



Increasing Customer Loyalty Through Market Orientation and Customer Engagement Grab Indonesia

¹Bandung Ibnu Majid*, ²Grace Tianna Solovida

^{1,2}Faculty of Economics and Bussines, BPD University, Semarang City, Indonesia

*Email corresponding author: bandungmadjid@gmail.com

Abstract. This study aims to analyze the effect of market orientation on customer loyalty, with customer engagement as a mediating variable for Grab service users in Semarang Regency. The background of this study is based on the tight competition in the online transportation industry that demands companies to build stronger and more sustainable customer relationships. The method used was a quantitative approach with a purposive sampling technique on 96 respondents, and the data were analyzed using Structural Equation Modeling–Partial Least Square (SEM-PLS). The results show that market orientation has a positive and significant effect on customer engagement and loyalty. Customer engagement is also proven to have the most dominant influence on loyalty and partially mediates the relationship between market orientation and customer loyalty. These findings emphasize the importance of a customer-based strategy that does not only focus on transactional aspects, but also strengthens emotional engagement to build long-term loyalty. Managerial implications are suggested for the Grab CRM team to prioritize programs that improve two-way interactions and a holistic customer experience.

Keywords: Customer Loyalty, Market Orientation, Customer Engagement

1 Introduction

In this era of globalization, competition is fierce, both in domestic and international markets. To survive and win, companies must be able to satisfy consumers. This can be achieved by providing quality products and services, reasonable prices, fast delivery, and superior customer service compared to competitors. According to Sondra & Widjaja (2021) **define** customer satisfaction as a feeling of pleasure or disappointment that arises after comparing perceived product performance to expectations. Customer satisfaction is the foundation for building sustainable customer loyalty.

According to Gusmita (2021) , one industry experiencing intense competition is the transportation services industry. With the rapid development of technology, online app-based transportation services are beginning to change people's consumption patterns. Conventional transportation services such as public transportation, taxis, and traditional motorcycle taxis are starting to be replaced by online app-based services that offer easier access, price transparency, and greater comfort. This highlights the shortcomings of conventional transportation services, such as ease of access, speed, safety, and reasonable pricing. In contrast, online app-based

transportation is professionally managed with more standardized services in terms of safety, comfort, and standardized fares.

Convenience and punctuality are often major obstacles for conventional transportation passengers. Online app-based transportation offers a solution for consumers seeking easy, fast, safe, and reasonably priced services. This, in turn, can increase customer loyalty. The increasing number of online transportation services is intensifying competition in both the online and conventional transportation sectors. However, conventional transportation, such as taxis and public transportation, is still widely available in crowded areas like malls, airports, and train stations.

According to Hardiyanti (2023) states that consumer loyalty is a crucial factor in business development. Consumers with high loyalty are more likely to choose products or services from companies that have provided a satisfying experience and are less likely to be influenced by competitors' offers. One of the main factors influencing customer loyalty is market orientation. Market orientation is a company's approach to understanding and responding to customer needs and desires quickly and accurately. This concept involves all departments within the company playing an active role in collecting, disseminating, and following up on market information. According to Monferrer et al. (2019), with a good market orientation, companies can be more responsive to customer needs, which in turn can increase customer loyalty. Research by Sondra & Widjaja (2021) shows that market orientation has a positive and significant effect on customer loyalty, especially in companies that are able to respond appropriately to customer needs.

Besides market orientation, customer engagement also plays a crucial role in building loyalty. Customer engagement refers to a company's efforts to build deeper relationships with customers, transforming them into more than just buyers, but also marketers. Ansori et al. (2023) in their research stated that high customer engagement can increase loyalty because customers feel more emotionally connected to the company. Therefore, companies that are able to increase customer engagement tend to have more loyal customers. However, research conducted by Simanjuntak & Purba (2020) shows that customer engagement does not always have a significant impact on customer loyalty, particularly in the online transportation industry. This suggests that the influence of customer engagement on customer loyalty can vary depending on the industry context and company characteristics.

Previous research also shows a close relationship between market orientation and customer loyalty. According to Sondra & Widjaja (2021), good market orientation can create higher customer loyalty, because companies that are responsive to market needs will build stronger relationships with customers. Furthermore, research by Avrilia & Alam (2025) in the online transportation industry also revealed that market orientation has a significant influence on customer loyalty, especially through improving the quality of the user experience. In this regard, Grab Indonesia, one of the leading online transportation service providers in Indonesia, is a relevant example for analysis. Grab has operated in many major cities in Indonesia, including Semarang, and offers various transportation services such as GrabCar, GrabBike, as well as app-based delivery and payment services (<https://www.grab.com>).

The phenomenon that occurs in the field shows that Grab customer loyalty in Semarang City is still not completely stable, even though the number of users of this application continues to increase. This instability is reflected in high switching behavior, namely the tendency of customers to switch to competing platforms when they find promotions or cheaper prices. This

indicates that consumers in Semarang tend to be price-sensitive and demonstrate transactional loyalty, namely loyalty that arises not from emotional attachment to the brand, but rather from price incentives and promotional offers. However, there are still limitations in research that specifically analyzes how affective loyalty can be formed through an engagement approach in the context of Grab users in a second-tier city such as Semarang Regency. Thus, this study is present to bridge this gap.

In response to these conditions, Grab has strived to implement a market orientation strategy by understanding local customer needs, providing services tailored to Semarang's preferences, and launching various innovations such as GrabBike and GrabCar. However, the effectiveness of this market orientation in building customer loyalty still requires further study. The main challenge facing Grab is how to transform transactional loyalty into more sustainable affective and behavioral loyalty.

In addition to market orientation, Grab also develops customer engagement programs through various initiatives, such as the GrabRewards feature, personalized promo notifications, referral programs, and digital activities on social media. However, the level of customer engagement should not only be viewed from the transactional interaction perspective, but also from the emotional and cognitive aspects of involvement that have a significant impact on the formation of long-term loyalty. Previous studies have shown that customer engagement can mediate the relationship between market orientation and customer loyalty. However, studies that specifically address this phenomenon among Grab customers in Semarang City are still very limited.

