

The Influence of E-Trust, User's Experiences, and Brand Equity on Gen Z Female Customers E-Loyalty Towards Imported Cosmetics Brands Through Customers E-Satisfaction

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ABSTRACT

In this era, globalization as well as the emergence of technology has led to online shopping trend especially among Generation Z who could not be separated from technology. This trend has also created an open market for countries to distribute their products. In any online businesses, e-loyalty and e-trust have been some of the important issues that might create obstacles on having long-term profits because lack of/low customer loyalty. Therefore, this study aimed at analysing and finding the influence of E-Trust, User's Experiences, and Brand Equity on Gen Z female Customers' E-Loyalty towards imported cosmetics brands through Customers' E-Satisfaction. The population of this study was Gen Z female community in Indonesia with the samples of 200 respondents taken by non-probability sampling technique. The qualitative method used in this study was supported by the data collection through questionnaires spread in three areas; Central Java, West Java and outside Java. The data analysis method used was multiple linear regression analysis. The result showed that E-Trust in this study did not have a positive effect on Customers' E-satisfaction while User's Experiences and Brand Equity had positive effects on Customers' E-Satisfaction. Other than that, Customers' E-Satisfactions did not mediate the influence of E-Trust, User's Experiences and Brand Equity on Customers' Loyalty.

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1. Introduction

In this globalization era, there is an important issue in business called e-loyalty. This issue occurs in online businesses, as customers can easily access several different online stores to compare products before purchasing (Lu, Chang, & Yu, 2013). Therefore, customers do not only choose from one specific online store to purchase the desired items, but they can both easily and freely buy goods from any other online stores. The difficulty in creating profits for a long-term online business is caused by lack/low customer loyalty in online shopping (Deng, Lu, Wei, & Zhang, 2010). Another issue of online shopping is e-trust. When trust is formed for a certain online store, customers will feel sure to purchase and return to repurchase the goods in that particular online store.

Online shopping happens because of the development of technology. Generation Z is a digital native because this generation cannot be separated from technologies including the internet (Budac, 2014). Internet technology makes it easy for customers to search online stores to make purchases on products, including varieties of international cosmetics products (Debora, 2016). The situation is approximately the same in Indonesia with 48% of Indonesian customers prefer to buy foreign brands cosmetics rather than the local ones (katadata.co.id, 2016), with Korean brand as the most wanted (tempo.co, 2018). The interest level of online shopping through the internet among Gen Z is high and their experience affects the loyalty to visit the same online store (Budac, 2014). However, online purchases can cause customers' concern due to the uncertainties (Chou et al., 2015).

The past study by Nam, Ekinci, & Whyatt, (2011) explained that customers tend to seek products information through the internet. Later on, the information may determine the value of the products that might be perceived differently in the customers' eyes. Therefore, a product can have a very strong position in customers' minds and create the brand equity. The stronger the brand equity of a product, the more it will attract customers and lead to customers' e-loyalty. Based on that, this study focuses on (1) How does e-trust affect customers' e-satisfaction to Korean cosmetics brands? (2) How do users' experiences affect customer e-satisfaction to Korean cosmetics brands? (3) How does brand equity affect customer e-satisfaction to Korean cosmetics brands? (4) Does customer e-satisfaction mediate the influence of e-trust, user's experiences, and brand equity on customer' e-loyalty?.

2. Methods

This study used quantitative method with Gen Z female community in Indonesia as the population. Sugiyono (2012) suggested that the sample measurement in a study must be between 30 and 500. Therefore, to obtain accurate data, this study took 200 samples. Non-probability sampling requirements and criteria of this study are: (1) Female; born between the years of 1995 and 2010 (19-24 years old in 2019), (2) Have purchased Korean cosmetics brands online at least 2 times in the last 2 months, (3) Have purchased one or several of the following Korean cosmetics brands (Laneige, Etude House, Sulwhasoo, The Face Shop, The Saem, Moonshot, Nature Republic, Missha, Tony Moly, Skinfood, and Innisfree) online. The data was collected through questionnaire using Google Form. The questionnaire used five-point Likert Scale with 5 as the highest point (completely agree) to measure respondents' attitudes toward certain statements. The data was then analysed using Multiple Linear Regression from the SPSS statistical software for hypothesis testings.

