



## Building loyalty in Indonesia 's e-commerce giants: The interplay of service, trust, and satisfaction

Nicole Nadya Aurelie Satyawan<sup>1</sup>, Sentot Basuki Prayitno<sup>2</sup>

<sup>1,2</sup>Management Faculty of Business, Sampoerna University, Indonesia

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### ABSTRACT

Online shopping users increased by around 51% in less than a year. While offering many benefits, including convenience, broad selection, and competitive pricing, a lack of physical product interaction can lead to negative experiences if expectations are not met. This research aims to investigate the path to customer loyalty which includes service quality, trust and customer satisfaction at e-commerce giants in Indonesia. The research included five dimensions of SERVQUAL theory. An online survey method was used and distributed via social media platforms to collect data, and quantitative analysis was then conducted using data collected from 213 valid respondents who were Indonesian citizens, currently living in Indonesia, and had recent online shopping experience through both . Tokopedia and Shopee were chosen as the main focus of the research. These empirical results provide valuable insights into customer loyalty in the Indonesian e-commerce context. Service quality has a significant effect on trust, both service quality and trust have a significant effect on customer satisfaction, and satisfaction was also found to have a significant effect on customer loyalty. This research emphasizes the importance of prioritizing service excellence across customer touchpoints, which translates into actions such as developing and implementing standard service protocols, investing in employee training programs that equip staff with exceptional service delivery skills, and soliciting customer feedback to identify areas certain.

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### Corresponding Author:

Nicole Nadya Aurelie Satyawan,  
Management Faculty of Business,  
Sampoerna University,

L'Avenue Building, Jl. Raya Pasar Minggu No. Kav. 16 7, RT.6/RW.9, Pancoran, District. Pancoran, South Jakarta City, Special Capital Region of Jakarta, Indonesia 12780.

Email: [nicole.satyawan@my.sampoernauniversity.ac.id](mailto:nicole.satyawan@my.sampoernauniversity.ac.id)

## 1. INTRODUCTION

Online shops, generally known as e-commerce, can be defined as a business term that enables both customers and businesses to carry out selling and buying activities through online platforms without having any direct face-to-face interaction and communication (Daroch et al., 2021). In Indonesia, there are several online shops that are popular among the community, including Tokopedia, Shopee, Lazada, Blibli, and many others (Susiang et al., 2023). With the rapid evolution of technological advancement, the growth of the e-commerce industry was, is, and will keep expanding significantly and positively. According to McKinsey, Indonesia's online market might reach a total of \$40 billion or even higher in the next five years. In addition to the technological development, this online shopping trend also made its way to the top due to the aftermath of the COVID-19 pandemic (Nguyen et al., 2021).

The COVID-19 pandemic certainly had a massive effect on the online shopping environment. Quarantine restrictions, no-contact in selling and buying activities, and social distancing regulations made it hard for people to go outside, especially to shop in malls (Kurniadi & Ali Saeed Rana, 2023). (Chandra et al., 2022) stated that the COVID-19 pandemic has encouraged customers to make purchases on online marketplaces due to the forced closure of retail outlets. It has been said that the adoption of e-commerce in Indonesia peaked during the COVID-19 pandemic (Firmansyah & Ali, 2019). These unavoidable lockdown regulations that were implemented by the government have led to an increase in online shopping users of about 51% in less than a year (Cameran et al., 2010). The decision left people with no other choice than to fulfill their wants and needs through the online shopping method (Hermansyah, 2024).

Without a doubt, the number of e-commerce users, whether as buyers or as sellers, will keep growing due to its conveniences that allow both sellers and buyers to save time, communicate only through chat, and make transactions anywhere, anytime (Nguyen et al., 2021). However, purchasing things without even viewing and checking the real products may result in a bad shopping experience, especially if the products fail to meet the buyer's expectations (Daroch et al., 2021). Different clothing sizes and product quality, as well as misuse of customers' privacy, are prone to happen, and for the worst, the buyer may end up not receiving the product (Widayat & Irfani, 2020). These incidents can lead to a poor online shopping experience, a low satisfaction level, and eventually a low level of loyalty, which may further result in a bad business reputation (Mishra et al., 2019).

