

**The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

**Proceeding Book of**  
**The 2<sup>nd</sup> International Conference on Business and Banking Innovations**  
**(ICOBBI) 2020**  
**“Nurturing Business and Banking Sustainability”**  
Surabaya, 14 - 15<sup>th</sup> August 2020

**Master of Management of Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya  
Indonesia**

**Collaboration with**  
Magister Manajemen Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya  
Universitas 17 Agustus 1945 Surabaya  
Universitas Surabaya  
Universitas Dr. Soetomo Surabaya  
Universitas Dian Nuswantoro Semarang  
Sekolah Tinggi Ilmu Ekonomi 66 Kendari

Published by :  
Magister Manajemen Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya Indonesia  
Jalan Nginden Semolo 34<sup>th</sup> - 36<sup>th</sup> Surabaya  
Phone : 082247845434  
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### Published 14<sup>th</sup> & 15<sup>th</sup> August 2020

Magister Manajemen Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya Indonesia  
 Jalan Nginden Semolo 34<sup>th</sup> - 36<sup>th</sup> Surabaya, East Java 60118  
 Telpo 082247845434  
 Website : <http://pascasarjana.perbanas.ac.id/>  
 Indexed by google scholar

**ISBN : 978-623-92358-1-9**

The originality of the paper is the author's responsibility

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### FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2<sup>nd</sup> International Conference on Business and Banking Innovations was held on 14<sup>th</sup> – 15<sup>th</sup> August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program  
STIE Perbanas Surabaya

**Prof. Dr. Tatik Suryani, M.M.**

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### Tabel of Content

Cover.....	i
Committee.....	ii
Reviewers.....	iii
Foreword.....	iv
Table of Content.....	v

### Marketing

Analyzing Competitive Strategies in Food SMEs Post Pandemic Covid-19 (Case Study in Madiun Municipality) .....	1 - 9
Tatik Mulyati; Saraswati Budi Utami; Hendro Susi	

Effect of Support Services And Relationship Quality on Customer Loyalty and Repurchase Intention on Johnson & Johnson Customers in Surabaya.....	10 - 21
Fеды Ardiansyah	

The Effect of Service Quality and Trust on Repurchase Intention Through Customer Satisfaction in Rollaas Cafe Mall City of Tomorrow Surabaya .....	22 - 31
Brahma Satrya	

Analysis of Logistics Services Quality Using SERVQUAL Method in Surabaya City: Literature Review and Research Suggestion .....	32 - 36
Andini Anastasia Novitasari	

Exploration of Factors Affecting Customer Satisfaction and Loyalty in Community Pharmacies in Thailand: A Qualitative Study .....	37 - 43
Ramida Maruay; Chonlatis Darawong; Boonkiat Wisittigars	

The Effect of Social Media Marketing Activities, Brand Image, Customer Satisfaction on Shopee Customer Loyalty in Surabaya City .....	44 - 49
Farhan Hisyam; Tatik Suryani	

Performance Analysis Through Intrinsic and Extrinsic Motivation with Work Satisfaction as Intervening Variables in Retail Company Employees in Surabaya (Case Study on Employees of PT. Lotte Mart Marvel Surabaya) .....	50 - 55
Firdaus	

Influence of Work Fatigue, Unclear Tasks and Management Career on Employee Turnover at PT. Sulselbar Bank.....	56 - 64
Rosnaini Daga; Armi Pasampang; Aminuddin Hamdad	

Performance of Service In General Hospital City of Surabaya Era Covid-19.....	65 - 71
Feliks Anggia B.K. Panjaitan; Hwihanus; Adiati Trihastuti; Hotman Panjaitan	



