

# The Determinants of Customer Satisfaction of Electronic Wallets with the Mediation of Perceived Value in Jakarta

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## ABSTRACT

The purpose of this study was to determine the effect of promotion on perceived value, the effect of promotion on customer satisfaction, and the effect of promotion on customer satisfaction when mediated by the variable value perceived by customers of the OVO application product. The analytical method used is multiple regression with data processing using Smart PLS 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: (1) Sales promotion had a significant effect on perceived value. (2) Sales promotion had not a significant effect on customer satisfaction. (3) Sales promotion had a significant effect on customer satisfaction with perceived value as a mediating variable.

**Keywords:** *sales promotion, customer satisfaction, perceived value*

## 1. INTRODUCTION

The Covid-19 pandemic, forcing everyone to reduce physical contact when interacting with other people. People's activities in transactions cannot be avoided even though they are being hit by the COVID-19 pandemic. Business transactions, such as buying and selling transactions, involve the delivery of goods or services accompanied by the delivery of money. This condition encourages the skyrocketing of digital transactions. Data from Bank Indonesia noted that from 2019 to 2020, the use of e-money or digital wallets increased by 24.42 percent. Meanwhile, in the same year, the use of debit cards decreased by 18.9 percent.

The increase in the use of digital wallets accompanied by a decrease in debit cards is an interesting phenomenon to study. The digital wallet application requires a mobile phone as a tool to operate it. In the current era of technology and information, mobile phones are a means of communication, information, and transactions that people almost always carry anywhere and everywhere. Many promotions are offered in the form of sales promotions from the use of various digital wallets. While the use of debit cards in transactions requires users to transact through direct physical interaction with the seller or if the transaction is carried out online, the user must visit an automated teller machine. The use of debit cards very rarely offers discounted programs and if payment is made through automated teller machines, there may be a potential transfer burden.

The most widely used digital wallet in Indonesia based on the results of a survey released by Sharing Vision in December 2020 with the theme 'eChannel Fintech eCommerce & lifestyle can be seen in Table 1 below. GoPay is the most widely used digital wallet by the public, followed by OVO, ShopeePay, Dana, Mandiri e-money, and so on.

**Table 1** Electronic/Digital Wallet Ranking by Number of Users in Indonesia

Rank	Digital Wallet	Users (%)
1	GoPay	81
2	OVO	71
3	ShopeePay	44
4	Dana	41
5	<i>e-money</i> Mandiri	21
6	Flazz	18
7	Link Aja	16
8	Brizzi	5
9	i.saku	2
10	Jakcard; Paytren	1

Source:

<https://www.liputan6.com/tekno/read/4472006/ini-daftar-dompot-digital-yang-paling-banyak-digunakan-orang-indonesia>

Research on the relationship between promotional programs, customer perceived value, and customer satisfaction has been growing. Sales promotions in the form

of price discounts have a positive effect on the perceived value of customers [1]. Perceived value has a positive effect on customer satisfaction [2]. The promotion has a positive effect on customer satisfaction [3]. The inconsistent measurement of customer perceived value is not fully able to explain its mediating role. The perceived value to be valid must be measured by a certain non-monetary scale of the item [4].

Among digital wallets, OVO's performance is fantastic. Since it was published in March 2017 by PT PT Visionet Internasional, 4 years later it was able to place its market share in the second position under GoPay which was founded in 2016. While ShopeePay published in November 2018 is in the third position. Based on that background. This study uses a non-monetary scale measurement to measure the customer's perceived value as a mediating role between sales promotion and customer satisfaction, according to Mei and Green's opinion. The purpose of this study was to determine the effect of sales promotion on perceived value, the effect of sales promotion on customer satisfaction, and perceived value mediating the effect of sales promotion on customer satisfaction.

## **2. LITERATURE REVIEW**

### **2.1. Sales Promotion**

The product has been created, the price has also been set, and the place (layout location) has been provided, meaning that the product is ready to be marketed and sold. The public needs to know the presence of the product, the benefits of the product, the price, where it can be obtained and the advantages of the product compared to competing products. One way to inform or offer products to the public is through promotion.

Promotion is an activity that functions to convince customers by showing the product or service so that it can persuade customers to buy it [5]. In essence, promotion is a form of marketing communication, namely marketing activities that seek to disseminate information, influence or persuade, and remind the target market of their products to be willing to accept, buy, and be loyal to the products offered by the company concerned [6].

The promotional mix is the main element of market-driven communication, including advertising, sales promotion, public relations, and face-to-face selling [7]. Sales promotion is a form of short-term promotion to several places that can increase the desire to buy or test a product or service. [8] The purpose of sales promotion is to increase the number of customers in the short term. The ways to do this include getting a purchase discount, buy two get one free, reward points, and so on.

