

THE INFLUENCE OF E-SERVICE QUALITY AND E-RECOVERY TOWARDS REPURCHASE INTENTION ON ONLINE SHOP IN SURABAYA: THE MEDIATING ROLE OF CUSTOMER LOYALTY

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ABSTRACT

The aim of this study is to determine whether E-Service Quality and E-Recovery influences repurchase intention in online stores in Surabaya by using customer loyalty as a mediator. This research was conducted from January 2020 to May 2020. The research method used was a survey method with a Likert scale. The population in this study was Surabaya residents who had already made a purchase in online stores. The researcher distributed 135 questionnaires to mostly 17-25 year old respondents, using purposive sampling methods. There were 117 respondent questionnaires that were suitable to be processed. Data analysis techniques using SmartPLS software version 3.2.9, PLS with structural equation analysis (SEM). The results show that the variable mediated by customer loyalty has a large influence on repurchase intention. In this study, it can be explained that there are significant influences between the effect of E-Service Quality and E-Recovery mediated by customer loyalty towards repurchase intention.

Keywords: *e-service quality, e-recovery, customer loyalty, and repurchase intention*

ABSTRAK

Penelitian ini dilakukan bertujuan untuk mengetahui adakah pengaruh antara E-Service Quality dan E-Recovery terhadap niat beli kembali pada toko online di Surabaya dengan menggunakan loyalitas pelanggan sebagai mediator. Penelitian ini dilakukan dari Januari 2020 hingga Mei 2020. Metode survei digunakan dalam penelitian ini dengan menggunakan skala likert. Populasinya adalah orang Surabaya dan sudah melakukan pembelian di Toko Online. Peneliti membagikan 135 kuesioner kepada sebagian besar responden berusia 17-25 tahun, menggunakan metode purposive sampling. Ada 117 responden yang cocok untuk diproses. Teknik analisis data menggunakan perangkat lunak SmartPLS versi 3.2.9 PLS (Partial Least Square) dengan analisis persamaan struktural (SEM). Hasil penelitian menunjukkan bahwa variabel yang dimediasi oleh loyalitas pelanggan berpengaruh terhadap niat pembelian kembali. kemudian, dijelaskan lagi terdapat pengaruh antara efek Kualitas E-Layanan dan E-Recovery yang dimediasi oleh loyalitas pelanggan terhadap niat pembelian kembali.

Keywords: *kualitas e-layanan, e-recovery, loyalitas pelanggan, dan niat pembelian kembali*

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1. Introduction

In this era of industry 4.0 company information is transacted online, including electronic commerce (e-commerce). In order for the company to maintain and increase the profits, companies tend to move from offline market to online market using e-commerce to conduct business with their customers. E-commerce is a kind of activity using the internet to perform business through mobile applications and browsers running on mobile devices (Laudon, 2017). People who participate in e-commerce are those who can access computers, have a connection to the internet, and have a way to pay for goods or services they buy. Smartphones help people to meet their daily needs or complete work by using e-commerce, since the ease of accessing various information and conveniences offered by it are effective and efficient.

Indonesia's e-commerce is growing rapidly and contributes significantly to the nation's growth. Online commerce accounts for \$8 billion per year and directly affects local manufacturing. The estimation of the growth of new internet users between 2015 and 2020 is 50 million new users (McKinsey, 2020). Moreover, Social media usage in Indonesia is also amongst the highest in the world. McKinsey specifies that the sales of online-commerce will grow eightfold in 2022 and the sales for social commerce will reach \$25 billion while for formal e-commerce will reach \$40 billion.

In the era of globalization, a variety of goods can be obtained online such as clothing, food, movie tickets, daily necessities and purchasing airline tickets or booking hotels. The development of e-commerce creates a business opportunity for Indonesia. There are an estimated 350 million internet users in South East Asia covering Indonesia, Thailand, the Philippines, Singapore,

Vietnam and Malaysia (Google & Temasek, 2020).

The e-commerce sector has been growing across Indonesia, and Java is one of the highest internet users. Online shopping users have been increasing rapidly. Since Java has the highest number of internet users at 55.7% this research will be focused on the Java region. Surabaya is categorized as the second largest metropolitan city in Indonesia. It has become a hub to establish business and attracted many investors. Surabaya was awarded as one of the best locations to invest ensuring that Surabaya city continues to grow rapidly. The business sector in Surabaya is evolving and increasing business opportunities.

According to Google and German research institution, purchasing behavior in Indonesia shows Surabaya has the highest number of active e-commerce users (Industry, 2020). 71% of people made a purchase in online stores and spend approximately 5-8 hours per day online. The trend of online shopping is a part of everyday lives. Nowadays, many companies use e-commerce platforms to provide facilities to their customers to simplify the shopping process. By using e-commerce, customers can easily compare several different e-commerce sites. In this case the e-commerce website provides consumers a shopping experience (Mohseni *et al.*, 2018).

