

The Effect of Perceived Benefits on Customer Satisfaction and Customer Retention on Indonesian E-Commerce Sites

Tri Yulistyawati Evelina
Politeknik Negeri Malang
trievelina@polinema.ac.id

ABSTRACT

Perceived benefits (utilitarian value, hedonic value, and social value) affect individuals in making decisions and behaving in online purchases through e-commerce. The purpose of this paper is to examine the effect of perceived benefits on customer satisfaction and customer retention on Indonesian e-commerce sites. Previous studies have explored the role of utilitarian, hedonic, and social values on consumer satisfaction. However, there is a lack of research on the effect of social value on customer retention. The current study attempts to fill this research gap. Data were collected using questionnaires on 270 Indonesian e-commerce customers in Indonesia, which were then analyzed using SPSS Statistic 17.0 and WarpPLS 6.0. The results showed that utilitarian value, hedonic value significantly, and positively influenced customer satisfaction on e-commerce purchases. Besides, social value and customer satisfaction significantly and positively affect customer retention. However, the utilitarian value does not significantly effect customer retention. Social value does not significantly effect customer satisfaction. The implication of this research is to guide e-commerce vendors in noticing the elements associated with perceived benefits to create customer satisfaction and customer retention on e-commerce products and services in the long term.

Keywords: Perceived benefit, customer satisfaction, customer retention, e-commerce, Indonesia

1. INTRODUCTION

Global internet users increased from 4,156 billion in 2017 to 4,422 billion in 2019 [55]. This increase has driven a rapid shift in the marketing patterns with the internet as a marketing channel [1]. Large companies have changed marketing strategies from traditional marketing to internal marketing. The internet has become one of the most important communication channels which leads to some changes in purchasing patterns. The results of the world survey recorded that the number of Indonesian internet users ranked fifth among 143 million people [55]. The growth rate of Indonesian internet users reached 7.06%, higher than the Chinese at about 3.58%. The higher number of internet users encourages online business growth in Indonesia through e-commerce.

Increasing the value of e-commerce sales influenced by consumers as users of e-commerce products, so that the opinion and input are needed to help the vendor of e-commerce in formulating appropriate marketing strategies.

E-commerce is electronic commerce covering the process of selling, purchasing, transferring, or exchanging products, services, or information through a computer network [3]. E-commerce brings tremendous benefits for vendors and consumers and changes the way they do transaction activities [4]. Some research has shown an interest in online purchasing behavior [1, 2, 5-11, 52-54]. Online purchasing behavior has become an important study for academics [12]. Empirically, previous studies have validated the effect of perceived benefits (i.e. utilitarian value, hedonic value, and social value) on the online purchasing behavior of e-commerce customers [5, 6, 9, 13]. Internet behavior users, before doing online purchases, commonly search for information about products and services providing the best benefits. Experiences when using products and services provide important information for e-commerce marketers or vendors as a basis for compiling policies and evaluating e-commerce implementation. Previous research suggests that perceived benefits and customer satisfaction affect maintaining customer retention. Customer retention refers to the company's ability to retain customers for a certain period. High customer retention indicates a customer's high tendency to continue purchasing the product or using the service [14].

Utilitarian value is an important factor in assessing customer behavior in online purchases [5, 6]. Customers who decide on a purchase by considering its utilitarian value will be more objective in assessing a product to provide customer satisfaction and create customer retention. Hedonic value also plays an important role as a value received by customers based on their pleasant experiences and pleasures in online purchases [15]. The 'hedonic' experience provides satisfaction and influences customers to stay with products and services. Some studies have focused on measuring customer satisfaction and customer retention by looking at the effect of the relationship of utilitarian value and hedonic value [5-8], but still, less consider social value as a variable predicting e-commerce customer behavior. Based on this, the researchers were interested in completing this study by adding the social value variable in measuring customer satisfaction and customer retention.

2. LITERATURE REVIEW

Customer value is an emotional bond that occurs between customers and producers after the customer uses the product or service provided by the supplier and gets that the product has added value [16]. Utilitarian Value relates to the basic functions and benefits of a product. Utilitarian value is "a comprehensive assessment of functional benefits and sacrifice" [17]. Literature studies explain that utilitarian value is an important variable that influences online shopping intentions [6]. Consumers will buy

a product based on functional benefits or usability, so consumers in product purchases will consider utilitarian benefits [18]. Utilitarian value emphasizes objectivity and the tangible form of a product. Consumers will feel satisfied if they get products that efficiently match their needs. Empirical research by Gan and Wang [5] has shown a significant and positive influence between the utilitarian value on customer satisfaction. Kesari and Atulkar [25] have also explained that there is a significant influence between the utilitarian value on mall customer satisfaction in India. A different finding was stated by Basaran and Buyukyilmaz [7], Ladeira *et al.* [39], and Chen *et al.* [40] that utilitarian value has no significant effect on customer satisfaction. Therefore, the following hypothesis is put forward:

H1 = Utilitarian value significantly and positively affects customer satisfaction

