

**THE EFFECT OF E-SERVICESCAPE ON INDONESIAS' ONLINE RIDE-
SHARING APPLICATION TOWARDS PERCEIVED E-TRANSACTIONS
VALUE AND CUSTOMER LOYALTY**

(A Case Study in Bandar Lampung)

(Undergraduate Thesis)

By

KARINA PUTRI DARMAWAN



**FACULTY OF ECONOMICS AND BUSINESS
THE UNIVERSITY OF LAMPUNG
BANDARLAMPUNG
2019**

ABSTRACT

THE EFFECT OF E-SERVICESCAPES ON INDONESIA'S ONLINE RIDE-SHARING APPLICATION TOWARDS PERCEIVED E-SHOPPING VALUE AND CUSTOMERS LOYALTY (A CASE STUDY IN BANDAR LAMPUNG)

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Other than giving the right promotions and the act of service itself, Online Ride-sharing companies need to pay attention for the applications which they programmed in the first place in order to gain customer for their service. To ensure that the consumer would want to use the service from the application, the companies need to consider both e-Servicescape and the perceived e-Transaction value that will further be the determinants of the customers' decision about purchasing and further actions which resulting in customer's loyalty towards the ride-sharing companies.

Data was collected through questionnaire which distributed to 402 respondents by using Purposive Sampling Techniques. The sampling was carried out by taking sample selection based on the population contained in the object of this study, namely users of the online ride-sharing mobile application in Bandar Lampung. Meanwhile, the Multiple Linear Regression analysis is being used to analyze the research.

The result shows that the overall variables of e-Servicescape (Aesthetic Appeal, Layout and Functionality, and Financial Security) are accepted, in sync with the perceived e-transactions value towards the consumer's attitudinal and behavioral loyalty. The relationship of e-Servicescape towards customers' e-Transaction Value can be represented as much as 53.5%, meanwhile as for the relationship between e-Transaction Value with Attitudinal and Behavioral Loyalty, it can be represented as much as 41.5% and 30.3% respectively, and the rest is influenced by other variables.

Keywords: Online Ride-sharing Mobile Application, e-Servicescape, Aesthetic Appeal, Layout and Functionality Financial Security, e-Transaction Value, Attitudinal Loyalty, Behavioral Loyalty

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(A Case Study in Bandar Lampung)

Researcher

KARINA PUTRI DARMAWAN

Undergraduate Thesis

As One of Requirements to Achieve
BACHELOR OF ECONOMICS

In

Management Department
Faculty of Economics and Business University of Lampung



**FACULTY OF ECONOMICS AND BUSINESS
THE UNIVERSITY OF LAMPUNG
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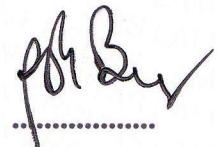
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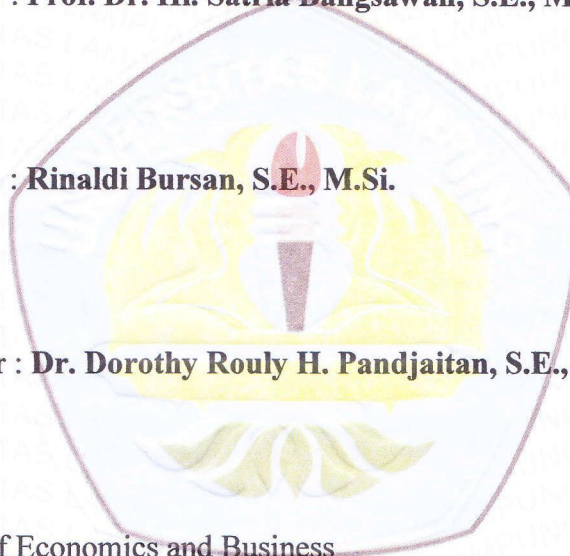
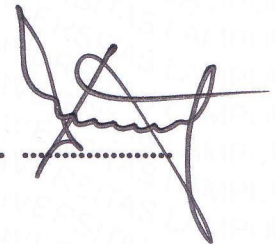
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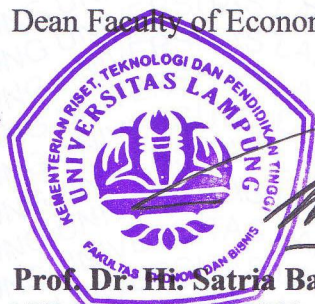
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BIOGRAPHY

The researcher was born on October 18th, 1997 in Rantau Prapat, North Sumatera, Indonesia. The first daughter from Abdi Darmawan, S.H. and Farida Hanum, also an older sister to Anisa Mutiara. Researcher started initial academic education at TK Masjid Agung Kalianda was completed in 2003, Elementary School (SD) completed at SDN 1 Langkapura in 2009, then continued to SMPN 23 Bandar Lampung in 2012. In 2015, the researcher completed Senior High School (SMA) in SMAN 1 Bandar Lampung.

In 2015, the researcher was accepted in Faculty of Economic and Business, University of Lampung, majoring in Marketing Management and took International Class.

MOTTO

“That is instructed to whoever should believe in Allah and the Last day. And whoever fears Allah - He will make for him a way out And will provide for him from where he does not expect. And whoever relies upon Allah - then He is sufficient for him. Indeed, Allah will accomplish His purpose. Allah has already set for everything a [decreed] extent.”

(At-Talaq [65:2-3])

“I do have my insecurities, but I feel good in my skin, and my heart is full of love.”

Yolanda Hadid

DEDICATIONS

With gratitude of all blessings that have given by Allah SWT. This thesis is dedicated to the most important people in my life, in honor to my dearest family, My father Abdi Darmawan, S.H. ;

My mother Farida Hanum; and last but not least My Sister Anisa Mutiara.

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Finally, the researcher realized that this thesis is far from perfection, the research hope this thesis can be useful for all of us. Aamiin.

Best Regards,

Bandar Lampung, July 2019

Karina Putri Darmawan
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I. INTRODUCTION

A. Background Issue

The impact of internet has been a tremendous work. Hoffman (2000) described the internet as “the most important innovation since the development of the printing press,” that may “radically transform not just the way individuals go about conducting their business with each other, but also the very essence of what it means to be a human being in society”. This resulted in the existence of a global trend towards the increasing number of users connected to the network via mobile devices (de Morais and Soares, 2016). In Indonesia, there are currently 143 Million internet users, with 44.16% of them used the internet with their mobile phones, 39.28% used both computers and mobile phones, and the rest 4.49% used computers only (APJII, 2017). This number would gradually increase due to people awareness of internet usage and how it could help them to do their daily activities.

Ride-sharing Application

An application is a web service if it is, for starters, independent as much as possible from specific platforms and computing paradigms; developed mainly for inter-organizational situations rather than for intra-organizational situations; and easily composable (i.e. its composition with other web services does not require

the development of complex adapters) (Benatallah et al., 2003). Meanwhile ride-sharing application can be described as a system where an automated system made available by a ride-share provider matches up drivers and riders on very short notice or even en-route (Agatz *et al*, 2012).



