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SCHOOL OF POLITICAL AND SOCIAL SCIENCE
Bandar Lampung University, Indonesia

Icon-LBG 2016

The Third International Conference on Law, Business and Governance

PROCEEDINGS

Hosted by
Faculty of Law, Faculty of Economics and Faculty of Social Science
Bandar Lampung University (UBL)



Icon-LBG 2016

THE THIRD INTERNATIONAL CONFERENCE
ON LAW, BUSINESS AND GOVERNANCE 2016

20, 21 May 2016
Bandar Lampung University (UBL)
Lampung, Indonesia

PROCEEDINGS

Organized by:



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PREFACE

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the Third International Conference on Law, Business and Governance (3th Icon-LBG 2016) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 46 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others : International Islamic University Malaysia, Unika ATMA JAYA, Shinawatra University, Universitas Sebelas Maret, Universitas Timbul Nusantara, Universitas Pelita Harapan, Universitas Bandar Lampung, Universitas Lampung.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also grateful to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time

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MODERATING EFFECT OF SWITCHING COST ON RELATIONSHIP BETWEEN PERCEIVED VALUE, SATISFACTION, TRUST ON LOYALTY OF YOUNG-AGE CUSTOMER IN TOKOPEDIA

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Abstract

The development of Internet has changed the way consumers purchase goods and services which lead to the rapid growth of e-commerce. In e-commerce, competition might occur in just one click, which raises a question whether the switching cost could be an obstacle for e-commerces in gaining customer loyalty. The purpose of this study is to analyze customer perceived value, customer satisfaction and trust on Tokopedia's young customers with switching cost as moderator variable on customer loyalty. Customer satisfaction variable consists of five dimensions. There are customer services, order fulfillment, Ease of Use, Product portfolio and security and privacy. This research carried out on young Tokopedia customers living in Jakarta and Tangerang area. The data collection was done by distributing 300 questionnaires to under graduated students. Variables are measured with 5-point Likert scale. Validity testing using factor loading value of ≤ 0.6 , Reliability test using the composite reliability with value ≥ 0.7 , Cronbach's alpha > 0.7 , and the average variance extracted > 0.50 . In this study, there are seven hypotheses to be tested. The model fit and hypothesis testing will be done by using PLS analysis in SmartPLS 3.0 software. From seven hypotheses, 6 hypothesis are accepted and 1 hypothesis are rejected. The result findings suggest that Tokopedia management needs to take attention to customer satisfaction. Even though the customers are satisfied but it doesn't lead them to be a loyal customers. Dimension of customer service and privacy showed a small mean value from the other dimensions. Tokopedia management should concern more to improve these dimension so can increase customer loyalty.

Keywords: perceived value, satisfaction, trust, switching cost, loyalty, e-commerce

1. INTRODUCTION

More than two decades ago, the Internet has changed the way we buy and sell goods and services (Roos, 2016). Just a couple of years ago, when consumers want to buy airplane tickets, they usually go to the travel agent or the airlines store. But nowadays, it is no longer a need to spend time on the trip just to buy a ticket. Tickets can be bought through the Internet. Buying or selling products or services over the Internet is called e-commerce or electronic commerce (Roos, 2016). Amazon is the the first e-commerce company, with full scale e-commerce business model (Roos, 2106). Later on the e-commerce business followed by the another e-commerce such as Ebay in 1995 that sold the broken laser pointer; Zappo's in 1999 launched online shoe store; Alibaba.com in 1999, which is an online marketplace for B2B originating from China, and Groupon which established in 2008 (<http://www.smallbusinessheroes.co.uk/features/infographic-short-history-commerce/>). Tokopedia, established in 2009, is the largest online marketplace in Indonesia which provides services to individual vendors and small business owners to open store on its website (Shu, 2014), this was soon followed by other e-commerces in Indonesia. E-commerce is a big business and getting bigger every day (Nielsen, 2014). According to a report from eMarketer, the estimated growth in B2C e-commerce in 2014 reached worldwide sales of \$ 1.5 billion, an increase of nearly 20 percent from the previous year (Nielsen, 2014).