From a consumer psychology perspective, online transportation users in Semarang prioritize value for money, including fast service, courteous drivers, competitive prices, and ease of use. However, customer loyalty is heavily influenced by the consistency of the service experience, the continuity of promotions, and the quality of interactions between customers and drivers. If service is perceived as inconsistent, loyalty can easily decline, and customers are likely to switch to other platforms.

Based on this description, this study is crucial to identify and analyze the extent to which market orientation and customer engagement contribute to increasing Grab customer loyalty in Semarang. The results are expected to provide strategic recommendations for Grab in sustaining customer retention, minimizing switching behavior, and building emotional bonds with customers amidst the increasingly intense competition in online transportation services.

In the context of increasingly fierce competition, particularly in the online transportation industry, companies need to deeply understand the factors that can influence customer loyalty. Research on the influence of market orientation and customer engagement is highly relevant because these two factors play a crucial role in building long-term relationships between companies and consumers. In today's digital era, where consumers have many service options and can easily switch to competitors, companies must ensure that they not only meet customer expectations but also build strong engagement. High engagement can make customers feel more valued and emotionally connected to the company, which ultimately encourages them to remain loyal despite more attractive offers from competitors. This research is important to provide insights to companies, particularly in the online transportation sector, so they can create more effective strategies to increase customer loyalty.

By understanding the dynamics of engagement and market orientation, companies can design a more responsive approach to customer needs and expectations, while increasing competitiveness in an increasingly competitive market. This study aims to further examine the influence of market

orientation and customer engagement on Grab Indonesia customer loyalty in Semarang Regency, as an effort to understand how the company can maintain and increase its customer loyalty amidst this increasingly fierce competition.

2 Literature Review

2.1 Grand Theory and Definition of the Concept of Variables

2.1.1 Customer Relationship Management (CRM)

Customer Relationship Management (CRM) was popularized in 1997, primarily thanks to the work of Siebel, Gartner, and IBM, although its roots date back to the early 1980s, with the concept of database marketing emphasizing the importance of managing customer data for more personalized marketing strategies. CRM is a strategic approach that integrates people, processes, and technology to deeply understand customers and effectively manage interactions to build loyalty and increase company profitability. In the context of the online transportation industry, such as Grab, CRM is a crucial foundation for building customer loyalty through the implementation of market orientation and increased customer engagement. With CRM, companies can customize services based on consumer preferences, create more relevant and satisfying experiences, and retain customers amidst increasingly fierce competition.

2.1.2 Customer Loyalty

Customer loyalty is a strong commitment from customers to re-subscribe or re-purchase preferred products/services consistently in the future, even though situational influences and marketing efforts have the potential to cause switching behavior. Loyalty according to Hardiyanti (2023) is the consistency of consumers in choosing to re-purchase a brand. Customer loyalty generally connotes habits in purchasing behavior expressed over time by determinants of purchasing decisions by comparing several product alternatives as part of the psychological process. According to Sukoco & Hartawan, (2011), Loyalty is also seen as a positive response after a customer makes a purchase and feels happy and satisfied with the quality of a product and the benefits provided by the product.

According to Paramita & Riorini (2023), customer loyalty is defined as a consumer commitment to make purchases with the same brand in the present and future, this will lead to positive results for the company in improving financial performance and maintaining the company's continuity. Then there are two important aspects in assessing customer loyalty, the first is purchasing loyalty where purchases are made repeatedly by consumers because they feel the product has a higher value than competitors, the second is attitudinal loyalty where there is a purchasing commitment shown by consumers towards a product. From the several definitions above, it can be said that customer loyalty is very important in marketing where it shows the existence of a relationship between customers and products that is characterized by repeat purchases from customers. Customer loyalty indicators according to Sugiyono (2017) include several aspects, including: first, repeated product use, namely the activity of consumers who repurchase products without considering other alternatives. Second, product superiority, which refers to the advantages of a product compared to other similar products, so that it can encourage

consumer loyalty. Third, informing the product, where consumers provide information about the product to others, even if only to the extent of telling. Lastly, product recommendation, which occurs when consumers not only provide information, but also actively recommend a product or brand to others.

2.1.3 Market Orientation

According to Avrilia & Alam (2025) , market orientation is a measure of behavior and activities that reflect the implementation of the marketing concept. Market orientation is based on certain considerations that classify the concept as not the responsibility of the marketing function, but all departments participate in the collection, dissemination and follow-up of market intelligence so that market orientation focuses on the market that includes customers and the factors or forces that influence them. The main originators of market orientation theory are Kohli and Jaworski (1990) and Narver and Slater (1990), who independently but complementary developed and articulated this concept as an important foundation in modern marketing practice. Kohli and Jaworski emphasize market orientation as an organizational process for generating, disseminating, and responding to market intelligence, while Narver and Slater emphasize more on aspects of organizational culture that encourage the creation of superior value for customers. Furthermore , Gunawan et al. (2017) argue that market orientation is a business philosophy and a behavioral process for managing a business. It is viewed as a philosophy because market orientation is a pattern of values and beliefs that help individuals understand organizational functions based on certain norms. Therefore, business philosophy refers more to a set of values and beliefs, attitudes, and corporate culture. Therefore, to contribute to the operational order in the form of a series of business management activities, market orientation is also understood as behavior or activities.

According to Sondra & Widjaja (2021), market orientation is a company's concrete actions that are integrated with each other with the aim of increasing the potential for diversified product demand and supply by consumers. Market orientation is defined as gathering company informants with the aim of seeking information related to products or services needed and desired by consumers now and in the future to reach a conclusion regarding the company's steps in responding to these matters.

Based on the above opinion, it can be concluded that market orientation is a company's actions taken to understand the needs and desires of consumers in the present and future so that the company is able to take various responsive and adaptive actions tailored to market needs to achieve increased profits and competitive advantages over competitors. According to Boonmalert et al. (2020), market orientation is divided into several measurement indicators to determine whether the market orientation actions implemented by the company are in accordance with the company's targets. These indicators include customer orientation, competitor orientation, and market information. Customer orientation refers to the company's ability to understand customer needs and desires, which enables the company to create superior products or services. Competitor orientation is the company's understanding of competitors' strengths and weaknesses, both in the short and long term, to formulate competitive strategies. Meanwhile, market information is data that helps companies understand market conditions, monitor competition, and identify opportunities and threats, which ultimately supports strategic decisions in developing products, setting prices, and planning more effective marketing.

