The Effect of Brand Equity and Electronic Word of Mouth (E - WOM) on Customer Satisfaction and Loyalty in E-commerce Marketplace

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ABSTRACT

E-commerce in Indonesia is currently developing rapidly in line with the era of globalization. Brand equity and electronic word of mouth is one aspect that e-commerce really cares about. Tokopedia, Shopee, Lazada and Bukalapak are competing fiercely to maintain their competitive advantage by creating good brand equity. Therefore, it is interesting to learn about brand equity in building customer satisfaction and customer loyalty. The aim of this study is (1) Analyzing brand equity in the e-commerce marketplace, (2) Calculating the level of overall consumer satisfaction and loyalty to the four e-commerce marketplaces,(3) Identifying the elements of brand equity and electronic word of mouth that affect brand satisfaction and loyalty to the four e-commerce marketplace companies. The sampling technique in research uses non-probability sampling method with convenience sampling technique. This study used a total sample of 100 people service users of the e-commerce marketplace companies Tokopedia, Shopee, Lazada, and Bukalapak. Processed using SEM-PLS. Based on the research results, the elements of brand equity and electronic word of mouth have a positive influence on consumer satisfaction. In the Tokopedia and Shopee brands, there is one element of brand equity that has no effect, namely brand association and brand awareness. Lazada, one element that affects satisfaction, Bukalapak has a positive effect on satisfaction, namely electronic word of mouth. Consumer satisfaction has a significant positive effect on consumer loyalty.

INTRODUCTION

Globalization is the process of entry into the scope of the world (Great Dictionary of Indonesian). Globalization is one of the keys to creating new marketing behaviors. The development of technology in terms of transportation, delivery, and communication is able to facilitate the company in conducting its marketing (Kotler and Keller 2012). Consumers also feel the ease in obtaining products from anywhere just by utilizing internet technology. Globalization led to the formation of easier activities through the internet, so many people took their time to use the internet.

Nowadays, more and more businesses are utilizing internet technology to improve the performance of their marketing systems. In fact, many companies began to set up e-commerce marketplace businesses that could be used as a medium to sell goods and services. This is supported by data from the Indonesian Central Bureau of Statistics (BPS) which states that in the last 10 years, the e-commerce industry increased by 17 percent with the total number of units reaching 26.2 million units (BPS 2018). The increasing consumer interest in e-commerce is seen from the high monthly web visitors or app downloads from the appstore and playstore.

As the four largest e-commerce marketplaces in Indonesia, Tokopedia, Shopee, Bukalapak, and Lazada need to maintain and manage their brands. Companies that achieve brand equity will be easier to launch brand expansion and gain sales of high-value products. Therefore, it is necessary to understand the factors of brand equity so that the results can be used as a material for decision making and marketing strategy of the company. With a strong brand equity, consumers who have a perception will get added value from a product that will not be obtained from other products.

In terms of satisfaction and loyalty, brand equity and e-wom are one of the important aspects (Solomon et al.2006). Ebrand quality is a set of assets and liabilities related to a brand, its name, and symbol that adds or decreases the value provided by a goods or services to a company or company customer (Aaker, 1997). In addition, Binti et al (2018) added that, eWOM can be effective in marketing but will damage the company's brand that has been used, namely if there is a discrepancy by the expectations desired by the company. Thus, it raises customer dissatisfaction due to the user of the service / product. Thus, satisfaction and loyalty can be generated by good brand equity and e-wom.

Tokopedia, Shopee, Lazada, and Bukalapak compete fiercely to maintain competitive advantage by creating good brand equity. Therefore it is interesting to learn about brand equity towards the establishment of customer satisfaction and customer loyalty. Based on the description, the author is interested in conducting research, among others (1) How the level of customer satisfaction and loyalty to the e-commerce marketplace, (2) Elements of brand equity (brand awareness, impression of quality, and brand association), and electronic word of mouth what affects customer satisfaction and loyalty to the four e-commerce marketplace companies, and (3) How brand equity and electronic word

of mouth to customer satisfaction and loyalty.