According to a survey conducted by Nielsen (2014) on the global average on online browsing and buying intention within the next 6 months, in the table below states that most respondents (59 percent) intends to buy tickets, followed by 57 percent of respondents intends to buy clothes, accessories and shoes.

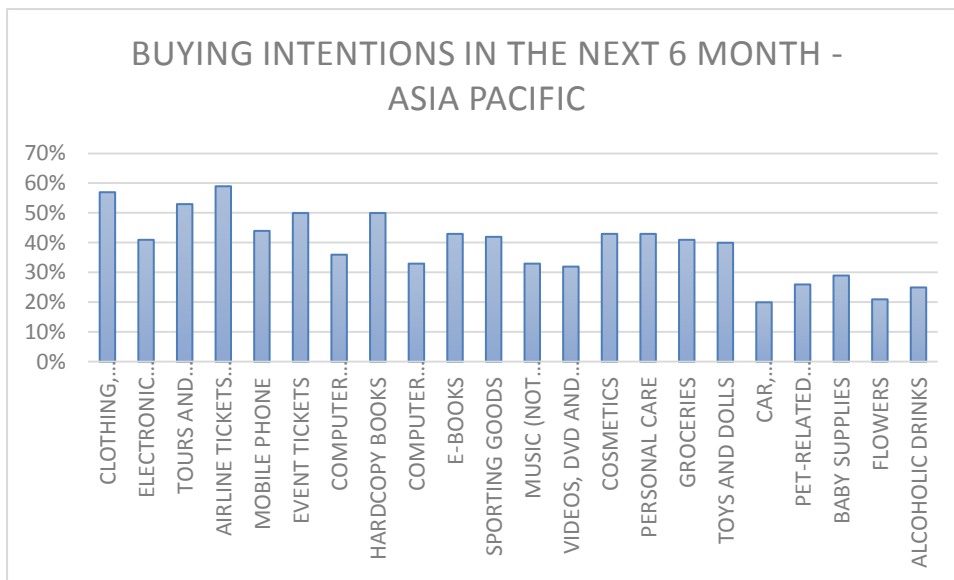


Figure 1.
 Buying intention of Asia Pacific Respondent in the next 6 months
 Source : Nielsen (2014)

When the survey result was compared with the previous survey conducted in 2011, an increase could be seen in significant growth in the event tickets and e-books categories(Nielsen, 2014) which be seen in figure 2.