FIGURE 1.1: LOGOS OF GO-JEK AND GRAB MOBILE APPLICATION (LEFT-RIGHT)

Ride-sharing apps is getting their name up as one of the strong candidate of business idea, ever since the rise of Uber in 2009. This business has the convenience to offer to the consumer, thus eventually led several startup unicorns (start-up value over \$1 billion) around the world, and Indonesia is no exception. Go-jek and Grab are the names of the popular service. Based on the Table 1 below, the application user of Go-jek and Grab are both 9,7 Billion and 9,6 respectively.

TABLE 1.1: GO-JEK AND GRAB APPLICATION USER IN INDONESIA

Go-Jek	Grab
9,7 Billion	9,6 Billion

(Source: comScore Mobile Metrix, December 2017)

The level of competition between Go-Jek and Grab is increasing. It can be proven by how both of companies have grown rapidly both from the number of fleets for transportation services and the development of applications owned by

each company itself. Currently, the Go-Jek application has been downloaded almost 10 million times on the Google Play Store, besides that it is also available on the App Store (iOS). As a heavy competitor of Go-Jek in this business, the Grab application has been downloaded almost 50 million times via an Android smartphone. This Grab application can also be obtained through Apple devices and Blackberry (webhouzz, 2018). Each company also tries to stimulate the customer transactions by providing several discounts, coupons and promotions which differs daily. The services which the two companies offer is depicted in Table 2.

The two companies also innovated by developing features offered in addition to transportation services as well as currently trying to meet lifestyle and logistical needs in one application, which adds services besides ojek (ride-sharing) transportation services. Besides of the various services which both applications offers, This research will mainly focuses on the usage of the two-wheel ride or the ride-sharing service of both companies.

TABLE 1. 2: GO-JEK AND GRAB SERVICES

No.	Application	
	Gojek	Grab
1	Go-Ride	Grab-Bike
2	Go-Food	Grab-Food
3	Go-Car	Grab-Car

TABLE 1. 2: GO-JEK AND GRAB SERVICES (CONTINUED)

4	Go-Send	Grab-Delivery
5	Go-Pulsa	Grab-Pulsa
6	Go-Bills	
7	Go-Clean	
8	Go-Shop	
9	Go-Auto	
10	Go-Med	
11	Go-Mart	
12	Go-Daily	
13	Go-Massage	
14	Go-Box	

E-Servicescape

The customers' perceptions of service quality can vary from one setting to another (Cronin and Taylor, 1992; Jun et al., 1998; Parasuraman et al., 2005). Before they could actually do online transactions, consumers prefer themselves to be able to understand what they're facing first before deciding on whether they could use the online tool. For the offline stores, the physical environment plays an especially important role in affecting consumer response (Baker, Berry, & Parasuraman, 1988; Bitner, 1990, 1992; Darden & Babin, 1994; Zeithaml, 1981) or the stores' Servicescape (Bitner, M.J, 1992), and for the online site, the predictor is based on customer perceptions when they visit the online store (Tran et al. 2012).

There are several criteria on what customer wants, when they decide to surf the online applications, and for this matter is the ride-sharing app which being mentioned previously.

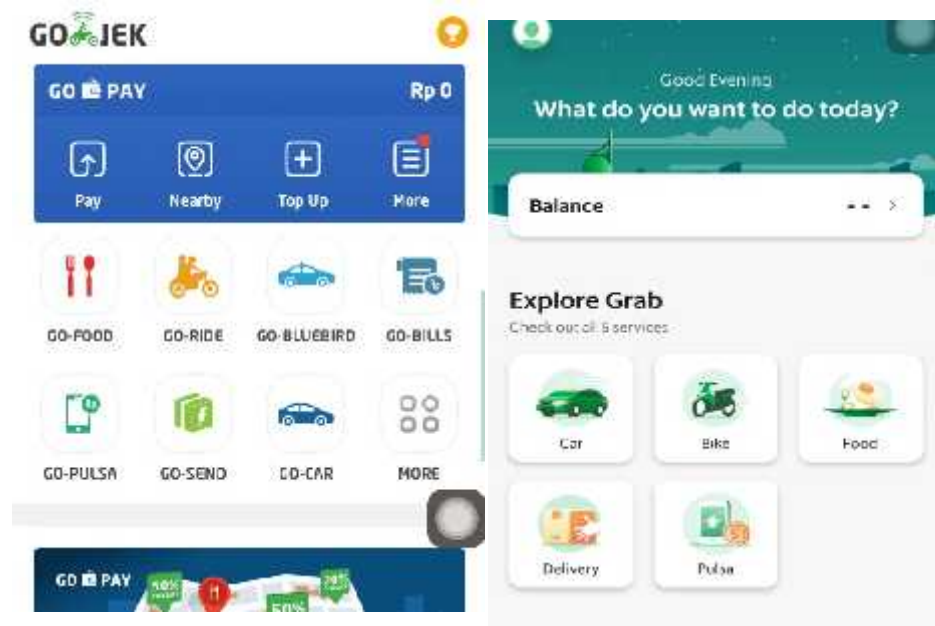


FIGURE 1.2: FRONT VIEW OF GO-JEK AND GRAB MOBILE APPLICATION (LEFT-RIGHT)

Harris and Goode (2010) presents a framework of e-servicescape as comprising three dimensions (aesthetic appeal, online layout and functionality, and financial security). many researchers agree that e-servicescape is the crucial factor influencing consumers' emotions and behaviors, encouraging them to respond cognitively, emotionally, and physically and thus form cognitive judgments and beliefs that in turn lead to certain behaviors in the online environment (Hopkin et al., 2009; Tran et al., 2012; Lai et al., 2014).

Because online service settings are not easily assessed, users consider website attributes (i.e., e-servicescapes) as signaling quality attributes (Lee and Jeong, 2012), and thereby form their behavioral intentions (Zeithaml et al., 2002).

The online customer relies heavily on a product's web presentation. When a product is marketed for purchase on the web, the perception of product quality becomes linked to both product and web aesthetics, which can be manipulated to suggest superior online experience (Park et al., 2012; Wang et al., 2010, Jiang et al., 2016). the influence of website attributes depends on the decision-making stage (Koo, 2005; Otim and Grover, 2006; Posselt and Gerstner, 2005). Decision-making stage can be influenced once the consumer found that they could trust the application.

Previous studies have shown that the higher the perception of a consumer about the quality of an online shopping web site, the higher is his/her perceptions about the benefits that can be gratified by using the web site (Liao et al., 2006; Bai et al., 2008; Al-Maghrabi and Dennis, 2011). Lastly, Prior e-commerce research has highlighted the importance of trust as a determinant of an individual's attitude or his/her purchasing intention (Gefen and Straub, 2003; Gefen et al., 2003; Wang and Emurian, 2005; Hassanein and Head, 2007; Lin, 2011; Limbu et al., 2012).

