

# Determining Factors of Fintech Ovo Customer Satisfaction in Jakarta

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## ABSTRACT

The purpose of this study was to determine the effect of brand image on perceived value, the effect of brand image on customer satisfaction, the effect of perceived value on customer satisfaction, and the effect of brand image on customer satisfaction when mediated by the value variable perceived by OVO e-wallet customers. The analytical method used is a linear regression with data processing using SmartPLS 3.3.2 software. The research population is OVO application users in Jakarta, Indonesia. The number of samples is 100 respondents. Methods of data collection using a questionnaire. The results showed: brand image has a positive effect on perceived value, brand image has a positive effect on customer satisfaction, perceived value has a positive effect on customer satisfaction, and brand image has a positive effect on customer satisfaction with perceived value as a mediating variable.

**Keywords:** brand image, customer satisfaction, perceived value

## 1. INTRODUCTION

The development of technology and information applications in the field of financial technology (fintech), one of which is a digital wallet. Changes in people's financial behavior towards the use of cash from cash to electronic money are increasing. This is inseparable from the role of digital wallet developers. Based on research conducted by Neurosum, digital wallets are slowly starting to replace the role of cash, including debit and credit cards. Factors that consumers or users consider in choosing digital wallet services are marketing, ease of digital transactions, and acceleration of the use of digital wallets for non-physical payments. Next, Neurosum examines the trend of using digital wallets in 1,000 respondents in 8 major cities in Indonesia for 3 months, from November 2020 to January 2021. The research describes the market share of the 5 largest digital wallets and places OVO as the second largest market share in Indonesia. OVO was first launched by the Lippo Group under a license from PT Visionet Internasional in March 2017, as a digital wallet service product that can be used for transactions at several partners, such as applications for transportation and delivery service providers such as Grab [1]. OVO's brilliant performance is quite surprising when it is seen that it has only been published for 4 years.

OVO's performance is closely related to customer satisfaction. If the value felt by customers from using OVO increases, it will increase their satisfaction. One of the factors that need to be considered to increase customer perceived value is the brand image. Several previous

research results show the relationship between these variables.

The brand image of a product can influence the perceived value [2]. Companies need to provide a positive brand image to customers so that it has a positive influence on the perceived value of customers. The value perceived by the customer affects customer satisfaction [3]. The positive value perceived by customers can increase their satisfaction so that it affects repeat buying behavior which contributes to increasing the company's market share. However, there are research results that state that the perceived value does not have a significant effect on customer satisfaction [4]. Customers cannot influence the company in making decisions for product development, so the value felt by customers when it increases can increase customer satisfaction. The results of other studies show that the perceived value of customers affects customer satisfaction, no matter the level of product involvement is low or high [5]. Businesses that apply the concept of value-based marketing, must investigate what the concept of value includes and realize their offerings to increase the perceived value of their customers.

Based on this background, there is a phenomenal OVO performance that is fantastic and there are still conflicting research results. On this basis, there are fundamental reasons for conducting this research. The purpose of this study was to determine the effect of brand image on perceived value, the effect of brand image on customer satisfaction, the effect of perceived value on customer satisfaction, and perceived value as mediating the influence of brand image on customer satisfaction.

## **2. LITERATURE REVIEW**

### **2.1. Perceived Value**

From the consumer's perspective, perceived value is defined as the customer's overall assessment of the use of the product/service based on his perception of what is received and what is given [6,7]. Perceived value, in a narrow sense, is the amount paid for a product or service. In a broad sense, perceived value is the amount of value that customers give to get the benefits of having or using a product or service [8]. Perceived value is an evaluation of the benefits of a product or service by customers based on their sacrifices in advance and shows the perceived performance [9]. Perceived value is an important component of a product or service because it has affected the company's profitability [10]. When customers pay for products purchased in the hope of getting various values from the products purchased. If the perceived value exceeds their expectations, the customer is satisfied. Transactions that satisfy customers will make customers make repeat purchases. This makes the company's sales increase and dominates a large market share. In the end, the company can produce at an economical scale, thereby obtaining maximum profit.

### **2.2. Customer satisfaction**

Customer satisfaction is a feeling of satisfaction or frustration of customers as a result of the comparison between the performance of a product or service with their expectations. If the performance fails to meet expectations, the customer is dissatisfied, if the performance matches expectations, the customer is satisfied and if the performance exceeds expectations, the customer is very satisfied or happy [10-12]. Customer satisfaction has become the company's goal as more and more companies strive for quality in their products and services [13,14]. In a highly competitive business world, customer satisfaction can be considered as the core of success [15]. Marketing-oriented companies in achieving their goals must go through customer satisfaction.