# The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

Workability and Self Awareness on Employee Engagement in Indonesian Manufacturing Industries .....	72 - 78
Siti Mujanah	
Increasing Performance through Motivation and Competence at 17 August 1945 University Surabaya.....	79 - 89
Sri Budi Kasiyati; Endang Setyowati; Ida Bagus Cempena	
Developing Brand Loyalty .....	90 - 97
Estik Hari Prastiwi	
E-Marketing Adoption As an Alternative Solution For Fight Back The Covid-19.....	98 - 105
Febrianur Ibnu Fitroh Sukono Putra	
The Approach of The Agility Social Innovation: A Dynamic Capability Strategy .....	106 - 112
Mufti Agung Wibowo	
Quality of Work Life and Work Stress on Employee Performance .....	113 - 117
Sumiati	
Word of Mouse: How e-WOM Influence Consumer Behavior (A Study of UNTAG Surabaya Student) .....	118 - 128
Nanis Susanti	
The Effect of Service Quality, Customer Trust, Brand Image and Electronic Word of Mounth on Online Purchasing Decisions on Shopee Customers in Surabaya .....	129 - 144
Anis Fitriyasari	
The Effect of Marketing Mix 7Ps, Customer Experience, and Customer Relationship Marketing on Customer Loyalty Mediated by Indomaret Customer Satisfaction in Surabaya.....	145 - 152
Citra Putri Ramadani	
The Impact Of Celebrity Endorser And Self-Connection Of The Brand On The Equity Of The Brand .....	153 - 166
Mahmud; Mia Dika Anggraini	
The Brand Loyalty Determining Factors: The Role of Self Brand Connection, Brand Love, Brand Trust And Brand Image (at PT. Eloda Mitra) .....	167 - 174
Budi Anandya; Ni Made Laksmi Oktavia	
The Effect of Website and Social Media on Customer Behavior Responses .....	175 - 182
Tatik Suryani; Abu Amar Fauzi; Mochamad Nurhadi	
What Makes Tencent Becomes a Successful Business? a Case Study Analysis of Tencent.....	183 - 190
Binsar Energia Pratama Napitupulu	

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Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

The Effects of Social Media Marketing Activities on Brand Love and Brand Trust That Have an impact on Brand Loyalty of Visval Bags Consumers.....	191 - 196
Novian Navas Mahardhika	
Analysis the Effect of Marketing Mix on Consumer Decisions in Buying Paint Products ...	197 - 205
Febrianto Ramadhan	
Analysis of The Impact of The Development of Inolobunggadue Central Park (ICP) on Micro, Small And Medium Enterprises in Konawe Regency.....	206 - 212
Abdul Razak	
The Effect of Transformational Leadership and Work Commitment on Incentives and Disaster Preparedness for Southeast Sulawesi Province Disaster Preparedness .....	213 - 222
Bakhtiar Abbas	
The Effect of Service Quality on Civil Population Document Towards Society's Satisfaction and Trust for Population and Civil Registry Office of Kendari City.....	223 - 232
Nofal Supriaddin	
CRM Impact on Customer Satisfaction and Customer Loyalty at Garuda Indonesia: The Airline of Indonesia .....	233 - 240
Muhamad Reynaldi Adhyaksa	
The Implementation of Simple Form Gamification In Companies .....	241 - 246
Nathania Agatha Benita	
Social Entrepreneurship dan Peningkatan Ekonomi pada Siswa SMA Selamat Pagi Indonesia .....	247 - 254
Azwar Cholili	
Leaping Innovation Barriers For Business Longevity Purpose Based on Different Measurements of Innovation .....	255 - 261
Mia Novinda Mudjiono	
Business Model Analysis: A Study Case in Wood Pellet Industry.....	262 - 267
Kadek Budiadnyana Putra	
Drivers And Barriers Of Purchasing Groceries Online In Surabaya :Age, Gender, Educational Level And Experience As Moderating Variables .....	268 - 273
Diky Murdoyo Rahadiarto	
Optimization Services and Strategies Toward Satisfaction Value of Training Participants Held by Integrated Service Unit Surabaya .....	274 - 282
Sukesi	

# The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)

## "Nurturing Business and Banking Sustainability"

Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

The Influence of Investment Knowledge, Investment Motivation, Investment Capital and Investment Risk Perception on Investment Interest in Capital Markets (Study On Feb Dr. Soetomo University Students)..... 283 - 288  
Sri Handini

The Effects Of Human Capital And Strategic Partners On Strategic Planning And Organizational Performance (Study at PT. Segar Murni Utama) ..... 289 - 296  
JFX. Susanto Soekiman

The influenxe of Utilitarian Value, Hedonic Value, and Perceived Risk on Customer Satisfaction and Customer Loyalty to Shopee Customers in Surabaya..... 297 - 303  
Nensi Laurence Nggai; Dudy Anandya