B. Problem Formulation

Based on the prior background explanations, inability in using the tool, lack of understanding of the app icons, failed security systems or even a single lags in

opening the application could decrease the customers' intention of purchasing. Zeithaml (2000) defined perceived value as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. In online retailing settings not only the product itself, but also the website, the internet channel and the processes of finding, ordering, and receiving products contribute value to customers (Keeney, 1999).

A high-quality website design enhances consumers' first impressions, thereby encouraging them to trust the website (Wakefield *et al.*, 2004; Zhou *et al.*, 2009), as well as yielding higher website identification (King *et al.*, 2016), which in turn enhances purchase intention (Gefen *et al.*, 2003; Harris and Goode, 2010; Hsu *et al.*, 2012). Kotler (1999) also pointed out that if consumer is satisfied with the service quality provided by company, or even higher than the expectation consumer requires, consumer will repurchase or recommend to others, a positive feedback from others would ignite the consumer loyalty to the service. To ensure that the consumer would want to use the service from the application, the companies need to consider the perceived e-Transaction value that will further be the determinants of the customers' decision about purchasing and further actions that will be taken post-transactions.

Ride-sharing companies, in order to gain customer for their service, other than giving the right promotions and the act of service itself, need to pay attention for the applications which they programmed in the first place. As stated by previous researchers, the higher the perception of a consumer about the quality of an

online web site, the higher is his/her perceptions about the benefits that can be gratified by using the web site (Liao et al., 2006; Bai et al., 2008; Al-Maghrabi and Dennis, 2011). The three sub-dimensions of the e-servicescape (Harris and Goode, 2010) were used for testing the online shopping intention and purchasing experience (Wu et al., 2016), customer evaluation of the website and shopping behaviour (Adiwijaya et al., 2016), website trust in airline industry (Kühn et al., 2015), and consumers' flow experience and positive affect (Huang et al., 2017).

Despite the need of more comprehensive explanation in order to better understand costumers' perceived e-shopping value and loyalty, there' are no further examination with this concept alongside the complete dimensions of the e-servicescape suggested by Harris and Goode (2010) especially for mobile applications. Both Go-Jek and Grab is being chosen as the ride-sharing application which going to be examined due to the popularity that the applications have in Indonesia. Another reason to use these application is that the research using e-Servicescape on both application has not been done before. Thus adding the researchers' intention of discovering new informations regarding e-Servicescape and its' effect towards online application especially transportation service related application. The researcher is willing to see what could enhance the development of both companies.

Thus, this is what led the idea of this research study entitled: **THE EFFECT OF E-SERVICESCAPES ON INDONESIA'S ONLINE RIDE-SHARING APPLICATION TOWARDS PERCEIVED E-SHOPPING VALUE AND CUSTOMERS LOYALTY (A CASE STUDY IN BANDAR LAMPUNG).**

C. Research Purpose

The aim of the study is to understand how e-serviscape (based on Harris and Goode Model) of the online ride-sharing application would managed to fulfill on what the consumer needs with their mobile application and how it affects the consumer loyalty of the service.

D. Research Benefits

The benefits that can be obtained from this research are as follows:

1. Providing input for the two ride-sharing application companies as one of the considerations in conducting evaluation activities and increasing efforts for customer satisfaction with ride-sharing application services, service quality of both companies.
2. As an enhancer of knowledge and experience in the application of knowledge related to the field of marketing, namely about e-serviscape and its influence on the loyalty of the application user.
3. As one of the academic requirements in completing undergraduate education at the Faculty of Economics & Business, University of Lampung.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A. Theoretical Basis

1. Definitions Of Management

Management is the achievement of organizational goals effectively and efficiently through planning, management, leadership, and organizational resource control (Daft, 2010). Whereas according to Sapre and Usman (2013) is a series of activities directed towards the effective and efficient use of organizational resources in order to achieve organizational goals. To boot, Stoner and Freeman in 2013 stated that management is the process of planning, organizing, leadership, and controlling the efforts of members of the organization and the process of using all organizational resources to achieve the stated organizational goals. Universally, management is the use of organizational resources to achieve high goals and performance in various types of organizations, profit or non-profit.

Referring to the definition above, management can be concluded as a process of a group or organization to achieve the final goals that have been previously set and to achieve these steps are needed. of course, members of the group or organization need to have different roles.

2. Definitions of Marketing Management

In this dynamic world, the concept of marketing is not just about the needs and desires of individuals and groups. The amount of information that can be accessed at this time raises complex demands on meeting the needs, desires, and expectations of consumers. Thus, special attention needs to be given to consumers who incidentally is a market for products produced by companies

According to the American Marketing Association (AMA) Board of Directors, marketing activities, sets of institutions, and processes for creating, communicating, delivering, and offering offerings that have value for customers, clients, partners, and society at large. Kotler and Keller (2013) suggest that marketing is a social and managerial process, with the process which individuals and groups get what they need and want by creating, offering, and freely exchanging valuable products and services with other parties.

It can be concluded that marketing is the process of moving goods and or services from producers to consumers, or all activities related to the flow of goods and or services from producers to consumers

3. Differences between Servicescape and e-Servicescape

A servicescape refers to the physical environment (Harris and Ezeh 2008) which offered by the service provider. Due to the usage of the Internet which have been increasing, organizations need to integrate customer needs and preferences

into the designs of their websites (Parasuraman et al. 2005), and as Hopkins et al. (2009) stated, the online environment can be considered as a service entity.

In addition, the Internet enables interactions between organizations and customers that can reflect core service characteristics, such as intangibility, inseparability, and perishability (Zeithaml et al. 2006). This is where the differences of the two term occurred. Servicescape in the online world are known as e-servicescapes, which are based on customer perceptions when they visit the online store (Tran et al. 2012).

While the importance of servicescapes to customer satisfaction has been extensively noted due to its influences on the customer behavior (Kandampully and Suhartanto 2000). Prior studies have also highlighted the growing significance of e-servicescapes, due to the important of the online stores for many retailers (Chang and Chen 2008; Harris and Goode 2010; Mummalaneni 2005). An e-servicescape refers to the characteristics of the physical environment in virtual spaces such as websites (Harris and Goode 2010). An e-servicescape can stimulate customer feelings and perceptions toward a website, and thus impact purchase intention. In this regard, organizations need to develop appropriate designs to create an online buying environment that produces specific emotional effects in shoppers that increase their willingness to make a purchase.

