

# THE EFFECT OF LAZADA E-SERVICE QUALITY ON E-SATISFACTION AND ITS IMPACT ON E-LOYALTY

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## ABSTRACT

*The purpose of this study is to find out the influence of e-service quality towards e-loyalty of Lazada Indonesia e-commerce mediated by e-satisfaction with the uncountable population. Determination of the number of samples is following by the Lemeshow's rules: 210 samples with the non-probability sampling technique and purposive sampling which is the sample is only for consumers who have transactions more than two times in the past year at least. This study used descriptive qualitative method and analysis of the data used Structural Equation Modeling-Partial Least Square (SEM-PLS) was processed by SmartPLS 3.0. The results of the study showed that e-service quality was influence towards e-satisfaction, e-satisfaction was influence towards e-loyalty, e-service quality was direction and indirect influence towards e-loyalty mediated by e-satisfaction.*

**Keywords:** e-commerce, e-service quality, e-satisfaction, e-loyalty.

## 1. INTRODUCTION

Today's world society is increasingly easy to exchange various types of information between members of society regionally and globally. The development of information technology has an effect on the acceleration of globalization which is increasingly widespread, thus encouraging the acceleration of business growth. The existence of long-distance conditions is not an obstacle to continuing the business process. This is a sign of the beginning of the cyber era in the business world. Indonesia has a very significant increase in usage graph, meaning that Indonesian society is now very open to internet technology, making it a fertile ground for business people.

The advancement of technology such as the internet has an impact on changes in people's behavior, especially in the business sector. Business processes that used to be traditional and written (paper) based, are now starting to shift to digital markets or e-businesses that are electronically based. This electronic transaction includes the process, sale, purchase, exchange of products, transfer, or information services through a computer network or the internet called electronic commerce or e-commerce (Turban, 2012). The rise of e-commerce business players today has made business competition increasingly fierce. One of them is experienced by Lazada Indonesia. In 2017, Lazada became the e-commerce with the most visitors in Indonesia. However, data and facts reveal a decrease in the number of visitors to Lazada e-commerce from year to year.

The following are statistical data on several e-commerce sites in Indonesia:

Year	Number of Visitors		
	Lazada	Shopee	Tokopedia
2017	58.8 million	9.1 million	50.7 million
2018	58.3 million	67.7 million	168 million
2019	28 million	56 million	66 million

Table 1. Number of E-Commerce Visitors in Indonesia

Judging from the rating survey, Lazada gets a low rating for customer satisfaction. Here is a comparison of the number of ratings for several e-commerce on the Playstore application:

Application	Rating	Number of Reviews
Lazada	4.5/5	7,487,819
Shopee	4.7/5	5,920,135
Tokopedia	4.7/5	3,485,442
Open	4.7/5	1,851,820

Table 2. Consumer Assessment Research on Playstore

Based on table 2, it can be seen that from several e-commerce, Lazada received the lowest satisfaction rating. This is also in line with the YLKI statement reported by Tempo, revealing that in 2017 and 2018 there were several consumer complaints regarding e-commerce and the most were those that occurred on Lazada.

According to Kotler (2003), a situation of consumer dissatisfaction occurs when the consumer experiences the use of goods or services that do not meet their expectations. Meanwhile, the level of conformity of consumer expectations with the experience of using products or services provided by the company during the transaction process is the quality of service (Tjiptono and Chandra, 2011). Customer satisfaction is closely linked to consumer loyalty, making it one of the goals of marketing (Zeithamal, 2000).

Based on the background that has been explained, the purpose of this study is to determine the influence of e-service quality on e-satisfaction, the influence of e-satisfaction on e-loyalty, the influence of e-service quality on e-loyalty directly and indirectly mediated by e-satisfaction. Research conducted by Putra (2017) and Sofiati, et al. (2018) shows that there is a significant influence between service quality and consumer loyalty mediated by consumer satisfaction variables. In the online context, E-Satisfaction can be a mediator of E-Service Quality on E-Loyalty (Santika & Komang, 2020).

### 1.1 Identification of Problems

Based on the background of the problem that has been described above, the following problems can be identified:

1. How is the E-Service Quality on Lazada e-commerce?
2. How is E-Satisfaction on Lazada e-commerce?
3. How is E-Loyalty on Lazada e-commerce?
4. How does E-Service Quality affect E-Satisfaction in Lazada e-commerce?
5. How does E-Satisfaction affect E-Loyalty in Lazada e-commerce?
6. How does E-Service Quality affect E-Loyalty directly or through E-Satisfaction mediation on Lazada e-commerce?

