The effect of promotions and consumer trust on customer loyalty through customer satisfaction of the shopee application (study on STIESIA students Surabaya)

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The effect of promotions and consumer trust on customer loyalty through customer satisfaction of the shopee application (study on STIESIA students Surabaya)

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ABSTRACT: The research examines the effect of promotion and consumers' trust on customers' loyalty through customers' satisfaction of Shopee users. The research was quantitative, and the data collection technique used simple random sampling. The population is 100 students of STIESIA Surabaya. Additionally, the data analysis technique used the Partial Least Squares model. The research result concluded that both promotion and consumers' trust had a positive and significant effect on customers' satisfaction. Likewise, promotion as well as consumers' trust had a positive and significant effect on customers' satisfaction. On the other hand, customers' satisfaction had a positive but insignificant effect. Furthermore, promotion through customers' satisfaction had a positive but insignificant on customers' loyalty. Similarly, consumers' trust through customers' satisfaction had a positive but insignificant effect on customers' loyalty.

Keywords: promotion, consumers' trust, customers' satisfaction, customers' loyalty, Shopee.

1 INTRODUCTION

The increasingly fierce competition requires e-commerce companies to maintain market share and they must also be able to meet the needs and desires of their consumers. One of the e-commerce companies that will be discussed in this research is Shopee. Shopee is a very popular online shopping site in Indonesia. The current highest number of monthly visitors in Q1 2020 is still held by the Shopee company, which in Q4 2019 to Q1 2020 managed to snatch it from Tokopedia. The number of monthly visits in Q1 2020 reached an average of 71.5 million visitors. Tokopedia narrowly lost with an average record of 69.8 million visitors. The rise and fall of the number of application users also determines the popularity of e-commerce applications. Setiawan et al. (2016) prove that promotion has a significant positive effect on customer satisfaction. Meanwhile, the results of research conducted by Novianti et al. (2018) proves that promotion has an insignificant effect in a positive direction on customer satisfaction. Setiawan and Sayuti (2017) stated that consumer trust has a significant effect in a positive direction on customer satisfaction. Rimawan et al. (2017) stated that consumer trust has no significant effect in a positive direction on customer satisfaction. Nasrul and Zulkifli (2019) stated that it is proven that promotion has a significant effect in a positive direction on customer loyalty. Novianti et al. (2018) stated that promotion has no significant effect in a positive direction on customer loyalty. Lie et al. (2019) states that customer satisfaction has a significant positive effect on customer loyalty. Customer satisfaction has no significant effect in a positive direction on customer loyalty. Rochim (2020) Customer satisfaction mediates the relationship between promotions and customer loyalty (Suastini & Mandala (2019). Hidayah (2019) proved that promotion has no significant effect in a positive direction on customer loyalty through customer satisfaction. Based on the previous research conducted by Hidayah (2019), customer satisfaction mediates the relationship between consumer trust and customer loyalty. Marlinda (2018) states that consumer trust has no significant effect in a positive direction on customer loyalty through customer satisfaction. The questions in this study are as follows: (1) does promotion affect Shopee

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customer satisfaction? (2) does consumer trust affect Shopee customer satisfaction? (3) does promotion affect Shopee customer loyalty? (4) does consumer trust affect Shopee customer loyalty? (5) does customer satisfaction affect Shopee customer loyalty? (6) does promotion affect customer loyalty through Shopee customer satisfaction? and (7) does consumer trust affect customer loyalty through Shopee customer satisfaction?.

2 THEORETICAL REVIEW, HYPOTHESES DEVELOPMENT, AND RESEARCH METHODS

Madiawati (2020) states that promotion is one of the variables in the marketing mix that is very important to be implemented by companies in marketing products and services. Kotler and Keller (2016: 272) state that the dimensions of promotion include: (1) promotional messages, (2) promotional media, (3) promotional time, and (4) promotion frequency. Robbins in Marlinda (2018) states that consumer trust is defined as positive expectations not only through words, actions, or decisions. Trust can occur at any time, choosing to let individuals depend on others, influencing those with whom future behavior can affect individual well-being. Kotler and Keller in Rahmatika and Madiawati (2020) state that customer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance (outcome) of the product thought to the expected performance (or result). If performance is below expectations, consumers are dissatisfied. According to Irawan in Hidayah (2019), the factors that can affect consumer satisfaction are as follows: (1) product quality, (2) product price, (3) emotional factors, (4) cost and convenience. Tjiptono in Putri and Santoso (2018) states that customer loyalty is a customer's commitment to a brand, company, or supplier based with a positive nature in long-term purchases.

Based on the theoretical and empirical review, hypotheses can be formulated as follows: (H1) Promotion has a significant effect on Customer Satisfaction on Shopee Application Users; (H2) Consumer Trust has a significant effect on Customer Satisfaction on Shopee Application Users; (H3) Promotion has a significant effect on Customer Loyalty on Shopee Application Users; (H4) Consumer Trust has a significant effect on Customer Loyalty to Shopee Application Users; (H5) Customer Satisfaction has a significant effect on Customer Loyalty; (H6) Promotion has a significant effect on Customer Satisfaction on Shopee Application Users; and (H7) Consumer Trust has a significant effect on Customer Loyalty through Customer Satisfaction on Shopee Application Users.