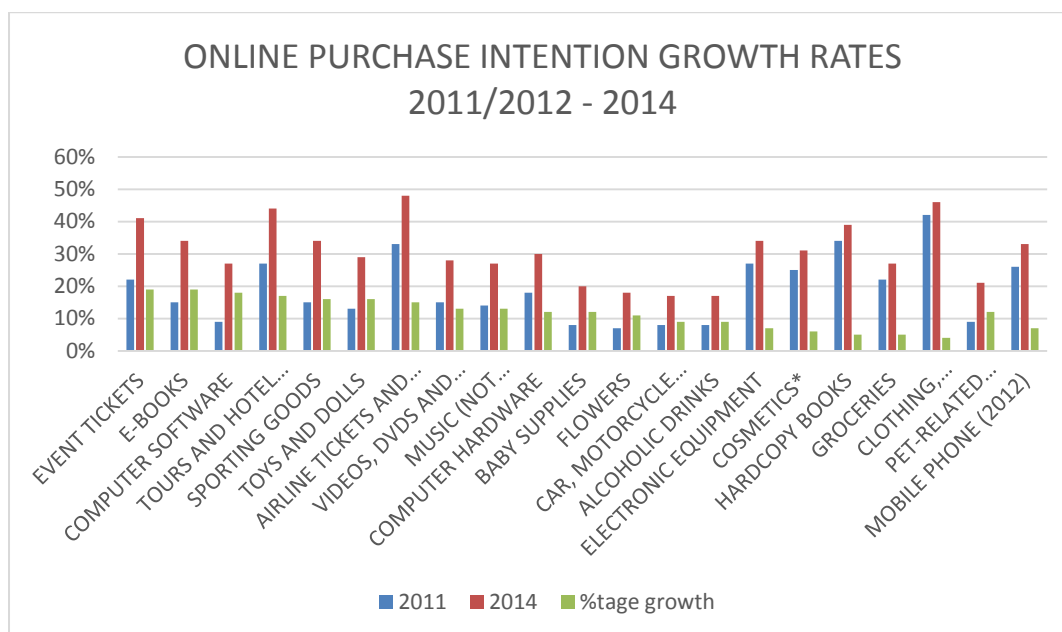


Figure 2
 Growth of Online Purchase Intention year 2011/2012 - 2014
 Source: Nielsen (2014)

According to the Nielsen survey (2014), on the range of generation who intend to make a purchase online, showed that 5-9 % came from Generation Z (under 20 years), 52-62 % came from Millennials (aged 21-34 years), 25-30 % came from generation X (aged 35-49 years), 6-13 % from baby boomers (aged 50-64 years) and 1-3% from the silent generation (over 65 years). Nowadays, the growth of electronic commerce is big and fast, which imply that e-commerce offers better benefit than what is offered by a traditional store. The benefits are the greater flexibility, larger markets scope, lower cost structure, quicker transaction, broader product line, better comfort and customization for customers

(Srinivasan, Anderson, & Ponnnavolu, 2002). However, electronic commerce also faces its own challenges. Internet market competition can occur only in a single click. As a result, customers can compare products and services with other businesses with minimum effort, costs, and time (Srinivasan et al., 2002). When there is a switching cost in a transaction, whether the potential of switching cost as an exit barrier and a binding ingredient of customer loyalty become altered (Yang and Peterson, 2004, p 799). There are a lot of studies on customer perceived value, satisfaction, trust, loyalty and switching costs. But only a few studies examined the relationship between all the variables in one study, particularly in the context of e-commerce such as Tokopedia on young consumers. The goal of this study is to enrich the research conducted by Yang and Peterson (2004) by adding trust as variable and to gain different perspective from different research object of young consumers who have shopped at Tokopedia in Tangerang and Jakarta. This study aims to examine the relationship between customer's perceived value, satisfaction, trust, customer loyalty, and switching costs as a moderator on Tokopedia's young customers.

2. LITERATURE REVIEW

CUSTOMER PERCEIVED VALUE

Customer perceived value is something that customers consider when they make a purchase decision (Sugiati, Thoyib, Hadiwidjono, & Setiawan, 2013). The customer perceived value is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives (Kotler and Keller, 2009, p 60). Kotler (2000) states that the customer will buy from companies that provide customer with higher value. The perceived value is the root of the equity theory, which represents trade-off between quality, benefit received by customers, and cost such as financial, energy, time and mental transaction costs incurred due to evaluating, acquiring and using products (Komulainen et al., 2007). Zeithaml et al., 1996) defines the perceived value as the customer overall assessment of the utility of a product based on perceptions of what is acceptable and what is given.

CUSTOMER SATISFACTION

Customer satisfaction is the satisfaction of previous purchase experience from the provider of the service. This is a judgment that the feature of the products or services, or products or services itself, provide a level of fun fulfillment related consumption (Anderson and Srinivasan, 2003). Customer satisfaction is defined as the overall positive feeling about the net value of services received from suppliers (Woodruff, 1997). In this study, customer satisfaction consists of 5 dimensions adopted from study of Yang & Peterson (2004). The five dimensions are the customer service, fulfillment of demand, ease of use, product portfolio, security and privacy, and convenience.

According to Levy and Weitz (2007), customer service is all of the retailer effort to increase the value received by customers when shopping. Customer service is the increase in the value of tangible and intangible-related products or services directly or indirectly in order to meet customer expectations and ultimately customer satisfaction and loyalty (Kursunluoglu, 2011). According to Mangnale and Chavan (2012) there are three triggers of satisfaction in the banking industry in India, which are process, customer service and information. Customer satisfaction can be achieved by meeting the expectations of the customers with the help of customer service. And to meet the expectations of customers, retailers must provide impeccable customer service (Kursunluoglu, 2014). Based on research conducted by Kursunluoglu (2014), it was found that customer service is an important tool for creating customer satisfaction. Besides selling good quality products to customer, retailers must also provide good customer service because it is something that is important in creating satisfaction and loyalty (Kursunluoglu, 2014).