4. Consumer Behaviour

The notion of consumer behavior has responded to the conception and growth of modern marketing to encompass the more holistic range of activities that impact upon the consumer decision (Blackwell and Miniard et al. 2001). Solomon and Bamossy *et al.* (2006) described Consumer Behavior as the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires. Understanding consumer behaviour has significant bearing on marketing and public relations decisions. The concept reviews a number of issues regarding with consumer behaviour and will help in order to enhance the marketing campaigns to be able to received more responses from consumers.

Meanwhile Kotler and Keller in 2016 describes it as the study of how individuals, groups and organisations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Studying consumers provides clues for improving or introducing products or services, setting prices, devising channels, crafting messages, and developing other marketing activities (Kotler, et al., 2008). There are 5 processes that consumers follow when they decide to purchase new or expensive goods. John Dewey first introduced the following five stages in 1910: (1) Need Recognition; (2) Information Search; (3) Alternative Evaluation; (4) Purchase Decision, and; (5) Post-purchase Decision.

5. E-Servicescape

The concept of e-servicescape was derived from those of cybermarketscapes (Venkatesh, 1998) and e-scapes (Koerning, 2003). Several studies have proposed that e-servicescapes are distinct from servicescapes; for instance, Hopkin et al (2009) followed the aforementioned dimensions of servicescape (Bitner, 1992) to propose that e-servicescape comprises “ambient conditions,” “spatial layout and functionality,” and “signs, symbols, and artifacts,” and discussed the effects of e-servicescape on website-related attitudes, evaluations, and purchase intention. Harris and Goode (2010) continued to define the e-servicescape as the online environmental factors present during service delivery, classifying it into the following three dimensions followed by added sub-dimensions Tran et al. (2012):

- **Aesthetic appeal**, which determined according to the perceived visual appeal, originality of design, and entertainment value. Aesthetic appeal has two sub-dimensions which are visual appeal and entertainment value.
- **Layout and functionality**, which evaluated through measures of usability, information relevance, extent of customization and interactivity. Layout and functionality three sub-dimensions; interactivity, usability, and customization
- **Financial security**, which measured according to ease of payment and perceived security. Financial security has two sub-dimensions (ease of payment and perceived security).

6. Perceived Value

Customer perceived value has recently received considerable attention in the field of marketing strategy (Ulaga and Eggert, 2006). This is because it plays an important role in predicting purchase behaviour (Chen and Dubinsky, 2003), achieves sustainable competitive advantages (Khalifa, 2004; Lindgreen and Wynstra, 2005), and affects relationship management (Payne et al., 2001). E-commerce research should pay special attention to the motivations or desired values behind consumers' use of the online medium (Cowles et al., 2002). In an online environment customers can easily find alternatives, and therefore how to build long-term relationships presents a more difficult challenge for an e-commerce firm. Perceived value contributes to the loyalty of an electronic business by reducing an individual's need to seek alternative service providers (Anderson and Srinivasan, 2003).

7. Customer loyalty

Customer loyalty is the likelihood that existing and previous customers continue purchasing from a specific company. Marketing and customer service departments of many companies spend significant resources on customer loyalty. In other words, they give great attention to retaining existing customers. Customer loyalty mainly relates to consumers' overall purchasing power. It is about what the seller can offer customers in terms of money-saving deals and regular price discounts.

Consumers who regularly buy the brand are referred to as *regulars*, and those who buy it most often are called dependables. These are behaviourally loyal consumers

who drive brand performance. Aaker (1996) explained the following figure about the customer loyalty in general:



FIGURE 2.1: PYRAMID OF CUSTOMER LOYALTY (AAKER, 1996)

The first level of the loyalty pyramid represents non-loyal buyers who are completely indifferent to brands, each brand being perceived to be adequate if the price is accepted. The second level includes satisfied or at least not dissatisfied buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, but vulnerable to competitors that can create a perceived benefit in the case of switching. The third level consists of satisfied customers with switching costs (loss of time, money, or acquired loyalty advantages, performance risks associated with switching incentives from competitors must compensate the switching costs). The fourth level contains customers who truly like the brand and have an emotional attachment to the brand, based upon the continuous purchase and the increasing trust in the product.

Customer loyalty has been recognized as one of the important factors in creating profitability for companies. However in online environments it is more complicated to establish a social connection between firms and customers due to the lack of a physical environment, social distances between companies and customers (Schijns, 2003) and anonymous and automated shopping contexts (Head et al., 2001). Furthermore consumers can compare competing products and services with minimal expenditure of personal time or effort, which results in competitive business markets and lower brand loyalty (Srinivasan et al., 2002). The dimensions which being discussed in this study is also had already been measured by several researches depicted in Table 3.

TABLE 2.1: PREVIOUS RESEARCH

No	Author	Dimensions	Area of Research	Results
1	Anna Cuic Tankovic & Dragan Benazic (2018)	Aesthetic Appeal, Layout & Functionality, Financial Security, Perceived Value	Online shoppers	Consumer interpretation of e-Servicescape exerts a positive influence over perceived e-shopping value and loyalty. It specifically finds that layout & functionality and financial security, as the salient attributes of e-servicescape dimensions and affects to the online shoppers' e-shopping thus to the loyalty.
2	Lloyd C. Harris & Mark M.H. Goode (2010)	Aesthetic Appeal, Layout & Functionality, Financial Security	Web sites	A measure of e-Servicescape is evaluated that comprises three dimensions and 52 item while relationship between dimensions of e-Servicescape, trust and purchase intention are described.

TABLE 2.2: PREVIOUS RESEARCH (CONTINUED)

3	Hsu-Ju Teng, Jia-Jen Ni & Hsiao-Han Chen (2018)	Aesthetic Appeal, Layout & Functionality, Financial Security	Internet users with online shopping experience	Aesthetic Appeal and interactivity affect both regular and heavy internet user's purchase intention, meanwhile light users' tend to look for the aesthetic appeal. Financial security does not have significant positive effect on every types of internet user
4	Wan-Yih Wu, Phan Thi Phu Quyen & Adriana A. Amaya Rivas (2016)	Aesthetic Appeal, Layout & Functionality, Financial Security	Taiwanese Shopping Web sites	e-Servicescape have significant impacts on consumer behavior and trust toward a website. Aesthetic appeal as the highest impact on purchase decision
5	S.W. Kühn, H. Spies & D.J. Petzer (2015)	Aesthetic Appeal, Layout & Functionality, Financial Security	Airline Website	online financial security is the best predictor of website trust, followed by layout and functionality and aesthetic appeal.

B. Hypothesis Development

1. Composition Of The e-Servicescape And it's Effects On Customer's Perceived e-Transactions Value

1.1 Perceived e-Transactions Value

Consumers' perceived e-transactions value is the core element in a relational exchange, and it is the perception of what expected gains and losses are in the repurchase process (Wu et al.,2014). Satisfaction obtained by a consumer, can encourage consumers to repurchase, loyal to the product or loyal to the store where they buy the goods so that consumers can tell good things to others.

