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THE INFLUENCE OF DIGITAL CUSTOMER EXPERIENCE ON E-LOYALTY E-WALLET FLIP THROUGH E-TRUST IN THE MILLENNIAL GENERATION OF MEDAN CITY

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Abstract

The purpose of this study is to find out and analyze the Influence of Digital Customer Experience on E-Loyalty E-Wallet Flip through E-Trust in the Millennial Generation of Medan City. The population in this study is all millennials who have used the e-wallet Flip and are in Medan City. The sampling method uses the Non-Probability Sampling technique with purposive sampling, and the number of samples in this study was 115 respondents. The data analysis method uses Structural Equation Modeling-Partial Least Square (SEM-PLS). The results showed that Digital Customer Experience has a positive and significant effect on E-Loyalty, Digital Customer Experience has a positive and significant effect on E-Trust, E-Trust has a positive and significant effect on E-Loyalty, Digital Customer Experience has a positive and significant effect on E-Loyalty through E-Trust.

Keyword: Digital Customer Experience, E-Loyalty, E-Trust

INTRODUCTION

The digital wallet system is one of the technological innovations in the payment sector by utilizing mobile devices as a medium for conducting financial transactions such as payments and fund transfers. The use of e-wallets is highly supported by the government to create a cashless society, where people make transactions without cash, but instead use electronic-based payment instruments (Qasim and Shanab, 2016). The high use of e-wallets is supported by reuse and adding new users.

The rapid development of technology has more or less made the banking market in the payment system begin to erode especially with the presence of various digital wallets and financial technology companies (fintech) which can reduce costs while facilitating transactions between different banks (Dewi, 2019). Fund transfers between banks are now very easy, we can even do it via a smartphone. When a customer regularly transfers several funds to several accounts with different banks, the customer needs a solution to ease the burden of paying too many interbank fund transfer fees (Wintarsih et al, 2019).

Flip is here because it sees the problem situation regarding administration fees when transferring funds between banks which is quite high. Flip is an application that can be used for free interbank transfers through applications and websites. However, the transfer cannot be done

quickly due to a queue process with other users. The processing time for sending transactions will usually take up to 20 minutes or even more. Then transfers that take place are limited to business hours. According to procedures, Flip will continue the transaction process according to working hours, namely Monday to Saturday from 08.00 – 20.00 WIB. The existence of these limitations will certainly be difficult if you want to make the transfer process outside working hours (Nugroho, 2021).

According to Flip's Founder and Main Director, Flip has grown significantly amid increasing technology adoption. The company has served more than seven million users to process various types of financial transactions to and from various regions in Indonesia as well as for sending money abroad. Some of Flip's most dominant products include online P2P payments with different bank transfers to more than 100 domestic banks, international remittances, digital wallet top-ups (e-wallet top-ups), and product business solutions. It is noted that the value of transactions processed by Flip has exceeded Rp. 2 trillion per month (Nabila, 2021). Flip gets a rating of 4.9 out of 5 in the review results on the Appstore and a rating of 4.8 out of 5 on the review results on the Play Store given by the customer. Various reviews or comments that have appeared on social media such as Facebook and the Appstore regarding Flip have so far been very diverse. Flip is one of the best e-wallets in Indonesia and has a large number of customers. There are many reviews regarding customer satisfaction when using the Flip application so loyalty will be created in its use. Even though the rating that Flip has received is high and has many loyal customers, several customers have complained about their usage when using the Flip e-wallet to transact online. The followings are some reviews or comments written by Flip customers regarding their e-loyalty to this application.

Figure 1 Flip User Reviews on the Appstore
Source: Appstore

Based on Figure 1 it can be seen that reviews that have many complaints are considered to reduce the level of loyalty starting from transactions that often fail, difficult and very long refund processes, inefficient, poor service such as customer service unable to provide the expected answers and solutions and not responsive, not recommending to others and not a few customers who will uninstall Flip. This indicates that customers give no loyalty to the Flip e-wallet. The difficulties experienced by customers during transactions with Flip can cause Flip to lose old customers and find it difficult to get new customers.

Based on the reviews submitted by Flip users in Figure 1 regarding their complaints show that the customer experience of Flip is not good. This experience had an overall bad impact resulting in decreased customer loyalty. Loyalty can provide long-term benefits and profits for the company because loyal customers will recommend products from companies they like to other customers and generate new customers for the company (Widowati, 2016). One way to increase customer loyalty is to improve customer experience (Chandra, 2014).