Thus, within the CRM framework, market orientation is viewed not only as a managerial principle but also as a multidimensional construct that can be measured as a second-order construct. This orientation consists of three main dimensions: customer orientation, competitor orientation, and market information, which work synergistically to form a unified corporate strategy in understanding and meeting customer needs.

2.1.4 Customer Engagement

According to Ansori et al (2023) , engagement is defined as a motivational state that drives and directs consumers' cognitive processes and behavior when they make decisions. Involvement refers to consumers' perceptions of the importance or personal relevance of an object, event, or activity. Consumers who perceive a product as having personally relevant consequences are said to be involved with the product and have a relationship with it. Consequences with a product or brand have a cognitive or affective aspect. Cognitively, engagement includes knowledge of the means and ends of important consequences caused by product use. Also included in engagement are influences such as product evaluations. Regarding the meaning of engagement, Kusuma (2018) explains that engagement is about connecting consumers and brands in a way that enables a two-way experience. According to Wijono & Efrata (2023) , engagement implies a deeper relational-based level and thus, has an important place in contributing to the understanding of customer outcomes, namely loyalty-related outcomes.

Consumer behavior as a study of the engagement process encompasses an understanding of how individuals or groups make decisions when selecting, purchasing, using, or even disposing of products, services, ideas, or experiences. This process is carried out with the aim of fulfilling their needs and desires. According to Fahmi & Prayogi (2018) , consumer behavior involves a series of steps that reflect consumers' interactions with various external and internal factors, such as personal preferences, social influences, and experiences gained from previously used products or services. This study is important to help companies design effective marketing strategies, in order to better understand consumer motivations and increase their engagement, which ultimately contributes to increased customer loyalty and satisfaction.

With increasing involvement, consumers have a greater motivation to pay attention, understand, and elaborate on information about purchases. Consumer Involvement Indicators, There are several indicators that can be used to measure consumer involvement. According to Ansori et al (2023) , measuring consumer involvement into five indicators of consumer involvement includes five main aspects. First, interest related to consumer intention in purchasing a product, as well as the attention given during the selection process and purchasing decision. Second, pleasure, which refers to the feeling of pleasure felt by consumers when searching for and purchasing a product. Third, sign, which means consumers choose products that reflect their identity or prestige value. Fourth, risk, which relates to the potential risks faced by consumers in purchasing a product, where high involvement can reduce these risks. Finally, the possibility of error (probability error), which refers to the possibility of error in product selection, where high consumer involvement can reduce these errors because they are more careful in making purchasing decisions.

In this study, market orientation is positioned as a second-order construct because it is formed by three main dimensions: customer orientation, competitor orientation, and market information. These three dimensions are measured through specific indicators that are then combined to form the main construct of market orientation. Meanwhile, customer engagement

and loyalty are first-order constructs, as each is directly measured through indicators that are not further grouped into separate dimensions. This approach allows for a more in-depth and accurate structural analysis in the context of data processing using SEM-PLS.

Based on the previous theoretical explanation, it can be concluded that market orientation is a crucial approach in understanding customer needs and proactively responding to market dynamics. Meanwhile, customer engagement serves as an emotional bridge that can strengthen customer loyalty, especially in the context of digital services like Grab. Unfortunately, most previous research still addresses these two variables separately. This study seeks to fill this gap by examining how customer engagement mediates the relationship between market orientation and customer loyalty simultaneously, specifically in online transportation services in a second-tier city like Semarang Regency.

2.2 Hypothesis Development

2.2.1 The Influence of Market Orientation on Customer Engagement

According to Mwai et al (2017) , market orientation is defined as gathering company informants with the aim of seeking information related to products or services needed and desired by customers now and in the future to reach a conclusion regarding the company's steps in responding to customer desires . Thus, customer involvement is required in implementing the company's market orientation. The higher the market orientation, the more customer involvement will increase.

Research on the influence of market orientation on customer engagement has been conducted by Sondra & Widjaja (2021) , Dhameria & Kusumah (2024) , and Wahyuni & Sara (2020) , which found that market orientation has a positive and significant effect on customer engagement. In relation to Customer Relationship Management (CRM), market orientation is a crucial component in building long-term relationships with customers. CRM emphasizes the importance of a deep understanding of customer needs as a foundation for building more personalized and relevant interactions. By implementing market orientation effectively, companies can create more meaningful experiences for customers, ultimately driving higher emotional and cognitive engagement. Based on this theory, the following hypotheses are proposed:

H1: Market orientation has a positive effect on customer engagement.

2.2.2 The Influence of Market Orientation on Customer Loyalty

According to Avrilia & Alam (2025) , market orientation is a measure of behavior and activities that reflect the implementation of the marketing concept. Market orientation is based on certain considerations that classify the concept as not the responsibility of the marketing function's attention, but all departments participate in the collection, dissemination, and follow-up of market intelligence so that market orientation focuses on the market that includes customers and the factors or forces that influence them. With a clear and well-functioning market orientation, customer loyalty will be increased.

Previous research supporting the influence of market orientation on customer loyalty has been conducted by Wahyuni & Sara (2020) , Boonmalert et al. (2020) , and Wijono & Efrata (2023) , which resulted in research showing a positive and significant effect of market orientation on customer loyalty. In relation to CRM, market orientation is considered the starting point for

building customer loyalty. Through this approach, companies can provide consistent, personalized, and valuable service, so that customers feel valued and are more likely to remain loyal despite offers from competitors. The proposed hypothesis is:

H2: Market orientation has a positive effect on customer loyalty.

2.2.3 The Influence of Customer Engagement on Customer Loyalty

According to Ansori et al. (2023) , customer engagement is the process of developing, nurturing, and protecting consumers so they maintain a relationship with a company. This allows consumers to become more than just buyers, becoming marketers for the company. High levels of customer engagement are expected to increase customer loyalty.