As Lindgreen and Wynstra (2005) stated, Customer perceived e-transactions value has received considerable attention in the field of marketing strategy because it achieves sustainable competitive advantages, followed by its importance in important role in predicting purchase behaviour (Chen and

Dubinsky, 2003) and affects relationship management (Payne et al., 2001). Existing research does not analyze the multifaceted concept of value, and Harris and Goode (2010) suggest detailed analysis of values in future studies.

Investigating the connection between the dimensions of e-servicescape and perceived e-transactions value is important to predict the process of creating the perception of utility from the three dimensions of e-servicescape. In accordance with this, Sreejesh and Ponnampalath (2016) had also stated that researchers should examine the impact of each dimension of the e-servicescape separately.

1.2 Aesthetic Appeal

Aesthetic Appeal according to Harris and Goode (2010) is the online ambient conditions and it is to the extent which customers interpret the servicescape as attractive. The design of the virtual application or sites which are being used by customers encounter in the e-service setting can be interpreted as creating web environments to deliver a positive effect in users in order to increase approving consumer responses. These days, the e-servicescape of website pages have proven its significance to attract customers and predicted to be even more popular in the future (Lai et al, 2014). Mandel and Johnson (2002) find that the visual primes of web pages exert a powerful influence on the evaluations of web users.

An empirical study by Montoya-Weiss et al. in 2003 revealed that there's a positive effect from aesthetic appeal to the service quality perceptions.

However, Tancovic and Benazic (2018) in their recent study found that the Aesthetic Appeal has no statistically significant impact on the perceived value.

Aesthetic appeal in the case of research refers to how the application design and appearance could affect customer's perceived value and loyalty of the ride-sharing application. Thus:

H1. Online Aesthetic Appeal of the ride-sharing mobile application is positively related to consumers' perceived e-transactions value

1.3 Layout and Functionality

According to Harris and Goode (2010), layout refers to the arrangement, organization, structure, and adaptability of web sites while functionality refers to the extent to which such items facilitate service goals (a view of layout and functionality consistent with Bitner (1992)). In this sense, whereas online visual appeal focuses on aesthetics, online layout concentrates on organization and functionality.

Existing studies argue that the functionality and usability of web sites are key criteria used by consumers to evaluate online environments (e.g., Donnelly, 2001; Zeithaml et al., 2002). Such research leads Donnelly (2001) to contend that usability is the most important way in which consumers evaluate web sites; an argument supported, in part, by the findings of Srinivasan et al. (2002). Montoya-Weiss et al. (2003) find that information content constitutes a key factor in consumers' appraisals of web sites, while Donnelly (2001) claims that

users evaluate web sites according to individualized information needs. Research into the internet suggests that consumer opinions are strongly linked to the navigability and usability of the site (Evans and King, 1999; Hoque and Lohse, 1999).

Thus, researchers have emphasized the importance of the customization of web sites in retailing contexts (see Menon and Kahn, 2002). Layout and Functionality in this case involves in how the mobile application can bring the sense of usability, information relevance, customization and interactivity to the consumer. Thus:

H2. Online layout and functionality of the ride-sharing mobile application is positively related to consumers' perceived e-transactions value

1.4 Financial Security

Online financial security refers to the extent to which consumers perceive the payment processes and general policies of a web site as secure or safe (Harris and Goode, 2010). Chen and Chang (2003) find that the ease with which payments are made and processed, forms a key dimension used by consumers to evaluate web sites. Similarly, theorists have also emphasized the importance of perceived security in online exchange (see Szymanski and Hise, 2000; Schiffman et al., 2003). In a seminal study of e-satisfaction, Szymanski and Hise (2000) find that the perceived security of a site is the (joint) second most powerful driver of online satisfaction.

This finding is supported in the later work of Montoya-Weiss et al. (2003) who find links between security perceptions and both satisfaction and usage. These findings lead a range of commentators to observe that perceived security is a crucial aspect of online service environments (e.g. Fusaro et al., 2002; Zeithaml et al., 2002). Harris and Goode (2010) and Kühnet al. (2015) for predicts that the most influential e-servicescape dimensions for perceived e-shopping value is Financial security. In this research, the Financial Security is being described as how the mobile application can bring the idea of perceived quality and ease of payment to the consumer. Hence:

H3. Online financial security of the ride-sharing mobile application is positively related to consumers' e-transactions value.

2. Customer Loyalty

Customer loyalty can be defined as the preferential, attitudinal and behavioural purchase process towards one or more brands expressed over a period of time, where loyalty is the result of delighted customers delivering superior value from excellent services and quality products (Yang and Peterson, 2004). According to Yang and Peterson (2004), from the attitudinal perspective, customer loyalty is a specific desire to continue a relationship with the service provider, while the behavioural view defines customer loyalty as repeat patronage or the proportion of times a purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category.

According to Gremler (1995, in Tankovic and Benazic (2018)), loyalty has two dimensions: attitudinal and behavioural, both of which are incorporated in this research. Attitudinal loyalty can be described as the loyalty which being displayed by the consumers when they repeatedly purchasing the product or services they know and trust. On another note,, the Behavioral loyalty refers to the loyalty being displayed out of habit.

In addition to the virtual environment, one of the most important capabilities of the internet relative to other mass communication technologies is its bidirectionality, where customers can make their personal thoughts and opinions easily reachable to other internet users. That is why the intention of positive WOM is defined as our recommendations from others. The EWOM is an extension of traditional WOM in a virtual environment (Matute et al., 2016).

According to the research of Tan and Chang (2015), the advantages of eWOM over the traditional WOM can be seen in the different scenarios generated by the psychological distance dimensions and destination familiarity. It is frequently ranked as the most influential source of repurchase information (Kim and Hardin, 2010) and, in this study, is incorporated in the dimension of customer loyalty, because positive EWOM influences customer behaviour, such as expenditure level and loyalty (Bowman and Narayandas, 2001; Godes and Mayzlin, 2004).