Based on the problem formulation that has been outlined, the objectives of this study include (1) Analyzing brand equity on the e-commerce marketplace. (2) Calculate the overall level of customer satisfaction and loyalty to the four e-commerce marketplace companies, and (3) Identify elements of brand equity, and electronic word of mouth that affect brand satisfaction and loyalty to the four e-commerce marketplace companies.

The scope of this research is limited to identifying consumer characteristics, precisely users of e-commerce marketplace services, which can then be attributed to consumer assessment of brand equity to see what elements of brand equity have an influence on customer satisfaction and loyalty. The main reason for the selection of Tokopedia, Shopee, Lazada, and Bukalapak in this study is because the four companies are popular brands, included in the Top Ranking Appstore and Top Brand according to the Top Brand Award survey, and have a large market share and active in conducting promotional activities.

METHODS

This research was conducted on e-commerce Tokopedia, Shopee, Lazada, and Bukalapak online. Data retrieval is conducted from July to August 2020. The data used in this study are primary data and secondary data. Primary data is obtained directly from the field. This primary data was obtained through the dissemination of online questionnaires to 100 respondents who are users of e-commerce marketplace companies Tokopedia, Shopee, Lazada, and Bukalapak. Meanwhile, secondary data is obtained indirectly through intermediary media. The author uses research from librarians obtained from research, journals, books, articles, print media and the internet. The sampling technique used is purposive sampling which is a sampling technique based on criteria that have been formulated first by researchers (Nazir 2005). This is

done so that respondents can provide the right data on customer satisfaction and loyalty from e-commerce marketplace companies. Respondent criteria are e-commerce marketplace consumers who have made purchases at Tokopedia, Shopee, Lazada, and Bukalapak with the age of more than 17 years. The minimum age limit of respondents is determined so that respondents can provide better answers. The number of respondents planned in the study was as many as 400 people with a division of 100 Tokopedia users, 100 Bukalapak users, 100 Shopee users, and 100 Lazada users). The analysis units in the study are individuals.

The method of analysis used, i.e. Descriptive analysis is to convert a set of raw data into a more understandable form in the form of more concise information. Descriptive analysis of research is used to disseminate more details of the results of variable research in this study. Lastly using SEM structural equation model, SEM model selection is used because it can explain variables directly or indirectly, connect lanten variables with indicator variables and explain correlations between latent variables with indicator variables. The SEM method is used using the Partial Least Square (PLS) approach.

RESULTS
E-Commerce Respondents Analysis
Gender
Male respondents dominated the *e-commerce* brands Tokopedia and Bukalapak with 58 people and 80 orang. As for female respondents dominate by doing online shopping in ecommerce such as shopee and lazada with 74 people and 60sgrespectively. Respondents from all four ecommerce marketplaces have purchasing dominance in each consumer. This shows that, every *e-commerce* has an advantage in every service and target of each e-*commerce*.

Marital Status
The decision-making process of purchasing a married consumer may be influenced by their spouse or other family members. Married consumers are also relatively careful and ternecana in making purchases of a product. In this study, because of the spread of age in this study in domination is adulthood, and old age. Therefore, married respondents are more than unmarried respondents.

Level of Education and Employment
The level of education and work influences them in making purchases in every *ecommerce marketplace.* The dominant level of education that is undergraduate shows that, respondents already understand the habit to do *online* shopping in *the ecommerce marketplace,* it can be a new habit for every respondent in shopping. Another thing from a job with a dominant job as an employee, supporting as a level of respondents have a strong purchasing power to do online shopping in the *ecommerce marketplace.*

Resources
Sumber the most information about the existence of tokopedia brand, Shopee, Lazada, Bukalapak is social media, and the second most spread of all brands through advertising on TV. While other distributions through print magazines, radio, and others. It can be known by the company that the promotion has been successfully remembered by consumers.

