



CUSTOMER EXPERIENCE AND CUSTOMER ENGAGEMENT ON CUSTOMER LOYALTY WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE (CASE STUDY AT MEDAN OIL PALM RESEARCH CENTER)

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Abstract

The Palm Oil Research Center (PPKS) is a company that provides quality seeds, research products on the upstream and downstream sides, and provides satisfying services and services to meet the needs of the people and stakeholders and supports the sustainability of the Indonesian palm oil industry. To support the sustainability of the industry, PPKS must maintain customer loyalty. In addition, customer satisfaction is also an important aspect that affects customer loyalty. The purpose of this study is to analyze the effect of customer experience and customer engagement on customer loyalty through customer satisfaction. This research was conducted at the Palm Oil Research Center (PPKS) with a sample of 125 respondents. The data were analyzed using descriptive analysis and path analysis with the Smart PLS application. The results show that directly customer experience has a positive and significant effect on customer satisfaction, customer engagement has a positive and significant effect on customer satisfaction, customer experience has a positive and significant effect on customer loyalty, customer engagement has a positive and significant effect on customer loyalty, and customer satisfaction have a positive and significant effect on customer loyalty. Indirectly, customer experience has a positive and significant effect on customer loyalty through customer satisfaction and customer engagement has a positive and significant effect on customer loyalty through customer satisfaction.

Keywords: *Customer Experience, Customer Engagement, Customer Satisfaction, Customer Loyalty*

1. INTRODUCTION

According to Wa Ode in (Sopiah and Sangadji, 2018) customer engagement is a form of response to a product or service that is felt to be important and/or consumer interest in the acquisition, consumption and disposition of goods, services or ideas. Customer engagement is a proactive action taken by consumers regarding stimuli provided by marketers or producers aimed at minimizing risks and maximizing profits or benefits or product purchases. There is a tendency that customers who recommend PPKS products have a fast perception of the products and services. Customer satisfaction can not only be seen from the customer engagement aspect, but can also be seen from the customer experience in using PPKS service products. According to Meyer & Schwager in Latif & Hasbi (2021) customer experience is an individual response from internal customers after direct or indirect interactions with the company.

Direct interaction is an encounter that creates customer understanding that occurs in the service or purchasing department. Meanwhile, interactions carried out indirectly are planned encounters, such as product or brand appearances, advertisements, and other forms of promotional events used by the company. Based on this definition, it is clear that experienced customers are those who directly or indirectly have interactions with the products, brands or companies where they buy or subscribe to products or services. Customer experience gives rise to customer perceptions which can then result in customer satisfaction or dissatisfaction with PPKS product services. Based on the background description that has been presented, it is known that PPKS has the largest market share, namely 28.26% in 2022 throughout Indonesia. However, the important question is that customers who are not satisfied is

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inversely proportional to the increase in market share. According to the results of observations made by the author, PPKS customer satisfaction does not guarantee loyal customers. The increase in PPKS customers is also based on the creation of new markets where PPKS builds representative offices in each province of Kalimantan and Sulawesi which are PPKS' new markets. So, based on the description above, it is necessary to carry out research with the title "Customer Experience, Customer Engagement and Their Relationship with Loyalty Where Customer Satisfaction is an Intervening Variable (Case Study at the Palm Oil Research Center)".

2. LITERATURE REVIEW

2.1 Customer Experience

Customer experience is the company's implementation of managing customer experience on products/services which aims to meet customer needs and create customer satisfaction, where customers feel they have had a memorable experience so that customers will always remember the product/service when they need it (Banjarnahor in Simanjuntak, 2020). According to Meyer and Schwager in Latif and Hasbi (2021) customer experience is an individual response from internal customers after direct or indirect interactions with the company. Direct interaction is an encounter that creates customer understanding that occurs in the service or purchasing department.

2.3 Customer Engagement

According to Jones in (Sangadji & Sopiah 2018), customer engagement is the perceived personal importance and/or interest of consumers in the acquisition, consumption and disposition of goods, services or ideas. Customer engagement is a proactive action taken by consumers regarding stimuli provided by marketers or producers aimed at minimizing risks and maximizing profits or benefits or product purchases. According to Utami & Saputri (2020) customer engagement is physical, cognitive and emotional involvement that will build consumer relationships with the company. Therefore, customer engagement is very important for companies because it will build a strong relationship between consumers and the company whose impact will refer to purchasing decisions.

2.4 Customer satisfaction

According to Kotler & Keller (2018) customer satisfaction is a feeling that arises after customers compare the product performance obtained with the expected product performance. Tjiptono in Rahayu, et al. (2020) customer satisfaction is an evaluation carried out with alternative choices that are at least equal to or exceed customer expectations. Apart from that, according to Zeithaml & Bitner in Sangadji & Sopiah (2018) customer satisfaction is "customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations." This means that customers who are satisfied with the product or service they purchased will repurchase that product or service.