Unisfat The Pattern of Spatial Interaction of Workers in Central Java Province using the Explanatory Spatial Data Analysis (ESDA) Approach ..... 304 - 315  
Caroline; Achmad Nuruddin S.; Etty Puji Lestari; Ceasilia Srimindarti; Teguh Imam Rahayu

Analysis Web-Based Customer Relationship Management Strategy at PT. ABC ..... 316 - 320  
Alfred Turisnol

The Influence of Planned Behavior On The Level of Customer Trust And Satisfaction In Determining Loyalty In Green Hotels In Indonesia ..... 321 - 328  
Hayuning Purnama Dewi

### Financial

Independence Financial Expertise in Audit Committee and Tax Avoidance: is business strategy moderate this relationship? .....329 - 337  
Ms. Lisa Gabrielle; Devie; Juniarti

Effect of Asset Quality, Liquidity, Solvability, Efficiency and Good Corporate Governance (GCG) Towards Go Public Bank Profitability In Indonesia .....338 - 350  
Ramlan

Credit Quality Stress Tests Based on Macroeconomics at Bank Persero in Indonesia in 2008 - 2016 .....351 - 359  
Elna Arlina Nandasari

Decision On The Utilization Of Digital Payment In Millennial Generation Based On Perceived Experience.....360 - 365  
Karta Negara Salam; Muh. Imam Taufiq

Determining Factors of Thin Capitalization Practices in Indonesia .....366 - 381  
Jepri Duwi Safrudin; Diah Hari Suryaningrum



# The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)

## "Nurturing Business and Banking Sustainability"

Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

Factors That Become A Customer Considerations Become A Brachless Bangking Agent ..382 - 388 Novita Rosanti	
Going Concern and Liquidity Perspective in Indonesia Manufacture Industry.....389 - 394 Tri Ratnawati; Widi; Rahmiyati; Nekky	
Influence Of Debt Policy And Cash Ratio On Dividend Policy On IDX30 Index In Indonesia Stock Exchange.....395 - 400 Muhammad Ashary Anshar; Ichbal Warimin	
Performance Analysis Of Share And After Online Application On The Sector Registered Transportation In Indonesia Exchange .....401 - 406 Rachman Suwandaru; Hartina	
Measuring The Performance of the Surabaya City Regional Budget Value For Money Analysis.....407 - 414 Risanda Alirastra Budiantoro; Tito Aditya Perdana	
A Syestematic Literature Review of Liquidity, Asset Quality, Size, Solvability and Efficiency of Probability on National Private Commercial Banks Go Public .....415 - 421 Devinta Ayu Ramadhani	
The Effect of Multiple Role Conflict on Employees Performance Moderated By Self Efficac .....422 - 428 Awanis Linati Haziroh, S.M, M.M.; Amanda Dyla Pramadanti; Raden Ayu Aminah R.P.S; Febrianur Ibnu Fitroh Sukono Putra	
The Factors of Banking Capital Structure Determination in Indonesia.....429 - 434 Foza Hadyu Hasanatina; Amalia Nur Chasanah; Vicky Oktavia	
Identification and Analysis of Regional Economic Growth Patterns in the New Autonomous Region of Southeast Sulawesi Province.....435 - 448 H. Mahmudin A. Sabilalo	
Corporate Partnership of PT. SKLT with Crackers MSME in Sidoarjo As a Form Corporate Social Responsibility (CSR) .....449 - 463 Jimmy Herlambang	
Influencing Factors Safety Quality Cost Delivery People (SQCDP) on Lean Manufacturing Implementation at Directorate Production Indonesian Aerospace (IAe).....464 - 471 Niza Nurmalasari; Ida Aju Brahmasari; Ida Aju Brahma Ratih	
Increasing the Role Of Bank Financial Institutions and Non-Bank Financial Institutional in Providing Optimal Distribution For Communities During The COVID-Pandemic.....472 - 479 Matdio Siahaan	

# The 2<sup>nd</sup> International Conference on Business and Banking Innovations (ICOBBI)

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Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

Utilization of Payment Gateway in Fundraising from a Management Perspective of Zakat, Infaq, and Alms: A Case Study of Baitul Maal Hidayatullah Surabaya .....	480 - 486
Sarah Lutfiyah Nugraha and Ika Yunia Fauzia	
The Impact of Capital Structure Towards Firm Performance Moderated by Corporate Governance in LQ-45 Company in BEI at 2013-2018.....	487 - 495
Gabby Markus Angkasajaya; Putu Anom Mahadwartha	

# The Influence of Utilitarian Value, Hedonic Value, and Perceived Risk on Customer Satisfaction and Customer Loyalty to Shopee Customers in Surabaya

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## ARTICLE INFO

### Article history:

Received 10 August 2020

Revised 14 August 2020

Accepted 29 August 2020

### Key words:

Utilitarian Value, Hedonic Value, Perceived Risk, Customer Satisfaction, Customer Loyalty.