Spend and Frequency of Purchase
Most of the respondents were in the upper middle income term. The average expenditure of respondents in making purchases in ecommerce marketplaces in tokopedia, Shopee, Lazada, and Bukalapak brands are Rp 4 907 500.00, Rp 3 915 000.00, Rp 4 405 000.00, and Rp 5 027 501.00, respectively. It can be seen that the pattern in which respondents have a large expenditure is not necessarily the level of purchase will increase. Although, there are some consumers who have average large purchases

Strongest Brand Equity

Shopee brand became the first choice at the top of mind. Top of mind itself makes brand value higher for Shopee brand, and will strengthen brand equity. Tokopedia has the most brand image forming associations. The more brand associations you have, the stronger the positive impression in consumers' minds of a brand. This will certainly also strengthen the equity of the Tokopedia brand. Shopee in the impression of quality has the number of attributes with the highest average value on the perceived quality element. The more the number of superior attributes, the more brand equity the Shopee brand has. The impression of quality itself has the highest average on the Shopee brand with consumer confidence, and a large selection of products. It can be known based on the indicators above can be said that the overall Shopee is superior to Tokopedia, Lazada, and Bukalapak.

Level of Customer Satisfaction and Loyalty

Consumer Satisfaction Level

In this study, customer satisfaction level will be calculated using Tokopedia, Shopee, Lazada, and Bukalapak ecommerce services using Customer Satisfaction Index (CSI). Measurements are carried out starting from calculating the percentage of assessment of each indicator of questions about customer satisfaction based on respondents' answers. The ecommerce marketplace on the Shopee brand has a high satisfaction rate of 82.4 percent. Overall, the level of customer satisfaction of ecommerce marketplace services within the Shopee brand received a positive rating by respondents and placed Shopee in the maximum performance category. Meanwhile, Bukalapak has a consumer satisfaction rate of 83.84 percent, this indicates that the satisfaction level is in the category of very satisfied; therefore the company continues to maintain that performance.

Consumer Loyalty Rate

This study will calculate the loyalty rate of ecommerce respondents of Tokopedia, Shopee, Lazada, and Bukalapak brands using customer loyalty index (CLI) calculation. Measurements are made starting from calculating the percentage of assessment of each indicator of questions about satisfaction based on the respondent's answer. The ecommerce marketplace on the Shopee brand has a high loyalty rate of 74.2 percent. Overall, the level of customer loyalty of ecommerce marketplace services within the Shopee brand received a positive rating by respondents and placed Shopee in the maximum performance category. Meanwhile, Bukalapak has a consumer loyalty rate of 75. At 16 per cent, this suggests that loyalty levels are in the highly loyal category – hence the company's continued performance.

Satisfaction and Loyalty Analysis with Brand Equity and E-WOM Approach Tokopedia

The results show four paths have a significant influence, because it qualifies the T statistic value as greater than the table T (1.96 at a real level of 0.05), but there are three variables that do not have an influence that means that the T statistic is smaller than the table T. The exogenous variable brand awareness (KM) had a significant effect on the endogenous variable of consumer satisfaction (Y1) with a static T value of 2,363. While the exogenous variable brand association (AM) is insignificant to the endogenous variable of consumer satisfaction (Y1) due to the value of T statistic under the T table. Exogenous variables are the impression of quality (KK), significantly affect the endogenous variables of consumer satisfaction (Y1) with a value of T statistic exceeding T table of 3,954. Ewom variable which has three indicators namely intensity, valence of opinion, content has a positive influence on consumer satisfaction (Y1) with a T statistic value of 4,431. The consumer satisfaction variable (Y1) significantly affects the

consumer loyalty variable (Y2) with a T statistic value of 21,854.

It can be explained that previous respondents who are satisfied will comment on one of the ecommerce spends, having a relationship when there is *an electronic word of mouth* when there is a new consumer will make a purchase on the ecommerce marketplace. The Brand Association (AM) itself has no positive influence, and becomes rejected and has no effect on consumer satisfaction. This is explained through data from Figure 15 that the T statistic result is 0.447 smaller than the table T of 1.96 with a real level of 0.05. Consumer satisfaction has a positive and significant influence on consumer loyalty with a contract coefficient value of 0.771. This indicates that customer satisfaction affects loyalty in the context if the more satisfied the consumer the higher the loyalty level is formed.

