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Impact of Customer Experience and Customer Engagement on Satisfaction and Loyalty: A Case Study in Indonesia

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Abstract

This study aims to examine the impact of customer experience and customer engagement on customer satisfaction and customer loyalty in e-retailing in Indonesia. This study uses data from 512 respondents in six e-retailing namely; Bukalapak, Tokopedia, Lazada, Blibli, Shopee and Zalora which are often used by students at the Department of Management, Faculty of Economics and Business, Halu Oleo University of Indonesia. The structural model developed in this study was tested using Partial Least Squared (PLS). The results of the study found that there was a reciprocal relationship between customer experience and customer engagement. The results also found that customer experience and customer engagement have a positive and significant effect on customer satisfaction and customer loyalty. Customer satisfaction have a positive and significant effect on customer loyalty. In this study it was also found that customer experience has an indirect effect on customer satisfaction and customer loyalty through customer engagement, and customer engagement also has an indirect effect on customer satisfaction and customer loyalty through customer engagement. This study was focused on relationship between customer experience, customer engagement, satisfaction and loyalty. Therefore, future research is expected to be able to test the determinant factors of customer experience and customer engagement.

Keywords: Customer Experience, Customer Engagement, Customer Satisfaction, Customer Loyalty, E-retailing

JEL Classification Code: M31, M21, M14

1. Introduction

In the midst of the advancement of Indonesia's e-commerce industry, retail companies still survive even though they have to compete with online stores (Rizan et al., 2020). Offline retail is able to survive because many consumers prefer to come to the store and see a product before do purchasing. However, with e-retailing, consumers now have access to buy retail products quickly and easily via the internet (Izogo & Jayawardhena, 2018; Pandey

et al., 2020). This condition is increasingly developing in the Covid-19 Pandemic condition until now. This causes many consumers to choose to make purchases online to meet their daily needs (Won & Kim, 2020; Tran, 2020). With this condition, e-retailing is a smart choice for consumers to consume. This condition causes e-retailing to experience an increasingly rapid development (Izogo & Jayawardhena, 2018).

In fact, not a few consumers experience failures in making purchases through e-retailing. There are many factors that cause this, including the lack of honesty from e-retailers in providing information about the products being sold (Azemi et al., 2019). This has an impact on the emergence of prudent behavior in consumers to choose e-retailers as a place to consume. It often happens that the products received by consumers do not match the product information provided by e-retailers. This caused disappointment for consumers and decided not to continue purchasing at the e-retailer (Kaur, 2018).

Behind these conditions, there are also many consumers who are successful in making purchases through e-retailing. This success in making purchases through e-retailing has

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made consumers reluctant to switch to other e-retailers (Pandey et al, 2020). If the first purchase at an e-retailer is considered successful, then consumers tend to repeat the purchase, so it can be concluded that a successful experience in making a purchase at an e-retailer will have an impact on the repeat purchases made by consumers (Japutra et al., 2020).

Successful experience at an e-retailer can be interpreted as a customer experience. Customer experience is a form of buying experience at an e-retailer which is used as material for consumer evaluation in continuing or not purchasing at an e-retailer. The success of consumers in making purchases at an e-retailer will result in a positive customer experience, while the failure of consumers in buying at an e-retailer will result in a negative customer experience (Barari, Ross & Surachartkumtonkun, 2020). The key to the success of an e-retailing is how e-retailers are able to create a positive customer experience.

Positive customer experience can be interpreted as satisfaction with experience (McLean & Wilson, 2019) will have a direct effect on customer satisfaction and customer loyalty. This will be formed through several successful experiences in making purchases at an e-retailer. This experience causes consumers not to want to switch to other e-retailers and ultimately creates customer satisfaction (Jaiswal & Singh, 2020; Quach et al., 2020) and customer loyalty (Micu et al., 2019; Pandey et al., 2020). This satisfaction and loyalty will last a long time as long as there are no repeated purchase failures (Nguyen et al., 2020; Le & Le, 2020). There are many research results that provide information that customer experience has a positive and significant effect on customer satisfaction and customer loyalty. The better the customer experience will have an impact on higher customer satisfaction and customer loyalty, so providing a positive customer experience is an absolute thing that e-retailers must do (Pekovic & Rolland, 2020; Tyrväinen, Karjaluo, & Saarijärvi, 2020; Japutra et al., 2020).