### **2.3. Brand Image**

The brand for the company is a valuable asset. This is because the brand is very important for the success of the products purchased by consumers [16]. The American Marketing Association (AMA), defines a brand as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors [17]. Brand image is a set of perceptions about the brand which is reflected in the brand associations that exist in the minds of consumers [18]. Brand image is a collection of customer beliefs and attitudes towards the company [12,19]. A successful brand image allows consumers to identify needs that are satisfied by the brand and differentiate the brand from other competitors. A good

brand image can increase the possibility of customers buying products with that brand [10,20]. Brand image makes it easier for customers to make a purchase decision.

### **2.4. Brand Image and Customer Perceived Value**

The added value that customers get for a brand can be functional, affective, symbolic, showing a close correlation with core values and organizational values [21]. A successful brand image as value creation is approved by the target group of consumers [22]. Brand image can make it easier for consumers to distinguish them from competing products for the value of the products purchased according to and even exceeding consumer expectations. The value that consumers feel when using the purchased product. Research conducted by Rozinah supports the important role of brand image issued by the company for customers. Dimensions that build a product such as favorability of brand association, the strength of brand association, uniqueness of brand association contribute to the formation of perceived value to customers. A good brand image gives a positive value to customer perception. The results of his research show that brand image can have a significant effect on the value perceived by customers [2]. Based on this explanation, the following hypotheses can be proposed:

Ha1: Brand image has a positive effect on customer perceived value.

### **2.5. Brand Image and Customer Satisfaction**

Brand image plays an important role for companies because the quality of services provided to customers has an impact on customer satisfaction [19,23]. Companies that develop a positive brand image on an ongoing basis can gain a better position in the market and a competitive advantage. Several studies have empirically proven that brand image has a positive effect on customer satisfaction [19,23,24]. Based on this explanation, the following hypotheses can be proposed:

Ha2: Brand image has a positive effect on customer satisfaction.

### **2.6. Perceived Value and Customer Satisfaction**

The value perceived by customers reflects the benefits received from buying a particular brand [25]. Perceived value is an important antecedent of customer satisfaction because customers may depend on perceived value which is a signal of extrinsic quality [26]. Several studies show that perceived value has a positive effect on customer satisfaction [2,19,28]. In addition, customers use perceived value as a signal in evaluating their experience when consuming products/services [29]. Several previous studies have also shown that perceived value has a positive effect on customer loyalty [23]. Based on this explanation, the following hypotheses can be proposed:

Ha3: Perceived value has a positive effect on customer satisfaction

**2.7. Brand Image, Perceived Value, and Customer Satisfaction**

Brand image has a positive and significant effect on customer value [29]. Brand image has a positive and significant effect on customer satisfaction [30]. Perceived value can mediate the relationship between experiential marketing variables and behavioral intention [31].

Increased experiential marketing will increase the value perceived by customers. Customer perceived value mediates positively and significantly the influence of brand image on customer satisfaction. Based on this explanation, the following hypothesis can be proposed:

Ha4: Perceived value can mediate positively and significantly the effect of brand image on customer satisfaction.

Based on the research objectives, literature review, and hypothesis development, the research model can be presented in Figure 1.

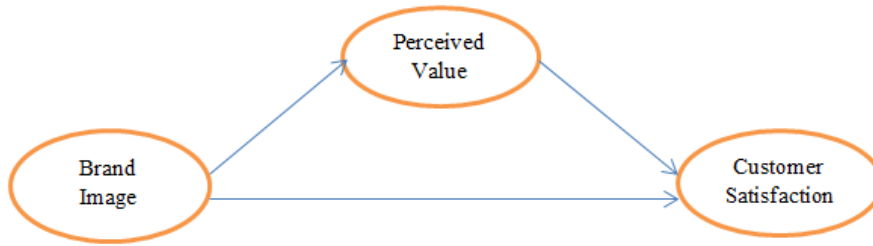


Figure 1 Research Model

**3. METHOD**

The subject of this research is the OVO digital wallet while the object of the research is the brand image, perceived value, and customer satisfaction of OVO. This type of research is quantitative with a non-experimental research design and a causal-comparative research sub-design. Methods of data collection using a questionnaire. Questionnaire answers use a Likert scale with 5 alternative answers from "strongly disagree" to "strongly agree" with a value of 1 to 5. Brand image is measured based on indicators of reliability, responsiveness, assurance, empathy, and physical evidence of the services provided by the company [32]. Brand image is measured based on indicators of value recognition, affinity, loyalty [33]. Customer satisfaction is measured based on indicators of product quality, brand image, emotion, price, and cost that make customer satisfaction with the product [34].

The population of this study is residents in Jakarta who use the OVO application with a total sample of 100 respondents. The data analysis method used is a linear regression with PLS (Partial Least Squares) data analysis techniques with SmartPLS 3.3.2 software where the evaluation consists of 2 stages, namely the outer model and the inner model.