### **2.2. Perceived Value**

Business transactions involve sellers and buyers. Perceived value is the customer's overall assessment of the use of the

product/service based on his perception of what is received and what is given [9] [10]. The value that customers feel in response to the benefits of goods or services paid by the customer to the seller. Perceived value is the difference between the benefits and costs received by the customer [11]. The benefits received are a combination of an element including physical attributes, services, and technical support obtained when using the product [12]. Customer perceived value has two characteristics, namely, first, the value attached to the use of the product. Second, value can be perceived by the customer and cannot be determined objectively by the seller. This means that only customers can see if a product or service has value. [13].

### **2.3. Customer Satisfaction**

Customers make transactions to fulfill their needs and desires according to their purchasing power. The money paid to get the product is expected to satisfy him. Customer satisfaction is a feeling of pleasure or disappointment of customers arising from comparing the product's perceived performance with the expected one [8]. If performance fails to meet expectations, the customer is dissatisfied. If performance matches expectations, customers will be satisfied. If performance exceeds expectations, the customer is very satisfied. Satisfaction is a kind of behavioral assessment that occurs after the experience of consuming services [14]. Customer satisfaction has become the company's goal as more and more companies strive for quality in their products and services [15] [16].

Based on this opinion, customer satisfaction is related to what customers have felt for the services that have been provided compared to what they want. Customers are satisfied when their wishes are fulfilled by the seller as expected. There are 3 indicators of customer satisfaction, namely: 1. Conformity of expectations, namely the level of conformity between the performance of service products expected by customers and those felt by customers. 2. Return interest, namely the willingness of customers to visit again or make repeat purchases of related products. 3. Willingness to recommend, namely the willingness of customers to recommend products or services that have been felt to friends or family [17].

### **2.4. Sales Promotion and Customer Perceived Value**

Customers when making a purchase transaction need information. Sales promotion is one of the promotional mixes that companies can use to increase sales in the short term. The provision of discounts, buy two get one free at certain times is important information for a rational customer. The customer when making a purchase transaction wants to get the value or benefit of the paid product. Customer perceived value can be influenced by sales promotion. The research conducted suggests that hedonic and utilitarian benefits mediate the relationship between sales promotion and consumer perceptions of products in the context of Indian consumers. Female

consumers prioritize the hedonic benefits of sales promotions. Male consumers are more interested in utilitarian benefits [18]. The results of this study indicate that product categories moderate the perceived value of consumers for the hedonic and utilitarian benefits of sales promotion tools. The utilitarian benefits of sales promotion have more of an impact on consumers' perceived value in the context of personal care products whereas the hedonic benefits have more impact on consumers' perceived value in the context of food products [19]. Based on the explanation, the hypothesis is as follows:

H1: Sales promotion affects customer perceived value

**2.5. Sales Promotion and Customer Satisfaction**

Sales promotion is carried out by the company to increase sales in the short term. A sales increase can be done if the products sold by the company can satisfy its customers. The results of the study stated that promotion can increase customer satisfaction and loyalty [20]. The results of the study stated that sales promotion had an effect on customer satisfaction [21]. Based on this explanation, the hypothesis is as follows:

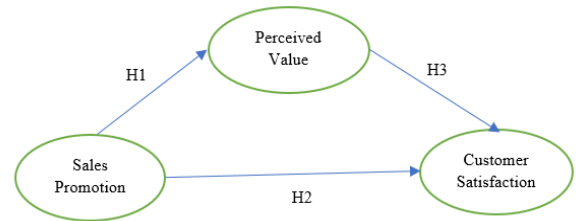
H2: Sales promotion affects customer satisfaction.

**2.6. Sales Promotion, Perceived Value, and Customer Satisfaction**

Understanding the interrelationships between sales promotion activities, customer perceived value, and customer satisfaction is important in business. This is because customer satisfaction will result in customer loyalty. Loyal customers will make the company's income stable. Customers are satisfied if the sales promotion carried out can be felt by the value or benefits for the customer. Customer perceived value is very important to drive market share and increase customer loyalty [22] [23]. The results of the study state that in order for perceived value to mediate the relationship between marketing strategy and customer loyalty, it must be measured with certain non-monetary scale items [4]. Customer loyalty is characterized by making repeated purchases for the same product. This is possible if the value perceived by the customer exceeds his expectations when consuming the purchased product. Based on this description, the hypothesis is as follows:

H3: Perceived value can mediate the effect of sales promotion 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. METHODOLOGY**