Experience is the main stage to winning the hearts of customers. In the era of digital transformation, digital customer experience has an important role in creating excellence and value whereas digital customer experience has an important role in creating interaction and experience for customers online. In addition, through digital customer experience, companies anticipate and react quickly and effectively to customer needs and truly understand them (Budimansyah, 2022).

It is very likely that a good experience can support customers to come back again and will ultimately generate loyalty. Recently, customers are actively seeking knowledge about a product through social media or online recommendations. In addition, customers are also quite independent in managing themselves starting from purchasing, paying, and repairing ordered services (Jati, 2019).

Based on a study from Microsoft and IDC (2019), Understanding Consumer Trust in Digital Services in Asia Pacific revealed that almost half (46%) of customers in Indonesia have a reduced level of trust when using digital services. Building trusted digital services needs to be a priority for corporate strategic planning because the majority of customers (63%) say that customers will recommend trusted digital services to others even if they have to pay higher costs.

Customer trust is one way to create and retain customers (Wdiyanto, 2016). E-trust is one of the factors that influence the level of perceived risk and assessment made by customers of the services they receive in online transactions. Trust is one of the most basic requirements in doing business because online transactions have a high risk, so e- trust is a factor for customer consideration when using digital payment applications (Wongso, 2020). Trust is not just earned, but must go through a process of building good relationships and communication so that trust can grow and last. Research conducted by Bilgihan (2016) shows that trust has a positive and significant influence on customer e-loyalty in the millennial generation group. This research shows that trust has the strongest influence on e-loyalty in the Millennial generation (Bilgihan, 2016).

The millennial generation is a modern generation that lives in a time of technological development. It is said that the millennial generation is the generation that is in control of the development of innovations in all needs, including convenience and practicality in carrying out all activities. Millennials expect a loyalty program that is convenient and easy to use. As many as 68% of Millennials demand an integrated and seamless experience. The millennial generation is happy with loyalty programs that are personalized according to their needs such as e-wallet technology, and good communication with customers so that they can build the trust of the Millennial generation (Kognitiv.com 2020).

Based on the results of the e-loyalty pre-survey, 43% answered that customers did not agree to continue using Flip in the future and 27% did not agree that customers would recommend Flip to others. That is, the loyalty that can be seen based on this pre-survey is still low. This is reinforced by the phenomenon of negative reviews or comments written by Flip customers where customers don't want to use Flip again and refuse to recommend it to others. This is also supported by a survey by BrightLocal which found that 66% of customers form their opinion about a business after reading just four reviews (BrightLocal, 2022). Then, as many as 38% of customers will take action and stop buying from a company as a result of a bad experience (Exaque, 2019). According to Chiosa and Anastasiei (2017), the impact of negative reviews will last long after being denied.

RESEARCH METHODS

The type of research in this research is associative research, namely research that connects two or more variables (Situmorang, 2017) using a quantitative approach. Quantitative research is a type of research that produces discoveries that can be achieved using statistical procedures or other methods of quantification or measurement (Sujarweni, 2015). The scale used in this study is the Likert Scale. In the Likert scale, the variables to be measured are translated into variable indicators and then these indicators are used as a starting point for compiling instrument items which can be in the form of statements or questions.

The population in this study is the millennial generation in Medan City whose number is not known with certainty. The millennial generation in question is people born in the range of 1980-2000 so millennials are people aged 22-42 this year. The target population in this study is all millennials who have used the Flip e-wallet at least twice and are in the city of Medan. The sampling technique in this study was that samples were taken using Non-Probability Sampling, sample selection technique was not random so the population elements did not have the same opportunity to be selected as research samples (Bahri, 2018).

The type of sample design that will be used in this study is the Purposive Sampling method, which is a sampling technique that is carried out based on the consideration of the researcher who considers that the desired elements already exist in the members of the sample taken (Surahman et al, 2016). According to Hair et al (2014) if the sample size is too large it will be difficult to obtain a suitable model and it is recommended that an appropriate sample size is between 100-200 respondents so that estimation interpretation can be used with the Structural Equation Model (SEM). The number of samples to be determined is based on the results of the minimum sample calculation, which is five times the number of indicator items. In this study there were 23 indicator items, so the number of samples needed in this study was 23 x 5 = 115.

RESULTS AND DISCUSSION

Hypothesis 1: Digital customer experience has a positive and significant effect on e-loyalty e-wallet Flip for the millennial generation in Medan City.

