e-service quality on e-satisfaction and e-loyalty in hypotheses H1 and H2.

CONCLUSION

The aim of this study is to provide a comprehensive literature review to answer the questions posed in this study. Studies that focus on e-wallets and payment methods in Indonesia are collected and analyzed. Based on the results of this research, the following conclusions can be drawn: It is found that electronic customer loyalty and electronic customer satisfaction are determined by the quality of electronic services, the results of this research have many implications for research and practice. Based on this research, researchers can obtain the types of variables selected to analyze loyalty in the adoption and use of digital methods and consumer behavior towards payments. Proposed research models and propositions are presented that can be tested through further research using primary data. Additionally, this study points out important limitations to existing research and identifies fruitful future directions for further research. Based on the proposed model, e-wallet companies can focus on the loyalty predictors they want to implement, such as: efficiency, fulfillment, system availability, data protection, and security to meet customer needs and desires. This will help increase usag~~ee~~*walletor* electronic payment. The results of this research will help policy makers and e-wallet service providers to better understand their e-wallet services and satisfy their customers. Additionally, the findings of this study can be used to suggest appropriate strategies to encourage adoptio~~n~~*wallet* and other electronic payment systems.

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