The authors conducted a pre-survey to know which factors influence customer online repurchase intention, as consumers are easily convinced to purchase from other companies due to the many choices offered. The challenge for all online stores is to be able to continue to bring new improvement, innovations and maintain customer loyalty. Furthermore, this survey shows that the people are willing to repurchase from the same company up to six months later. In order to obtain accurate data this pre-survey is limited to

people that live in Surabaya. Further criteria includes people who previously purchased through online stores on a mobile application or website in the last five months. The aim of this pre-survey is to observe and justify whether this problem exists or not. Based on the survey, it shows that the three most significant aspects influencing online repurchase intention in online stores are e-service quality, e-recovery of the websites/application and customer loyalty.

The pre-survey responses shows that online shop e-service quality is still ahead in the appeal of its competitors. Sellers with high quality websites help potential customers by providing them comprehensive information to the products offered, both goods and services. With enough information provided will reduce confusion from prospective customers. This means the company has built a good relationship with consumers which can refer to higher customer loyalty (Chen *et al.*, 2017). Furthermore, the ability of the online shop to resolve problems, ease customer dissatisfaction to increase customer retention are main concerns for the company (Shafiee *et al.*, 2018). The researcher has shown that by effectively solving problems faced by consumers, it can affect several things as follows: how customer satisfy and loyal, perform word-of-mouth communication. (Zeithmal *et al.*, 2017). Moreover, when customers face problems such as delivery failures when using web platforms, it can lead to dissatisfaction and the relationship between the company and the customer will deteriorate (Pereira, 2017).

It is known that loyalty is mostly influenced by the recovery performance that follows the initial service failure – in which customer who experienced service failure but latter on followed by recovery demonstrate higher customer loyalty than it would be had no failure occurred (Pereira, 2017).

Meanwhile, research shows that if customer experience higher e-service quality, the e-customer satisfaction will also increase - e-service quality affects and escalates customer trust in the service provider. It turns out that online shopping is not only predicted by trust, but also customer loyalty. Specifically, every company relationship marketers must focus to generate customer loyalty, especially with regard to electronic transactions. In this case can prevent consumers from moving to other companies. Furthermore, loyalty of course, has a positive impact on companies, where consumers are usually willing to pay more and spread positive word of mouth about the company voluntarily. Customer loyalty is a dynamic concept influenced by a number of factors such as e-service quality and e-recovery (Al-Dweeri *et al.*, 2018)

Previous research indicates that e-service quality and e-recovery can influence repurchase intention using variable of customer satisfaction as mediating variable (Hasman *et al.*, 2019). Relationships are not affected by customer loyalty but by the variable of customer satisfaction. Numerous studies have analyzed the relationship between the four concepts (electronic service quality, electronic satisfaction, electronic trust and electronic loyalty. Ho and Lee, (2018) made reserach about relationship, and using information quality instead of electronic service quality, whilst Ghane *et al.*, (2018) and Ziaullah *et al.*, (2018) focused on that relationship with no consideration of loyalty that consist of: behavioral and attitudinal loyalty. Consequently, not many empirical studies have examined the relationship between electronic service quality, electronic satisfaction, electronic trust and electronic loyalty simultaneously. But as mentioned earlier, many studies have examined one or several variables on customer loyalty.

(Ghane *et al.*, 2018), a complete examination including direct effect and indirect effects in which electronic service quality and electronic recovery both have influence on customer loyalty.

Customer loyalty plays a vital components for the sustainability and development of the company. At present, the company's awareness of the importance of customer loyalty combined with implementing strategies to increase it that can lead to customer repurchase intention. Electronic service quality and electronic recovery have a significant effect on building customer loyalty since there are several factors which affect them and can lead to customer perception about loyalty. Customer loyalty is a mediator to influence customer repurchase intention (Shafiee *et al.*, 2018). To confirm the problem a wider scope is needed, along with testing whether each variable has a significant impact or not, therefore this research is conducted.

2. Literature Review

2.1. E-Service Quality

Service Quality is the precursors of Electronic Service Quality (e-SQ). The term of Service Quality was introduced by Kano (1984). He proposed the concept "The Kano's Model" with the dimension of service quality. Moreover, Gronroos (1984) suggested the concept of "Total Perceived Service Quality" in which he defines the customer's perception as what customer expected about the service, and the reality or what was experienced with the service with the dimensions of functional quality and technical quality. Parasuraman, *et al.*, (1985), further explores the model to explain the gap between customer's expectation and perception that occur. The first model comprised ten dimensions of service quality. In 1988 those ten dimensions became known as SERVQUAL that only consist of five dimensions: dependability,

receptiveness, understanding, assurances and tangibles (Parasuraman *et al.*, 1988). However, Cronin and Taylor (1992), opposed SERVQUAL and developed SERVPERF with the dimensions of reliability, responsiveness, empathy, assurance, tangibility.