Levitt [41] believes that the main goal of every business is to create and retain customers. Customers retain service providers if there is benefit from the goods and services. Customer retention has proven to be the main goal of companies implementing customer relationship marketing [42]. Ranawera and Prabhu [34] define customer retention “as the future propensity of a customer to stay with their service provider”. Customer retention is defined “as customers’ stated continuation of a business relationship with the firm” [43]. When customers have gained functional benefits from the products they have purchased, this keeps the customer staying on the service and does not switch to another company. However, if customers get the opposite, it will encourage customers to immediately switch to other providers. Therefore, the following hypothesis is put forward:

H2 = Utilitarian value significantly and positively affects customer retention

Hedonic value is a value received by customers based on pleasant experiences and pleasures [19]. Hedonic Value is more subjective and personal than utilitarian value and tends to be more on pleasure than on task composition. Hedonic Value is associated with the desire for pleasure and self-expression related to individual emotional needs for a pleasant and interesting shopping experience. In this sense, the hedonic value provides a shopping experience without negative feelings but with highly increased feelings, increased involvement, perceived freedom, the fulfillment of a very valuable fantasy. Perceived satisfaction is an “important benefit” provided through shopping. In

short, shopping, with or without a purchase, can provide hedonic value in many ways. Research studies by Avcilar and Özsoy [6] show the influence of hedonic values significantly and positively on customer satisfaction. Similar results were shown by Hanzae and Rezaeyeh [15]. This indicates that the hedonic value offers a customer satisfaction experience. However, Song and Qu [44] showed different findings that hedonic value has no significant effect on customer satisfaction. Therefore, the following hypothesis is developed:

H3 = Hedonic value significantly and positively affects customer satisfaction

Companies retain customers using multiple attempts, with customer-oriented. According to Childers *et al.* [45], consumers make purchases online to get comfort and pleasure. Customers with a pleasant experience and the high pleasure of the products obtained will encourage the survival of the customers for not switching from another company. Previous studies have not found empirical studies that examine the effect of customer hedonic values on customer retention on e-commerce sites. Hedonic value is a value received by customers based on pleasant experiences and pleasures [19]. A pleasant experience on e-commerce sites when customers shop will encourage customers to retain on e-commerce sites in online purchases so that in the future. Hedonic value is considered to be a driving force shaping attitudes and behavior in the future. Thus, the following hypothesis is proposed:

H4 = Hedonic value significantly and positively affects customer retention

Sweeney and Soutar [20] define social value as “the utility derived from the product’s ability to enhance social self-concept”. Accordingly, social value derives generally from service use shared with others. Social value is a product or service benefit aimed to satisfy people’s desires to get recognition or social pride [21]. Consumers decide on e-commerce purchases by considering the social value of choose products or services by communicating an image that is in line with norms or can convey the social image wanted to display. If the customer’s experience in using the product or service consumed provides a positive social value, the customer will believe that e-commerce is reliable. Empirical evidence that investigates the effect of social value on customer satisfaction [5] shows that social value significantly and positively influences customer satisfaction. Hu *et al.* [46] revealed the effect of social value on

customer satisfaction. However, the results of different studies are shown by Prebensen and Rosengren [31]; Kesari and Atulkar [25] that social value was no significant effect on customer satisfaction. Accordingly, the following hypothesis is formed:

H5 = Social value significantly and positively affects customer satisfaction

Products provide benefits i.e. social value, which will increase consumers' remain on the product. Consumers who consider social value in making purchasing decisions will choose products or services that can enhance social self-concepts, such as feelings of acceptance, receiving positive feedback from others, and appearance improvement [20]. Social values can positively stimulate customer retention so that consumers remain to service providers. Therefore, the following hypothesis is put forward:

H6 = Social value significantly and positively affects customer retention

Satisfaction is defined “as users’ evaluations of social commerce based on their needs and expectation” [47]. Satisfaction reflects subjective users’ evaluation resulting from comparing the user experience with the prior expectations about the social commerce sites [47]. Users with a higher level of satisfaction tend to have a stronger intention to purchase through social commerce sites [48]. Previous research suggested that satisfaction has an important role in influencing user purchasing intentions. Satisfaction is identified as an important factor influencing purchase intentions in a commercial context [11, 24]. Satisfied consumers will buy and use products, and tell others about their pleasant experiences with the product or brand [49]. If they are not satisfied, they tend to switch to other products, and raise objections with producers, retailers, and even tell other consumers. Hennig-Thurau [33] explains that customer satisfaction and customer retention are important factors in relationship quality. Higher customer satisfaction will increase customer retention so that customers remain in the previous company. An empirical study of the relationship of customer satisfaction to customer retention has been reviewed by Ranaweera and Prabhu [34], that satisfaction has a significant and positive influence on customer retention. This is also supported by Guo and Wang [8]; Tamuliene and Gabryte [36]; showed the significant influence of satisfaction on customer retention. Thus, the following hypothesis is put forward:

H7 = Customer satisfaction significantly and positively affects customer retention

The hypothesis model is explained in Figure 1 below.

