Relationship between Customer Loyalty, Customer Satisfaction

by Yulita Susanti

Relationship between Customer Loyalty, Customer Satisfaction, Customer Trust, and Service Quality in E-Commerce Setting: Case Study of Lazada in Indonesia

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ABSTRACT

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The main objective of this study is to examine the relationship of each dimension of Service Quality to Customer Satisfaction and Customer Trust, Customer Satisfaction to Customer Trust and Customer Loyalty, and Customer Trust to Customer Loyalty. The sampling is selected on the basis of random sampling from Jakarta Millennial generation, below 31 years old, that use online transaction. The questionnaire was distributed in 2017 to that Jakarta Millennial respondents on the basis of random sampling selection. This study uses Covariance-Based Structural Equation Modelling, and the variable is adopted by the previous study to see that relationship. The research finds that Website Design, Responsiveness, and Assurance has significant effect to Customer Satisfaction, Customization and Assurance has significant effect to Customer Trust, Customer Satisfaction has significant effect to Customer Trust and Customer Loyalty, and Customer Trust has significant effect to Customer Loyalty. This study recommends equal proportion of business efforts between the service delivery and customize technology to retain their customer loyalty, since the results underscore the importance of both technical and service delivery aspects.

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INTRODUCTION

Indonesia has recently been prospected by some global investors as the country that can maintain their economic stability and one of the largest population number in the world. The penetration of e-commerce online business platform has grown significantly in Indonesia during the five years. From their statistics, the growth of e-commerce in Indonesia from the year 2013 to 2016 is 17.27%,

which in 2016 there are 8.6 Million Indonesia shoppers (Bahar, 2017).

Besides, the number of e-commerce shoppers in 2016 in Indonesia has the estimated value of about 4.5 Billion USD (Bahar, 2017), which still 0.83% from the total retail sales estimated in Indonesia (543.1 Billion USD). Even there is a very high gap between the volume sales of retail sales, slowly the share of total online sales as a percentage of retail sales has grown from 0.50% in 2013 to 0.83% in 2016. In fact, according to Harsono (2016), Indonesia has a lot of opportunity of e-Commerce among other emerging Asian economies, which projected become the third largest E-Market countries behind China and India with value 130 Billion USD.

This study aims to examine the relationship between Customer loyalty, Customer satisfaction, Customer trust, and Service quality in e-commerce setting from the online sales of LAZADA Indonesia. The contribution to management study is to provide the shifting avenue of customer satisfaction from conventional shopping mall to web-based sales online transaction in the rapid growth of the e-commerce development in Indonesia.

The target respondent will focus on Jakarta, the capital city of Indonesia. The core ingredient to support that online sales transaction will be availability and access to internet connection. In 2016, the most contributors for Internet Penetration in Indonesia is Java region with 65% of total Indonesia Internet User (APJII, 2016) or 170.3 Million people. Java Region dominates the Internet Penetration since there are several cities in Java region that include in the 10 most populous cities in Indonesia, such as Jakarta (9.608 Million people), Surabaya (2.765 Million people), Bandung (2.575 Million people), Bekasi (2.51 Million people), Semarang (2.06 Million people), Tangerang (2 Million people), Depok (1.869 Million people). Basically, Jakarta has the largest demographic population throughout big cities in Java island. In this study, the scope of the sampling unit is randomly selected with the scope of Millennial User, which male or female who 15 to

29 years old, ever purchase an item from LAZADA minimum two times in 2017, and the minimum transaction is Rp.100,000.

From our literature development, the customer trust and satisfaction are mediating variables that can have the correlation with service quality indicators and customer satisfaction. Service quality dimensions here consist of Ease of Use, Website Design, Responsiveness, Customization, and Assurance. With such complex relationships, Covariance-Based Structural Equation Modelling will be selected as statistical techniques for developing, expanding, and confirming a theory, to make a better understanding of relationships between the variables.

This article consists of several sections from literature review, research methodology, discussion & analysis, into conclusion. The literature review will cover the theoretical framework to derive the models for this research. The section for methodology and data will illuminate the strategy to collect the data, hypothesis and statistical conducts. The data analysis and result will be presented in the section of the results and discussion. Finally, the conclusion will synthesize the findings, state the study's limitation, and to suggest a recommendation for future research.

