Study in Indonesia: A New Perspective and Conceptual Framework for Increasing Customer E-Loyalty in E-Commerce

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ABSTRACT

This paper aims to provide a new conceptual framework perspective on how to boost customer e-loyalty in e-commerce. A literature review was performed in this study as an approach, the findings of this study contribute to the development of a conceptual framework for the factors that influence customer e-loyalty in e-commerce. This study offers seven research propositions as well as recommendations for future empirical research.

Keywords: E-Service Quality, E-Recovery Service Quality, E-Trust, Perceived Enjoyment, E-Satisfaction-E-Loyalty

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INTRODUCTION

For more than a couple of decades, the Internet has aided retail firms. (Pires et al., 2006). Due to the rise of online purchases through e-Commerce, traditional stores will gradually disappear (Quora, 2017). Electronic commerce (e-Commerce) is an online transaction process that involves buying and selling products and services. (Chintagunta et al., 2012); (Balabanis et al., 2006) Online shopping is barely 20 years old, whereas brick-and-mortar establishments have been for thousands of years. (Hansemark & Albinsson, 2004), In various ways, buying with a new business model is different from traditional shopping. (Ansari et al., 2008).

Customers may place orders at home, pay with a credit card or other method, and wait for the goods to be delivered to their homes, which is more convenient than going to a real store. E-commerce in Indonesia is rapidly expanding due to rising internet user penetration; in March 2017, internet user penetration in Indonesia surpassed 50%, with 104.96 million internet users; by 2021, the number of Indonesian internet users is expected to reach 133.39 million, making Indonesia one of the world's largest and most promising online markets. (APJII Indonesia, 2019). Indonesia has approximately 28.2 million online shoppers and is expected to grow at a rate of 3-4 percent each year. The majority of internet users are between the ages of 25 and 34, with 12.8 million people shopping online. (APJII Indonesia, 2019). Although the number of internet users is vast and growing, the majority of them simply use the internet to search for information, communication, prices, and product reviews, but they are hesitant to conduct financial transactions or make product reservations (Lim & Ting, 2012).

With 104.96 million internet users in March 2017, Indonesia became one of the world's largest and most promising online markets. By 2021, the number of Indonesian internet users is expected to reach 133.39 million, making it one of the world's largest and most promising online markets. (APJII Indonesia, 2019). Indonesia has approximately 28.2 million online shoppers and is expected to grow at a rate of 3-4 percent each year. The majority of internet users are between the ages of 25 and 34, with 12.8 million people shopping online. (APJII Indonesia, 2019). Although the number of internet users is growing, the majority of them simply use it to search for information and communication, as well as prices and product reviews, and they are hesitant to complete financial transactions or make product reservations (Lim & Ting, 2012).

The most difficult aspect of internet buying is ensuring that businesses supply the things that customers need and want while also maintaining customer pleasure and loyalty. A service-focused strategy is essential for survival in a competitive company climate. Customers must have a positive experience with a firm for them to return and remain loyal to it. (Goutam, 2021); (Gounaris et al., 2010). High-quality service is required to achieve high levels of client satisfaction, which frequently leads to beneficial behavioral intentions (Brady & Robertson, 2001). The key to e-Commerce success is a website with good system quality, accurate information, and high-quality electronic services (Sharma & Lijuan, 2015). According to past studies, the level of E-Commerce consumer switching behavior in Indonesia is still relatively high.
Figure 1 shows that customers are loyal to Indonesian E-Commerce at 49.80% and are willing to switch to other e-Commerce at 50.20 percent. This is something that e-Commerce company operators in Indonesia should think about, especially in terms of increasing consumer e-loyalty to survive and prosper in the digital industry.

