

# Impact of Service Quality and Complaint Management on Customer Satisfaction Case Study from E-Commerce Marketing Client Lazada

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**Abstract.** The purpose of this study was to clarify (1) the impact of service quality on Lazada user satisfaction, (2) the impact of complaints handling on Lazada user satisfaction, and (3) the impact of satisfaction of users on the loyalty of Lazada users. The study measures service quality, complaint handling and customer satisfaction as precedent to influence consumer loyalty. The sample for this study was 130 consumers who shopped on Lazada. All data studied were analysed with a structural equation model using the PLS Wrap computer program. The main findings of this study were that the quality of service had a significant positive effect on consumer satisfaction, the handling of complaints also had a significant positive effect on consumer satisfaction and consumer satisfaction and consumer loyalty. It has been shown to produce results that have a positive effect. The final conclusions of the consumer retention survey can be recommended as having important management implications. The researchers believe that the approach used in this study can help companies gain insights into the relative contribution of each specific aspect of complaint management to customer satisfaction and retention.

**Keywords:** Quality of service, Complaint handling, Consumer satisfaction, Consumer loyalty

## 1 Introduction

Internet is one of the technologies that connects people, users, with information that is beyond the reach of users. The growth of technology has forced Internet users to rely on information or purely entertainment applications. Not only that, but the growth of the Internet has allowed users to interact directly with others without having to be in the same location via video calls.

Part of the growth of the internet itself is not social media where people can share a lot through this site. Social media plays an important role in disseminating information to the general public. From the beginning, social media was intended as a forum where users can easily participate, share and exchange information and ideas about virtual communities and networking. Social media in this regard includes blogs, social networks, forums, and the visual world. Today's production information and news is no longer the exclusive domain of major news publishers. Now everyone can be a journalist and influence people. The same applies to the consumption of information that everyone can freely enjoy through digital media.

Internet technology that connects Internet users with information. The Internet as social media (Baym et al, 2004; Walther and Parks, 2002) is used to communicate

with friends, relatives and colleagues and even to form new relationships (Madden and Lenhart, 2006). Today's industrial markets compete to better serve their users by providing features that simplify their transactions. Marketplace is a new highly efficient market-based digital container for users. Almost all consumer needs can be met by the market like Lazada.

Launched in 2012, Lazada is the number one online shopping destination in Southeast Asia. Present in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. As a pioneer of e-commerce in the ecosystem in Southeast Asia, Lazada has helped over 135,000 local and international sellers through a marketplace platform supported by a wide range of proprietary marketing, data services and other services. 3,000 brands serving 560 million consumers in the Southeast Asian region. With over 300 million SKUs available, Lazada offers a wide variety of products in various categories, from electronics to housewares, toys, fashion, sporting goods and daily necessities.

The purpose of this study was to determine: (1) the impact of service quality on Lazada user satisfaction (2) the impact of processing complaints on Lazada user satisfaction (3) users on the effect of satisfaction of Lazada users on loyalty.

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## 2 Research and Methods

The service was excellent as one of the conditions for the success of the service companies. The service quality of a service company is often calibrated as a comparison between the expected service and the greatly received service. Businesses can provide excellent service to their users. Or the customer will have a better chance of continuing customer visits (Liu and Wu, 2007). Parasuraman (1988) classifies different dimensions used to measure service quality, especially in the banking sector. In particular: reliability, empathy, efficiency, procedures, safety and reactivity.

Providing good service can be defined as giving satisfaction to consumers. Therefore, the higher the quality of the service, the higher the consumer satisfaction, Kang (2006) and Olorunniwo (2006).

### H1. The quality of the service affects the satisfaction of the Lazada customer

The management of consumer complaints in enterprise ecommerce is becoming one of the key keys to the continued growth and development of enterprise ecommerce. It simply moves to another market which it believes will adequately satisfy the complaint (nyer 2000; Jarrar et al., 2003). Complaint management means embodying business (e-commerce) strategies and tactics in the face of the strategies and tactics of Kungran competitors. Complaint management can be an important tool for controlling conflicts between businesses and consumers (You and Loh, 2006).

