THE EFFECT OF ONLINE MARKETING AND E-SERVICE QUALITY ON PURCHASE DECISIONS: AN EMPIRICAL STUDY ON ONLINE SHOP

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ABSTRACT

The purpose of this study to analyze the direct effect of online marketing and e-service quality on satisfaction. To find out the direct effect of online marketing and e-service quality on loyalty. This is to determine the direct effect of satisfaction on loyalty. To determine the indirect effect of online marketing and service quality on loyalty with satisfaction as an intervening variable. The target population of this study is 200 respondents of online shop consumers. This research uses quantitative methods of data intending. The data collection technique uses an online electronic questionnaire and analysis uses SmartPLS software. results of this study are online marketing has significant effect on satisfaction. This means that an increase of online marketing will encourage satisfaction a decrease of online marketing will encourage a decrease in satisfaction. e-service quality has not significant effect on satisfaction. This means that an increase of e-service quality will not encourage satisfaction a decrease of e-service quality will encourage a decrease in satisfaction. online marketing has significant effect on loyalty. This means that an increase of loyalty will encourage satisfaction a decrease of online marketing will encourage a decrease loyalty.

Keywords: online marketing, e-service quality, satisfaction, loyalty

I. INTRODUCTION

Online business has many advantages such as the number of products that can be very large, direct comparison with other sellers and direct access to other consumer assessments of the products and services provided by the online business concerned. According to Yunita (2020); Teguh (2020); online business is very competitive because of price transparency and the existence of business rivals within one click-an mouse. Due to the large number of competitors in the online business, attracting potential new buyers costs 20 to 40 percent more than companies in the offline business sector and it is more difficult to maintain consumer loyalty to the company. Consumer loyalty will increase company profits because loyal consumers will be willing to pay higher costs for the products offered, and are more tolerant if there are problems that come with service and product performance. Hyun (2020); Asbari (2020); Bernarto (2020). suggest that a 5 percent increase in consumer loyalty will increase company profits by 30 percent. The growing development of online shops in Indonesia is a new challenge for marketers in creating new strategies to manage them. Companies that develop websites can have two-way interactions with their customers, so that companies can find out what they want and what their customers don't want. The quality of a website can significantly impact the success of e-commerce, to be successful, a website must provide extensive information and in a format that is easy to digest, well-designed navigation and ease of
operation are essential for an effective website. The challenge for companies in managing a website is that companies are required to be able to display products in accordance with the original. Through pictures or videos published on the website, it is hoped that consumers can assess the quality of the products offered, so that consumers feel that the sacrifices given are in accordance with the price and quality received. Slamet (2020); Supriyadi (2020); Suheny (2020); Cahyono (2020); Supriyadi (2020); Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) stated that, perceived value not only affects customer behavior in choosing at the pre-purchase stage, but also affects satisfaction and intention to buy recommend and buy back at the post-purchase stage. Satisfaction is someone's feeling of pleasure or disappointment that arises after comparing the performance (results) of a given product thought of the performance (or results) expected. A high level of satisfaction will foster loyalty in customers. Bahdin (2020); Yunita (2020); Teguh (2020) states that loyalty is a firmly held commitment to buy back a product or service. Customers who are already in the loyal phase will very profitable for the company and a sustainable investment for the company if it is continuously maintained. Based on this description, the objectives of this study can be determined examining the effect of website quality on perceived value, customer satisfaction and loyalty in the online shop.

According to Bahdin (2020); Yunita (2020); Teguh (2020); Technological developments have progressed very rapidly in the 21st century. These developments have had a major impact on communication between humans. At the beginning of its emergence, technology was only a simple tool such as kentongan and postal letters. Then began to experience 2 developments after the emergence of telegrams, telephones, cellphones, and various kinds of gadgets that color our daily lives today. With the emergence of various kinds of technology, people increasingly have alternative choices for communicating and sharing information. One of the communication media that has had a big influence on human life today is the internet. The very rapid growth of the internet is currently attracting attention for business people to start using the internet. Especially for business actors who do not have large capital, the presence of the internet can reduce costs when advertising in print and electronic media. Many young business people, especially students, are interested in advertising their products through online advertisements on the internet. Therefore every day more and more advertisements are popping up online. One of the sites that is quite popular for advertising on the internet today is Facebook. The development of Facebook in Indonesia began in 2008 with a spectacular number of Facebook users, namely 618%. Based on information from checkfacebook.com, Facebook users have reached 300 million people and the number will continue to increase every week. Indonesia is classified as the seventh largest country with Facebook users, reaching almost 12 million people and this number continues to experience an average growth of 6% per week. The popularity of Facebook has made this site not only used as a medium for communicating and sharing information. Facebook is starting to be glimpsed as a land for doing business. But behind all the sophistication offered by Facebook through its facilities, Facebook also has a negative impact, especially for business people who market their products through online shops. The number of fraudulent cases that occur through online shops makes people even more afraid to make online purchase transactions. Irresponsible parties can take advantage of online shop accounts with various modes to take advantage unilaterally. Fraud carried out by some online shops certainly gives a negative image and is detrimental to other online shops that still maintain their honesty. However, not all online shops are fraudulent. There are still many online shops that try to maintain quality and honesty in selling.