Although many academics have looked into the idea of electronic service quality, where electronic service quality qualities have a substantial association with total electronic service quality, customer happiness, and repurchase intentions, few have looked into consumer loyalty. (Blut et al., 2015). In addition, (Tsao et al., 2016) Based on the online shopping experience in Taiwan, researchers investigated the impact of electronic service quality on online loyalty and discovered that the quality of electronic systems and service quality has a significant impact on perceived value, which in turn has a significant impact on loyalty. customers over the internet. In addition, (Gounaris et al., 2010) The quality of electronic services has a beneficial impact on repurchase intentions and return visits to online buying sites, according to their findings. (Blut, 2016). This demonstrates that the quality of electronic services has a favorable impact on customer happiness and purchasing intentions. However, existing studies of quality electronic services vary in methodology and findings, leaving no clear conclusion (Gounaris et al., 2010).

According to the above definition, the goal of this study is to identify and predict the characteristics that influence customer E-loyalty in the context of online purchasing in Indonesia. This research aims to develop a conceptual framework for how e-Service Quality, e-Trust, E-Recovery Service Quality, and Perceived Enjoyment affect customer e-Loyalty in the context of online purchases. Furthermore, the author investigates the interrelationships between the role of mediation in customer e-satisfaction elements and e-trust on customer loyalty in online buying in Indonesian E-Commerce.

**LITERATURE REVIEW**

**E-Commerce**

Electronic commerce (e-commerce) is a transaction process that involves ordering, purchasing, and selling goods and services through the Internet (Chintagunta et al., 2012); (Bamfield, 2013); (Balabanis et al., 2006). It can be divided into five types: business to business (B2B), business to consumer (B2C), business to government (B2G), consumer to consumer (C2C), and mobile commerce (L. Chen & Yang, 2019); (C. X. Chen et al., 2014). B2C and C2C transactions serve the same goal as the other five categories of e-commerce. With the rise of e-Commerce, one of the most effective ways for merchants to gain a competitive advantage is to browse company domains. The internet market's business model demonstrates a trend of combining things. Consumers viewing and purchasing products or services via websites can be characterized in more detail. E-Commerce not only discusses how consumers buy and sell goods and services
online but also how to facilitate the entire purchase and sales process for sellers and buyers. In general, an online store is any business activity that operates through electronic media such as the Internet. The growth of e-commerce has many advantages over traditional stores, more online stores flexibility, better market reach, lower cost structures, faster transactions, wider product lines, greater convenience, and customization (Brynjolfsson et al., 2009).

**Relationship Between E-Service Quality, E-Satisfaction and E-Loyalty**

The E-Service Quality scale was established by (Parasuraman et al., 2005) to assess the quality of service provided by websites to online shoppers. Because the client category is distinct, the pleasure of customers who purchase online differs from that of customers who shop in a traditional market. Efficiency, fulfillment, system availability, and privacy are all aspects of service quality. This model is still popular, and it's being utilized in a lot of research. (Kansra & Jha, 2016); (Kitapci et al., 2014). Many researchers have modified the service quality model into many models in the context of online commerce, with WebQual established by WebQual being the most often used (Barnes & Vidgen, 2002) and (Loiacono et al., 2002), eTailQ compiled by (Wolfinbarger & Gilly, 2003), eTransQual(Bauer et al., 2006), E-S-Qual was compiled by (Parasuraman et al., 2005), and the latest hierarchical model of electronic service quality was proposed by (Pires et al., 2006). In this study, the author will use the e-Service Quality model developed by (Parasuraman et al., 2005).

Electronic service quality can also be defined as a complete assessment and quality assessment of virtual facilities provided through cyberspace business (Santos, 2003). As a result, when developing online publication policies, electronics retailers must consider the importance of quality aspects of electronic services. The Internet's potential benefits are acknowledged by the highest levels of electronic service quality. Through highly effective electronic services, virtual users might comprehend the internet's potential benefits. The study combines the modified models of the quality of electronic services provided by Herington and Weaven (2009) and (Parasuraman et al., 1985), In the e-Commerce industry, where the dimension of service quality becomes significant in judging the quality of internet services, the author proposes the following:

Proposition 1: Consumer e-loyalty will be increased through e-commerce that can deliver higher e-service quality.