### 1.2 Research Purposes

This study was conducted with the aim of testing the hypothesis and providing evidence of the extent to which service quality has an influence on Lazada e-commerce customer loyalty directly and through customer satisfaction as a mediating variable. There are several objectives formulated in this study, including:

1. Analyzing E-Service Quality on Lazada e-commerce
2. Analyzing E-Satisfaction on Lazada e-commerce
3. Analyzing E-Loyalty on Lazada e-commerce
4. Knowing that there isThe Influence of E-Service Quality on E-Satisfaction on Lazada E-commerce.
5. Knowing that there isThe Influence of E-Satisfaction on E-Loyalty on Lazada E-Commerce.
6. Knowing that there is the influence of E-Service Quality on E-Loyalty directly and through the mediation of E-Satisfaction on Lazada e-commerce.

### 1.3 Research Scope

This study covers all Lazada consumers so that the type of population in this study is an infinite population where the population size cannot be known, and the sample in this study is 210 Lazada consumers who have made transactions more than 2 times on the Lazada application or site in the last 1 year.

## 2. LITERATURE REVIEW

### 2.1 E-Service Quality

Service quality or commonly called service quality is the level of conformity of consumer expectations with the experience of using products or services provided by the company during the transaction process is the quality of service (Tjiptono and Chandra, 2011). The quality of electronic service can be felt by customers when making electronic transactions or online purchases of both products and services. According to Zeithmal (2003), the quality of electronic service leads to the assessment of the quality of a website during interactions to transactions on the site such as order fulfillment and when a product is returned. E-service quality is defined as an adaptation or extension of the traditional model of Service Quality into the context of online shopping to evaluate a service provided in e-commerce (Tjiptono and Chandra, 2011). This means that an assessment occurs when looking at the ability of a site to facilitate shopping activities from purchasing to distribution effectively and efficiently (Chase, Jacobs, & Aquilano, 2006).

According to Tjiptono and Chandra (2011), there are several dimensions of e-service quality, namely:

1. *Efficiency*: Availability of complete information on the e-commerce site/application and ease of customer access to the site.
2. *Privacy*: Provides a guarantee of customer security for individual/personal data.
3. *Realizability*: All kinds of technical functions available on the site/application can run smoothly so that they are easy to use.
4. *Contact*: Availability of customer service or customer complaint service facilities.
5. *Responsiveness*: Fast response on the site.
6. *Fulfilment*: Availability of goods, etc. So that transactions conducted online can be completed as expected.
7. *Compensation*: The availability of warranty services can be in the form of a money back guarantee.

### 2.2 E-Customer Satisfaction

According to Kotler (2003), satisfaction is a feeling felt by someone after comparing the perception of performance or results of a product or service with their expectations. Customer satisfaction is also defined as a sense of pleasure over the suitability of every aspect of performance with customer expectations. (Patterson, 1993 in Tjipto and Chandra, 2011).

In an online business, the desires of a customer with the existing reality are sometimes different and the marketer's task is to improve the differences so that satisfaction with online-based goods or services can be achieved. The success and failure of shopping on the internet is largely determined by how much customers are satisfied (Romadhoni et al, 2015). Anand (2007) in Romadhoni et al (2015), revealed that e-satisfaction as satisfaction

based on marketing related to media technology. In a broad perspective, the internet is a new technology and satisfaction (e-satisfaction) becomes a controller that facilitates its use.

Based on Wilkie (2004) in Genoveva (2015), there are several elements of customer satisfaction, including:

- (1) Expectations are customer hopes for good quality goods or services that have been formed before making a purchase.
- (2) Performance, is the pure consumer experience obtained without being influenced by expectations regarding the actual performance of goods or services.
- (3) Comparison, after consuming goods or services, consumers will compare their expectations regarding the performance of the goods or services before purchasing with the actual performance of the goods or services.
- (4) Confirmation/Disconfirmation, confirmation occurs when expectations match the actual performance of the product. Disconfirmation occurs when expectations do not match the actual performance of the product, in other words, it can be higher or lower. Consumers will feel satisfied when confirmation and disconfirmation occur, namely when expectations exceed the actual performance of goods or services.

Several studies on the theory of satisfaction (E-satisfaction) consider the results of 2 dimensions, namely cognitive and affective (Evrard, 1989 in Ltifi, 2012). Cognitive in this case is an assessment in terms of transactions and affective is generated from the overall assessment of the relationship with the company emotionally and the assessment compared to past consumption (Ltifi, 2012).

According to Kotler and Keller (2012), customer loyalty is a commitment held by customers to truly buy and always support products or services that are preferred at present and in the future despite the influence of situations and marketing efforts that have the potential to cause customers to switch to other places. Loyalty is also manifested through the delivery of positive things and the provision of recommendations (Ismadi & Susan, 2019).

