

The Effect of Customer Value and Customer Experience Towards Customer Loyalty Through Customer Satisfaction Among Online Transportation Users in Medan

Ira Hairani Br Damanik¹, Fadli², Syafrizal Helmi Situmorang³
{irahairanibrdamanik@gmail.com¹}

Faculty of Economics and Business, Universitas Sumatera Utara^{1,2,3,4}

Abstract. The users of online transportation share and experience various perspectives on the transportation they use. In other words, unique and decent customer experience will give a good impression to the customers so that the customers put trust for the service. Company's ability to offer customer satisfaction is expected to result in repetitive purchases that will form customer loyalty. The purpose of this study is to discover and analyze the effects of customer value and customer experience to customer loyalty with customer satisfaction as intervening variable among online transportation users in Medan. The research population is the citizens of Medan, specifically Medan Amplas regency who have used Grab, Gojek and Maxim. The sampling technique in this research is non probability sampling with 180 respondents. The data analysis is done by Structural Equation Modeling-Partial Least Squares (SEM-PLS). The findings demonstrate that Customer Value contributes positive and significant impact to customer loyalty, similarly to customer experience to customer loyalty, customer value to customer satisfaction, customer experience to customer satisfaction, customer satisfaction to customer loyalty that one affects another positively and impactful significantly. Customer value to customer loyalty has positive and imperative effects through customer satisfaction and not bridging between customer experience and customer loyalty.

Keywords: Customer Value, Customer Experience, Customer Satisfaction and Customer Loyalty

1. Introduction

Indonesia has a huge population with dynamic and high mobility. Complex needs with the work activities encourage Medan citizens to use online transportation such as Grab, Gojek, and Maxim. The assessment is done over the citizens' transportation service preferences.

Customer value is the nature of marketing. By observing customer value expected, there will be demands on products or services offered along with the experience in resulting satisfaction of customer purpose (Sebayang dan Situmorang, 2019). On behalf of customers' rate on the online transportation used, customers sustain varied experiences from all of the scoring given to the online transportation used.

With all similarities in terms of services among online transportation, the distinction is located in the experience provided by the online transportation to the customers while having transactions. Customer experience occurs during the pre and post-purchase (Yanuardi, dkk,

2016). Experiences sustained by the customers will determine whether they will be loyal to the transportation they use. Customer loyalty is also repetitive purchasing behavior, high correlation, and attachments of choice, shown by external information seeking and alternative evaluation (Minar dan Safitri, 2017). It is in line with (Eka, 2017) states that customer experience affects customer experience and customer loyalty. However, (Pratama, 2019) demonstrates that customer experience partially does not affect customer loyalty significantly. Due to the random drivers, customers may have for every order they do. Therefore, experience has no implications on customer loyalty since the experiences sustained from each order are different. Disloyal customers may come due to customers' unsatisfactory experiences. Customer satisfaction is the personal feeling of delight and dislikes for a product after comparing the product performs as expected. Based on that phenomenon, it is obtained that the customers still find a lack of decent image on Grab and Maxim. Customers still have difficulties in operating Grab and Maxim. Lastly, the lack of interest to reorder and recommending the services from Grab and Maxim. Looking at the background, the researchers are triggered to conduct a report on "The Effect of Customer Value and Customer Experience towards Customer Loyalty with Customer Satisfaction as Intervening Variable to Online Transportation Users in Medan."

2 Literature Review

2.1 Customer Loyalty

Customer loyalty is a commitment held consistently to repurchase products or services desired in the future that tends to brand purchase or a series of similar brands although situation and marketing efforts affect customer loyalty (Mulyono dan Situmorang, 2018). According to Mulyono dan Situmorang (2018) that loyal customers have their own dimensions as the following:

1. Repurchase
2. Retention
3. Share of Wallet
4. Recommended
5. Advocate

2.2 Definition of Customer Satisfaction

To gain benefit for a company in shaping customer satisfaction, therefore quality products and services are required. According to Juniwati (2015), customer loyalty is a short-term emotional reaction to service performance. According to Mulyono dan Situmorang (2018), customer satisfaction has the following dimensions:

1. Perceptions
2. Values
3. Expectations

2.3 Definition of Customer Experience

According to (Nana, 2016), customer experience refers to customer personal perception and goes to all facets confronted during interaction or visit to a company. According to Schmitt (1999), customer experience dimensions include: Sense marketing

