

Differences between Customer Satisfaction Indirect Effect and Customer Loyalty Direct Effect in an Indonesian E-Shopping

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Abstract: *E-commerce has become a popular method of transacting all over the world. In particular, business-to-consumer online shopping, a form of e-commerce, has grown remarkably. While online shoppers receive advantages such as broader product lines, comparison of vendor offerings, and immediate access to customer reviews of products and services. E-commerce is intensely competitive because price transparency and the presence of rival business a few mouse clicks away only, thereby making customer loyalty elusive. Hypothesis: H₁: 7P marketing mix variables have positive influence on customer satisfaction. H₂: Customer satisfaction has positive influence on customer loyalty. H₃: There is a positive influence between 7P marketing mix and customer loyalty with customer's satisfaction as an intervening variable. Results from the research, in descriptive analysis most of respondents voted in "good" categorized in marketing mix variable, "very good" categorized in customer satisfaction variable and loyalty variable. The most dominant confirmatory factor dimension Marketing Mix variable indicator is the payment process in E-shopping is easy, secure, and fast. Customer Satisfaction variable indicator is "Overall I was satisfied with the service given to E-shopping". Customer Loyalty variable is "I would recommend E-shopping to friends and my family". Path analysis calculation: Direct effect marketing mix to customer loyalty = 0.121, Indirect effect marketing mix to customer loyalty intervening by customer satisfaction = 0.167. Based on the research and AMOS data analysis, it is concluded that: Marketing mix is positively affecting customer satisfaction. Customer satisfaction is positively affecting customer loyalty. But Marketing mix gets higher positive value to customer loyalty. Recommendation: Needs to improve its delivery process. There are several ways to improve and maintain customer satisfaction like improving the service quality and doing evaluation in regular basis, loyalty program that give reward or gift.*

Keywords: *service marketing mix, satisfaction, loyalty*

I. Introduction

Electronic commerce (e-commerce) is a booming market worldwide and is expected to grow by 19.4% by the end of 2013, according to the latest report by Goldman Sachs. In particular, the business to consumer (B2C) market (i.e. online shopping) has grown remarkably, for instance, as of March 2011, there were 172.3 million online shoppers in the U.S., 87.1% of whom were Internet users. Meanwhile, consumers in the Asia Pacific region make the most online purchases. Increasingly, customers start and get used to purchasing products or services from an e-commerce website instead of going to a physical store (Pandya, 2005). As a global concept, B2C represents a major innovation in the way marketing is done. It offers goods and services to consumers through the Internet. In this sense it is a "new service innovation" for consumers as well as the world. They are offering instead fast, highly competitive, interactive, and technologically facilitated means of information access and transaction. Using such means, consumers are able to shop, make comparisons, and receive door-to-door service at a reasonably low price (Pandya, 2005). Because of the large number of unrelenting competitors online, attracting new customers typically costs 20 percent to 40 percent more for e-retailers than for traditional brick-and mortar stores (Anderson and Swaminathan, 2011). Thus understanding the key factors that drive satisfaction and loyalty in e-markets is crucial for obtaining and retaining profitable online customers (Anderson and Swaminathan, 2011). Companies could not follow constant rules to be successful in online markets. There is no list of actions that lead companies to more profit or more customer satisfaction. Innovative strategies should be taken for customer relationships, website designing, after sales service and so on to survive in cyber markets (Bihari, 2012).

Previous research suggests that customer loyalty is based primarily on service quality (Wu, 2011). The proliferation of self-service technologies has increasingly changed the way customers interact with firms to create the service outcome (Xu, Benbasat, & Cenfetelli, 2011). Experience after online purchasing makes consumer repeat buying (Singhal & Shekhawat, 2015). Based on problem identification above, this research is limited to 7Ps marketing mix (Product, Price, Place, Promotion, People, Process, and Physical Evidence) that affected customer satisfaction and customer loyalty, with customer's satisfaction as an intervening variable that affected customer's loyalty. And this research object is limited in E-shopping Indonesia.

Based on previous explanatory, the research questions are as follows: first, Does 7Ps marketing mix (Product, Price, Place, Promotion, People, Process, and Physical Evidence) affect customer satisfaction? Second, Does additional 7Ps marketing mix affect customer satisfaction? Third, Does customer satisfaction affect customer loyalty? The purposes of this research are as first, to know e-Shopping customer's response about 7Ps and customer satisfaction. Second, to know e-Shopping customer's response about customer loyalty. Third, to know the effect of those three variables (7Ps marketing mix, customer satisfaction, and customer loyalty).

II. Materials And Methods

Literature Review

According to Chong, Cates, and Rauniar (2010), e-commerce is seamless application of information and communication technology from its point of origin to its endpoint along the entire value chain of business processes conducted electronically and designed to enable the accomplishment of a business goal. These processes may be partial or complete and may encompass business to business (B2B) as well as business to consumer (B2C) and consumer to business (C2B) transactions. The goods or services do not have to be ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online. An e-commerce transaction can be between enterprises, households, individuals, governments, and other public or private organization. It is included orders made in web pages, extranet or EDI, but exclude orders made by telephone calls, facsimile, or manually typed e-mail.