In 2000, the term of service quality evolved to become e-SQ and e-SERVQUAL with the dimensions of information accessibility and content, easiness of usage or usability, confidentiality, graphic style, and reliability/fulfillment (Parasuraman *et al.*, 2000). Yoo and Donthu (2001) proposed the concept "Site Qual" with the dimensions of easiness of usage, artistic design, processing quickness, and safety. As well, Lociaco *et al.*, (2002) developed e-service quality with the WebQual model. Finally, Wolfinbarger and Gilly (2003) introduced eTailQ with the dimensions of website design, dependability or contentment, confidentiality or safety and the last dimension, customer service.

Parasuraman, Zeithaml, Malhotra (2005) developing E-S-QUAL AND E-Rec-SQUAL with the dimensions of efficiency, contentment, system accessibility, receptiveness, compensation and interaction. Agarwal *et al.*, (2007) proposed the concept of ESOSQ. Tsoukatos and Rand (2004) introduced the concept of GIQUAL with the dimensions of receptiveness, guarantee, understanding, tangibles and dependability. Furthermore, Yang and Zhang (2009) developed the terms SOFTWARE. Similarly, Barnes and Vidgen (2002) proposed the concept called WEB-QUAL with the dimensions of usability, design, information, trust and empathy.

2.2. E-Recovery

The definition of e-recovery is the way online marketplaces manage a service

performance below customer expectation that can lead to customer dissatisfaction (Zeithaml *et al.*, 2017). Companies need a set of strategies to reduce dissatisfaction when there is a problem whilst using the online marketplace. Incidents include transaction failure, defective product, delayed product delivery and errors when sending items. If problems are not pro-actively managed it may deeply affect the long-term relationship with the customer.

2.3. Customer Loyalty

Loyalty is a set of positive attitudes toward a product or brand that are followed with supportive behavior from the customer. Satisfaction plays an important factor of consumer loyalty and many organizations or companies invest in programs to increase customer satisfaction (Hawkins & Mothersbaught, 2010 & Hongdiyanto, 2019). Loyalty behavior can lead to customer repeat of orders.

Parasuraman *et al.*, (2005) in Shafiee *et al.*, (2018), mentioned e-loyalty is influenced by the encouragement from relatives to use a website, giving good reviews and place the site as first choice for transactions in the future and making many transactions in the near future. Customer loyalty has no difference with online loyalty. E-loyalty is a consumer's behavior that gives benefit to online sellers with the result of repeat purchase the product. (Kim *et al.*, 2018). By conducting depth analysis of this matter, it has encouraged other researchers to examine attitudinal and behavioral dimensions, its

antecedents and consequences (Kim *et al.*, 2018).

2.4. Repurchase Intention

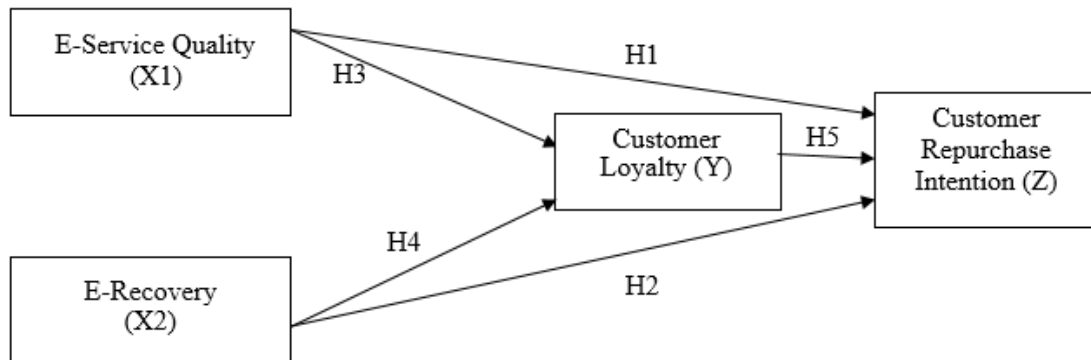
Repurchase intention defined as the customer's choice to purchase a product, goods or service. It must be taken from the same firm in the future. Furthermore, the repeat order from a customer is the key to accomplishment and increase profitability for online merchants according (Suhaily, 2017). The concept of repurchase intention is endorsed if the online buyer has made the first transaction successfully on the website. Based on this, buyers are still considering making transactions again on the same website in the future.

