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The purpose of the study is to establish the manner in which experiential marketing has affected digital innovation and pay-later choices on Shoppe customers e-commerce customer loyalty. using quantitative methods and a method of non-probability sampling like simple random sampling with 100 samples. SEM (Structural Equation Modelling) examination of data. The research results shown that paylater's feature and characteristics related to digital innovation have a significant impact in affecting loyalty among customers, as well as how experiential marketing can be affected by paylater. However, experiential marketing fails to significantly impact consumer loyalty, and neither does digital innovation, which aims to establish customer relationships. It also has a minimal part in experiential marketing that intervenes.
INTRODUCTION

The advent of the internet has fundamentally changed the nature of trade, causing the e-commerce sector, particularly in online shopping, to grow quickly. In Indonesia's present purchasing paradigm, online shopping is a relatively new phenomenon (Muk, 2017). One of them is Shopee, that stocks a range of things from fashion items to items for everyday use. Indonesia has an online commerce called Shopee (Johana Dwi Ariwati & Siti Aminah, 2023). With a robust payment system and logistics assistance, Shopee is a platform established expressly to offer a simple, secure, and quick online buying experience (Chong & Ali, 2022).

Marketing communication can take several forms, including advertising, public relations, personal selling, direct marketing, and sales promotion (Nylén & Holmström, 2019). To make it convenient for customers to do online purchasing activities without needing to open a website via a computer device, Shopee is offered as a mobile application (Chong & Ali, 2022). Managing and improving client loyalty is the key to success for online shopping companies in the increasingly severe competition in the e-commerce market (Monte & Llc, 2010). According to Afthanorhan et al. (2019), customer loyalty is an essential component of sustainable revenue and long-term growth in the e-commerce sector, such as Shopee.

Source: katadata.co.id

Figure 1. Online Shopping Site Visit Rates in Indonesia

Shopee is presently the most popular e-commerce site, as evidenced by the fact that Shopee's level of visits and customer loyalty place it as #1 in Figure 1 (Chong & Ali, 2022). Digital innovation is one factor that impacts client loyalty in e-commerce (Abdu'a & Wasiyanti, 2019). Technology remains ever-evolving, and digital innovation renders purchasing for consumers easier and more effective. The paylater option has emerged as one of the key breakthroughs in this area. Customers can now shop more flexibly without having to pay right
away, which might leave an impact on their decisions to make a purchase and how loyal they are (Dhillon et al., 2021).

However, it is essential that we take into account the idea of experiential marketing in order to completely understand the impact of digital innovation and paylater features on consumer loyalty in e-commerce (Lu et al., 2023) (Di Vaio et al., 2021). The goal of experiential marketing is to give users satisfying and memorable experiences. A distinguishing and satisfying online shopping experience can play a significant role in establishing customer loyalty in the context of e-commerce (Urdea et al., 2021). It is crucial to fully understand the role of experiential marketing as a component which combines technological innovation, pay-later features, and client loyalty (Winarno & Elvira, 2023).

Therefore, the important role of experiential marketing as an intervening factor in the link between digital innovation, the paylater feature, and consumer loyalty in the context of e-commerce will be examined and analyzed in this paper. The conclusions of this study will be relevant to anyone involved in the e-commerce sector in determining how to effectively employ digital innovation, pay-later options, and experiential marketing strategies to establish consumer loyalty and create a sustainable business model.

LITERATURE REVIEW

Digital Innovation

One of the most dynamic aspects of today's business environment is digital innovation in marketing (Kohli & Melville, 2019). A wide range of parties on the application can be connected to consumers using internet technology, making it simpler to access. To successfully bring in prospects, build brands, and boost sales, innovation in digital marketing is essential (Urdea et al., 2021). Integrating revolutionary technologies, data, and strategies for advertising to meet marketing objectives has been defined as innovation in digital marketing (Lu et al., 2023).

Future achievement of a multinational company depends on innovation in digital marketing. Integrating technology and updating a product's packaging designs will improve the production's selling value and attracts customers (Kohli & Melville, 2019). Digital marketing conducts a broad range of tasks, including marketing-related duties that create mechanisms that generate consumer demand (Di Vaio et al., 2021).