When consumers have complaints, a good response from ecommerce can help them turn their dissatisfaction into satisfaction. When a consumer makes a complaint, the consumer offers the bank the opportunity to rectify it and the bank's ability to handle the complaint can increase consumer satisfaction (Fornell and Wernerfelt, 1987; Mittal et al. 2008).

### H2. Complaint management affects Lazada customer satisfaction

Kotler (1997: 36) defined satisfaction as the level of one's feelings after comparing performance or results and obtaining hope. Satisfaction is therefore a function of the difference between perceived performance and expectations, and the better the performance or results obtained based on expectations, the greater the satisfaction obtained. Customer satisfaction is therefore based not only on the customer's assessment of the reliability of the service delivery, but also on the customer's experience with the service delivery process (Dimitriades, 2006).

Another study by Bloemer et al. (1998) and Bloemer and Ruyter (1997) explains that contentment is often seen as a fundamental emergence of loyalty. Satisfaction has been shown to have a significant positive impact on consumer loyalty and e-commerce will create satisfaction after the transaction and a desire to use these services in the future. LeBlanc & Nguyen (1988) A study by has shown that it exists a significant positive impact between customer satisfaction and customer

loyalty. Based on the research above, satisfaction has a positive effect on loyalty.

At present, the duties and obligations of the company are not light and it must meet the demand not only to interest consumers, but also to make consumers a source of profit for the company and create loyal customers. Loyalty is the attitude that consumers choose to continue using a company's products and services. Attitudes determine choice and also determine firm buyback commitments (Foster and Cadogan, 2000).

### H3 Impact on consumer satisfaction on consumer loyalty Lazada

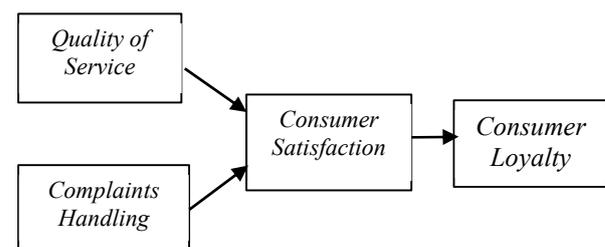


Fig. 1 Search model

## 3 Result and Discussion

### 3.1 Proof of validity

According to Ridgon and Ferguson (1991) and The Doll, Xia and Torrzadeh (1994) in Yamin and Kurniawan (2009: 36), a variable is said to have adequate validity for potential constituents if: it is

The load factor T (the factor that loads it) is greater than a critical value (> 1.96 or practical > 2); And

The predefined factor loads (standardized factor loads) are greater than or equal to 0.5.

Table 1. Combined Load

	KL	PK	KK	LK	Type (as defined)	SE	P value
KL_1	(0.835)	-0.035	-0.246	0.058	Reflective	0.072	<0.001
KL_2	(0.815)	-0.066	-0.058	0.202	Reflective	0.072	<0.001
KL3	(0.883)	-0.105	0.054	-0.041	Reflective	0.071	<0.001
KL4	(0.573)	0.307	0.358	-0.310	Reflective	0.077	<0.001
PK1	-0.113	(0.748)	-0.217	0.070	Reflective	0.073	<0.001
PK2	-0.053	(0.891)	0.130	-0.097	Reflective	0.071	<0.001
PK3	0.157	(0.839)	0.055	0.040	Reflective	0.072	<0.001
KK1	0.169	0.654	(0.518)	-0.285	Reflective	0.078	<0.001
KK2	0.059	-0.240	(0.817)	0.015	Reflective	0.072	<0.001
KK3	-0.162	-0.172	(0.835)	0.163	Reflective	0.072	<0.001
LK1	-0.118	-0.240	0.578	(0.651)	Reflective	0.075	<0.001
LK2	-0.303	-0.037	0.555	(0.748)	Reflective	0.073	<0.001
LK3	0.152	0.131	-0.634	(0.773)	Reflective	0.073	<0.001
LK4	0.225	0.100	-0.365	(0.825)	Reflective	0.072	<0.001

The load-based convergence validity test provides the following results for each metric:

There are four variable quality of service indicators reaching 0.835 KL1, 0.815 KL2, 0.883 KL3 and 0.573 KL4. Known through loading values > 0.5.

