Improving The Performance of Customer Loyalty of Online Ticketing in Indonesia's Showbiz Industry

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Abstract. Currently the entertainment industry is adopting online ticketing for supporting business from main products to profitability improvement. E-loyalty needs to be examined because are deals with less loyal customer characteristic. The sample are 249 customers whom have purchased for tickets online at least once. Data was gathered by questionnaires and analyzed by Path Analysis and Importance – Performance Analysis. The findings of the research indicate that satisfaction has the strongest relationship to e-loyalty. This study provides four improvement alternatives as a form of new business development strategy for showbiz industry in Indonesia.

1. Introduction
The use of Internet are rapidly changed the way companies doing business. E-commerce sales and penetration of online shoppers has increased globally in 2013. The number of digital buyers in Indonesia are expected to reach 7.4 million in 2015 [1]. Demographic forecast in 2020, are trends to be increasing to over two times of middle class and affluent consumer (Boston Consulting Group, 2012). This can affects to consumption behavior and lifestyles. Showbiz activities; going to music concerts, festivals, and sporting events are lifestyle which are increasingly prevalent in recent years. Showbiz industry are adopting online ticketing for improving its profitability. However, there are services that have not yet facilitated compared to facilities abroad. This indicates that there are many spaces for service improvement. Online customers have the character that less loyal to a product. E-loyalty are identified can improve service quality. The service improvement is a strategy increasing customer loyalty which impacted to company profitability.

E-loyalty is defined as the favorable attitude of customers towards e-business which leads to duplication of purchase [2]. Loyalty and satisfaction are the main goals for online companies to increase profitability, gain, and maintain competitiveness advantage [3]. Not the same as traditional business, online customers are not specifically interact with individuals. Customer can interact with companies through the users interface that allows them to initiate the desired transaction. This study add to equip some previous studies [4] [5] [6] [7] on e-loyalty to on-line purchase of goods in other countries, so the e-ticketing application being developed in Indonesia are considered to be known.
2. Research Methodology

Based on previous research about e-loyalty which conducted by Semeijn in 2005 [4], Safa on 2013 [5], Yee in 2010 [6] and Yang in 2004 [7], the relationship between factors can be made to get an assessment of 5 experts by questionnaires. The results of the expert assessment with a scale of 1 to 5, then calculated using Geomean method, to produce an initial baseline models as can be seen in Figure 1.

![Figure 1. Initial Model](image)

Based on the initial model above, some hypothesis needs to be tested in accordance to the initial model created in figure 1. Some relationships that need to be tested.

- H1 : Is Navigation factor has a positive effect on Online Value
- H2 : Is Accuracy factor has a positive effect on Online Value
- H3 : Is Responsiveness factor has a positive effect on Online Joy
- H4 : Is Customization factor has a positive effect on Online Joy
- H5 : Is Online Value factor has a positive effect on terhadap Satisfaction
- H6 : Is Online Joy factor has a positive effect on Satisfaction
- H7 : Is Offline Value factor has a positive effect on Satisfaction
- H8 : Is Offline Joy factor has a positive effect on Satisfaction
- H9 : Is Assurance factor has a positive effect on Satisfaction
- H10 : Is Assurance factor has a positive effect on E-loyalty
- H11 : Is Satisfaction factor has a positive effect on E-loyalty
- H12 : Is Switching Barrier factor has a positive effect on terhadap E-loyalty

To determine the relationship between factors in figure 1 we have used statistical methods Path Analysis. Questionnaire are then distributed to people who ever make purchase in showbiz online ticket at least once. Service industry companies provide ticketing services include music concert, sporting events, performing arts, and festivals tickets. The website is the primary distribution network for products owned by the service provider company. The 249 repondents as the valid data was collected and are processed.

To identify the drivers of e-loyalty, path analysis are used for assessing and modifying theoretical models. Path analysis is a theory that is associated with the development of multiple regression that are usually used to examine the relationship of correlation matrix with causal model. The purpose of path modelling is to analyse the causal relationships of sets of variables in minimizing differences between the covariance sample and theoretical models [8]. For a comprehensive review of customer
satisfaction, Importance-Performance Analysis method, which was first proposed by Martilla and James in 1977, this is a popular technique to gain the customer satisfaction and prioritize service quality improvement [9]. This method are also used to eliminate the observed factors to attain priority improvement.

