

Customer Loyalty in Online Shopping

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ABSTRACT

This study aims to analyze the effect of online trust and online satisfaction on customer loyalty in online shopping. The population and the sample of the research were the people who have done online shopping. The type of data used in this study was primary data. Methods of data collection were conducted using a questionnaire and purposive sampling method was employed. Sample size in this study is 126 respondents. This study also applied multiple linear regression as data analysis. The results of the analysis in this study indicate that online trust has a significant effect on customer loyalty and online satisfaction has a significant effect on customer loyalty.

Keywords: *Online trust, online satisfaction, online customer loyalty.*

1. INTRODUCTION

E-commerce has become a popular phenomenon among millennials which provides a way of shopping by stepping inside a store. It is proven that 34.7% of Indonesian internet users experienced an increase trend compared to the previous year towards purchase intention in e-commerce among the general population due to restrictions on social distancing imposed by the government during the COVID-19 pandemic (Statista, 2021). The digital era by utilizing digital technology will change people's shopping behavior. This is also supported by the presence of various online marketplaces that can be visited and done practically and quickly, making it easier for people to do online shopping.

The outbreak of the COVID-19 changes in the way people shop and has also an impact on the e-commerce distribution business of goods. As much as 76.91% of businesses experienced a decline in terms of the smooth distribution of goods and 19.58% had no effect during the pandemic or period before the COVID-19 pandemic (Central Bureau of Statistics, 2020).

In selling online, earning customer trust is critical for sellers because customers will feel calmer and will be loyal to buy their products. Thus, it is important to build customer trust so that there is no hesitation, fear, and uncertainty to purchase from e-commerce [1]. Consumers are more concerned about order fulfillment when building trust with business actors. As business actors, they must be able to provide maximum services to the customers such as being honest to make consumers believe in the product information offered.

Trust is the key to success in the online environment and is the basis for loyalty [2].

Customer satisfaction plays an important role in creating customer loyalty and is a key success factor to survive in a competitive market [3]. Consumer behavior and judgment are factors that impact loyalty. With a good judgment, consumers will be loyal to what we sell. To retain online customer loyalty is more difficult because the first thing to do is building customer trust in order to realize customer expectations. This should be done if online loyalty is the goal to be achieved.

Competitive in online shopping must require sellers to develop their business in terms of services and implement appropriate marketing communications to maintain positive and negative strengths from consumers to keep buying products in e-commerce.

Thus, the research problems are formulated as follows:

1. Is there an effect of online trust on customer loyalty in online shopping?
2. Is there an effect of online satisfaction on customer loyalty in online shopping?

Some of the research objectives to be achieved are:

1. To identify and analyze the effect of online trust on customer loyalty in online shopping.
2. To identify and analyze the effect of online satisfaction on customer loyalty in online shopping.

2. LITERATURE REVIEW AND HYPOTHESES FORMULATION

2.1 Online Trust and Online Customer Loyalty

Trust in the internet store is defined as a consumer's willingness to rely on the sellers and take action in circumstances where such action makes consumers attentive to the sellers. Online trust is the perception and belief that allows consumers to willingly be attentive to e-commerce websites[4,6]

When sellers want to earn customer's loyalty, they must be able to earn their trust because trust is a key to success factor in the online environment. The construct of online trust in several studies has a positive and strong effect on customer loyalty [2]. This is in line with a number of other studies from researchers who state that companies must gain customer trust to earn customer loyalty [5,8].

H1: Online Trust has an Effect on Online Customer Loyalty

2.2 Online Satisfaction and Online Customer Loyalty

Satisfaction is defined as an emotional response to a service experience in the context of online shopping. The research findings indicate that customer loyalty is significantly affected by customer satisfaction[6]. Seller assurance and services quality to online customers helps to build satisfaction thereby improving customer loyalty, hence satisfaction has a positive effect on customer loyalty [4,10].

Customer satisfaction is an important condition for developing service loyalty. The findings are in line with previous studies which show that online satisfaction has a positive and significant effect on online customer loyalty [7,9].

H2: Online Satisfaction has an Effect on Online Customer Loyalty

3. RESEARCH METHODOLOGY

This study used quantitative research design as the data generated in the form of numbers and statistical test used for data analysis. The method used was explanatory research, namely research to explain the relationship and influence between the dependent variables and the independent variables through hypothesis testing that has been formulated.

The sampling technique used was non probability sampling which does not provide equal chances or opportunities for each element or all members of the population to be selected as a sample. The technique used was purposive sampling to determine the sample

by using certain considerations. The characteristics of the selected respondents were those who have made online purchases on e-commerce at least 2 times.

The researchers used a questionnaire to collect data from respondents which later is directly distributed to the respondents. Meanwhile, the measurement scale used was a five-point Likert scale, namely (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree).

4. FINDINGS AND DISCUSSION

4.1 Description of Respondents

This description is used to explain respondents' demographic profiles. It aims to strengthen the results of the study because it reflects whether the sample taken is right on target. The respondents' demographic profiles in this study include gender, age, and occupation.

a. Results of Characteristics of Gender

Table 1 Characteristics of Respondents' Gender

Gender	Frequency	Percentage
Male	57	45,2%
Female	69	54,8%
Total	126	100%

Source: Respondents Demographic, 2021

Table 1 shows that out of 126 respondents, 54.8% are female and 45.2% are male.

b. Results of Characteristics of Age Group

Table 2 Characteristics of Respondents' Age

Age	Frequency	Percentage
18 – 20	22	17,5%
21 – 26	99	78,8%
27 – 33	5	4,0%
Total	126	100%

Source: Respondents Demographic, 2021

Table 2 above shows 3 different age groups, namely 17.5% of the respondents were below 20 years old, 78.8% were between 21- 26 years old and 4.0% were between 27-30 years old.

c. Results of Characteristics of Occupation

Table 3 Characteristics of Occupation

Occupation	Frequency	Percentage
Students	110	87,3%
Entrepreneurs	7	5,6%
Others	9	7,1%
Total	126	100%

Source: Respondents Demographic, 2021

The results of the analysis of Table 3 above illustrate that there are 3 different occupation groups and 87.7% of the respondents were students, 5.6% were entrepreneurs, and 7.1% were others.