The research uses a quantitative method, and the sampling technique used is simple random sampling. The type of data used is quantitative data received from distributing online questionnaires to respondents. The respondent are active students of the Indonesian School of Economics (STIESIA) Surabaya who have used and are currently using the Shopee application. Measurements will be made on the value of the questionnaire using a Likert scale.

3 ANALYSIS AND DISCUSSION

All classical assumption tests are valid. Hypothesis testing shows the following: H1 testing indicates a p-value <0.05 so that the first hypothesis is accepted. This proves that Promotion has a significant effect in a positive direction on Customer Satisfaction. H2 testing indicates that the second hypothesis is accepted. This proves that consumer trust has a significant effect on customer satisfaction in a positive direction. H3 testing indicates that the third hypothesis is accepted. Promotion is proven to have a significant effect in a positive direction on Customer Loyalty. H4 testing shows that the fourth hypothesis is accepted. Consumer Trust has a significant positive effect on Customer Loyalty. H5 testing shows that the fifth hypothesis is rejected. This proves that customer satisfaction has no significant effect in a positive direction on customer loyalty. H6 testing shows that the sixth hypothesis is rejected. This proves that Promotion has no significant effect in a positive direction on Customer Loyalty through Customer Satisfaction. Lastly, H7 testing indicates that the seventh hypothesis is rejected. This proves that Consumer Trust has no significant effect in a positive direction on Customer Loyalty through Customer Satisfaction. Promotion has a significant effect in a positive direction on Customer Satisfaction on Shopee Application users. Consumers are interested in using the Shopee application because of Shopee pay which makes it easy to make payment transactions and Shopee coin games for discounted prices that make consumers more interested. Promotional activities are not only a means of communication between companies and consumers but also a tool to influence consumers in purchasing activities according to their needs and desires (Novianti et al. 2018; Nasrul & Zulkifli 2019; Rahmatika & Madiawati 2020).

Consumer Trust shows that it has a significant effect in a positive direction on Customer Satisfaction on Shopee Application users. The Shopee application will foster a feeling of trust and confidence to make transactions with the Shopee application because of the transparency of transactions and Shopee also has a good ability to handle the buying and selling process. Consumer trust has a positive and significant effect on customer satisfaction (Rofiq's research in Priansa 2017; Lie et al. 2019).

Promotion has a significant effect in a positive direction on Customer Loyalty to Shopee Application users. Promotions carried out by the Shopee company are the efforts of the Shopee company to promote using well-known brand ambassadors, creating opportunities for consumers to make purchases of products offered in the Shopee application. Promotion is one of the priority components of marketing activities that inform consumers that the company is launching a new product that tempt consumers to make a purchase (Hermawan 2012; Nasrul & Zulkifli 2019).

Consumer Trust shows that it has a significant effect in a positive direction on Customer Loyalty to Shopee Application users. Consumer trust in the Shopee application is formed by an assessment from consumers of the products and services provided by the Shopee application which will be able to foster a sense of trust and confidence. This sense of trust arises due to transparency in transactions between buyers and sellers, and also the display of reviews about products that have been purchased by these consumers so that new consumers will be sure to use the Shopee application. Consumer trust has a positive and significant effect on customer loyalty (Priansa 2017; Setiawan & Sayuti 2017).

Customer Satisfaction shows that it has no significant effect with a positive direction on Customer Loyalty to Shopee Application users. Creating satisfaction for customers is also very important and necessary for the company. Customer satisfaction is not in line with expectations, which causes no significant relationship with customer loyalty. Even though customers are not very satisfied with Shopee, customers are still loyal. Loyalty occurs if the customer shows repeated buying behavior or provides good recommendations to others not because of satisfaction but by recommending that promotions carried out by the company are very attractive to customers and the belief in the security and ease of getting products and services at the company (Nafisa & Sukresna 2018).

Promotion through Customer Satisfaction shows that it has no significant effect in a positive direction on Customer Loyalty to Shopee Application users. Customer satisfaction is very important and needed by companies; when combined with other constructs, customer satisfaction does not indirectly affect too much of the promotion relationship to customer loyalty on Shopee Application users. Promotion is one of the variables in the marketing mix that is very important for companies to offer products (Rahmatika & Madiawati 2020).

Customer Trust through Customer Satisfaction shows that it has no significant effect in a positive direction on Customer Loyalty to Shopee Application users. Customers become loyal not because of a sense of satisfaction; one of the factors is because customers feel trust and believe in using the Shopee application because of the transparency in transactions and good ability to handle the buying and selling process with their customers, as stated by Marlinda (2018). Consumer Trust has a positive and insignificant effect on Customer Loyalty through Customer Satisfaction.

4 CONCLUSION AND SUGGESTIONS

Conclusion: (1) Promotion and customer trust have a significant effect in a positive direction on customer satisfaction of Shopee users. (2) Promotion and customer trust have a significant effect in a positive direction on customer loyalty of Shopee users. (3) Customer satisfaction has no significant effect in a positive direction on customer loyalty of Shopee users. (4) Promotions through customer satisfaction have no significant effect on customer loyalty of Shopee users (5) Consumer trust through customer satisfaction has no significant effect in a positive direction on customer loyalty of Shopee users. Suggestion: (1) Shopee companies are expected to pay more attention to and improve promotional strategies that are useful for attracting new consumers and retaining loyal Shopee application users. (2) Shopee companies are expected to pay more attention to and increase consumer confidence in the Shopee application.

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