

## The Impact of e-Service Quality and e-Brand Experience on e-Behaviour Loyalty with e-Trust Mediation

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**Abstract:** The purpose of this paper is to explore the most common constructs related to the quality of electronic services in electronic wallet applications and this study is one of the new studies that have not been conducted by researchers before, in which researchers use the e-service quality variable. e-brand experience is related to e-behavior loyalty. then also examines the effect of e-trust as a mediating effect on customers on e-behavior loyalty in the context of using e-wallet applications in Malang, Indonesia. The questionnaire was used to collect data from 126 valid respondents with a purposive sampling method. Smart PLS 3 which is used to analyze data and SOBEL test is used to test mediation relationships. The results showed that there was a positive and significant relationship between e-service quality with e-behavior loyalty. This is also indicated by other variables that have a positive influence between variables. However, further research found that e-brand experience on e-behavior loyalty has a negative effect. As a result, e-wallet application companies specifically focus on this variable to enhance e-brand experience in the long run by using e-trust as mediation, which is expected to have a positive effect on creating loyalty behavior as a competitive advantage in the market.

**Keywords:** e-Behaviour Loyalty, e-Brand Experience, e-Service Quality, e-Trust;e-Wallets.

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### 1. Introduction

*Fintech* has various financial services, one of which currently dominates is digital wallet or e-wallet. E-wallet is a virtual wallet service facilitated by certain service providers where users can add money and spend it on online or offline merchant sites but, merchants must be registered with the e-wallet company (Agarwal.R, Tuteja.S, 2018).

In Indonesia, the growth of digital transactions (e-wallet) from fintech services was also the highest. In the past year it reached 55%, this exceeded the increase in the use of e-commerce services (47%), banks (41%), cash (35%), and telecommunications providers (33%). In addition, the presence of digital technology offered by *Fintech* provides a lot of positive value for users in providing services more efficiently to be able to transact directly with business partners (katadata.co.id). Indonesia has a wide range of E-wallet applications, 38 of which has been registered and has received official licenses from Bank Indonesia (cnbcindonesia.com). The number of choices has an impact on competition in this industry to be tight. PoltakHotradero as chairman of the Indonesia Stock Exchange's Business Development Advisor (BEI) said that such conditions require digital wallet application companies (e-wallets) to be able to create competitive strategies in order to compete with competitors (economy.okezone.com). So, the main thing that must be prepared by companies to face competition is to know how to increase customer loyalty.

### 2. Literature

Before specifying the relationships in our research framework, the study provides a brief literature review of each construct and the development of a hypothetical basis for the relationship.

#### 2.a Theory of e-Service Quality

E-Service quality, the extent to which the website facilitates efficient and effective shopping, purchasing, and shipping of products and services.e-service quality, is defined as an extension of the ability of a site to facilitate shopping, purchasing and distribution activities effectively and efficiently.[1]. E-Service quality on online sites is the most influential variable in influencing customer decisions to commit to using back to online sites.[2]&[3].Moreover,[2] recommended brief definitions for the 4 indicators of service quality as follows:web design;customer service; security/ privacy; and fulfilment.

#### 2.b Theory of e-BehaviourLoyalty

E-Behavior Loyalty as customer behavior to visit the website again with or without the occurrence of online transactions. This definition considers customer loyalty as a constructive attitude and potentially also beneficial for conventional circumstances [4]. E-loyalty has become one of the important issues for online businesses because customers can easily switch from one online shop to another and partly because they can easily compare similar services in various online shops [5]. Several studies reveal that there are three variables that influence e-loyalty, e-service quality, e-satisfaction and e-trust [6]; and [7].

Moreover,[7] recommended brief definitions for the 4 indicators of service quality as follows: encourage my friends; say positive things; recommend to my online banking; and my first choice.

### **2.c Theory of e-Brand Experience**

"Branding in the digital age" can be approached from two related perspectives: organizational strategy and brand experience [8]. e-Brand experience as "an individual's internal subjective response to contact with online brands" [9]. "Web-based brand experience" to study consumer behavior in internet-based marketing, and define it as "positive consumer navigation (using web-based communities and participating in events) and perception (interesting cookies, variety and uniqueness of visual appearance and value for money ) with certain websites", [10].

In addition to increasing e-loyalty there are other factors that influence, namely e-brand experience [11], then research [12] also tested e-loyalty using e-brand experience. E-marketers need to understand the importance and evaluate the concept of experience to improve online web performance, which can result in increased online sales [13]. E-Brand Experience is able to provide unique and distinctive experiences by managing functional and emotional elements of consumers [14]. Moreover, Barreto. J, Sthapit. E, Rubio. N, & Campo. S, (2020) recommended brief definitions for the 4 indicators of service quality as follows: sensory; behaviour; intellectual; and affective.

### **2.d Theory of e-Trust**

E-trust is a commitment held by consumers to buy or subscribe to a product or service consistently in the future, thereby causing the use or purchase of a brand that is repetitive [16]. E-Trust is an important factor in the online business environment. As identified by [17] "trust is the main weapon of the relationship between buyers and sellers". e-Trust enables online customers to understand offers and to deal with perceived risks associated with buying and using online services. What's more [18] state that the trust to shop online is the willingness of customers to have confidence in the reliability and honesty of the brand there are certain services. Moreover, [7] recommended brief definitions for the 4 indicators of service quality as follows: security assurance; reputation; web searching; and fulfilment.