2.5 Customer loyalty

Customer loyalty is a very important thing to pay attention to and is a dream for every company. Because if a company has a loyal customer, then this can become a very valuable asset for the company. Because with the increasing number of loyal consumers, it will be easier for an entrepreneur to maintain his business amidst increasingly fierce competition like today. Oliver in Sangadji & Sopiah (2018) states that loyalty is a customer's deep commitment to re-subscribe or make purchases or re-purchase selected products or services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavior change.

3. RESEARCH METHODS

This type of research uses associative research with a quantitative approach. According to Sugiyono (2022), associative research is research that aims to determine the relationship between two or more variables in order to study, describe and see the influence between the variables formulated in the research hypothesis. According to Sugiyono (2022) quantitative methods are methods based on the philosophy of positivism aimed at describing and testing hypotheses made by researchers. Quantitative research contains a lot of numbers starting from collection, processing, and results which are dominated by numbers.

4. Results and Discussion

4.1 Direct Influence

Direct influence hypothesis testing aims to prove the hypotheses of the influence of a variable on other variables directly (without intermediaries) which is carried out using the T-statistics test (t-test) with a significance level of 5%. The results of the Smart PLS algorithm in assessing the path coefficient directly are given in Table 4.12 below:

Table 1. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Customer Engagement > Customer Satisfaction	0.372	0.371	0.130	2,866	0.004
Customer Engagement > Customer Loyalty	0.287	0.274	0.085	3,387	0.001
Customer Experience > Customer Satisfaction	0.372	0.382	0.125	2,969	0.003
Customer Experience > Customer Loyalty	0.325	0.318	0.096	3,386	0.001
Customer Satisfaction > Customer Loyalty	0.412	0.423	0.111	3,714	0,000

In Table 1, the following results are obtained:

1. Based on Table 4.12, it is known that the influence between *customer experience* on customer satisfaction ($p = 0.003 < 0.05$) and the original sample value is 0.372, then H_0 is rejected. H_1 is accepted, meaning that there is a positive and significant influence between customer experience on customer satisfaction.
2. Based on Table 4.12, it is known that the influence between *customer experience* on customer loyalty ($p = 0.00 < 0.05$) and the original sample value is 0.412, then H_0 is rejected. H_1 is accepted, meaning that there is a positive and significant influence between customer experience on customer loyalty.
3. Based on Table 4.12, it is known that the influence between *customer engagement* on customer satisfaction ($p = 0.004 < 0.05$) and the original sample value is 0.372, then H_0 is rejected. H_1 is accepted, meaning that there is a positive and significant influence between customer engagement on customer satisfaction.
4. Based on Table 4.12, it is known that the influence between *customer engagement* on customer loyalty ($p = 0.001 < 0.05$) and the original sample value is 0.287, then H_0 is rejected. H_1 is accepted, meaning that there is a positive and significant influence between customer engagement and customer loyalty.
5. Based on Table 4.12, it is known that the influence of customer satisfaction on customer loyalty ($p =$

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0.00 < 0.05) and the original sample value is 0.412, so H0 is rejected. H1 is accepted, meaning that there is a positive and significant influence between customer satisfaction and customer loyalty.

4.2 Indirect Influence

Indirect influence hypothesis testing aims to prove hypotheses about the influence of a variable on other variables indirectly (through intermediaries). The results of the indirect influence test can be seen from Table 4.13 below:

Table 2. Specific Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Engagement > Customer Satisfaction > Customer Loyalty	0.154	0.160	0.076	2,023	0.044
Customer Experience > Customer Satisfaction > Customer Loyalty	0.154	0.164	0.074	2,084	0.038

Based on Table 2, the research results to answer the hypothesis contained in the previous chapter are as follows:

1. OnTable 4.13 shows that customer experience affects customer loyalty through customer satisfaction (p = 0.038 < 0.05) and the original sample value is 0.154, so it can be concluded that customer experience indirectly has a positive and significant effect on customer loyalty through customer satisfaction.
2. OnTable 4.13 shows that customer engagement affects customer loyalty through customer satisfaction (p = 0.00 < 0.05) and the original sample value is 0.412, so it can be concluded that customer experience indirectly has a positive and significant effect on customer loyalty through customer satisfaction.

4.3 Total Influence

The total effect is the sum of the direct effects and all indirect effects contained in the research model. The results of the total effect test in this research can be seen in Table 3 below:

Table 3. Total Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Engagement > Customer Satisfaction	0.372	0.371	0.130	2,866	0.004
Customer Engagement > Customer Loyalty	0.441	0.434	0.115	3,847	0,000
Customer Experience > Customer Satisfaction	0.372	0.382	0.125	2,969	0.003
Customer Experience > Customer Loyalty	0.478	0.482	0.113	4,218	0,000



Customer Satisfaction > Customer Loyalty	0.412	0.423	0.111	3,714	0,000
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Based on Table 3, the research results to answer the total effect are as follows:

1. In Table 4.14 it is known that the total effect is between customer experience on customer satisfaction ($p = 0.003 < 0.05$) and the original sample value was 0.372.
2. In Table 4.14 it is known that the influence between customer experience on customer loyalty ($p = 0.00 < 0.05$) and the original sample value is 0.412.
3. In Table 4.14 it is known that the influence between customer engagement on customer satisfaction ($p = 0.004 < 0.05$) and the original sample value was 0.372.
4. In Table 4.14 it is known that the influence between customer engagement on customer loyalty ($p = 0.00 < 0.05$) and the original sample value is 0.441.
5. In Table 4.14 it is known that the influence of customer satisfaction on customer loyalty ($p = 0.00 < 0.05$) and the original sample value is 0.412.