**4. RESULTS AND DISCUSSION**

**4.1. Results**

Table 1 shows the results of the validity and reliability tests. The results of the outer model analysis where the results of factor loading on the service brand image variable, perceived value, and customer satisfaction are above 0.7, which means that the indicator can reflect all variables. Average Variance Extracted (AVE) on each variable with the correlation between variables with other variables in the model. The average variance extracted (AVE) value of each variable is declared valid because the AVE score is > 0.5 where the AVE value on the brand image variable is 0.668, customer satisfaction is 0.674, and the perceived value is 0.639. Reliability testing seen from the composite reliability value is used to see the reliability of a variable. Cronbach's alpha and rho-A tests to strengthen the results of composite reliability. For composite reliability, Cronbach's alpha and rho-A from each variable > 0.7 so that the research instrument is said to be reliable. In Cronbach's alpha, the brand image variable is 0.748, customer satisfaction is 0.878, and the perceived value is 0.856. In rho-A, the brand image is 0.751, customer satisfaction is 0.880, and the perceived value is 0.862. In the composite reliability, variable brand image is 0.857, customer satisfaction is 0.912, and the perceived value is 0.898.

**Table 1** Construct Validity and Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Brand Image	0.748	0.751	0.857	0.668
Customer Satisfaction	0.878	0.880	0.912	0.674
Perceived Value	0.856	0.862	0.898	0.639

Sumber: output Smartpls 03

Hypothesis testing is carried out to see whether the variables have a significant effect or not by looking at the t-statistic value  $> 1.96$  and the p-values  $< 0.05$ . Based on Table 2 shows that the brand image variable has an influence of 0.575 and is significant on the perceived value. Brand image has an effect of 0.238 and is significant on customer satisfaction. The perceived value has an effect of 0.674 and is significant on customer satisfaction. Brand image can have a significant effect of 0.387 on customer satisfaction by using perceived value as a mediating

variable. The significance of each variable based on the value of t statistics is greater than t-value 1.96 and p-values less than 0.05 so it can be concluded that Ha1, Ha2, Ha3, Ha4 are accepted. Based on Table 2, the coefficient value of the influence of brand image on customer satisfaction through the perceived value of 0.387 is greater than the coefficient value of the direct influence of brand image on customer satisfaction. This means that the perceived value can increase the influence of brand image on customer satisfaction.

**Table 2** Hypothesis Testing Results

Hipotesis		Coefficient	T-statistic	p-values
<b>Ha1</b>	Brand image -> Perceived value	0,575	2,806	0.000
<b>Ha2</b>	Brand image -> Customer satisfaction	0,238	8,708	0,005
<b>Ha3</b>	Perceived value -> Customer satisfaction	0,674	8,705	0,000
<b>Ha4</b>	Brand image -> Perceived value -> Customer satisfaction	0,387	5,813	0,000

Sumber: Output Smart PLS 03

## 4.2. Discussion

The results of the Ha1 test are accepted, this shows that brand image has a significant positive effect on perceived value. Customers who use the OVO digital wallet can feel the positive value of using the OVO application. The results of this study support the research that has been done previously regarding successful brand image influencing the perceived value of the target consumer group [2] and a brand image having a significant positive effect on the perceived value by customers [22].

The results of the Ha2 test are accepted, indicating that brand image has a significant positive effect on customer satisfaction. The OVO digital wallet provides customers with a good brand image, increasing customer satisfaction. The results of this study are in line with previous studies where the brand image has a positive effect on customer satisfaction [19,23,33]. When a company can improve its brand image, its customer satisfaction increases, and vice versa.

The results of the Ha3 test are accepted, this shows that the perceived value has a significant positive effect on customer satisfaction. The results of this study are in line with research that has been carried out by previous researchers where the perceived value has a positive effect on customer satisfaction [2,19,27]. OVO digital wallet issuing company, when it increases the perceived value of its customers, its customer satisfaction also increases.

The results of the Ha4 test are accepted, this shows that perceived value can partially mediate the significant positive influence of brand image on customer satisfaction. The results of this study are in line with previous research that perceived value can mediate the relationship between experiential marketing variables and behavioral intention [31]. Based on the coefficient values in Table 2, the perceived value of customers can further strengthen the influence of brand image on customer satisfaction than the direct influence of brand image on customer satisfaction.

## 5. CONCLUSIONS AND SUGGESTIONS

### 5.1. Conclusion

Based on the results of testing and discussion of these hypotheses, it can be concluded as follows. Brand image has a positive effect on perceived value. Brand image has a positive effect on customer satisfaction. Perceived value has a positive effect on customer satisfaction. Customer perceived value mediates the positive influence of brand image on customer satisfaction.

### 5.2. Suggestion

Based on the results of these studies, suggestions can be given to academics and practitioners. The next researcher can develop the research by adding new variables, both independent and dependent. Likewise, research can be done

on other digital wallets and other industries to find out whether or not you can generalize the results of the research. For practitioners, the results of this study have managerial implications, namely digital wallet issuing companies to be able to increase customer satisfaction as a core element in winning the competition by building a positive brand image and increasing the customer's perceived value of the purchased product.

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