Besides having a direct effect on customer loyalty, positive customer experience also has a positive and significant effect in creating customer engagement (Roy, Gruner, & Guo, 2020). Customer engagement is seen as a condition in which consumers are involved either directly or indirectly in e-retailer marketing activities. Customer engagement can also have an impact on customer experience (McLean & Wilson, 2019; Rather, 2020; Al-Dmour, Ali, & Al-Dmour, 2019). Customer engagement can take the form of recommendations, interaction between consumers, blogging, writing reviews and other similar activities that benefit producers (e-retailers). Customer engagement also has a positive and significant impact on customer satisfaction (Al-Dmour, Ali, & Al-Dmour, 2019; Marino & Presti, 2018) and customer loyalty (Hapsari, Hussein, & Handrito, 2020;

Molinillo, Anaya, & Liébana, 2020; Zhang et al., 2020), so that a hypothesis can be built that the reciprocal relationship between customer experience and customer engagement can affect on customer satisfaction and customer loyalty.

Objective of this article is to examine the impact of customer experience and customer engagement on customer satisfaction and customer loyalty at several e-retailing providers in Indonesia. The e-retailers selected in this study are e-retailers that have a good reputation and the largest customer share in Indonesia, namely; Bukalapak, Tokopedia, Lazada, Blibli, Shopee and Zalora. The originality of this study is an examination of the reciprocal relationship between customer experience and customer engagement and the effect of both on customer satisfaction and customer loyalty. This research is considered important to provide information on whether positive customer experience and customer engagement at an e-retailer can create customer satisfaction and customer loyalty, and then whether customer experience and customer engagement have a reciprocal relationship between the two.

2. Literature Review and Hypotheses

2.1. Customer Experience

Customer experience is seen as an indicator of success in building relationship marketing. Customer experience is a customer response that is internal and subjective as a result of interactions that are carried out directly or indirectly by the company (Tyrväinen, Karjaluo, & Saarijärvi, 2020). Customer experience can also be in the form of recognition that is cognitive or perceptual in nature that can stimulate the motivation of each customer or consumer. Recognition or perception from these customers can increase the value of the company's products or services (Becker & Jaakkola, 2020; Singh & Söderlund, 2020). Customer experience can lead to the results of consumer interactions with the company, be it emotional and cognitive (Godovykh & Tasci, 2020). The results of these interactions will later be able to make an impression on the minds and hearts of consumers and be able to influence consumer assessments of the company's products or services. Customer experience is a holistic concept that can be measure by cognitive, emotional, physical and sensorial, and social (De Keyser et al., 2015). Customer experience in e-retailing can be measured in two dimensions, namely; emotional experience and cognitive experience (Tyrväinen, Karjaluo, & Saarijärvi, 2020). In addition, customer experience can also be measured by four components, are cognitive, affective, sensorial, and conative (Godovykh & Tasci, 2020). Antecedent of customer experience in e-retailing is customer service, website experience, product experience, delivery experience, and brand experience (Singh & Söderlund, 2020).

2.2. Customer Engagement

Customer engagement is one of the keys to the success of a business which is part of the relationship marketing concept. Customer engagement is a communication relationship or interaction that exists between external stakeholders such as customers and producers or companies through various channels (Gupta, Pansari, & Kumar, 2018; Islam et al., 2020). Customer engagement in this marketing process can be done offline, namely direct interaction with producers or through online using social media (Chen et al., 2020). An indicator of the success of customer engagement is an increase in consumption and demand for a product or service (Islam et al., 2020). The good relationship that exists between the company and customers based on engagement will create loyalty to continue choosing the company's products or services on a regular basis (Gupta, Pansari, & Kumar, 2018). Creating good customer engagement in the long run causes customers to continue using the services your company has (Islam et al., 2020). Customer engagement can be measured using five dimensions, namely; identifications, enthusiasm, attention, absorption, and interaction (So, King, & Sparks, 2014). Customer engagement can be defined as a psychological process, behavioral manifestation, and motivational psychological state. There are two perspectives that can be used to measure customer engagement, namely; rational perspective and emotional perspective (Chen et al., 2020). Antecedents factors for customer engagement are information quality, system quality, virtual interactivity, and rewards. This description indicates that the measurement of customer engagement is quite complex and varied.