LITERATURE REVIEW
In the service industry, like e-commerce, the evaluation and assessment given by consumers based on either the poor quality of a service is part of determined indicators to assess customer loyalty. In that e-commerce industry, Ribbink, et al. (2004) develops five dimensions of e-Service Quality in w-Commerce settings, which representing some humanistic interventions and technical factors in that setting. Those are Ease of Use, Website Design, Customization, Responsiveness, and Assurance.

Those indicators have each own unique property that differs from one another. Firstly, the ease of Use refers to the level of ease of site to be used by consumers. Determinants are the level of functionality, accessibility to information on the site, ease of ordering, and ease of navigation

(Reibsten, 2002). Secondly, Website Design is the Display a site ranging from colors that used by the site for users to feel comfortable and website design, with the purposes to pleasing the eye of the consumer (Wolfinbarger & Gilly, 2003). Thirdly, Customization is the adjustment of the level of service provided by a site to the desires and needs of each consumer. The example is providing feedback from the previous purchases made by consumers and other information that consumers have provided. In addition, Responsiveness is the speed of company in replying to questions or request that submitted by the consumers. Finally, Assurance is the security of a site in maintaining the data that has been given by consumers and also the entire information owned by the consumers.

To drive more customer loyalty, those five dimensions are usually mediated through customer satisfaction and customer trust. Dabholkar (1996) states that customer satisfaction is the combination between the cognitive loyalty and affective loyalty elements, which shows Satisfaction can increase the customer loyalty, since satisfaction create a big influence on future purchase intentions (Kassim & Abdullah, 2008). In customer trust's point of view, (Wang et al., 2016) argues that it is very important to penetrate the consumer to continuously use E-Commerce with trust. Trust is an outcome that was created by customer satisfaction (Kassim & Abdullah, 2008), also directly affected by services quality that gives an effect to customer loyalty (Ribbink et al., 2004).

In previous empirical studies, there are diverse relationships of relationship between variables of Service Quality (SQ) to Customer Satisfaction (CS), Service Quality (SQ) to Customer Trust (CT), Customer Satisfaction (CS) to Customer Trust (CT), Customer Satisfaction (CS) to Customer Loyalty (CL), and Customer Trust (CT) to Customer Loyalty (CT) from several sectors that will help this study stronger to discuss.

From those studies, the researchers consolidate the dependent, intermediaries and independent

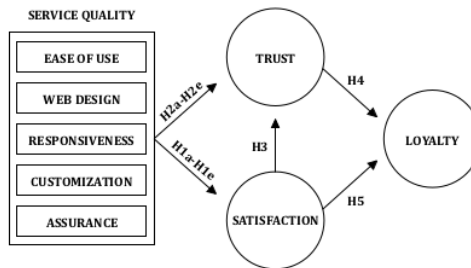variables into the structural equation model (SEM) for this study as follows.

Figure 1. Quantitative modeling for customer loyalty

From the figure 1 above, there are four variables, which are Service Quality (with dimensions: Ease of Use, Website Design, Responsiveness, Customization, and Assurance), Customer Satisfaction (named as Satisfaction), Customer Trust (named as Trust), and Customer Loyalty (named as Loyalty), which adopted by Ribbink et al. (2004) since their study focuses on the empirical study of E-Commerce Loyalty. Based on the theory above, the hypothesis being tested will be as follows:

On the hypothesis's development, elaborating from the research objective, there are six points that the researchers intend to examine. The study examines 5 hypotheses, which 'The Effect of Service Quality to Customer Satisfaction', 'The Effect of Service Quality to Customer Trust', 'The Effect of Customer Satisfaction to Customer Trust', 'The Effect of Customer Trust to Customer Loyalty', and 'The Effect of Customer Satisfaction to Customer Loyalty'. Those hypotheses are as follows:

1. The Effect of Service Quality to Customer Satisfaction

H1a: Service Quality (Ease of Use) has a positive impact to Customer Satisfaction

H1b: Service Quality (Website Design) has a positive impact to Customer Satisfaction