1. Feel marketing
2. Think marketing
3. Act marketing
4. Relate marketing

2.4 Definition of Customer Value

Creating a value has been the part of mission and purpose of a company. According to (Sebayang dan Situmorang, 2019), generally, value can be defined as trust about several latest conditions expected that exceed certain conditions and lead to an attitude. According to Slack, dkk (2019) customer value consists of two: Rational Value and Emotional Value, both forms are known as value stars. Each value includes:

1. Rational Value: Product dan Price
2. Emotional Value: Equality Value, Experience Value dan Energy Value..

3 Research Methodology

This study used a quantitative approach. According to Hair, dkk (2021), quantitative research is measuring the significance of variable correlation or describing the causes and effects, research is associated with a causative relationship. The population in this research was the citizens of Medan specifically Medan Amplas regency who had experienced using Grab, Gojek, and Maxim. The number of respondents was 180 respondents divided into three sections

4 Findings

4.1 PLS Analysis

The first model in this research was done by using all indicators to all constructs. The first model was analyzed by utilizing basic model framework illustrated on the picture below:

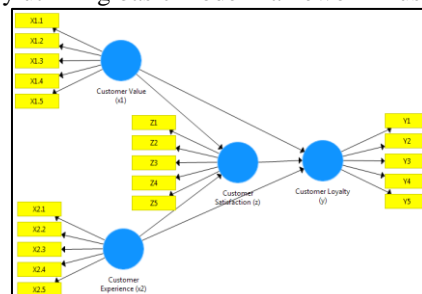


Fig 1. Research Model

4.2 Measurement Model Evaluation (Outer Model)

Measurement model evaluation or outer model was conducted to score the validity and reliability of construct model. Outer model with reflection indicator was evaluated over convergent, discriminant dan composite reability validity and cronbach alpha for indicator blocks (Ghozali, 2018).

The loading factor value from each indicator to the construct respectively measured with SmartPLS algorithm program, as follows:

It is revealed that each variable indicator in this research dominantly valued outer loading > 0.5 . According to Ghozali (2018) outer loading value ranging from 0.5 to 0.6 has been assumed sufficient to fulfill convergent validity requirements.

Internal consistency reliability was conducted to each construct. Composite reliability value from each construct expected to be at least 0.7. However, for exploratory research composite reliability value >0.6 is acceptable. The SmartPLS algorithm results in composite reliability for each construct are demonstrated by the following table:

Table 1. Composite Reliability

	Composite Reliability
CV (X ₁)	0.913
CE (X ₂)	0.916
CL(Y)	0.924
CS (Z)	0.906

Table, shows that fair enough category for each construct had fulfilled the outer model reliability scoring criteria with composite reliability > 0.7 . Consequently, outer model analysis proceeded to outer model validity stage.

Outer model validity was done with convergent validity and discriminant validity. convergent validity scoring done by looking at average variance extracted (AVE) in each construct defined that decent AVE score in each construct is at least > 0.5 . SmartPLS algorithm results in AVE score is summarized in this following table:

Table 2. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
CV (X ₁)	0.678
CE (X ₂)	0.685
CL (Y)	0.709
CS (Z)	0.659

Table shows that AVE score in each construct in the final model had reached the value > 0.5 . Therefore, structural similarity model proposed had met the convergent validity criteria.

4.3 Structural Model Evaluation (Inner Model)

After the estimated model achieved the criteria of Outer Model, the measurement conducted with structural model test (Inner Model) by looking at R-Square (R²) in variables. R-Square (R²) score in the measurement can be seen on the table below:

Table 3. R-Square

R Square	
CL (Y)	0.655
CS (Z)	0.895

Table shows that R-Square for customer loyalty variable is 0.655, this means that the effect percentage of customer value and customer experience to customer loyalty is 65.5% while the rest 34.5% affected by other variables outside this research.

R-Square score for customer satisfaction variable is 0.895. This indicates that the impact percentage of customer value and customer experience to customer satisfaction is 89.5% and the rest 10.5% affected by other variable outside this research.

4.4 Direct Effect Test (Direct Effect)

Hyphothesis test was done with T-statistics (t-test) with significance rate 5%. It is significant when T-statistics > 1.66. If in this test p-value < 0.05, this means the test was significant and vice versa. The results can be seen on the following table:

Table 4. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values	Sig./Tidak Sig.
X₁ -> Y	0.509	0.533	0.212	2.4	0.017	Sig.
X₁ -> Z	0.766	0.768	0.044	17.382	0	Sig.
X₂ -> Y	0.288	0.282	0.064	4.53	0	Sig.
X₂ -> Z	0.251	0.248	0.042	5.968	0	Sig.
Z -> Y	0.496	0.468	0.231	2.143	0.033	Sig.