Prior studies have shown that customer satisfaction and customer loyalty are two of the most important aspects in the e-commerce industry (Adwan et al., 2020). A study done by (Nguyen et al., 2021) advised businesses to increase the level of their customer satisfaction before anything else, indicating the importance of a high level of satisfaction to the business' success. Additionally, customer satisfaction is highly correlated with customer loyalty, meaning that the higher the level of satisfaction, the higher the level of loyalty as well. (Juwaini et al., 2022) stated that customer loyalty is the key to having a competitive advantage over other companies and will be very beneficial in the long run. Having loyal customers will affect the business in a good way and may even result in higher sales, higher revenue, and more customers (Lempisik A.K.A Marx & Faris Niasin, 2023).

In the contemporary landscape of e-commerce, understanding the intricate relationships between service quality, trust, customer satisfaction, and loyalty is not only academically intriguing but also crucial for business practitioners and policymakers alike. The digital marketplace, characterized by intense competition and evolving consumer expectations, presents a unique environment where success hinges upon establishing and maintaining trust with customers. As e-commerce platforms become integral components of daily life for consumers in Indonesia, deciphering the dynamics of these interconnected factors becomes imperative for businesses in seeking sustainable growth. Unraveling the nuances of these relationships not only contributes to academic scholarship but also offers practical insights that can inform strategic decisions, enhance customer experiences, and foster long-term loyalty in the dynamic realm of e-commerce. Therefore, this study intends to shed light on the factors that lead to higher levels loyalty for online shops in Indonesia, even with the fact that customers are not able to communicate and interact directly with the sellers. Tokopedia and Shopee, the two e-commerce giants in Indonesia, were chosen as the primary focus for this study due to their dominance that would capture a substantial portion of the e-commerce market and draw more generalizable conclusions. The research objective of this study is to answer the research questions, formulated as follows: 1) Determine whether service quality affects the level of customer satisfaction and trust of e-commerce customers. 2) Determine whether trust affects the level of satisfaction and loyalty of e-commerce customers. 3) Determine whether customer satisfaction affects the level of loyalty of e-commerce customers. 4) Determine whether trust and customer satisfaction mediate the relationship between e-commerce service quality and its customer satisfaction.

## 2. RESEARCH METHOD

This present study intends to use a quantitative approach by utilizing the online survey method to collect the data. According to (Blut, 2016), this approach involves the systematic collection and analysis of numerical data to address scientific research questions and enables descriptive summarization, averaging, and pattern identification within the data. Additionally, it allows for prediction generation, testing causal relationships between variables, and the generalization of findings to broader populations. One of the most common methods used in quantitative approaches is the questionnaire, which will also be used in this study.

The data collection of this present study will be done by using questionnaire and/or online survey method, as discussed above, and will be distributed through social media platforms, including WhatsApp, Instagram, and Twitter, for about three weeks starting from April 15<sup>th</sup> to May 4<sup>th</sup>, 2024. This research is intended for e-commerce users in Indonesia, specifically Tokopedia and Shopee consumers.

To determine the sample of this study, the non-probability purposive sampling method will be utilized as this research will select respondents that fulfill several specific criteria and characteristics – Indonesian who are e-commerce users and those who have made online transactions through Tokopedia or Shopee. Hence, the minimum sample size required for this research is 203 respondents. This research employs multiple linear regression analysis, a cornerstone method in data analysis, to examine the factors influencing customer loyalty. (Alessa et al., 2021) emphasizes the importance of adhering to the assumptions of this technique, as it ensures the generalizability of the findings and maximizes the effectiveness of the data analysis. The study has two key objectives. First, it seeks to assess the individual impact of independent variables – service quality, trust, and customer satisfaction – on the dependent variable, customer loyalty. Second, it aims to evaluate the overall strength of the relationship between these variables after the model is estimated.