Website quality is proven to have an influence on perceived value to customers. This shows that the five dimensions of website quality, namely, information quality, security, comfort, convenience and service quality have generated value by providing associated benefits. The results of this study are in line with the results of research Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020); that consumers who believe in the information provided on the website will feel that the product is the best value to spend. This means that by always updating the website information, as well as presenting precise and accurate information will increase the perceived value of the product. The results show that the quality of the website that is owned has been able to provide satisfaction to customers by being able to create a satisfying shopping experience and maximum service. This research is in line with research conducted by Slamet (2020); Supriyadi (2020) this study found that the quality of the website has a direct influence on customer satisfaction, because online customer behavior is influenced by the perceived virtual experience. One of the virtual experiences that is felt is getting good service, as good as offline service. One form of good service is that consumers are free to ask about product details and can see the products offered are more tangible, as if you have seen it firsthand.

According to Hyun (2020); Asbari (2020); Bernarto (2020) digital marketing is a term that is popular lately. By taking advantage of advances in communication technology, a person can market their products through the
internet network. The number of internet users that is increasing every day makes digital marketing the best way to market products. Currently, there are more than 45% of the world's total population who are active on social media networks and an increase of 350 million people from 2018 to 2019. With a surge in the number of users Social media, it is hoped that every business actor will be able to get to know various aspects of digital marketing. This industry is a dynamic industry and has been around for a long time. In the digital era like today, marketing trends continue to develop along with the development of increasingly sophisticated technology with the presence of the internet. Digital marketing is present as a new innovation in the world of marketing. Digital marketing is the process of marketing a product or service via digital or the internet.

In Indonesia, digital marketing has developed considerably, given the increasing number of internet users in Indonesia. According to a survey conducted by the Indonesian Internet Service User Association (APJII), it shows that the penetration and behavior of internet users in Indonesia is always increasing by 10% each year. In 2017, there were 143.25 million people who used the internet. No wonder digital marketing can develop rapidly in marketing its products in Indonesia.

that the main challenges for marketing actors in Indonesia are limited funds, skills, and lack of resources. As for advertisers, the challenge is a lack of understanding of the purpose of digital marketing. Approximately 50% of advertisers do not understand effective marketing methods for their business. As a result, most digital marketing content is aimed at building awareness, not for generating direct sales. In practice, there are many things that need to be considered in order to implement effective digital marketing to increase company profits. Digital marketing always follows the existing market. Seeing conditions like now, in digital marketing, we only need a strategy that can be relevant and see the extent to which marketing methods can develop through existing digital marketing tools.