There are three indicators of the complaint processing variable PK1 with 0.748, server PK2 with 0.891, and PK3 with 0.839. Known through loading values > 0.5.

The consumer satisfaction variable had three indices, KK1 was 0.518, KK2 was 0.817, and KK3 was 0.835. Known through loading values > 0.5.

The consumer fidelity variable had four indices, LK1 was 0.651, LK2 was 0.748, LK3 was 0.773, and LK4 was 0.825. Known through loading values > 0.5.

### 3.2 Reliability test

Reliability is closely related to the consistency of the manifest variables in the measurement of potential constituents. According to Yamin and Kurniawan (2009: 36), a component's reliability is said to be good if its reliability value is greater than 0.7 and the extracted variance value is greater than 0.5. The formula is:

$$\text{Build reliability} = \frac{(\sum \text{standard load capacity})^2}{(\sum \text{standard load})^2 + \sum \epsilon_j}$$

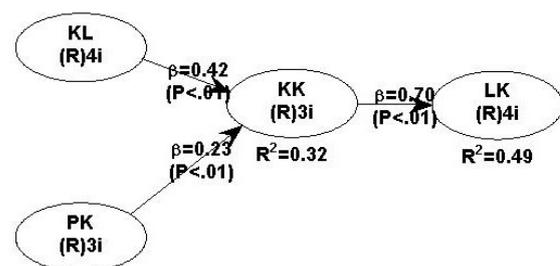
**Table 2.** Test of validity and reliability of convergence

	KL	PK	KK	LK
R-squared			0.323	0.494
Adj. R-squared			0.313	0.490
Composite reliab.	0.863	0.867	0.775	0.838
Cronbach's alpha	0.784	0.768	0.565	0.741
Avg. var. extrac.	0.617	0.686	0.545	0.566
Full collin. VIF	1.399	1.483	1.911	2.356
Q-squared			0.323	0.486
Min	-2.920	-3.048	-3.122	-3.291
Max	1.631	1.482	1.689	1.756
Median	0.135	0.152	0.030	0.172
Mode	0.493	0.349	0.486	0.495
Skewness	-0.469	-1.190	-0.427	-1.059
Exc. kurtosis	-0.341	1.745	0.295	1.227
Unimodal-RS	Yes	Yes	Yes	Yes
Unimodal-KMV	Yes	Yes	Yes	Yes
Normal-JB	Yes	No	Yes	No
Normal-RJB	Yes	No	Yes	No
Histogram	View	View	View	View

Based on test results based on AVE validity of convergence values, the unknown AVE value for quality of service is 0.617, complaint handling 0.686, customer satisfaction 0.545, and consumer loyalty 0.566. The recommended value for AVE is greater than 0.5 (Mahfud and Ratmono, 2013; 67). AVE values > 0.5 are known in all. This means that AVE has found convergence validity.

Reliability test results based on CR (Combined Reliability), but note the CR Service Quality of .863, Complaint Handling of 0.867, Consumer Satisfaction of 0.775, and Customer Loyalty of 0.838. The recommended value for CR is greater than 0.7 (Mahfud and Ratmono, 2013; 67). Known for CR > 0.7. This means that it meets the reliability requirements.

### 3.3 Analytical SEM



**Fig. 2** Analysis of the path of the structural model

From Figure 2, we can see that the quality of service has a large positive effect on customer satisfaction, as evidenced by the path coefficient from 0.42 to P-value <0.01. The value path coefficient also demonstrates that complaint handling is positively significant for customer satisfaction from 0.23 to a P value <0.01. Customer satisfaction has a positive impact on retention, as evidenced by a path coefficient of 0.70 and a P value of less than 0.01.

### 4 Conclusion

Based on our results, we can conclude that service quality has a large positive effect on customer satisfaction, with path coefficients from 0.42 to P-value <0.01. The value path coefficient also demonstrates that complaint handling is positively significant for customer satisfaction from 0.23 to a P value <0.01. Customer satisfaction has a positive impact on retention, as evidenced by a path coefficient of 0.70 and a P value of less than 0.01.

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