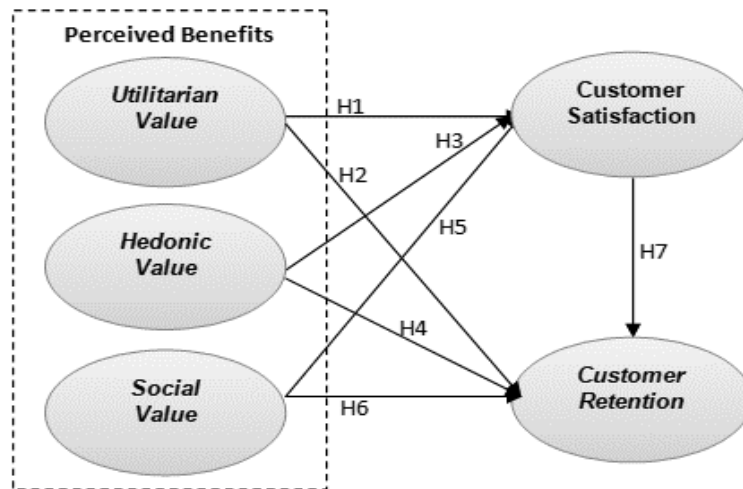


Figure 1. Hypothesis Model

3. RESEARCH METHOD

3.1 Survey Instruments

This study consisted of 5 variables: utilitarian value, hedonic value, social value, customer satisfaction, and customer retention. The items measuring all variables are as follows: utilitarian value consisted of 8 items were taken from Sweeney and Soutar [20], Chiu *et al.* [30], Gan and Wang [5]; Hedonic Value consisted of 12 items were taken from Arnold and Reynolds [50], Chiu *et al.* [30], Gan and Wang [5]; social value consisted of 8 items were taken from Sweeney and Soutar [20], Gan and Wang [5]; Customer Satisfaction consisted of 6 items were taken form Molinillo *et al.* [11], Gan and Wang [5]; Customer Retention consisted of 4 items were taken form Trasorras *et al.* [51]. This research used a 5-point Likert Scale from 1 (“Strongly Disagree”) to 5 (“Strongly Agree”). Characteristics of respondents include gender, age, education, and employment status.

3.2 Samples

The unit of analysis in this research was individual. The population were customers buying products and services on e-commerce sites of Lazada.co.id, Blibli.com, Tokopedia.com, Elevenia.co.id, MatahariMall.com, Shopee.co.id, Bukalapak.com, Zalora.co.id, and Blanja.com in Indonesia. The sampling was carried out using a purposive sampling technique with these following characteristics: the customers (1) had purchased e-commerce products and services two times in the last 1 month; (2) were at least 18 years old; (3) were buyers and users of e-commerce products and services. Data were collected by sending the URL address to e-commerce customers. A total of 270 respondents’ answers were received and were worth analyzing.

3.3 Data Analysis

The validity and reliability test of the instrument was carried out using SPSS 17.0, which aimed to find out whether the instrument could be understood by respondents. Also, primary data were analyzed by the descriptive method using SPSS 17.0. Inferential statistical analysis is used to answer hypotheses using WarpPLS 6.0

3.4 Data Collection

The empirical data were collected via an online survey from January to March of 2020. The number of users aged 18 - 67 years. Data collection is done by sending an online questionnaire using the Google form application by sending the URL address to e-commerce customers. A total of 324 responses were collected and scrutinized, 54 were discarded with the same values for all questions or most of the questions. A total of 270 respondents were acceptable and feasible to do the analysis.

4. STUDY RESULTS

4.1 Instrument Validity and Reliability Tests

Validity and reliability tests were carried out before using the instrument for overall data collection. The instrument validity test results showed that the correlation coefficient value of each item with the total item was ≥ 0.3 , so the instrument was said to produce valid data [38]. The reliability test results also showed that the Cronbach Alpha value was ≥ 0.60 , indicating that the instrument was reliable [22].

4.2 Profile of Respondents

The sample of this research consisted of 52.22% female and 47.78% male. Based on age, 53% was dominated by respondents aged 18-35 years old. 65.93% of the respondents were married and 45.19% of them had a magister's degree. Most respondents (22.59%) worked as entrepreneurs (self-employed). The majority of e-commerce shopping frequencies in the last month were 2 times (14.44%), 3 times (33.70%), 4 times (39.63%), and > 4 times (12.22%). The most often used e-commerce sites were Tokopedia.com (27.78%). Table 1. shows the profile of respondents.

The research results showed that the average score of respondents' answers to the utilitarian value variable was 4.31, concluding that the utilitarian value variable was included in the high category. The other findings also suggest that the average score of respondents' answers to the hedonic value variable was 4.32, which means that the

hedonic value variable falls within the high category. In other words, respondents considered that shopping through e-commerce provides a pleasant (interesting) experience and excitement.

The average score of respondents' answers to the social value variable was 3.40, concluding that the social value variable is included in the medium category. That is, respondents, in general, argued neutrally that e-commerce shopping can reflect the need for social ties and socializing.

The result of the customer satisfaction variable showed an average score of 3.98, indicating that the customer satisfaction variable is included in the high category. It can be interpreted that the respondents' evaluation of e-commerce shopping by comparing their experiences of use with previous expectations shows high satisfaction.

Similarly, another finding showed that the average score of respondents' answers was 3.70, concluding that the customer retention variable is included in the high category. It means that respondents tend to commit and stay afloat with service providers (e-commerce) in the future.