According to Kotler and Keller (2012), price is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. As for services, according to Muala and Qurneh (2012) the product offer in respect of services can be explained based in two components: (1) The core service which represents the core benefit; (2) The secondary services which represent both the tangible and augmented product levels. The latter can be best understood in terms of the manner of delivery of the particular service. A company aims to make the product or offering different and better in some way that will cause the target market to favor it and even pay a price premium (Kotler & Keller, 2012). According to Kotler and Keller (2012), price is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service. It has been proven therefore, that customers usually buy products on the basis of price rather than other attributes (Haryanto, 2014).

Place is defined by Kotler and Keller (2012) as a set of interdependent organizations that caters to the process of making a product available to the consumers. Every seller must decide how to make its goods available to the target market. The two choices are to sell the goods directly or to sell them through middlemen. Within a given industry both distribution choices can be found (Kotler & Keller, 2012). An organization should pay attention to place decisions, because of the importance of the product and consumption occurring at the same time and at the same place; a place that provides all information of customer, competition, promotion action, and marketing task. It should pay attention to how it can deliver the product at the right time and at the right place, and which channel should be used to deliver the product. Promotion is that part of communication that consists of company messages designed to stimulate awareness of, interest in, and purchase of its various products and services. Promotion cannot be effective unless it catches people's attention (Kotler & Keller, 2012). Unless a Web site manifestly conveys an exciting or interesting personality that grabs viewer attention and interest, it is unlikely to attract many people or encourage them to navigate through the site. In this age when many online shoppers have a low threshold for boredom, it is a major competitive advantage for an e-business to be able to immediately attract the attention of shoppers surfing Web sites, then fully engage them in a stimulating, pleasing, enjoyable, unique, and satisfying shopping experience (Anderson & Swaminathan, 2011). People refer to any person who interacts with the customers, predominantly the staff (but sometimes the customers themselves). This is increasingly important when social media, community, and relationship marketing are elements for success (Mitic, 2012). According to Mitic (2012), process relates to the way in which the products are delivered and the interaction the organization has with the customer. It can include discussions in the comments on a blog, interactions in social media, e-mail and automated self-service systems such as web based ordering or SMS-based contact. Transaction ease refers to the extent to which a customer feels that the Web site is simple, intuitive, and user-friendly (Anderson & Swaminathan, 2011). A number of factors make a Web site difficult for shoppers to transact. A Web site that is intuitive and convenient to use will minimize its customers' efforts, time, and chances to make mistakes, thereby making the shopping experience more satisfying and increasing the likelihood of those customers returning to the Web site. (Anderson & Swaminathan, 2011). Physical evidence was originally used to exclusively describe real-world objects that represented the organization, its brand and product offering. Given the development of the Internet, 'physical' evidence can also include the virtual evidence of the website, social media presence and any virtual-world presence of the brand (Mitic, 2012). Highly successful e-businesses tend to differentiate themselves by developing Web sites that are pleasing to the eye and

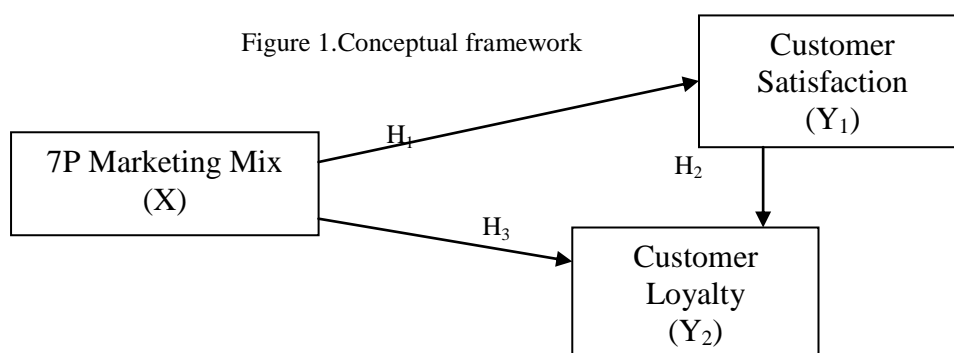
mind by presenting attractive, vivid, interesting, and exciting visuals, illustrations, formats, and content throughout the shopping experience—from beginning to end. (Anderson & Swaminathan, 2011)

Previous Research

Previous research by Gera (2013) attempts to understand the dimensions of service quality and their influence on customer satisfaction and perceived value and customer loyalty. The data for testing the hypothesis were collected by researcher through a self-administered survey which was developed and administered online. The two factor models of e-service quality were further validated through confirmatory factor analysis using AMOS. Based on the analysis of the data, it was found that customers are likely to consider the value of the service provided in addition to satisfaction in evaluating whether to return to the online service provider. Performance on service fulfillment attributes also effects customer e-loyalty related intentions directly. Customers are unlikely to be retained if they do not receive prompt service in minimum time along with higher variety in the service providers offerings. Previous research by Muala and Qurneh (2012) indicates that the product, price, personnel, place have positive and significant impact on tourist satisfaction and loyalty, but the process was not significant. The result of this study shows that satisfaction will lead to loyalty too. Another research by Chia-Hui and Hsi-Peng (2008) indicates that website and seller's performance influences buyer's satisfaction and loyalty. Martin-Consuegra, Molina, and Esteban (2007) concluded perceived price fairness in service industries can be viewed as a threshold factor in order to maintain satisfied and loyal customers.