H1c: Service Quality (Responsiveness) has a positive impact to Customer Satisfaction

Table 1. Previous Studies of Customer Satisfaction

No	Author/s (Year)	Study Name	Industry	Finding/s
1	Ribbink et al. (2004)	Comfort your online customer: Quality, Trust, and Loyalty on the Internet	E-Commerce	Positive Relationship on SQ to CS, SQ to CT, CS to CT, CS to CL, and CT to CL
2	Kassim & Abdullah (2008)	Customer Loyalty in E-Commerce Settings: An Empirical Study	E-Commerce	Positive Relationship on SQ to CS, SQ to CT, CS to CT, CS to CL, and CT to CL
3	Al-Hawari (2014)	Does sociability matters? Differences in E-Quality, E-Satisfaction, and E-Loyalty between	Online Banking	Positive Relationship on SQ to CS and CS to CL
4	Chou et al. (2015)	Female Online Shoppers: examining the mediating roles of E-Satisfaction and E-Trust on E-Loyalty development	E-Commerce	Positive Relationship on SQ to CT, SQ to CS, CS to CT, CS to CL and CT to CL
5	Park, et.al (2017)	Corporate Social Responsibility as a Determinant of Consumer Loyalty	CSR	Positive Relationship on CS to CL and CT to CL
6	Sardinha (2015)	E-Loyalty in E-Commerce	E-Commerce	Positive Relationship on CS to CL and CT to CL
7	Esfahani & Lafvat (2016)	Trust in E-Business Performance	E-Commerce & Electronic Banking	Positive Relationship on CT to CL
8	Shah et al. (2017)	Service Quality, Customer Satisfaction and Customer Loyalty: Some Evidences from Pakistani Banking Sector	Banking	Positive Relationship on SQ to CS and CS to CL,
9	(Al-dweeri et al, 2017)	The Impact of E-Service Quality and E-Loyalty on Online Shopping Moderating Effect of E-Satisfaction and E-Trust	E-Commerce	Positive Relationship on CS to CT, CS to CL, and CT to CL
10	(Bertozzi & Krishnan, 2017)	The Effect of Customer Satisfaction Constructs on Generation Y E-Loyalty in Malaysia	E-Commerce	Positive Relationship on CT to CL
11	Mokhtar & Yusr (2016)	Exploring the Antecedents of Customer Loyalty in the Malaysian Retail Sector	E-Commerce	Positive Relationship on CT to CL
12	Wellyan (2016)	Influence of Corporate Image and Relationship Quality in Customer Trust and Customer Loyalty	Aircraft	Positive Relationship on CT to CL
13	Pasumarthy & Kumar (2016)	Customer Loyalty on E-Commerce	E-Commerce	Positive Relationship on CS to CL
14	Pereira et al (2015)	Online Purchase Determinants of Loyalty: The Mediating Effect of Satisfaction in Tourism	E-Commerce	Positive Relationship on CS to CL
15	(Chowdhury et al, 2017)	Driving Force of E-Loyalty in Online Banking Sector in The Context of Malaysia	Online Banking	Positive Relationship on CS to CL and CT to CL
16	Ashraf (2014)	Include Position of Islamic Banking, Service Quality, Satisfaction, Trust, and Loyalty in The Context of an Integrated Model for Islamic Finance	Banking	Positive Relationship on CS to CT, CS to CL, and CT to CL
17	Moreira & Silva, (2015)	The Trust-commitment Challenge in Service Quality-Loyalty relationships	Healthcare	Positive Relationship on SQ to CS and CT to CL
18	Peng-Lee & Moghavvemi, (2015)	The Dimension of Service Quality and Its Impact on Customer Satisfaction, Trust, and Loyalty	Banking	Positive Relationship on CS to CL and CT to CL
19	Khan & Fasih (2014)	Impact of Service Quality on Customer Satisfaction & Customer Loyalty	Banking	Positive Relationship on SQ to CS and CS to CL

H1d: Service Quality (Customization) has a positive impact to Customer Satisfaction