Table 1. The profile of respondent

Measure	Items	Frequency	Percentage
Sex	Male	129	47.78
	Female	141	52.22
Measure	Items	Frequency	Percentage
Marital Status	Married	178	65.93
	Single	87	32.22
	Other	5	1.85
Age (Years)	18 – 25	70	25.93
	26 – 35	73	27.04
	36 – 45	93	34.44
	46 – 55	32	11.85
	>55	2	0.74
Education	Senior High School	14	5.19
	Diploma	28	10.37
	Bachelor	74	27.41
	Masters	122	45.19
	Doctorate	24	8.89
	Other	8	2.96

Measure	Items	Frequency	Percentage
Status/Job	Self Employed	61	22.59
	Employees	51	18.89
	Teacher/Lecture	38	14.07
	Government	37	13.70
	State Employees	26	9.63
	College Student	27	10.00
	Temporary	19	7.03
	Employees	11	4.07
e-commerce shopping frequency	2 times	39	14.44
	3 times	91	33.70
	4 times	107	39.63
	> 4 times	33	12.22
e-commerce is most often used	Tokopedia.com	75	27.78
	Bukalapak.com	56	20.74
	Shopee.co.id	45	16.67
	Lazada.co.id	37	13.70
	Blibli.com	22	8.15
	Zalora.co.id	12	4.44
	Elevenia.co.id	10	3.70
	Blanja.com	7	2.59
	MatahariMall.com	6	2.22

4.3 Cross Check of Validity and Reliability

Convergent validity was measured using the value of AVE (Average Variance Extracted), where the loading factor value was above 0.50. The results of the convergent validity test on all variables were considered valid for all indicators with values exceeding 0.50.

Furthermore, discriminant validity is met if the loading factor value of each indicator on all variables is > the correlation cross-loading with other variables. The construction of reliability composite was > 0.7 and Cronbach's Alpha was > 0.6, indicating that the reliability is met. Table 2. explains the relationship between Cronbach Alpha, CR, and AVE values.

Table 2. Cronbach Alpha, CR, and AVE Values

Variable	Cronbach Alpha	CR	AVE
Utilitarian value	0.764	0.849	0.765
Hedonic value	0.762	0.837	0.688
Social value	0.856	0.903	0.837
Customer satisfaction	0.841	0.927	0.929
Customer retention	0.832	0.923	0.925

4.4 Hypothesis Testing

The researchers formulated 7 hypotheses. Hypothesis testing was conducted by comparing the p-value with an alpha value of 5%. If the p-value is ≤ 0.05 , the hypothesis is accepted and if it is > 0.05 , the hypothesis is rejected.

Table 3. and Figure 2. show the path coefficient relationship of each research hypothesis. Hypothesis testing clarifies whether the hypothesis is accepted or rejected. The results of hypothesis 1 stating that *utilitarian value influences customer satisfaction* showed a p-value of < 0.001 (< 0.05), so hypothesis 1 was accepted. The positive path coefficient indicates that utilitarian value had a significant positive effect on customer satisfaction.

Table 3. Hypothesis testing results

Hypothesis	Path	Path coefficient	p-Values	Significance level
H1	Utilitarian value $\rightarrow$ customer satisfaction	0.192	<0.001	Significant
H2	Utilitarian value $\rightarrow$ customer retention	0.033	0.294	Not Significant
H3	Hedonic value $\rightarrow$ customer satisfaction	0.300	<0.001	Significant
H4	Hedonic value $\rightarrow$ customer retention	0.111	0.032	Significant
H5	Social value $\rightarrow$ customer satisfaction	0.065	0.140	Not Significant
H6	Social value $\rightarrow$ customer retention	0.160	0.004	Significant
H7	Customer satisfaction $\rightarrow$ customer retention	0.282	<0.001	Significant

As for Hypothesis 2 stating that *utilitarian value influences customer retention*, the results showed a p-value of 0.294 (> 0.05), so hypothesis 2 was rejected. In other words, the utilitarian value had no significant effect on customer retention.

Hypothesis 3 states that *hedonic value influences customer satisfaction* resulted in a p-value of < 0.001 (< 0.05), so hypothesis 3 was accepted. The positive path coefficient indicates that hedonic value had a significant positive effect on customer satisfaction.