Ease of use is the degree to which a person believes that using a particular system would be free of effort (Davis, 1989, p. 320). The product portfolio is all the products of an organization. A product portfolio can consist of a wide range of product categories, different product lines and eventually individual product itself. The company is continuing to develop and introduce new products to the market in order to achieve and maintain a competitive advantage (William J. Welsh, Vinit Parida, & Patel, 2013). As a result, companies are becoming more frequent to build portfolio of products through the proliferation of products, increase customer base, to serve and meet the needs of customers better and maintain strategic flexibility (Hill, 1997). Security is an important factor to be taken into consideration by online customers (Eid, 2011). According to Kolsaker and Payne (2002), security reflects perceptions about the reliability of the payment method used, the mechanism of data transmission, and storage. Privacy is a

critical factor in getting customers online and in maintaining existing customers (Park and Kim, 2003). Therefore, privacy is also a critical factor in the customer satisfaction in e-commerce (Eid, 2011).

TRUST

Customers make important purchasing decisions based on the level of their trust on the product, vendor, or company (Kim et al., 2008). In the context of e-commerce, trust includes the online customers' confidence and expectations of the characteristics of online sellers (McKnight et al., 2002). Kraeuter (2002) identified trust as a significant long-term barrier to understand the potential of e-commerce for customers in an online environment. Trust is defined as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer et al, 1995, p. 712). This study will be using the definition of Kraeuter (2002).

SWITCHING COST

Switching Cost represent the costs of switching when the buyer starts selecting a provider of services among other providers (Karsono, 2008). Switching costs can be defined as the costs involved in changing from one service provider to another (Porter, 1980). Switching cost is a factor that directly affects the sensitivity of the consumer price level and thus loyalty (Bloemer et al., 1998). Switching costs are sometimes used as a proxy for market structure or the level of customer perceived uncertainty (Ruyter, Wetzels, & Bloemer, 1998, p. 439). Switching cost may be the cost of monetary, psychological operations, and time, which can help service providers to retain their customers in order to remain consistent with the company (Lam et al., 2004). According to Aydin and Ozer (2005), the switching cost is made up of a whole psychological costs and actual costs in the search for information, evaluate information, conduct transactions, obtain and use new products and services. Switching cost is a barrier or a preventive to consumers in selection of goods or services (Burnham et al. (2003)

CUSTOMER LOYALTY

Building loyal customers is a key objective of the online business (Cyr, Kindra, and Dash, 2008). Customer loyalty is important because the cost of attracting new customers is higher than the costs incurred to retain existing customers (Oliver, 1999). Loyalty is defined as a commitment to develop in depth with a regular customer to buy back the products or services they want in the future (Kursunluoglu, 2014). Loyalty is a strong commitment to repurchase or re-subscribe to a favored product or service in the future, and will lead to repurchase the same brand, although influenced by the situation and marketing efforts that have a potential to cause a switching behavior (Oliver, 1997). Anderson and Srinivasan (2003) has identified that the e-loyalty as a favorable customer's attitude to electronic commerce, which ended on repeat purchase behavior.

THE RELATIONSHIP BETWEEN PERCEIVED VALUE, CUSTOMER SATISFACTION, AND CUSTOMER LOYALTY.

A previous studies showed that service quality, perceived value and customer satisfaction is the key to achieving a competitive advantage (Ziethaml et al., 1996; Parasuraman et al., 1988; Yang and Peterson, 2004). When the perceived value of customers is high, it will influence the evaluation and positive affection to the product which result in customer satisfaction (Fornel et al., 1996). If customers' perceived value is better than what is provided by competitors, customers will be satisfied and will be loyal.