Marketing encouragement is a marketing mix strategic strategy, and their which merges the main marketing and production responsibilities with an eye upon carrying out sustainable business objectives lucrative (Lu et al., 2023).

Paylater Feature

Paylater is a financial service which allows customers to make transactions without requiring an enormous quantity of money in advance (Johana Dwi Ariwati & Siti Aminah, 2023). Instead, customers can choose to pay installments, commonly within a month or so, with an interest or preference added to the total amount required (K & Aprilianty, 2022). In the opinion of Dwi Yustica (2021), Paylater includes an assortment of essential
qualities, including: 1) flexible payments; 2) instalments with interest rates; 3) straightforward sign-up; 4) financial monitoring; 5) ubiquitous use; 6) instant credit evaluation; and 7) transaction security.

Given the flexibility that it offers consumers, Paylater can also be a marketing tactic used by businesses intending to boost sales conversions (Johana Dwi Ariwati & Siti Aminah, 2023). Businesses should, however, additionally keep into thought all the costs and risks that accompany processing funds through Paylater (Aprilianty, 2022).

Experiential Marketing

For the purpose of to promote goods, brands, or services, experiential marketing focuses around creating fascinating and memorable consumer experiences (Smilansky, 2009). This strategy tries to encourage powerful connections and beneficial relationships between customers and brands, which can boost revenue, awareness of the company, and customer loyalty (Lu et al., 2023). The elements that follow are a few essential elements of experimental marketing: a compelling experience, direct interaction, emotion and communicating, sharing opportunity, continuity, and results measurement (Žmuk, 2017).

Consumers will always remember what they experienced for the reason of the variety of memorable and unique events that may be obtained through experiential marketing (Urdea et al., 2021). Compelling experiences, direct involvement, emotions and connecting, sharing possibilities, continuity, and measurement of results are some of the basic aspects of experiential marketing (Dhillon et al., 2021). Through experiential marketing, a variety of memorable and distinctive experiences will be created, each with distinctive characteristics that will help consumers remember the experience (Smilansky, 2009).

Customer loyalty

Customer loyalty is a phrase used for describing how attached or loyal a customer is to a specific brand, company operations, or product (Pritjahjono et al., 2023). It becomes a gauge of how likely it is for customers to stick with a particular brand of goods or services rather than looking for alternatives from other businesses (Monte & Llc, 2010). Customer loyalty is not an unintentional manifestation; rather, it is the outcome of continuous interaction between the client and the business (Winarno et al., 2022). Customer loyalty is determined by an assortment of factors, such as (1) recurring business; (2) references; (3) consumer happiness; (4) brand consistency; (5) outstanding client care; (6) loyalty programs; and (7) resistance to competition (Monte & Llc, 2010).

Customer loyalty can alter over time and is not a constant quality (Winarno, 2019). Therefore, in order to remain relevant and satisfy the demands of consumers, companies must constantly strive to maintain and deepen relationships with their customers, be responsive to customer input, and improve their products and services (Winarno et al., 2018). Thus, over time, customer loyalty could prove to be a highly valuable asset for the business. Marketing that concentrates on offering customers a rich and lasting experience as a strategy to advertise a good, service, or brand (Afthanorhan et al., 2019).
order to boost customer loyalty, brand awareness, and revenue, the above approach tries to create profound emotional connections between customers and brands (Pakurár et al., 2019).

Figure 2. Research model

The following hypothesis, which is a provisional response to the research and will be backed up through discussion analysis, has been created based on the research model (figure 2):

H1: Experiential marketing has been significantly influenced by digital innovation.

H2: Experiential marketing has been significantly affected by Paylater features.

H3: Customer loyalty is significantly impacted by digital innovation.

H4: Customer loyalty is significantly impacted by Paylater’s features.

H5: Customer loyalty is significantly impacted by experiential marketing.

METHODOLOGY

Examine the impact of pay-later features (x1) and digital innovation factors (x1) on e-commerce consumer loyalty (z) with experiential marketing (y) functioning as an intervening factor in this descriptive and quantitative study. In order for the gathering samples for this study, basic random sampling techniques must be used, i.e., techniques for sampling that provide every member of the population an equal chance to be chosen as a sample member.