## ABSTRACT

Abstract should include the research topic or problem, purpose of the research, this study aims to determine and analyze the effect of utilitarian value, hedonic value, and perceived risk on customer satisfaction and customer loyalty to Shopee customers in Surabaya. The data used in this study are primary data obtained from questionnaires. Respondents in this study were 200 respondents who had shopped at Shopee. The sampling technique for this research is non-probability sampling. This research uses a quantitative approach through statistical testing. The analysis in this study uses the Structural Equation Modeling (SEM) model and is processed using SPSS 18 and Amos 22 software to test measurement models and structural models. The results of this study indicate that utilitarian value and hedonic value have a significant effect on customer satisfaction with Shopee customers in Surabaya. Meanwhile, utilitarian value and hedonic value do not have a significant effect on customer loyalty to Shopee customers in Surabaya, while perceived risk does not have a significant effect on customer satisfaction.

## 1. INTRODUCTION

The development of the internet today has progressed very rapidly, and has become something that is useful and important to society. This is due to the fact that in the world of internet, information can be provided to people around the world and is not limited by time and space.



Figure 1  
 Results of the 2019 Internet User Survey  
 Source: <https://wearesocial.com/>

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From the infographic above, it can be seen that the total population of Indonesia has reached 268.2 million, while it is known that mobile users have reached 355.5 million. This means that the circulation of mobile users is more than the total population in Indonesia. It can happen if one person has 2 or more gadgets. Turning to Internet Users, there are 150 million active internet users, this means that 56% of the total population of Indonesia already uses the internet. Likewise with social media, an average of 50% more of the Indonesian population actively uses social media.

This phenomenon shows that Indonesia is a potential market for developing the Marketplace business. Marketplace is a web application that helps promote, provide a place for sellers and facilitate online money transactions.

With this capability, many things can be done via the internet, such as buying and selling business activities, although currently it can be done via the internet as a medium of communication between sellers and buyers. The buying and selling activities that have begun to develop through the internet network are often referred to as online trading activities or e-commerce. Where consumers can shop online (e-shopping) by visiting a website page that is in the internet network to shop.

There are five reasons that cause people to switch to online shopping, namely: First, saving time and effort. Increasingly congested traffic makes everyone have to go through an uphill battle to move places, so online shopping is now a choice for those who don't have much time to shop at shopping centers. Without the hassle of going through traffic to arrive at a shopping center, people can get the items they want by simply accessing the internet via smartphones. In addition, people also do not need to spend energy leaving the house, queuing at the cashier, or carrying a lot of things in shopping centers.

Second, there are many promotions available. The proliferation of e-commerce has made online shop players provide many promotions to attract customers. The various promotions offered by various shopping places are what make many people transact in cyberspace. The types of promotions offered by online businesses are also diverse, ranging in the form of price discounts, point rewards that can be exchanged, to shopping vouchers.

Third, more payment options. Many online businesses work with banks and multi-financial institutions as payment partners. This is what makes many online or e-commerce stores provide installment services, either by credit card, or without credit card installments. Without having to spend large funds, you can buy the desired item in installments.

Fourth, many variants of goods are more complete. Conventional stores are often not as complete as online stores, because online businesses come from all over Indonesia, even around the world, so people can look for goods from anywhere, even abroad.

Fifth, can compare the price of goods. If you shop for the desired product in a conventional store, it will certainly be difficult to compare one product with another product. It is different with online stores, people only open several online stores at once, look for items to buy, then compare prices one by one. Today there are many e-commerce comparison sites. Not only in terms of selling price, but you can also compare the ongoing promos in each e-commerce, so you get the best offer.