Customer retention is a concept that is quite popular with business people because it relates to competitive advantage. Some research has also discussed the factors that influence repurchase intention, the desire to carry out repurchase activities. Quality of experience in this case a combination of the process of conducting online transactions and the quality of the product purchased, is very important for online buyers.

Previous research, repurchase intentions especially for online stores can be measured using several aspects. Those factors consist of insights of product information, the payment systems provided, delivery system, service delivery, risk level, safety issues, secrecy concern, personalization, requests for reevaluation, carriage methods and system, and entertainment (Shafiee *et al.*, 2018).

2.5. Model of Analysis

Figure 1. Model of Analysis



Source: Data Processing (2020)

There is controversy about the relationship between website quality and repurchase intention found by Amini and Akbari (2008). They found that website quality influence repurchase intention, significantly. On the opposite results, Hasanov and Kahlid (2018) propose that website quality has no significant influence on repurchase intention. In spite of this, Winnie (2018) shows that among the inspected three dimensions of website quality, only content that has a significant influence, whilst the website design and website structure has no significant influence toward repurchase intention.

Based on the literature (Oliveria *et al.*, 2018; Liu & Suomi, 2018) e-service quality is a significant variable in increasing a competitive advantage in online transaction. Moreover, this can be performed by delivering a good service to customers (Li & Suomi, 2018). Prominent service excellence will inspire customers to reuse the same companies that in the future will raise a sense of being loyal. From the point of view of preceding research, high service quality will effect customer satisfaction in the same direction, therefore having a positive impact on customer repurchase intention from the identical vendor (Liu, 2018). Kim

(2017) claims that firms that are able to deliver high electronic services quality to fulfill the requirements from consumers will generate a competitive advantage over competitors and also inspire customers in being loyal. E-service quality is one of the determinants of competitive advantage which of course greatly affects the company in the long-run (Parasuraman *et al.*, 2017).

Therefore, researchers can assume the hypothesis as follows:

- H₁: E-service quality has a significant effect on customer repurchase intention.
- H₂: E-recovery has a significant effect on customer repurchase intention.
- H₃: E-service quality is mediated by customer loyalty and has a significant effect on the customer repurchase intention.
- H₄: E-recovery is mediated by customer loyalty and has a significant effect on customer repurchase intention.
- H₅: Customer loyalty has a significant effect on customer repurchase intention.

3. Research Model

The method of this research used quantitative research. Quantitative research method deals with measurement

and analysis variables to determine the outcome. It analyzing numerical data using several statistical techniques available to answer questions for example; who, where, how, who, how much, when and what. The definition of quantitative research methods is the explanation of an issue or phenomenon through assembly data in numerical form to be analyzed with the contribution of mathematical methods in statistics approach (Apuke, 2017).

The population in this study is people who already made a purchase in online stores. Here the researcher does not restrict the respondent by gender or age. It is the process of selecting samples from available units, with certain arrangements to ensure the same characteristics, attitudes and beliefs of the people (Rahi 2017). The sample is a portion of the number and characteristics possessed by the population. If the population is huge, and researchers might not study everything that occurs in the population, for example due to restricted funds, manpower and time, the researcher can use samples taken from that population. (Majid, 2018). The sampling technique used is purposive sampling. Purposive sampling is a type of sampling used for special occasions and events. Usually used by researchers for a specific case where researchers have difficulty using the entire population. Specific characteristics are given by the researcher to ensure that the sample can answer the questions given and in accordance with the objectives of the research. (Romero *et al.*, 2019). The

characteristics of the purposive sampling will be based on certain characteristics, such as:

- a. Respondents have experience of buying from e-commerce sites in Indonesia through website or/ and application
- b. Respondents are based in Surabaya
- c. Respondents have made an online purchase in these past 5 months. Assuming the time duration is sufficient to ensure the respondent has made an online transaction and still can remember the transaction made.

The researcher decided on those characteristics as it will be easier if the respondents are familiar with online purchasing, so they can easily understand the current problem. Since the quantity of the population is infinite, so to understand and define the number of the population will be using the Unknown Population method. According to the formula given, the result shows that the requirement of 97 samples can be adequate and accepted. However, from the sample calculation based on the districts the total sample will be used is 117 samples. Since Surabaya is a large city has several regions and districts, the total sample from the calculation will be divided into all the districts so the distribution of the sample will be equally disperse proportionally. By knowing the proportion of the population in Surabaya based on the region, the researcher have to make sure the number of samples obtained also matches that previously proportion.