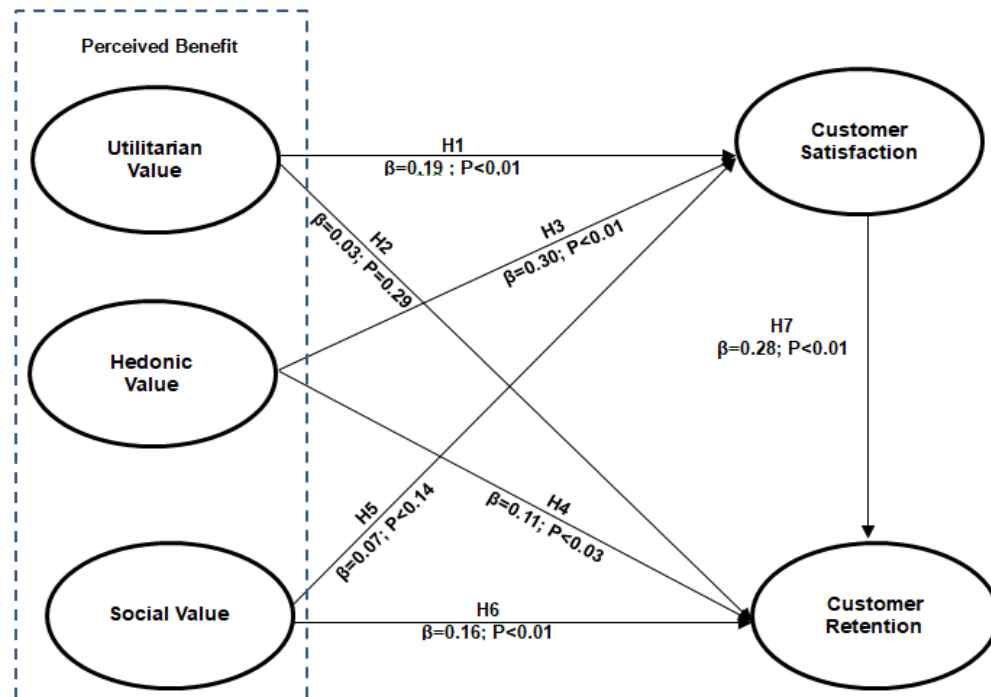


Figure 2. The structural model tests

The results of Hypothesis 4 states that *hedonic value influences customer retention* showed that a p-value of 0.032 (< 0.05), so hypothesis 4 was accepted. The positive path coefficient indicates that hedonic value had a significant positive effect on customer retention.

Hypothesis 5 states that *social value influences customer satisfaction* resulted in a p-value of 0.140 (> 0.05), so hypothesis 5 was rejected. It indicates that social value had no significant effect on customer satisfaction.

Hypothesis 6 states that *social value influences customer retention* showed a p-value of 0.004 (< 0.05), so hypothesis 6 was rejected. It indicates that social value had no significant effect on customer retention.

At last, hypothesis 7 states that *customer satisfaction influences customer retention* was also accepted since the results showed a p-value of < 0.001 (< 0.05). The positive path coefficient indicates that customer satisfaction had a significant positive effect on

customer retention. This research firm that customer satisfaction is a variable mediating the effect of utilitarian value and hedonic value on customer retention, but not mediating the effect of social value on customer retention. Social value had a direct effect on customer retention without being mediated by customer satisfaction.

5. DISCUSSION

The analysis results show that utilitarian value has a significant effect on customer satisfaction, indicated by a path coefficient of 0.192 with a p-value of < 0.001 . These findings confirm and expand the utilitarian value concept put forward by Anderson and Srinivasan [23]; Hsu and Lin [24] that utilitarian value is an important factor in predicting consumer purchasing behavior. Besides, utilitarian value plays an important role in influencing to make decision process of online shopping on e-commerce sites. With utilitarian value, consumers will emphasize their purchases based on functional benefits and needs. This concept is also supported by the statement that consumers buy a product by considering its functional benefits or uses [18], emphasizing the objectivity and tangible form of the product. Consumers will be satisfied when getting products that efficiently match their needs. The findings of this research support previous studies conducted by Gan and Wang [5], Avcilar and Özsoy [6], Kesari and Atulkar [25] indicating the positive relationship between utilitarian value and customer satisfaction in which high/good utilitarian value would provide satisfaction to purchases on e-commerce sites.

The research results also prove that utilitarian value has no significant effect on customer retention, which is one of the important contributions in understanding the relationship between utilitarian value and customer retention. These results are not consistent with Mimouni-Chaabane and Volle [26] arguing that consumers perceive utilitarian, hedonic, and symbolic benefits as one of the company's efforts to maintain or improve relationships with customers. The reasons are: *first*, the major of respondents who use e-commerce products are female (52.22%). Female customers when deciding to purchase made priority to the benefits and appearance of the product so it would not be on one e-commerce site, but tried to find products offered by other e-commerce sites. Female customers will compare one site to another e-commerce site that provides functional benefits which more promising. *Second*, the characteristics of respondents based on age dominated by customers between 18 - 35 years (53%), we're accustomed to using internet technology or literate technology enable. Customers were accustomed to using multiple e-commerce platforms, easily installing and using multiple platforms to compare one e-commerce site to another. Therefore, customers easily turn to e-commerce sites that offer the benefits of the products offered. *Third*, e-

commerce sites offer a variety of diverse and different choices in terms of price services, site views, or delivery facilities, so that respondents compare one e-commerce site to another.

The analysis results also showed that hedonic value has a significant effect on customer satisfaction, indicated by a path coefficient of 0.300 with a p-value of < 0.001 . The positive coefficient value indicates that hedonic value positively and significantly influences customer satisfaction. These findings reinforce Jones *et al.* [27] stated that customers transaction were influenced by the presence of hedonic shopping values, named pleasure, enjoyment, and excitement when doing shopping. Hedonic value is a value received by customers based on pleasant experiences and pleasures. Hedonic value is more subjective and personal because it is associated with the desire for pleasure and self-expression related to individual emotional needs for shopping experiences. This supports the concepts of Wolfinbarger and Gilly [28] that pleasure is a customer's hedonic element when online shopping. Pleasant experiences felt by customers in e-commerce product purchases will increase their satisfaction. Linear with this, Gan and Wang [5]; Avcilar and Özsoy [6]; Hanzae and Rezaeyeh [15] suggest hedonic value influences customer satisfaction.