3. Result And Discussion

Respondents Characteristics

All respondents are women with 55.5% of them aged between 19-21 years old and the rest of 44.5% are between 22-24 years old. The respondents living in area 1 (Central Java) are 172 people while those from area 2 (West Java) are 14 people and area 3 (outside of Java) are 14 people. For the total amount of expenditure per month, half of respondents spend > IDR 1,000,000, the other 46.5% respondents spend IDR 500,000 - IDR 1,000,000 and the rest spend < IDR 500,000. For the average amount of total cosmetic expenditure per month, the majority of the respondents spend between IDR 200,000 - IDR 400,000 while 34% respondents spend > IDR 400.000 and the rest spend < IDR 200,000.

Table 1 Respondent Characteristics

Characteristic	Number of People	Percentage
Age		
1. 19-21 years old	111	55.5%
2. 22-24 years old	89	44.5%
3. ≥ 25 years old	0	0%
Gender		
1. Male	0	0%
2. Female	200	100%
Residence		
1. Area 1 (Central Java)	172	0.86%
2. Area 2 (West Java)	14	0.07%
3. Area 3 (outside Java)	14	0.07%
Total amount of expenditure per month		
1. < IDR 500.000	6	3%
2. IDR 500.000 – IDR 1.000.000	93	46.5%
3. > IDR 1.000.000	101	50.5%
The average amount of total cosmetic expenditure per month		
1. < IDR 200.000	16	8%
2. IDR 200.000 – IDR 400.000	116	58%
3. > IDR 400.000	68	34%

Source: Primary Data (2020)

Descriptive Statistics on E-Trust, User's Experiences, Brand Equity, Customer E-Satisfaction, and Customer E-Loyalty**Table 2 E-Trust**

Variable	Statement	N	Percentage (%)				
			5	4	3	2	1
E-Trust	I feel that online stores will not convey my personal data /information to other parties without permission.	200	23.5	51	23	2.5	0
	I believe that online stores apply security methods to protect the online buyers.	200	25.5	57	15	2.5	0

Source: Primary Data (2020)

The descriptive statistics of E-Trust variable shows that 51% of the respondents agree on the statement of personal data safety and 57% agree that online stores apply security method.

Table 3 User's Experiences

Variable	Statement	N	Percentage (%)				
			5	4	3	2	1
User's Experiences	I hope that the experience of buying this product has a positive impact in the future.	200	35	52.5	10.5	2	0
	I am used to buying Korean cosmetics brand products in online stores.	200	34.5	47	15.5	2.5	0.5
	Since I buy Korean cosmetic brand products, I will provide insight to others.	200	40.5	43.5	12.5	3	0.5
	I see that other customers use Korean cosmetic brand products	200	33.5	50	13.5	2.5	0.5

Source: Primary Data (2020)

The user's experiences of buying Korean cosmetics at online stores tend to be strong; especially on the statement of customers' hope of the products' positive impact (52.5%), the knowledge that others also use Korean cosmetic brand products (50%), and the habit of buying Korean cosmetics online (47%). While very strong agreement is shown on the customers' willingness to provide insight to others (40.5%)

Table 4. Brand Equity

Variable	Statement	N	Percentage (%)				
			5	4	3	2	1
Brand Equity	I realize that these brands are not local brands.	200	30	49.5	18.5	2	0
	I feel that the clarity of information of Korean cosmetics brands products adds a positive image.	200	34	45.5	17.5	3	0
	I feel that the quality of Korean cosmetics brands products adds a positive image.	200	35.5	48	13.5	3	0
	I feel that the uniqueness of Korean cosmetics brands products adds a positive image.	200	44.5	36.5	17	1	1
	I am sure Korean cosmetic brands have high quality.	200	41	40	17.5	1	0.5
	I am sure Korean cosmetic brands are loved by other people.	200	35.5	49	14	1	0.5
	I faithfully use Korean cosmetics brands.	200	35.5	49	12.5	3	0