**Proposition 2: E-satisfaction as a mediating variable in the e-service quality and e-loyalty connection**

**Relationship Between E-Trust and E-Satisfaction**

"Willingness... to be vulnerable to the actions of others based on the hope that the other party will take a very important action" is how trust is defined." (Mayer et al., 1995). It has been defined as either a specific collection of beliefs or a generic belief about the topic of belief. The importance of trust in online business has been widely debated. "A consumer's willingness to expose himself or herself to possible losses during Internet shopping transactions, based on the expectation that merchants will engage in generally accepted practices, and will be able to deliver the promised product or service," according to the definition of consumer confidence in Internet shopping (e-Trust). (D. Kim & Benbasat, 2003). E-trust can alternatively be defined as "consumers' belief and expectation that e-sellers are trustworthy and would fulfill their duties faithfully." Consumer behavior is influenced by e-trust, which can help with the effective adoption of technologies like e-commerce (Goles et al., 2009). Because of their potential to prevent customers from abandoning their shopping carts before finishing checkout at online retailers, e-trusts are a requirement for consumers to engage in e-commerce.
transactions. They also allow for the building of long-term relationships with consumers (Ribbink et al., 2004).

Because of the impersonal character of the route, developing trust in an e-Commerce context is more difficult. In addition to consumer perceptions of e-Commerce providers' capacity to meet privacy requirements, the development of trust is linked to a variety of e-commerce provider characteristics (Tirtayani & Sukaatmadja, 2018). Buyers are more willing to deal on the internet if they know the seller is trustworthy and reputable, as evidenced by the data. Unlike traditional stores where customers can walk in and try on items, internet stores offer clients no assurance that the items they see on their website are exactly what they see. As a result, client trust is even more vital in online shopping than in traditional purchasing. According to Liao, Palvia, and Lin (2006), If buyers believe the quality of electronic services is excellent, they are more likely to have faith in the virtues, honesty, and competence of online suppliers, as well as a desire to rely on them. Some research (Lai, 2019); (Nguyen, 2014); (Tzavlopoulos, 2019) E-Trust was also found to be more influenced by the quality of electronic services. The author makes the following suggestion based on the given description:

Proposition 3: Customers will be more satisfied if e-commerce can deliver better e-trust.

Relationship between E-Recovery Service Quality, E-Satisfaction and E-Loyalty
The term “service recovery” refers to the efforts made by a service provider to resolve customer perceptions of service failures. (Gronroos, 1988). A company's endeavor to resolve a service breakdown is known as service recovery (Noon, 1981). Service recovery, from the perspective of the service provider, not only allows the service provider to repair its errors but also gives the service provider a second chance to correct its errors and satisfy customer expectations (Boshoff, 2007); (Sparks & McColl-Kennedy, 2001). Customer dissatisfaction will be high as a result of service failure, and the ramifications for customer loyalty and brand image might be disastrous (Iglesias, 2009). Customers can forgive failure, but they won't forgive service providers who don't try to correct it. (Mattila & Patterson, 2004); (Hendra et al., 2018); (Gusti Ngurah Ary Widiatmika & Sri Subawa, 2017). The results of his research revealed that the quality of e-recovery services has a substantial impact on e-satisfaction. However, (Wu, 2011) According to his findings, the quality of e-recovery services has a significant impact on e-satisfaction.

Proposition 4: Consumer e-satisfaction will be increased by e-commerce that can give high-quality e-recovery services swiftly.

Proposition 5: E-satisfaction as a mediating variable in the e-recovery service quality to e-loyalty connection.