2.3. Customer Satisfaction

Customer satisfaction is identified as one of the most examined constructs in marketing literatur (Deyalage & Kulathunga, 2019) that play a major role in competitive environment because of its ability to retain the existing customer and to introduce new customer (Tandon, Kiran, & Sah, 2017; To et al., 2020; Trans, 2020). Customer satisfaction is defined as a feeling that appears on the results of a purchase evaluation which is a comparison between actual perception and expectation (Vasić, Kilibarda, & Kaurin, 2019). This is can be satisfaction or dissatisfaction. In experience context, customer satisfaction has been considered as a cumulative experience of a customer based on his/her all previous experience with a good or service arisen from *post hoc* assessment of consumption experience (Pandey et al., 2020). In e-retailing business, customer satisfaction can be measured by the best CS; order fulfillment; website friendly; and variety of product (Pandey et al., 2020).

2.4. Customer Loyalty

Loyalty is a essential element of an effective business strategy (Otsetova, 2017). In the e-retailing business, customer loyalty are when the first choice of the product or service to make purchases can be satisfy, and then consumers regularly or continue to make purchases at an e-retailer with a long-term commitment (Rizan et al., 2020; Pandey et al., 2020; Nguyen et al., 2020). E-retailing loyalty can be measured by using indicators; saw positive things, recommended, encourage, post positive massage, intend to continue, intend to do more business (Pandey et al., 2020). Another measure of customer loyalty in e-retailing is by using indicators; first choice website, favorite website to buy some kinds of product, and the best retail website to do business (Vijay, Prashar, & Sahay, 2019). Customer loyalty can also be measured through two perspectives, namely; behavioral loyalty and attitudinal loyalty (Otsetova, 2017).

2.5. Hypotheses

Several previous research results indicated that there is a fairly complex relationship between customer experience and customer engagement. Customer experience has a significant influence on customer engagement (Iqbal, 2020; Akram & Kortam, 2020; Roy, Gruner, & Guo, 2020) and customer engagement also has an impact on customer experience (McLean & Wilson, 2019; Rather, 2020; Al-Dmour, Ali, & Al-Dmour, 2019). This shows that there is a reciprocal relationship between customer experience and customer engagement. Based on this explanation, the hypotheses built in this study are:

H1: *Customer Experience has a significant effect on Customer Engagement.*

H2: *Customer Engagement has a significant effect on Customer Experience.*

Building a customer experience will have a direct impact on creating customer satisfaction and customer loyalty. In the e-retailing business, customer experience has an influence on customer satisfaction and customer loyalty. Consumers who have a high positive customer experience will have an impact on increasing customer satisfaction (Jaiswal & Singh, 2020; Quach et al., 2020) and customer loyalty (Pekovic & Rolland, 2020; Tyrväinen, Karjaluoto, & Saarijärvi, 2020; Japutra et al., 2020). Based on this explanation, the next hypothesis built in this study is:

H3: *Customer Experience has a significant effect on Customer Satisfaction.*

H4: *Customer Experience has a significant effect on Customer Loyalty.*

Besides that, customer engagement has a direct effect on customer satisfaction and customer loyalty. Several research results show that customer engagement has a positive and significant effect on customer satisfaction (Al-Dmour, Ali, & Al-Dmour, 2019; Marino & Presti, 2018) and customer loyalty (Hapsari, Hussein, & Handrito, 2020; Molinillo, Anaya, & Liébana, 2020; Zhang et al., 2020). This shows that building customer engagement will have an impact on creating customer satisfaction and customer loyalty. Based on this explanation, the next hypothesis built in this study is:

H5: *Customer Engagement has a significant effect on Customer Satisfaction.*

H6: *Customer Engagement has a significant effect on Customer Loyalty.*

In e-retailing, there is a strong relationship between customer satisfaction and customer loyalty. Customer satisfaction have an significantly effect on customer loyalty (Nguyen et al., 2020; Pandey et al., 2020; Raza et al., 2020; Wu, Du, & Sun, 2020; Le & Le, 2020). Based the previous research, the next hypothesis in this study is:

H7: *Customer Satisfaction has a significant effect on Customer Loyalty.*

Based on the description of each of these hypotheses, a model of the hypothesis used in this study can be built (see Figure 1).