100 individuals—all dedicated Shoppe e-commerce patrons in Jakarta, Indonesia—were sampled in total. In order for collecting data, two distinct techniques are used: (1) observation of the consumers who are being studied and (2) distribution of questionnaires to the parties or individuals chosen at random to serve as responders. Respondents were asked to indicate how strongly they agree, disagree, agree, disagree, or strongly disagree on a Likert scale.
The following examination phases make up the Structural Equation Model (SEM) method, which is used in the data analysis process: (1) outer model measurement; (2) inner model analysis; and (3) hypothesis testing.

**RESEARCH RESULT**

By examining the results of the validity and reliability tests with the value of the loading factor generated by the model, the outer model or measurement on the outside will be assessed. The first phases in determining a model's validity is the loading factor. The loading factor must be at least higher than 0.7 for the meaning to be accepted as legitimate.

If the indicator is inconsistent with those specifications, it must be dismissed from the model. The AVE value will ultimately depend on whether the first criterion is achieved.

Figure 3 displays the structural model's loading factor value. There are numerous circumstances that show that the indicators X1_1, X1_6, X2_2, X2_3, X2_6, Y2, Y3, Y_5, Y_6 do not match the loading factor requirements and must be removed or eliminated from the model due to the resulting value is less than 0.7. The list that follows serves as a representation of how the author could indicate the precise place of a figure through the text.

Source: data processed (2023)

![Figure 3. Factor Loading Value on the Structure Model](image)

The loading factor values were adjusted once the unqualified evidence were eliminated. The updated loading factor value is shown in Table 1, and since it is now above 0.7, the indications can be considered legitimate. Pursuant to the calculations completed for this study, each latent variable has a value greater than 0.5, and the estimated AVE value is more than 0.5 (table 2).

Table 1. Loading Factor Value after Removal Process
Table 2 clearly shows that the AVE value does not have a validity convergent problem because the AVE value for each variable is greater than 0.5. The problem model is then able to be assessed to establish its discriminant validity.

Table 2. AVE Value On Customer Loyalty

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Average Variance Extracted (AVE)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital innovation</td>
<td>0.669</td>
<td>Valid</td>
</tr>
<tr>
<td>Paylater Feature</td>
<td>0.891</td>
<td>Valid</td>
</tr>
<tr>
<td>Experiential Marketing</td>
<td>0.803</td>
<td>Valid</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.835</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: data processed (2023)

The crossloading value indicates the discriminant validity test. If the correlation between latent variables and their indicators is above 0.7 (correlation with indicators of other latent block variables), discriminant validity is said to be good. All variables met the required standards for discriminant validity, as determined by the research results (table 3).

Table 3. Cross Loading Value

<table>
<thead>
<tr>
<th>Indikator</th>
<th>Digital innovation</th>
<th>Paylater Feature</th>
<th>Experiential Marketing</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The outer model is assessed as the last phase of the construct validity test in order to assess whether the model used in this study is unidimensional (table 4). The degree to which an instrument is consistent, stable, and error-free over time and across several scale items is referred to as its reliability. In order to establish whether a construct has internal consistency, the Cronbach's alpha value must be greater than 0.6, and the composite reliability value must be greater than 0.7 (see Table 4). Table 4 displays the measurement findings where Cronbach's alpha and composite reliability values exceed the benchmarks determined, indicating that it is dependable as an entire system.

Table 4. C'Alpha dan Composite Reliability

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>C's Alpha</th>
<th>Composite Reliability</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Digital innovation</td>
<td>0.834</td>
<td>0.889</td>
<td>Very Reliable</td>
</tr>
<tr>
<td>Paylater Feature</td>
<td>0.878</td>
<td>0.942</td>
<td>Very Reliable</td>
</tr>
<tr>
<td>Experiential Marketing</td>
<td>0.760</td>
<td>0.890</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.960</td>
<td>0.968</td>
<td>Very Reliable</td>
</tr>
</tbody>
</table>

Source: data processed (2023)

According to the standard error value, adjusted R Square is the R Square value the fact has been solved (table 5). Regarding measuring an exogenous construct's capacity to explain endogenous constructs, the value of Adjustment R Square offers a clearer picture than R Square.

