

The Effect of Gamification in Loyalty Programs on the Loyalty of Marketplace User Using the Expectation-Confirmation Model (ECM)

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Article's History:

Received 10 April 2023; Received in revised form 6 Mei 2023; Accepted 10 Mei 2023; Published 1 Juni 2023. All rights reserved to the Lembaga Otonom Lembaga Informasi dan Riset Indonesia (KITA INFO dan Riset).

Suggested Citation:

Setiawan, Z., Sumerli A, C. H., Margery, E., Puspitasari, N, D., & Hardiansyah, A., (2023). The Effect of Gamification in Loyalty Programs on the Loyalty of Marketplace User Using the Expectation-Confirmation Model (ECM). JEMSI (Jurnal Ekonomi, Manajemen, Dan Akuntansi), 9 (3). <https://doi.org/10.35870/jemsi.v9i3.1117>

Abstract:

This study aims to determine the effect of user experience using gamification in loyalty programs on user loyalty. The number of samples in this study was 213 respondents who were marketplace users. Sampling was carried out using the purposive sampling technique. The data analysis process was carried out based on the PLS-SEM approach with SmartPLS version 3.2.8 software. The model used is a modified result of the Expectation-Confirmation Model (ECM). Overall, this study found that users feel satisfied and loyal to marketplace. Another result obtained is that 1 of 14 hypotheses is rejected. Based on the 13 accepted hypotheses, it can be concluded that the entertainment, trendy, intimacy, and novelty variables of the user experience using gamification have an influence on user loyalty through the hedonic value and utilitarian value variables.

Keywords: gamification, loyalty program, loyalty, expectation- confirmation model.

Introduction

Online business, better known as e-commerce, has now become part of everyday life for people around the world, especially in Indonesia. For nearly two decades, e-commerce has grown rapidly in Indonesia. Starting with the buying and selling forums on the Kaskus website, there are now many marketplaces that dominate the Indonesian online market. In 2016, Indonesia was designated as the country with the largest e-commerce transactions in Southeast Asia, with a total transaction of around 245.86 billion dollars (eMarketer, 2016). The number of e-commerce users in Indonesia in 2017 alone reached around 30 million people; Google and Temasek even predict this number will continue to grow to

119 million in 2025. These figures make Indonesia a market with huge opportunities for marketplace organizers in Indonesia (Abdurrahim et al., 2023).

Customer loyalty is a crucial factor to consider in the midst of fierce competition (Suyoto & Tannady, 2022; Tannady & Purnamaningsih, 2023). Companies spend five times as much money acquiring new consumers as they do keep existing ones. Also, a 5% improvement in client retention can boost profitability by 25% for the business. This demonstrates the value of users' loyalty to marketplace operators. Based on a loyalty survey conducted, Bukalapak received the highest loyalty score in the e-commerce field, beating Tokopedia, which took second place. Despite getting the highest score, Bukalapak only gets a loyalty value of 6.21% out of 100%. This value illustrates that at least some marketplace users in Indonesia feel loyal to a marketplace.

Referring to the results of the Hachiko survey, it can be said that customer loyalty is a difficult thing for marketplaces in Indonesia to have. This makes each marketplace do various things to be able to continue to develop a sense of user loyalty to their marketplace (Kim & Ahn, 2017). One of the methods used by many marketplaces today is to provide a loyalty program to users (Zunan et al., 2022). The loyalty program itself is a program designed to build customer loyalty. Companies implement loyalty programs in the hope of developing consumption habits, increasing purchase intensity, and increasing user loyalty. One of the most popular forms of loyalty programs in the marketplace today are points and coins (Brunn et al., 2022).

Many companies have adopted a form of loyalty program with game elements such as points to build relationships between companies and customers, a strategy called gamification. Gamification is a technique that applies game mechanics to situations that are not gaming-related. Gamification is seen to have the potential to boost user engagement, transaction motivation, and loyalty. These benefits have made gamification a trend in today's business world, especially in online shopping (Das et al., 2018).

Even though the trend of gamification continues to increase in the business world, social studies in Indonesia regarding gamification in online shopping itself are still relatively few (Parulian & Tannady, 2023). One such international study made online bookstores the subject of their research. Customer experience of gamification in online bookstore marketing, which is the subject of their research, influences users' perceptions of value for the online bookstore. Perceived value also has a significant influence on user satisfaction and loyalty. However, the data used in Hsu and Chen's research is from respondents who live in Taiwan. Other social research examines gamification in loyalty programs with American respondents (Ekasari et al., 2023).

Literature Review

Loyalty Program

By encouraging or motivating lucrative users, loyalty programs are marketing initiatives created to increase client loyalty (Lucassen & Jansen, 2014; Siswanto & Chen, 2016). The goal of institutionalized incentive schemes known as loyalty programs is to raise consumer spending over time without directly relying on price changes or core offerings (Fauzi, 2017).

