

The Role of Satisfaction in Mediating The Effect of Cashback Promotions and Ease of Use On Customer Loyalty of Ovo E-Wallet In Denpasar City

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Abstract. The development of online transactions in the digitalization era has driven the growth of financial technology, including e-wallets or digital wallets. OVO is a widely used e-wallet that has experienced rapid growth after collaborating with Grab and Tokopedia. This study aims to explain the role of satisfaction in mediating the effect of cashback promotions and ease of use on customer loyalty of the OVO e-wallet in Denpasar City. The research was conducted in Denpasar City, with a population consisting of Denpasar residents who have actively used the OVO e-wallet for the past six months. A total of 100 respondents were selected using a purposive sampling technique. Data collection was carried out through questionnaires distributed both offline and online via Google Forms. The data were analyzed using descriptive analysis and path analysis with a significance level of 5% using SPSS version 26.0. The hypothesis testing results indicate that cashback promotions have a positive and significant effect on customer loyalty. Ease of use has a positive and significant effect on customer loyalty. Satisfaction has a positive and significant effect on customer loyalty. Cashback promotions have a positive and significant effect on satisfaction. Ease of use has a positive and significant effect on satisfaction. Satisfaction plays a positive and significant role in mediating the effect of cashback promotions on customer loyalty. Satisfaction also plays a positive and significant role in mediating the effect of ease of use on customer loyalty. The theoretical implications of this study provide evidence for the development of consumer behavior studies and marketing management. The practical implications of this study are expected to serve as a consideration and input for OVO e-wallet companies in improving customer loyalty. Future researchers are encouraged to expand the scope of the study.

Keywords: Cashback Promotions, Ease of Use, Satisfaction, Customer Loyalty

1. INTRODUCTION

The rapid advancement of online transactions in the current digitalization era has led to the emergence of new financial technologies, including e-wallets or digital wallets. E-wallets are a fintech product that facilitates seamless payments in today's digital era. They are defined as non-physical money that can be utilized for transactions. E-wallets are categorized as the latest type of e-commerce, enabling users to conduct transactions, shop online, and access various available services. Payment methods have transformed from cash transactions to cashless payments due to technological advancements, which offer greater convenience for customers in buying and selling activities.

Since the COVID-19 pandemic, people have increasingly preferred online transactions over offline ones. Based on previous explanations, e-wallets have become the most widely used payment method. A survey conducted by Kurniawan (2022) supports this claim, revealing that consumers prefer e-wallets over bank accounts when shopping online. According to Listiawati et al. (2022), e-wallets have several advantages over other payment methods, such as being more effective and efficient, particularly in terms of transfer fees. Additionally, e-wallet

registration and transactions are easy to complete, numerous promotions are available, and no administrative storage fees are charged. ShopeePay, OVO, GoPay, DANA, and LinkAja are the five most popular e-wallet applications in Indonesia.

OVO is a digital payment application established by PT Visionet Internasional in 2016. Its popularity surged following Lippo Group's investment in Grab's on-demand transportation services. OVO became one of the digital payment methods available for Grab users and also serves as the primary payment method for Tokopedia, a well-known marketplace. The increasing number of OVO users is primarily driven by the high usage of Grab and Tokopedia services.

To stay competitive, OVO employs strategies to maintain customer loyalty. Loyalty is generally defined as a customer's commitment to a product or service, demonstrated through repeated purchases and a positive attitude toward the brand (Dhirtya & Warmika, 2022). Research by Firmansyah (2021) found that cashback promotions have a positive and significant effect on loyalty. Similarly, studies by Ardi & Ardilla (2024) and Pratiwi, Ekanova, & Nagari (2022) confirmed the significant impact of cashback promotions on customer loyalty.

Apart from cashback promotions, ease of use is another factor influencing customer loyalty. Research by Putra & Raharjo (2021) and Kamal & Artanti (2024) indicates that ease of use has a positive and significant effect on customer loyalty. When a technology is user-friendly, offers various features, and has attractive promotional strategies, customers are more likely to adopt it (Khoirunnisa & Dwijayanti, 2020).

Contrary to these findings, research by Septiana and Nosita (2020) suggests that cashback promotions do not significantly affect loyalty. Similarly, Kurniawan (2022) found that ease of use does not directly influence customer loyalty, while Larasati et al. (2021) reported that ease of use has a negative and significant impact on customer loyalty. These studies indicate that cashback promotions and ease of use do not directly affect loyalty, suggesting the need for a mediating variable.

