The Effect of Product Quality and *E-Servicescape* on Customer Loyalty in Secondhands MSMEs Moderated by *Trust*

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Abstract

This study aims to determine the effect of this research product auality and e-servicescape on customer loyalty moderated by trust (Trust). The population in this study were 191 Second Hands MSME customers and prospective customers, with samples using structural equation model (SEMstatistical test tools partial least squares (PLS) through SmartPLS software. Data collected by questionnaires that have been tested for validity and reliability. The results of this study are from the first hypothesis, it was found that the relationship between Product Quality and Customer Loyalty is a positive or significant effect on SMEs Second Hands. The results of the second hypothesis tester, it was found that the relationship between E-Servicescape and Customer Loyalty had a positive or significant effect on Secondhands MSMEs. The results of the third hypothesis, it is found that the relationship of Trust (Trust) to Customer Loyalty has a positive or significant effect on Second Hands SMEs. The results of the fourth hypothesis, it is found that Product Quality on Customer Loyalty cannot be moderated by Trust (Trust positively and significantly in Secondhands MSMEs. The results of the fifth hypothesis show that E-Servicescape on Customer Loyalty cannot be moderated by *Trust) positive and significant on Second Hands SMEs.*

Keywords product quality; e-servicescape customer loyalty;trust



I. Introduction

In the current era of industry 4.0, attention is paid to clothing styles, starting from materials, images and brands. So all humans are very observant about buying clothes and because of the *hectic* of clothes now there are also those who fake famous brands.

Indonesia itself is also *hectic* with the name style of dress *outfits* make Indonesian people flock to want to dress like *outfits* they like, however, these branded and quality clothes have quite expensive prices, therefore sometimes there are unscrupulous people selling unoriginal items. Because of these individuals, finally many Small and Medium Enterprises (SMEs) are selling used clothes with original and good quality goods. Clothing that is sold second hand is known as *Thrift*.

With so many MSMEs selling used clothes (thrift) due to the large number of enthusiasts, business competition is increasing and tighter. Every entrepreneur is always trying to get market share which is always increasing every day. This is influenced by many factors including Product Quality, *E-servicescape*, Customer Trust and Customer Loyalty.

To keep customers from choosing competing products is certainly not an easy thing. Entrepreneurs must do several things that can bind the hearts of customers to remain loyal to the entrepreneur's product. One of them is by providing the best quality, providing an overview, concept of a product online/visually for customers. Being the best, of course,

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must understand the needs and complaints of customers. So that everything that is done by entrepreneurs is right on target. In addition, trust in being included is an important part of maintaining customer loyalty in a business.

Based on the description above, the author is interested in conducting research because the author has an MSME that sells second hand clothes/clothing, namely Second Hands in Jakarta. Besides that, the author is interested in conducting research to find out to what extent product quality and e-servicescape have an effect on customer loyalty and *Trust* to Customer Loyalty. The author conducted a study entitled "The Effect of Product Quality and *E-servicescape* on Second Hands UMKM Customer Loyalty, moderated by *Trust*".

II. Review of Literature

2.1 Grand Theory

According to (Putri, Tumbel, & Djemly, 2021) Customer loyalty is one of the most important factors for companies to maintain their business continuity. Companies must do several things that can bind the hearts of customers to remain loyal to the company's products. Based on the basic theory used, it will be discussed with the research model, with the independent variables contained in this research model, namely Product Quality (X1) and *E-Servicescape* (X2), which have the potential to affect the dependent variable, namely Customer Loyalty and Placement of Satisfaction (*Trust*) as moderating potential in moderating the influence of the independent variable on the dependent variable.

2.2 Product Quality

According to Kotler and Armstrong in research (Ginting & Sitorus, 2022) the product is as follows: "A product as anything that can be offered to the market for attention, acquisition, use or consumption that can satisfy a want or need" (Armstrong, 2003). 2015).

According to Research (Da Silva & Hidalgo, 2020) "The quality of goods produced by an economy plays a key role in the development of trade relations. In a globalized world, the quality of exchanged goods becomes increasingly important in determining trade benefits. Recent empirical studies confirm the rise of trade in vertically differentiated products". The meaning of the statement is that the quality of goods produced by an economy plays a key role in the development of trade relations. In a globalized world, the quality of the goods exchanged is becoming increasingly important in determining the benefits of trade. Recent empirical studies confirm the emergence of trade in vertically differentiated products.