H1e: Service Quality (Assurance) has a positive impact to Customer Satisfaction

2. The Effect of Service Quality to Customer Trust

H2a: Service Quality (Ease of Use) has a positive impact to Customer Trust

H2b: Service Quality (Website Design) has a positive impact to Customer Trust

H2c: Service Quality (Responsiveness) has a positive impact to Customer Trust

H2d: Service Quality (Customization) has a positive impact to Customer Trust

H2e: Service Quality (Assurance) has a positive impact to Customer Trust

3. The Effect of Customer Satisfaction to Customer Trust

H3: Customer Satisfaction has a positive impact to Customer Trust

4. The Effect of Customer Trust to Customer Loyalty

H4: Customer Trust has a positive impact to Customer Loyalty

5. The Effect of Customer Satisfaction to Customer Loyalty

H5: Customer Satisfaction has a positive impact to Customer Loyalty

RESET METHOD

The information for this study is collected from the primary data. The data source is gathered with the survey to the respondents included in the target population that has been determined by the researchers. The study adopts judgmental sampling. Malhortra (2010) defines judgmental sampling as a convenience sampling form with specific population elements that have been chosen by the researchers based on the considerations they have. Since the sampling is selected upon the criteria, this judgmental sampling fits with.

For the procedures of data collection, the main data source used to determine the results of the study is primary data collected through the survey to the respondents included in the target population that has been determined by the researchers. The population will be the millennial generation to ship with the sales online of LAZADA that has been a resident from Jakarta, the capital city of Indonesia. Specifically, this research selects 365 respondents with the criteria as follows: The respondent age must in between 15 to 29 years old since this study objective is to scrutinize the perspective from the millennial generation. Live in Jakarta. The minimum transaction history is two times transaction in 2017. The minimum transaction is Rp. 100.000. In this study, the measurement of the variables is listed in the following table.

In the survey, those variables are translated into 33 of questions, which will be the indicator for will be delivered using 6 Likert scales as the technical scaling on the questionnaire survey. The reason for using 6 Likert scale or points is because it tends to give the discrimination and reliability higher than Likert's scale 5 points (Chomeya, 2010). The purpose of Indicator is to avoid misunderstanding between the respondent and the survey on defining every variable that been used for this research. All of the questionnaires for each measurement item is adopted from Kassim & Abdullah (2008) who adapted from Ribbink et al. (2004).

After data collection, there are several statistical techniques and estimation that are used to support the data analysis. Those include:

1. The goodness of Fit Model Test: To test the structural model, according to Hair et al. (2010), there is a test called Goodness of Fit Model, which has three layers of the test, which are:
   a. Absolute Fit Indices: A test to predict the degree of the whole structural model with Matrix Correlation and Matrix Covariance. There are several fit indices that can be chosen one of them for the test, which Chi-Square, GFI, RMSEA, SRMR, and Normed Chi-Square
   b. Incremental Fit Indices: A test to compare the suggested model with the basic model that called the independence model. There are

Table 2. Measurement of Variables

No	Variable / Dimensions	Item	Measurement Item
1	Service Quality / Ease of Use	EOU1	It is easy to get access to the online organization's website in which I obtained online services.
2		EOU2	The site is user-friendly
3		EOU3	Navigation on the site is easy
4		EOU4	It is easy to find my way around the site
5	Service Quality / Website Design	WEB1	The information on the site is attractively displayed
6		WEB2	The information on the site is well organized
7		WEB3	The information on the site is easy to understand and follow
8		WEB4	Layout and colors on the site are interesting
9	Service Quality / Responsiveness	RES1	It is easy to get in contact with the online organization which provides the online services
10		RES2	The online organization is interested in getting feedback
11		RES3	The online organization is prompt in replying to queries
12		RES4	The online organization is prompt in replying to requests
13	Service Quality / Customization	CUS1	My personal need is fulfilled by doing a transaction on the site
14		CUS2	I feel the online organization has the same norms and values as I have
15		CUS3	This site provides me with information and products according to my preferences
16		CUS4	This site provides me with information on how to do the products modification according to my preferences
17	Service Quality / Assurance	ASS1	I feel secure about the electronic payment system of the online organization
18		ASS2	I feel secure when providing private information to the online organization
19		ASS3	I would find the online systems secure in conducting the online transactions
20		ASS4	The online organization is trustworthy
21	Customer Satisfaction	SAT1	I am generally pleased with the organization's online services
22		SAT2	I am very satisfied with the organization's online services
23		SAT3	I am happy with the online organization
24		SAT4	The website of the online organization is enjoyable
25	Customer Trust	TRU1	I am prepared to give private information to online companies
26		TRU2	I am willing to give my credit card number to most online organizations
27		TRU3	It is not a problem to pay in advance for purchased products over the Internet
28		TRU4	Online organizations are professionals
29		TRU5	Online organizations always fulfill their promises
30	Customer Loyalty	LOY1	I will recommend the online organization to other people
31		LOY2	I would recommend the organization's website to others
32		LOY4	I intend to continue using the online organization
33		LOY5	I prefer the online organization above others

