Relationship between Customer Loyalty, Customer Satisfaction, Customer Trust, and Service Quality in E-Commerce Setting: Case Study of Lazada in Indonesia

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ABSTRACT

The main objective of this study is to examine the relationship of each dimension of Service Quality to Customer Satisfaction and Customer Trust, Customer Satisfaction to Customer Trust and Customer Loyalty, and Customer Trust to Customer Loyalty. The sampling is selected on the basis of random sampling from Jakarta Millennial generation, below 31 years old, that use online transaction. The questionnaire was distributed in 2017 to that Jakarta Millennial respondents on the basis of random sampling selection. This study uses Covariance-Based Structural Equation Modelling, and the variable is adopted by the previous study to see that relationship. The research finds that Website Design, Responsiveness, and Assurance has significant effect to Customer Satisfaction, Customization and Assurance has significant effect to Customer Trust, Customer Satisfaction has significant effect to Customer Trust and Customer Loyalty, and Customer Trust has significant effect to Customer Loyalty. This study recommends equal proportion of business efforts between the service delivery and customize technology to retain their customer loyalty, since the results underscore the importance of both technical and service delivery aspects.

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INTRODUCTION

Indonesia has recently been prospected by some global investors as the country that can maintain their economic stability and one of the largest population number in the world. The penetration of e-commerce online business platform has grown significantly in Indonesia during the five years. From their statistics, the growth of e-commerce in Indonesia from the year 2013 to 2016 is 17.27%,

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which in 2016 there are 8.6 Million Indonesia shoppers (Bahar, 2017).

Besides, the number of e-commerce shoppers in 2016 in Indonesia has the estimated value of about 4.5 Billion USD (Bahar, 2017), which still 0.83% from the total retail sales estimated in Indonesia (543.1 Billion USD). Even there is a very high gap between the volume sales of retail sales, slowly the share of total online sales as a percentage of retail sales has grown from 0.50% in 2013 to 0.83% in 2016. In fact, according to Harsono (2016), Indonesia has a lot of opportunity of e-Commerce among other emerging Asian economies, which projected become the third largest E-Market countries behind China and India with value 130 Billion USD.

This study aims to examine the relationship between Customer loyalty, Customer satisfaction, Customer trust, and Service quality in e-commerce setting from the online sales of LAZADA Indonesia. The contribution to management study is to provide the shifting avenue of customer satisfaction from conventional shopping mall to web-based sales online transaction in the rapid growth of the e-commerce development in Indonesia.

The target respondent will focus on Jakarta, the capital city of Indonesia. The core ingredient to support that online sales transaction will be availability and access to internet connection. In 2016, the most contributors for Internet Penetration in Indonesia is Java region with 65% of total Indonesia Internet User (APJII, 2016) or 170.3 Million people. Java Region dominates the Internet Penetration since there are several cities in Java region that include in the 10 most populous cities in Indonesia, such as Jakarta (9.608 Million people), Surabaya (2.765 Million people), Bandung (2.575 Million people), Bekasi (2.51 Million people), Semarang (2.06 Million people), Tangerang (2 Million people), Depok (1.869 Million people). Basically, Jakarta has the largest demographic population throughout big cities in Java island. In this study, the scope of the sampling unit is randomly selected with the scope of Millenial User, which male or female who 15 to 29 years old, ever purchase an item from LAZADA minimum two times in 2017, and the minimum transaction is Rp.100,000.

From our literature development, the customer trust and satisfaction are mediating variables that can have the correlation with service quality indicators and customer satisfaction. Service quality dimensions here consist of Ease of Use, Website Design, Responsiveness, Customization, and Assurance. With such complex relationships, Covariance-Based Structural Equation Modelling will be selected as statistical techniques for developing, expanding, and confirming a theory, to make a better understanding of relationships between the variables.