Research (Amron, 2018) explains that product quality is proof that the product has a superior function (Vila and Ampuero, 2007). In addition, product quality is also defined as the ability of a product to show its existence (Shekhar and Raveendran, 2013). The meaning of this statement is that product quality is evidence that the product has superior functionality (Vila and Ampuero, 2007). In addition, product quality is also defined as the ability of a product to show its existence (Shekhar and Raveendran, 2013).

2.3 E-servicescape

According to Bitner in research (Priutomo & Wahyuddin, 2019) *Servicecape* is a concept that affects the visitor's perception of the physical environment in which a service takes place.concept *servicescape* applies in the context of the physical environment (offline) and has nothing to do with the online environment. Finally, Harris and Goode

(2010) proposed that in Bitner's (1992) research on servicescape, Harris and Goode translated it in the context of the online environment from *servicescape* to *e-servicescape*.

According to Tankovic and Benazic (2018) in research (Karina, 2019) There are three components included in the *e-servicescape*, namely:

- a. *Aesthetic appeal* is the aspect of the website's environmental conditions and the extent to which consumers interpret *servicescape* in an attractive or attractive way and includes a visual design of the *marketplace elements entertainment* (Harris & Goode, 2010).
- b. Arrangement, organization, structure, and adaptability of the website as well as the extent to which these factors facilitate so that service objectives are met which include elements of use value, information suitability, interaction, and customization (Harris & Goode, 2010).
- c. *Financial security* is the security and ease of payment and the extent to which users feel that the payment process and general website policies can be guaranteed and secure (Harris & Goode, 2010).

In Research (Tran & Strutton, 2020) E-servicescape original conceptualization did not include customer reviews. However, individuals increasingly rely on customer reviews to make purchase decisions. Seventy-four percent of people trust businesses more after reading positive reviews (BrightLocal, 2017). The meaning of the above statement is that the original Conceptualization of E-servicescape does not include customer reviews. However, individuals increasingly rely on customer reviews to make purchasing decisions. Seventy-four percent of people trust a business more after reading positive reviews (BrightLocal, 2017).

2.4 Customer Loyalty

In Research (Pramudita, Gunawan, *et al*, 2022) based on Tjiptono in (Erica and Rasyid 2018) customer loyalty means customer loyalty to a brand, as well as suppliers based on a very positive nature of long-term purchases.

In research (Zephaniah et al, 2020) stated that "Customer loyalty is one of the widely investigated concepts in marketing. But despite the depth of extant research, customer loyalty deserves further investigation because a unified conceptualization and measurement of the concept is lacking in the marketing literature". The meaning of the statement is "Customer loyalty is one of the most researched concepts in marketing. But despite the depth of the existing research, customer loyalty deserves further investigation because integrated conceptualization and measurement of the concept are lacking in the marketing literature".

2.5 Trust

Marketing is a process of planning and execution, starting from the conception stage, pricing, promotion, to the distribution of goods, ideas and services, to make exchanges that satisfy the individual and his institutions (Dianto in Asmuni *et al*, 2020). In research (*Paparoidamis et al*, 2019) states that "In marketing the product, the seller must be able to give a sense of confidence to prospective buyers in order to avoid deception.". The meaning of the statement is "In marketing the product, the seller must be able to give confidence to potential buyers so that there is no fraud".

In Research (Arief & Subaida, 2022) Trust is the foundation of business, forming consumer trust is a way to create and retain consumers.

2.6 Conceptual Framework

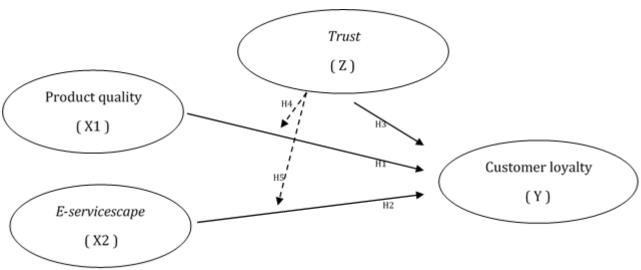


Figure 1. Research Model

2.7 Hypotheses Development

In Research (Putri et al., 2021) the hypothesis is a temporary answer to the research problem formulation, therefore the research problem formulation is usually arranged in the form of a question sentence (Imam Ghozali, 2010). Based on the understanding of the above hypothesis, a temporary hypothesis can be formulated.