Satisfaction has been widely studied as a predictor of customer loyalty (Cronin et al, 2000; Yang and Peterson, 2004; Md. Ariff, Hiew, and Ismail, 2012). Satisfaction is important to establish long-term customer relationships and lead to loyalty (Andersen and Srinivasan, 2003). According Kursunluoglu (2014), there were some positive influence between customer satisfaction and customer loyalty. According to the research conducted by Anderson and Srinivasan (2003), loyalty affects satisfaction. It takes a frequent satisfaction or cumulative incidental so satisfaction may affects loyalty (Oliver, 1999).

The strength of the relationship between satisfaction and loyalty are highly variable depending on a number of conditions (Andersen and Srinivasan, 2003). There are several studies on satisfaction and loyalty stating that satisfaction has positive effect on loyalty, but in some cases failed to produce the expected impact (Kim, Park, & Jeong, 2004). According to study conducted by Miranda et al. (2005) states that satisfaction does not affect loyalty. It is also supported by Boohene and Agyapong (2011), the result shows that there is a negative relationship between customer satisfaction and customer loyalty.

According to Chen and Dubunsky (2003), customers' perceived value reflects to the net profit of the customers of their consumption behavior and it is used as an indicator of intention to purchase. Based on the description above, then:

H1: Customers' perceived value have positive effect on customer satisfaction

H2: Customers' perceived value have positive effect on customer loyalty

H3: Customer Satisfaction have positive effect on customer loyalty.

RELATIONSHIP BETWEEN CUSTOMER SATISFACTION, TRUST AND CUSTOMER LOYALTY

In the previous literatures, trust and satisfaction are known as the elements of a successful relationship (Chen, Liu, Li, & Yen, 2013). Trust is a reflection of the level of customer satisfaction in the relationship between the customer and the provider (Garbarino and Johnson, 1999). Trust boosts online purchases and influences the customer's purchase of e-retailers (Lee and Lin, 2005). Trust in website have a strong relationship to loyalty (Cyr et al., 2008). Trust is the antecedent key of loyalty (Kursunluoglu, 2014) while Agustin and Singh (2005) found that the relationship of trust and loyalty is a strong determinant of loyalty than satisfaction. Kim et al., (2009) found that customers' trust are connected to loyalty. Based on the description above, then:

H4: Customer Satisfaction have positive effect on the Trust

H5: Trust have positive effect on customer loyalty

THE RELATIONSHIP BETWEEN PERCEIVED VALUE, CUSTOMER SATISFACTION, SWITCHING COST AND CUSTOMER LOYALTY.

Changes in technology and differentiation strategy of the company may result in the occurrence of switching cost, which is an important factor for customer loyalty (Aydin and Ozer, 2005). Loyal online customers seem to ignore information about offers given by other providers and tend to reject the invitation to switch (Thatcher & George, 2004). Satisfaction and switching costs have an important influence in determining customer loyalty. If services are provided poorly and customers are not satisfied, switching costs may increase, which means allowing the customers to choose different vendors (Aydin and Ozer, 2005).

In the online environment, researchers found that overall satisfaction experienced by online customers will reduce the perceived benefits of switching cost to other service provider and generates the intention to repurchase (Anderson and Srinivasan, 2003, Lin and Sun, 2009). The relationship between satisfaction and loyalty in the traditional commerce can be different from the e-commerce (Chang & Wang, 2011). In traditional commerce, dissatisfied customers will find alternative information and are more likely to take up the offer of competitors, which satisfied customers will not do (Anderson and Srinivasan, 2003). While on electronic commerce, customers can easily evaluate the benefits and costs of the product by comparing the characteristics of the product and the price is due to the low cost of the search (Anderson and Srinivasan, 2003). Therefore, customers who had previously been satisfied with a website can be moved on a competitor's site that offers a higher perceived value. According to study conducted by Aydin Ozer and (2005) in mobile phone market in Turkey said that customer satisfaction, trust and cost can affect customer loyalty. Based on the description above, then:

H6: The higher the level of switching costs, the greater is the likelihood that perceived value will lead to greater customer loyalty.