Source: Primary Data (2020)

The descriptive statistics of Brand Equity variable has high scores on the realization that the brands are imported (49.5%), the information is clear (45.5%) and the quality adds the good image (48%), so that the customers-as well as the others- will continue using them (49%). Highest scores are obtained on customers' perception that the brands are unique (44.5%) and have high quality (41%).

Table 5. Customer E-Satisfaction

Variable	Statement	N	Percentage (%)				
			5	4	3	2	1
Customer Satisfaction	I am satisfied because there are features that display reviews from other customers.	200	31.5	53.5	12.5	2.5	0
	Thoroughly, I was satisfied with having the experience of buying brands of Korean cosmetics from online stores.	200	28.5	52	16.5	3	0
	Completeness information on Korean cosmetics adds to my satisfaction value.	200	33.5	50.5	13	3	0
	I am satisfied to be treated with full attention by the online store.	200	37	45.5	15	2	0.5

Source: Primary Data (2020)

The scores for Customer E-Satisfaction variable are dominated by strong satisfaction of knowing others' review (53.5%), the availability of complete information (50.5%), the full attention given by the online stores (45.5%) and the overall satisfaction of buying Korean cosmetics online (52%).

Table 6. Questionnaire Results on Customer E-Loyalty

Variable	Statement	N	Percentage (%)				
			5	4	3	2	1
Customer E-Loyalty	I repeatedly bought brands of Korean cosmetics at this online store.	200	45.5	42	10.5	1.5	0.5
	I will suggest this online store to others.	200	45	40	13	1.5	0.5
	I will not switch to any other online stores that suggested by others.	200	45.5	43	9.5	2	0

Source: Primary Data (2020)

The descriptive statistics of Customers' e-loyalty shows very high scores on all statements; the customers re-purchase the Korean cosmetics brands (45.5%), are willing to give recommendation to others (45%), and are not interested to switch (45.5%).

Analysis

There are two model tested in this study using Multiple Linear Regression analysis. The first model is used to test hypotheses 1-3 and the second model is used to test hypotheses 4. The output for the first model can be seen in Table 7 and 8.

Table 7. Multiple Linear Regression Model I Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.365	.905		3.720	.000
	TTRU	.087	.060	.074	1.445	.150
	TEXP	.530	.074	.538	7.127	.000
	TBRE	.130	.048	.211	2.728	.007

a. Dependent Variable: TSAT

Table 8. Model Summary I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.541	.534	1.674

a. Predictors: (Constant), TBRE, TTRU, TEXP

Source: Primary Data (2020)

From the result, it can be seen that E-Trust (TTRU), User's Experiences (TEXP) and Brand Equity (TBRE) have positive relation with Customers' E-Satisfaction (TSAT) with the value of 0.087, 0.530, and 0.130. The value of R² is 0.541 which proves that the dependent variable (Customer E-Satisfaction) can be explained by the independent variables (E-Trust, User's Experiences, and Brand Equity) by 54.1%. While the residual (100 percent - 54.1 percent = 45.9 percent) is explained by other variables outside this study. Meanwhile, the value of ϵ_1 can be found with the formula $\epsilon_1 = \sqrt{(1-0.541)} = 0.6775$.