3. Research Methods

3.1. Respondents

This study used 521 respondents who were students at the Department of Management, Faculty of Economics and

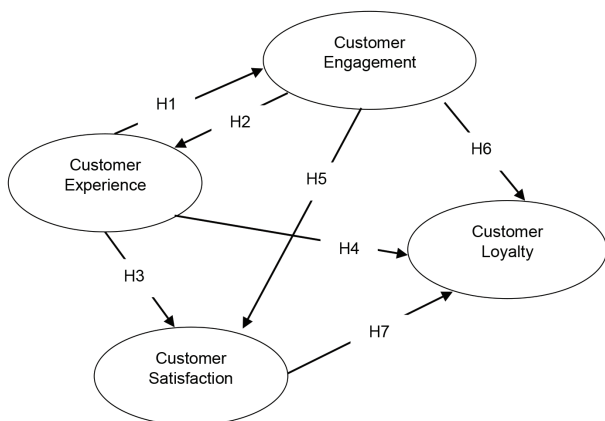


Figure 1: Hypotheses Model

Business, Halu Oleo University of Indonesia, who made purchases at six e-retailers, namely; Bukalapak, Tokopedia, Lazada, Blibli, Shopee and Zalora. The technique of determining the respondents was determined based on purposive sampling with the criteria of having made online purchases at least five times at the same e-retailer. Data collection is done via google form which is distributed via Whatsapp Group. The collected data were then analyzed using partial least squared (PLS). Table 1 describes the characteristics of the research respondents.

Table 1 shows that based on gender, the most respondents were women (59.69%), then based on age, the most respondents were aged 20–22 years (40.48%). Meanwhile, based on the type of product most often purchased at e-retailers,

Table 1: Respondents Description

Characteristic	Classification	Frequency	Percentage (%)
Gender	Male	210	40.31
	Female	311	59.69
	Total	521	100.00
Age (in year)	17 to 19	32	25.39
	20 to 22	51	40.48
	23 to 25	28	22.22
	26 or above	4	3.18
	Total	521	100.00
Product of Purchased	Fashion	352	67.56
	Electronic	38	7.29
	Book	61	11.71
	Souvenir/ Aseesories	70	13.44
	Total	521	100.00
Number of Purchased	5 to 9	168	32.25
	10 to 14	201	38.58
	15 to 19	93	17.85
	20 or above	59	11.32
	Total	521	100.00
E-Retailer	Bukalapak	122	23.42
	Tokopedia	139	26.67
	Lazada	76	14.59
	Blibli	98	18.81
	Shopee	53	10.17
	Zalora	33	6.34
Total	521	100.00	

the most respondents are purchases of fashion products (67.56%), and the average number of purchases at e-retailers is 10–14 times the purchase (38.58%). The distribution of respondents for each e-retailer is 122 respondents (23.42%) who are Bukalapak customers; 139 respondents (26.67) were Tokopedia customers; 76 respondents (14.59%) were Lazada customers; 98 respondents (18.81%) are Blibli customers; 53 respondents (10.17%) are Shopee customers and 33 respondents (6.34%) are Zalora customers.

3.2. Measurements

Research variables, namely; customer experience, customer engagement, and customer loyalty are measured using a five-point Likert scale, namely; strongly disagree, disagree, neutral, agree, strongly agree. Measurement of the Customer Experience variable is carried out by adopting the measurements used by Tyrväinen, Karjaluoto, and Saarijärvi, 2020, namely; emotional experience (4 item) dan cognitive experience (3 item). Measurement of Customer Engagement variables uses a measurement developed by Chen et al, 2020, are rational engagement (4 item) dan emotional engagement (3 item). Customer satisfaction measured adoption by Pandey et al, 2020 (4 item), and measurement of Customer Loyalty variables, develop measurement by Otsetova, 2017, are behavioral loyalty (3 item) dan attitudinal loyalty (3 item).

Measurement of reliability is measured using factor loading (FL) and Cronbach Alpha (CA) with a cutt of value of 0.70. While construct validity is measured using composite reliability (CR) and variance extracted (VE) with a cutt of value of 0.70 and 0.50, respectively, can be seen in Table 2.