Table 1. Sample Calculation Based on Region

Surabaya	Central	East	West	North	South	Total
Population	360.614	752.414	446.627	567.951	726.155	2.853.761
Percentage	12,63%	26,36%	15,65%	19,87%	25,44%	100%
Sample	13*	26*	16*	20*	25*	100

Source: Data Processing (2020)

Tables 2. The Research Variables and Indicators

Conceptual Definition	Indicators	Operational Definition	Source
E-Service Quality			
E-Service-Quality (e-SQ); how a website able to perform the function, effective and efficient.	1. Website performance 2. Information security and confidentiality	1. Simplifying the process of finding products on the website 2. Able to perform a transaction quickly 3. The easiness to browse 4. Structure of the information on the website 5. The security of keeping the online shopping behavior 6. The security banking information from customer 7. Strong commitment to deliver the product on-time 8. The security of customer information not being shared with other website	Shafiee <i>et al.</i> , (2018).
E-Recovery			
E-recovery can be defined by how company react to a service failure and able to reduce dissatisfaction in order to retain customers.	1. Responsiveness 2. Compensation 3. Contact	1. Ability to provide sufficient information for the process of returning and choosing a replacement product 2. Ability to provide adequate information at the time the transaction fails 3. Offering good guarantees 4. Resolve potential problems 5. Providing compensation if problem exist 6. The availability of online customer service representatives 7. The availability to directly speak to a live person online 8. Providing the company contact number	Zeithaml <i>et al.</i> , (2017).
Customer Loyalty			
Loyalty is customer commitment and trust while behavioral loyalty is validated by repurchase order.	1. Attitudinal loyalty 2. Behavioral loyalty	1. Encouraging friends to use the same online shop 2. Recommending the website to others 3. Spread positive information regarding the website to others 4. The consideration to use the same website in the future 5. Make another transaction in the near future	Al-dweeri <i>et al.</i> , (2018)
Repurchase Intention			
Repurchase intention is the chance of a customer to buy again from the same online shop for transaction in that will happend the future	Future purchase	1. Continue to shop online at the same online shop 2. Encourage others to shop online at the same marketplace 3. Use the same online shop more often for online purchases	Pham <i>et al.</i> , (2018)

Source: Data Processing (2020)

Partial least square is a multivariate statistical method that can handle many response variables and explanatory variables at the same time. This analysis is a decent alternative to the method of multiple regression analysis and principal component regression (Hair, 2017). The partial least square is a tool that is applied in prediction or explanatory modeling. As well as associate with a set of independent variables to several dependent variables (Garson, 2016).

The term of outer loading value and Average Variance Extracted Value (AVE) are applied to help measure the convergent validity. There is a significant correlation

between one measure and others part on a measurement, an instrument must pass above 0.7 of Outer Loading Value and 0.5 of AVE value to be examine as valid (Garson, 2016). Cross loading value is a tool to help measure the conclusive validity of an instrument, its mean that the result should be more than 0.7 to be categorized as valid (Garson, 2016).

Table 3. Outer Loading Value

	E-Service Quality	E-Recovery	Customer Loyalty	Repurchase Intention
x1.1	0,791			
x1.2	0,788			
x1.3	0,775			
x1.4	0,828			
x1.5	0,792			
x1.6	0,727			
x1.7	0,794			
x1.8	0,738			
x2.1		0,821		
x2.2		0,801		
x2.3		0,835		
x2.4		0,799		
x2.5		0,757		
x2.6		0,799		
x2.7		0,813		
x2.8		0,770		
y1.1			0,811	
y1.2			0,813	
y1.3			0,811	
y1.4			0,803	
y1.5			0,789	
z1.1				0,899
z1.2				0,812
z1.3				0,838

Source: Data Processing (2020)

Table 4. Average Variance Extracted Value

Variable	AVE (Average Variance Extracted)
E-Service Quality	0,648
E-Recovery	0,640
Customer Loyalty	0,608
Repurchase Intention	0,723

Source: Data Processing (2020)

Table 5. Composite Reliability and Cronbach Alpha

Variable	AVE (Average Variance Extracted)
E-Service Quality	0,648
E-Recovery	0,640
Customer Loyalty	0,608
Repurchase Intention	0,723

Source: Data Processing (2020)

The purpose of Composite reliability and Cronbach's alpha engaged in this test are to measure the reliability of an instrument, it is categorized as valid when the value reach above 0.6 for both factor. Based on information provided in Table 3, Table 4 and Table 5, all indicators in this research consider valid and reliable (Garson, 2016),

4. Result and Discussion

Smart PLS or Partial Least Square is a statistical software with the same goal with lisrel and AMOS. They examine the relationship between variables, good fellow latent variables and indicator variables, or manifest. Researcher uses Smart PLS when the subject has limited number of sample. While the model is built complex. It is not run when researcher use Lisrel or Amos. Table 6 shows the result of the partial least square equation. Partial Least Square equation of this study can be assessed from the path coefficients value or original sample value with p values shows under 0.05 score.