Online Marketing Bahdin (2020); Yunita (2020); Teguh (2020) suggest that online marketing is a form of business from a company that aims to market its products and services and also to build relationships between companies and customers via the internet. According to Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020), innovation and impact of electronic-based advertising services (e-marketing) states that online marketing is a marketing communication activity between producers and consumers using the internet media. According to Anisah (2016), online marketing is marketing a product or service that is marketed through the internet or online media. E-service Quality According to Slamet (2020); Supriyadi (2020) e-service quality is how far the difference is between reality and expectations of violations of the services they receive. According to Komara (2013) e-service quality is basically the development of service quality as previously stated, from traditional methods to electronic services using media such as the internet. According to Zeithaml et al. (2013), service quality in e-commerce which is called e-service quality is defined as how much the ability of a website to provide the experience of shopping, payment, and product delivery effectively and efficiently. Satisfaction Satisfaction is a feeling of pleasure or disappointment for someone that arises from comparing the perceived performance as a product to their acceptance Ismaya (2020); Slamet (2020); Supriyadi (2020); Suheny (2020); Cahyono (2020); Supriadi (2020); Kadiyono (2020); Bahdin (2020) says that "measuring the level of customer satisfaction is very necessary, even though it is not as easy as measuring the weight or height of the customer concerned. According to Supriadi (2020); Kadiyono (2020); Bahdin (2020) consumer satisfaction is a consumer response to evaluating perceptions of the difference between initial expectations (certain performance standards) and the actual performance of the product as perceived after product consumption. Cahyono (2020); Supriadi (2020); Kadiyono (2020); Bahdin (2020) say loyalty is a commitment for customers to keep coming and repurchasing a selected product or service consistently in the future. According to Tjiptono (2011: 480), customers who are truly loyal are not only very potential to become Word-of-mouth advertisers, but are also likely to be loyal to the company's product and service portfolio over the years. Ismaya (2020); Slamet (2020) states that loyalty can be defined based on buying behavior. The purpose of this study was to determine the direct effect of online marketing and e-service quality on satisfaction. To find out the direct effect of online marketing and e-service quality on loyalty. This is to determine the direct effect of satisfaction on loyalty. To determine the indirect effect of online marketing and service quality on loyalty with satisfaction as an intervening variable

II. METHOD
This research uses quantitative methods of data intending to analyze the direct effect of online marketing and e-service quality on satisfaction. To find out the direct effect of online marketing and e-service quality on loyalty. To determine the direct effect of satisfaction on loyalty. To determine the indirect effect of online marketing and service quality on loyalty with satisfaction as an intervening variable. The target population of this study is 200 respondents of online shop consumers. The data collection technique uses an online electronic questionnaire and analysis uses SmartPLS software based on the path diagram to help problems or test complex hypotheses. In this way, the direct relationship can be calculated and indirectly from the independent variables to the dependent variable this relationship is reflected. The real path coefficient is the standardized regression coefficient.

The hypothesis of the hypothesis in this study are:

H1: online marketing has a direct effect on satisfaction.

H2: e-service quality has a direct effect on satisfaction.

H3: online marketing has a direct effect on loyalty...

III. RESULTS AND DISCUSSION

Test Results of the Validity and Reliability of Research Indicators

The testing phase of the measurement model includes testing for convergent validity, discriminant validity and composite reliability. The results of the PLS analysis can be used to test the research hypothesis if all indicators in the PLS model have met the requirements of convergent validity, discriminant validity and reliability testing. Convergent validity test is done by looking at the loading factor value of each indicator against the construct. In most references, a factor weight of 0.5 or more is considered to have sufficiently strong validation to explain latent constructs (Chin, 1998; Hair et al, 2010; Ghozali, 2014). In this study, the minimum limit for the accepted loading factor is 0.5, provided that the AVE value of each construct is > 0.5 (Ghozali, 2014).
Based on the estimation results of the PLS model in the image above, all indicators have a loading factor value above 0.5 so that the model has met the convergent validity requirements. Apart from looking at the loading factor value of each indicator, convergent validity was also assessed from the AVE value of each construct. The AVE value for each construct of this study is more than 0.5. So the convergent validity of this research model has met the requirements. The value of loadings, cronbach's alpha, composite reliability and AVE for each complete construct can be seen in table 1 below:

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.976</td>
<td>0.983</td>
<td>0.984</td>
<td>0.954</td>
</tr>
<tr>
<td>e-service quality</td>
<td>0.949</td>
<td>0.949</td>
<td>0.963</td>
<td>0.84</td>
</tr>
<tr>
<td>loyalty</td>
<td>0.898</td>
<td>0.906</td>
<td>0.936</td>
<td>0.83</td>
</tr>
<tr>
<td>online marketing</td>
<td>0.93</td>
<td>0.972</td>
<td>0.952</td>
<td>0.835</td>
</tr>
</tbody>
</table>

**Construction Reliability Testing**

Construct reliability can be assessed from the Cronbach's alpha value and the composite reliability of each construct. The recommended composite reliability and cronbach's alpha value is more than 0.7. (Ghozali, 2014). The results of the reliability test in Table 2 above show that all constructs have composite reliability and Cronbach's alpha values are greater than 0.7 (> 0.7). In conclusion, all constructs have met the required reliability.