The paradigm used to answer this research problem is quantitative. The research design used was non-experimental with a causal-comparative sub-design. The subject of this research is the OVO digital wallet while the research variables are: sales promotion, perceived value, and customer satisfaction. The population of this study is residents of Jakarta who use the OVO application. The number of samples is 100 respondents. Methods of data collection using a questionnaire. Answers to questions using a Likert scale with 5 alternative answers from "strongly disagree with a value of 1" to "strongly agree" with a value of 5. Sales promotion indicators are benefits, spread through many media, differ depending on the period, can be used in other applications, provide sales promotions interesting [5]. The indicators of perceived value are: emotional, social, and functional [24]. Indicators of customer satisfaction are product quality, brand image, emotion, price, and cost that make customer satisfaction with the product [25]. The data analysis method used is linear regression with PLS (Partial Least Squares) data analysis technique with SmartPLS 3.3.2 software. Data analysis through 2 stages, namely the outer model and the inner model.

**4. RESULTS AND DISCUSSION**

**4.1. Results**

The research questionnaire was tested for validity and reliability. The test results can be seen in Table 2. Analysis of the outer model for the results of factor loading on the variables of sales promotion, perceived value, and customer satisfaction is above 0.7, which means that the indicator can reflect all research variables. The amount of average variance extracted (AVE) on each variable shows the correlation between variables with other variables in the model. The average value of variance extract (AVE) of each variable is declared valid because the AVE value is > 0.5. The AVE value of the customer satisfaction variable is 0.674, the perceived value is 0.639, and the sales promotion is 0.626. 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

composite reliability results. For composite reliability, Cronbach's alpha and rho-A from each variable > 0.7 so that the research instrument is said to be reliable. The magnitude of Cronbach's alpha of customer satisfaction is 0.878, and the perceived value is 0.856. In rho-A, customer satisfaction is 0.882, perceived value is 0.856, and sales promotion is 0.709. In the composite reliability variable, customer satisfaction is 0.912, the perceived value is 0.898, and sales promotion is 0.833.

**Table 2 Construct Validity and Reliability**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer satisfaction	0.878	0.882	0.912	0.674
Perceived value	0.856	0.863	0.898	0.639
Sales promotion	0.709	0.766	0.833	0.626

Source: Output of SmartPLS 03

Hypothesis testing was conducted to determine the results of testing the effect of the independent variable on the dependent variable. The test results have a significant effect if the t-statistic value is > 1.96 or the p-value is < 0.05. Based on Table 3, it can be seen that the sales promotion variable has an influence of 0.491 and is significant on the perceived value. Sales promotion has an effect of 0.144 and is not significant on customer satisfaction. Perceived value can have a significant effect of 0.363 on customer satisfaction by using perceived value as a mediating variable. This means that the perceived value can increase the influence of sales promotions on customer satisfaction. Based on the results of these calculations and analysis, H1 and H3 are supported, but H2 is not supported.

**Table 3 Hypothesis Testing Results**

Hypothesis		Coefficient	t-statistic	p-values
H1	Sales promotion → Perceived value	0,491	6,029	0,000
H2	Sales promotion → Customer Satisfaction	0,144	1,777	0,076
H3	Sales promotion → Perceived value → Customer satisfaction	0,363	5,017	0,000

Source: Output of SmartPLS 03

**4.2. Discussion**

Based on the results of the hypothesis testing that has been carried out, it shows that H1 is supported. This means that brand sales promotion 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 are in line with the research conducted by Sinha and Verma [18] [19].

The results of the hypothesis test show that H2 is not supported, that is, sales promotion has no significant positive effect on customer satisfaction. The results of this study do not support previous studies [20] [21]. The

possible cause of this hypothesis is rejected, because sales promotions offer various benefits or values for customers, thus affecting the perceived value of customers. If the customer's perceived value exceeds his expectations, the customer is satisfied. It seems that the research respondents adhere to this logic of thinking.

The results of the hypothesis test show that H3 is supported, this means that the perceived value can mediate the effect of sales promotion on customer satisfaction. The results of this study are in line with the research of Li and Green [26]. Perceived value can fully mediate the effect of sales promotion on customer satisfaction.

**5. CONCLUSIONS AND SUGGESTIONS**

**5.1. Conclusion**

Based on the results of these tests and discussions, it can be concluded as follows. Sales promotion has a positive and significant effect on perceived value. Sales promotion has a positive but not significant effect on customer satisfaction. The value perceived by customers can mediate a significant positive effect of sales promotion on customer satisfaction

**5.2. Suggestion**

Based on the results of the analysis, the following suggestions can be given. Further researchers can develop research by adding new variables, both independent and dependent. Likewise, research can be done on other digital wallets and other industries. For practitioners, the results of this study have managerial implications, namely that digital wallet issuing companies can increase customer satisfaction as a core element in winning the competition by conducting sales promotions and providing customer value that exceeds customer expectations.

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