Table 6. PLS Equation of Y (Customer Loyalty)

Variable	Original Sample	P Values
E-Service Quality	0,413	0,000
E-Recovery	0,493	0,000

Source: Data Processing (2020)

Table 6 shows the result of the variable that mediated by Y variable or customer loyalty. The result explains about the effect of e-service quality (X1) and e-recovery (X2) towards the customer loyalty (Y1). The p-values of both variables are below the requirement 0.05. Moreover, the original sample result of e-service quality is 0.413, it means that e-service quality has a direct significant impact towards customer loyalty. Furthermore, it also applies for e-recovery that has 0.493 value of the original sample. As well as it shows that e-service quality has the less effect than an e-recovery variable.

Table 7. PLS Equation of Z (Repurchase Intention)

Variable	Original Sample	P Values
E-Service Quality	0,151	0,036
E-Recovery	0,290	0,022
Customer Loyalty	0,505	0,000

Source: Data Processing (2020)

The table 7 shows the result of Z PLS equation. It indicates the effect from variables electronic service quality (X1), electronic recovery (X2), and customer loyalty (Y1) towards repurchase intention (Z). The result from the equation shows e-service quality p value is 0,036; 0,022 for e-recovery; 0,000 for customer loyalty. It is considered valid when the p value is below 0.05, meaning e-service quality and e-recovery both have a direct effect on repurchase intention. Moreover, for the variable customer loyalty it has a positive direct relationship towards repurchase intention with 0.505 original sample value. The effect of the customer loyalty to repurchase intention is more influencing rather than electronic service quality and electronic recovery.

Table 8 shows the total direct influence of two of dependent variables, which are electronic service quality and electronic recovery. The direct influence of electronic service quality towards repurchase intention is significance. It can be seen from the t-statistic 2,100 (t-statistic >1,96). The research result proves that H₁ “E-Service quality have significance effect to customer repurchase intention” accepted. The influence of e-recovery(X2) towards the customer

repurchase intention (Z1) is proven significant. From table, the value of the t-statistic 2,289 (t-statistic>1,96). The research result proves that H₂ “E-Recovery have significance effect to customer repurchase intention” accepted.

The influence of electronic service quality (X1) mediated by customer loyalty (Y1) is proved significant. Shown by the value of the t-statistic 5,150 (t-statistic>1,96). The research result proves that H₃ “E-Service Quality mediated by customer loyalty has a significant effect on customer repurchase intention” accepted. The influence of the electronic recovery (X2) mediated by customer loyalty (Y1) is proved significant. Shown from the value of the t-statistic 6,155 (t-statistic>1,96). The research result proves that H₄ “E-Recovery mediated by customer loyalty has a significant effect on customer repurchase intention” accepted. In addition, the influence of the customer loyalty to customer repurchase intention (Z1) is proved significant. Shown from the value of the t-statistic 4,141 (t-statistic>1,96). The research result proves that H₅ “Customer Loyalty has a significant effect on customer repurchase intention” accepted.

Table 8. Path Coefficient between Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-Service Quality -> Repurchase Intention	0,151	0,155	0,072	2,100	0,036
E-Recovery -> Repurchase Intention	0,290	0,289	0,127	2,289	0,022
E-Service Quality -> Customer Loyalty	0,413	0,410	0,080	5,150	0,000
E-Recovery -> Customer Loyalty	0,493	0,495	0,080	6,155	0,000
Customer Loyalty -> Repurchase Intention	0,505	0,501	0,122	4,141	0,000

Source: Data Processing (2020)

Table 9. The Coefficient of Determination Test

	R Square	R Square Adjusted
Customer Loyalty	0,734	0,729
Repurchase Intention	0,793	0,787

Source: Data Processing (2020)

Table 9 shows the result of R² test for customer loyalty (Y) and repurchase intention (Z). From table 9, the R square result for the customer loyalty variable is 0,729 or 72.9%. It means that the variables X1, X2 towards Y1 have significant impact 72.9%. Moreover, repurchase intention variable R square result is 0,787 or 78.7%. It means that the variables X1, X2 and Y1 towards Z1 have significant impact 78.7%. In conclusion, customer loyalty as a mediator has a large impact on the repurchase intention.

The result of the Mediation effect test is seen from the t-statistic value in the total effect. The mediation effect tests the direct effect of the independent and dependent variable, and also the indirect effect of the independent variable and dependent variable. The result of the total effect is being used to see the total effect prediction (direct and indirect effect). The result of the total effect is shown in table 10.