**Desrminant Validity Testing**

Discriminant validity is done to ensure that each concept of each latent variable is different from other latent variables. The model has good discriminant validity if the AVE square value of each exogenous construct (the value on the diagonal) exceeds the correlation between this construct and other constructs (values below the diagonal) (Ghozali, 2014). The results of discriminant validity testing using the AVE square value, namely by looking at the Fornell-Larcker Criterion Value are obtained as follows:

<table>
<thead>
<tr>
<th>Construct</th>
<th>Satisfaction</th>
<th>e-service quality</th>
<th>loyalty</th>
<th>online marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.977</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e-service quality</td>
<td>0.398</td>
<td>0.917</td>
<td></td>
<td></td>
</tr>
<tr>
<td>loyalty</td>
<td>0.268</td>
<td>0.216</td>
<td>0.911</td>
<td></td>
</tr>
<tr>
<td>online marketing</td>
<td>0.523</td>
<td>0.688</td>
<td>0.186</td>
<td>0.914</td>
</tr>
</tbody>
</table>
The results of the discriminant validity test in Table 3 above show that all constructs have a square root value of AVE above the correlation value with other latent constructs (through the Fornell-Larcker criteria) so that it can be concluded that the model has met discriminant validity.

Hypothesis testing

Hypothesis testing in PLS is also known as the inner model test. This test includes a significance test for direct and indirect effects as well as a measurement of the magnitude of the influence of exogenous variables on endogenous variables. The effect test was performed using the t-statistic test in the partial least squared (PLS) analysis model using the SmartPLS 3.0 software. With the bootstrapping technique, the R Square value and the significance test value are obtained as shown in the table below:

<table>
<thead>
<tr>
<th>Table 3. R Square</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.277</td>
<td>0.260</td>
</tr>
<tr>
<td>loyalty</td>
<td>0.072</td>
<td>0.062</td>
</tr>
</tbody>
</table>

Based on Table 3 above, the R Square value for organization ambidexterity is 0.277, which means that the Satisfaction variable can be explained by online marketing and e-service quality by 27.7%, while the remaining 72.3% is explained by other variables not discussed in this study. The value of R Square for loyalty is 0.072 which means that loyalty variable can be explained by online marketing satisfaction and e-service quality variable by 7.20%, while the remaining 92.8% is explained by other variables not discussed in this study.

The results of hypothesis testing for all variables that have a direct effect are shown in the table below.

<table>
<thead>
<tr>
<th>Table 4. Hypotheses Testing Direct effect</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics ((O/STDEV))</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction -&gt; loyalty</td>
<td>0.268</td>
<td>0.252</td>
<td>0.156</td>
<td>1.719</td>
<td>0.086</td>
</tr>
<tr>
<td>e-service quality -&gt; Satisfaction</td>
<td>0.072</td>
<td>0.045</td>
<td>0.158</td>
<td>0.457</td>
<td>0.648</td>
</tr>
<tr>
<td>online marketing -&gt; Satisfaction</td>
<td>0.474</td>
<td>0.491</td>
<td>0.151</td>
<td>3.127</td>
<td>0.002</td>
</tr>
</tbody>
</table>

The results of hypothesis testing for all variables that have indirect effect are shown in the table below.
H1: online marketing has a direct effect on satisfaction

Based on regression test results shows then the result of the p value is significant p value is 0.002 < 0.050, which means online marketing has significant effect on satisfaction. This means that an increase of online marketing will encourage satisfaction a decrease of online marketing will encourage a decrease satisfaction. According to Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction.

H2: e-service quality has a direct effect on satisfaction.

Based on regression test results shows then the result of the p value is not significant p value is 0.648 > 0.050, which means e-service quality has not significant effect on satisfaction. This means that an increase of e-service quality will not encourage satisfaction a decrease of e-service quality will encourage a decrease satisfaction. According to Hyun (2020); Asbari (2020); Bernardo (2020). Purwanto (2020) e-service quality has significant effect on satisfaction.

H3: online marketing has a direct effect on loyalty

Based on regression test results shows then the result of the p value is significant p value is 0.086 > 0.050, which means online marketing has significant effect on loyalty. This means that an increase of loyalty will encourage satisfaction a decrease of online marketing will encourage a decrease loyalty. According to Slamet (2020); Supriyadi (2020); Suheny (2020); Cahyono (2020); Supriadi (2020); Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on loyalty.