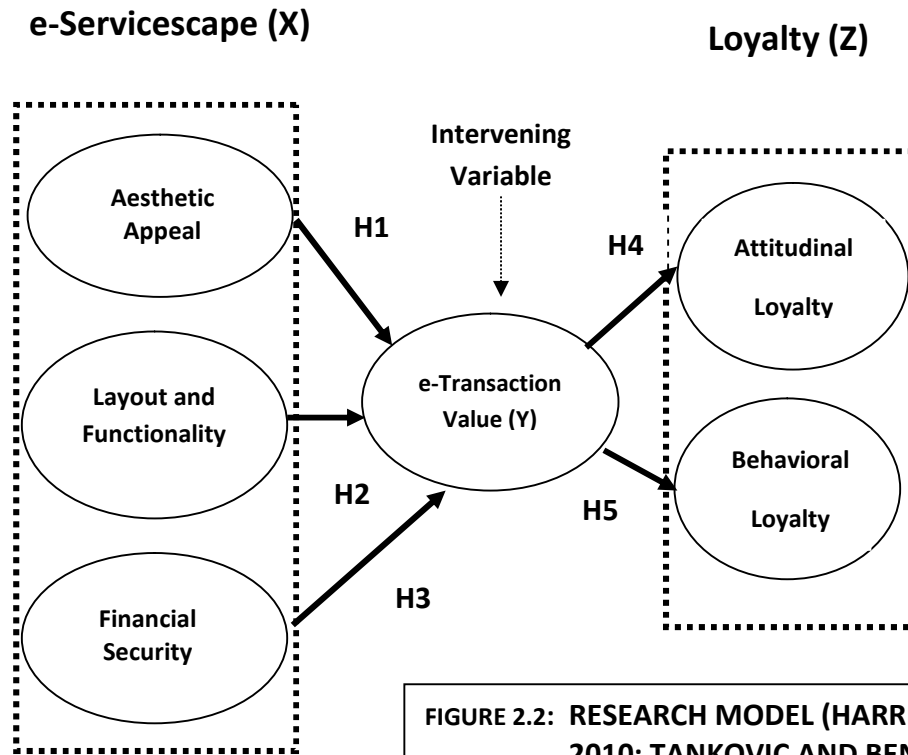
Also, according to Söderlund (2006), the WOM is part of attitudinal loyalty which explains the feelings towards online store. In previous studies, a positive

correlation between perceived servicescape experiences and eWOM exchanges among customers has been found (Thevenot, 2007; Kim and Hardin, 2010). Carlson et al. (2015) investigate the customers' perceived online channel value to online channel satisfaction and the online channel satisfaction to the online channel loyalty. The multidimensionality of the shoppers' e-loyalty construct have proven to have positive relationship (Srinivasan et al., 2002) As such, these hypotheses are tested for the two dimensions of loyalty:

- H4. Customers' perceived e-Transactions value of the ride-sharing mobile application is positively related to consumers' additional loyalty.
- H5. Customers' perceived e-Transactions value of the ride-sharing mobile application is positively related to consumers' behavioral loyalty.

3. Research Model

Based on the literature review above, the research model for this research can be implide as follows:



III. RESEARCH METHODOLOGY

A. Research Design

The design of this research is descriptive verification. Sugiyono (2017) stated that Descriptive verification research as a research conducted by describing or describing the variables studied which are then used to draw conclusions. Descriptive research is to make a descriptive, systematic, factual description of the facts, traits and relationships of the phenomenon which being studied regarding the actual situation of an object of research, while verification is used to find out how the influence of X variable (e-Servicescape) towards Y variable (Customer Loyalty) through the intervening variable (e-Transaction Value).

B. Research Object

The object of this research is the effect of e-Servicescape of the Indonesia's online ride-sharing application towards the consumers' Attitudinal and behavioral loyalty with e-transactions value as the mediator. The e-servicescape variable that will be measured are Aesthetic Appeal; Layout and functionality; and Financial security.

C. Sources of Data

- (a) Primary data are information collected by a researcher specifically for a research assignment. In other words, primary data are information that a company must gather because no one has compiled and published the information in a forum accessible to the public. The primary data for this research are gathered through questionnaire which being distributed to the respondents.

- (b) Secondary data are the data collected by a party not related to the research study but collected these data for some other purpose and at different time in the past. These may be available in written, typed or in electronic forms related to the subjects of research.

D. Population and Sample

1. Population

Sugiyono (2017) gives the understanding that population is a generalization area consisting of objects or subjects that become the quantity and certain characteristics set by the researcher to be studied and then drawn conclusions. Another opinion from Nawawi (1985) states that, the population is the totality of all possible values, whether the results are calculating or quantitative or qualitative measurements rather than certain characteristics regarding a complete set of objects. The population which being used in this research study is the consumer who are using the online ride-sharing application in Bandar Lampung.

2. Sample

Arikunto (2002) proposed sample as part of the population (part or representative of the population under study). The research sample is a portion of the population that is taken as a data source and can represent the entire population. And Sugiyono (2017) gives the understanding that sample is part of the number and characteristics possessed by the population. In this research study, *Non probability Sampling* is used to determine the sample of research. Non Probability Sampling is a sampling method that does not provide the same opportunity or opportunity for each element or member of the population to be selected as a sample.

One technique for determining samples in this method is purposive sampling technique. This technique is a sample determination technique with special considerations so that it is feasible to be sampled. The researcher will try to make the sample represent all layers of the population.

Purposive Sampling Techniques are carried out by taking people who have been selected according to the specific characteristics of the sample. Sample selection is carried out based on the population contained in the object of this study, namely users of the online ride-sharing mobile application in Bandar Lampung. The criteria which are set by researcher according to the Purposive Sampling techniques are as listed below:

1. Aged 15 years and over
2. Lives or currently residing in Bandarlampung
3. Using the online ride-sharing mobile application (either Gojek or Grab-bike).

The size of the population in this study are settled according to Ghozali (2011), cited from Roscoe (1975), which described that if the statistic power is equal to 80% with the level confidence of 80%, the needed sample are around 500 respondents.

E. Data Collection

The data which being used and collected in this research can be described as follows:

1. Questionnaire

Questionnaire is a set of questions has been prepared to ask a number of questions and collect answers from respondents related to the research topic. A questionnaire is a series of questions asked to individuals to obtain statistically useful information about a given topic.

2. Observation

Observation is collecting data needed in research by gathering several theories from various literature and reading books related to this research.

F. Research Operational Variable

Research variables are everything in the form of what is determined by the researcher to be studied so that information is obtained about it, then conclusions are drawn (Sugiyono, 2017). The variables used in this study are broadly divided into three, namely the dependent variable symbolized by Z, the dependent variable symbolized by X, and the Intervening variable symbolized by Y.

1. Intervening Variable (Y)

Intervening variables are variables that are intermediary (mediation) from the relationship of explanatory variables to the affected variables (Supriyanto and Maharani, 2013: 30). The intervention variable in this study is the Perceived e-Transactions value of the ride-sharing mobile application user.

2. Independent variable (X)

Independent variables in this study are the dimensions of e-servicescape the online ride-sharing mobile application. The variables include: Aesthetic Appeal (X1); Layout and Functionality (X2); and Financial Security (X3).

3. Dependent variable (Z)

The dependent variable in this study is the Attitudinal Loyalty (Z1) and Behavioral Loyalty (Z2) of the online ride-sharing mobile application user.