The results of measuring reliability (see Table 2) show that all items in the customer experience, customer engagement, and customer loyalty variables get a Factor Loading value greater than 0.70 with a Cronbach Alpha value also above 70%. This indicates that all items analyzed in this study have high reliability. Likewise with all indicators in this study, namely; emotional experience, cognitive experience, rational engagement, emotional engagement, emotional satisfaction, rational satisfaction, behavioral loyalty, and attitudinal loyalty, have a Cronbach Alpha value greater than 0.70, which indicates that all indicators used to measure variables in this study have high reliability. Furthermore, for the Composite Reliability and Variance Extracted values, the CR value is above 0.70 and the VE value is above 0.50. This indicates that all indicators and items analyzed in this study have high validity.

4. Results

The structural model was assessed through the regression weights, t -values and p -values for the significance of t -statistics. The result of structural model for testing the research hypotheses are presented in Table 3.

The test results of the **first hypothesis** show that there is a direct effect of customer experience on customer engagement with a value of $\beta = 0.673$; t -values = 29.83; and p -values = 0.00***. The value of $\beta = 0.673$ indicates that customer experience affects customer engagement by 67.3%, or it can be interpreted that 1% increase in customer experience will have an impact on increasing customer satisfaction by 67.3%. The t -values = 29.83; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer experience on customer engagement.

The **second hypothesis** test results indicate that there is a direct effect of customer engagement on customer experience with a value of $\beta = 0.539$; t -values = 25.47; and p -values = 0.00***. The value of $\beta = 0.539$ indicates that customer engagement affects customer experience by 53.9%, or it can be interpreted that 1% increase in customer engagement will have an impact on increasing customer experience by 53.9%. T -values = 25.47; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer engagement on customer experience.

The results of testing the **third hypothesis** indicate that there is a direct effect of customer experience on customer satisfaction with a value of $\beta = 0.596$; t -values = 27.43; and p -values = 0.00***. The value of $\beta = 0.596$ indicates that customer experience affects customer satisfaction by 59.6%, or it can be interpreted that 1% increase in customer experience will have an impact on increasing customer satisfaction by 59.6%. T -values = 27.43; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer experience on customer satisfaction.

The results of testing the **fourth hypothesis** indicate that there is a direct effect of customer experience on customer loyalty with a value of $\beta = 0.462$; t -values = 19.92; and p -values = 0.00***. The value of $\beta = 0.462$ indicates that customer experience affects customer loyalty by 46.2%, or it can be interpreted that 1% increase in customer experience will have an impact on increasing customer loyalty by 46.2%. T -values = 19.92; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer experience on customer loyalty.

The results of the **fifth hypothesis** test show that there is a direct effect of customer engagement on customer satisfaction with a value of $\beta = 0.606$; t -values = 28.68; and p -values = 0.00***. The value of $\beta = 0.606$ indicates that customer engagement affects customer satisfaction by 60.6%, or it can be interpreted that 1% increase in customer engagement will have an impact on increasing customer satisfaction by 78.5%. T -values = 28.68; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer engagement on customer satisfaction.

The results of the **sixth hypothesis** test show that there is a direct effect of customer engagement on customer loyalty with a value of $\beta = 0.785$; t -values = 48.69; and p -values = 0.00***.

Table 2: Factor Loading, Cronbach Alpha, Composite Reliability and Variance Extracted of Variables, Indicators and Item