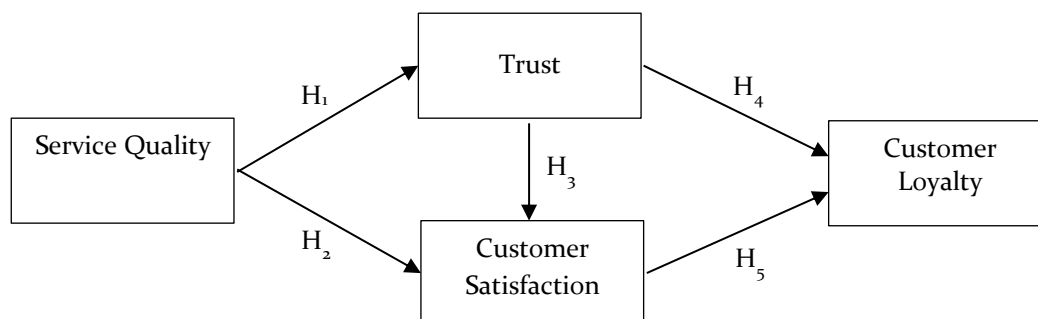


Figure 3. Research Framework

Descriptive statistics analysis is a method for summarizing, organizing, and presenting key features of a dataset (Abyad, 2017). This initial analysis will employ descriptive statistics to establish a baseline understanding of the data. By calculating measures of central tendency, dispersion, and frequency, researchers can gain valuable insights into the characteristics of the sample, identify potential outliers, and explore the distribution of the variables. This foundational knowledge will be crucial for interpreting the results of further statistical tests and drawing meaningful conclusions from the research. Descriptive analysis is usually presented in tables or visualizations, such as histograms, charts, or box plots. Inference Statistics is Normality Test, Multicollinearity Test, F-Test, and T Test.

### Hypotheses Development and Research Framework

#### The Effect of Service Quality Towards Trust (SQ – TR)

According to (Sharma & Bahl, 2018), the service quality of the Indian e-commerce industry has a positive and significant impact on customers' trust as it reduces perceived uncertainty and risk. It promotes long-term customer connections and relationships by positively influencing their purchase

intentions. In line with this finding, (Rita et al., 2019) also found that there is a positive association between e-service quality and customer trust, suggesting that the higher the business' service quality, the higher the trust level as well. It suggested that good service quality would lead to a good experience for the customers and will eventually result in a high level of customer trust. Hence, it can be hypothesized that:

**H<sub>1</sub>:** Service quality has a positive and significant effect on customer trust

#### **The Effect of Service Quality Towards Customer Satisfaction (SQ – CS)**

As suggested by (Wattoo & Iqbal, 2022) through their study in Pakistan's e-commerce industry, improving service quality would result in an increased customer satisfaction level. Additionally, (Pasaribu et al., 2022) conducted quantitative research on 300 Shopee customers and the result shows that there is a significant effect between service quality and customer satisfaction, describing how the services provided in Shopee plays a big role in increasing their customers' satisfaction. Thus, based on the results of the previous studies, the following hypothesis is presented:

**H<sub>2</sub>:** Service quality has a positive and significant effect on customer satisfaction

#### **The Effect of Trust Towards Customer Satisfaction (TR – CS)**

Through both quantitative and qualitative research, (Nguyen et al., 2021) found that there is a positive correlation between trust and customer satisfaction, stating that online shops need to improve their customers' trust to increase their customer satisfaction level. However, it is also notable that trust has the lowest impact and a less significant effect on customer satisfaction compared to the other tested variables. On the other hand, in a study done in India, (Sürücü & Maslakçı, 2020) discovered that trust is included as a significant dimension of customer satisfaction. Despite the inconsistent results of the past research, it can be hypothesized that:

**H<sub>3</sub>:** Trust has a positive and significant effect on customer satisfaction

#### **The Effect of Trust Towards Customer Loyalty (TR – CL)**

In a study done by (Corbitt et al., 2003) in Saudi Arabia, the result showed that trust is a weak determinant of customer loyalty, indicating that trust does not play a big role in determining the level of customer loyalty. Eid stated that the reason behind the weak relationship might be due to Saudi online customers perceived trust as one of the base elements of an acceptable e-commerce service. Despite the inconsistent results, the following hypothesis is presented:

**H<sub>4</sub>:** Trust has a positive and significant effect on customer loyalty

#### **The Effect of Customer Satisfaction Towards Customer Loyalty (TR – CL)**

(Juwaini et al., 2022) previously examined the causal effect of customer satisfaction on customer loyalty using data from 300 Indonesian university students, where the study highlighted that higher satisfaction level would lead to greater loyalty level. In addition to that, an empirical analysis on 296 e-commerce consumers in Pakistan showed that an increase in customer satisfaction would also increase the level of customer loyalty, proving that there is a positive relationship between customer satisfaction and customer loyalty (Wattoo & Iqbal, 2022). Considering the consistent results of past research regarding the correlation between customer satisfaction and customer loyalty, the following hypothesis is developed:

**H<sub>5</sub>:** Customer satisfaction has a positive and significant effect on customer loyalty.

### **3. RESULTS AND DISCUSSIONS**

#### **Results**

#### **Regression Analysis**

#### **R-Square**

R-squared is a statistical measure that represents the proportion of the variance in the dependent variable that is explained by the independent variables in the model. Table 1 presents the

result of the R-square and R-square adjusted value for trust, customer satisfaction, and customer loyalty.

Table 1. R-Square

	R-Square	R-Square Adjusted
Customer Loyalty	0.405	0.399
Customer Satisfaction	0.637	0.634
Trust	0.510	0.507

The regression analysis revealed that the R-squared value for the dependent variable, TR, was 0.510. This indicates that 51% of the variance in TR can be explained by the independent variable (SQ) included in this study. The remaining 49% of the variance is likely attributable to other external factors not accounted for in the model. Similarly, the R-squared values for CS (0.637) and CL (0.405) suggest that 63.7% and 40.5% of the variance in these variables, respectively, can be explained by its independent variables. These findings highlight the significant role of the independent variables in influencing the dependent variables, while also acknowledging the presence of other external factors that may contribute to the variation in these variables.

**F-Test**

The F-test is employed to assess the overall significance of the model used in this research. The hypothesis formulation for this test is as follows:

H<sub>0</sub>: The independent variable has no significant effect on the dependent variable

H<sub>a</sub>: The independent variable has a significant effect on the dependent variable

The overall significance of the regression model is evaluated through the F-test statistic and its associated  $\rho$ -value. A significance level ( $\alpha$ ) of 0.05 is employed to assess the F-test value against the critical F value obtained from the F-distribution table. The F-test statistic considers the explained variance relative to the unexplained variance in the model. The degrees of freedom (df) for the F-test are determined by the number of independent variables (k) in the model (numerator) and the total number of observations (n) minus k (denominator). In this study, with three independent variables (SQ, TR, and CS), the df for the numerator and denominator would be 3 and 212 (213-1), respectively.

Table 2. F-Test Results ANOVA<sup>a</sup>

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	324.355	3	108.118	42.389	<.001 <sup>b</sup>
	Residual	533.082	209	2.551		
	Total	857.437	212			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Customer Satisfaction, Trust, Service Quality

As presented in Table 2, the F-test statistic obtained in the regression analysis was 42.389. Consulting the F-distribution table with the appropriate degrees of freedom (df<sub>1</sub> = 3, df<sub>2</sub> = 212) reveals a critical F-value of 2.647 at the chosen significance level ( $\alpha$  = 0.05). Since the calculated F-value (42.389) is significantly greater than the critical F-value (2.647), we can reject the null hypothesis (H<sub>0</sub>) and accept the H<sub>a</sub> hypothesis. This conclusion is further supported by the p-value associated with the F-test, which in this case is .001. As the  $\rho$ -value is less than the significance level ( $\alpha$  = 0.05), it can be inferred that there is a statistically significant relationship between the independent variables and the dependent variable.

**Path Analysis**

Table 3 presents the direct effects, indirect effects, as well as the total effects of the relationship between each variables that are being used in this study.

