

Trust Vs Satisfaction:

Which One is More Important in Mediating the Impact of Website Quality Towards Customer Loyalty in The Indonesian E-Commerce Industry?

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Abstract—This research was conducted in order to assess which mediating variables had a greater role in mediating the impact of website quality on Customer Loyalty. This research implemented survey method, in which questionnaires were distributed to a total of 300 respondents. Out of 300 respondents, a total of 292 data were deemed usable and analyzed. Data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). Based on this results, it could be concluded that website quality had a positive effect on customer loyalty, both directly or indirectly. Furthermore, customer satisfaction and trust partially mediated the impact between website quality and Customer Loyalty, in which satisfaction revealed to be a stronger mediator as compared to trust.

Keywords—Website quality, trust, customer satisfaction, customer loyalty, Indonesian e-commerce industry

I. INTRODUCTION

Both website quality and customer loyalty had been extensively studied and long considered as two factors which could determine a company's success in the e-commerce industry [1-3]. Defined as customer's perception regarding the navigational and visual quality of a website, a website plays a great role in determining a company's success in the e-commerce industry, since both sellers and buyers don't interact with each other directly [4-6]. Instead, both parties' communicational activities were mediated by the presence of a website, which serves as an intermediary and important factor which allow the communication between sellers and buyers to be established [2,6,7]. Therefore, the role and importance of a website is far more important and could be strongly felt in the e-commerce business compare to the other industries [4,5,8].

Meanwhile, customer loyalty has also determined by several researchers to be an important and critical factor which could determine the company's survival in the market, regardless of the industry [9-11]. Therefore, it is incredibly important for companies to understand the importance of loyalty (and all of the factors affecting it) in order to develop a strategy which could enable the company to retain as many consumers as they can, attract new targets, and retain (and

expand) it's domination and market share in the industry [10-16].

Previous studies had underlined the impact of both trust and satisfaction in mediating the impact of website design quality and customer loyalty [4,5,12-16]. Therefore, author is interested to determine the impact of website quality toward customer loyalty through both trust and satisfaction in the Indonesian e-commerce industry. Furthermore, this study also aims to uncover which mediating variable play a greater and more important role in mediating the impact of website quality toward customer loyalty.

II. LITERATURE REVIEW

A. Website Quality

Website quality could be defined as people or public's perception toward the overall quality of a website [2,3]. Furthermore, web quality could also be defined as the navigational and technical quality of a website. Similarly, website quality could also be defined as the overall quality of a website determine from several factors, such as the ease-of-navigation, language, colour, and the basic navigational functions of a website [6].

B. Trust

Trust could be defined as people's willingness to conduct transactional activities toward the company [2,10,12]. Previous study argue that trust plays a critical role in determining people's willingness to conduct transactional activities toward a company in the e-commerce sector, since all transactions were basically being conducted virtually [1,13,14]. Therefore, establishing trust in consumers' mind toward a website is required in order to motivate and convince people or consumers to conduct a transaction toward the website.

C. Satisfaction

Satisfaction could be defined as customers' feel of pleasure which originated from the fulfillment of their expectation toward the company [2,16]. Furthermore, satisfaction could also be defined as consumers' attitude or evaluation toward

company’s offerings, in which, satisfaction occur when customers’ expectation had been exceeded by the company’s offerings [6,12].

D. Customer Loyalty

Loyalty could be understood as consumers’ willingness to re-spend their money toward the offerings (which could either be products or services) toward the same company [2,5,8,9,12,16]. Furthermore, several authors also stated that loyalty could also be understood as customers’ willingness to re-engage, re-patronize, or re-buy the same products or services from the same providers or companies. The importance of loyalty should be fully understood by companies, since loyalty had been long discussed and determined as an important antecedent which could affect company’s success in the industry [2,3].