Based on the table 10, it shows that the value of the t-statistic in total effect for every relationship between variable. The result shows the relationship between

e-service quality (X1) and repurchase intention (Z1) with the t-statistic 4,375 (t-statistic>1,96) while e-service quality (X1) to customer loyalty (Y1) will affect 5,150 to customer repurchase intention. Moreover, the relationship between e-recovery (X2) to repurchase intention (Z1) shows the t-statistic 5,292 while e-recovery (X2) to customer loyalty (Y1) t-statistic 6,155 and the relationship between the customer loyalty (Y1) and repurchase intention (Z1) with the t-statistic 4,141 (t-statistic>1,96).

Based on the result shows there is a mediation effect in the e-service quality and e-recovery mediated by customer loyalty has significant impact on repurchase intention since the t-statistic that using the customer loyalty give the bigger impact than the repurchase intention. Baron and Kenny (1986) mentioned that if the result of total effect variable X and Y are significance, however the mediation effect of customer loyalty categorizes as a partial mediation. The outcome of the research proves that H₃ “E-service quality mediated by customer loyalty have significant effect to the customer repurchase intention”, as well as H₄ “E-recovery mediated by customer loyalty have significant effect to the customer repurchase intention” are accepted. In conclusion in this model of analysis it is better to use customer loyalty as a mediator.

Table 10. Total Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV)	P Values
E-Service Quality -> Repurchase Intention	0,360	0,363	0,082	4,375	0,000
E-Recovery -> Repurchase Intention	0,539	0,534	0,102	5,292	0,000
E-Service Quality -> Customer Loyalty	0,413	0,410	0,080	5,150	0,000
E-Recovery -> Customer Loyalty	0,493	0,495	0,080	6,155	0,000
Customer Loyalty -> Repurchase Intention	0,505	0,501	0,122	4,141	0,000

Source: Data Processing (2020)

In order to increase the repurchase intention through electronic service quality the company should increase the performance of e-service quality such as the ability to simplify the procedure to find products, the ease of making transactions quickly, the ease of browsing on the website, providing structured information on the website, securely store information related to consumers, both consumer shopping habits or banking information, ensure delivery of goods is always on time and ensure customer information is not spread to other websites. Even though the company may have already done this, the company seemed not to pay attention or take care in every aspect of it. For instance, when there is an unpredictable action from a third party such as a hacker it will affect the e-service quality.

In the dimension of electronic service quality there are two indicators provided (Shafiee *et al.*, 2018). Firstly, website performance, and secondly information security and confidentiality. These two aspects are crucial and prone to attack by hackers. The company should improve their cyber-security of the application and continually update their software. The company web developer should implement strategy to decrease the chance of the program are being hacked.

This is supported by previous research by Shafiee *et al.*, (2018) which stated that electronic service quality has a significant influence on customer repurchase intention. Online shoppers will experience good quality of online service such as website performance when the customer can easily accesses the platform without any lag or errors, and confidential customer data such as name, e-mail, address, phone number, banking data are secure and not exposed to the public or dark web when making a decision to repurchase from the same store.

To increase the repurchase intention through e-recovery the company

should increase the performance of e-recovery such as the ability to providing sufficient information for the process of returning and choosing a replacement product, provide adequate information at the time the transaction fails and provide a guarantees, taking care of potential problems, provide forms of compensation for certain problems, provide online customer service and customer service that directly responds to complaints live and provides a contact number from the company. Further, the company should propose several acceptable solutions and to ensure the problem does not escalate. Transparency, integrity and responsibility are the most important factors. When the company faces a customer issue, they should aim to response with appropriate action to resolve the issue.

Previous research by Shafiee *et al.*, (2018) states e-recovery has a significant effect towards customer repurchase intention. Online shoppers will be affected by the service recovery such as responsiveness when the company has better communication with customers and positive feedback from customer surveys relating to a variety of circumstances. As well as the compensation indicator when the company implements an acceptable solution if a product is not delivered on time, or there is an error with product shipment. A further indicator is contact, when the company can be contacted and fosters positive communication with customers, customers make a decision to repurchase again in the same online shop.

To increase the repurchase intention through e-service quality mediated by customer loyalty the company should increase the performance of e-service such as the ability to foster a positive user experience (UX) and offer a good customer service. The definition of user experience is the personal feeling when interacting with a system. User experience as an attractive tool to the customer, it

creates an atmosphere where the customers are meet their exact needs without fuss or bother when accessing the platform. Designing a great experience to the customer is the best way to build trust and loyalty. This is supported by previous research of Rita *et al.*, (2019) which stated that e-service quality has significant influence towards customer repurchase intention. Online shoppers will be affected by the electronic service quality that the online store provides to generate the customer loyalty by the user experience when they are comfortably using the sites in order to make a decision to repurchase again in the same online store.

To increase the repurchase intention through electronic service quality that is mediated by customer loyalty, the company should increase the performance of electronic service such as the ability to collect actionable feedback. Feedback is a useful tool providing helpful information from previous action or behavior of the company from the customer. Successful companies consistently search for ways to improve, feedback is helpful as it highpoints weaknesses and strengths and can help formulate impactful strategy and action assisting a company to move forward with improved processes.