Several studies highlight customer satisfaction as a key factor influencing loyalty. Research by Subawa and Sulistyawati (2020) and Nggi and Saino (2021) supports this claim, while Aprileny et al. (2022) found that customer satisfaction significantly affects loyalty. Therefore, satisfaction can be considered a mediating variable in the relationship between cashback promotions, ease of use, and loyalty.

Satisfaction refers to the overall attitude customers exhibit toward a product or service after experiencing and using it. Mointi and Sauw (2022) demonstrated that satisfaction has a positive and significant effect on customer loyalty. Other variables affecting loyalty include

cashback promotions and ease of use. Research by Vinsky (2021) found that cashback promotions significantly impact satisfaction, while Fransiska and Aquinia (2023) concluded that ease of use significantly influences customer satisfaction.

This study is based on consumer behavior theory, which examines how individuals, groups, and organizations select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. Companies use consumer behavior studies to analyze the decision-making processes of individuals and groups when choosing and using products or services (Asra & Suyanto, 2019).

Kotler's consumer behavior model (Kotler, 2018) illustrates that marketing and external stimuli influence consumer decision-making. Marketing stimuli consist of the 4Ps: product, price, place, and promotion, while external stimuli include economic, technological, political, and cultural factors. These stimuli enter the consumer's "black box," where they are processed to generate responses such as product choice, brand preference, retailer selection, purchase timing, and purchase quantity.

Stimuli are converted into responses through two processes. First, a consumer's characteristics determine how they perceive and react to stimuli. Second, the decision-making process influences their purchasing behavior. Consumer purchases are affected by cultural (culture, subculture, and social class), social (reference groups, family, roles, and status), personal (age, lifecycle stage, occupation, economic situation, lifestyle, personality, and self-concept), and psychological factors (motivation, perception, learning, beliefs, and attitudes).

The consumer purchase decision process consists of five stages:

1. Need Recognition – The consumer identifies a problem or need.
2. Information Search – The consumer gathers information about available options.
3. Evaluation of Alternatives – The consumer compares different choices based on available information.
4. Purchase Decision – The consumer makes a purchasing decision.
5. Post-Purchase Behavior – The consumer evaluates satisfaction or dissatisfaction with the purchase.

Another relevant model in this study is the Technology Acceptance Model (TAM), which analyzes factors influencing the adoption of information systems. TAM is widely recognized as a key theory in understanding individual acceptance of information technology (Santi & Erdani, 2021). This model is often used to assess a person's interest in adopting a technological system.

By integrating consumer behavior theory and TAM, this study aims to provide a comprehensive understanding of the factors affecting customer loyalty toward e-wallets, particularly OVO.

2. RESEARCH METHODS

This study employs a quantitative associative approach to analyze the influence of cashback promotions and ease of use on customer satisfaction and loyalty toward the OVO e-wallet in Denpasar City. The population of this study consists of Denpasar residents who have actively used the OVO e-wallet for the past six months. A total of 100 respondents were selected using a purposive sampling technique.

The research variables include exogenous variables: cashback promotion (X1) and ease of use (X2); an endogenous variable: customer loyalty (Y); and a mediating variable: satisfaction (M).

The data collection method employed in this study is a questionnaire measured using a 5-point Likert scale. The validity and reliability of the instrument were tested using validity and reliability tests.

The validity test results indicate that all research variable instruments: cashback promotion, ease of use, satisfaction, and customer loyalty meet the validity test requirements. The Pearson correlation total score for each instrument exceeds 0.30, meaning that the instruments are suitable for measuring the respective variables.

The reliability test results show that the reliability values for each variable exceed 0.60, as indicated by the Cronbach's alpha results. Based on these findings, all instruments meet the reliability requirements.

The data analysis techniques used in this study include descriptive analysis and inferential analysis, utilizing path analysis and the Sobel test with a 5% significance level. Additionally, classical assumption tests were conducted, including normality tests, multicollinearity tests, and heteroscedasticity tests.

Research Hypotheses

Cashback promotions involve offering a certain percentage of funds (in cash, virtual currency, or products) returned to consumers, provided they meet the conditions set by the cashback provider (Andarini & Wangi, 2021). Several previous studies, including those by Kusumaningrum and Setiawan (2021), suggest that e-wallets frequently offering cashback promotions influence consumers' purchasing decisions, recommendations, and commitment to repeat purchases. Additionally, research by Pratama (2018), Khoirunnisa and Dwijayanti

(2020) indicates that cashback promotions have a strong relationship with customer loyalty in digital wallets.

H1: Cashback promotions have a positive and significant effect on customer loyalty.