E. Hypothesis Development

Previous studies [12,14] had found that website quality had a positive impact on customer loyalty, while previous studies by also found that website design quality has a positive impact on customer loyalty toward both trust and satisfaction [2,12]. Therefore, based on the previous studies described above, author develop the following hypothesis in this study:

- H1: Website Quality had a positive impact on Trust
- H2: Website Quality had a positive impact on Satisfaction
- H3: Trust had a positive impact on Customer Loyalty
- H4: Satisfaction had a positive impact on Customer Loyalty
- H5: Website Quality had a direct and positive impact on Customer Loyalty
- H6: Website Quality had a positive impact on Customer Loyalty through Trust
- H7: Website Quality had a positive impact on Customer Loyalty through Satisfaction.

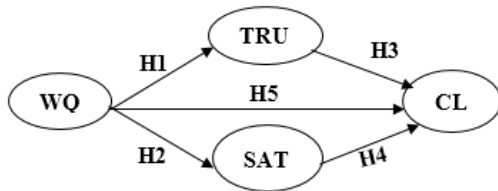


Fig. 1. Research model [4,6].

III. METHODS

This study implements Survey method, in which, questionnaires were selected as the instruments which will be used to collect all of the data required for the completion of this study. Questionnaires will be distributed both physically and electronically to the respondents. A total of 300 respondents

participated in this research, in which, based on further assessment, a total of 8 questionnaires need to be omitted, thus ensuring that a total of 292 questionnaires will be used and analyzed in this study. Respondents who participate and were selected in this study are those who have conducted at least 1 (one) purchasing activities toward any Indonesian e-commerce websites in the last 6 (six) months. Furthermore, in regard with the indicators used in the questionnaire, a total of 16 items representing all 4 (four) variables were presented in the questionnaire, in which, all indicators were adapted from previous studies [4,6,8-10,12]. After gathering all of the data needed in this study, all of the data then were analyzed using partial least squares-structural equation modelling (PLS-SEM) method, using Smart PLS 3.2.8 software.

IV. RESULTS AND DISCUSSIONS

A. Result

1) *Outer model analysis:* Before conducting an analysis in order to determine the relationships of variables discussed in this study, the outer model analysis needed to conducted beforehand in order to determine the validity and reliability of the model and data collected in this research. Several criteria which need to be fulfilled in order for the data and model to be classified as valid and reliable are as follows: the factor loadings of each items should exceeded 0.50, the AVE of each variable should exceeded 0.50, both the composite and cronbach’s alpha of each dimensions should exceed the cut-off value of 0.70, the value of square root of AVE of each latent construct should be higher than the construct’s highest squared correlation with any other latent construct (discriminant validity analysis) [4,5,11].

TABLE I. OUTER MODEL ANALYSIS

Variables	Items	Loadings	AVE	CR	CA
WQ	WQ1	0.806	0.577	0.803	0.768
	WQ2	0.812			
	WQ3	0.787			
TRU	TR1	0.894	0.627	0.823	0.801
	TR2	0.817			
	TR3	0.765			
SAT	SAT1	0.830	0.604	0.896	0.835
	SAT2	0.858			
	SAT4	0.837			
CL	CL1	0.724	0.638	0.818	0.741
	CL3	0.767			
	CL4	0.739			

Source: Data Analysis, 2019

TABLE II. DISCRIMINANT VALIDITY ANALYSIS

	SAT	CL	TRU	WQ
SAT	0.777			
CL	0.556	0.744		
TRU	0.545	0.600	0.792	
WQ	0.493	0.526	0.363	0.759

Source: Data Analysis, 2019

Based on the results of the outer model analysis presented on table 1 and 2, it could be concluded that all data, variables, and model had fulfilled the outer model analysis criteria set in this study, thus ensuring validity and reliability of the data and model. After conducting the outer model analysis, the inner model analysis was conducted afterwards.

2) *Inner model analysis:* The inner model analysis was conducted in order to determine the impact of website quality on customer loyalty, both directly and indirectly toward trust and satisfaction. Based on the results of the data analysis (presented on table 3), it could be concluded that all Hypothesis posited in this study are supported, since the t-value of all relationships had exceeded the cut-off value of 1.96.