One of the Marketplace companies in Indonesia is PT. Shopee. Shopee was officially introduced in Singapore in 2015, followed by Malaysia, the Philippines, Taiwan, Thailand, Vietnam and Indonesia. Shopee Indonesia also uses a buying and selling service system between sellers and buyers through the live chat feature. Shopee payments can be made via Indomaret, bank transfer, and credit card. (Feng, 2018).

Online commerce is a form of business that utilizes the internet network as a medium in marketing and selling products or services electronically. With this online trading system forming a new behavior where the environment in its business activities is very different from conventional trading in general. Business people in online trading also need to understand the new culture that has emerged due to differences in the environment in buying and selling transactions to maximize their marketing efforts.

In an online business such as e-commerce or online trading, a quality service is required that can meet the needs and desires of consumers as an effective marketing effort. So that marketing in e-commerce also basically has the same concept as trade in general where customer satisfaction is one of the goals of marketing to increase repurchase interest which will create consumer loyalty. Shopping activities carried out rationally by consumers, namely by considering the benefits provided are called utilitarian value. However, shopping activities are also influenced by emotional values such as enjoyment and pleasure, otherwise known as hedonic values (Ma'ruf, 2006).



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The widespread growth of e-commerce in Indonesia has made online shopping easier. Even so, a number of problems remained. Problems faced by online shopping customers include: delivery time, order status, payment systems, damaged or non-identical products, newsletter systems, product stock updates, and fraud.

Shopee as a Marketplace application strives to provide the best service for the satisfaction of its consumers. Excellent features are also presented to meet customer satisfaction and increase interactivity. The feature featured on the Shopee application is live chat. Shopee presents a live chat feature that makes it different from other e-commerce companies. Through this live chat feature, consumers can directly talk with sellers to be able to negotiate the items they want to buy, this has an impact on the interactivity between sellers and consumers.

Through this feature, Shopee users can experience the convenience of shopping online. In the live chat feature, Shopee application users can communicate in real time when making transactions. And one of the features provided is the bargaining feature. Consumers can bargain as in conventional markets so that consumers can get a lower price than the price listed by the seller. The interactivity created by the seller has an impact on consumer confidence. Trust arises as a result of the interactivity between sellers and consumers. The intention of buying back consumers online will result in better business strategies and long-term profits for the online seller, which in turn contributes to long-term success in the online marketplace. Shopee presents these flagship features as an effort to increase customer satisfaction and create consumer loyalty to Shopee. All forms of convenience, security, and facilities are provided by Shopee to meet the needs of its consumers.

This study was conducted to determine whether online buyers at Shopee were influenced by utilitarian value (based on benefits), hedonic value (based on perceived emotions), perceived risk (based on accepted risk). Then, to examine whether utilitarian value and hedonic value affect customer satisfaction and customer loyalty, and to examine whether perceived risk has an effect on customer satisfaction, and customer satisfaction affects customer loyalty to Shopee customers in Surabaya.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

This research is a future research from a journal entitled "the effect of hedonic and utilitarian values on satisfaction and loyalty of airbnb users" written by Lee and Kim (2017), added with a variable perceived risk from a journal entitled "the influence of perceived value on. purchase intention in social commerce context" written by Gan and Wang (2017).

Here are 6 research hypotheses: (1) hedonic value will have a positive effect on customer satisfaction, (2) hedonic value will have a positive effect on customer loyalty, (3) perceived risk will have a negative effect on customer satisfaction, (4) utilitarian value will have a positive effect on customer satisfaction. customer satisfaction, (5) utilitarian value will have a positive effect on customer loyalty, (6) customer satisfaction will have a positive effect on customer loyalty.

Of the 6 hypotheses, the authors refer to several theories in research, namely value, utilitarian value, hedonic value, perceived risk, customer satisfaction, and customer loyalty. Customer value grouping is described as two conflicting things between utilitarian value and hedonic value (Babin et al., (1994), Chandon et al., (2000), Childers et al., (2001), Voss et.al., (2003) in ryu, han and jang (2010). Babin et al., (1994) in Ryu et al., (2010) introduced two types of value perceived by consumers, by developing comparisons that measure both hedonic value and utilitarian value., which is obtained from the experience of consumers when consuming a product or service. Babin et al., (1994) in Ryū et al., (2010) also suggest that consumption activities carried out by consumers can produce hedonic value and utilitarian value.