Table 3. Path Analysis

Direct Effects					
Path	Original Sample (O)	T Table	T Statistics ( O/STDEV )	P Values	Result
SQ → TR	0.714		13.951	0.000	Supported
SQ → CS	0.381		3.521	0.000	Supported
TR → CS	0.481	1.976	4.719	0.000	Supported
TR → CL	-0.097		0.746	0.456	Not Supported
CS → CL	0.706		6.244	0.000	Supported
Specific Indirect Effects					
Path	Original Sample (O)	T Table	T Statistics ( O/STDEV )	P Values	Result
SQ → TR → CL	-0.069		0.732	0.464	Not Supported
SQ → TR → CS	0.343		4.375	0.000	Supported
SQ → CS → CL	0.269	1.976	3.077	0.000	Supported
SQ → TR → CS → CL	0.242		3.53	0.001	Supported
TR → CS → CL	0.339		3.784	0.001	Supported

Tabel 4. Total Effects

Path	Original Sample (O)	T Table	T Statistics ( O/STDEV )	P Values	Result
SQ → TR	0.714		13.951	0.000	Supported
SQ → CS	0.724		12.228	0.000	Supported
SQ → CL	0.442		6.718	0.000	Supported
TR → CS	0.481	1.976	4.719	0.000	Supported
TR → CL	0.242		2.084	0.037	Supported
CS → CL	0.706		6.244	0.000	Supported

Note: SQ (Service Quality); TR (Trust); CS (Customer Satisfaction); CL (Customer Loyalty)

Table 5. Constant Value

Model	Unstandardized Coefficient
1	7.131
2	7.345
3	8.260
4	5.806
5	3.328

#### Research Model 1

$$\text{Trust} = 7.131 + 0.714^{**} (\text{Service Quality})$$

\*\* Significant

Research Model 1 employs a simple linear regression framework to investigate the relationship between service quality and trust. The model incorporates service quality as the sole independent variable and trust as the dependent variable. The constant term (7.131) represents the predicted level of trust when service quality is at its minimum value (zero). The coefficient for service quality (0.714) signifies the anticipated change in trust associated with a one-unit increase in service quality, holding all other relevant factors constant.

#### Research Model 2

$$\text{Customer Satisfaction} = 7.345 + 0.381^{**} (\text{Service Quality})$$

\*\* Significant

Research Model 2 employs a simple linear regression framework to investigate the relationship between service quality and customer satisfaction. The model incorporates service quality as the sole independent variable and customer satisfaction as the dependent variable. The constant term (7.345) represents the predicted level of customer satisfaction when service quality is at its minimum value (zero). The coefficient for service quality (0.381) signifies the anticipated change in customer satisfaction associated with a one-unit increase in service quality, holding all other relevant factors constant.

## Research Model 3

$$\text{Customer Satisfaction} = 8.260 + 0.481^{**} (\text{Trust})$$

*\*\* Significant*

Research Model 3 employs a simple linear regression framework to investigate the relationship between trust and customer satisfaction. The model incorporates trust as the sole independent variable and customer satisfaction as the dependent variable. The constant term (8.260) represents the predicted level of customer satisfaction when trust is at its minimum value (zero). The coefficient for trust (0.481) signifies the anticipated change in customer satisfaction associated with a one-unit increase in trust, holding all other relevant factors constant.

## Research Model 4

$$\text{Customer Loyalty} = 5.806 + [-0.097]^* (\text{Trust})$$

*\* Not significant*

Research Model 4 employs a simple linear regression framework to investigate the relationship between trust and customer loyalty. The model incorporates trust as the sole independent variable and customer loyalty as the dependent variable. The constant term (5.806) represents the predicted level of customer loyalty when trust is at its minimum value (zero). The coefficient for trust (-0.097) signifies the anticipated change in customer loyalty associated with a one-unit increase in trust, holding all other relevant factors constant.

## Research Model 5

$$\text{Customer Loyalty} = 3.328 + 0.706^{**} (\text{Customer Satisfaction})$$

*\*\* Significant*

Research Model 5 employs a simple linear regression framework to investigate the relationship between customer satisfaction and customer loyalty. The model incorporates customer satisfaction as the sole independent variable and customer loyalty as the dependent variable. The constant term (3.328) represents the predicted level of customer loyalty when customer satisfaction is at its minimum value (zero). The coefficient for trust (0.706) signifies the anticipated change in customer loyalty associated with a one-unit increase in customer satisfaction, holding all other relevant factors constant.