Previous research supporting the influence of customer engagement on customer loyalty was conducted by Gusmita (2021) , Prasetya (2021) , and Paramita & Riorini (2023) , which resulted in research showing that customer engagement has a positive and significant effect on customer loyalty. From a CRM perspective, customer engagement is one indicator of success in building long-term, mutually beneficial relationships. Engaged customers are more likely to provide feedback, recommend services, and remain loyal to the company. Therefore, high engagement will increase loyalty because customers feel emotionally and functionally connected. The proposed hypothesis is:

H3: Customer engagement has a positive effect on customer loyalty.

2.2.4 Customer Engagement Mediates the Effect of Market Orientation on Customer Loyalty

According to Ana & Zunaidi (2022) , customer engagement is a process aimed at building, maintaining, and protecting relationships with consumers to maintain their connection with the company. This enables consumers to act not only as buyers but also as potential marketers for the company. Therefore, a strong market orientation can increase customer engagement, which in turn strengthens customer loyalty.

Previous research supporting the effect of customer engagement on market orientation on customer loyalty was conducted by Ananda & Jatra (2019) , Heryadi et al. (2023) , and Raintung et al. (2024) , which resulted in research on customer engagement mediating the effect of market orientation on customer loyalty. In relation to Customer Satisfaction Theory, increased customer engagement due to good market orientation will create greater satisfaction, which ultimately strengthens customer loyalty. In the context of CRM, customer engagement is a link between understanding customer needs (the result of market orientation) and the formation of loyalty. By creating personal and meaningful interactions, high engagement strengthens the emotional bond and customer commitment to the company. Thus, customer engagement mediates the relationship between market orientation and customer loyalty because it activates key elements of behavioral intentions that drive long-term loyalty. The proposed hypothesis is:

H4: Customer involvement mediates the effect of market orientation on customer loyalty.

2.2.5 Framework of Thinking

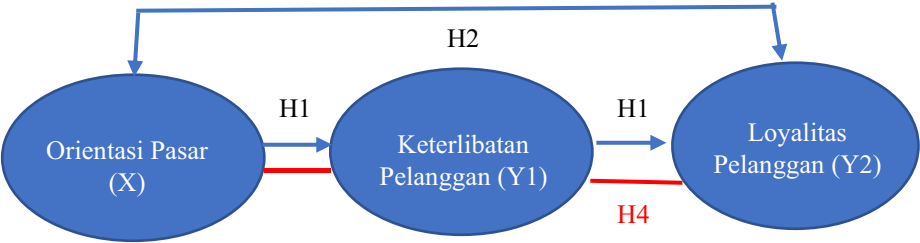


Fig. 1 Research Model

3 Research Methods

3.1 Type of Research

The research conducted is quantitative research. This research is sourced from two types of data, namely primary data and secondary data. According to Sugiyono (2017) , primary data is data or information obtained directly from sources. In this study, primary data was obtained through a survey in the form of a questionnaire containing statements and submitted to respondents. Secondary data is data or information obtained indirectly. In this study, secondary data was obtained through articles, literature, journals, and also previous research.

3.2 Population and Sample

According to Sugiyono (2017) , a population is a comprehensive unit or individual within the scope of the research . The population used in this study is Grab Indonesia customers in Semarang.

Sample according to Sugiyono (2017) is a portion or representative of the population that will be used as the object of study. The sample in this study were Grab Indonesia customers in Semarang. Sampling was taken using a purposive sampling technique, namely taking samples by first determining the criteria for being used as a sample. These criteria are a minimum of high school education and having used Grab Indonesia services at least 3 times. Determining the number of samples because the population of members is not known with certainty, the sample size is calculated using the Cochran formula:

Then enter it into the Cochran formula:

$$n = \frac{z^2 pq}{e^2}$$
$$n = \frac{(1.96)^2 (0.5)(0.5)}{.05^2}$$

$$(0.10)^2$$

$$n = 96.04 = 96 \text{ people}$$

Information:

n= sample

z= price in the normal curve for a 5% deviation, with a value of 1.96

p = 50% chance of being correct = 0.5

q = 50% chance of being wrong = 0.5

e = margin of error 10%

The number of samples in this study was known to be 96 people/respondents.

3.3 Operational Definition of Variables

Variables that are the result of independent factors are known as dependent variables. Financial behavior is the dependent variable in this study. Meanwhile, independent variables are variables that impact or cause the emergence of the dependent variable. Financial literacy, future orientation and locus of control are independent variables in this study.

Table 1. Operational Definitions

No	Variables	Indicator	Scale
1	Market orientation (X)	1) Customer orientation 2) Competitor orientation 3) Market information Sondra & Widjaja (2021)	Likert 1-5
2	Customer engagement (Y1)	1) Interest 2) Pleasure 3) Self-Identification (sign) 4) Trust and Security (risk management) 5) Evaluation and Perception (probability error) Guthrie et al (2008)	Likert 1-5
3	Customer loyalty (Y2)	1) Repeated use of the product 2) Product advantages 3) Inform about the product 4) Recommend products Safira (2023)	Likert 1-5

Source: Various Literacy

3.4 Data Collection Techniques

The method used to collect data and information in this study was field research, where respondents were directly given a questionnaire to complete. A questionnaire is a list of questions sent to parties regarding the subject being studied. The questionnaire consists of closed-ended questions, and responses are scored on a Likert scale from 1 to 5. Furthermore, indicators serve as the basis for compiling potential instrument elements in the form of questions or statements.

Table 2. Likert Scale Measurement Method

No	Answer	Code	Score
1	Strongly agree	SS	5
2	Agree	S	4
3	Neutral	N	3
4	Don't agree	TS	2
5	Strongly Disagree	STS	1

Source: Simamora (2022)

3.5 Analysis Tools

This research model involves the Second Order construct, namely Market Orientation, which consists of three main dimensions: customer orientation, competitor orientation, and market information. Therefore, data processing uses the Repeated Indicators Approach method in SmartPLS 4, in accordance with the Higher Order Construct approach.