Table shows the effect between customer value to customer loyalty with p-values 0.017 < 0.05, means a positive and significant effect between customer value with customer loyalty. H₁ indicates similar result as what p-values does.

The findings show the relationship between customer experience to customer loyalty with p-values 0.000 < 0.05, means there is positive and significant effect between customer value and customer satisfaction. H₂ contains the effects as p-values does for customer value and customer satisfaction.

The findings show the relationship between customer experience to customer loyalty with p-values 0.000 < 0.05, means there is positive and significant effect between customer Experience and customer loyalty. H₃ contains the effects as p-values does for customer experience and customer loyalty.

The findings show the relationship between customer experience to customer satisfaction with p-values 0.000 < 0.05, means there is positive and significant effect between customer

experience and customer satisfaction. H₄ Contains the effects as p-values does for customer experience and customer satisfaction.

The findings show the relationship between customer satisfaction to customer loyalty with p-values $0.033 < 0.05$, means there is positive and significant effect between customer satisfaction with customer loyalty. H₄ Contains the effects as p-values does for customer satisfaction and customer loyalty.

4.5 Indirect Effect Test (Indirect Effect)

Indirect effect refers to how great the significance through mediation variable. Indirect effect is the multiply between indirect effect free variable to mediation variable with mediation direct effect variable bounded, the significance of indirect effect from free variable to mediation variable can be measured and summed in this following table:

Table 5. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values	Sig./Tidak Sig.
X ₁ -> Z -> Y	0.38	0.354	0.171	2.215	0.027	Sig.
X ₂ -> Z -> Y	0.124	0.121	0.068	1.832	0.068	Tidak Sig.

Table demonstrates empirical proof that customer value to customer loyalty through customer satisfaction with indirect effect coefficient value is p-values $0.027 < 0.05$, therefore the implementation of customer value indirectly affects positively and significantly towards customer loyalty through customer satisfaction. H₆ contains positive and significant customer value towards customer loyalty through customer satisfaction.

The results show empirical proofs that customer experience to customer loyalty through customer satisfaction with indirect effect coefficient value is P-Values $0.068 > 0.05$, concluding that customer satisfaction does not mediate between customer experience and customer loyalty. H₇ possesses customer experience insignificant effect to customer loyalty through customer satisfaction

4.6 One Way ANOVA Test Result

1. Between Grab and Gojek for customer value, customer experience, customer satisfaction and customer loyalty show no distinction. It is proven by the above significant table that customer value from Grab to Gojek reaches 0.901, significant number of customer experience from Grab to Gojek is 0.864, significant number of customer satisfaction from Grab to Gojek is 0.988, and significant number of customer loyalty from Grab to Gojek is 0.999.
2. Between Grab and Maxim, distinctions cannot be found for customer value, customer experience, customer satisfaction and customer loyalty. It is proven by the score of above significant table customer value from Grab to Maxim is 0.338, significant score of customer experience from Grab to Maxim is 0.333, significant score of customer satisfaction from Grab to Maxim is 0.311, and significant score of customer loyalty from Grab to Maxim is 0.658.

3. Between Gojek and Maxim, differences cannot be found for customer value, customer experience, customer satisfaction and customer loyalty. It is proven by the score of above significant table customer value from Grab to Maxim is 0.593, significant score of customer experience from Gojek to Maxim is 0.639, significant score of customer satisfaction from Gojek to Maxim is 0.244, and significant score of customer loyalty from Gojek to Maxim is 0.635

5 Conclusions

Based on the findings and discussion that have been conducted, some conclusions are withdrawn as follows:

1. Customer value affects positively and significantly towards customer loyalty among the users of online transportation services in Medan.
2. Customer experience affects positively and significantly towards customer loyalty among the users of online transportation services in Medan.
3. Customer value affects positively and significantly towards customer satisfaction among the users of online transportation services in Medan.
4. Customer experience affects positively and significantly towards customer satisfaction among the users of online transportation services in Medan.
5. Customer satisfaction affects positively and significantly towards customer loyalty among the users of online transportation services in Medan.
6. Customer value affects positively and significantly towards customer loyalty through customer satisfaction among the users of online transportation services in Medan.
7. Customer satisfaction does not mediate between customer experience and customer loyalty among the users of online transportation services in Medan.
8. Based on the significance level $p > 5\%$ means difference does not occur between customer value, customer experience, customer satisfaction, and customer loyalty to Grab, Gojek and Maxim. The difference average in online transportation as the highest number reaches 21.92 for Maxim. For customer experience belongs to Maxim with 21.87, the highest customer satisfaction number belongs to Grab with 21.52.