Hal: It is suspected that customer quality has a positive effect on customer loyalty.

H01: it is suspected that customer quality has a negative effect on customer loyalty.

Ha2: it is suspected that *E-servicescape* has a positive effect on customer loyalty.

H02: it is suspected that *E-servicescape* has a negative effect on loyaltyCustomer

Ha3: Allegedly *Trust* has a positive effect on Customer Loyalty

H03: Allegedly *Trust* has a negative effect on Customer Loyalty

Ha4: Suspected Customer Quality has a positive effect on Customer Loyalty moderated by *Trust*

H04: Allegedly Customer Quality has a negative effect on Customer Loyalty moderated by *Trust*

Ha5: Suspected *E-servicescape* has a positive effect on Customer Loyalty moderated by *Trust*

H05: Allegedly *E-servicescape* has a negative effect on Customer Loyalty moderated by *Trust*

III. Research Method

Type of research used in this study using causal quantitative. Quantitative research emphasizes objective phenomena and is studied quantitatively. Maximizing the objectivity of quantitative research designs according to (Sukmadinata, 2009). Based on this, this research is a quantitative research method.

3.1 Population

According to (Sugiyono, 2020) population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population of this research is prospective

customers and customers of SMEs Second Hands as many as 191 people. The data analysis method uses Structural *Equation Modeling-Partial Least Square (SEM-PLS)* using *SmartPLS* version 3. The PLS calculation stage uses two measurement models (*Outer Model*) and structural model testing (*Inner Model*).

3.2 Sample

According to (Sugiyono, 2016) the sampling method in this study uses *probability* sampling, namely a sampling technique that provides equal opportunities for all populations (members) to be sampled

3.3 Variables and Research a. Product Quality (X1)

According to Research (Da Silva & Hidalgo, 2020) "The quality of goods produced by an economy plays a key role in the development of trade relations. In a globalized world, the quality of exchanged goods becomes increasingly important in determining trade benefits. Recent empirical studies confirm the rise of trade in vertically differentiated products". The meaning of the statement is that the quality of goods produced by an economy plays a key role in the development of trade relations. In a globalized world, the quality of the goods exchanged is becoming increasingly important in determining the benefits of trade. Recent empirical studies confirm the emergence of trade in vertically differentiated products.

According to (Rofiq & Hufron, 2018) Product Quality has the following indicators:

(P1, P2) Quality of Raw Materials

(P3) Attractive design

(P4, P5) Durability

b. *E-servicescape Products* (X2)

According to Harris & Goode, 2010 Servicescape is a service delivery environment. In a digital (online) environment, this environment is known as an *e-servicescape* (Priutomo & Wahyuddin, 2019). In Research (Karina, 2019) According to Tankovic and Benazic (2018), it is stated that there are three elements that are included in the scope of *e-servicescape*, namely *aesthetic appeal*, *layout and functionality, and financial security*

(P1, P2) Aesthetic Appeal

(P3, P4) Layout and Functionality (Layout and Functionality)

(P5) Financial Security (Financial Security)

c. Customer Loyalty (Y)

According to (Putri et al., 2021): Customer loyalty is one of the most important factors for companies to maintain their business continuity. Companies must do several things that can bind the hearts of customers to remain loyal to the company's products. According to Kotler & Keller (2006), indicators of customer loyalty are

(P1) *Repeat purchase* (loyal to the product)

(P2, P3) *Retention* (ignore or endure the influence of negative product or company)

(P4) *Referrals* (referring to the company's products or services to others)

d. Trust Trust (Z)

According to *Moorman et al.*, (in Priansa, 2017 p 115) *generally is viewed as an essential ingredient for successful relationships*". Trust can be seen as an essential ingredient for building relationships. In research (Kasinem, 2020) According to Gefen (in Yee and Faziharudean (2010:122) that the indicators of trust (*Trust*) consist of 3:

(P1, P2) Integrity (*Integrity*)

(P3) Kindness (*Benevolence*)

(P4, P5) Competence *Data*

IV. Results and Discussion

4.1 Descriptive Statistics

Filling out the questionnaire, there were 191 respondents who filled out the questionnaire.