3. Data Analysis
Path analysis are used to find the significance of variables, correlational between variables and evaluate the hypothesized model. The data that has proven for its validity are then proceed to find the significance of each correlation. A correllation is well significant tested by calculating the P-value indicates the value of significance. Based on the model after modification significance value of P-values below (Table 1). Therefore, all hypotheses can be accepted.

| Estimate | S.E.  | C.R.  | P     |
|----------|-------|-------|-------|
| .243     | .046  | 5.245 | ***   |
| .673     | .117  | 5.744 | ***   |
| .281     | .068  | 4.112 | ***   |
| .349     | .063  | 5.519 | ***   |
| .577     | .085  | 6.794 | ***   |
| .897     | .116  | 7.717 | ***   |
| .184     | .052  | 3.561 | ***   |
| .209     | .098  | 2.131 | .033  |
| .162     | .034  | 4.835 | ***   |
| .477     | .081  | 5.875 | ***   |
| .139     | .064  | 2.159 | .031  |

In addition to the relationships that has been mentioned in hypotheses, it can be seen that the modified model (Figure 2) provides new relationships (Table 2). The initial hypotheses that assumed e-loyalty are directly influenced by satisfaction, switching barriers, and assurance. Satisfaction does have the strongest relationship to e-loyalty. This means the most loyal customer are satisfied customer. Switching barrier is ranked 4th in influencing customer loyalty, this suggests that switching from online ticketing service still requires efforts. Buying tickets online is easier and more comfortable to customers, but the price and online transaction service are still barriers for customers. Assurance or trust factor is ranked seventh. It indicates that online customers are more concerned with the product than they earn about privacy and security.

In addition to the initial hypotheses, it turns out that there are additional relationships which have an even greater correlation. Those relationships showed effects that were not predicted earlier, such as online and offline joy effects. Both of these factors are respectively ranked second and third as the driver of e-loyalty. Pleasure is becoming the focus of customer than the value given in the online and offline phases. This is also due to the type of products offered by the service providers. The product offered is a ticket show that is associated with joy or pleasure. Responsiveness, or the company’s response to customers has the fifth largest value. Basically, customers need empathy as part of service experience. Therefore, this is such an important thing although interaction in online environment does not take place physically. Offline value is associated with the company's service quality exclude the website service. Offline order fulfillment system (after payment) also be customer's attention, but not strongly related. This is again because customer is more concerned with the joy they receive when they get the product. In addition, the service offered by provider of showbiz online ticketing in Indonesia is relatively similar. Thus, customers do not have
benchmark to other kind of service. This causes customers' expectations in customization service are not too high.

![Figure 2. Modified Model](image)

**Table 2. Relationship Among Factors (All)**

|                        | Online Joy | Online Value | Satisfaction | E-loyalty |
|------------------------|------------|--------------|--------------|-----------|
| Assurance              | 0          | 0            | 0.304        | 0.131     |
| Switching Barrier      | 0          | 0            | 0            | 0.358     |
| Offline Value          | 0          | 0            | 0.314        | 0.167*    |
| Offline Joy            | 0          | 0            | 0.680        | 0.363*    |
| Customization          | 0.333      | 0            | 0.240*       | 0.128*    |
| Responsiveness         | 0.473      | 0            | 0.341*       | 0.182*    |
| Accuracy               | 0          | 0.375        | 0.047*       | 0.025*    |
| Navigation             | 0          | 0.454        | 0.057*       | 0.031*    |
| Online Joy             | 0          | 0            | 0.721        | 0.385*    |
| Online Value           | 0          | 0            | 0.126        | 0.067*    |
| Satisfaction           | 0          | 0            | 0            | 0.534     |

*emerging new correlation

Navigation problems such as website interface, structure, and content has direct influence to satisfaction even to e-loyalty, nevertheless the relationship is relatively weak. Issues regarding to the accuracy of information both company and products also has a direct relationship to satisfaction and loyalty with a relatively weak relationship.