3.5.1 Descriptive Statistics

According to Ghozali & Latan (2015) , descriptive statistics in this study are used to provide an overview or description of the data that has been collected. Descriptive statistical analysis includes calculating the minimum value, maximum value, average (mean), and standard deviation of each research variable. The minimum and maximum values indicate the range of respondents' answers, the mean indicates the central tendency of respondents' answers, while the standard deviation indicates the variation or distribution of the data.

In addition, descriptive statistics also include frequency distribution analysis to describe respondents' demographic characteristics, such as gender, age, highest level of education, and length of service use. This analysis is essential for providing context to the research results and understanding the profile of the respondents participating in the study.

3.5.2. Instrument Feasibility Test

Ghozali & Latan (2015) conveyed the use of a strong analysis technique which is also called soft modeling because it does not depend on the OLS (Ordinary Less Squares) regression assumptions.

3.5.2.1. Validity Test

Validity testing in this study was conducted to measure the accuracy and precision of a measuring instrument in performing its measurement function. Validity testing was conducted by examining the loading factor and Average Variance Extracted (AVE) values. Ghozali & Latan (2015) stated that the criteria used were that the loading factor value must be greater than 0.7 for each indicator and the AVE value must be greater than 0.5 for each construct. The loading factor indicates the correlation between the indicator and its construct, while the AVE indicates the indicator variance that can be captured by the construct. The higher the loading factor and AVE values, the more valid the research instrument used.

3.5.2.2. Reliability Test

Reliability testing is conducted to measure the internal consistency of research instruments. Ghozali & Latan (2015) stated that reliability is measured using two main parameters: Cronbach's

Alpha and Composite Reliability (CR). Acceptable values for Cronbach's Alpha and CR are greater than 0.7. Cronbach's Alpha measures internal consistency by assuming all indicators have equal weight, while CR measures internal consistency by considering the weight of each indicator. The higher the values of these two parameters, the more reliable the research instrument used.

3.5.3 Model Goodness-of-Fit Test

3.5.3.1 F Test

The F-test is conducted by examining the significance value of the F-Square (f^2). F-Square measures the magnitude of the influence of exogenous latent variables on endogenous latent variables at the structural level. Ghazali & Latan (2015) stated that an f^2 value of 0.02 indicates a small influence, 0.15 indicates a moderate influence, and 0.35 indicates a large influence. This test is conducted to evaluate whether an exogenous construct has a substantive influence on the endogenous construct. The greater the f^2 value, the greater the influence of the exogenous variable on the endogenous variable.

3.5.3.1 Coefficient of Determination Test

The coefficient of determination (R^2) measures how much variation in endogenous variables can be explained by exogenous variables. Ghazali & Latan (2015) reported that R^2 values range from 0 to 1, with higher values indicating better predictive ability. In the context of behavioral research, an R^2 value of 0.20 is considered high. In addition to R^2 , SmartPLS 4 also provides an adjusted R^2 value that takes model complexity and sample size into account when assessing the model's predictive accuracy.

3.5.4 Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping method to test the significance of path coefficients. Ghazali & Latan (2015) stated that the bootstrapping procedure produces t-statistics and p-values that are used to evaluate the significance of the hypothesized relationship. The testing criteria used are that the t-statistic must be greater than 1.96 (at a 5% significance level) and the p-value must be less than 0.05. In addition, an evaluation is also carried out on the path coefficients to determine the direction and magnitude of the influence between variables. A positive path coefficient value indicates a unidirectional relationship, while a negative value indicates a relationship in the opposite direction. The magnitude of the path coefficient indicates the strength of the relationship between variables in the research model.

3.5.5 Mediation Test (VAF)

The mediation test in this study was conducted to evaluate the role of mediating variables in bridging the influence between independent and dependent variables. The analysis was conducted by calculating the Variance Accounted For (VAF) value using bootstrapping output, with the formula $VAF = \text{Indirect Effect} / \text{Total Effect}$. According to Ghazali & Latan (2015), the interpretation of VAF values is divided into three categories: $VAF < 20\%$ indicates no mediation, $VAF 20\% - 80\%$ indicates partial mediation, and $VAF > 80\%$ indicates full mediation. This test helps identify the extent to which the influence of a variable is channeled through the mediator in the research structural model.

4 Research Results and Discussion

4.1 Research Results

4.1.1. Respondent Profile

Based on data from 96 respondents, the gender composition shows that women are slightly more dominant at 49 people (51.04%), compared to men at 47 people (48.96%). In terms of age, the majority of respondents are in the 31–40 age group at 50 people (52.08%), followed by 21–30 years old at 34 people (35.42%), while those aged <20 years, 41–50 years, and >50 years old are only small in number. In terms of education, most respondents are bachelor's degree graduates at 66 people (68.75%), followed by high school/equivalent at 20 people, while Diploma and Master's/Doctoral graduates are still relatively small. In terms of employment, private employees dominate at 58 people (60.42%), followed by self-employed, students, and a small number of civil servants, honorary teachers, and other jobs. Regarding the frequency of Grab service use, the majority of respondents used it 3–5 times per month (68.75%), with the remainder varying from 6 to more than 15 times per month. The most frequently used service type was GrabBike (62.50%), followed by GrabCar (36.46%), while GrabRental was only used by one person (1.04%).

4.1.2 Descriptive Statistical Analysis

Based on the results of the descriptive analysis, it is known that the three variables in this study, namely Market Orientation, Customer Engagement, and Customer Loyalty, are generally in the agree to strongly agree category. In the Market Orientation variable, all items have a mean value ranging from 4.19 to 4.31, with the majority falling into the strongly agree category, indicating that respondents have a very strong tendency towards market orientation. In the Customer Engagement variable, the mean value ranges from 4.09 to 4.26, with a combination of agree and strongly agree categories, indicating that the level of customer engagement is relatively high but slightly more varied than market orientation. Meanwhile, the Customer Loyalty variable shows a mean value between 4.06 and 4.24, the majority of which are in the agree category, with several items falling into the strongly agree category, reflecting that customer loyalty felt by respondents is also at a good level although slightly more moderate than the other variables.