Equation 1:

$$SAT = 3.365 + 0.087 TRU + 0.530 EXP + 0.130 BRE + 0.6775$$

Thus, this study proves that E-Trust has no influence on Customer E-Satisfaction (H1 is rejected) since the value of significance coefficient of E-Trust is 0.150 (Table 7) which is more than 0.05. This result contradicts the finding of the research conducted by Soegoto, (2013) which stated that there is a significant relationship between E-Trust and Customer E-Satisfaction. However, the result of this study supports the previous study conducted by Marlien & Supriyadi, (2015) which states that E-Trust has no influence on Customer E-Satisfaction. H2 and H3 in this study are accepted since the value of significance

coefficient of User's Experiences is 0.000 which is less than 0.05, while the value of significance coefficient of Brand Equity is 0.007, which is also less than 0.05.

Table 9. Multiple Linear Regression Model II Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.722	.882		3.086	.002
	TTRU	.061	.057	.063	1.082	.281
	TEXP	.196	.079	.239	2.499	.013
	TBRE	.161	.046	.313	3.512	.001
	TSAT	.112	.067	.134	1.662	.098

a. Dependent Variable: TLOY

Table 10. Model Summary II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645 ^a	.415	.403	1.577

a. Predictors: (Constant), TSAT, TTRU, TBRE, TEXP

Source: Primary Data (2020)

Customers' E-Loyalty can be explained by the independent variables including E-Trust (TTRU), User's Experiences (TEXP), and Brand Equity (TBRE), Customers' Satisfaction (TSAT) has positive relations on Customers' E-Loyalty (TLOY) with the value of 0.061, 0.196, 0.161 and 0.112. The value of R² is 0.415 which shows that the dependent variable can be explained by independent variables by 41.5%. While the residual (100 percent - 41.5 percent = 58.5 percent) is explained by other variables outside this study. Meanwhile, for the value of ϵ^2 can be found with the formula $\epsilon^2 = \sqrt{1 - 0.415} = 0.7649$.

Equation 2:

$$LOY = 2.722 + 0.061 TRU + 0.196 EXP + 0.161 BRE + 0.112 SAT + 0.7649$$

Customers' E-Satisfaction in this study does not meet the hypothesis which states that it is mediating the influence of E-Trust, User's Experiences, and Brand Equity on Customer E-Loyalty. The value of the direct effect on E-trust through Customer E-Satisfaction is 0.063 and the indirect effect is smaller, that is 0.01. This result shows that Customer E-Satisfaction has no role on mediating the impact of E-Trust on Customer E-Loyalty. It contradicts with the studies conducted by Soegoto (2013) which stated that Customer's E-Trust has a positive relationship with Customer E-Loyalty through Customer E-Satisfaction.

The value of the direct effect of User's Experiences is 0.239, bigger than the indirect effect value of 0.311. This shows that User's Experiences has a significant, indirect influence on Customer E-Loyalty through Customer E-Satisfaction. This finding is in line with the study result of Verhoef et al., (2009) which stated that there is a significant relationship between User's Experiences and Customer E-Loyalty through Customer E-Satisfaction.

Brand Equity has bigger indirect effect with the value of 0.313 than the direct effect with the value of 0.341. This shows that Brand Equity has indirect influence on Customer E-Loyalty through Customer E-Satisfaction. This finding supports the study result of Nam et al., (2011) which stated that there is a significant relationship between Brand Equity and Customer E-Loyalty through Customer E-Satisfaction. Based on the results, hypothesis 4 is not accepted since not all variables have significant, positive result on Customer E-Satisfaction.

4. Conclusion

Based on the results and the discussion, the authors conclude that E-Trust does not influence Customer E-Satisfaction, User's Experiences influences Customer E-Satisfaction, Brand Equity influences Customer E-Satisfaction, and Customer E-Satisfaction does not mediate the influence of E-Trust, User's Experiences, and Brand Equity on Customer E-Loyalty.

The questionnaire does not cover all regions in Indonesia, so this study does not represent Gen Z female Indonesian customers. Besides that, the mediating variable does not represent a complete mediation, so it can not represent the E-Trust variable very well. To overcome those limitations, it is

suggested that the further study takes broader data to create a better representation of the respondents and to strengthen more the theories on mediating variables.

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