The Effect of Online Customer Experience Toward Customer Satisfaction and Customer Loyalty

A Case Study on Skin Care Product Brand Somethinc in Indonesia

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Abstract. Over the past five years, the local skincare industry in Indonesia has grown quickly. One of the regional brands that have recently attracted attention is called Somethinc. It was launched in 2019 and significantly grow over the last three years, is currently ranked third among Indonesia's domestic skincare brands. Even though they have had great success, the customer experience—from the website's lack of product details to the best-selling goods that are frequently sold out—affects both the consumer's contentment and their commitment to a certain skincare brand. In order to ascertain the relationship between online customer experience features and consumer satisfaction as well as to gauge client loyalty, this research's goals are as follows. Both qualitative and quantitative methods were employed in this study. In qualitative research, interviews were conducted to collect additional variables that were then manually coded and analyzed. Ten respondents were chosen for interviews based on the author's criteria. Data triangulation, which entails ethnographic observations and literature checks, will then be used to confirm the data. The data will then be further validated using quantitative methods by distributing online questionnaires. The study's 246 respondents were subjected to the author's criteria. In the analysis, the writer uses the model of partial least squares structural equation and descriptive analysis. In order to advance information about how to create cosmetics online stores that deliver a fantastic customer experience, this study's findings illustrate the variations in pertinent online customer experience components. As a result, based on the findings of this study, the Somethinc brand may utilize this result to improve customer satisfaction, which would result in Somethinc having more devoted customers. Other local skincare businesses could also use this result to draw people to purchase their goods and services.

Keywords: Customer Experience · Customer Satisfaction · Customer Loyalty

1 Introduction

Customer experience is a key concern for firms in today's fiercely competitive local skincare market. Customer experience has increasingly emerged as retailers' main source of long-term competitive advantage through difference [1]. According to Hasfar [2], If a

customer had a positive experience, they are more inclined to buy from that brand again. This experience was caused by variables that the corporation may have control over. The customer's judgment to determine whether they received what they expected or not has a favorable impact on customer satisfaction and the need to repurchase, according to earlier studies [4].

The usage of skincare goods is rising, particularly during the pandemic, as people begin to take better care of their bodies. This is reflected in the growth in local skincare product sales, particularly those that are rising despite Indonesia's economic slowdown. Somethinc's skincare is one line of cosmetics whose popularity has increased the greatest throughout this pandemic. It showed rapid growth over the past three years from its initial launch in 2019 and has risen to the third-best local skincare brand in Indonesia.

Along with highlighting the success of Something, Mckinsey also highlights one of the factors that contributed to the long-lasting skincare company's demise. Businesses strive to provide a compelling customer experience [5]. Because many managers believe in the customer experience in such a limited way, focusing only on certain themes while ignoring the more systematic way of delivering value, adjustments towards the customer experience frequently fall short of expectations. Due to numerous complaints about Somethinc's speedy sell-out of products on their social media, it is possible that the product could have an impact on the customer's actual level of happiness. Another element contributing to the unfavorable customer experience is the incompleteness of the Somethinc website's customer experience, notably the absence of data on reviews and the volume of purchases of the product there. The author performed a preliminary poll on the brand's loyalty in addition to the customer experience, and according to the results, 78 out of 87 respondents (89,7%) claimed they use a variety of local skincare brands. Additionally, 83.9% of the 87 respondents, or 73 of them, claimed they like to switch or alter local skincare brands. This study demonstrates that there is little brand loyalty among consumers of skincare products.

Every business should strive to provide a positive customer experience since it will have a greater effect on customer satisfaction and loyalty [7]. Additionally, there are no literature studies that specifically address the factors that contribute to a positive customer experience for skincare businesses, necessitating a deeper investigation of this subject to close the knowledge gap.

In order to promote customer loyalty, this study will look at how customers in Indonesia related to the Somethinc Brand by using the variable customer satisfaction as a mediating variable. Businesses may help their current customers become more loyal by using customer experience-based marketing strategies. By now and understanding how to manage and construct the Somethinc brand's online customer experience may have a great impact on the loyalty of the Somethinc company.