This article consists of several sections from literature review, research methodology, discussion & analysis, into conclusion. The literature review will cover the theoretical framework to derive the models for this research. The section for methodology and data will illuminate the strategy to collect the data, hypothesis and statistical conducts. The data analysis and result will be presented in the section of the results and discussion. Finally, the conclusion will synthesize the findings, state the study’s limitation, and to suggest a recommendation for future research.

**LITERATURE REVIEW**

In the service industry, like e-commerce, the evaluation and assessment given by consumers based on either the poor quality of a service is part of determined indicators to assess customer loyalty. In that e-commerce industry, Ribbink, et al. (2004) develops five dimensions of e-Service Quality in w-Commerce settings, which representing some humanistic interventions and technical factors in that setting. Those are Ease of Use, Website Design, Customization, Responsiveness, and Assurance.

Those indicators have each own unique property that differs from one another. Firstly, the ease of Use refers to the level of ease of site to be used by consumers. Determinants are the level of functionality, accessibility to information on the site, ease of ordering, and ease of navigation.
(Reibsten, 2002). Secondly, Website Design is the display a site ranging from colors that used by the site for users to feel comfortable and website design, with the purposes to pleasing the eye of the consumer (Wolfinbarger & Gilly, 2003). Thirdly, Customization is the adjustment of the level of service provided by a site to the desires and needs of each consumer. The example is providing feedback from the previous purchases made by consumers and other information that consumers have provided. In addition, Responsiveness is the speed of company in replying to questions or request that submitted by the consumers. Finally, Assurance is the security of a site in maintaining the data that has been given by consumers and also the entire information owned by the consumers.

To drive more customer loyalty, those five dimensions are usually mediated through customer satisfaction and customer trust. Dabholkar (1996) states that customer satisfaction is the combination between the cognitive loyalty and affective loyalty elements, which shows satisfaction can increase the customer loyalty, since satisfaction create a big influence on future purchase intentions (Kassim & Abdullah, 2008). In customer trust’s point of view, (Wang et al., 2016) argues that it is very important to penetrate the consumer to continuously use E-Commerce with trust. Trust is an outcome that was created by customer satisfaction (Kassim & Abdullah, 2008), also directly affected by services quality that gives an effect to customer loyalty (Ribbink et al., 2004).

In previous empirical studies, there are diverse relationships of relationship between variables of Service Quality (SQ) to Customer Satisfaction (CS), Service Quality (SQ) to Customer Trust (CT), Customer Satisfaction (CS) to Customer Trust (CT), Customer Satisfaction (CS) to Customer Loyalty (CL), and Customer Trust (CT) to Customer Loyalty (CT) from several sectors that will help this study stronger to discuss.

From those studies, the researchers consolidate the dependent, intermediaries and independent variables into the structural equation model (SEM) for this study as follows.

From the figure 1 above, there are four variables, which are Service Quality (with dimensions: Ease of Use, Website Design, Responsiveness, Customization, and Assurance), Customer Satisfaction (named as Satisfaction), Customer Trust (named as Trust), and Customer Loyalty (named as Loyalty), which adopted by Ribbink et al. (2004) since their study focuses on the empirical study of E-Commerce Loyalty. Based on the theory above, the hypothesis being tested will be as follows:

On the hypothesis’s development, elaborating from the research objective, there are six points that the researchers intend to examine. The study examines 5 hypotheses, which ‘The Effect of Service Quality to Customer Satisfaction’, ‘The Effect of Service Quality to Customer Trust’, ‘The Effect of Customer Satisfaction to Customer Trust’, ‘The Effect of Customer Trust to Customer Loyalty’, and ‘The Effect of Customer Satisfaction to Customer Loyalty’. Those hypotheses are as follows:

1. The Effect of Service Quality to Customer Satisfaction

   H1a: Service Quality (Ease of Use) has a positive impact to Customer Satisfaction
   H1b: Service Quality (Website Design) has a positive impact to Customer Satisfaction
   H1c: Service Quality (Responsiveness) has a positive impact to Customer Satisfaction