4.1.3 Instrument Feasibility Test

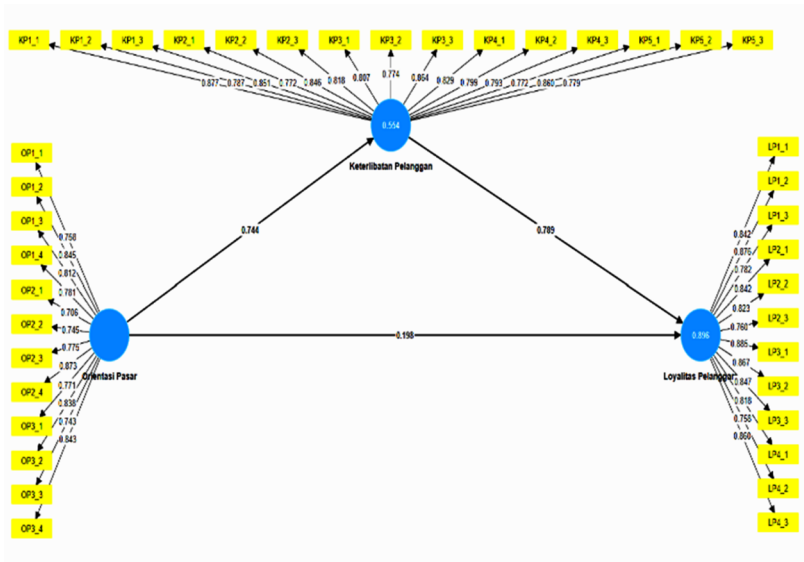


Fig. 2 Outer Model

Source: Processed Data, 2025

Figure 2 shows the results of the instrument feasibility test through the outer model. This research model uses a second-order construct for the Market Orientation variable consisting of three dimensions: customer orientation, competitor orientation, and inter-functional coordination. Testing was conducted using the Repeated Indicators Approach method using SmartPLS 4. The results of the outer model test show that all dimensions have a loading factor > 0.7 on their parent construct, which indicates that the three dimensions are valid in forming the overall Market Orientation construct.

4.1.3.1 Validity Test

Table 3. Validity Test Results

Variables	Code	Loading Factor	AVE	Category
Market Orientation	OP1_1	0.758	0.628	Valid
	OP1_2	0.845		Valid
	OP1_3	0.812		Valid
	OP1_4	0.781		Valid
	OP2_1	0.706		Valid
	OP2_2	0.745		Valid
	OP2_3	0.775		Valid
	OP2_4	0.873		Valid
	OP3_1	0.771		Valid
	OP3_2	0.771		Valid

	OP3_2	0.838		Valid
	OP3_3	0.743		Valid
	OP3_4	0.843		Valid
Customer Engagement	KP1_1	0.877	0.666	Valid
	KP1_2	0.787		Valid
	KP1_3	0.851		Valid
	KP2_1	0.772		Valid
	KP2_2	0.846		Valid
	KP2_3	0.818		Valid
	KP3_1	0.807		Valid
	KP3_2	0.774		Valid
	KP3_3	0.864		Valid
	KP4_1	0.829		Valid
	KP4_2	0.799		Valid
	KP4_3	0.793		Valid
	KP5_1	0.772		Valid
	KP5_2	0.86		Valid
	KP5_3	0.779		Valid
Customer Loyalty	LP1_1	0.842	0.691	Valid
	LP1_2	0.876		Valid
	LP1_3	0.782		Valid
	LP2_1	0.842		Valid
	LP2_2	0.823		Valid
	LP2_3	0.76		Valid
	LP3_1	0.885		Valid
	LP3_2	0.867		Valid
	LP3_3	0.847		Valid
	LP4_1	0.818		Valid
	LP4_2	0.758		Valid
	LP4_3	0.86		Valid

Source: Processed Data, 2025

Based on the validity test results, all indicators in the three research variables of Market Orientation, Customer Involvement, and Customer Loyalty have loading factor values above 0.7 and Average Variance Extracted (AVE) values of 0.628 for Market Orientation, 0.666 for Customer Involvement, and 0.691 for Customer Loyalty, respectively. This indicates that all indicators have met the established validity criteria, both in terms of the strength of the indicator's relationship with its construct and in terms of the construct's ability to explain the variance of its indicators. Thus, the instrument used in this study can be declared valid and suitable for use in further model testing.

4.1.3.2 Reliability Test

Table 4. Reliability Test Results

Variables	Cronbach's Alpha	Composite Reliability	Information
Market Orientation	0.964	0.968	Reliable

Customer Engagement	0.959	0.964	Reliable
Customer Loyalty	0.946	0.953	Reliable

Source: Processed Data, 2025

Based on the results of the reliability test, all variables in this study, namely Market Orientation, Customer Involvement, and Customer Loyalty, showed Cronbach's Alpha and Composite Reliability values greater than 0.7, so it can be concluded that the instrument used has very good internal consistency. The Market Orientation variable has a Cronbach's Alpha value of 0.964 and a Composite Reliability of 0.968, Customer Involvement of 0.959 and 0.964, and Customer Loyalty of 0.946 and 0.953. These values indicate that all items in each variable are able to measure their constructs consistently, so this research instrument is declared reliable and can be trusted in measuring the variables studied.