A mathematical formulation is derived from this model to calculate the value of customer loyalty. The mathematical model for loyalty and satisfaction are:

\[
E_{\text{loyalty}} = 0.534 \times \text{Satisfaction} + 0.385 \times \text{Online Joy} + 0.363 \times \text{Offline Joy} + 0.358 \times \text{Switching Barrier} + \\
0.182 \times \text{Responsiveness} + 0.167 \times \text{Offline Value} + 
0.131 \times \text{Assurance} + 0.128 \times \text{Customization} + 0.067 \times \text{Online Value} + 
0.031 \times \text{Navigation} + 0.025 \times \text{Accuracy}
\]
Satisfaction = 0.721 Online Joy + 0.68 Offline Joy + 0.341 Responsiveness + 0.314 Offline Value + 0.304 Assurance + 0.24 Customization + 0.126 Online Value + 0.057 Navigation + 0.047 Accuracy

Based on the results of path analysis method, satisfaction is a factor which contributes to e-loyalty. Furthermore, Importance-Performance Analysis methods are used to review customer satisfaction. Importance - Performance Analysis method examined mapping of the performance (x) and expectations (y) value which establish four quadrants matrix. Each quadrant describes priority in taking policy either improving performance or maintaining performance. Data distribution of performance and importance from the customer point of view is shown in Figure 3

![Importance-Performance Matrix](image)

Figure 3. Importance-Performance Matrix

Interpretations of the matrix are as follows:

1. Quadrant I (Concentrate Here) ; Quadrant I shows the factors or attributes that have high value in building customer loyalty but do not perform properly. Attributes included in this quadrant are:
   - The service provider / company responds to my request quickly (RESP 3)
   - I feel comfortable with the place reserved when I redeem ticket voucher (OFFJ 1)
   - I feel comfortable with the queue when I redeem ticket voucher (OFFJ 2)
   - Through website, I am able to interact with the service provider / company (RES 1)
   - Feedback provided by the service provider /company is in accordance with my expectations (RES 2)
   - If there is an offline service that offers ticket I was looking for at a lower price, I would still buy it online (SB 1)
   - If there is an offline service that provides a good service, I would still buy it online (SB 2)
   - Voucher redemption system applied by the company has met my expectation (OFFV 1)

Attributes that fall into this quadrant represent key area that is becoming top priority for company to be improved.

2. Quadrant II (Keep Up the Good Work) ; Quadrant II shows the factors or attributes that have high value and has been properly implemented. Attributes included in this quadrant are:
   - Website page can be accessed quickly (NAV 1)
   - I can make a search on website easily (NAV 3)
   - Structure and content of the website enables me towards the things I want (NAV 4)
• I feel safe with my personal information that I give to company (ASS 2)
• I believe in the security and privacy that are promised by company (ASS 3)
• The time I spend for online transaction is useful (ONV 2)
• Online ticketing website improve my shopping effectiveness (ONV3)
• I feel comfortable doing online purchases (ONJ 2)

All attributes that fall into this quadrant are the strength and pillar of the company so that it needs to be maintained.

3. Quadrant III (Low Priority) ; Quadrant III shows the factors that have low value and did not perform too well. Attributes included in this quadrant are:
• I always get the ticket I want on website (CUS 3)
• There are things I do not like when buying tickets offline than online (SB 3)
• System for ticket refund or event cancellation has met my expectations (OFFV 2)

Items in this quadrant have low priority for improvement and pose no threat to the company or service provider.

4. Quadrant IV (Possibly Overkill) ; Quadrant IV is quadrant that indicates the attributes which has low value but has good performance.
• Online services on the website provide more value (ONV 1)
• Information about service provider can be found on the website (ACC 1)
• Information about the event is completely available on website (ACC 2)
• Payment option that are provided has met my expectation (CUS 1)
• Voucher download system has already ease me (CUS 2)
• Service provider / online ticketing company is known for its trust and clarity of services to customers (ASS 1)
• I feel happy when I get the ticket voucher (ONJ 3)
• I feel happy when I get the original ticket (OFFJ 3)
• Website display has user-friendly interface (NAV 2)

Items in this quadrant have good performance, but do not really have high value regarding to loyalty. So it is better for he company or service provider to allocate resources to another higher priority items.

Average value of the overall performance is 3.9996, which are fairly good. However, there are several factors considered as important things by customer but have below-average performance. Thus, the items are becoming the focus for improvement. Based on Importance-Performance Analysis, factors that have high value but low performance are the items with greatest priority for improvement. After classifying factors into 4 quadrants, quadrant 1 is obtained to become the focus of improvement. Literature study and experts discussion are conducted to determine the appropriate improvement alternative. Solutions for each problem in quadrant 1 are shown in table 3