### 2.3 E-Loyalty

According to Allagui and Temessek (2005) in Ltifi (2012), the theoretical basis of internet company customer loyalty (e-loyalty) is similar to traditional loyalty. E-Loyalty is a customer's loyalty attitude towards online shopping (Bhaskar & Prhasana, 2015). Meanwhile, according to Hur et al., (2011) defines e-loyalty as the intention of customers to visit an online site again even though no transaction occurs. According to (Gupta et al., 2010) e-loyalty is a customer commitment that is held firmly in revisiting the site continuously and the desire to continue to visit the site more repeatedly. It can be concluded that e-loyalty is the possibility of repeated visits by the same individual. Based on several expert opinions, it is known that e-loyalty is the desire of consumers to visit a website which can be interpreted as consumer interest in the company so that it has the potential to make repeat purchases.

Indicators of loyalty according to (Kotler and Keller, 2012) are:

- Customer loyalty to purchasing a product or service (Repeat Purchase).
- Customer resilience to continue choosing the same goods or services despite a negative influence that damages the company's image (Retention).
- Referring the totality of the company's existence to others (referalls).

## 3. RESEARCH METHOD

In this study, analysis was used descriptive verification with a quantitative approach, namely describing variables with quantitative indicators to determine the causal relationship between e-loyalty and e-service quality and e-satisfaction by means of a survey to obtain research results in the form of opinions or opinions from other people who interact directly with the observed object.

In this study, there are 3 latent variables and 26 manifest variables, namely from E-Service Quality, consisting of 15 manifest variables, E-Satisfaction consisting of 5 manifest variables and E-Loyalty consisting of 6 manifest variables. Testing the results of structure equation modeling (SEM) with the Partial Least Square (PLS) approach is carried out by looking at the results of the measurement model (outer model) and the results of the structural model (inner model) of the model being studied.

The population used is quite large and it is not known how many Lazada consumers there are, so in taking this sample, the Lemeshow formula will be used (in Akdon and Riduwan, 2009) as follows:

$$n = \frac{Z\alpha^2 \times P \times Q}{L^2}$$

- n = Minimum number of samples required
- Zα = Standard value of the distribution corresponding to the value α = 5% = 1.96
- P = Prevalence of outcome, because data has not been obtained, 50% is used
- Q = 1 – P
- L = Accuracy level 10%

Based on the formula, then n = (1.96)2 x 0.5 x 0.5 = 96.04 100≈

The sampling technique in this study is non-probability sampling purposive sampling, meaning a sampling method that does not provide equal opportunities for each member to be taken as a sample. Purposive sampling, namely a sampling technique with certain considerations (Sugiyono, 2013). In this study, the sample taken from the population was determined, namely only Lazada consumers who had made transactions at least 2 times on the Lazada site or application in the last 1 year.

Based on the explanation above, the number of samples or respondents to be studied according to the calculation is 100 respondents. However, to further strengthen the research results, the number of samples was increased to 210 respondents who had transacted more than 2 times on the Lazada application or site in the last 1 year.

#### 4.DISCUSSION

Testing is done by looking at the path value to see whether the influence is significant or not seen from the t value of the path value (the t value can be obtained by doing boothstraping). The following is a picture of the results of boothstraping carried out in this study:

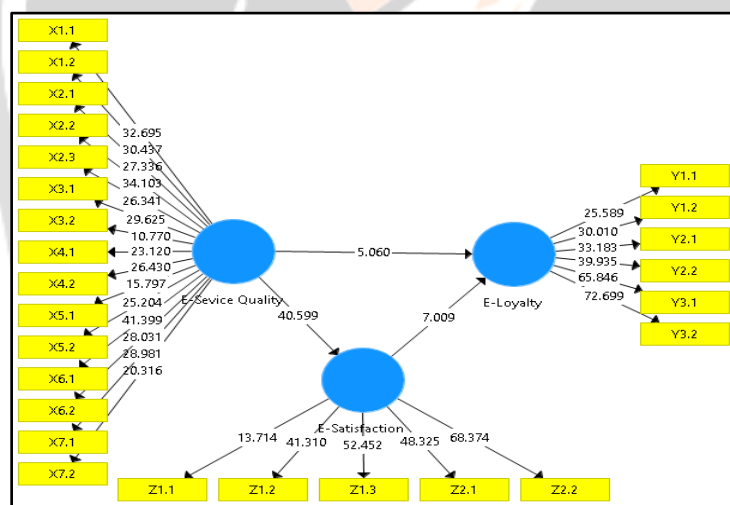


Figure 1. Boothstraping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-Sat -> E-Loy	0,540	0,534	0,077	7,009	0,000
E-ServQual -> E-Loy	0,395	0,400	0,078	5,060	0,000
E-ServQual -> E-Sat	0,853	0,854	0,021	40,599	0,000