Marketplace

An interactive business community known as a marketplace offers businesses a central location to conduct business-to-business (B2B) e-commerce and/or other e-business operations (Joo et al., 2017; Mullins & Sabherwal, 2018). marketplace is a term used to describe a virtual market where buyers and sellers can come together to conduct business (Kardianawati et al., 2016). Marketplaces have the same function as traditional markets; it's just that marketplaces are more computerized with the use of networks to support these markets so that the provision of information, services, and products for the latest sellers and buyers can be done more efficiently (Hamari et al., 2014).

Gamification

Gamification, which is used to enhance services with game-related aspects that help the establishment of an overall perception of user value, is often defined as the usage of game design elements in non-game contexts (Hwang & Choi, 2019). Gamification, on the other hand, is the process of enhancing services with reach (affordances) in order to encourage novel gaming behaviors and experiences (Hsu & Chen, 2018). Implicit clues or more obvious design

elements can serve as reach or affordances; prior researchers have referred to this as a game design component (Jones et al., 2006). As a result, gamification typically includes game design components like a point system, levels, or badges that display a participant's progress in completing particular activities (Hapsari et al., 2022).

Methodology

The method used in this study consisted of two methods, namely the data collection method and the data analysis method. Two methods of data gathering were used for this study: literature reviews and questionnaires. The analyses used in this research are demographic analysis and statistical analysis. This study uses a quantitative approach.

Case studies

Based on the inner model analysis that has been done, the results of the t-test state that H1 is accepted. This means that entertainment really has an influence on hedonic value. In addition, the path coefficient value of this relationship also states that entertainment has a significant influence on hedonic value. This result can be obtained because entertainment, which is one aspect of the user experience using gamification, is the main factor that fosters hedonistic feelings within the user or customer. Based on the inner model analysis that has been done, the results of the t-test state that H2 is accepted. This means that trendiness really has an influence on hedonic value. In addition, the path coefficient value of this relationship also states that trendiness has a significant influence on hedonic value. This relationship shows that the higher the trend of gamification, the greater the hedonic value felt by users towards the gamification. Users feel that the trend of gamification can provide them with hedonic value.

Based on the inner model analysis that has been done, the results of the t-test state that H3 is accepted. This means intimacy really has an influence on hedonic value. In addition, the path coefficient value of this relationship also states that intimacy has a significant influence on hedonic value. Based on the results of their observations, the researchers assume that these results are in accordance with the conditions in the field, where when users have a feeling of being close to technology (intimacy), they will enjoy their experience when using this technology. Meanwhile, enjoyment is one of the hedonic values that can grow in users. Based on the inner model analysis that has been done, the results of the t-test state that H4 is accepted. This means novelty really has an influence on hedonic value. In addition, the path coefficient value of this relationship also states that novelty has a significant influence on hedonic value. Based on the observations, the researcher thinks that these results are in accordance with the conditions in the field, where at the beginning of gamification, when it was introduced to users, the new concepts offered made users actively use gamification and feel entertained by the coins and points that can be collected. However, as time goes by, users feel that gamification no longer provides the same pleasure and are starting to get bored with the concept. Therefore, it can be concluded that the novelty felt by the user affects the hedonic value that is formed in the user.

Based on the inner model analysis that has been done, the results of the t-test state that H5 is accepted. This means that trendiness really has an influence on utilitarian value. In addition, the path coefficient value of this relationship also states that trendiness has a significant influence on utilitarian value. This relationship indicates that the higher the trend of gamification, the higher the utilitarian value felt by users towards the gamification. Users feel that the trend of gamification can provide them with utilitarian value. Based on the inner model analysis that has been done, the results of the t-test state that H6 is accepted. This means intimacy really has an influence on utilitarian value. In addition, the path coefficient value of this relationship also states that intimacy has a significant influence on utilitarian value. Based on the observations, the researcher thinks that these results are in accordance with the conditions in the field, where when the user wants to prioritize the number of coins or points that can be collected, the user will choose the gamification that is most familiar and emotionally close (intimacy) to him. Because when users are emotionally connected and feel that they have been successful with gamification, they will feel more confident about being able to collect more coins or points and complete the shopping process easily using the marketplace. Therefore, gamification's intimacy can increase the user's perceived utilitarian value. Based on the inner model analysis that has been done, the results of the t-test state that H7 is rejected. This means novelty has no influence on utilitarian value. In addition, the path coefficient value of this relationship also states that novelty has no significant influence on utilitarian value. These results are in line with research that has been conducted by previous researcher. Utilitarian value only increases after the user is familiar with and understands how to use the existing features and functions of the technology. Based on the results of their