4.1.4 Model Goodness-of-Fit Test

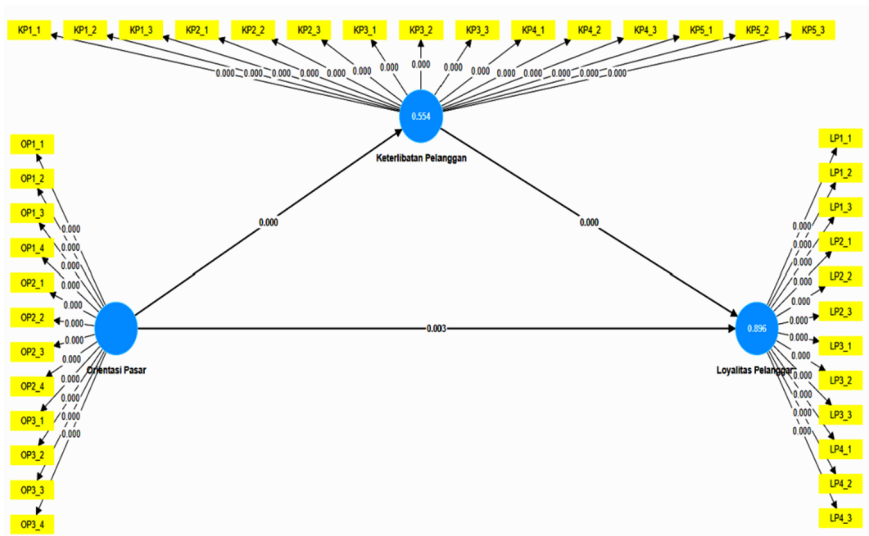


Fig. 3 Inner Model

Source: Processed Data, 2025

4.1.4.1 F Test

Table 5. F Test Results

	F- Square
Customer Engagement -> Customer Loyalty	2,666
Market Orientation -> Customer Engagement	1,242
Market Orientation -> Customer Loyalty	0.168

Source: Processed Data, 2025

Square test, it is known that the influence of Customer Involvement on Customer Loyalty has an f^2 value of 2.666 which is included in the category of very large influence, indicating that Customer Involvement provides a substantive contribution in increasing Customer Loyalty. Furthermore, Market Orientation on Customer Involvement has an f^2 value of 1.242, also

included in the category of very large influence, so that Market Orientation is proven to have an important role in encouraging Customer Involvement. Meanwhile, the influence of Market Orientation on Customer Loyalty shows an f^2 value of 0.168 which is included in the category of moderate influence, meaning that Market Orientation still contributes directly to Customer Loyalty, although not as large as the influence that occurs through Customer Involvement.

4.1.4.2 Test of the Coefficient of Determination

Table 6. Results of the Determination Coefficient Test

	R-square	R-square adjusted
Customer Engagement	0.554	0.549
Customer Loyalty	0.896	0.894

Source: Processed Data, 2025

Based on the results of the R-Square test, the Customer Engagement variable has an R- Square value of 0.554 and an Adjusted R-Square of 0.549, which means that 55.4% of the variation in Customer Engagement can be explained by the Market Orientation variable, while the rest is influenced by other factors outside the model. Meanwhile, the Customer Loyalty variable has an R-Square value of 0.896 and an Adjusted R-Square of 0.894, indicating that 89.6% of the variation in Customer Loyalty can be explained by the Market Orientation and Customer Engagement variables together. These values indicate that the model has excellent predictive ability for the Customer Loyalty variable.

4.1.5 Hypothesis Testing

Table 7. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Market Orientation -> Customer Engagement	0.744	0.747	0.046	16,209	0.000
Market Orientation -> Customer Loyalty	0.198	0.194	0.066	3,008	0.003
Customer Engagement - > Customer Loyalty	0.789	0.792	0.055	14,395	0.000
Market Orientation -> Customer Engagement - > Customer Loyalty	0.588	0.592	0.053	11,018	0.000

Source: Processed Data, 2025

Based on Table 7, overall, all relationships in the research model are proven to be significant at the 5% significance level ($p\text{-value} < 0.05$) with a t-statistic value > 1.96 . The strongest influence is shown by the relationship between Customer Engagement and Customer Loyalty with a coefficient value of 0.789, while the weakest influence is found in the direct relationship between Market Orientation and Customer Loyalty with a coefficient value of 0.198. Meanwhile, the relationship between Market Orientation and Customer Engagement is also quite strong with a coefficient of 0.744, and the indirect effect of Market Orientation on Customer Loyalty through Customer Engagement is recorded at 0.588. All relationships show a positive direction, which

means that an increase in the independent variable will be followed by an increase in the dependent variable, thus supporting the theoretical assumptions in this study.

4.1.6 Mediation Test (VAF)

$$VAF = \frac{\text{pengaruh tidak langsung}}{\text{pengaruh langsung} + \text{pengaruh tidak langsung}} = \frac{0,587}{0,198 + 0,587} = 0,7478$$

Variance Accounted For (VAF) value of 74.78% indicates that the influence of Market Orientation on Customer Loyalty is largely channeled through Customer Engagement. Based on the VAF interpretation criteria, values between 20% and 80% fall into the partial mediation category. This means that Customer Engagement is proven to mediate part of the influence of Market Orientation on Customer Loyalty, but Market Orientation still has a direct influence on Customer Loyalty without fully relying on the role of Customer Engagement.

4.2 Discussion and Hypothesis Results

4.2.1 The Influence of Market Orientation on Customer Engagement

Based on the analysis results, market orientation is proven to have a positive and significant effect on customer engagement with a coefficient value of 0.744, a t-statistic of 16.209, and a p- value of 0.000. A t-statistic value greater than 1.96 and a p- value below 0.05 indicate that the effect of market orientation on customer engagement is significant. Thus, the first hypothesis is accepted.

A large path coefficient indicates that the higher the level of market orientation, the higher the customer engagement. This finding supports the view that companies that proactively understand and respond to customer needs and expectations will be able to increase customer engagement. This engagement reflects active customer participation both emotionally and behaviorally, as explained in the Customer Relationship Management (CRM) approach, which places customers at the core of a company's long-term relationship strategy. As a second-order construct, Market Orientation is formed from three main dimensions. The analysis results show that all three contribute significantly to increasing customer engagement, reinforcing that Market Orientation as a whole can encourage active customer participation in Grab in Semarang Regency.

These findings emphasize that market orientation not only impacts product or service customization but also opens up space for companies to build emotional and collaborative closeness with customers. This is in line with previous research conducted by Sondra & Widjaja (2021) stated that market orientation significantly influences consumer engagement in a digital context. Furthermore, research by Avrilia & Alam (2025) also supports that companies that prioritize customer needs will encourage the formation of a sense of belonging and customer closeness to the brand.

In the context of Grab in Semarang Regency, this shows that the company's response to local needs, including service innovation and adaptation to customer preferences, has succeeded in encouraging customers to be more actively engaged with Grab services.