Conceptual Framework

Based on the problem identification and previous research, the conceptual framework that will be used in this research is as follows:



The hypothesis made as follows:

H₁: 7P marketing mix variables have positive influence on customer satisfaction.

H₂: Customer satisfaction has positive influence on customer loyalty.

H₃: There is a positive influence between 7P marketing mix and customer loyalty with customer satisfaction as an intervening variable.

III. Research Methodology

This research is using explanatory research. Explanatory studies are designed to test whether one event causes another (Hair et al, 2003). In this research, 7P marketing mix (X) is the variable that affect customer satisfaction (Y), and customer satisfaction is an intervening variable (Y₁) that affecting customer loyalty (Y₂).

Model that was used in this research consists of dependent variable, independent variable, and intervening variable as follows: Independent Variable (X) is 7P marketing mix, Intervening Variable (Y₁) is customer satisfaction, Dependent Variable (Y₂) is customer loyalty.

A population (universe) is any complete group for example, of people, sales territories, stores, or college students, that shares some common set of characteristics (Zikmund, 2010). Population in this research are people who ever done B2C online shopping in Jakarta.

Sample is a subset, or some part, of a larger population. The purpose of sampling is to estimate an unknown characteristic of a population. Sampling is defined in terms of the population being studied. To be representative, total minimum sample used in SEM is a total of indicator multiply by five. Furthermore, if the sample amount is too large, it will be difficult to get the suitable model. It is recommended to use 100-200 samples if we will use SEM estimation. Based on this consideration, the sample that is used in this research is 175 of e-shopping customers. In this research, non-probability sampling is used to determine the sample. Convenience sampling method is used to enable researcher to select a sample members who can provide required information quickly and more available to participate.

In this research, data were collected using personally administered questionnaires technic. With this method, the respondents directly received and fulfilled all the questions in the questionnaires given by the researcher. Questionnaires were divided into three sections, first section is about marketing mix, second section is about customer satisfaction, third section is about customer loyalty. Respondents were asked a several questions regarding to correlation of marketing mix, customer satisfaction, and customer loyalty. We used five-point Likert Scale in this research as follows: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

Variables used in this research consist of 7P marketing mix is independent variables, customer loyalty is an independent variable, and customer's satisfaction is an intervening variable. The variables which were used in this research are explained in the table below:

Table 1: Operationalisation Variables

Variable	Dimension	Indicator	No
Marketing Mix	Product	Products that offered in E-shopping had a good quality	1
		E-shopping offered varied product	2
		Products offered in E-shopping are well-packaged	3
	Price	The price of the product that offered in E-shopping is competitive compared with other similar companies	4
		E-shopping often giving an attractive discount or special price	5
		The price paid is worth for the product/service that customer's received	6
		E-shopping's redemption point is easy to access by customer	7
	Place	E-shopping's redemption point is located in the prestige area	8
		E-shopping's redemption point is near with central business area	9
		"Member-get-member" program is an effective promotion	10
	Promotion	E-shopping is frequently placed advertising in printing and electronics media	11
		E-shopping is actively doing promotion or sponsorship	12
		E-shopping's employees are friendly and helpful	13
	People	E-shopping has a great customer service team	14
		E-shopping's customer service team are able to dealing with complaints and provides a solution to the problem	15
		The process from order until payment are clear and easy to do	16
	Process	The payment process in E-shopping is easy, secure, and fast	17
		E-shopping has a good delivery service	18
		E-shopping has an attractive website	19
	Physical Evidence	E-shopping's reception area in Redemption Point is comfortable and has an interesting layout	20
E-shopping has an attractive corporate logo		21	
The service that I have received from E-shopping was met my expectation		22	
Overall I am satisfied with E-shopping's buying process		23	
Customer Satisfaction	Service / product quality are meet customer's expectation	Overall I am satisfied with the quality of the products that offered by E-shopping	24
		Product delivered is inconformity with the order	25
		I will do repurchase in E-shopping	26
Customer Loyalty	Repurchase Referral	I will recommend E-shopping to my friends and family	27
		I have no intention to move to another online shop	28
		I will make E-shopping as my first choice if I need to buy a product	29

Data Analysis Method

After the result from the respondents had been received, researcher calculated the total score for each question and categorized it into interval calculation. Formula that was used to calculate the interval was as follows: Highest Score times Sample minus Lowest Score times Sample divided by Number of Classification. After the interval had been calculated, we made an interval scale to measure the responses that were received from respondents. The interval scale as follow: 664 – 804 = very good, 523 – 663 = good, 382 – 522 = average, 241 – 381 = poor, 100 – 240 = very poor.

Data analysis technique that was used in this research was Structural Equation Modeling (SEM) analysis. The software that was used in analysis the data was AMOS. Before the SEM analysis was conducted, validity and reliability test had been conducted.

Structural Equation Modeling. SEM analysis was used to test the model and hypotheses in this research. Goodness-of-Fit, normality test, outlier test, multicollinearity test, and causality test were used in assessing the model. Observed variables were located on the left side of the model, while latent variables were located on the right side of the model. Exogenous variables in this research were marketing mix, while endogenous variables are customer satisfaction and customer loyalty. Estimation technique that was used in this research was Maximum Likelihood Estimation. Estimation of SEM was done through full model analysis, to evaluate the goodness of fit and relationship of the tested model.