observations, the researchers assume that these results are in accordance with the conditions in the field, where users will be more confident in being able to collect more coins or points and complete the shopping process using a marketplace that they feel familiar with. Therefore, the novelty side of gamification cannot grow the utilitarian value that is felt by users. Based on the inner model analysis that has been done, the results of the t-test state that H8 is accepted. This means hedonic value really has an influence on satisfaction. In addition, the path coefficient value of this relationship also states that hedonic value has a significant influence on satisfaction. Satisfaction is the result of the user's evaluation of the perceived value (hedonic value and utilitarian value) that the user gets while using the marketplace. The result of this evaluation is a decision as to whether the user is satisfied or not with the marketplace used. On this basis, it can be concluded that the hedonic value and utilitarian value felt by users have the ability to influence whether or not they are satisfied with a marketplace.

Based on the inner model analysis that has been done, the results of the t-test state that H9 is accepted. This means utilitarian value really has an influence on satisfaction. In addition, the path coefficient value of this relationship also states that utilitarian value has a significant influence on satisfaction. Based on the results of observations, the researcher believes that these results are in accordance with the conditions in the field, where users will feel satisfied if the marketplace, they use meets their needs quickly and inexpensively. Therefore, it can be concluded that utilitarian value has an influence on the satisfaction felt by users. Based on the inner model analysis that has been done, the results of the t-test state that H10 is accepted. This means satisfaction really has an influence on continuation intention. In addition, the path coefficient value of this relationship also states that satisfaction has a significant influence on continuation intention. Based on the observations, the researcher believes that these results are in accordance with the conditions in the field, where users are more likely to have the intention to reuse the marketplace if they are satisfied with it. However, if the user is dissatisfied with the marketplace they are using, they may choose to stop using it. Therefore, it can be concluded that satisfaction affects the continuation intentions that users have towards a marketplace.

Based on the inner model analysis that has been done, the results of the t-test state that H11 is accepted. This means hedonic value really has an influence on loyalty. In addition, the path coefficient value of this relationship also states that hedonic value has a significant influence on loyalty. Customers who experience an increase in positive emotional value from their shopping experience will form a very strong commitment to the marketplace. Therefore, hedonic value has an influence on the loyalty felt by users. Based on the inner model analysis that has been done, the results of the t-test state that H12 is accepted. This means utilitarian value really has an influence on loyalty. In addition, the path coefficient value of this relationship also states that utilitarian value has a significant influence on loyalty. Therefore, it can be concluded that the utilitarian value felt by users has an influence on loyalty.

Based on the inner model analysis that has been done, the results of the t-test state that H13 is accepted. This means satisfaction really has an influence on loyalty. In addition, the path coefficient value of this relationship also states that satisfaction has a significant influence on loyalty. Users who are satisfied with a product or service from a certain brand will reuse the product in the future, have a tendency to recommend the product to others, and have lower intentions to switch to other products. Therefore, it can be concluded that satisfaction has the ability to foster loyalty in users. Based on the inner model analysis that has been done, the results of the t-test state that H14 is accepted. This means that continuity intention really has an influence on loyalty. In addition, the path coefficient value of this relationship also states that continuation intention has a significant influence on loyalty. Based on the observations, the researchers assume that these results are in accordance with the conditions in the field, where user loyalty will grow when users feel satisfied with the marketplace used. However, this satisfaction cannot grow loyalty if the user only feels it once. Users need to use the marketplace repeatedly and feel satisfied with their use so that loyalty can emerge. Therefore, the user's continuation intention has an influence on loyalty.

Conclusion

Based on the results of the data processing that has been done, 97.2% of the 213 respondents stated that they were satisfied with the marketplace used. In addition, 95% of respondents stated that they would recommend the marketplace to people around them, or, in other words, respondents felt loyal to the marketplace. Based on these results, it can be concluded that users are satisfied and loyal to the marketplace they use. Of the 13 hypotheses accepted, the three relationships between variables that have the greatest influence on one another are satisfaction

with continuance intention with a path coefficient value of 0.650, utilitarian value with a path coefficient value of 0.513, and trendiness with a utilitarian value and a path coefficient of 0.412. While the relationship with the smallest effect is trendiness on the hedonic value with a path coefficient value of 0.138, Based on the results of the structural analysis that has been carried out, the relationship between novelty and utilitarian value does not have a significant relationship, nor does it have a t-test value above a predetermined threshold. Researchers assume that more confident users can collect more coins or points and complete the shopping process using a marketplace that they feel familiar with. Therefore, the new feeling of novelty possessed by gamification cannot grow the utilitarian value that is felt by users.

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