Tokopedia *Coefficient Path* Table

Variable	Original Sample	Tstatistic
KM - Y1	0.203	2.363
AM - Y1	0.046	0.447
KK - Y1	0.389	3.954
Ewom - Y1	0.365	4.431
Y1 - Y2	0.771	21.854

Source: Primary Data, 2020 (Data processed)

Shopee

The results showed there were four pathways having a significant influence, as qualifying for a statistic T value greater than the T table (1.96 at a real level of 0.05). Brand association exogenous variables (AM) significantly influenced the endogenous variable of consumer satisfaction (Y1) with a statistical T value of 2,459. The exogenous variable impression quality (KK), and Ewom also have a significant influence on endogenous variables of consumer satisfaction (Y1) with a static T value of 2,562, and 4,736, respectively. The consumer satisfaction variable (Y1) significantly affects the consumer loyalty variable (Y2) with a statistical T value of 22,779. One variable that is not significant to consumer satisfaction is the brand awareness variable

(KM) to consumer satisfaction (Y1) with a statistical T value of 1,235.

Variable brand association (AM), impression quality (KK), and *electronic word of mouth* have a positive and significant contribution to consumer satisfaction (Y1). The contract coefficient is 2,459, 2,562, 4,736 and the statistical value is above 1.96 (table t value at real level 0.05). However, the brand awareness variable (KM) had no significant effect because it was below the statistical value of 1.96. Therefore for H1 rejected to customer satisfaction, and explained the contribution of KM is not so great in improving customer satisfaction. It can be concluded that customer satisfaction is still maintained, but the company can pay attention to the shortcomings of its consumer brand awareness to better recognize, so that satisfaction will be maintained and can be improved along with the improvement in the performance of products or services provided. In addition, customer satisfaction has a positive and significant influence on consumer loyalty with a contract coefficient value of 0.726. This indicates that customer satisfaction affects loyalty in the form if the more satisfied the consumer, the higher the loyalty level is formed.

Shopee *Coefficient Path* Table

Variable	Original Sample	Tstatistic
KM - Y1	0.099	1.235
AM - Y1	0.213	2.459
KK - Y1	0.246	2.562
Ewom - Y1	0.440	4.736
Y1 - Y2	0.762	22.779

Source: Primary Data, 2020 (Data processed)

Lazada

The results showed there were two paths having a significant influence, as it qualified a statistical T value greater than the T table (1.96) at a real level of 0.05). The exogenous variable brand awareness (KM) had a significant effect on the endogenous variable of consumer satisfaction (Y1) with a statistical T value of 4,316. Ewom's exogenous variable had a significant effect on consumer satisfaction (Y1) with a T statistic value of 3,101. Meanwhile, brand association exogenous

variables (AM) and quality impressions (KK) had no significant effect on consumer satisfaction (Y1) with t statistics of 1,484, and 1,919, respectively. The consumer satisfaction variable (Y1) significantly affects the consumer loyalty variable (Y2) with a T statistic value of 16,404.

Variable brand awareness (KM), and Ewom have a positive and significant contribution to consumer satisfaction (Y1). The contract coefficient values are 4,316, and 3,101 statistical T values above 1.96 respectively (table t values at a real level of 0.05). According to respondents the performance of lazada brand equity element has been good on the element of brand awareness, and electronic word of mouth, but it does not have an element of either brand association and a sense of quality. Explained by the data from Figure 17 because both indicators are: 1.484 (KM) and 1.919 (KK) < T − table. Therefore, both variables have no influence on consumer satisfaction. Consumer satisfaction has a positive and significant influence on consumer loyalty with a coefficient of contract value of 0.765. This shows that customer satisfaction affects loyalty in the context if the more satisfied the consumer, the higher the level of loyalty formed. The performance of the Lazada brand has met the expectations of respondents as a whole. This will cause complacency, but with respondents' awareness of brand awareness, and *electronic word of mouth*. Variables that do not have an effect such as brand associations, and the impression of quality will have an influence on future performance in the company.

statistical T value was greater than the T table (1.96) at a real level of 0.05). However, the brand equity element shows that, it does not have a positive influence on consumer satisfaction which means T statistics are smaller than T tables. Electronic *word of mouth* variable has a positive influence on satisfaction with a statistical T value of 3,762. The endogenous variable of consumer satisfaction (Y1) significantly influenced consumer loyalty (Y2) with a statistical T value of 19,808. Variable exogenous equity brands of the three elements have no effect on consumer satisfaction with statistical T values below the T table.