   Figure 1. Quantitative modeling for customer loyalty

   ![Figure 1](image-url)
## Table 1. Previous Studies of Customer Satisfaction

| No | Author/s (Year)                  | Study Name                                                                 | Industry         | Finding/s                                                                                       |
|----|---------------------------------|-----------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------|
| 1  | Ribbink et al. (2004)           | Comfort your online customer: Quality, Trust, and Loyalty on the Internet    | E-Commerce       | Positive Relationship on SQ to CS, SQ to CT, CS to CT, CS to CL, and CT to CL.                 |
| 2  | Kassim & Abdullah (2008)        | Customer Loyalty in E-Commerce Settings: An Empirical Study                  | E-Commerce       | Positive Relationship on SQ to CS, SQ to CT, CS to CL, and CT to CL.                         |
| 3  | Al-Hawari (2014)                | Does sociability matters? Differences in E-Quality, E-Satisfaction, and E-Loyalty between | Online Banking  | Positive Relationship on SQ to CS and CS to CL.                                               |
| 4  | Chou et al. (2015)              | Female Online Shoppers: examining the mediating roles of E-Satisfaction and E-Trust on E-Loyalty development | E-Commerce       | Positive Relationship on SQ to CT, SQ to CS, CS to CT, CS to CL, and CT to CL.                |
| 5  | Park, et al. (2017)             | Corporate Social Responsibility as a Determinant of Consumer Loyalty         | CSR              | Positive Relationship on CS to CL and CT to CL.                                               |
| 6  | Sardinha (2015)                 | E-Loyalty in E-Commerce                                                     | E-Commerce       | Positive Relationship on CS to CL and CT to CL.                                               |
| 7  | Esfahani & Lutfat (2016)        | Trust in E-Business Performance                                             | E-Commerce & Electronic Banking | Positive Relationship on CT to CL.                                                            |
| 8  | Shah et al. (2017)              | Service Quality, Customer Satisfaction and Customer Loyalty: Some Evidences from Pakistani Banking Sector | Banking          | Positive Relationship on SQ to CS and CS to CL.                                               |
| 9  | (Al-dweeri et al, 2017)         | The Impact of E-Service Quality and E-Loyalty on Online Shopping Moderating Effect of E-Satisfaction and E-Trust | E-Commerce       | Positive Relationship on CS to CT, CS to CL, and CT to CL.                                     |
| 10 | (Bertozzi & Krishnan, 2017)     | The Effect of Customer Satisfaction Construits on Generation Y E-Loyalty in Malaysia | E-Commerce       | Positive Relationship on CT to CL.                                                             |
| 11 | Mokhtar & Yusr (2016)           | Exploring the Antecedents of Customer Loyalty in the Malaysian Retail Sector | E-Commerce       | Positive Relationship on CT to CL.                                                             |
| 12 | Wolleyan (2016)                 | Influence of Corporate Image and Relationship Quality in Customer Trust and Customer Loyalty | Aircraft         | Positive Relationship on CT to CL.                                                             |
| 13 | Pasumarthy & Kumar (2016)       | Customer Loyalty on E-Commerce                                             | E-Commerce       | Positive Relationship on CS to CL.                                                             |
| 14 | Pereira et al. (2015)           | Online Purchase Determinants of Loyalty: The Mediating Effect of Satisfaction in Tourism | E-Commerce       | Positive Relationship on CS to CL.                                                             |
| 15 | (Chowdhury et al, 2017)         | Driving Force of E-Loyalty in Online Banking Sector in The Context of Malaysia | Online Banking  | Positive Relationship on CS to CL and CT to CL.                                               |
| 16 | Ashraf (2014)                   | Include Position of Islamic Banking, Service Quality, Satisfaction, Trust, and Loyalty in The Context of an Integrated Model for Islamic Finance | Banking          | Positive Relationship on CS to CT, CS to CL, and CT to CL.                                     |
| 17 | Moreira & Silva, (2015)         | The Trust-commitment Challenge in Service Quality-Loyalty relationships      | Healthcare       | Positive Relationship on SQ to CS and CT to CL.                                               |
| 18 | Peng-Lee & Moghavemi, (2015)    | The Dimension of Service Quality and Its Impact on Customer Satisfaction, Trust, and Loyalty | Banking          | Positive Relationship on CS to CL and CT to CL.                                               |
| 19 | Khan & Fasih (2014)             | Impact of Service Quality on Customer Satisfaction & Customer Loyalty        | Banking          | Positive Relationship on SQ to CS and CS to CL.                                               |
H1d: Service Quality (Customization) has a positive impact to Customer Satisfaction
H1e: Service Quality (Assurance) has a positive impact to Customer Satisfaction