H7: The higher the level of switching costs, the greater is the likelihood that customer satisfaction will lead to greater customer loyalty.

RESEARCH FRAMEWORK

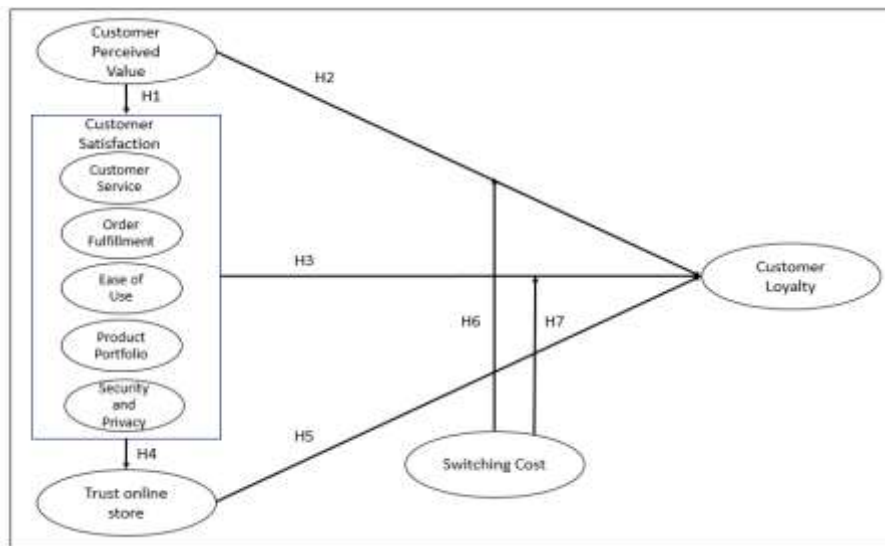


Figure 3

Research Framework

Source: Yang and Peterson (2004) with modifications

3. RESEARCH METHODOLOGY

The sample in this study is young customers in Tangerang and Jakarta areas who have shopped at Tokopedia. This study uses primary data obtained through questionnaires given to 300 respondents who had previously made purchases in Tokopedia. From 300 questionnaires distributed, 287 questionnaires were returned. Only 197 respondents can be used in this study since 90 respondents stated that they have never shopped in Tokopedia. The sampling technique used in this study is purposive sampling. Customer satisfaction construct consists of five dimensions adopted from Yang & Peterson (2004), the perceived value has five indicators adopted from Levesque and Mc Dougall (1996) and Yang & Peterson (2004). Customer loyalty is composed of six indicators and were adopted from Mols (1998) and Yang & Peterson (2004), switching costs consist of three indicators adopted from Jones et al., (2000) and Yang & Peterson (2004). Trust in the online store consists of seven indicators adopted from Van Der Heijden, Verhagen, and Creemers (2003). All indicators are using 5 Likert scale ranging from strongly disagree (1) to strongly agree (5).

Univariate and multivariate analysis are used in this study to analyze the data. Univariate analysis descriptive analysis is used for each variables measuring the mean and standard deviation. Hypothesis testing will be done by using multivariate analysis technique, Partial Least Square-*Structural Equation Modeling*. Statistic software using Smart-PLS 3.0 will be used for PLS-SEM analysis. Validity and reliability are also used in testing the measurement model (outer model). Validity test which can be found on the loading factor of each indicator constructs (Ghozali et al., 2012), in this study, using the factor loading of ≤ 0.6 . Reliability are tested using the composite reliability values ≥ 0.7 , Cronbach's alpha > 0.7 , and the average variance extracted > 0.50 .

4. RESULTS

Profile of the respondents can be seen in table 1. There are 103 male respondents (52.5%) and 94 female (47.5%). There were 111 respondents aged 17-19 years (56.3%), aged 20-22 years 85 respondents (43.1%), and one respondent aged 23-25 years (0.5%). All respondents had visited and shopped in Tokopedia. Frequency of purchases performed in the last 6 months 1-2 times (87.3%), 3-4 times (8.6%), > 4 times (4.1%). All of them are students.