4.2.2 The Influence of Market Orientation on Customer Loyalty

The results of the hypothesis test indicate that market orientation has a positive and significant effect on customer loyalty with a coefficient value of 0.198, a t-statistic of 3.008, and a p - value of 0.003. Since the p-value is <0.05 and the t-statistic is >1.96, the second hypothesis

is accepted. Although the effect is not as large as the indirect effect through customer engagement, this relationship remains significant and relevant.

A positive coefficient indicates that market orientation contributes to building customer loyalty, although it is still in its early stages and has not yet fully led to affective loyalty. This is consistent with the CRM concept, which emphasizes that a deep understanding of customer needs can build the foundation of loyalty, especially when customers feel prioritized and valued by the company. This finding is also in line with research results Hardiyanti (2023) found that market orientation plays a significant role in increasing customer loyalty, both directly and indirectly. Research by Wahyuni & Sara (2020) also confirms that companies with a strong market orientation will create positive perceptions and long-term customer commitment.

In the context of Grab in Semarang Regency, this reflects that customers perceive Grab as providing added value that meets their expectations, leading them to demonstrate a tendency to continue using the service. While the direct contribution of market orientation to loyalty is not as significant as the indirect influence through customer engagement, the direction of this influence indicates the potential for developing affective loyalty.

4.2.3 The Influence of Customer Engagement on Customer Loyalty

Customer engagement is proven to have a positive and significant influence on customer loyalty with a coefficient of 0.789, a t-statistic of 14.395, and a p-value of 0.000. With a t-statistic value far above 1.96 and a very small p-value, the third hypothesis is accepted.

A high coefficient indicates that customer engagement is a strong predictor of customer loyalty. This suggests that customers who feel emotionally and actively involved in the service experience are more likely to continue using and recommend the service.

This finding reinforces the principle in CRM that customer engagement which includes participation, satisfaction, and emotional connection plays an important role in forming long-term loyalty to a brand. This finding is consistent with research Gusmita (2021), Prasetya (2021), and Paramita & Riorini (2023) which confirms that customer engagement is a key variable in creating customer loyalty. Research by Paramita & Riorini (2023) also showed that emotional involvement and intensive interaction with a brand can create strong and long-lasting loyalty.

In the context of Grab's Semarang Regency, customers who feel cared for and provided with a comfortable and trustworthy service experience are more likely to maintain long-term relationships with the company. This finding confirms that emotionally engaged customers are more likely to become voluntary brand ambassadors.

4.2.4 Customer Engagement Mediates the Effect of Market Orientation on Customer Loyalty

Mediation analysis shows that customer engagement mediates the influence of market orientation on customer loyalty with an indirect effect value of 0.588, a t-statistic of 11.018, and a p-value of 0.000. With a VAF value of 74.78%, this mediation effect is classified as partial, so the fourth hypothesis is also accepted.

This means that most of the influence of market orientation on customer loyalty occurs through customer engagement. This means that companies with a strong market orientation don't automatically create customer loyalty without first building strong engagement. Within the CRM framework, this emphasizes that customer loyalty is the result of an ongoing relationship process, one of the strongest foundations of which is customer engagement.

This finding aligns with research by Fahmi & Prayogi (2018) and Heryadi et al. (2023), which showed that customer engagement is a significant mediating variable in the relationship between market orientation and customer loyalty. In the context of Grab in Semarang Regency, a market-oriented approach will be more effective in increasing loyalty if the company also actively builds two-way relationships with customers through personal interactions, responsive service, and consistent digital engagement. The mediating function of customer engagement in this model shows that customer loyalty will not be optimal without an emotional bridge built through active participation.

5 Conclusions, Suggestions, Managerial Implications, and Research Limitations

5.1 Conclusion

Based on the results of the data analysis and discussion that has been carried out, several main points can be concluded as follows:

1. Market orientation has a positive and significant effect on customer engagement, indicating that the stronger the company understands and responds to market needs, the higher the active participation of customers in Grab services.
2. Market orientation also has a direct impact on customer loyalty, although its contribution is not as significant as the indirect influence through customer engagement. This indicates the importance of building deeper relationships with customers to ensure loyalty is not merely transactional.
3. Customer engagement has been shown to have the strongest influence on customer loyalty, both affectively and behaviorally. This suggests that strong loyalty is built through emotional connections and meaningful service experiences.
4. Customer engagement mediates the effect of market orientation on loyalty, meaning that companies must first build engagement before hoping to create long-term loyalty.

5.2 Suggestion

Based on the research conclusions, here are four main suggestions that can be used as practical input:

1. Grab is advised to continue improving its market orientation by adapting its services and marketing strategies based on the preferences and needs of local customers in Semarang Regency.
2. Companies need to develop initiatives that more actively engage customers, such as interactive in-app features, community events, or customer activity-based loyalty programs.
3. To increase loyalty, Grab must focus on building emotional connections with customers through personalized service, consistent two-way communication, and a delightful customer experience.

4. Further research is expected to delve deeper into the influence of other external variables such as brand trust, satisfaction , and digital experience in strengthening customer engagement and loyalty.

5.3 Managerial Implications

These findings have important implications for Grab's CRM team in building customer loyalty. First, customer engagement needs to be a top priority, as it has been shown to be a strong link between market orientation and loyalty. CRM programs should be geared toward creating emotional connections, not just transactions, through personalized services and active digital interactions. Second, customer loyalty needs to be built affectively, by providing enjoyable and meaningful experiences at every service point. Third, market orientation must be utilized adaptively and based on local data, so that services are more relevant to the needs of users in areas like Semarang Regency. With this strategy, Grab can build stronger and more sustainable long-term loyalty.

5.4 Research Limitations

This study has several limitations that should be considered. First, the scope of the study only covered Grab customers in Semarang Regency, so the results cannot be generalized to other regions. Second, the variables used were limited to market orientation, customer engagement, and customer loyalty, thus not considering other factors that may also be influential. Third, the data were collected using a cross-sectional survey method, so it cannot capture changes in customer perceptions over time. Therefore, future research is recommended to use a longitudinal approach and expand the study area and variables studied to gain a more comprehensive understanding of customer loyalty.

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