several fit indices that can be chosen one of them for the test, which NFI, TLI, CFI, and RNI.

c. *Parsimony Fit Indices:* A test for testing the model savings, which a model that has the-high degree of fit for each degree of freedom. There are several fit indices that can be chosen one of them for the test, which AGFI, and PNFI.

2. Convergent Validity, Reliability, and Discriminant Validity: on Convergent Validity is to see the outer loading with the rule of thumb not less than 0.500 (Hair et al. 2010). On Convergent Reliability, there are Average Variance Extracted and Composite Reliability with the rule of thumb not less than 0.500 (Ibid.). The last thing is Discriminant Validity with Fornell-Larcker with the square roots must bigger than all of its correlation (Ibid.)

3. Hypothesis Test: Testing the structural model with the hypotheses that already been developed before. There are several elements that can a rule of thumb to judge whether the hypotheses can be accepted or rejected, which:

   a. P Value: Accept if the P-Value is less than 0.05, Reject if the P-Value is more than 0.05

   b. T Value: Accept if the T Value is more than 1.9, Reject if the T Value is less than 1.9

RESULTS AND DISCUSSIONS

The respondents' profiles are shown in table 3. The total of respondents are 365 people, all from Jakarta. The highest proportion of respondent is male. The majority monthly expenditure of respondent is between Rp. 1,500,001 to Rp. 2,500,000. From that table 3, 60% of respondents spend averagely between Rp. 100,000 up to Rp. 500,000, means the majority of the respondent has a buying power to buy an item from LAZADA, even though it is low, but they did at least do twice transaction on LAZADA. Besides, they are actively do shopping online on LAZADA, since based on table 5 there 81% or the majority of respondents did 2 up to 3 times transaction on LAZADA.

Before testing the hypotheses, we assess the goodness of fit, convergent validity, reliability, and discriminant validity of our proposed SEM model. The goodness of fit model was summarized in the confirmatory factor analysis as in Table 4.

Table 4. Goodness of fit

No	Fit Indices	Cutoff Values	Value	Marks
Absolute Fit Indices				
1	Chi-Square	Significant P-Values	2,170	good
2	GFI	>0.90	0.91	good
3	RMSEA	<0,08	0,055	good
Incremental Fit Indices				
1	NFI	0≤NFI≤1	0,760	good
2	CFI	>0.92	0.95	good
Parsimony Fit Indices				
1	PNFI	0≤NFI≤1	0,809	good

Table 3. Respondents' Profile

Gender:		Monthly Expense (IDR):	
Male	63%	Less than 500.000	1%
Female	37%	500.000 - 1.500.000	10%
		1.500.001 - 2.500.000	56%
Occupation:		2.500.001 - 3.500.000	23.5%
Students	12%	More than 3.500.000	9.5%
Employees (private sector)	54%		
Employees (Government)	29.5%	**Average Spending (IDR):**	
Enterpreneurs	4.5%	100.000 - 500,000	60%
		501,000 – 1,000,000	5%
Transaction Frequency:		1,000,001 – 1,500,000	31%
2-3 times	81%	More than 1,500,000	4%
4-5 times	15%		
More than 5 times	4%		