4.2 Analysis and Discussion

The method used for testing the validity was Confirmatory Factor Analysis (CFA). CFA is a method of multivariate analysis that can be used to verify whether the measurement model built is in accordance with the hypothesis. In CFA, latent variables are

considered as causal variables (independent variables) underlying the indicator variables. The question factor for each item must have a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMOS MSA) weight > 0.50 . Each question will be considered to be valid if it has a factor loading ≥ 0.50 (Ghozali, 2018).

Table 4 Results of Validity Test of the Research Instrument

No	Question Items	Construct		
OT	ONLINE TRUST	Factor 1	Factor 2	Factor 3
1	I use trustworthy and honest e-commerce.		0,835	
2	I feel trust in e-commerce process.		0,801	
3	E-commerce keeps its promises and commitments.		0,737	
OS	ONLINE SATISFACTION			
1	I am satisfied with the website performance.			0,514
2	Website has sufficient experience in marketing the products and services offered.			0,704
3	The website recognizes its users pretty well to offer products and services.			0,801
4	The website has the needed resources to carry out its activities successfully.			0,857
OCL	ONLINE CUSTOMER LOYALTY			
1	I will visit the website again in the future.	0,870		
2	I recommend people to shop in e-commerce.	0,778		
3	My priorities about e-commerce will not change.	0,719		
4	Changing my priorities about e-commerce will take a long time.	0,783		

Source: primary data analysis

Based on the results of the validity test in the table, it can be concluded that all question items from 3 variables meet the criteria for the validity of the factor loading value of 0.5.

To test reliability of the research instrument, this study used the Cronbach Alpha correlation. The reliability test was performed using the Cronbach Alpha statistical test, provided that the variable can be mentioned to be reliable if it has a Cronbach Alpha value > 0.6 (Ghozali, 2018).

Table 5 Validity and Reliability

Construct	Cronbach's Alpha	Explanation
Online Trust (X ₁)	0,867	Reliable
Online Satisfaction (X ₂)	0,908	Reliable
Online Customer Loyalty (Y)	0,919	Reliable

Source: Data Analysis, 2021

The results of Table 5 show that the Online Trust, Online Satisfaction, and Online Customer Loyalty variables have a Cronbach's alpha value of 0.867; 0.908;

and 0.919; > 0.6 then it can be stated that the three variables are reliable.

The results of the analysis of hypothesis testing in this study are presented in table 6:

Table 6 Results of Regression Analysis

Model	Coefficient	T	Sig.	Explanation
Constant	1.598	0,695		
Online Trust (OT)	0,347	3.493	0,001	Significant
Online Satisfaction (OS)	0,347	3,495	0,001	Significant
F		43,587		
Sig.		0,001		
R square		0,415		

Source: primary data analysis, 202

Consumer behavior in e-commerce seems to be a very complex issue leading to shifting consumer expectations, as they challenge traditional patterns of provisioning on commercial websites. The concept of satisfaction and trust in customer loyalty is the main concern in a website. Sellers should try to provide customized service, convenience, quality products and product variety, because these factors will lead to customer satisfaction and will create customer loyalty.

Sellers in maintaining customer trust is very pivot also that customers will feel free and safe when making purchases. This sense of security and protection will enhance customer satisfaction. Customer satisfaction plays an important role in creating customer trust. Therefore, to earn customer satisfaction and trust, online stores must consider factors such as providing fast responses to customer needs. Online stores must work on their customer service strategy to ensure that their products and services are delivered on the promised time or as quickly as possible; hence, the customers will trust and will be loyal on account of this strategy [3,5].

5. CONCLUSION AND SUGGESTIONS

This study provides empirical support that you must consider several factors when purchasing products online as a customer, namely the trust and satisfaction factor. Based on statistical test, these two variables have a significant effect on online customer loyalty.

Online trust is related to consumer trust when buying products at the online store. Where it is obtained from the services provided at the online store and attempts to do honest marketing so that customers will feel safe. If they earn consumers trust, the seller will obtain customer loyalty so that it will make the customer accustomed to making purchases at the online store.

The managerial implications of this research conclude that it is recommended for sellers in online

stores to maintain the service and quality of the website, because the customer will have a commitment to buy at the online store through it. In this study, online trust and online satisfaction have an effect on customer loyalty in online shopping. Sellers should maintain or improve their quality in order to earn customer trust. To earn customer satisfaction, they can ask for reviews of products purchased by customers whether they are satisfied or they have complaints; therefore, it can be used as an evaluation for the online store.

This research has been attempted to look at the issues, but there are still shortcomings (limitations). The limitations include: first, inappropriate number of samples because collecting a larger sample can increase numbers of contradictory findings; second, homogeneous respondents because it is dominated by students. This is also the limitations of this study because it causes a tendency for the same responses. Furthermore, the lack of variety of questions on the questionnaire related to customer loyalty will also limit the results of this study.

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