When it comes to consuming goods and services, consumers tend to use intuitive judgment to decide whether or not something is risky. The risk to consumers has a moderate effect because they are more often or more likely to try to avoid the wrong choice of goods than to benefit from the utility of the product in purchasing decisions. This results in consumers developing routines to reduce risks such as avoiding buying decisions, gathering information from friends and from promotions (Kotler et al., 2009).

According to Hunt (1997, p.459) in Ryū et al., (2010), customer satisfaction is "an evaluation rendered that the (product) experience was at least as good as it was supposed to be". According to Oliver (1999, p. 34) defines customer loyalty as "a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts".



### 3. RESEARCH METHODS

This type of research used in this research is a type of causal research. This research approach is quantitative because this study uses data processing that produces numbers. In this study, the object chosen was Shopee Indonesia. The data source used is primary data obtained by distributing questionnaires to Shopee respondents who have met the research characteristics.

In addition, the alternative answers listed in this questionnaire are arranged with a Likert Scale measurement which is intended to make respondents give an assessment of the statements given and will be measured on a scale of 5 levels, namely 1-5 (strongly disagree - disagree - neutral - agree - totally agree). In this study, the sample collection technique used is non-probability sampling, which is a sampling technique in which the sample unit is selected on the basis of personal judgment or convenience and the probability of any particular member or population selected is unknown or recognized. (Zikmund et al., 2013: 392). The type of non-probability sampling technique used is purposive sampling.

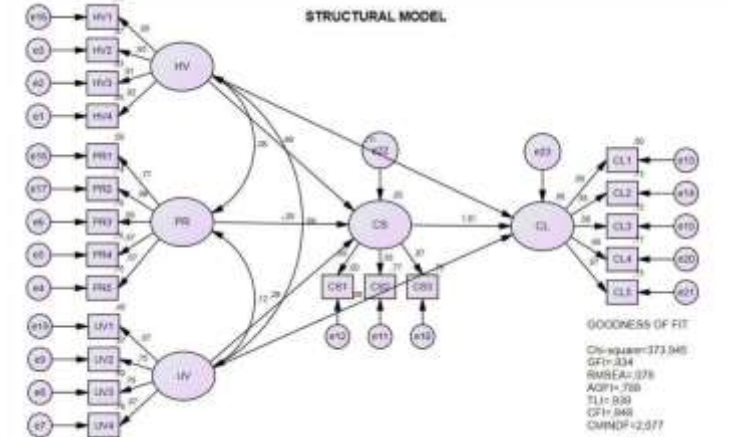
Data processing in this study used two types of software as analysis tools, namely SPSS 18 and AMOS 22. Data processing was started by using SPSS 18 software to test the validity and reliability of data collected using approximately 30 initial questionnaires. After testing the validity and reliability of the statement items and the results of the 30 questionnaires were declared valid and reliable, the distribution of the questionnaires was continued until they met the minimum standard number of samples previously set. After the questionnaire data was collected according to the minimum number of samples, the researcher then processed the data using SEM analysis techniques through AMOS 22 software.

Model measurement in SEM is carried out using 2 stages, namely measurement models and structural models. In this measurement model, 2 tests are carried out, namely the validity test and the reliability test. However, in each stage of SEM measurement, a model fit test will be carried out first to assess whether the research model and empirical data are suitable for analysis using SEM. Testing this data is called the Goodness of Fit.

### 4. DATA ANALYSIS AND DISCUSSION

Validity testing is carried out in 3 ways, in addition to using SPSS to test the items in the questionnaire with the Pearson correlation coefficient of each statement with the total score obtained where the significance value is less than 0.05 then it is declared valid, then method 2 is, using CFA (Confirmatory Factor Analysis) through the SEM method to test whether the items in the study are valid or not by looking at the standardized loading where the requirements must be in 0.5. The next way is to calculate the AVE value, where the value received is  $\geq 0.50$ . Meanwhile, for reliability testing, it was carried out in 2 ways, namely, first doing calculations with SPSS seeing the results of the Cronbach's alpha coefficient of each construct where the accepted condition was 0.6. Then the second way is to calculate CR (Construct Reliability) where the received CR value is  $\geq 0.70$ . Then proceed with the assessment of the structural model, namely hypothesis testing. In testing the hypothesis using  $\alpha = 5\%$ . Thus, the hypothesis can be accepted if the value of  $t \geq 1.96$  (critical ratio).