## **3. Method**

A quantitative, non-experimental study was conducted to assess the relationships between service quality, customer satisfaction and customer loyalty. The theoretical propositions inform the development of following the hypothesized model and research hypotheses. Based on the literature review, Figure 1 depicts the research framework, showing the mediating effect of customer satisfaction on the relationship between service quality and customer loyalty.

### **3.a Sample and Data Collection.**

This research was conducted on E-wallet Application Users (OVO, GoPay, Linkaja, DANA and Jenius) in Malang. Location selection with consideration that E-wallet Application Users in Malang City are increasing from time to time. The number of samples to be distributed to E-wallet application users is adjusted to the number of indicators of this study, which is multiplied by numbers 5 to 10, this was suggested by [19] in this study there are 18 indicators that researchers use for each variable multiplied by 7 ( $18 \times 7 = 127$ ), then the number of samples is 127 respondents in E-wallets application users in Malang. The number of indicators multiplied by 7, because according to [19] the ideal number of samples for a study is 100-200 respondents. Data collection method contains an explanation of the type of data, data sources, and data collection techniques used in this study.

This study uses a data collection method in the form of a questionnaire. Questionnaires are given to users of the E-wallets application. According to [20], a questionnaire is a data collection instrument in the form of a list of written statements that have been previously formulated to be answered by respondents.

## **4. Finding and Discussion**

**4.a Finding**

Known as E-wallet application users from various walks of life. In this study, 81% or 102 people out of 126 respondents were students. As is known, that the E-wallet application gives freedom to its users, released which can be in big cities such as Malang which is a student city, and makes students as a very potential market for now. Judging from the number of respondents by region, the most E-wallet application users came from the Lowokwaru sub-district, amounting to 69% or 87 people. The majority of Application users are students who live in the Lowokwaru sub-district, besides Lowokwaru is a third of Malang City's business because it is surrounded by major universities in Malang.

That the highest number of frequency data usage of the E-wallet application is 81% of the total 126 respondents using the application > 6 times, this shows that the majority of respondents in this study were active E-wallet application users, and at least 3 times transaction/mount. This indicate potential for the development of the E-wallets application. and is proven by the increasing number of users of the E-wallet application.

**Table 1. Hypothesis testing based on PLS results**

| Hypotesis | Relationship between variable                      | Path coefficient | T-statistic |                 | Result                    |
|-----------|--|------------------|-------------|-----------------|---------------------------|
| H1        | e-service quality → e-behaviour Loyalty            | 0.665            | 7.122       | Significant     | Accepted                  |
| H2        | e-Brand Experience → e-behaviour Loyalty           | -0.005           | 0.066       | Not Significant | Rejected                  |
| H3        | e-service quality → e-trust                        | 0.812            | 16.340      | Significant     | Accepted                  |
| H4        | e-Brand Experience → e-trust                       | 0.233            | 2.492       | Significant     | Accepted                  |
| H5        | e-trust → e-behaviour Loyalty                      | 0.287            | 2.707       | Significant     | Accepted                  |
| H6        | e-service quality → e-trust → e-behaviour Loyalty  | 0.233            | 2.670       | Significant     | Accepted (half mediation) |
| H7        | e-Brand Experience → e-trust → e-behaviour Loyalty | 0.038            | 2.305       | Significant     | Accepted (Full mediation) |

\*t-statistik > t-tabel (1,96)

**Table 2. Sobel test (mediation test)**

| Input    | variable                  | T-statistic | P-value |
|----------|---------------------------|-------------|---------|
| a. 0.233 | e-SQ → e-BL Mediation e-T | 2.693       | 0.007   |
| b. 0.038 | e-BE → e-BL Mediation e-T | 1.777       | 0.076   |

**4.b Conclusion.**

This study aims to examine the effect of E-service quality and E-brand experience on E-behavior loyalty through the mediating role of E-trust. Based on the results of the study, it can be seen that E-service quality can increase E-behavior loyalty. This can be seen from the ease of application services, response speed, and attractive application design so that it can make users interested in making transactions again. Fulfillment is the most important factor for E-wallet application users, the existing fulfillment needs to be maintained by the

application to maintain the loyalty of its users.

E-brand experience is not enough to increase E-behavior loyalty. The experience felt by users when transacting with the E-wallet application does not provide a positive response on an ongoing basis. Basically everyone wants to get a good experience, as well as users who want to have a pleasant experience, but the poor application services can affect the user's desire to transact again. That is why, poor E-brand experience cannot maintain customer loyalty. E-service quality can increase E-trust. The ease of facilities found in the E-wallet application, fast transaction processing, transaction security, and features provided are easy to understand making application users feel confident when transacting with E-wallet applications. E-brand experience can increase E-trust. Overall, users feel confident about the service experience provided, especially the services provided by the application are very diverse so that users have many options on the service according to their needs. This provides a pleasant experience for customers and has an impact on customer trust. E-trust can increase E-behavior loyalty. The role of E-trust in this study is very large, because there are variables that do not affect E-behavior loyalty directly but can be helped by the user's self-confidence. E-trust is the first thing that must be considered and fulfilled by the E-wallet application to be able to maintain its users. The role of E-trust as mediation is able to be a liaison between E-brand experience and E-behavior loyalty, this shows that users will trade again because they feel confident in the experience felt when using the E-wallet application. The role of E-trust as mediation is able to be a liaison between E-service quality and E-behavior loyalty, this shows that users will trade again because they feel confident in the quality of services provided by the E-wallet application.

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