## T Test

Following the F-test results, the t-test is employed to assess the impact of each independent variable towards the dependent variable being studied. The hypothesis formulation for this test is as follows:

H<sub>0</sub>: The independent variable has no significant effect on the dependent variable

H<sub>a</sub>: The independent variable has a significant effect on the dependent variable

To accept the H<sub>a</sub> hypothesis, two conditions must be met:

- (1) The t-statistic should be greater than the critical t-value (t-table), and
- (2) The p-value should be less than 0.05

The critical t-value for hypothesis testing was determined using a two-tailed test with a significance level of 0.05. This value, based on the degrees of freedom (213-1), was obtained from a t-distribution table. Based on these values, referring to Table 4.17, the critical t-value for this study is 1.972. The critical t-value is then compared to the calculated t-statistic from the previously collected data to draw statistical conclusions.

Table 4. presents the nature of the relationships between the studied variables. The analysis reveals a direct effect of service quality (SQ) on trust (TR), wherein a one-unit increase in SQ leads to a substantial 71.4% increase (0.714) in trust. Furthermore, SQ also directly impacts customer satisfaction (CS), with a one-unit increase in SQ resulting in a 38.1% increase (0.381) in CS. Trust itself also plays a role in customer satisfaction, as a one-unit increase in TR translates to a 48.1% increase (0.481) in CS. A positive impact is also observed between customer satisfaction and customer loyalty

(CL), whereas a one-unit increase in CS leads to a 70.6% increase (0.706) in CL. In contrast, the relationship between trust and loyalty appears to be negative, suggesting a one-unit increase in TR leads to a negative change in CL (-0.097), this represents a relatively small decrease of 9.7%. Additionally, the findings also unveil indirect effects mediated by trust (TR) and customer satisfaction (CS). As shown in Table 4.17, the units or percentage increase of the total effects are larger compared to the direct effects due to the mediating variables. These results suggest that both TR and CS play a critical role in the relationship between SQ and CL in Indonesia's e-commerce giants.

## Research Discussion

### Hypothesis 1 (SQ → TR)

$H_0: \beta_1 = 0$ , Service quality has no significant effect on trust

$H_1: \beta_1 \neq 0$ , Service quality has a significant effect on trust

The analysis yielded statistically significant results, enabling the rejection of the null hypothesis ( $H_0$ ) and acceptance of the first hypothesis ( $H_1$ ). This indicates that service quality exerts a positive and significant influence on trust. This conclusion is further supported by the positive estimated beta coefficient of 0.714 and the t-statistic (13.951) exceeding the critical t-value (1.972) as presented in Table 4.16. In essence, the findings demonstrate that a positive and significant relationship exists between service quality and trust.

This study strengthens prior research demonstrating a positive and significant relationship between service quality and customer trust (Sharma & Bahl, 2018) (Yuriah et al., 2024). Consistent with these findings, high-quality service is theorized to reduce perceived uncertainty and risk, leading to a better experience that would ultimately foster greater customer trust. A positive and significant relationship between service quality and customer trust suggests that when a company delivers high-quality service, it fosters trust among its customers. This trust can be understood as a customer's belief in the company's ability to consistently deliver on its promises and act in the customer's best interest.

### Hypothesis 2 (SQ → CS)

$H_0: \beta_1 = 0$ , Service quality has no significant effect on customer satisfaction

$H_2: \beta_1 \neq 0$ , Service quality has a significant effect on customer satisfaction

The analysis yielded statistically significant results, enabling the rejection of the null hypothesis ( $H_0$ ) and acceptance of the second hypothesis ( $H_2$ ). This indicates that service quality exerts a positive and significant influence on customer satisfaction. This conclusion is further supported by the positive estimated beta coefficient of 0.381 and the t-statistic (3.521) exceeding the critical t-value (1.972) as presented in Table 4.16. In essence, the findings demonstrate that a positive and significant relationship exists between service quality and customer satisfaction.

This study aligns with past research highlighting the positive and significant influence of service quality on customer satisfaction in the e-commerce domain (Corbitt et al., 2003) (Yuriah et al., 2023). These studies posit that higher service quality fosters greater customer satisfaction. Notably, service quality is recognized as a critical factor driving customer satisfaction within the e-commerce industry. A positive and significant relationship between service quality and customer satisfaction indicates that when a company delivers high-quality service, customers are more likely to be satisfied with their experience. Customer satisfaction reflects a customer's overall fulfillment of their expectations in a particular interaction or their relationship with a company over time.