Goodness of fit evaluation of the model are consist of:

1. **Chi – Square Statistic (χ^2).** Most of the practical fit indices involve the chi-square (χ^2) test statistic for the hypothesized model, sometimes in conjunction with same test statistic for a baseline model (Yuan, 2005). Important assumptions underlying this test statistic are that the observed variables have a multivariate normal distribution, sample size is sufficiently large, and none of the tested parameters is at a boundary. If the observed χ^2 exceeds the critical value given the degree of freedom (d.f.) and the normal Type I error rate (typically $\alpha = .05$), the null hypothesis is rejected. This means that the null hypothesis of perfect fit in the population is false, the assumptions are wrong, or both. As we discuss below, this χ^2 test has limitations and is not always the final word in assessing fit.
2. **Significant Probability (p).** Significant probability (p) is used to test the significance level of the model. The model fits if significant probability (p) is ≥ 0.05 .
3. **RMSEA (The Root Mean Square Error Approximation).** The RMSEA is a badness-of-fit index, declining with improving fit. The RMSEA is bounded at a lower value of 0. It has no theoretical maximum. Browne and Cudeck (1993) suggested that a value of .05 represented what they termed a “close fitting model” and .08 represented an “adequate” fitting model.
4. **GFI (Goodness of Fit Index).** GFI is calculated using the weighted sum of square residuals from a covariance matrix and weighted sums of squared variances and covariance. The model fits if the value of $GFI \geq 0.90$.
5. **AGFI (Adjusted Goodness of Fit Index).** AGFI as an adjustment to the GFI based on a model’s d.f. The goal of the adjustment was to penalize model overfitting, in which additional parameter are estimated with small resulting improvement in fit.
6. **The Minimum Sample Discrepancy Function Degree of Freedom (CMIN/DF).** CMIN/DF is the indicator that used is to measure the fit level of the model. The formula of CMIN/DF is Chi-Square statistic divided by its d.f. The model categorized as fit if the value of $CMIN/DF \leq 2$.
7. **TLI (Tucker Lewis Index).** TLI is an alternative incremental fit index that compare a tested model with baseline model, suggested a standard of .90 for TLI.
8. **CFI (Comparative Fit Index).** CFI is goodness of fit indices in a proportion fit metric, proposed .95 for the CFI.

Hypotheses Test

The hypotheses testing about the effect of customer satisfaction on customer loyalty was performed to understand the effect of customer satisfaction on customer loyalty. The criteria for acceptance is: H_0 is rejected if $p\text{-value} < 0.05$. H_0 : Independent variable has no effect on dependent variable. H_a : Independent variable has an effect on dependent variable

IV. Results

Description of respondents

1. **Gender of respondent.** Based on the data in the table above, the largest respondents were male (101 respondents or 57.71%), while female were 74 respondents (42.29%).
2. **Age of respondent.** Respondents were customers aged between 20-30 years (138 respondents or 78.86%). Respondent aged between 31-40 years were 27 respondents (15.43%), aged below 20 years were 7 respondents (4%), aged between 41 - 50 years were 3 respondents (1.71%), and no respondents aged above 50 years.
3. **Occupation of respondent.** Respondents were employees (163 respondents or 93.14%). Respondents with occupation as a student were 7 respondents (4%), entrepreneur were 3 respondents (1.71%), and professional were 2 respondents (1.14%).
4. **Monthly Income.** The largest respondents were customers with monthly income Rp.3-7 million (78 respondents or 44.57%). Respondents with monthly income Rp.7-10 million were 31 respondents (17.71%). Respondents with monthly income Rp1-3 million were 26 respondents (14.86%), respondents with monthly income Rp10-15 million were 22 respondents (12.57%). Respondents with monthly income over than Rp.15 million were 11 respondents (6.29%), and respondents with monthly income less than Rp.1 million were 7 respondents (4%).

Overview of respondents’ results

1. Marketing mix variables

- a. **Products that offered in E-shopping had a good quality (X_1).** Most of respondents voted agree with the statement the total score of 656, which was categorized as “good”. Means that products that were offered in E-shopping had a good quality.