<table>
<thead>
<tr>
<th>Variabel Laten</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
</table>

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The experiential marketing intervening variable has an R Square value of 0.648 or 64.8% influenced by digital innovation and paylater features. Furthermore, for customer loyalty, the R Square value of 0.931 or 93.1% can be explained or influenced by digital innovation, paylater features and experiential marketing.

Table 6 shows the test results which conclude that Digital innovation has no significant effect on experiential marketing and experiential marketing also has no significant effect on Customer Loyalty because the p-values > 0.05.

<table>
<thead>
<tr>
<th></th>
<th>t-stat</th>
<th>P-Values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential Marketing -&gt; Experiential Marketing</td>
<td>0.939</td>
<td>0.348</td>
<td>Rejected</td>
</tr>
<tr>
<td>Experiential Marketing -&gt; Customer Loyalty</td>
<td>2.693</td>
<td>0.007</td>
<td>Accepted</td>
</tr>
<tr>
<td>Paylater Feature -&gt; Experiential Marketing</td>
<td>2.706</td>
<td>0.007</td>
<td>Accepted</td>
</tr>
<tr>
<td>Paylater Feature -&gt; Customer Loyalty</td>
<td>2.847</td>
<td>0.005</td>
<td>Accepted</td>
</tr>
<tr>
<td>Experiential Marketing-&gt; Customer Loyalty</td>
<td>1.936</td>
<td>0.053</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: data processed (2023)

DISCUSSION

Experiential marketing has been significantly influenced by digital innovation (H1)

The measurement results show that the calculated t value of 0.939 is lower than the t table value, and also the p-value of 0.348 is greater than 0.05, so it can be said that the digital innovation variable has no significant effect on experiential marketing. Digital innovations that are not well integrated into the experiential marketing strategy may not provide a better experience to customers. If new digital features or technologies are not connected to the concept and purpose of experiential marketing (Urdea et al., 2021), then...
customers may not feel a significant change in their experience. Some digital innovations may not fit the brand or market that Shopee is aiming for.

If those features are not relevant to Shopee's customer profile or brand objectives, then their use will probably not get a positive response from customers. Sometimes, technological changes or digital innovations that are too rapid can intimidate or confuse customers. If these changes are not managed well or there is no clear strategy to communicate the changes to customers, then the customer experience may be negatively affected.

This part allows you to elaborate on your results findings academically. You must not put numbers related to your statistical tests here; instead, you have to explain that numbers here. You have to compile your discussion with academic supports to your study and a good explanation according to the specific area you are investigating.

**Experiential marketing has been significantly affected by Paylater features (H2).**

The test results illustrate that the t value of 2.706 is above the t table value of 1.96, besides that the p-value criterion with a value of 0.007 is below 0.05, so that in this hypothesis the paylater feature has a significant effect on experiential marketing. The Paylater feature is one of the innovations in the e-commerce industry that has had a major impact on Experiential Marketing on Shopee customers. Paylater allows customers to purchase products and pay later, often with the option of instalments or payments over several months. With the "Paylater" feature, customers can purchase products without having to pay immediately. This can increase customers' purchasing power and make them more comfortable in trying new or more expensive products. This creates a more positive and memorable shopping experience, where customers feel free to explore different products without worrying about immediate payment.

**Customer loyalty is significantly impacted by digital innovation (H3)**

The test results produce a calculated t value of 2.693 which is greater than the t table value of 1.96, and the p-value of 0.007 is smaller than 0.05, so that the third hypothesis (H3) is accepted that digital innovation has a significant effect on customer loyalty. Shopee has developed digital loyalty programmes, such as Shopee Coins and Shopee Vouchers, which allow customers to collect points and get special discounts or gifts. This incentivises customers to continue shopping on the Shopee platform and feel rewarded for their loyalty.