### Hypothesis 3 (TR → CS)

$H_0: \beta_1 = 0$ , Trust has no significant effect on customer satisfaction

$H_3: \beta_1 \neq 0$ , Trust has a significant effect on customer satisfaction

The analysis yielded statistically significant results, enabling the rejection of the null hypothesis ( $H_0$ ) and acceptance of the third hypothesis ( $H_3$ ). This indicates that trust exerts a positive and significant influence on customer satisfaction. This conclusion is further supported by the estimated beta coefficient of 0.481 and the t-statistic (4.719) exceeding the critical t-value (1.972) as

presented in Table 4.16. In essence, the findings demonstrate that a positive and significant relationship exists between trust and customer satisfaction.

The current study aligns with (Widayat & Irfani, 2020) in demonstrating a positive and significant relationship between trust and customer satisfaction. However, some prior research by (P.J. et al., 2023) and (Juwaini et al., 2022) identified a positive correlation, but not a statistically significant one. These inconsistencies may stem from methodological variations and the specific constructs examined across studies. While this study's findings may not universally correspond with all previous research, it contributes to the growing body of evidence suggesting a positive influence of customer trust on satisfaction. The positive and significant relationship between trust and customer satisfaction suggests that trust acts as a foundation for customer satisfaction, fostering a sense of security and confidence in the company's ability to deliver on its promises.

#### **Hypothesis 4 (TR → CL)**

$H_0: \beta_1 = 0$ , Trust has no significant effect on customer loyalty

$H_4: \beta_1 \neq 0$ , Trust has a significant effect on customer loyalty

The analysis yielded statistically negative results, suggesting the acceptance of the null hypothesis ( $H_0$ ) and rejection of the fourth hypothesis ( $H_4$ ). This indicates that trust does not exert a significant influence on customer loyalty. This conclusion is further supported by t-statistic (0.746) being less than the critical t-value (1.972), as presented in Table 4.16. Moreover, the estimated beta coefficient (-0.097) also shows that the relationship between both variables appears to be negative. In essence, the findings demonstrate that a negative and not significant relationship exists between trust and customer loyalty.

The current study aligns with prior research by Juwaini et al. (2022) who identified a negative, non-significant relationship between trust and customer loyalty. This finding contrasts with Eid (2011) and Brilliant & Achyar (2013) in demonstrating a positive influence of trust on customer loyalty. However, these studies also suggest that trust may be a weak determinant, as the findings did not reach statistical significance. The non-significant impact of trust on loyalty in this study calls for further exploration. Two potential explanations lie in the research design. Firstly, trust might function better as a mediator, with service quality influencing trust which then drives satisfaction and loyalty. Secondly, the chosen measurement instruments for trust might not have fully captured its complexities within the e-commerce context. While the present study's results may not definitively establish trust as a strong driver of customer loyalty, they contribute to the ongoing dialogue regarding the complex interplay between these constructs.

#### **Hypothesis 5 (CS → CL)**

$H_0: \beta_1 = 0$ , Customer satisfaction has no significant effect on customer loyalty

$H_3: \beta_1 \neq 0$ , Customer satisfaction has a significant effect on customer loyalty

The analysis yielded statistically significant results, enabling the rejection of the null hypothesis ( $H_0$ ) and acceptance of the fifth and last hypothesis ( $H_5$ ). This indicates that customer satisfaction exerts a positive and significant influence on customer loyalty. This conclusion is further supported by the estimated beta coefficient of 0.706 and the t-statistic (6.244) exceeding the critical t-value (1.972) as presented in Table 4.16. In essence, the findings demonstrate that a positive and significant relationship exists between customer satisfaction and customer loyalty.

Consistent with prior research (Alessa et al., 2021), this study demonstrates a positive and significant relationship between customer satisfaction and customer loyalty. These studies, along with the current findings, suggest that increased customer satisfaction leads to higher customer loyalty, solidifying customer satisfaction as a strong determinant of loyalty. These findings support the established notion that satisfied customers are more likely to become loyal patrons (Mishra et al., 2019).