Furthermore, this statement is supported by a previous research, Sciarelli *et al.*, (2017) which stated e-recovery mediated by customer loyalty has a significant effect on customer repurchase intention. Online shoppers are affected by the service recovery such as collecting an actionable feedback to know the current opinion about the company as well as proposing a new improvement that the online store provides in order to increase the chance of the customer make a decision to repurchase again in the same online store.

To increase the repurchase intention through customer loyalty the company could implement a loyalty or rewards

program for customers. A loyalty program is a program to encourage the customer to return to online shop where they frequently make a purchase. The company can provide incentives in the form of access to information for new products, provide more discounts or maybe give free merchandise. Loyalty programs are one of the most effective strategies to increase revenue and enhance customer loyalty. This is supported by research of Prapriestri *et al.*, (2019) which stated that customer loyalty has a significant effect on customer repurchase intention. Online shoppers that are engaged in a loyalty program continue to repurchase again from the same online store in the future.

5. Conclusion

Based on discussion previously, it can be concluded that E-Service Quality has a significant effect on customer repurchase intention in online stores and E-Recovery has a significant effect on customer repurchase intention in online stores. It also concluded that E-Service Quality mediated by customer loyalty has a significant effect on customer repurchase intention in online stores and E-Recovery mediated by customer loyalty has a significant effect on customer repurchase intention in online stores. For the last one, Customer Loyalty has a significant effect on customer repurchase intention in online stores.

5.1 Managerial Implication

As customer loyalty as a mediator provides a positive effect on e-service quality and e-recovery, online stores should aim to increase customer loyalty. It is an important variable that can have a significant effect on influencing customers to repurchase again in online stores. E-Service Quality is a significant variable due to the fact that e-service quality has a significant impact on customer repurchase

intention both directly and indirectly. To increase e-service quality the improvements of website performance and information security and confidentiality should be considered and the company should maintain those aspects. However, when the variable e-service quality is mediated by customer loyalty it shows that the level of repurchase intention is higher. As well as the E-Recovery variable with the dimension of responsiveness, compensation and contact, this variable has significant impact towards repurchase intention direct and indirectly, however when the e-recovery mediated by customer loyalty, the level of repurchase intention is increasing.

Customer loyalty positively affects customer repurchase intention, which means that customers will repurchase again in online stores if the level of loyalty was adequate or above customer expectation. Therefore it is must for a company to have a specific marketing strategy given to reach the targeted consumers (Teofilus *et al.*, 2020). To conclude, the mediating effect of the customer loyalty is significant and the model will be better if using a customer loyalty as a mediator. Even though e-service quality and e-recovery has a direct relationship to repurchase intention, customer loyalty is the greater influence. This research supports the previous findings of the previous study (Shafie *et al.*, 2018).

Suggestions that can be made; this research has helped the researcher to identify the questions raised from the gap in the previous study, and to understand the effect of e-service quality and e-recovery with customer loyalty towards repurchase. The gap from previous study, Hasman *et al.*, (2019) stated that e-service quality and e-recovery was not impacted by the variable customer loyalty, but was influenced by the variable customer satisfaction. This previous study was cited

by two other researcher as a reference.

Meanwhile, this research has shown that the variable e-service quality and e-recovery with customer loyalty as a mediator has a significant impact on repurchase intention, supporting the results of the research by Shafie *et al.*, (2018). Furthermore, this previous study was cited by fourteen other researchers as a reference. The researcher is pleased that the research question was able to be confirmed in this thesis final project.

The research can be used as a reference for business owners and entrepreneurs to enrich their understanding and reduce confusion due to bias, and plan strategies to increase online sales defined by the support factor of repurchase intention. As well as to have knowledge and to understand the effect of e-service quality and e-recovery with or without customer loyalty towards repurchase intention to make this research as a future reference. Future researchers can conduct deeper study on these variables, based on further journals and testing more respondents with different residential, characteristics and criteria's; other than the independent variables mentioned in this research to attain for greater insights. Moreover, the future researcher can also study about other variable such as trust, customer satisfaction, perceive value, brand image or another variable that could affect repurchase intention.

5.2 Research Limitation

As for the research limitation, the questionnaire was structured and distributed online through Google forms. The questionnaire is specific about address and not all respondents were willing to answer due to privacy concerns. There were several respondents who did not fulfill the criteria required such as respondent residing in Surabaya, respondent didn't answer the address and

duplicate fill-ins; so, the researcher was required to delete some unusable data. There were total 135 respondents in raw data (include the person who residing

outside Surabaya who fulfill the questionnaire), though only 117 selected data are used for this research.

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