- b. **E-shopping offered varied product (X₂)**. Most of respondents voted agree with the statement the total score of 666, which was categorized as “very good”. Means that products that were offered in E-shopping had a very varied product.
- c. **Products offered in E-shopping are well-packaged (X₃)**. Most of respondents voted agree with the statement the result of the total score of 672, which was categorized as “very good”. Means that products that were offered in E-shopping are very well packaged.
- d. **The price of the product that offered in E-shopping is competitive compared with other similar companies (X₄)**. Most of respondents voted agree with the result of the total score of 667, which was categorized as “very good”. Means that e-shopping has a very competitive price compared with their competitor.
- e. **E-shopping often giving an attractive discount or special price (X₅)**. Most of respondents voted agree with the statement the result of the total score of 682, which was categorized as “very good”. Means that E-shopping very often gave a discount or special price.
- f. **The price paid is worth for the product/service that customer's received (X₆)**. Most of respondents voted agree with the statement the result of the total score of 671, which was categorized as “very good”. Means the price they paid is very worth the product/service that they received.
- g. **E-shopping redemption point is easy to access by customer (X₇)**. Most of respondents voted agree with the statement the result of the total score of 635, which is categorized as “good”. Means that they can easily access E-shopping redemption point.
- h. **E-shopping redemption point is located in the prestige area (X₈)**. Most of respondents voted agree with the statement the result of the total score of 631, which is categorized as “good”. Means that E-shopping redemption point is located in the prestige area.
- i. **E-shopping redemption point is near with central business area (X₉)**. Most of respondents voted agree with the statement the result of the total score of 642, which is categorized as “good”. Means that E-shopping redemption point is near with central business area.
- j. **"Member-get-member" program is an effective promotion (X₁₀)**. Most of respondents voted agree with the statement the result of the total score of 766, which is categorized as “very good”. Means that “member-get-member” program is very effective promotion.
- k. **E-shopping is frequently placed advertising in printing and electronics media (X₁₁)**. Most of respondents voted disagree with the statement the result of the total score of 335, which is categorized as “poor”. Means that E-shopping was not regularly placed an advertising in printing and electronics media.
- l. **E-shopping is actively doing promotion or sponsorship (X₁₂)**. Most of respondents voted agree with the statement the result of the total score of 665, which is categorized as “very good”. Means that E-shopping is very active doing promotion or sponsorship.
- m. **E-shopping employees are friendly and helpful (X₁₃)**. Most of respondents voted agree with the statement the result of the total score of 628, which is categorized as “good”. Means E-shopping employees are friendly and helpful.
- n. **E-shopping has a great customer service team (X₁₄)**. Most of respondents voted agree with the statement the result of the total score of 604, which is categorized as “good”. Means E-shopping has a great customer service team.
- o. **E-shopping customer service team are able to dealing with complaints and provides a solution to the problem (X₁₅)**. Most of respondents voted agree with the statement the result of the total score of 601, which is categorized as “good”. Means E-shopping customer service team are able to dealing with complaints and provides a solution to the problem.
- p. **The process from order until payment are clear and easy to do (X₁₆)**. Most of respondents voted agree with the statement the result of the total score of 693, which is categorized as “very good”. Means the purchase process from order until payment are very clear and easy to do.
- q. **The payment process in E-shopping is easy, secure, and fast (X₁₇)**. Most of respondents voted agree with the statement the result of the total score of 601, which is categorized as “very good”. Means E-shopping payment process is easy, secure, and fast. E-shopping offered a payment method using ATM transfer, e-banking, or instant payment that very secure and fast. Currently instant payment is the fastest payment method that enable customer to receive payment confirmation only in seconds after the payment has been made.
- r. **E-shopping has a good delivery service (X₁₈)**. Most of respondents voted disagree with the statement the result of the total score of 456, which is categorized as “average”. Means average satisfied with the delivery service. When customers decided to use delivery service to deliver the product to their house or office, normally it will take two until four weeks to be received by customers. But sometimes it can be longer than normal time if there is a problem with the courier. To reduce customer’s complaint related to this, E-shopping was opened “Redemption Counter” at a strategic place in center of Jakarta city.

Customers who don't want to wait for a month can take their order in this Redemption Counter at a specified period that mentioned in the deal's details.

- s. **E-shopping has an attractive website(X₁₉)**. Most of respondents voted agree with the statement the result of the total score of 646, which is categorized as "good". Means E-shopping's website is attractive. We can see that E-shopping's website is colorful, attractive, easy to access, has a good navigation pane, and well-classified.
- t. **E-shopping reception area in Redemption Point is comfortable and has an interesting layout(X₂₀)**. Most of respondents voted agree with the statement the result of the total score of 625, which is categorized as "good". Means that E-shopping website is attractive and reception area is comfortable and has an interesting layout.
- u. **E-shopping has an attractive corporate logo(X₂₁)**. Most of respondents voted agree with the statement the result of the total score of 657, which is categorized as "good". Means that E-shopping website is attractive and corporate logo is attractive.

2. Customer Satisfaction Variable

- a. **The service that I have received from E-shopping was met my expectation (X₂₂)**. Most of respondents voted agree with the statement the result of the total score of 660, which is categorized as "good". Means that was met most of customer's expectation.
- b. **Overall I am satisfied with E-shopping buying process(X₂₃)**. Most of respondents voted agree with the statement the result of the total score of 659, which is categorized as "good". Means were satisfied with the buying process.
- c. **Overall I am satisfied with the quality of the products that offered by E-shopping(X₂₄)**. Most of respondents voted agree with the statement the result of the total score of 660, which is categorized as "good". Means that were satisfied with the products that offered by E-shopping.
- d. **Product delivered is in conformity with the order(X₂₅)**. Most of respondents voted agree with the statement the result of the total score of 701, which is categorized as "very good". Means that product they received was very conformity with the order. One of the common problems that customer faced when doing online shopping is that the product delivered was different with the order. Sometimes the quantity of the product was different from the order, or sometimes they send a wrong product to customer.