Table 1
 Profile of Respondents

Item Statement	Total	Percentage (%)
<i>Gender:</i>		
Men	103	52,5%
Woman	94	47,5%
<i>Age:</i>		
17 – 19	111	56,3%
20 – 22	85	43,1%
23 – 25	1	0,5%
>25		
<i>Had visited and shopped from Tokopedia's website:</i>		
Ever	197	100%
Never	0	0%
<i>Frequency of purchases in the last 6 month:</i>		
1-2 times	172	87,3%
3-4 times	17	8,6%
>4 times	8	4,1%
<i>Occupation:</i>		
Student	197	100%
Employee	0	0%

Source: data processing

Validity and Reliability

Validity testing was done with consideration that the loading factor must be greater than 0.7 (Ghozali, 2014). But Chin (2010) mentioned that the scale of development, the loading factor above 0.5 is enough (Ghozali, 2014). Factor loading of this research is set to > 0.6 . Two indicators of Trust with loading factor under 0.6, T4 and T5 were removed. All variables are valid after the removal of both indicators. Reliability tests were also done. All variables are reliable. This can be seen in the composite reliability of each construct are > 0.70 , the Cronbach's alpha > 0.7 , and the average variance extracted > 0.50 .

Table 2
 Measurement Validity and Reliability

	Loading Factors	Remarks	Composite Reliability	Cronbach's Alpha	AVE	Remarks
Perceived Value			0,856	0,790	0,545	Reliable
PV1	0,75	Valid				
PV2	0,76	Valid				
PV3	0,75	Valid				
PV4	0,76	Valid				
PV5	0,66	Valid				
Satisfaction			0,865	0,805	0,564	Reliable
KP1	0,67	Valid				
KP2	0,74	Valid				
KP3	0,84	Valid				
KP4	0,76	Valid				
KP5	0,74	Valid				
Trust			0,873	0,818	0,579	Reliable
T1	0,78	Valid				
T2	0,78	Valid				
T3	0,78	Valid				
T6	0,78	Valid				
T7	0,68	Valid				
Switching Cost			0,853	0,790	0,661	Reliable
SC1	0,91	Valid				
SC2	0,74	Valid				
SC3	0,78	Valid				
Loyalty			0,871	0,823	0,531	Reliable
CL1	0,74	Valid				
CL2	0,79	Valid				

CL3	0,78	Valid
CL4	0,68	Valid
CL5	0,70	Valid
CL6	0,68	Valid

Source: data processing.

HYPOTHESIS TESTING

Table 3 shows the results of hypothesis testing with a one-tailed test at $\alpha = 0.05$. One hypothesis found to be not significant with p value >0.05 , which is H3: customer satisfaction has positive effect on trust, while six other hypotheses are significant at $p < 0.05$. H1, H4, H5, and H7 are all significant at $p < 0.01$.

Tabel 3.
 Structural Models Results

Hypothesis	Path	Standardized Coefficient	P value	Result
H ₁	Perceived Value -> Customer Satisfaction	0,704	0,000*	Significant
H ₂	Perceived Value -> Customer loyalty	0.239	0,027*	Significant
H ₃	Customer Satisfaction -> Customer loyalty	0.215	0,066	Not Significant
H ₄	Customer Satisfaction -> Trust	0.695	0,000*	Significant
H ₅	Trust-> Loyalty	0.249	0,004*	Significant
H ₆	Switching cost as Moderating effect on perceived value->Loyalty	-0,119	0,028*	Significant
H ₇	Switching cost as Moderating effect on satisfaction ->Loyalty	0,124	0,002*	Significant

Keterangan: *=signifikan (one-tailed test, $p < 0.05$)

Source: data processing.

DISCUSSION

The first hypothesis result shows that perceived value has a positive and significant effect on customer satisfaction. These test results are consistent with the results of previous studies on the perceived value and customer satisfaction (Yang and Peterson, 2004; Fornel et al., 1996). This shows that Tokopedia has delivered the right perceived value to their customers and the customer were quite satisfied with the value received from Tokopedia.