Table 5. Convergent Validity, Reliability and Discriminant Validity

	Ease of Use	Web Design	Responsiveness	Customization	Assurance	Satisfaction	Trust	Loyalty
EOU2	0.864							
EOU3	0.849							
EOU4	0.842							
WEB1		0.695						
WEB2		0.801						
WEB3		0.781						
WEB4		0.831						
RES1			0.618					
RES2			0.615					
RES3			0.856					
RES4			0.837					
CUS1				0.719				
CUS2				0.715				
CUS3				0.638				
CUS4				0.755				
ASS1					0.819			
ASS2					0.860			
ASS3					0.835			
ASS4					0.822			
SAT1						0.875		
SAT2						0.898		
SAT3						0.887		
SAT4						0.868		
TRU1							0.742	
TRU2							0.720	
TRU3							0.804	
TRU4							0.805	
TRU5							0.732	
LOY1								0.849
LOY2								0.896
LOY3								0.827
LOY4								0.864
	Ease of Use	**Web Design**	**Responsiveness**	**Customization**	**Assurance**	**Satisfaction**	**Trust**	**Loyalty**
AVE	0.726	0.599	0.549	0.501	0.696	0.778	0.580	0.739
CR	0.0888	0.856	0.826	0.800	0.901	0.933	0.873	0.919

Fornell-Larcker	Assurance	Customization	Ease of Use	Loyalty	Responsiveness	Satisfaction	Trust	Web Design
Assurance	0.834							
Customization	0.649	0.708						
Ease of Use	0.596	0.586	0.852					
Loyalty	0.575	0.611	0.484	0.859				
Responsiveness	0.449	0.573	0.424	0.604	0.741			
Satisfaction	0.615	0.547	0.529	0.686	0.633	0.882		
Trust	0.772	0.643	0.586	0.684	0.543	0.706	0.761	
Web Design	0.500	0.602	0.617	0.474	0.532	0.573	0.526	0.774

From the Confirmatory Factor Analysis above, the result shows that all of the indices are mark as acceptable since they are above the rule of thumb. In the absolute fit indices, the Chi-Square value is 2,170 which has a significant P-Values, the GFI value is 0.91which higher than the rule of thumb. The RMSEA that less than 0.08, which the value is 0.055. In the incremental fit indices, the NFI value is 0.760, and the CFI is higher than 0.92, which 0.95. For the parsimony fit indices, the PNFI value is 0.809, which is good since it is closer to 1.

After that goodness of fit, the assessment will be convergent validity, reliability, and discriminant validity tests, as presented in Table 5. On the convergent validity, it shows all of the items is above the rule of thumb which 0.5, which ranged from 0.615 to 0.898. On Ease of Use (EOU), EOU2 has the highest value with 0.864, and EOU4 has the lowest value with 0.842. On Website Design (WEB), WEB2 has the highest value of 0.801, and WEB1 has the lowest value of 0.695. On Responsiveness (RES), RES3 has the highest value with 0.857, and RES1 has the lowest value of 0.618. On Customization (CUS), CUS4 has the highest value with 0755, and CUS3 has the lowest value of 0.638. On Assurance (ASS), ASS2 has the highest value with 0.860, and ASS1 has the lowest value with 0819. On Satisfaction (SAT), SAT2 has the highest value of 0.898, and SAT4 has the lowest value of 0.868. On Trust (TRU), TRU4 has the

highest value with 0.805, and TRU2 has the lowest value with 0.720. On Loyalty (LOY), LOY2 has the highest value of 0.896, and LOY3 has the lowest value of 0.827. The same situation is also happened in the Average Variance Extracted that ranged from 0.501 to 0.778 and Composite Reliability that ranged from 0.800 to 0.933, which has value better than 0.5. On the Discriminant Validity, shows all of the square roots is higher than all of the correlation.

Those above tests showed that every statement in the questionnaire is valid and reliable. After tracing the sampling characteristics, the fitness and convergent reliability tests are established to examine of the extent of the model to be statistically acceptable. After that, we map the observed sampling characteristics to have experience of making the online transaction with LAZADA. Then, the result of hypothesis assessment is displayed like in the following table 6.