TABLE III. PATH COEFFICIENT & HYPOTHESIS TESTING RESULTS

	Relationships	t-value	Hypothesis Testing Result
H1	WQ → TRU	2.943	H1 Supported
H2	WQ → SAT	5.623	H2 Supported
H3	TRU → LOY	3.437	H3 Supported
H4	SAT → LOY	4.547	H4 Supported
H5	WQ → LOY	3.782	H5 Supported
H6	WQ → TRU → LOY	2.298	H6 Supported
H7	WQ → SAT → LOY	2.668	H7 Supported

Source: Data Analysis, 2019

B. Discussions

This study aims to understand the impact of web quality on customer loyalty, both directly and indirectly through trust and customer satisfaction. Based on the results of the data analysis, it could be concluded that website quality had a positive impact on loyalty, both in a direct and indirect manner through trust and satisfaction. Furthermore, it could also be concluded that satisfaction plays a greater role in mediating the impact of website quality toward loyalty compared to trust, in which this could be seen from the higher t-value possessed by satisfaction (2.668) compared to trust (2.298). Furthermore, based on the data analysis, it could be seen that the quality (both technical and navigational) of a website could form (or enhance) trust on consumers' mind, and increase people's level of satisfaction, which in turns will induce loyalty toward consumers' minds. Moreover, the results generated in this research further strengthen the findings of the previous research, which also state that the quality of a website, including whether or not the website error-prone, could have a positive impact in affecting people's level of trust and satisfaction toward the company [4,6,11,13,16]. As the interactions between both the seller, the buyer and the website itself were conducted entirely on a website (as there are no face-to-face interactions between all parties), the quality, technical and the navigational system of a website serve as a crucial factor which could affect people's perception toward the website. People or consumers could perceive the quality of a website as "Bad" if consumers are constantly dealing with a website which is error-prone, had a bad layout and navigational system, together with a website which is prone to security breach which could lead to

consumers' data being stolen by the other irresponsible parties. This occurrence could in turns affecting people's intention to re-surf or re-engage in another e-commerce transaction with the company, which could cause them to shift their preference to surf, browse, or even make or conduct transactional activities on the other e-commerce websites.

However, in the contrary, people or consumers had a high and strong tendency to re-engage in another transactional activities toward the website if people or consumers find little or even no problem regarding their browsing, communication or transactional experiences toward the website, from the first time they interact with the seller or the company, to the point when the products had been successfully bought and delivered to the recipients' (buyers) address. In this case, people or consumers' trust toward the website will be formed (or even strengthened), which in turns could increase the chances for the same group of people or consumers to making another transactional activities toward the website in the future time. Furthermore, other than inducing and strengthening trust on consumers' mind toward the website and the company, a website which possess a great and exceptional quality could also enhance or increase people or consumers' level of satisfaction toward the company and the website, which also in turns could motivate them to repurchase, re-buy, or re-engage in another transactional activities toward the website.

V. CONCLUSIONS

Based on the results presented in the previous section, it could be concluded that website quality plays an important and significant role in affecting customer loyalty, both directly and indirectly toward trust and satisfaction. Moreover, it was also revealed that satisfaction had a greater and stronger role in mediating the impact of website quality toward loyalty as compared to trust. Therefore, author would like to imply to all e-commerce managers and companies to periodically monitor, enhance and upgrade the system implemented on their websites in order to ensure that both sellers and buyers could communicate smoothly without disruption. Furthermore, every single e-commerce companies operating their business in the Indonesian e-commerce market should also understand the importance of maintaining and enhancing the quality of a website from the security perspectives, in which, a website which is safe, reliable, incredibly secured and possess a high level of robustness against malicious cyber attackers could not only attract more consumers or people to make a transactions toward the website, but also could encourage them to re-engage in another purchasing activities toward the same website. Furthermore, a highly-secured and reliable website could get rid of people's hesitation toward the website, while give or delivering a sense of tranquility, relief and safety while browsing or making further transactional activities toward the website at the same time.

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