The second hypothesis testing result indicates that customers' perceived value has positive and significant effect on customer loyalty. These test result is consistent with the results of previous studies on the perceived value and customer loyalty (Yang and Peterson, 2004). The results showed that the higher perceived value by Tokopedia's customers, the higher the loyalty.

Third hypothesis result shows that customer satisfaction does not have a significant effect on customer loyalty. This finding does not support our hypothesis. The result shows that the young consumers from Tokopedia are satisfied but it doesn't lead them to be a loyal customers. This can happen because the relative young age of the customers with freedom to change the shopping websites, they like to experience shopping by browsing or searching other e-commerce that could give them better benefit and the choices of e-commerce that are vary in this time. This finding are supported by previous studies, such as one conducted by Miranda et al., (2005) on customer satisfaction and customer loyalty to a store, where customer satisfaction does not affect customer loyalty. Boohene and Agyapong (2011) also showed a negative relationship between customer satisfaction and loyalty. In addition, based on the results of descriptive statistics, mean value of customer satisfaction of Tokopedia was 3.6, which means that young customers Tokopedia are not very satisfied with the store. The dimensions with the lowest mean score is customer service with value of 3.48 followed by security and privacy with the mean of 3.54.

The fourth hypothesis result shows that customer satisfaction has a positive and significant effect on Trust. This shows that the higher the customer satisfaction to Tokopedia, the higher the trust shown by the customers. This finding is supported by the results of the descriptive statistics of the customer's trust Tokopedia, where the average point score of 3.6, which means that customers have enough trust to Tokopedia.

The fifth hypothesis result shows that trust has a positive and significant effect on customer loyalty. These test results are consistent with the results from previous studies on the trust and customer loyalty, such as the study conducted by Lee and Lin (2005), which examines the relationship between trust and

customer loyalty on online site, study of Agustin and Singh (2005) on American consumers loyalty on the airline and retail stores; Study of Kim et al., (2009) on a group of students in the United States about the trust and loyalty of online transactions.

The sixth hypothesis result indicates that moderating effect of switching cost and perceived customer value significantly and negatively affects customer loyalty. This shows that when the perceived value and customer switching cost increases, loyalty decreases. The first hypothesis suggests that the perceived value customers have a positive effect on customer loyalty, but when it was moderated by switching costs, it becomes negative. This means that although the perceived value of customers is good but because of switching cost, customer loyalty become decrease.

The seventh hypothesis result indicates that the moderating effect of switching cost and satisfaction have positive and significant impact on loyalty. This shows that when satisfaction and switching cost increases, customer loyalty also increases.

5. CONCLUSIONS AND IMPLICATIONS

Based on the analysis and data, some conclusions can be drawn as follows:

1. The customers' perceived value have positive effect on customer satisfaction and loyalty on Tokopedia's young customers.
2. Customer Satisfaction does not have a positive effect on Tokopedia's customer loyalty, but customer satisfaction has a positive effect on Tokopedia's customer trust. Trust has a positive effect on customer loyalty.
3. The switching cost as a moderating variable have a negative influence on the relationship between perceived value and loyalty, and switching costs as a moderating effect has a positive effect on the relationship between customer satisfaction and loyalty.

Theoretical implication of this study is that the study provides additional references that supports positive effect of perceived value on customer satisfaction and loyalty in the context of e-commerce customers and young customers in online context.

Managerial implications of this study are Tokopedia management needs to take attention on customer satisfaction. Even though the customers are satisfied but it doesn't lead them to be a loyal customers. The manager should find an appropriate loyalty program to increase customer loyalty that suitable for young customers. Moreover based on 5 dimensions of customer satisfaction used in this study, customer service and the privacy of Tokopedia have lower mean value than the others dimensions. It is expected for managers to increase these two dimensions in order to create higher customer satisfaction which may result in loyalty.

LIMITATIONS AND RECOMMENDATIONS

Limitation of the study is that respondents were more focused on younger customers, where they have limited income or nothing at all. For future researches, it is recommended to include respondents with their own income, and to also include respondents from other regions.

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