2. The Effect of Service Quality to Customer Trust
H2a: Service Quality (Ease of Use) has a positive impact to Customer Trust
H2b: Service Quality (Website Design) has a positive impact to Customer Trust
H2c: Service Quality (Responsiveness) has a positive impact to Customer Trust
H2d: Service Quality (Customization) has a positive impact to Customer Trust
H2e: Service Quality (Assurance) has a positive impact to Customer Trust

3. The Effect of Customer Satisfaction to Customer Trust
H3: Customer Satisfaction has a positive impact to Customer Trust

4. The Effect of Customer Trust to Customer Loyalty
H4: Customer Trust has a positive impact to Customer Loyalty

5. The Effect of Customer Satisfaction to Customer Loyalty
H5: Customer Satisfaction has a positive impact to Customer Loyalty

RESET METHOD
The information for this study is collected from the primary data. The data source is gathered with the survey to the respondents included in the target population that has been determined by the researchers. The study adopts judgmental sampling. Malhoratra (2010) defines judgmental sampling as a convenience sampling form with specific population elements that have been chosen by the researchers based on the considerations they have. Since the sampling is selected upon the criteria, this judgmental sampling fits with.

For the procedures of data collection, the main data source used to determine the results of the study is primary data collected through the survey to the respondents included in the target population that has been determined by the researchers. The population will be the millennial generation to ship with the sales online of LAZADA that has been a resident from Jakarta, the capital city of Indonesia. Specifically, this research selects 365 respondents with the criteria as follows: The respondent age must in between 15 to 29 years old since this study objective is to scrutinize the perspective from the millennial generation. Live in Jakarta. The minimum transaction history is two times transaction in 2017. The minimum transaction is Rp. 100.000. In this study, the measurement of the variables is listed in the following table.

In the survey, those variables are translated into 33 of questions, which will be the indicator for will be delivered using 6 Likert scales as the technical scaling on the questionnaire survey. The reason for using 6 Likert scale or points is because it tends to give the discrimination and reliability higher than Likert’s scale 5 points (Chomeya, 2010). The purpose of Indicator is to avoid misunderstanding between the respondent and the survey on defining every variable that been used for this research. All of the questionnaires for each measurement item is adopted from Kassim & Abdullah (2008) who adapted from Ribbink et al. (2004).