Furthermore, the analysis results of this research indicate that hedonic value has a significant effect on customer retention, confirmed by previous study results of Childers *et al.* [29] that consumers make online purchases to get comfort and pleasures. Customers with pleasant experiences and high excitement with a product will have great retention so as not to move to other companies' products. Meanwhile, if customers do not get pleasant experiences and high excitement with a product, they will immediately intend to move to other companies' products. This finding is one of the important contributions to understanding the relationship between hedonic value and customer retention. Hedonic value is a value received by customers based on their pleasant experiences and pleasure [19]. Pleasant experiences felt by customers when shopping on e-commerce sites can encourage them to continue using the e-commerce site in online purchases. The relationship between customers and e-commerce vendors influences customer retention. Hedonic Value is considered as an important key to maintaining the continuity of the relationship with customers [30]. The findings of this research are supported by previous studies conducted by Kesari and Atulkar [25], Prebensen, and Rosengren [31]. In contrast with Gan and Wang [5], Hu *et al.* [32], this

research found that social value has no significant effect on customer satisfaction.

Social value has no significant effect on customer satisfaction, indicated by a path coefficient of 0.065 with a p-value of < 0.140 . This finding supports by Prebensen and Rosengren [31], Kesari, and Atulkar [25] based on the following reasons: *first*, respondents' shop using an e-commerce site can be done by themselves, so that social interaction with others is reduced. Social interaction plays an important role in building social values that reflect the need for bonding and socializing [50]. *Second*, the majority of respondents' average answers on social value variable items are 'neutral'. This emphasizes that respondents individually shop using e-commerce sites, therefore social value needs are not a priority in online shopping.

Social value has a significant effect on customer retention, indicated by a path coefficient of 0.160 with a p-value of < 0.004 . Empirical studies that examine the effect of social value on customer retention are a novelty. Furthermore, this finding is an important contribution to understanding consumer behavior. Hu *et al.* [32] define the online social value “as a person’s net positive or negative attitude based on his/her calculation of the weighted perceptions of the relevant benefits and sacrifices involved in using OSN services”. Attitude plays an important role in shaping consumer behavior as the overall evaluation [53]. On the decision to purchase a product or select an e-commerce site, customers are uniquely defining the product or site the most benefit. If the social value perceived by the customer showed positive, the customer will return to using e-commerce sites, this indicates customer retention.

Furthermore, the analysis results in proof that customer satisfaction has a significant effect on customer retention. This is supported by the concept put forward by Hennig-Thurau [33] stated that there was a relationship between customer satisfaction and customer retention. Besides, Hennig-Thurau [33] explained that Customer Satisfaction and Customer Retention are important factors in improving the quality of the relationship between customers and e-commerce vendors. Higher customer satisfaction improves customer retention, encouraging customers to continue shopping on the e-commerce site or company. The results of this research strengthen previous studies conducted by Ranaweera and Prabhu [34], Guo and Wang [35], Tamuliene and Gabryte [36], Edward and Sahadev [37].

6. CONCLUSION

The main purpose of this research is to investigate the effect of perceived benefits (utilitarian value, hedonic value, and social value) that can influence customer satisfaction and customer retention on online purchases through e-commerce in Indonesia. Previous studies have shown whether perceived benefits affect customer satisfaction and customer retention on online purchases through Indonesian e-commerce. The data in this research were analyzed using Statistics 17.0 and WarpPLS 6.0.

From the results of hypothesis testing, it is obtained that utilitarian value influences customer satisfaction. *Second*, the utilitarian value does not influence customer retention. *Third*, hedonic value influences customer satisfaction. *Fourth*, hedonic value influences customer retention. *Fifth*, social value influences customer satisfaction. *Sixth*, social value influences customer retention. *Seventh*, customer satisfaction influences customer retention. This research concludes that customer satisfaction is a variable mediating the effect of utilitarian value and hedonic value on customer retention but not mediating the effect of social value on customer retention. Social value has a direct effect on customer retention.

Practical Implication. As reported above, the practical implications of this research are to satisfy customers so they will continue using e-commerce products and services in the long term. E-commerce vendors need to pay attention to utilitarian value and hedonic value. Utilitarian value is a direct determinant of satisfaction, meaning that a positive perception of utilitarian value is very important to increase satisfaction. Hedonic value is an instrument reflecting the value of entertainment in shopping. Customers who are happy and entertained in shopping online on e-commerce sites will be satisfied. Social value is an important factor in building long-term relationships between customers and e-commerce vendors so that customers do not intend to move to other e-commerce sites. An understanding of customer needs and desires about the effect of social value on customer retention is important based for developing and implementing successful marketing strategies to maintain the continuity of the relationship with customers.

Limitations and recommendations. This research has some limitations that are expected to be further developed in future studies. *First*, this research only used the top 10 Indonesian e-commerce sites so that the e-commerce variations selected in this research are limited since their characteristics are almost the same. The results will be different when the characteristics of e-commerce vary on the business scale and segmentation. *Second*, the data were obtained from questionnaires so that there might be differences in the perceptions of the author and the research respondents who filled out the questionnaires even though it has been tried to be minimized by conducting a preliminary test.