3. Customer Loyalty Variables

- a. **I will do repurchase in E-shopping(X₂₆)**. Most of respondents voted agree with the statement the result of the total score of 662, which is categorized as "good". Means that were satisfied and will do repurchase in E-shopping for another product or voucher deals.
- b. **I will recommend E-shopping to my friends and family(X₂₇)**. Most of respondents voted agree with the the result of the total score of 659, which is categorized as "good". Means that will recommend E-shopping to their friends and family as a trusted online shop if they friends or family need to buy something using online purchase.
- c. **I have no intention to move to another online shop (X₂₈)**. Most of respondents voted agree with the result of the total score of 653, which is categorized as "good". Means that had no intention to move to another online shop.
- d. **I will make E-shopping as my first choice if I need to buy a product(X₂₉)**. Most of respondents voted agree with the result of the total score of 710, which is categorized as "very good". Means that will make E-shopping as their first choice if they need to buy a product using online purchase.

Structural Equation Modeling (SEM) Test Assumptions

SEM process modeling required many assumptions, both on the process of collecting the data as well as on the processing data. Following is explanation about assumptions and result of data processing using AMOS.

1. **Total Sample**. SEM required at least 100 sample data. This research used 175 samples which meet the requirements.
2. **Normality Test**. Normality test conducted using criteria $C.R. \pm 2.58$ on a level significance 0.01 (1%). The results of the normality test from this research variables with the c.r. value above 2.58 or below -2.58 and c.r. multivariate was -4.365. This result indicates that the distribution of the data is not normal. This can happen because there is an outlier in the data. Outlier on multivariate level can be seen from Mahalanobis distance.
The data classified as an outlier when the p1 or p2 value is less than 0.05. This outlier should be removed from the sample. There is no variable with c.r. value greater than 2.58 or less than -2.58, in significance level at 1%. Therefore it can be said that the distribution of data is normal.
3. **Outlier Multivariate Evaluation**. Outlier on the data can be seen from Mahalanobis distance. The data classified as an outlier when the p1 or p2 value is less than 0.05. This outlier should be removed from the

sample. There are many samples with p1 or p2 value less than 0.05 (sample no. 89, 35, 76, 31, 91, 165, 130, 171, 77, 36, 84, 105, 37, 157, 126, 111, 33, 81, 135, 117, and 118).

4. **Validity Test.** Validity test is used to test whether a questionnaire that is submitted to the respondents is valid. Validity refers to the degree in which our test or other measuring device is truly measuring what we intended it to measure. To know whether the variables used in the research are valid, we conducted validity test by comparing the value of component matrix or loading factor with 0.5. If the result shown that the loading factor of the variable is larger than 0.5, it means that the variable used in the research is valid. But if the loading factor is smaller than 0.5, that variable must be dropped before it tested again. Based on the results of validity test, factor loading value of variable X₁₁, X₁₂, X₁₈ were less than 0.5. It means that variable X₁₁, X₁₂, X₁₈ must be dropped from the data analysis because the loading factor of those variables are less than 0.5. The results of the validity test of marketing mix variable, customer satisfaction variable and customer loyalty variable after variable X₁₁, X₁₂, X₁₈ has been dropped. Based on the results of validity test conducted for each marketing mix, customer satisfaction and customer loyalty variables, we can see that the loading factor of all variables are greater than 0.5, insignificance level less than 0.05. This indicates that questionnaire about marketing mix variable, customer satisfaction and loyalty was valid.
5. **Reliability Test.** After validity test was conducted, the next step is to conduct reliability test. The minimum reliability value of latent variables-forming dimension that can be received is ≥ 0.70 . To get the value of the level of reliability of the latent variables-forming dimension then the formula used is as follows: Construct Reliability = $(\sum \text{Standard Loading})^2$ divided by $(\sum \text{Standard Loading})^2 + \sum E_j$

Table 2: Reliability Test

	Standard loading	Measurement error data	Construct reliability
Marketing mix	11.700	10.344	0.938
Customer satisfaction	3.491	0.943	0.928
Customer loyalty	3.552	0.836	0.938

Based on the calculation of construct reliability above, the reliability value for each variable in this research is greater than 0.7. It means that the variables used in this research are acceptable.

Data Analysis

In this research, we used SEM for data analysis with the following steps:

A model is categorized as fit model if it fulfilled the following criteria:

- a. Loading factor value of variables must be greater than 0.50.
- b. Probability of the model must be greater than 0,05. Indicator with loading factor smaller than 0.5 must be dropped from the model.

The Confirmatory Factor Analysis result for marketing mix variable, customer satisfaction variable, and customer loyalty variable will be explained below:

1. Marketing Mix

Loading factor value must meet the required value of > 0.50 , so the indicators met the required value. Chi square = 198.976, prob = .143, df = 134, GFI = .948, AGFI = .913, TLI = .954, CFI = .931, CMINDF = 1.484, RMSEA = .058. X₁₇ (the payment process in E-shopping is easy, secure, and fast) is the most dominant indicator in forming marketing mix constructs with value 3.418. The result of Confirmatory Factor Analysis for marketing mix variable is shown in table below.