After data collection, there are several statistical techniques and estimation that are used to support the data analysis. Those include:
1. The goodness of Fit Model Test: To test the structural model, according to Hair et al. (2010), there is a test called Goodness of Fit Model, which has three layers of the test, which are: a. Absolute Fit Indices: A test to predict the degree of the whole structural model with Matrix Correlation and Matrix Covariance. There are several fit indices that can be chosen one of them for the test, which Chi-Square, GFI, RMSEA, SRMR, and Normed Chi-Square b. Incremental Fit Indices: A test to compare the suggested model with the basic model that called the independence model. There are
| No | Variable / Dimensions | Item | Measurement Item |
|----|-----------------------|------|------------------|
| 1  | Service Quality / Ease of Use | EOU1 | It is easy to get access to the online organization’s website in which I obtained online services. |
| 2  | Service Quality / Ease of Use | EOU2 | The site is user-friendly |
| 3  | Service Quality / Ease of Use | EOU3 | Navigation on the site is easy |
| 4  | Service Quality / Ease of Use | EOU4 | It is easy to find my way around the site |
| 5  | Service Quality / Website Design | WEB1 | The information on the site is attractively displayed |
| 6  | Service Quality / Website Design | WEB2 | The information on the site is well organized |
| 7  | Service Quality / Website Design | WEB3 | The information on the site is easy to understand and follow |
| 8  | Service Quality / Website Design | WEB4 | Layout and colors on the site are interesting |
| 9  | Service Quality / Responsiveness | RES1 | It is easy to get in contact with the online organization which provides the online services |
| 10 | Service Quality / Responsiveness | RES2 | The online organization is interested in getting feedback |
| 11 | Service Quality / Responsiveness | RES3 | The online organization is prompt in replying to queries |
| 12 | Service Quality / Responsiveness | RES4 | The online organization is prompt in replying to requests |
| 13 | Service Quality / Customization | CUS1 | My personal need is fulfilled by doing a transaction on the site |
| 14 | Service Quality / Customization | CUS2 | I feel the online organization has the same norms and values as I have |
| 15 | Service Quality / Customization | CUS3 | This site provides me with information and products according to my preferences |
| 16 | Service Quality / Customization | CUS4 | This site provides me with information on how to do the products modification according to my preferences |
| 17 | Service Quality / Assurance | ASS1 | I feel secure about the electronic payment system of the online organization |
| 18 | Service Quality / Assurance | ASS2 | I feel secure when providing private information to the online organization |
| 19 | Service Quality / Assurance | ASS3 | I would find the online systems secure in conducting the online transactions |
| 20 | Service Quality / Assurance | ASS4 | The online organization is trustworthy |
| 21 | Customer Satisfaction | SAT1 | I am generally pleased with the organization’s online services |
| 22 | Customer Satisfaction | SAT2 | I am very satisfied with the organization’s online services |
| 23 | Customer Satisfaction | SAT3 | I am happy with the organization |
| 24 | Customer Satisfaction | SAT4 | The website of the online organization is enjoyable |
| 25 | Customer Trust | TRU1 | I am prepared to give private information to online companies |
| 26 | Customer Trust | TRU2 | I am willing to give my credit card number to most online organizations |
| 27 | Customer Trust | TRU3 | It is not a problem to pay in advance for purchased products over the Internet |
| 28 | Customer Trust | TRU4 | Online organizations are professionals |
| 29 | Customer Trust | TRU5 | Online organizations always fulfill their promises |
| 30 | Customer Loyalty | LOY1 | I will recommend the online organization to other people |
| 31 | Customer Loyalty | LOY2 | I would recommend the organization's website to others |
| 32 | Customer Loyalty | LOY4 | I intend to continue using the online organization |
| 33 | Customer Loyalty | LOY5 | I prefer the online organization above others |
several fit indices that can be chosen one of them for the test, which NFI, TLI, CFI, and RNI. 

c. Parsimony Fit Indices: A test for testing the model savings, which a model that has the high degree of fit for each degree of freedom. There are several fit indices that can be chosen one of them for the test, which AGFI, and PNFI.

2. Convergent Validity, Reliability, and Discriminant Validity: on Convergent Validity is to see the outer loading with the rule of thumb not less than 0.500 (Hair et al. 2010). On Convergent Reliability, there are Average Variance Extracted and Composite Reliability with the rule of thumb not less than 0.500 (Ibid.). The last thing is Discriminant Validity with Fornell-Larcker with the square roots must bigger than all of its correlation (Ibid.)