Table 3. Output Direct Effect

The first hypothesis to be tested is the influence of E-Service Quality on E-Satisfaction. The following presents the results of the significance test of the hypothesis through the following statistical hypothesis:

- H01 : *E-Service Quality* does not affect E-Satisfaction
- Ha1 : *E-Service Quality* influence on E-Satisfaction

The calculated t value is seen as 40,559. Because the calculated t value (40,599) greater than the t table value (1.96) and the p-value is smaller than 0.05, it means that there is a significant relationship between E-Service Quality and E-Satisfaction with a 5% error rate, it was decided to accept Ha and reject Ho so that the first hypothesis was accepted. So based on the test results, it can be concluded that E-Service Quality has an effect on E-Satisfaction.

The second hypothesis tested is the influence of E-Satisfaction on E-Loyalty. The following presents the results of the significance test of the hypothesis through the following statistical hypothesis:

- H02 : *E-Satisfaction* no effect on E-loyalty
- Ha2 : *E- Satisfaction* influence on E-loyalty

Based on the table, the calculated t value can be seen as 7,009. Because the calculated t value (7,009) is greater than the t table value (1.96) and the p-value is less than 0.05, it means that there is a significant relationship between E-Satisfaction and E-Loyalty with a 5% error rate, it was decided to accept Ha and reject Ho so that the second hypothesis is accepted. So based on the test results, it can be concluded that E-Satisfaction has an effect on E-Loyalty.

The third hypothesis tested is the influence of E-Service Quality on E-Loyalty. The following presents the results of the significance test of the hypothesis through the following statistical hypothesis:

- H03 : *E-Service Quality* no effect on E-loyalty
- Ha3 : *E-Service Quality* influence on E-loyalty

Based on the table, the calculated t value can be seen as 5,060. Because the calculated t value (5,060) is greater than the t table value (1.96) and the p-value is smaller than 0.05, it means that there is a significant relationship between E-Service Quality and E-Loyalty with a 5% error rate, it was decided to accept Ha and reject Ho so that the third hypothesis is accepted. So based on the test results, it can be concluded that E-Service Quality has an effect on E-Loyalty.

To find out the indirect effect, you can see the indirect effect output table on SmartPLS, as follows:

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
E-ServQual -> E-Satisfac -> E-Loy	0,460	0,455	0,063	7,269	0,000

Table 4. Output Indirect Effect

The fourth hypothesis tested is the influence of E-Service Quality on E-loyalty mediated by E-Satisfaction. The following presents the results of the significance test of the hypothesis through the following statistical hypothesis:

- H04 : *E-Service Quality* does not have an indirect effect on E-loyalty mediated by E-Satisfaction.
- Ha4 : *E-Service Quality* has an indirect effect on E-loyalty mediated by E-Satisfaction.

Based on table 4, the calculated t (7.269) is greater than the t table (1.96).and the p-value is less than 0.05 with an error rate of 5%, it can be concluded that there is a significant relationship between E-Service Quality and E-loyalty mediated by *E-Satisfaction*. So hypothesis 4 is accepted, that *E-Service Quality* influence on E-loyalty mediated by E-Satisfaction.

## 5. CONCLUSION

Based on the analysis of the data that has been processed and discussed, it can be concluded: (i) E-Service Quality has an effect on E-Satisfaction on Lazada, the higher the value of E-Service Quality, the higher the E-Satisfaction. (ii) E-Satisfaction has an effect on E-Loyalty on Lazada, the higher the value of E-Satisfaction, the higher the E-Loyalty. (iii) E-Service Quality has an effect on E-Loyalty on Lazada, the higher the value of E-Service Quality, the higher the E-Loyalty. (iv) E-Service Quality has an effect on E-Loyalty on Lazada mediated by E-Satisfaction, the higher the value of E-Service Quality, the higher the E-Loyalty mediated by E-Satisfaction.

The author's suggestion to the company is to pay attention to Lazada's level of responsiveness to complaints and problems experienced by consumers by conducting training for Lazada employees, especially in the customer service section, so that there will be no disappointment in the future. In addition to the emotional feelings of consumers, the quality obtained by consumers must also be better by improving the aspects that are lacking in the shopping system at Lazada and to improve the good image of Lazada can be done by advertising a lot and providing a positive appearance of Lazada.

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