2   Method

Research framework shown in Fig. 1.

Figure 1 shows how the author's development of hypotheses led to the conceptual framework. The framework shown above was modified from a number of earlier studies that look at the elements of the customer experience that have a big impact on customer
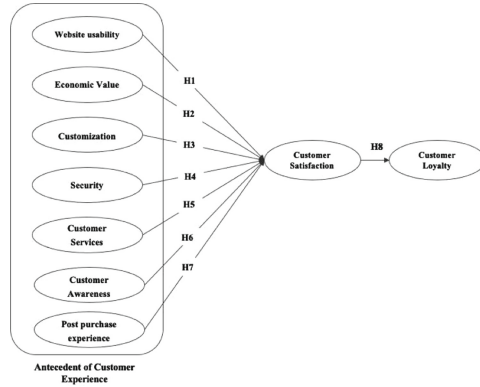
Fig. 1. Research Framework.

satisfaction which leads to customer loyalty. Jaiswal and Singh [3] discover the seven antecedents/factors that influence the customer experience that leads to customer loyalty. There will be three key sections of the questionnaire. With 49 inquiries made in total. To make sure that respondents satisfy the requirements, the author additionally inquires about the respondent's demography and behavior. Participants were asked to score the items using a Likert scale. Depending to what extent they agreed with the statement mentioned, (from 1 = strongly disagree to 5 = strongly agree), respondents rated it. They are more in agreement if they rate a higher score. As they fall in the rankings, so does their level of agreement.

2.1 Qualitative

The qualitative method will be used by the author to gather and analyze data. Author-conducted qualitative analysis is employed to support the antecedents of prior consumer experiences that originate from the literature that hasn't resulted in skincare items. In this article, primarily for skincare goods, interviews were utilized to confirm their conformity with customer experience antecedents, particularly for Somethinc brand customers. Additionally, the interviews were intended to offer new antecedents that were specifically connected to customer experience skincare items and had not yet been discussed in the author's chosen literature.

Respondent Profile

Ten respondents were discovered by the writers during the qualitative inquiry. The age distribution consists of two teenagers, ages 16 and 17, four young adults, ages 20 to 22, and four adults, ages 24 and older. This indicates that the respondents' data is reliable for use because it satisfies the requirements for the unit analysis of this research, which are older than eleven years. They have all used skincare products for at least a year.

2.2 Quantitative Analysis

The author obtained the necessary number of responders with a sum of 246 responses \. An outside model, often referred to as a reflective measurement model, includes a

number of parameters that need to be measured. Convergent validities which have more than r = .70 are advised, and those below r = .50 should be avoided or eliminated. High outer loadings suggest that the connected indicators' common traits can be captured by the latent variables [16]. The author will do a convergent validity test using the average variance collected to further investigate the convergent validity of the reflective concept (AVE). The average variance extracted (AVE) assesses the relation to measurement error with the variation that the indicators produce. It was suggested to use a loading value greater than 0.50 to support the implementation of the construct [17]. In exploratory research, composite reliability scores between 0.60 and 0.70 are acceptable, while a lack of internal consistent dependability indicates by a value below 0.60. As a result, the authors will use composite reliability to assess dependability. The value of the Variance Inflation Factor is determined by the author to explore collinearity (VIF). The VIF value must be smaller than 5 in order to prevent collinearity problems [18].

Then, the bootstrapping process should be used. SmartPLS does so by searching both inside and externally for the hypothesized link. Using this method, the author will be able to decide whether to accept or reject the hypothesis. The probability of discovering outcomes that are at least as poor as those of a statistical hypothesis test provided the hypothesis null is true, is what Beers in Investopedia [19] refers to as the p-value in statistics. The lowest level of significance at which the null hypothesis is accepted is shown by the p-value, which takes the role of rejection points. The likelihood of the alternative hypothesis being true increases if the p-value is lower. If the p-value is less than 0.05, the null hypothesis must be ignored, which is considered statistically significant. Since the deviation from the null hypothesis is not statistically significant if the p-value is greater than 0.05 the null hypothesis is not refuted.