Figure 2. The results of the calculation of the structural model using AMOS 22



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## "Nurturing Business and Banking Sustainability"

Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

After testing the model fit test, on the structural model, the next step is hypothesis testing. This hypothesis testing is done to see the effect that can occur between one variable and another. Standard provision of value in testing this hypothesis is done by looking at the benchmarks for the probability value where the p value is  $\leq 0.05$  or  $p \leq 5\%$ . In addition, testing is also carried out by looking at the value of the critical ratio (CR) obtained. The required critical ratio value is  $\geq 1.96$ . If the results of the critical ratio and p-value obtained meet the criteria, the hypothesis is declared supported and significant.

Meanwhile, the estimated value contained in standardized regression weights is also used as a hypothesis testing tool. The estimate value is used to determine the direction and strength of the relationship if the hypothesized effect is proven to be significant. The estimate value obtained on each path shows how much influence between variables is carried out. The greater the estimate value, it shows that the greater the influence between one variable and another variable.

Of the 6 existing hypotheses, there are 3 supported and significant hypotheses and 3 unsupported and insignificant hypotheses. The 3 supported hypotheses are H1, H4, and H6. This is because the critical ratio and p-value do not meet the requirements for acceptance. Meanwhile for H2, H3, and H5, the CR calculation results are not significant, so this hypothesis is also rejected.

**Tabel 1. Hypothesis test**

Hypothesis	Relation	Standardized Estimate	Critical Ratio	P-Value	Explanation
H1	HV→CS	0,693	7,076	***	Significantly, the hypothesis is supported
H2	HV→CL	-0,113	-0,875	0,381	Not significant, the hypothesis is not supported
H3	PR→CS	-0,045	-1,191	0,234	Not significant, the hypothesis is not supported
H4	UV→CS	0,264	2,72	0,007	Significantly, the hypothesis is supported
H5	UV→CL	0,076	0,841	0,400	Not significant, the hypothesis is not supported
H6	CS→CL	1,013	6,739	***	Significantly, the hypothesis is supported

\*\*\*: significant with a p-value  $\leq 0.001$  or 1 %

Source: Appendix 9, processed data. The results of calculations using AMOS 22

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the results of tests that have been carried out and discussed in the previous chapter, the conclusion is obtained from the 6 hypotheses that have been tested using SEM Amos 22, there are 3 hypotheses that are not supported and 3 hypotheses are supported. The following is a description of the 6 research hypotheses: (1) Hedonic value has a positive and significant effect on customer satisfaction with Shopee customers in Surabaya. (2) Hedonic value has a negative and insignificant effect on customer loyalty to Shopee customers in Surabaya. (3) Perceived risk has a negative and insignificant effect on customer

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## “Nurturing Business and Banking Sustainability”

Surabaya, 14<sup>th</sup> - 15<sup>th</sup> August 2020

satisfaction with Shopee customers in Surabaya. (4) Utilitarian value has a positive and significant effect on customer satisfaction with Shopee customers in Surabaya. (5) Utilitarian value has a positive and insignificant effect on customer loyalty to Shopee customers in Surabaya. (6) Customer satisfaction has a positive and significant effect on customer loyalty for Shopee customers in Surabaya.

This research model has described the results of the data in the field which can be seen from the model suitability index. This model fulfills most of the model suitability indices which indicate the model is good. The results showed that utilitarian value and hedonic value have a positive effect on customer satisfaction. This result is in line with Lee and Kim (2017).

This research has limitations in it. The limitations of this research can open up opportunities for further research in the future. This research was conducted in only one marketplace. Further research needs to be tested for its strength by applying it to several marketplaces. Further research considers the marketplace context factor and the characteristics of consumers in Surabaya because it can affect customer motivation as fulfillment or just as experience, because customer motivation in choosing a marketplace to shop online varies. Conducting further studies regarding the effect of hedonic value, perceived risk, utilitarian value on customer satisfaction and customer loyalty in several marketplaces. In addition, further research will further expand the socio-demographic factors of respondents, such as age, education level, and lifestyle.

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