The Relationship Between Perceived Enjoyment and E-Satisfaction
"The amount to which action involving a computer must be previewed to please itself," according to the definition of perceived enjoyment (Davis et al., 1992). (Curran & Lennon, 2011) has identified enjoyment to be critical to the adoption of building social networks. According to (Abdullah & Ward, 2016) According to the definition, perceived enjoyment is "the amount to which an individual appreciates using specific technology for reasons other than performance." If a person has a positive experience while purchasing online, they are more likely to embrace it. Perceived enjoyment is an emotive reaction that is dependent on activity. It's frequently obtained as a result of a lot of engagement with a website. The procedure determines how much pleasure is felt. The perceived enjoyment can exist apart from the perception of the quality of electronic services provided. Therefore, good e-service quality can increase the satisfaction that
buyers feel (J. Kim et al., 2013). Based on the above description, the proposition is as follows

Proposition 6: Customers will be more satisfied with e-commerce that provides them with a sense of enjoyment.

Relationship Between E-Satisfaction and E-Loyalty

Customer satisfaction is critical for a business’s long-term viability, and it’s one of the most important metrics to track because it aids the company’s attempts to grow profitability and attain excellence (Moriuchi & Takahashi, 2016). It has previously been stated by (Kashif et al., 2015) that satisfied customers of theirs will be more willing to maintain a decent relationship with the company continuously and buy back its products or services. In addition, the process of retaining existing customers is cheaper for businesses that prioritize customer satisfaction over attracting new customers (Yousafzai et al., 2010); (Noor & Ali, 2018). Thus, the survival and profitability of the company depend heavily on customer satisfaction. Customer satisfaction is defined as a customer’s evaluation of their total purchasing and consumption experience with products/services (Moriuchi & Takahashi, 2016). Customer satisfaction represents a comparison between purchases and expectations and customer experience (Khristianto et al., 2012). Customer satisfaction is achieved when the customer’s perceived experience meets or exceeds customer expectations (Ludin & Cheng, 2016).

E-satisfaction and e-loyalty have a strong link, according to the literature. This relationship is based on the traditional belief that if a consumer is satisfied with the product or service they have received, they will become more loyal. Because of the high level of uncertainty and absence of physical connection, the relationship between electronic happiness and loyalty also holds and is stronger in the online environment (Al-Adwan & Kokash, 2019). Therefore, such a relationship has often been empirically tested in various studies (Prasetyo et al., 2021). The customer experience when purchasing and using a product or service has a significant impact on consumer satisfaction. Having a memorable and enjoyable experience can dramatically improve a customer’s attitude toward the firm, motivating them to be loyal by making repeat purchases. Meanwhile, it has been claimed that higher levels of happiness lead to larger levels of loyalty, but successful loyalty requires the social presence that embedded networks provide. (Li et al., 2014) According to the findings, having a good attitude toward a company leads to a better perception of loyalty, which encourages customers to stay and be loyal. Furthermore, if a customer has a positive attitude toward the business, the chances of them becoming loyal customers are substantially higher. As a result, the author makes the following claim:

Proposition 7: Customers’ e-loyalty will be boosted through e-commerce that can deliver improved e-satisfaction.

All of the propositions proposed above are incorporated into the outline model shown in Figure 2.
DISCUSSION AND CONCLUSION

The goal of this research is to offer a fresh viewpoint on how to improve e-loyalty using e-service quality, e-recovery service, e-satisfaction with e-trust, and perceived enjoyment with e-satisfaction as a mediating variable. Within this conceptual framework, the study argues that the development of e-trust and perceived enjoyment is a requirement in establishing e-satisfaction in an e-commerce environment, suggesting that perceived enjoyment and e-trust components as variables play a key role in building e-loyalty. We are convinced that empirical study on e-loyalty is required in order to contribute to the development of a fresh viewpoint on how to increase e-loyalty in online purchases on e-commerce. Empirical testing can be done by gathering primary data from internet shoppers using formal surveys.

LIMITATION

Conceptual papers have limitations and leave many questions unanswered even though the context of online shopping is a new and developing context in Indonesia. It would be very interesting to explain what are the variables that can increase electronic loyalty by conducting empirical research.

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