3. Hypothesis Test: Testing the structural model with the hypotheses that already been developed before. There are several elements that can a rule of thumb to judge whether the hypotheses can be accepted or rejected, which:

   a. P Value: Accept if the P-Value is less than 0.05, Reject if the P-Value is more than 0.05

   b. T Value: Accept if the T Value is more than 1.9, Reject if the T Value is less than 1.9

RESULTS AND DISCUSSIONS
The respondents’ profiles are shown in table 3. The total of respondents are 365 people, all from Jakarta. The highest proportion of respondent is male. The majority monthly expenditure of respondent is between Rp. 1,500,001 to Rp. 2,500,000. From that table 3, 60% of respondents spend averagely between Rp. 100,000 up to Rp. 500,000, means the majority of the respondent has a buying power to buy an item from LAZADA, even though it is low, but they did at least do twice transaction on LAZADA. Besides, they are actively do shopping online on LAZADA, since based on table 5 there 81% or the majority of respondents did 2 up to 3 times transaction on LAZADA.

Before testing the hypotheses, we assess the goodness of fit, convergent validity, reliability, and discriminant validity of our proposed SEM model. The goodness of fit model was summarized in the confirmatory factor analysis as in Table 4.

| Fit Indices | Cutoff Values | Value | Marks |
|-------------|---------------|-------|-------|
| Chi-Square  | Significant P-Values | 2.170 | good |
| GFI         | >0.90         | 0.91  | good |
| RMSEA       | <0.08         | 0.055 | good |
| NFI         | 0≤NFI≤1       | 0.760 | good |
| CFI         | >0.92         | 0.95  | good |
| PNFI        | 0≤PNFI≤1     | 0.809 | good |

Table 4. Goodness of fit
| Ease of Use | Web Design | Responsiveness | Customization | Assurance | Satisfaction | Trust | Loyalty |
|------------|------------|----------------|---------------|-----------|--------------|-------|---------|
| EOU2       | 0.864      |                |               |           |              |       |         |
| EOU3       | 0.849      |                |               |           |              |       |         |
| EOU4       | 0.842      |                |               |           |              |       |         |
| WEB1       |            | 0.695          |               |           |              |       |         |
| WEB2       |            |                | 0.801         |           |              |       |         |
| WEB3       |            |                | 0.781         |           |              |       |         |
| WEB4       |            |                | 0.831         |           |              |       |         |
| RES1       |            |                | 0.618         |           |              |       |         |
| RES2       |            |                | 0.615         |           |              |       |         |
| RES3       |            |                | 0.856         |           |              |       |         |
| RES4       |            |                | 0.837         |           |              |       |         |
| CUS1       |            |                |               |           | 0.719        |       |         |
| CUS2       |            |                |               |           | 0.715        |       |         |
| CUS3       |            |                |               |           | 0.638        |       |         |
| CUS4       |            |                |               |           | 0.755        |       |         |
| ASS1       |            |                |               |           | 0.819        |       |         |
| ASS2       |            |                |               |           | 0.860        |       |         |
| ASS3       |            |                |               |           | 0.835        |       |         |
| ASS4       |            |                |               |           | 0.822        |       |         |
| SAT1       |            |                |               |           |              | 0.875 |         |
| SAT2       |            |                |               |           |              | 0.898 |         |
| SAT3       |            |                |               |           |              | 0.887 |         |
| SAT4       |            |                |               |           |              | 0.868 |         |
| TRU1       |            |                |               |           |              |       | 0.742   |
| TRU2       |            |                |               |           |              |       | 0.720   |
| TRU3       |            |                |               |           |              |       | 0.804   |
| TRU4       |            |                |               |           |              |       | 0.805   |
| TRU5       |            |                |               |           |              |       | 0.732   |
| LOY1       |            |                |               |           |              |       |         | 0.849   |
| LOY2       |            |                |               |           |              |       |         | 0.896   |
| LOY3       |            |                |               |           |              |       |         | 0.827   |
| LOY4       |            |                |               |           |              |       |         | 0.864   |