3 Result and Discussion

3.1 Qualitative Result

According to the results of the interview, the respondent's response regarding the causes of the customer's experience with skincare products is separated into 7 groups as mentioned in Fig. 1.

One of the respondents claimed that the visuals on some websites are superior to the ingredient lists in the e-commerce descriptions. Similar remarks were made by other respondents, who said that they utilized websites to examine product descriptions and reviews because they were simpler to read and because they provided more thorough information. The website design that will influence how shoppers perceive the store, is a representation of the actual retailing industry [13]. According to Kotler & Armstrong [14], price is a major element affecting a company's competitive position and a basic indicator of market demand. According to Jaiswal and Singh [3], one characteristic of clients who make purchases from online merchants is a product's low price. Online shopping is widely recognized for its aggressive pricing. Something managed to draw customers by catering to their demands. Somethinc keeps up with the trends and releases products that are in demand among skincare consumers because it understands what its clients want. According to Srinivasan's research, which defines personalization as something that humans need [6], this is accurate.

Table 1. Data source triangulation.

Variable	Interview Result	Netnography	Literature review
Multi-channel interaction	✓	✓	✓

Regarding the packaging that Something used, two out of ten respondents expressed the same opinions. The safety of the packing was one of the things that led them to complain about the delivery security of the goods. They said that they employed layers of bubble wrap rather than boxes to preserve the serum product. The author pinpoints a wide range of variables that affected the customer's post-purchase experience based on the interview. A short sampling of Somethinc's product material is presented in the initial interaction. The fact that Somethinc gives its customers numerous gifts, sometimes known as freebies, is another aspect that affects other customers' experiences after making a purchase. According to research, post-buy encounters have a big impact on consumers' decision to make another purchase.

Customers of Something may have a terrible experience if customer service is unprofessional or provides inadequate answers to client questions. A brand's employees will deliver exceptional customer service if they have received proper training. This is also consistent with Chopra's research, which found that emphasizing employee training is essential because customer service is so important to every company [15]. The majority of respondents discussed how the product reviews influenced them to purchase skincare products from Somethinc. Trisha, one of the respondents, stated that before purchasing a product, she will read reviews from other customers to see whether it is suitable for their skin type. In fact, when customers complain that the product is unsuitable for their skin, they would not purchase the item. This is evidence that buyers research products and read reviews before making purchases.

Triangulation Approach
Based on the findings from the interviews, the ethnographic observation, and the literature analysis, a triangulation of data sources was employed to validate this qualitative study. An association between these data sources was found by the author. Thus, it is possible to draw the conclusion that the interview results are reliable and to build further study components. Data source triangulation shown in Table 1.

Therefore the author proposes 1 additional hypothesis:

Additional hypothesis: Multi-Channel interaction has a positive effect on customer satisfaction Somethinc brand.

3.2 Quantitative Result

The first theory is accepted. Due to the P-value (0.040), which is less than the significant value of 0.0 positive score (0.102) and the path of coefficient 5. Website usability has a considerable impact on consumer satisfaction [20]. This finding is consistent with their findings. Even though previous research has emphasized the significance of website usability, more investigation is required to ascertain the true impact of usability on

crucial factors that could help the host firm and to pinpoint the circumstances in which usability has a greater impact on customer perceptions. A website that is extremely well designed, professionally managed, and well organized by the firms reflects their efforts to make client information procedures available and promotes consumer satisfaction [21].

The second hypothesis is confirmed. The route of coefficient reveals a positive score of 0.164 and the P- value which is 0.02, less than the significant value of 0.05. It is in accordance with a previous investigation by Jaiswal and Singh [3], which discovered that the most important variable in influencing consumer satisfaction in the customer experience antecedents is economic value. A product or service's price (monetary cost) is commonly associated with its quality in marketing research to determine its value. Another study by Anggraeni, Retnoningsih, and Wahib found that prices have a positive impact on satisfaction [22].