Table 3: Confirmatory Factor Analysis of Marketing Mix

Indicator	Factor loading	t-value
X ₁	1.24	.28
X ₂	1.43	.18
X ₃	1.25	.10
X ₄	1.55	.14
X ₅	.99	.32
X ₆	1.44	.19
X ₇	1.83	.27
X ₈	1.62	.23
X ₉	1.89	.12
X ₁₀	1.34	.16
X ₁₃	2.17	.24
X ₁₄	2.43	.29
X ₁₅	2.07	.21
X ₁₆	2.89	.13
X ₁₇	3.28	.25
X ₁₉	1.36	.14
X ₂₀	1.73	.31

X ₂₁	1.00	.24
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2. Customer Satisfaction

Customer satisfaction variable, chi square = 2.032, prob = .384, df = 2, GFI = .963, AGFI = .934, TLI = .967, CFI = .958, CMINDF = 1.016, RMSEA = .034. Loading factor value must meet the required value of > 0.50. So the indicators meet the required value that is greater than 0.50. From table below indicates that X₂₃ indicator (overall I was satisfied with the service given to E-shopping) is the most dominant indicator in forming customer satisfaction constructs.

Table 4: Confirmatory Factor Analysis of Customer Satisfaction

Indicator	Factor loading	t-value
X ₂₂	1.00	.14
X ₂₃	1.03	.07
X ₂₄	.95	.09
X ₂₅	.97	.12

3. Customer Loyalty

Customer loyalty variable, chi square = 2.004, prob = .327, df = 2, GFI = .959, AGFI = .928, TLI = .963, CFI = .949, CMINDF = 1.002, RMSEA = .023. Loading factor value must meet the required value of > 0.50. So the indicators meet the required value that is greater than 0.50. The table below indicates that I will do repurchase in E-shopping (X₂₆) is the most dominant indicator in forming customer loyalty constructs.

Table 5: Confirmatory Factor Analysis of Customer Loyalty

Indicator	Factor loading	t-value
X ₂₆	1.08	.07
X ₂₇	.99	.04
X ₂₈	.93	.06
X ₂₉	1.00	.11

Based on the table above, the most dominant confirmatory factor dimension in marketing mix was the payment process in E-shopping is easy, secure, and fast. One of the problems that frequently occurred when doing online shopping was related to the payment process. Sometimes the payment process is unclear or customer was unfamiliar with payment method. Sometimes online payment is not secure and it makes the customer worried. Sometimes the confirmation of the payment received was late and it made a problem with the customer. That's why the payment process should be a one of management's concerns. But, according to most respondents, payment process in E-shopping is easy, secure, and fast.

A. Goodness of Fit Test

This test was conducted to know how good is the level of Goodness of Fit of the model in this research. This research must meet the criteria that required in SEM. The results of the data processing are expected to meet the specified statistical limit.

Goodness of Fit Test Result

- a. Significance probability level of hypotheses test (Chi-square) is 303.487 with probability 0,000, indicates that the null hypothesis which states that there is no difference between the sample of covariance matrix and covariance matrix population being estimated may not be rejected, it means the zero hypothesis is accepted.
- b. Index CMIN/DF (1.029), GFI (0,937), AGFI (0,909), TLI (0,951), CFI (0,932) and RMSEA (0,068) were provided sufficient confirmation that this model is acceptable, because the value of the index were on the expected value range. The result of goodness of fit above was considered as reasonable because overall the goodness of fit result are good. Means that the model fits.

The Effects Between Marketing Mix, Customer Satisfaction, and Customer Loyalty Variables

The effects among the existence of variables marketing mix, customer satisfaction, and customer loyalty will be explained further in the below.

1. The Effect of Marketing Mix on Customer Satisfaction.

The hypothesis testing about the effect of marketing mix on customer satisfaction was performed to understand the effect of marketing mix on customer satisfaction. The criteria for acceptance: H₀ is rejected if p-value < 0.05.

- a. The value of p-value obtained from AMOS analysis is ***, which means that the value of p-value < 0.001, smaller than 0.05.

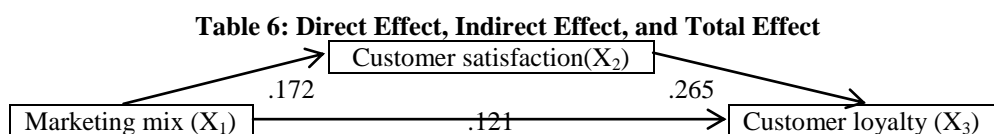
- b. This means that H_0 is rejected and H_a is accepted at Significance level 0.05. It means that marketing mix is significantly affecting customer satisfaction.

2.The Effect of Customer Satisfaction on Customer Loyalty

The hypotheses testing about the effect of customer satisfaction on customer loyalty was performed to understand the effect of customer satisfaction on customer loyalty. The criteria for acceptance: H_0 is rejected if $p\text{-value} < 0.05$.

- a. The value of $p\text{-value}$ obtained from AMOS analysis is ***, which means that the value of $p\text{-value} < 0.001$, smaller than 0.05.
- b. This means that H_0 is rejected and H_a is accepted at Significance level 0.05. It means that customer satisfaction is significantly affecting customer loyalty.

3. Direct Effect, Indirect Effect, and Total Effect of Customer Satisfaction on Customer Loyalty with Customer Satisfaction as an Intervening Variable.