6 Suggestions

Based on the findings, some suggestions made by the researchers:

1. Customer value. The online transportation companies need to consider not to display unavailable promotions and the application system should be updated regularly to prevent errors during transactions. For the drivers, attitude and recognizing the pick-up point well prior to receiving orders are suggested so that the customers do not have to wait for a long time.
2. Customer experience. Things to consider are, for the drivers, to keep personal hygiene, the motor vehicles and other related facilities such as helmets. The motor vehicles attached on application should be similar with ones the drivers have to pick the customers. For the customers, give rate and appropriate comments to help others in deciding suitable online transportation for them.

3. Customer satisfaction. The drivers should understand the route in Medan and the use of Google Maps well so that customer picking up process can run smoothly. Standardized attributes such as helmets, jackets and clean motor vehicles should be considered on duties.
4. Customer loyalty. The drivers have to put attention on the customer's comfort and security while having the service so that repurchasing can be achieved. For customers, after getting convenient service, it is advisable to give positive testimonials about the online transportation. Drivers must pay attention on customer satisfaction to seize the chance of customer repurchase.
5. For Grab, Gojek and Maxim are advised to keep innovating. One of the innovations that should be applied is balance drivers spread to find the best route.
6. Further research with expansive scope is expected. Other online transportation such as indriver or others are potential for research.

References

- [1] Sebayang, Koretia Stevani dan Situmorang, Helmi Syafrizal. Pengaruh Nilai Pelanggan, Kepuasan Pelanggan dan Kepercayaan Terhadap Loyalitas Pelanggan pada Kedai Kopi Online di Kota Medan. *INOBIIS: Jurnal Inovasi Bisnis dan Manajemen Indonesia*. Vol. 02. No. 02. (2019).
- [2] Yanuardi. W. A. dkk. Analisis Omnichannel Customer Experience Maturity Di Pt. Telekomunikasi Indonesia Maturity Analysis Of Omnichannel Customer Experience A Case Study In Pt. Telekomunikasi Indonesia. *Jurnal Manajemen Indonesia*. Vol. 16.No. 2. (2016).
- [3] Minar, D., & Safitri, A.. Brand Image and Product Quality on Customer Loyalty (Survey in Cekeran Midun). *Trikonomika*. Volume 16, No. 1, June 2017, Page. 43-50 ISSN 1411-514X (print) / ISSN 2355-7737 (online). (2017).
- [4] Pratama, C. C. Pengaruh Customer Experience, Customer Value, dan Brand Trust Terhadap Customer Loyalty Pengguna Jasa Transportasi Online Go-Jek di Manado. *Jurnal EMBA*, Vol. 7, No. 3, ISSN 2303-1174. (2019) : 2771-2780
- [5] Mulyono, Hardi & Situmorang, Helmi, Syafrizal. e-CRM and Loyalty: A Mediation Effect of Customer Experience and Satisfaction in Online Transportation of Indonesia. *Academic Journal of Economic Studies*. Vol. 4, No. 3. 96-105. (2018).
- [6] Juniwati. Pengaruh Perceived Ease of Use, Enjoyment dan Trust Terhadap Repurchase Intention dengan Customer Satisfaction Sebagai Intervening pada Belanja Online (Studi Pada Mahasiswa Universitas Tanjungpura Pontianak). *Jurnal Ekonomi Bisnis dan Kewirausahaan*. (2015). Vol. 4, No. 1. (2015).
- [7] Nana, D. D. Pengaruh Customer Experience Dan Brand Trust Terhadap Customer Loyalty. *Management Analysis Journal* 5 (1), 70-76. (2016).
- [8] Schmitt, H. Bernd. *Experiential Marketing*. . Library Of Congress Cataloging-in-Publication Data. (1999).
- [9] Slack, et al., Impact Of Perceived Value On The Satisfaction Of Supermarket Customer: Developing Country Perspective. *Jurnal Emerald Insight*. (2019)
- [10] Hair, F. Joseph, dkk. (2021). *Essentials Of Marketing Research*. Edisi Kelima. MC Graw Hill
- [11] Ghozali, Imam. *Prtial Least Square Konsep, Teknik dan Aplikasi Menggunakan Program SmartPLS 3.2.9*. Semarang: UNDIP. 2021.