7. REFERENCES

- [1] A. Ahmad, O. Rahman, and M.N. Khan, Exploring the role of website quality and hedonism in the formation of e-satisfaction and e-loyalty: Evidence from internet users in India, *Journal of Research in Interactive Marketing*, 11(3), 246-267, 2017.
- [2] L. C. Har, and U. C. Eze, Factors influence consumers' intentions to repurchase online in Malaysia, *International Journal of Electronic Commerce Studies*, 2(2), 157-164, 2011.
- [3] E. Turban, Decision Support Systems, (4nd Ed.), USA: Prentice-Hall, Inc. 1995.
- [4] G. P. Schneider, Electronic commerce (7th ed.). Massachusetts: Course Technology, 2007.
- [5] C. Gan. and W. Wang, The influence of perceived value on purchase intention in social commerce context, *Internet Research*, 27(4), 772-785, 2017.
- [6] M. Y Avcilar, and T. Özsoy, Determining the effects of perceived utilitarian and utilitarian value on online shopping intentions, *International Journal of Marketing Studies*, 7(6), 2015.
- [7] U. Basaran, and O. Buyukyilmaz, The effects of utilitarian and utilitarian values on young consumers' satisfaction and behavioral intentions, *Eurasian Journal of Business and Economics*, 8 (16), 1-18, 2015.
- [8] Guo C. and Wang, Y. How manufacturer market orientation influences B2B customer satisfaction and retention: an empirical investigation of the three market orientation components, *Journal of Business and Industrial Marketing*, 30(2), 182-193, 2015.
- [9] S. Hazari, B. J. Bergiel and B. N. Sethna, Hedonic and utilitarian use of user-generated content on online shopping websites, *Journal of Marketing Communications*, 2016.
- [10] M-J. Kim, N. Chung, and C-K. Lee, The effect of perceived trust on electronic commerce: Shopping online for tourism products and services in South Korea, *Tourism Management*, 32, 256–265, 2011.
- [11] S. Molinillo, B. Go´mez-Ortiz, J. Pe´rez-Aranda, and A. Navarro-Garci´a, Building Customer Loyalty: The effect of experiential state, the value of shopping, and trust and perceived value of service on online clothes shopping, *Clothing, and Textiles Research Journal*, 1-16, 2017.
- [12] B. B. Holloway and S. E. Beatty, Service failure in online retailing: A recovery opportunity, *Journal of Service Research*, 6(1), 92-105, 2003.
- [13] A. Sarkar, Impact of utilitarian and hedonic shopping values on an individual's perceived benefits and risks in online shopping, *International Management Review*, 7(1), 58, 2011.

- [14] A. Weinstein, Customer Retention: A usage segmentation and customer value approach, *Journal of Targeting, Measurement, and Analysis for Marketing*, 10. 259-268. 2002.
- [15] K. H. Hanzae and S. P. Rezaeyeh, Investigation of the effects of utilitarian value and utilitarian value on customer satisfaction and behavioural intentions, *African Journal of Business Management*, 7(11), 818-825, 2013.
- [16] H. E. Jr. Butz, and L.D. Goodstein, Measuring Customer Value: Gaining the strategic advantage, *Organizational Dynamics*, 24(Winter), 63 – 77, 1996.
- [17] J. W. Overby, and E. J. Lee, The effects of utilitarian and hedonic online shopping value on consumer preference and intentions, *Journal of Business Research*, 59(10–11), 1160–1166, 2006.
- [18] M. R. Solomon, Consumer Behavior: Buying, Having, and Being, New Jersey: Prentice-Hall, 2002.
- [19] B. J. Babin, W. R. Darden, and Griffin. Work and/or fun: measuring hedonic and utilitarian shopping value, *J. Consum. Res.* 20(4). 644–656. 1994.
- [20] J. C. Sweeney, and G. N. Soutar, Consumer perceived value: the development of a multiple-item scale, *Journal of Retailing*, 77(2), 203-220, 2001.
- [21] J. N. Sheth, and B. Mittal, Consumer Behavior: A Managerial Perspective, (2nd Ed.), USA: South-Western, 2004.
- [22] N. K. Malhotra, Marketing Research. An Applied Orientation, Second Edition, Jakarta: Salemba Empat, 1996.
- [23] R. E. Anderson, and S. S. Srinivasan, E-satisfaction and e-loyalty: a contingency framework, *Psychology, and Marketing*, 20(2), 123-38, 2003.
- [24] C-L. Hsu, and J. C-C. Lin, Effect of perceived value and social influences on mobile app stickiness and in-app purchase intention, *Technological Forecasting, and Social Change*, 108, 42-53, 2016.
- [25] B. Kesari, and S. Atulkar, Satisfaction of mall shoppers: a study on perceived utilitarian and hedonic shopping values, *Journal of Retailing and Consumer Services*, 31, 22-31, 2016.
- [26] A. Mimouni-Chaabane, and P. Volle, Perceived benefits of loyalty programs: Scale development and implications for relational strategies, *Journal of Business Research*, 63, 32, 2010.
- [27] M. A Jones, K. E. Reynolds, and M. Arnold, Hedonic and utilitarian shopping value: Investigating differential effects on retail outcomes, *J. Bus. Res.*, 59(9), 974–981, 2006.
- [28] M. Wolfinbarger and M. Gilly, Shopping online for freedom, control, and fun, *California Management Review*, 43(2), 34-55, 2001.
- [29] T. L. Childers, C. L. Carr, J. Peck, and Carson, Hedonic and utilitarian motivations for online retail shopping behavior, *Journal of Retailing*, 77, 417-424, 2001.