From that table, Ease of Use known does not have a significant relationship to Satisfaction and Trust that makes the H1a and H2a need to be reject. Web Design gives an effect to increase the Satisfaction, but not give an effect to build Customer Trust, which H1b is to accept while H2b reject. Responsiveness on H1c, known give a significant effect to Satisfaction that makes it accept the hypothesis, while it does not give

Table 6. Hypotheses Test Result

Hypothesis	Relationship			Std.Coef	T-Value	P-Value	Decision
H1a	Ease of Use	➤	Satisfaction	0.085	1.608	0.108	Reject
H1b	Web Design	➤	Satisfaction	0.180	3.245	0.001	Accept
H1c	Responsiveness	➤	Satisfaction	0.375	7.955	0.000	Accept
H1d	Customization	➤	Satisfaction	-0.043	0.789	0.430	Reject
H1e	Assurance	➤	Satisfaction	0.334	6.301	0.000	Accept
H2a	Ease of Use	➤	Trust	0.078	1.657	0.98	Reject
H2b	Web Design	➤	Trust	-0.021	0.463	0.644	Accept
H2c	Responsiveness	➤	Trust	0.064	1.601	0.110	Reject
H2d	Customization	➤	Trust	0.122	2.558	0.011	Accept
H2e	Assurance	➤	Trust	0.446	10.576	0.000	Accept
H3	Satisfaction	➤	Trust	0.296	6.490	0.000	Accept
H4	Trust	➤	Loyalty	0.398	7.417	0.000	Accept
H5	Satisfaction	➤	Loyalty	0.404	7.155	0.000	Accept

an effect to create Customer Satisfaction but give a significant effect on creating a Customer Trust. Assurance known gives a significant effect on creating Customer Satisfaction and Customer Trust. Satisfaction gives a direct effect to Trust and Loyalty, and Trust also influences direct effect to Customer Trust.

From that statistical estimation, it shows that the Service Quality, which built from Website Design, Responsiveness and Assurance effect on building the Customer Satisfaction, and Ease of Use and Customization does not affect the Customer Satisfaction. Customization and Assurance has a significant effect on building the Customer Trust, while Ease of Use, Website Design, and Responsiveness does not generate the Customer Trust. Customer Satisfaction can generate Customer Trust and Customer Loyalty. Customer Trust positively affects Customer Loyalty.

With this situation, LAZADA has low point on Customer Loyalty that represents from the four items (LOY1, LOY2, LOY3, and LOY40) that ranged between 2.539 to 2.832, which 40% influenced by the Customer Satisfaction that build by Website Design, Responsiveness, and Assurance, also 39% influenced by Customer Trust that was formed by Customer Satisfaction, Customization, and Assurance.

Furthermore, LAZADA also potentially lose their customer that also do online shopping in Customer to Customer E-Commerce, since there are 171 or 46% people who do shopping in Tokopedia, 136 or 37% people in Bukalapak, and 115 or 31% people in Shopee.

CONCLUSION

The paper examines the determinants and intermediaries' variables that have significant influence on customer loyalty of LAZADA Jakarta, Indonesia. In this research, it is found Website Design, Responsiveness, and Assurance has significant effect to Customer Satisfaction, Customization and Assurance has significant effect to Customer Trust, Customer Satisfaction has significant effect to Customer Trust and Customer Loyalty, and Customer Trust has significant effect to Customer Loyalty.

There are some limitations to this paper. Firstly, this research is only a perspective from Jakarta Millennial perspective, which makes it not general and get the perspective from people outside Jakarta and people who not in Millennial generation. Secondly, the study has lack of several other variables, since the focus more on 4 variables, which are Service Quality, Satisfaction, Trust, and Loyalty. Despite the limitation, the study recommends for e-commerce industry to carefully maintain both technical and service deliveries as important components to assure the customer loyalty.

Furthermore, considering those limitations, the future recommendation is to retain other sample groups and to extend other variables that can influence customer loyalty. Besides, for the future research, it is also possible if the case is changed into Consumer to Consumer E-Commerce model to get more insight and information, such as Tokopedia, Bukapalak, and Shopee that become the rival for LAZADA.

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Relationship between Customer Loyalty, Customer Satisfaction

FINAL GRADE

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GENERAL COMMENTS

Instructor