TABLE 3.1: OPERATIONAL DEFINITIONS OF VARIABLE X, Y, AND Z

Variable	Dimension	Indicator	Scale
(X) e-Servicescape (Harris and Goode, 2010)	(X1) Aesthetic Appeal is the degree to which customers find a particular website attractive and alluring (Harris & Goode 2010)	<ul style="list-style-type: none"> • The way it displays its products is attractive • I like the way the application looks • I think that this application is very entertaining • The enthusiasm of this application is catching, it picks me up. 	Likert
	(X2) Layout and Functionality is referring to the arrangement, organisation, structure and adaptability, whereas its functionality relates to the extent to which the layout facilitates customers' service goals (Harris & Goode; 2010)	<ul style="list-style-type: none"> • It is not easily navigated • Navigation through this application is intuitively logical • This application is <i>user-friendly</i> • Technical details about products can be easily accessed • This application is tailored towards me • I feel that this is not a very engaging application 	Likert
	(X3) Financial Security is a customer's perception of safety in terms of payment methods and general website policies (Harris & Goode 2010).	<ul style="list-style-type: none"> • Payment procedures seem to take a long time • Paying for goods is straightforward • Paying for goods involves entering a lot of details • When buying from this application I am not reassured by the security procedures • Overall, this application seems security conscious 	Likert
(Z) Consumer Loyalty (Gremler, 1995)	(Z1) Attitudinal Loyalty is a loyalty which has some attachment or commitment to an organization, service or brand and is not easily swayed by a slightly more attractive alternative (Sheth 1968; Tucker 1964 in Gremler 1995)	<ul style="list-style-type: none"> • I like using this application • I believe this is my favourite ride-sharing website • I would recommend this application to my acquaintances • I would encourage people to do business with this application 	Likert

TABLE 3.1: OPERATIONAL DEFINITIONS OF VARIABLE X, Y, AND Z (CONTINUED)

	(Z2) Behavioral Loyalty, customer behavior (such as repeat purchasing) directed toward a particular brand over time (Sheth 1968; Tucker 1964 in Gremler 1995).	<ul style="list-style-type: none"> • I seldom consider switching to another application • As long as the present service continues, I doubt that I would switch application • I try to use the application whenever I need to make a purchase • The probability that I will use this application again is high • When I need to make a purchase, this application is my first choice 	Likert
(Y) Perceived e- Transactions Value	(Y) Perceived Value, the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given.	<ul style="list-style-type: none"> • This application offers a good economic value • The product or service I purchased from this application is a good buy • When I make a purchase from this application, I save time • It is easy to shop for product or service in this application <p>The effort that I must make to purchase from this application</p>	Likert

G. Measurement of Research Instruments

According to Sugiyono (2017) Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. So that to find out the measurement of respondents' answers in this study using research instruments in the form of questionnaires, the authors used the Likert's Summated Ratings method.

The measurement scale used in the questionnaire is an ordinal scale using a Likert scale measurement with the following criteria:

Strongly Agree (SA) is given a weight of 5
 Agree (A) is given a weight of 4

Neutral (N)	is given a weight of 3
Disagree (D)	is given a weight of 2
Strongly Disagree (SD)	is given a weight of 1

A good research instrument must meet the requirements, namely valid and reliable to find out the validation and reliability of the questionnaire by using validity and reliability testing, for this reason, the researcher will also conduct both of these tests on the research instrument (questionnaire).

H. Validity and Reliability Test

1. Validity Test

According to Sugiyono (2017) Valid definition is the degree of accuracy between data that actually occurs in objects with data that can be collected by researchers.

Based on the definition, then validity can be interpreted as a characteristic of the size associated with the level of measurement of a test tool (questionnaire) in measuring correctly what the researcher wants to measure. Instruments are said to be valid if they are able to measure what they want to measure and want correctly. the high and low validity of the instrument shows the extent to which the data collected does not deviate from the description of the intended variable. According to Ghazali (2006) the statement is valid if the factor loading is greater than 0,5.

2. Reliability Test

Arikunto (2002) says that reliability testing is the level of accuracy, accuracy or accuracy of an instrument. Instruments that are reliable or reliable will produce reliable data too. A construct or variable is said to be reliable when giving Cronbach's Alpha value > 0.6 and Cronbach's Alpha value is greater than Cronbach's Alpha if tem deleted.

I. Data Analysis Model

In order for the research objectives to be achieved, this study uses quantitative analysis with statistical tests as a means to analyze the data that has been obtained. Data analysis in this study begins by testing the validity and reliability of the research instrument, in the form of question items in the questionnaire. After that the analysis was continued by using multiple linear regression tests.

1. Multiple Regression Analysis

The analytical model used is multiple regression analysis. The regression model is used to assume that there is a linear relationship between the variable e-servicescape of online ride-sharing mobile application to customers' loyalty. According to Sugiyono (2017) multiple regression analysis is carried out if the number of independent variables is at least two. The general form of the multiple regression equation used in this study are as follows:

$$Y = a + b_1X + b_2Z + e$$

Where:

Y = Perceived e-Transaction Value

a = Constant

b = Regression Coefficient

X = e-Servicescape

Z = Customer Loyalty

e = Standard Error

With the formula above, then we can calculate on how much influence the two independent variables have on the dependent variable together through the intervening variable.

J. Hypothesis Testing

1. T-Test

According to Sugiyono (2017) this test is used to determine whether in the independent variable regression partially has a significant effect on the dependent variable (Y) at 95% confidence level with the testing criteria:

Ho = variable X no positive and significant influence to variable Y.

Ha = variable X positive and significant influence to variable Y. Criteria:

- a. Significance level < 0.05 , (Ho) not support and support alternative (Ha) which means there is influence between independent variables and the dependent variable.
- b. Significance level > 0.05 then (Ho) support and not support alternative (Ha) which means there is no influence between independent variables and the dependent variable.

2. F-Test

According to Suliyanto (2011), this test is used to determine whether the independent variables X1 and X2 jointly have a significant effect on the dependent variable (Y) at the 95% confidence level or 5% To answer the statistical hypothesis, namely:

Ho = variable X no positive and significant influence to variable Y.

Ha = variable X positive and significant influence to variable Y. Criteria:

- a. Significance level < 0.05 indicates that there is a significant effect between the independent variable to the dependent variable.
- b. Significance level > 0.05 indicates that there is no significant effect between independent variable to the dependent variable.

3. Adjusted Coefficient of Determination Test (R^2)

The function of the coefficient of determination (R^2) is to measure how far the ability of the model in explaining the variation of the dependent variable. The coefficient of determination is between 0 and 1. Meanwhile r^2 value indicates the ability of the independent variables to explain the variation of the dependent variable which is very limited (Ghozali, 2012). A value close to 1 means that the independent variables provide almost all the information needed to predict dependent variations.