5. DISCUSSION

1. Based on the results of hypothesis testing, it shows that the customer experience variable has a positive and significant effect on customer satisfaction. This means that if customers of the Palm Oil Research Center (PPKS) have had a good experience then this will significantly increase customer satisfaction and vice versa.
2. Based on the results of hypothesis testing, it shows that the customer engagement variable has a positive and significant effect on customer satisfaction. This means that if customers have established positive interactions with the Palm Oil Research Center (PPKS), this will significantly increase customer satisfaction and vice versa.
3. Based on the results of hypothesis testing, it shows that the customer experience variable has a positive and significant effect on customer loyalty. This means that if customers of the Palm Oil Research Center (PPKS) have had a good experience then this will significantly increase customer loyalty and vice versa.
4. Based on the results of the hypothesis test, it shows that the customer engagement variable has a positive and significant effect on customer loyalty. This means that if customers have established positive interactions with the Palm Oil Research Center (PPKS), this will significantly increase customer loyalty and vice versa.
5. Based on the results of hypothesis testing, it shows that the customer satisfaction variable has a positive and significant effect on customer loyalty. This means that if customers are satisfied with the products and services at the Palm Oil Research Center (PPKS), this will significantly increase customer loyalty and vice versa.
6. Based on the results of hypothesis testing, it shows that the customer experience variable has a positive and significant effect on customer loyalty through customer satisfaction. This means that if customers of the Palm Oil Research Center (PPKS) have had a good experience, this will significantly create a sense of satisfaction and this will increase customer loyalty. This is because customer satisfaction that comes from perceived experience is sufficient to create a sense of loyalty towards the customer Palm Oil Research Center (PPKS).
7. Based on the results of hypothesis testing, it shows that the customer engagement variable has a positive and significant effect on customer loyalty through customer satisfaction. This means that if customers of the Palm Oil Research Center (PPKS) have established good relationships and communication, this will significantly create a sense of satisfaction and this will increase customer

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loyalty. This is because customer satisfaction that comes from perceived engagement is sufficient to create a sense of loyalty towards the customer Palm Oil Research Center (PPKS).

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSION

Based on from analysis And discussion can taken a number of conclusion as well as suggestion as following:

1. Customer experience influential positive And significant to satisfaction customer on Palm Oil Research Center (PPKS).
2. Customer engagement influential positive And significant to satisfaction customer on Palm Oil Research Center (PPKS).
3. Customer experience influential positive And significant to loyalty customer on Palm Oil Research Center (PPKS).
4. Customer engagement influential positive And significant to loyalty customer on Palm Oil Research Center (PPKS).
5. Customer satisfaction influential positive And significant to loyalty customer on Palm Oil Research Center (PPKS).
6. Customer experience influential positive And significant to loyalty customer through satisfaction customer on Palm Oil Research Center (PPKS).
7. Customer engagement influential positive And significant to loyalty customer through satisfaction customer on Palm Oil Research Center (PPKS).

6.2 SUGGESTION

Based on research results, the suggestions to researchers are as follows:

1. *Customer experience* has a positive and significant effect on customer loyalty through customer satisfaction at the Palm Oil Research Center (PPKS). This shows that customer experience is one of the variables that must be considered in increasing customer satisfaction and loyalty. For this reason, the Palm Oil Research Center (PPKS) needs to pay more attention to things that encourage the creation of a good customer experience, such as creating emotional relationships with customers, maintaining product quality, and responding positively to feedback from customers.
2. *Customer engagement* has a positive and significant effect on customer loyalty through customer satisfaction at the Palm Oil Research Center (PPKS). This shows that customer engagement is one of the variables that must be considered in increasing customer satisfaction and loyalty. For this reason, the Palm Oil Research Center (PPKS) needs to pay more attention to things that encourage the establishment of positive communication or interaction relationships, such as providing honest service to customers, helping customers in problem solving, and always being active (fast response).) in answering questions given by customers.
3. Customer satisfaction has a positive and significant effect on customer loyalty at the Palm Oil Research Center (PPKS). This shows that customer satisfaction is one of the variables that must be considered in increasing customer loyalty. For this reason, the Palm Oil Research Center (PPKS) needs to pay more attention to matters related to customer satisfaction, such as maintaining product quality, being willing to accept customer criticism and suggestions positively, continuing to innovate, and so on.



4. To future researchers
 - a. For researchers who will conduct similar research, it is hoped that they can add variables that may influence customer loyalty such as product quality, service quality, etc.
 - b. Future research is expected to increase respondents by using different research objects on a larger scale.

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