- [30] C-M. Chiu, Wang, E. T. G. Wang, Y-H. Fang and H-Y. Huang, Understanding customers' repeat purchase intentions in B2C e-commerce: the roles of utilitarian value, utilitarian value and perceived risk, *Information Systems Journal*, 24(1), 85-114, 2012.
- [31] N. K Prebensen, and S. Rosengren, Experience value as a function of hedonic and utilitarian dominant services, *International Journal of Contemporary Hospitality Management*, 28(1), 2016.
- [32] T. Hu, W.J. Kettinger, and R.S. Poston, The effect of online social value on satisfaction and continued use of social media, *European Journal of Information Systems*, 24(4), 391-410, 2014.
- [33] T. Hennig-Thurau, Relationship quality, and customer retention through strategic communication of customer skills, *Journal of Marketing Management*, 16(1-3), 55-79, 2000.
- [34] C. Ranaweera, and J. Prabhu, The influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting, *International Journal of Service Industry Management*, 14(4), 374-395, 2003.
- [35] C. Guo, and Y. Wang, How manufacturer market orientation influences B2B customer satisfaction and retention: an empirical investigation of the three market orientation components, *Journal of Business and Industrial Marketing*, 30(2), 182-193, 2015.
- [36] V. Tamuliene, and I. Gabryte, Factors influencing Customer Retention: a case study of Lithuanian mobile operators, *Procedia-Social and Behavioral Sciences*, 156, 447 -451, 2014.
- [37] M. Edward, and S. Sahadev, Role of switching costs in the service quality, perceived value, customer satisfaction, and customer retention linkage, *Asia Pacific Journal of Marketing and Logistics*, 23(3), 327-345, 2011.
- [38] U. Sekaran, Research Methods for Business (1st and 2nd ed), Jakarta: Salemba Empat, 2011.
- [39] W. J. Ladeira, W. M. Nique, D. C. Pinto, and A Borges, Running for pleasure or performance? How store attributes and hedonic product value influence consumer satisfaction. *The International Review of Retail, Distribution, and Consumer Research*. ISSN: 0959-3969 (Print) 1466-4402 (Online), 2016.
- [40] W. K. Chen, H-C. Huang, and S-C. T. Chou, Understanding consumer recommendation behavior in a mobile phone service context, 2008.
- [41] Harvard Business Review, T. Levitt, (1983, Sep.) After the Sale is Over, [Online]. Available: <https://hbr.org/1983/09/after-the-sale-is-over>.
- [42] C. Groat, The Marketing Strategy Continuum: Toward a marketing concept for the 1990s, *Management Decision*. 29(1), 7 – 13, 1991.

- [43] T. L. Keiningham, B. Cooil, L. Aksoy, T. W. Andreassen, and J. Weiner, The value of different customer satisfaction and loyalty metrics in predicting customer retention, recommendation, and share-of-wallet, *Managing Service Quality: An International Journal*, 17(4), 361-384, 2007.
- [44] J. Song, and H. Qu, The mediating role of consumption emotions, *International Journal of Hospitality Management*. 66, 66–76, 2017.
- [45] T. L. Childers, C. L. Carr, J. Peck, and S. Carson, Hedonic and utilitarian motivations for online retail shopping behavior, *Journal of Retailing*, 77, 417-424, 2001.
- [46] T. Hu, W.J. Kettinger, and R. S. Poston, The effect of online social value on satisfaction and continued use of social media”, *European Journal of Information Systems*, 24(4), 391-410, 2014.
- [47] R. L. Oliver, Measurement and evaluation of satisfaction processes in retail settings, *Journal of Retailing*, 57(3), 25-48, 1981
- [48] V. A. Zeithaml, L. L. Berry, and A. Parasuraman, The Behavioural Consequences of Service Quality. *Journal of Marketing*, 60(4), 31-46, 1996.
- [49] J. P. Peter, and J. C. Olson, Consumer Behavior: Perilaku Konsumen dan Strategi Pemasaran (4th ed.), Jakarta: Penerbit Erlangga., 2000.
- [50] M. J. Arnold, and K. Reynolds, Hedonic shopping motivations, *Journal of Reiling*. 79. 77-95, 2003.
- [51] R. Trasorras, A. Weinstein and R. Abratt, Value, satisfaction, loyalty, and retention in professional services, *Marketing Intelligence and Planning*, 27(5), 615-632, 2009.
- [52] Y-K. Huang, C-M. Feng, W-S. Fan, and H-P. Lin, Exploring the choice behavior on the retailing delivery provide for online auction consumers, *International Journal of Electronic Commerce Studies*, 3(2), 325-334, 2012.
- [53] R. AlGhamdi, J. Nguyen, A. Nguyen, and S. Drew, Factors influencing e-commerce adoption by retailers in Saudi Arabia: A quantitative analysis, *International Journal of Electronic Commerce Studies*, 3(1), 83-100, 2012.
- [54] N. A. M. Noor, Trust, and commitment: Do they influence e-customer relationship performance? *International Journal of Electronic Commerce Studies*, 3(2), 281-296, 2012.
- [55] Internet World Stats, (2019). Asia internet use, population statistics data [Online]. Available: <https://www.internetworldstats.com/stats3.htm>