Shopee can present more relevant product recommendations to customers. This creates a more personalised shopping experience and can increase loyalty as customers feel cared for and given added value. By integrating digital innovation into their business strategy, Shopee has managed to build strong customer loyalty. Customers feel like they are being given added value through the personalised shopping experience, incentives, and convenience offered by the platform. This contributes to Shopee's continued growth and success as an e-commerce platform.
Customer loyalty is significantly impacted by Paylater’s features (H4)

The results of the fourth hypothesis test state that the t value of 2.847 is greater than the t table value of 1.96, followed by a p-value of 0.005 less than 0.05, so that the fourth hypothesis (H4) is accepted that the paylater feature has a significant effect on customer loyalty. By giving customers the option to Paylater, Shopee can build closer relationships with customers. When customers feel the convenience and flexibility of shopping on the Shopee platform, they are likely to return to make further purchases, increasing the level of loyalty.

Customer loyalty is significantly impacted by experiential marketing (H5)

Based on the data that has been tested, the experiential marketing variable on customer loyalty results in a t-count value of 1.936 less than the t-table value of 1.96 and a p-value of 0.053 above 0.05 so that experiential marketing has no significant effect on customer loyalty. Although Experiential Marketing is a strategy designed to increase customer attachment and loyalty, there are situations where the impact may not be very significant. If Experiential Marketing is not done consistently or is not well integrated into the entire customer experience at Shopee, then customers may feel inconsistent in their experience. This may lead to uncertainty and lack of engagement. Poorly executed or less visually or interactively appealing Experiential Marketing can reduce its effectiveness. A less impressive or engaging experience may not create a strong impression on the customer.

To increase the impact of Experiential Marketing and support customer loyalty in Shopee, there needs to be greater attention to consistency, relevance, and measurement of results. This involves a deep understanding of the customer, effective execution, and the ability to adapt to changing markets and customer preferences.

<table>
<thead>
<tr>
<th>Table 7. Indirect effects</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>Digital innovation -&gt; Experiential Marketing -&gt; Customer Loyalty</td>
</tr>
<tr>
<td>Paylater Feature -&gt; Experiential Marketing -&gt; Customer Loyalty</td>
</tr>
<tr>
<td><strong>Source:</strong> data processed (2023)</td>
</tr>
</tbody>
</table>

Table 7 shows that the experiential marketing variable becomes intervening to determine the effect of digital innovation on customer loyalty indirectly (intervening). The results illustrate that experiential marketing does not have any influence on customer loyalty even though Shopee has done various ways to innovate digitally. This is shown in the value of (T-Statistics) 0.712 < 1.96 below the criterion limit and the P-Values are 0.477 > from 0.05.
The same thing also happens in cases where the Experiential Marketing variable becomes intervening between the paylater feature variable and customer loyalty. Based on the Indirect effects test, the better the paylater feature in increasing customer loyalty through experiential marketing is not proven to have a significant effect because the value (T-Statistics) $1.664 < 1.96$ is below the criterion limit and the P-Values are $0.097 > 0.05$.

CONCLUSIONS AND RECOMMENDATIONS

The results of the study concluded several things, from the four variables studied, it turned out that there was a significant influence between the Digital innovation and paylater feature variables in influencing customer loyalty, as well as the paylater feature variable in influencing experiential marketing. on the other hand, the Digital innovation variable did not have any impact in building experiential marketing, and the experiential marketing variable also did not have a significant effect on customer loyalty.

The same thing is also found in the role of experiential marketing as an intervening variable, which turns out to have no significant effect on the Digital innovation and paylater feature variables in creating customer loyalty.

Even though digital innovation does not affect experiential marketing, Shopee still has other strategies that can improve experiential marketing, namely by adding more attractive features to each of its services. understanding these features will increase customer curiosity in getting to know shopee further, which of course will have an impact on increasing customer loyalty. shopee is also constantly required to always provide services and also updates that are acceptable to customers so that consumers get optimal experiential marketing which in turn will create high loyalty.

ADVANCED RESEARCH

This study still has limitations both in terms of the use of variables and aspects of content that are still possible to be developed. This research also provides a basis for further research to expand the scope of the discussion by adding the variables studied.

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