| No. | Improvement Category | Function |
|-----|----------------------|----------|
| 1.  | Offline service facility (distribution channel, RFID membercard) | Eliminates discomfort (place, queues) that occurs in offline order fulfillment process. |
| 2.  | Interactivity feature (live chat, quality control) | Provides communication media between the customer and the provider. |
| 3.  | Value price (membership reward, promosi buy&get) | Gives customers more value than the price they pay. |
| 4.  | Additional services (sell your ticket atau ticket | Service innovation that is not owned by competitor which also can be a barrier. |
Further step is to combine results from both Importance-Performance Analysis method and Path Analysis method. The combination of these two methods are expected to be more comprehensive to determine a new business development strategy, also accommodates customer's perspective. The calculation of mathematical formulation was conducted to determine the effects of each alternative also combination of several alternatives. The calculation are expected gives company insight to allocate resources in the right area. The loyalty value of each condition is obtained from the calculation based on the performance value. Loyalty values based on mathematical formulation for each condition are shown in table 4.

The comparison above describes condition if one or more combination improvements are implemented. Offline service facility is the most optimal choice for improvement. Two combination improvement are most optimal implemented by provisioning offline service facility and interactivity features. Three combination are the most optimal implemented by provisioning offline service facility, interactivity features, and value price. Alternatives, the greatest impact on increasing loyalty is implemented all improvement options (offline service facility, interactivity features, value price, and additional service). Implementation of improvement, requires in-depth review and feasibility study for appropriate order.

Table 4. Loyalty Value at Various Condition

| Offline service | Interactivity feature | Value price | Additional service | Loyalty Value | Percentage of loyalty increasing |
|-----------------|-----------------------|-------------|--------------------|--------------|---------------------------------|
| -               | -                     | -           | -                  | 25.176       | 0%                              |
| √               | -                     | -           | -                  | 26.239       | 4.22%                           |
| -               | √                     | -           | -                  | 25.876       | 2.78%                           |
| -               | -                     | √           | -                  | 25.606       | 1.71%                           |
| -               | -                     | -           | √                  | 25.409       | 0.92%                           |
| √               | -                     | -           | -                  | 26.940       | 7.01%                           |
| √               | -                     | √           | -                  | 26.669       | 5.93%                           |
| √               | -                     | -           | √                  | 26.472       | 5.15%                           |
| -               | √                     | √           | -                  | 26.306       | 4.49%                           |
| -               | √                     | -           | √                  | 26.109       | 3.71%                           |
| -               | -                     | √           | √                  | 25.838       | 2.63%                           |
| √               | √                     | √           | -                  | 27.369       | 8.71%                           |
| √               | √                     | -           | √                  | 27.172       | 7.93%                           |
| √               | -                     | √           | √                  | 26.902       | 6.86%                           |
| -               | √                     | √           | √                  | 26.539       | 5.41%                           |
| √               | √                     | √           | √                  | 27.602       | 9.64%                           |

Improvements were made to improve service quality, which can improve customer satisfaction, raise customer loyalty and increase market share [10]. Improving services to increase customer loyalty needs to be done because of an increase 5% loyalty can result 30-85% profitability [11]. The results of calculation can provide insight for companies to mix satisfaction initiatives and loyalty programs.

4. Conclusion

This research has proven that e-loyalty are respectively can influenced by satisfaction, online joy, offline joy, switching barrier, responsiveness, offline value, assurance, customization, online value,
navigation, and accuracy. The data that are processed support all initial hypotheses in path analysis method. Further analysis gives 12 additional relationships among factors.

The results of path analysis showed that satisfaction has strongest relationship in affecting e-loyalty. Further review about satisfaction is analyzed by Importance-Performance Analysis. The problems are shown from the customer's perspective that adjusted by weighted factors. Estimated increase of loyalty value is derived for consideration for new business strategy planning. Based on loyalty value calculation, strategy that provide the greatest impact is the combination of 4 improvement alternatives (offline service, interactivity features, value price, additional service).

This study shows that the pleasure customer from online phase is the most important factor influencing satisfaction and e-loyalty. Followed by pleasure of offline phase are not much different value than online joy factor. This supports previous theory about positive relationship between satisfaction and loyalty; online phase has greater effect than offline [12]. As well as the theory offline order fulfillment are important as the quality of online service.

Customer loyalty is a good indicator to measure performance of company. Thus, e-loyalty becomes important to company. Implementation of business development strategies are more effective by combining the customer's perspective with driver’s value. The results of this study are expected to provide insight for online ticketing service providers of showbiz industry, identify the drivers of e-loyalty, understand customer needs and improve service performance.

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