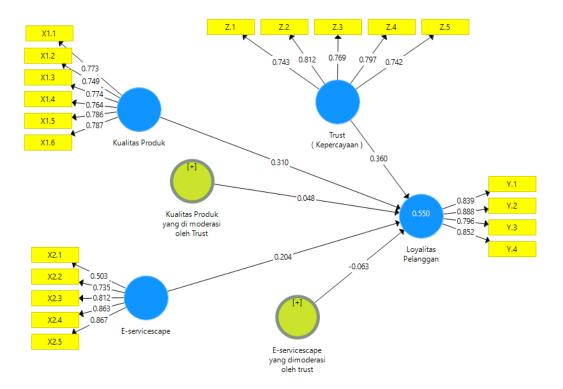
Table 1. Descriptive Statistics Characteristics of Respondents

No.	Characteristics		Total	Percentage (%)	
1.	Gender	Male	63	33%	
		Female	128	67%	
		Total	191	100%	
2.	Age	<15 Years	7	4%	
		16 – 25 Years	133	70%	
		26 - 35 Years	4	2%	
		36 – 40 Years	7	4%	
		>40 Years	40	21%	
		Total	191	100%	
3.	education	Junior high school	12	6%	
		SMA/SMK	136	71%	
		D3	11	6%	
		S1	22	12%	
		Masters	10	5%	
		Total	191	100%	
4.	work	Student	25	13%	
		Student /i	68	36%	
		Employees	49	26%	
		Entrepreneurs	11	6%	
		Others	38	20%	
		Total	191	100%	

Source: Data Processing Results (2022)

Table 2. Opening Question

No.	Question	Statement	Total	Percentage (%)
1.	Have you ever bought used	Yes	139	139%
	clothes?	No	52	52%
		Total	191	191%
2.	How many times did you buy	1 time	46	46%
	these used clothes?	2-5 times	77	77%
		6-10 times	12	12%
		> 10 times	13	13%
		Never	43	43%
		Total	191	191%



4.2 Validation Test

Based on the results of the analysis of the validity test with 191 respondents, it can be described as follows: 1) the results of the validity test on the Customer Loyalty variable with three indicators are declared valid. The results of the overall indicators > 0.5, 2) the results of the validity test on the Product Quality variable with three indicators declared valid. The results of the overall indicators > 0.5, 3) the results of the validity test on the *E-Servicescape* with three indicators declared valid. The results of the overall indicators > 0.5, and 4) the results of the validity test on the Trust variable (Trust) with three indicators declared valid. Overall indicator result>0.5.

4.3 Reliability Test

Table 3. Croanbach's Alpha

Variable	Cronbach's Alpha	Valid
Product Quality	0.865	Е
-Servicescape	0.820	Valid
Customer Loyalty	0.865	Valid
Trust Reliability	0.832	Valid

A test was conducted to determine the reliability of the research instrument. The research instrument was considered valid when the *Cronbach Alpha* <0.7. Thus, the overall research instrument is reliable.

4.4 Hypothesis

This test includes the significant value of each path coefficient which states that there is a (significant) or no (non-significant) effect between constructs. Structural model testers are used to test the hypothesis between research variables that can be seen from the P-value and T-statistics, if the T-statistic > 1.96. then the effect is based on the value in the P-value are the path coefficients table as shown in the table below:

Table 4. Path coefficients

	Original Sample	Average Sample	Standard Deviation	T Statistics	P Value
Moderation Trust (Trust) On the Effect	0.048	0.063	0.080	0.517	0.303
of Product Quality -> Customer Loyalty					
Moderation of Entrepreneurial Behavior	-0.063	-0.078	0.790	0.215	0.094
on the Effect of E-Servicescape ->					
Customer Loyalty					
Product Quality -> Customer Loyalty	0.310	0.299	0.075	4,110	0.000
E-Servicescape -> Customer Loyalty	0.204	0.103	1.974	0.024	Trust
	0.217				
(Trust) -> Customer Loyalty	Proof	0.001	0.362	of	Hypothesis
			0.114		
			3.151		

Proof of Hypothesis (H1): There is an Effect of Product Quality on Customer Loyalty

The first hypothesis in this study is H1: There is an Effect Product Quality against Customer Loyalty. The *path coefficient* shows the *Original Sample* = 0.310, T *Statistics* = 4.110 > 1.96, P *Value* = 0.000. This shows that the relationship between Product Quality with Customer Loyalty is influential. Thus that Product Quality positive and significant effect on Customer Loyalty.