The p-value of the effect of digital customer experience on e-loyalty (X1 -> Y) is 0.024 with a statistical T value of 2.259 and the coefficient is positive. Therefore the p values <0.05 and T statistics > 1.96 and the coefficients are positive, it can be concluded that digital customer experience has a positive and significant effect on e-loyalty. This shows that the better the customer experience, the higher the e-loyalty felt by the customer. This also means that hypothesis 1 in this study is accepted. Digital customer experience significantly affects e-loyalty for Flip customers. This is because every aspect of the digital customer experience is felt by customers towards Flip. This illustrates that Flip's digital customer experience is good, Flip's customers are willing and like to do digital experiences with Flip. Digital customer experience for the high category indicates that Flip is good in terms of involving customers. Bustamante and Rubio (2017) state that customer experience is a strong motivator for maintaining customer relationships with companies and this has a direct impact on customer loyalty. The better the relationship between the company and the customer, the stronger the customer's perceived loyalty to the product that the customer feels based on his experience.

Hypothesis 2: Digital customer experience has a positive and significant effect on e-trust e-wallet Flip for the millennial generation in Medan City.

The p-value of the effect of digital customer experience on e-trust (X1 -> Z) is 0.000 with a statistical T value of 3.666 and the coefficient is positive. Therefore, the p values <0.05 and T statistics > 1.96 and the coefficients are positive, it can be concluded that the digital customer experience has a positive and significant effect on e-trust. This shows that the better the digital customer experience, the higher the level of e-trust. This also means that hypothesis 3 in this study is accepted. This means that a good digital customer experience can increase the trust of Flip e-wallet customers. customer trust is created when the customer feels his experience as a Flip customer is good. Flip customers feel guaranteed that the Flip e-wallet can be used because Flip is already under the supervision of Bank Indonesia. However, Flip must maintain a digital customer experience so that customers continue to feel confident in Flip so that customers continue to use Flip as a trusted e-wallet. Stewart et al (2018) said that a brand must be able to prove its brand trust by providing maximum service to its users. With the existence of trust given by the service provider, the customer will feel safe using the e-wallet.

Hypothesis 3: E-trust has a positive and significant effect on e-loyalty e-wallet Flip in the millennial generation of Medan City.

The p-value of the effect of e-trust on e-loyalty (Z -> Y) is 0.001 with a statistical T value of 3.413 and the coefficient is positive. Therefore, the p-value <0.05 and the T statistic > 1.96 and the coefficient is positive, it can be concluded that e-trust has a positive and significant effect on e-loyalty. This shows that the higher the e-trust felt by the customer, the more e-loyalty increases. This also means that hypothesis 5 in this study is accepted. This is due to the answers from the customer who agree and strongly agree with all the statements, which means that the customer feels trusted and compelled to be loyal to Flip. However, Flip e-wallet must maintain and pay attention to its customer's e-trust so that e-loyalty is held. Flip always tries to serve customers by providing e-wallets according to customer needs with a high level of security so that Flip customers still get e-trust which is expected to generate e-loyalty from Flip customers. Wibasuri et al (2018) stated that e-trust is considered an essential factor for building and maintaining strong relationships between companies and their customers.

Hypothesis 4: Digital customer experience has a positive and significant effect on e-loyalty e-wallet Flip through e-trust in the Medan City millennial generation.

The p-value of the indirect effect of digital customer experience on e-loyalty through e-trust (X1 -> Z -> Y) is 0.002 with a statistical T value of 3.125 and a positive coefficient. Therefore, the p values <0.05 and T statistics > 1.96 and the coefficients are positive, it can be concluded that the digital customer experience has a positive and significant effect on e-loyalty through e-trust. This means that hypothesis 6 in this study is accepted. Overall, the digital customer experience provided by Flip to customers has had a good impact. The experience felt by the customer creates a feeling of trust in Flip that encourages them to be loyal. This is because trust has an important role in the relationship between experience and loyalty. There is trust and a good experience experienced by the customer, so the customer will continue to use the service. Referring to the theory presented by Ruparelia et al (2010) that trust can realize customer expectations to carry out reuse activities for the services or products they have used. So e-trust is an essential thing as a reference for users in using a service, with the trust that the customer has, it means that the customer has confidence in the company to meet all customer expectations.

CONCLUSION

1. Digital Customer Experience has a positive and significant effect on E-Loyalty E-Wallet Flip in the Medan City millennial generation.
2. Digital Customer Experience has a positive and significant effect on E-Trust E-Wallet Flip in the Medan City millennial generation.
3. E-Trust has a positive and significant effect on E-Loyalty E-Wallet Flip for the millennial generation in Medan City.
4. Digital Customer Experience has a positive and significant effect on E-Loyalty E-Wallet Flip through E-Trust in the Medan City millennial generation.

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