Variables	Indicators Variables	Item	FL	CA	CR	VE
Customer Experience (Tyrväinen, Karjaluoto, and Saarijärvi, 2020)	Emotional Experience	Reliance on the quality of merchandise, data privacy, and security matters	0.818	0.804	0.814	0.782
		Proficient customer service, functioning product delivery and returns	0.803			
		Feel comfortable when visiting e-retailing websites	0.821			
		Feel welcome while visiting the website the e-retailing	0.810			
	Cognitive Experience	Get inspiration and new ideas when visiting website the e-retailing	0.861	0.841	0.824	0.817
		Visiting the e-retailing evokes curiosity	0.833			
		It is nice to test products in the e-retailing	0.829			
Customer Engagement (Chen et al, 2020)	Rational Engagement	Participate in the engagement activities because can be attain financial rewards	0.822	0.797	0.801	0.775
		Participate in the engagement activities because it makes feel being in the same group with others	0.835			
		Participate in the engagement activities because can get information to use the product better	0.827			
		Participate in the engagement activities because it makes a good impression on other people	0.819			
	Emotional Engagement	Participate in the engagement activities because benefit the company and/or other customers	0.841	0.803	0.789	0.779
		Participate in the engagement activities because love it the product	0.825			
		Participate in the engagement activities because they are Interesting	0.806			
Customer Satisfaction (Pandey et al, 2020)	Emotional Satisfaction	The best customer service	0.778	0.799	0.787	0.773
		Website user friendly	0.792			
	Rational Satisfaction	Fulfillment in term of time, quality, quantity, and location	0.807			
		A wide variety of product portfolio on website	0.809			
Loyalty (Otsetova, 2017)	Behavioral	Actual repeat purchasing	0.775	0.731	0.738	0.722
		Positive word of mouth	0.784			
		Continuing preference for the same service	0.766			
	Attitudinal	Repurchase intention	0.791	0.795	0.800	0.783
		Willingness to recommend the service to the others	0.804			
		Demonstrating resistance to switch to the competitor	0.811			

The value of $\beta = 0.785$ indicates that customer engagement affects customer loyalty by 78.5%, or it can be interpreted that 1% increase in customer engagement will have an impact on increasing customer loyalty by 78.5%. T -values = 48.69; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer engagement on customer loyalty.

The results of the *seventh hypothesis* test show that there is a direct effect of customer satisfaction on customer loyalty with a value of $\beta = 0.752$; t -values = 42.54; and p -values = 0.00***. The value of $\beta = 0.752$ indicates that customer satisfaction affects customer loyalty by 75.2%, or it can be interpreted that 1% increase in customer satisfaction will have an impact on increasing customer loyalty by 75.2%.

Table 3: Hypotheses Testing Results

Hypotheses	Relationship	Weight	t-Stat	Direct Effect (p value)	Indirect Effect	
					Weight	Sig.
H1	Customer Experience – Customer Engagement	0.673	29.83	0.00***	–	–
H2	Customer Engagement – Customer Experience	0.539	25.47	0.00***	–	–
H3	Customer Experience – Customer Satisfaction	0.596	27.43	0.00***	0.408	0.00***
H4	Customer Experience – Customer Loyalty	0.462	19.92	0.00***	0.528	0.00***
H5	Customer Engagement – Customer Satisfaction	0.606	28.68	0.00***	0.321	0.00**
H6	Customer Engagement – Customer Loyalty	0.785	48.69	0.00***	0.249	0.00***
H7	Customer Satisfaction – Customer Loyalty	0.752	42.54	0.00***	–	–
R^2 (CL)		0.893				
Adj. R^2 (CL)		0.841				

T -values = 42.54; and p -values = 0.00*** indicates that there is a positive and significant direct relationship between customer satisfaction on customer loyalty.

The results of the structural model test also found that customer experience has an indirect effect on customer satisfaction mediated by customer engagement with a value of $\beta = 0.408$; and p -values = 0.00***, then customer engagement has an indirect effect on customer satisfaction mediated by customer experience with a value of $\beta = 0.321$; and p -values = 0.00***.

The results of the structural model test found that customer experience has an indirect effect on customer loyalty mediated by customer engagement with a value of $\beta = 0.528$; and p -values = 0.00***, then customer engagement has an indirect effect on customer loyalty mediated by customer experience with a value of $\beta = 0.249$; and p -values = 0.00***.

5. Discussion

The findings in this study indicate that customer experience has a positive and significant effect on customer engagement. This finding is in line with several previous research results (Iqbal, 2020; Akram & Kortam, 2020; Roy, Gruner, & Guo, 2020). This implies that the emotional experience and cognitive experience that customers have will have an impact on increasing customer engagement, so it means that based on the experience obtained from e-retailers, it can create customer engagement. Then, customer engagement also has a positive and significant effect on customer experience. This finding is supported several previous research (McLean & Wilson, 2019; Rather, 2020). This implies that there is an reciprocal relationship between customer experience and customer engagement by

e-retailing. The experience that e-retailing consumers have from the results of several times consumption has implications for increased customer engagement by consumers, as well as increased customer engagement by consumers also implies an increase in the positive experience received by e-retailing consumers. Based on the test results, information is obtained that the magnitude of the influence of customer experience on customer engagement is greater than the magnitude of the influence of customer engagement on customer experience.