Variable *electronic word of mouth* has a positive contribution of 3,762 and significant to consumer satisfaction (Y1). According to the results of data processing, against variables: 1,702 (KM), 0.696 (AM), 1,768 (KK) < T - table 1 can be explained that the results are not significant to consumer satisfaction, so the performance of the equity element of the Bukalapak brand has not been good in accordance with consumer expectations. Companies can improve, and pay attention to those variables. This can be supported from the brand's own equity analysis that, bukalapak became the weakest brand compared to the three *ecommerce marketplace* companies. Based on Chinho *et al* (2013) also explained that consumers show or feel dissatisfied with one of the products and will do a search for comments from outside, by reading comments online can help consumers to be more confident in the desire to buy.

Lazada *Coefficient Path* Table

Variable	Original Sample	Tstatistic
KM - Y1	0.329	4.316
AM - Y1	0.135	1.484
KK - Y1	0.201	1.919
Ewom - Y1	0.349	3.101
Y1 - Y2	0.760	16.404

Source: Primary Data, 2020 (Data processed)

Table *Path Coefficient* Bukalapak

Variable	Original Sample	Tstatistic
KM - Y1	0.133	1.702
AM - Y1	0.090	0.696
KK - Y1	0.261	1.768
Ewom - Y1	0.402	3.762
Y1 - Y2	0.761	19.808

Source: Primary Data, 2020 (Data processed)

Bukalapak

The results showed the two paths had a significant influence, as the qualifying

Managerial Implications

Managerial implications that can be formulated to increase the satisfaction and

loyalty of *e-commerce* consumers, first starting from Tokopedia, namely improvements in maintaining and improving brand awareness, the impression of quality and brand associations are not ignored, maintaining service with actors - paleku distributors of existing services, by creating security and convenience in conducting online transactions in *e-commerce* and repairs to *errors* that occur, and complaints such as stock without notice by sellers that have not been updated. Furthermore, Second, Shopee, which is effective Promosi still done through digital *marketing,* in addition, on the design, promotion of bonuses, product information, and the appearance of the website does not affect the brand *image* itself, but other associations such as product choices are many, affordable product prices, service image, area of reach, and trust in the brand that becomes associating the brand of the company in order to attract new potential consumers.

Third, namely Lazada, need to do a *call center* and seller *call center* to know the shortcomings that exist in consumers or partners who become partners Lazada, then improve in terms of function in the appearance and design itself and memper easy users in understanding the information provided with simpler things. Lastly, bukalapak, need to develop to get *feedback* from bukalapak consumers themselves. *E - wom* become one of the variables that can interact directly with the satisfaction and loyalty bukalapak. Seller center can be useful to prepare promotions for Bukalapak companies, and be an effective way to provide product introduction to consumers. Loyal consumers become lucky for Bukalapak to get satisfied consumers and become new loyal consumers.

CONCLUSIONS

Shopee brand awareness element as a whole gets the highest position that is top of mind In the brand association element Tokopedia brand has nine brand associations as brand image shapers. The Lazada brand has eight brand image forming associations. Shopee, and Bukalapak, meanwhile, have seven and six brand image forming associations, respectively. On the element of quality impression Shopee brand has the number of attributes with the highest average value. The highest brand satisfaction and loyalty is owned by Bukalapak, and followed by Shopee, Lazada, finally Tokopedia. Based on the results of SEM analysis, brand equity elements, and electronic word of mouth have a positive influence on consumer satisfaction. In tokopedia brand, and Shopee there is one element of brand equity that has no effect, namely brand association, and brand awareness. Lazada one element that affects satisfaction, Bukalapak has a positive influence on satisfaction, namely electronic word of mouth. Customer satisfaction has a significant positive influence on consumer loyalty. The advice given by this research can further develop a different research model by using the addition of variables such as purchasing decisions and consumer satisfaction. In addition, by utilizing electronic word of mouth to be able to review the influence on purchasing decisions, aims to get the emotional side of consumer behavior towards products or services from the ecommerce marketplace. The research was conducted on a wide scale as prospective respondents had experience buying on the research objects studied.

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