The results of the study, it was found that perceived value affects customer loyalty through customer satisfaction. This matter supported by previous research conducted by According to Hyun (2020); Asbari (2020); Bernardo (2020). Purwanto (2020) online marketing has significant effect on satisfaction, which states that the relationship between values is perceived and customer loyalty is mediated by customer satisfaction. Online consumers have a perception of products offered on the website by looking at the pictures or product definitions that have been listed. Consumers have expectations for a product that what is seen and read is in accordance with reality, so that the sacrifices made are not in vain. If the company is able to materialize consumer perceptions, then consumers will feel satisfied, and with increasing satisfaction will create loyalty. This research suggested to use other variables outside the variables that have been studied in order to obtain more varied results. Online marketing uses advertising media to market a product or service which ultimately results in response, response and transactions where the online shop creates value for customers and builds what customers want. Likewise with the e-service quality at measure through the services on the website provided by the online shop, when the customer feels the service on the website is good, the customer is loyal to the online shop and will make a repeat purchase. Customer satisfaction is characterized by the absence of complaints, frequent shopping in large quantities, and not detrimental to customers, it can increase customer loyalty, namely making repeat purchases, not switching to another online shop, recommending to others, and being immune to products offered by competitors.

The results of this study are supported by the results of research conducted by According to Cahyono (2020); Supriadi (2020); Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction, which reveal that customer loyalty can be done by increase customer satisfaction and offer good quality products or value service. So, to create customer loyalty, companies must increase customer satisfaction first. The type of business that is engaged in online business should have knowledge of technology related to e-commerce and Internet. If the company does not really understand technology and still wants to learn, this will cause inconvenience for consumers, because there will often be mistakes and consumers may not want to buy again. Of course, it will affect the level of customer satisfaction with a product. The perceived value is proven to be intervening variables in the relationship of website quality and customer loyalty. This is in line with
the results of research by Supriyadi (2020); Suheny (2020); Cahyono (2020); Supriadi (2020); Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. reveal that perceived value is an intervening variable for the relationship between website quality and loyalty. Accurate and always updated information makes shopping time easy online is faster than having to shop offline. Shopping online can be done anytime and anywhere, this makes consumers not too many sacrifice the time you have. So, by creating this competitive advantage, customers will come back again to make purchases and will create loyalty. Customer satisfaction is proven to be an intervening variable in the relationship between website quality and customer loyalty. This is in line with research conducted by Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. which states that the quality of the website affects the intensity of online purchases through satisfaction with the function of the website and the usability of its features, even in a virtual environment, the company must still trying to increase satisfaction and create customer loyalty to the products offered. Through the internet, companies offer convenience in communication. If in offline marketing, consumers are not able to communicate directly with the company, but with online companies can be closer to consumers, this is what can increase satisfaction and create customer loyalty. Customer satisfaction is proven to be an intervening variable in the relationship between perceived value and customer loyalty.

IV. CONCLUSION

The results of this study are online marketing has significant effect on satisfaction. This means that an increase of online marketing will encourage satisfaction a decrease of online marketing will encourage a decrease satisfaction. e-service quality has not significant effect on satisfaction. This means that an increase of e-service quality will not encourage satisfaction a decrease of e-service quality will encourage a decrease satisfaction. online marketing has significant effect on loyalty. This means that an increase of loyalty will encourage satisfaction a decrease of online marketing will encourage a decrease loyalty. Limitations Even though this study was designed as well as possible, there are still some limitations, namely the limitations of this study including a questionnaire that only distributed to 200 respondents. This research is only limited to Online Marketing and E-service Quality, Satisfaction, and Loyalty. This research only examines the online shop Joyism Malang which sells bags and wallets and is only specifically for women. Suggestions 1. Further research can increase the distribution of questionnaires to respondents, not only distributing questionnaires to respondents under 500 but over 500 respondents so that the data obtained is more accurate. Research can develop this research by using other methods, for example through in-depth interviews with respondents, so that the information obtained can be more diverse or varied than the questionnaire whose answers have been provided without the respondent thinking about other answers. Future research is expected to continue this research on Online Marketing, E-service Quality, Satisfaction, and Loyalty. In addition, it can add variables to further research in order to strengthen or compare research assumptions.

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