The results of this study also found that there was a direct effect customer experience on customer satisfaction. This finding is supported several previous research by Jaiswal & Singh, 2020; and Quach et al, 2020. The experience that e-retailing consumers have from the results of several times consumption has implications for increased customer satisfaction, as well as increased customer satisfaction by consumers also implies an increase in the positive experience received by e-retailing consumers. In this study it was also found that customer satisfaction in e-retailing was also caused by customer engagement. This is supported the previous research by Al-Dmour, Ali and Al-Dmour (2019) and Marino and Presti (2018). This implies that the better the customer engagement, the higher the impact on customer satisfaction. Based on the test results, information is obtained that customer experience on customer engagement is determinant factor to increasing customer satisfaction.

The findings of the research also show that customer experience has a positive and significant effect on customer loyalty. This finding is in accordance with several previous research results (Pekovic & Rolland, 2020; Tyrväinen, Karjaluoto, & Saarijärvi, 2020; Japutra et al., 2020). This study also found that customer engagement has a positive and significant effect on customer loyalty. This finding is in accordance with the findings of several previous studies

(Hapsari, Hussein, & Handrito, 2020; Molinillo, Anaya, & Liébana, 2020; Zhang et al., 2020). This finding implies that customer experience (emotional and cognitive experience) and engagement (rational and emotional engagement) have an impact on increasing customer satisfaction and customer loyalty. This implies that customer satisfaction and customer loyalty to e-retailing is formed by the experience and engagement.

The results of the research model test also obtained information that customer experience has an indirect effect on customer satisfaction and customer loyalty through customer engagement, and customer engagement also indirectly affects on customer satisfaction and customer loyalty through customer experience. This result implies that there is a very complex relationship between the four variables analyzed in this study. E-retailing customer satisfaction and customer loyalty is very much determined by how much experience and engagement the e-retailing consumer. The test results found that the indirect effect of customer experience on customer satisfaction and customer loyalty through customer engagement is greater than the indirect effect of customer engagement on customer satisfaction and customer loyalty through customer experience. This implies that building customer satisfaction and customer loyalty requires a high positive experience in order to be able to form engagement which in turn will create high customer satisfaction and customer loyalty.

The results of hypothesis testing also found that customer satisfaction has a direct effect on customer loyalty. These results support several previous studies by Nguyen et al. (2020); Pandey et al. (2020); Raza et al. (2020); Wu, Du and Sun (2020); and Le and Le (2020), which explained that customer satisfaction has a significant effect on customer loyalty. The results imply that customer satisfaction that is formed from customer experience and customer engagement has an impact on increasing customer loyalty for e-retailing consumers.

The findings of this study add to an empirical study of the complexity of the relationship between customer experience, customer engagement, customer satisfaction and customer loyalty. Specifically, the findings of this study provide a theoretical contribution in the form of a reciprocal relationship between customer experience and customer engagement which in turn has an impact on increasing customer satisfaction and customer loyalty.

The findings of this study also contribute to the development of the e-retailing business, namely; needed to create customer experience and customer engagement in building customer satisfaction and customer loyalty. E-retailers are expected to provide emotional and cognitive experience for their consumers so that consumers can rationalize and emotional engagement which in turn will increase their satisfaction and loyalty to the e-retailer.

6. Conclusion

This study aims to examine the reciprocal relationship that occurs between customer experience and customer engagement and its impact on building customer satisfaction and customer loyalty in e-retailing. This study uses data from 512 consumers at six e-retailing in Indonesia. The results of the study found that there was a reciprocal relationship between customer experience and customer engagement. The results also found that customer experience and customer engagement have a positive and significant effect on customer satisfaction and customer loyalty. Customer satisfaction have a positive and significant effect on customer loyalty. In this study it was also found that customer experience has an indirect effect on customer satisfaction and customer loyalty through customer engagement, and customer engagement also has an indirect effect on customer satisfaction and customer loyalty through customer engagement.

This research was conducted only focused on testing customer experience and customer engagement and their impact on customer satisfaction and customer loyalty without analyzing what factors lead to customer experience and customer engagement. Therefore, future research is expected to be able to test the determinant factors of customer experience and customer engagement in e-retailing.

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