Marketingmix has direct and indirect effect (through intervening variable) toward customer loyalty. The direct effect of marketing mix on customer loyalty was 0.121, while the indirect effect was 0.046. The direct effect was greater than indirect effect ($0.121 > 0.046$). It means that marketing mix directly affected customer loyalty.

V. Discussion

1.The Effect of Marketing Mix on Customer Satisfaction.

According to the result of the data analysis, we found that marketing mix is significantly affecting customer satisfaction. Based on the result, the most dominant indicator in forming marketing mix is process, which related to order and payment process. This is one of E-shopping competitive advantages, which most of the customer (86%) agreed that the order process in E-shopping is clear and easy to do, and the payment process is easy, secure, and fast. The second dominantfactor in forming marketing mix is people. According to the respondents (71%), E-shopping has a great and helpful customer service team that is able to dealing with complaints and provides solution of the problem. The third dominant factor in forming marketing mix is price. According to therespondents (80%), the price of the product that offered in E-shopping is competitive compared with other similar companies. The fourth dominant factor in forming marketing mix is place. According to the respondents, E-shopping’s redemption counter is easy to access and located in central business area. This allowed customer to come andtakethe product at lunch break.Other factors that form marketing mix are product, promotion, and physical evidence. According to the customer, generally E-shopping offered a good and varied product. For the promotion, “member-get-member” is the most effective ways to get a new customer. For the physical evidence, most of the customers agreed that reception area in E-shopping’s redemption point is comfortable.

2.The Effect of Customer Satisfaction on Customer Loyalty.

According to respondents, overall they are satisfied with E-shopping buying process and the quality of the product. Most of the respondents said that the service that they received met their expectation.Based on the survey, customers who were satisfied with E-shoppingwillrecommend E-shopping to their friends and family. This is in accordance with “member-get-member” promotion. The customers also do repurchase of the product or voucher in E-shopping and have no intention to move to another online shop.According to the customer, they will make E-shopping as a first choice if they need to buy a product. They will search the product in E-shopping first before searching in another online shop. Result of hypothesis test, customer satisfaction is significantly affecting customer loyalty. This is in accordance with the research done by Muala and Qurneh (2012)indicates that the product, price, personnel, and place has positive and significant impact on tourist satisfaction and loyalty, but process was not significant.The result of this study shows that satisfaction will lead to loyalty too. Chia-Hui and Hsi-Peng (2008)indicates that website and seller's performance influences buyer's satisfaction and loyalty.Martin-Consuegra et al. (2007) concluded perceived price fairness in service industries can be viewed as a threshold factor in order to maintain satisfied and loyal customers.

Acknowledgement

Conclusion

Based on the research and data analysis that have been conducted, means several points as follow:

1. According to the confirmatory factor analysis, the dominant factor that formed marketing mix are:
 - a. Process, which most of respondents agreed that the order process in E-shopping is clear and easy to do, and the payment process is easy, secure, and fast.
 - b. People, which most of respondents agreed that E-shopping employees are helpful, able to handle complaints and provide solution of the problem.
 - c. Price, which most of respondents agreed that the price of the product that is offered by E-shopping is competitive compared with another similar online shop.
2. The customers who are satisfied with the service will recommend E-shopping to their friends and family, do repurchase, and have no intention to move to another online shop then generates consumer loyalty (Ltifi & Gharbi, 2012).

VI. Recommendation

Based on the result of the data analysis that has been conducted, we recommend the following:

1. Marketing Mix.

Generally, most of respondents were satisfied with the product, process, people, and price. The marketing mix aspect that needs to improve by Company's promotion. The Company better improve promotion to get or attract new customer. This can be done by placing advertising in media or doing sponsorship of the event. The Company should engage a good delivery vendor, so the product that sent is using delivery service can arrive in customer's place timely. Besides that, the Company must maintain and improve the service quality, especially when handling customer's question or complain not only seeking for discount (Yu-Jia, 2012).

2. Customer Satisfaction.

According to the research, generally customers were satisfied with the product and service that given by the Company. Even almost 80% of the respondents said that they were satisfied, there were 20% of the respondents said that they are unsatisfied with the product and service given by the Company. This should be a Company's concern to improve and maintain customer satisfaction by bonus program for different segment (Leverin & Liljander, 2006). The Company also can make a "customer satisfaction survey" (through website or questionnaire) every three or six months. To attract more customers to participate in this survey, the Company can give a souvenir (pin, hat, t-shirt) to the customer who participate, special discount, or doorprize (smartphone, LED TV, restaurant voucher, etc).

3. Customer Loyalty.

According to the research, 75-80% of the respondents said that they will do repurchase (Kim, Kim, Lee, & Myong-Kil, 2014), recommend E-shopping to their family/friend, have no intention to move to another online shop, and make E-shopping as their first choice if they need to buy something online. E-shopping has to maintain and improve customer loyalty by maintaining and increasing customer's satisfaction. It can do through loyal customer and give a special reward to customer who recruited the most member during the year.

Further Study

The subject of this research is limited to the customers who come to Redemption Point at Plaza Semanggi, Jakarta city. And this research only observed the customer who bought a product. For further study, the subject of the research can be included the customer who bought and received the product via delivery service. Also the next research can be observed the customer who bought a restaurant/hotel/travel voucher deal. Another research can be done by made special membership for special buyer who shop frequently (Lin & Sun, 2009)

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