| Ease of Use | Web Design | Responsiveness | Customization | Assurance | Satisfaction | Trust | Loyalty |
|-------------|------------|----------------|---------------|-----------|--------------|-------|---------|
| AVE         | 0.726      | 0.599          | 0.549         | 0.501     | 0.696        | 0.778 | 0.580   | 0.739   |
| CR          | 0.0888     | 0.856          | 0.826         | 0.800     | 0.901        | 0.933 | 0.873   | 0.919   |

| Fornell-Larcker | Assurance | Customization | Ease of Use | Loyalty | Responsiveness | Satisfaction | Trust | Web Design |
|----------------|-----------|---------------|-------------|---------|----------------|---------------|-------|------------|
| Assurance      | 0.834     |               |             |         |                |               |       |            |
| Customization  | 0.495     | 0.708         |             |         |                |               |       |            |
| Ease of Use    | 0.596     | 0.586         | 0.852       |         |                |               |       |            |
| Loyalty        | 0.575     | 0.611         | 0.484       | 0.859   |                |               |       |            |
| Responsiveness | 0.449     | 0.573         | 0.424       |         | 0.604          | 0.741         |       |            |
| Satisfaction   | 0.615     | 0.547         | 0.529       | 0.686   | 0.633          | 0.882         |       |            |
| Trust          | 0.772     | 0.643         | 0.586       | 0.684   | 0.543          | 0.706         | 0.761 |            |
| Web Design     | 0.500     | 0.602         | 0.617       | 0.474   | 0.532          | 0.573         | 0.526 | 0.774     |
From the Confirmatory Factor Analysis above, the result shows that all of the indices are mark as acceptable since they are above the rule of thumb. In the absolute fit indices, the Chi-Square value is 2,170 which has a significant P-Values, the GFI value is 0.91 which higher than the rule of thumb. The RMSEA that less than 0.08, which the value is 0.055. In the incremental fit indices, the NFI value is 0.760, and the CFI is higher than 0.92, which 0.95. For the parsimony fit indices, the PNFI value is 0.809, which is good since it is closer to 1.

After that goodness of fit, the assessment will be convergent validity, reliability, and discriminant validity tests, as presented in Table 5. On the convergent validity, it shows all of the items is above the rule of thumb which 0.5, which ranged from 0.615 to 0.898. On Ease of Use (EOU), EOU2 has the highest value with 0.864, and EOU4 has the lowest value with 0.842. On Website Design (WEB), WEB2 has the highest value of 0.801, and WEB1 has the lowest value of 0.695. On Responsiveness (RES), RES3 has the highest value with 0.857, and RES1 has the lowest value of 0.618. On Customization (CUS), CUS4 has the highest value with 0755, and CUS3 has the lowest value of 0.638. On Assurance (ASS), ASS2 has the highest value with 0.860, and ASS1 has the lowest value with 0819. On Satisfaction (SAT), SAT2 has the highest value of 0.898, and SAT4 has the lowest value of 0.868. On Trust (TRU), TRU4 has the highest value with 0.805, and TRU2 has the lowest value with 0.720. On Loyalty (LOY), LOY2 has the highest value of 0.896, and LOY3 has the lowest value of 0.827. The same situation is also happened in the Average Variance Extracted that ranged from 0.501 to 0.778 and Composite Reliability that ranged from 0.800 to 0.933, which has value better than 0.5. On the Discriminant Validity, shows all of the square roots is higher than all of the correlation.

Those above tests showed that every statement in the questionnaire is valid and reliable. After tracing the sampling characteristics, the fitness and convergent reliability tests are established to examine of the extent of the model to be statistically acceptable. After that, we map the observed sampling characteristics to have experience of making the online transaction with LAZADA. Then, the result of hypothesis assessment is displayed like in the following table 6.