V. CONCLUSION AND SUGGESTIONS

A. Conclusions

The world demands a quicker pace and consumers today needed a ways for them being able to do their activity efficiently both financial and time-wise. The existence of Ride-sharing company had truly helped the society in Indonesia especially in Bandarlampung which is the central of Lampung Province. The mobile ride-sharing application successfully brings out new ways for customer to be able to do several things simultaneously and also helped Bandarlampung's economy. The application which the ride-sharing company offers should be able to keep-up with their customers' demand, providing the quality and functionality thus increase the customers' loyalty for the company and helped them grow bigger in the future. Thus this study aimed to understand the effect of e-Servicescape to the customer's e-Transaction Value and the multidimensional customer loyalty. Based on the analysis which had been discussed in the previous chapter, the Author draws several conclusions as follows:

1. The first hypothesis (H1) "Online Aesthetic Appeal of the ride-sharing mobile application is positively related to consumers' perceived e-transactions value" is accepted.
2. The second hypothesis (H2) "Online layout and functionality of the ride-sharing mobile application is positively related to consumers' perceived e-transactions value" is accepted
3. The third hypothesis (H3) "Online financial security of the ride-sharing mobile application is positively related to consumers' e-transactions value."

4. The fourth hypothesis (H4) “Customers’ perceived e-Transactions value of the ride-sharing mobile application is positively related to consumers’ Attitudinal loyalty” is accepted, and
5. The fifth hypothesis (H5) “Customers’ perceived e-Transactions value of the ride-sharing mobile application is positively related to consumers’ behavioral loyalty” is accepted.

B. Suggestions

1. For Practitioner

- a. The result shows that all e-Servicescape variables (Aesthetic Appeal, Layout and Functionality and Financial Security) have a positive relationship to the consumer’s e-Transaction Value. According to this, creating a good online environment for ride-sharing business is important in order to create a positive attitudes towards the ride-sharing application resulting in positive information to others thus increase the company’s image. Author suggests the company should consider the three dimensions of e-Servicescape and incorporate it more to their application. Other suggestion is, a good online environment of ride-sharing application need financial security in order to gain trust and perceived e-transaction value. This can be reached by providing the user with perceived guarantee of transactions security and investing on customer personal data protection.

It can be seen in Table 4.7, the qualitative test result revealed the lowest percentage of the variable is the Indicator 3 “I think that this application is very entertaining” with total 26.5% respondents chose Agree and 18.3% chose Strongly Agree. Meaning that, the company should pay attention to this entertainment aspect which the consumer finds still lacking. This is due to the application function as a service platform, which is understandable that the respondents still thinks it is not much of an entertaining application. If it is related with the number of young adult respondents in this research (Table 4.2), it is should be considered to make

a few changes regarding to this. As the addition to the entertainment would increase the amount of time used by consumer to access the application.

Followed by Indicator 4 “The enthusiasm of this application is catching, it picks me up” with 38% Agreed and 25% chose Strongly Agreed. Although the application is helpful for the consumer, it is not considered as something worth to wait by the consumer. Then again, it is understandable with the same reasoning as the previous statement. In order to change this perspective, the ride-sharing application company needs to promote their applications benefit and new features they provide and it needs to be done continuously. The reason is that the consumer should consider the benefit they might get first before actually keeping in touch with the updates, that is why it is important to promote the application updates.

The ride-sharing company today had managed to meet the customer expectations on application usability but it is also necessary for them to make more efforts to ensure the customer satisfaction in using the application. Finally, the positive impact on the application’s aesthetic appeal indicates that the company should also work on it, even though it shows a lower result compared to the other dimensions. By knowing this, Author suggests that the company should invest more to the applications’ visual aspects in order to create a good first impression and sense of enjoyment in using the application. The researcher thinks that this suggestion could apply for both ride-sharing companies.

- b. Based on the result it is also found that the higher the customer’s perceived e-Transaction Value, the higher the customers’ loyalty will get. This result is very much self-explanatory, since a positive value would create a positive outcome for the company thus increasing the profit. Meanwhile, in order to enhance the e-Transaction Value, the company should be responsible in providing the consumer with easy-access and

user-friendly application. Based on the questionnaire result, it is revealed that most respondents are choosing Go-Jek as their riding choice, proving their higher value compared to Grab. This suggestion would be recommended for Grab in order to enhance their Perceived Value towards the consumers.

- c. The research also includes the lowest indicator for Attitudinal Loyalty is Indicator 4 “I would encourage people to do business with this application” with 36.8% and 30.5% chose Agree and Strongly Agree respectively. This can be handled by the company in form of intense promotion and socialization, at least on media, regarding the benefits of joining and cooperate with their company through business. As it will increase the probability of consumer to join the business circle. For the Behavioral Loyalty is Indicator 1 “I seldom consider switching to another application” with 43.8% chose Agree and 24.8% chose Strongly Agree. This result can be improved by the company doing consumer survey regarding which of their service is the most to least used by the consumer. Then the company needs to improve the results in order to keep the consumer interest to the application.
- d. This research also found that the majority of respondents who uses the application are students and consumers in the age ranging from 18 to 24 years old. The author believes it as an important found, since the young generations are considered as critical and pay a lot of attentions to the things they use and purchase. This once again proves that a good online environment in ride-sharing application would eventually enhance the positive value of the application because the users of the application are those who take their financial matters and time seriously. The author believes that creating a positive value for the customers would affect their loyalty to the company thus creating positive image and information to others.

Since both companies had created their own platform, it is considerably recommended for them to increase their interaction or at the very least, maintaining their image towards the customer.

One way to increase this positive value is to make sure the consumer is able to reach out and express their critics and suggestions to several media, including the social media which is currently the core communication system in the world.

2. For Researcher

a. Other Population

Further studies are needed to try focusing on another population. The samples from this study itself are mainly from Bandarlampung residents. The author see the necessities of specific and focus population in other region in order to discover other character of respondent that perhaps have influence toward e-Transaction Value and Loyalty.

b. Main Sample

Further studies are needed to try focusing on specific sample. This is because the author has found that the majority respondents who are using the ride-sharing application are majorly from Student/University Student. Therefore, it is recommended to focus on sample which fulfills the criteria in order to discover more unknown information and in order to elaborate this topic even further. Since this research is focusing on the effect of e-Servicescape towards e-Transaction Value and Customer Loyalty through every service the ride-sharing company provide, the Author suggest the future research regarding this topic should bring out more specifications, by researching only one type of service the ride-sharing company had to see whether there's a difference between the variable relationship in different services.

c. Other Variable

Further studies are needed to try adding other variables that might influence the purchase intention. This is because the three independent variables (Aesthetic Appeal, Layout and Functionality and Financial Security) only explain as much as 73.2% of variation in the dependent variable of purchase intention while other 27.8% is unknown. The future research should also use another moderating variable to measure the relationship between e-Servicescape to other constructs.

d. Other Research Object

The future research should focus to other research object to found the influence of e-Servicescape towards other online applications. This due to the fact this study only measures the ride-sharing online application.

e. Re-research

To lessen the strain of respondents, the Author is using the shortened version of the original scale made by Harris and Goode (2010) regarding the e-Servicescape dimension. As a result, it is not entirely able to compare this results to the other ones who uses the full scale, thus limiting the possibility of generalizing result.

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