The third hypothesis is accepted. The findings show that hypothesis H3 is accepted since the route of coefficient reveals a positive score of 0.087 and the P-value which is 0.047and lower than the significant value of 0.05. This indicates that customization improves online consumer happiness for the Something brand. This result is consistent with that of Jaiswal and Singh, who found that personalization has a big impact on customer satisfaction [3]. Customers take the time and effort to express their needs and wants through customization; businesses then research these needs and wants and adjust the product as a result, obviating economies of scale.

The fourth theory is not approved. Hypothesis H4 is rejected since the P-value is 0.187, is higher than the significant value of 0.05 and the coefficient route shows a positive score of 0.067. This indicates that Security does not increase online customer happiness for the Somethinc brand. According to the findings of Jawal and Singh, security has little effect on consumer satisfaction [3]. Once more, this indicates that Security, as the precursor of customer experience, does not have a favorable impact on Somethinc's customers' satisfaction.

The fifth hypothesis is rejected. Despite the route of coefficient showing a positive score of 0.087, the P-value which is larger than the significant value of 0.05 is at the point of 0.104. This suggests that providing good customer service does not make customers happier to purchase a certain brand. This asserts that the study's author's conclusions conflict with those of Jaiswal and Singh's inquiry. Customers of Somethinc do not really believe that their level of customer service affects how satisfied they are. The results of the author's qualitative investigation, however, conflict with those of his quantitative analysis. More investigation is needed in order to examine the connection between these two components using the most effective data analysis techniques.

The sixth hypothesis is accepted. The route of the coefficient indicates a positive score of 0.202 and the P-value is less than the significant value of 0.05. The results of this study are in accordance with those of a previous study by Jaiswal and Singh, 2020, which discovered that post-purchase interactions positively affect online consumer satisfaction with a certain brand. Customers' concerns about the results of their purchases, such as the prompt delivery of the item and how the customer is treated after usage, may help to explain this conclusion.

The seventh hypothesis is rejected. Hypothesis H7 is ruled out because the coefficient path shows a negative score of -0.027, yet the P-value is higher than the significant value of 0.05 which is at 0.318. The results of this study are in accord with those of an earlier investigation by Jaiswal and Singh [3], who discovered no connection between customer awareness and online customer satisfaction. Giving customers correct information may increase their understanding, but it has minimal impact on their brand satisfaction.

Hypothesis 8 is accepted. Because the route of coefficient shows us a positive score of 0.669 and the P- value which is 0.00, which is lower than the significant value of 0.05. These findings validate the claim made in the study by [3]. This suggests that client loyalty and customer satisfaction are closely related. Customers are more likely to remain loyal to the brands if they are pleased with the product or service.

Hypothesis 9 is accepted. Because the P-value is 0.00, which is less than the significant value of 0.05, the route of the coefficient shows a positive score (0.344). This is also consistent with the finding of the Wallace, Giese, and Johnson study, which found that employing numerous channels can increase consumer satisfaction. Additionally, they claimed that having various output channels and points of contact made it simpler for a multichannel customer's delight to translate into loyalty. With multi-channel, it is believed that the business may achieve general service output levels that satisfy the high standards of multi-channel clients.

4   Conclusion

After this study was finished, it was found that there are a number of customer experience antecedents that can enhance customers' satisfaction with the brand. This can serve as an example for other regional skincare producers that wish to increase the sales of their goods by paying attention to the Something-created client experience. In order to improve customer satisfaction and eventually boost customer loyalty, skincare businesses should be concerned about factors including post-purchase experience, multichannel interaction, customization, website usability, and economic value. Customer satisfaction has been demonstrated to have a positive effect on consumers' brand loyalty. In fact, when compared to other factors that have been assessed this relationship seems to be the most significant. As a result, the author draws the conclusion that a happy consumer will surely boost brand loyalty. In order to meet the needs and wants of potential customers, a company's whole operations should focus on improving customer happiness. Therefore, it is crucial for a great business to comprehend precisely what clients want and how to win their loyalty. In the study, the author looked at how pleased purchasers are with a number of the antecedents that were previously covered. Customers are pleased, and the business is trustworthy. Because a consumer is more likely to use a product again once they have attained a certain degree of satisfaction, customer satisfaction is a crucial component in determining a company's success.

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