From that table, Ease of Use known does not have a significant relationship to Satisfaction and Trust that makes the H1a and H2a need to be reject. Web Design gives an effect to increase the Satisfaction, but not give an effect to build Customer Trust, which H1b is to accept while H2b reject. Responsiveness on H1c, known give a significant effect to Satisfaction that makes it accept the hypothesis, while it does not give

### Table 6. Hypotheses Test Result

| Hypothesis | Relationship | Std.Coeff | T-Value | P-Value | Decision |
|------------|--------------|-----------|---------|---------|----------|
| H1a        | Ease of Use  | 0.085     | 1.608   | 0.108   | Reject   |
| H1b        | Web Design  | 0.180     | 3.245   | 0.001   | Accept   |
| H1c        | Responsiveness | 0.375   | 7.955   | 0.000   | Accept   |
| H1d        | Customization | -0.043  | 0.789   | 0.430   | Reject   |
| H1e        | Assurance    | 0.334     | 6.301   | 0.000   | Accept   |
| H2a        | Ease of Use  | 0.078     | 1.657   | 0.98    | Reject   |
| H2b        | Web Design  | -0.021    | 0.463   | 0.644   | Accept   |
| H2c        | Responsiveness | 0.064  | 1.601   | 0.110   | Reject   |
| H2d        | Customization | 0.122   | 2.558   | 0.011   | Accept   |
| H2e        | Assurance    | 0.446     | 10.576  | 0.000   | Accept   |
| H3         | Satisfaction | 0.296     | 6.490   | 0.000   | Accept   |
| H4         | Trust        | 0.398     | 7.417   | 0.000   | Accept   |
| H5         | Satisfaction | 0.404     | 7.155   | 0.000   | Accept   |
an effect to create Customer Satisfaction but give a significant effect on creating a Customer Trust. Assurance known gives a significant effect on creating Customer Satisfaction and Customer Trust. Satisfaction gives a direct effect to Trust and Loyalty, and Trust also influences direct effect to Customer Trust.

From that statistical estimation, it shows that the Service Quality, which built from Website Design, Responsiveness and Assurance effect on building the Customer Satisfaction, and Ease of Use and Customization does not affect the Customer Satisfaction. Customization and Assurance has a significant effect on building the Customer Trust, while Ease of Use, Website Design, and Responsiveness does not generate the Customer Trust. Customer Satisfaction can generate Customer Trust and Customer Loyalty. Customer Trust positively affects Customer Loyalty.

With this situation, LAZADA has low point on Customer Loyalty that represents from the four items (LOY1, LOY2, LOY3, and LOY40) that ranged between 2.539 to 2.832, which 40% influenced by the Customer Satisfaction that build by Website Design, Responsiveness, and Assurance, also 39% influenced by Customer Trust that was formed by Customer Satisfaction, Customization, and Assurance.

Furthermore, LAZADA also potentially lose their customer that also do online shopping in Customer to Customer E-Commerce, since there are 171 or 46% people who do shopping in Tokopedia, 136 or 37% people in Bukalapak, and 115 or 31% people in Shopee.

**CONCLUSION**

The paper examines the determinants and intermediaries' variables that have significant influence on customer loyalty of LAZADA Jakarta, Indonesia. In this research, it is found Website Design, Responsiveness, and Assurance has significant effect to Customer Satisfaction, Customization and Assurance has significant effect to Customer Trust, Customer Satisfaction has significant effect to Customer Trust and Customer Loyalty, and Customer Trust has significant effect to Customer Loyalty.

There are some limitations to this paper. Firstly, this research is only a perspective from Jakarta Millennial perspective, which makes it not general and get the perspective from people outside Jakarta and people who not in Millennial generation. Secondly, the study has lack of several other variables, since the focus more on 4 variables, which are Service Quality, Satisfaction, Trust, and Loyalty. Despite the limitation, the study recommends for e-commerce industry to carefully maintain both technical and service deliveries as important components to assure the customer loyalty.

Furthermore, considering those limitations, the future recommendation is to retain other sample groups and to extend other variables that can influence customer loyalty. Besides, for the future research, it is also possible if the case is changed into Consumer to Consumer E-Commerce model to get more insight and information, such as Tokopedia, Bukapalak, and Shopee that become the rival for LAZADA.
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