#### 4. CONCLUSION

In conclusion, this study finds that service quality plays a crucial role in driving both customer trust and satisfaction. By prioritizing high-quality service, companies can build trust and create satisfied customers. High-service quality refers to the company's ability to consistently meet or exceed customer expectations across various service dimensions, including reliability, assurance, tangibles, empathy, and responsiveness. When a company consistently delivers high-service quality, it builds trust with customers by reducing their uncertainty about the company's reliability, showcasing competence through skilled interactions, and fostering positive emotions that strengthen the customer relationship. Additionally, customers are more likely to perceive the service as valuable, fulfilling their needs, and exceeding their initial expectations, which then translates into customer satisfaction. Furthermore, trust also acts as a key mediator, strengthening the positive influence of service quality on satisfaction, wherein trust acts as a foundation for customer satisfaction, fostering a sense of security and confidence in the company's ability to deliver on its promises in order to achieve long-term business success. On the other hand, trust demonstrates a negative, non-significant effect on customer loyalty, suggesting that the effect of trust may be weak or obscured by other, more influential factors not considered in the study. Ultimately, achieving high customer satisfaction emerges as the most critical factor for fostering strong customer loyalty. These findings offer valuable insights for businesses to strategically prioritize service quality to cultivate trusting and loyal customer relationships, as by focusing on delivering experiences that consistently meet or exceed customer expectations, companies can cultivate satisfied and loyal customer bases that contribute to long-term success.

From a theoretical perspective, this study contributes to the understanding of customer relationships in an e-commerce context by strengthening the service-quality, trust, and satisfaction-loyalty chain within the SERVQUAL framework. The findings support existing SERVQUAL theory by demonstrating the positive influence of service quality on both trust and satisfaction. However, this research goes beyond SERVQUAL by highlighting the potential mediating role of trust in the relationship between service quality and satisfaction. This suggests a refinement of SERVQUAL, emphasizing the importance of trust as a bridge between a company's service quality and a customer's emotional connection with the brand in the e-commerce domain. While the current study provides initial evidence for the potential limitations of trust as a direct driver of loyalty, further investigation is needed to explore other potential moderating factors specific to the e-commerce environment that may influence this relationship. Overall, this research expands the theoretical lens of SERVQUAL by incorporating the concept of trust within the e-commerce customer loyalty landscape.

This study focuses on the interplay between service quality, trust, and satisfaction in building customer loyalty for Indonesia's e-commerce giants. However, limitations exist. Firstly, the research may not capture the entire spectrum of factors influencing loyalty, such as emotional connection to the brand, influence of social media, or other contributing factors. Secondly, the study design might be limited by the chosen data collection method, which in this case, is online survey, potentially overlooking nuances in customer experiences. Thirdly, focusing on a specific timeframe might not account for evolving customer behavior and industry trends. Fourthly, this study did not collect the respondents' specific geographical locations, meaning that the findings may not be generalizable to the entire Indonesian e-commerce market, as customer expectations and behaviors may vary significantly across different regions. Notably, this study acknowledges limitations due to the parsimonious approach adopted for the SERVQUAL measurement, as focusing on two instead of three items per dimension may have compromised the construct validity and reliability. The exclusion of one dimension entirely due to a single remaining item further restricts the comprehensiveness of the service quality assessment. Despite these limitations, as discussed above, this research offers valuable insights into the core aspects influencing loyalty within the Indonesian e-commerce landscape.

Building upon the insights gained from this research, here are some recommendations for future studies. Research could employ qualitative methods, such as interviews or focus groups, as it can provide a more in-depth analysis into the underlying perceptions of service quality, trust,

satisfaction, and loyalty. Future studies can also dive deeper into the intricacies of customer loyalty within Indonesia's e-commerce landscape, which may include the impact of social media reviews, cultural values and norms, or the effectiveness of loyalty programs within the Indonesia market. The generalizability of the findings can also be expanded by taking into account other platforms besides Tokopedia and Shopee, and increase the total number of respondents in different timeframes.

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