Proof of Hypothesis (H2): There is an Effect *of E-Servicescape on Customer Loyalty*

The second hypothesis in this study is H2: There is an Effect of E-Servicescape on Customer Loyalty. The path coefficient shows the Original Sample value = 0.204, T Statistics = 41.974 > 1.96, P Value = 0.024. This shows that the relationship between E-Servicescape and Customer Loyalty is influential. Thus, E-Servicescape has a positive and significant effect on Customer Loyalty.

Proof of Hypothesis (H3): There is an Effect of Trust (*Trust***) on Customer Loyalty**

The third hypothesis in this study is H3: There is an Influence Product Quality Against Customer Loyalty. The *path coefficient* shows the *Original Sample* value = 0.360, T *Statistics* = 3.151 > 1.96, P *Value* = 0.001. This shows that the relationship between Trust (*Trust*) with Customer Loyalty is influential. Thus that the Trust (*Trust*) positive and significant effect on Customer Loyalty

Hypothesis Proofing (H4): There is Product Quality against Customer Loyalty Moderated by *Trust*

The fourth hypothesis in this study is H4: There is Product Quality on Customer Loyalty moderated by Trust (*Trust*). The *path coefficient* shows the *Original Sample* value = -0.063, T *Statistics* = 0.790 > 1.96, P *Value* = 0.303. This shows that the relationship between Product Quality with Customer Loyalty moderated by *Trust* is No effect. Thus, product quality with customer loyalty cannot be moderated by trust *and* is not significant. H4 is declared rejected.

Proof of Hypothesis (H5): There is Product Quality against Customer Loyalty Moderated by *Trust*

The fifth hypothesis in this study is H5: There is an E-Servicescape on Customer Loyalty moderated by Trust (Trust). The path coefficient shows the Original Sample = 0.048, T Statistics = 0.517 > 1.96, P Value = 0.215. This shows that the relationship between E-servicescape with Customer Loyalty which is moderated by Trust is not influential. Thus, the E-servicescape with Customer Loyalty cannot be moderated by Trust and is not significant. H5 is declared rejected.

V. Conclusion

The conclusion of this study is to prove the hypothesis that has been presented at the beginning of the study. The results of this conclusion are the answers to the problems that exist in this study, and these results are the results of authentic data analysis, so the following conclusions can be drawn:

- 1. The results of the first hypothesis tester, it was found that the relationship between Product Quality and Customer Loyalty has a positive or significant effect on SMEs Second Hands.
- 2. The results of the second hypothesis tester, it was found that the relationship between *E-Servicescape* and Customer Loyalty had a positive or significant effect on Secondhands MSMEs.
- 3. The results of the third hypothesis tester, it was found that the relationship between Trust *and* Customer Loyalty had a positive or significant effect on Second Hands SMEs.
- 4. The results of the fourth hypothesis tester, it was found that Product Quality on Customer Loyalty could not be moderated by *Trust* in a positive and significant manner in Secondhands MSMEs.
- 5. The results of the fifth test, in this study, show that *E-Servicescape* on Customer Loyalty cannot be moderated by *Trust* in a positive and significant way in Secondhands MSMEs.

Suggestions

- Based on the results of the study there are several suggestions proposed by the author, namely:
- a. For Secondhands MSME Owners, to be further improved in terms of Product Quality and *E-Servicescape* towards Secondhands MSME Customer Loyalty.
- b. For Prospective Customers and Second Hands UMKM Customers, to put more trust in Second Hands UMKM, and customers can get new insights after reading this research.
- c. For further researchers, in order to add other variables besides Product Quality and *E-Servicescape* to Customer Loyalty which is moderated by *Trust* and it is recommended for further research to use more data, with a wider scope so that the research results can be more comprehensive.

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