Ease of use refers to an individual's belief that a particular technology is easy to use and understand. The ease of using the OVO application as a payment tool is emphasized in users' perceptions of its convenience. The simplicity of use and security assurance in e-wallet transactions increase its adoption, as transactions can be conducted as long as the mobile phone is powered on and connected to the internet (Dewi & Artanti, 2021). Studies by Silaen and Prabawani (2019), Khoirunnisa and Dwijayanti (2020) show that ease of use significantly and positively influences repurchase intentions. Similarly, Fernando (2021) found that ease of use positively and significantly affects customer loyalty.

H2: Ease of use has a positive and significant effect on customer loyalty.

The easier an application is to use, the stronger the users' positive attitude toward the service (Rastini & Respati, 2021). Cashback promotions can attract customers to use the OVO e-wallet. Cashback discounts are given in the form of OVO points after a transaction is completed. Amirul et al. (2023) found that ease of use positively influences customer satisfaction. Additionally, Shabri et al. (2023) concluded that cashback promotions have a positive and significant impact on satisfaction.

H3: Cashback promotions have a positive and significant effect on satisfaction.

Perceived ease of use in technology affects behavior and actions; the higher the perceived ease of use, the greater the adoption of information technology. Studies by Purba et al. (2020) show that perceived ease of use significantly influences satisfaction. Users who do not experience difficulties in finding products and information tend to have higher shopping satisfaction.

H4: Ease of use has a positive and significant effect on satisfaction.

Consumers satisfied with the goods and services they consume tend to repurchase from the same provider. Bhat et al. (2018) found that customer satisfaction significantly influences loyalty. Employees who are satisfied with their jobs tend to increase their work loyalty, contributing to the achievement of company goals, as shown in studies by Rahmawati (2016), Onsardi et al. (2017), and Prabhakar (2016).

H5: Satisfaction has a positive and significant effect on loyalty.

Research by Pertiwi et al. (2022) shows that customer satisfaction is a key determinant of loyalty. Satisfied customers tend to become loyal customers. This finding aligns with previous studies by Rahmadani and Suardana (2019), Rafiah (2019), Hasyim and Ali (2022).

H6: Satisfaction mediates the effect of cashback promotions on loyalty.

To enhance customer loyalty through satisfaction, companies must focus on increasing customer satisfaction, ensuring that satisfied customers eventually become loyal. Satisfaction plays a mediating role in the relationship between ease of use and loyalty. This finding suggests that the easier an application is to use, the more satisfied consumers become with utilizing it (Risde, 2023). Research by Ismi and Abdilla (2023) states that ease of use positively and significantly affects customer loyalty, mediated by satisfaction. A similar study by Aprileny et al. (2022) confirms a positive and significant effect between ease of use and loyalty.

H7: Customer satisfaction mediates the effect of ease of use on loyalty.

3. RESULT AND DISCUSSION

The number of respondents used in this study was 100 people. The characteristics of this study were predominantly female (60%), aged 20-25 years (81%), holding a bachelor's degree (70%), students as their occupation (60%), and having an income or allowance in the range of >Rp1,000,000 to Rp3,000,000 (42%).

The respondents' description of the cashback promotion variable had an average score of 3.70, which means that, in general, respondents agreed with the statements that serve as indicators of the cashback promotion variable, classifying OVO e-wallet cashback promotion in Denpasar as good. The respondents' perception of the ease of use variable had an average score of 3.68, indicating general agreement with the statements representing the ease of use variable, thus categorizing the ease of use of the OVO e-wallet in Denpasar as good. The perception of the satisfaction variable had an average score of 3.78, signifying overall agreement with the satisfaction variable indicators, thereby categorizing satisfaction with the OVO e-wallet in Denpasar as good. The perception of the customer loyalty variable had an average score of 3.51, reflecting general agreement with the customer loyalty indicators, thus categorizing OVO e-wallet customer loyalty in Denpasar as good.

The classical assumption tests in this study included the normality test, which resulted in an asymp. sig. (2-tailed) Kolmogorov-Smirnov value of 0.200. This value is greater than the alpha value of 0.05, it indicates that the data used in this study are normally distributed, confirming that the model meets the normality assumption.

The multicollinearity test results show that none of the independent variables had a tolerance value below 0.10, and no independent variable had a VIF value above 10. Thus, the regression model is free from multicollinearity symptoms.

The heteroscedasticity test results indicate that each model had a significance value greater than 5% (0.05). This demonstrates that the independent variables in this study do not significantly affect the dependent variable (absolute residual), meaning this study is free from heteroscedasticity symptoms.

All classical assumption tests meet the requirements for path analysis. The results of the path analysis test are shown in Table 1.

Table 1. Path Analysis Results for Structural 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.191	0.750		2.656	0.009
<i>Cashback Promotion</i>	0.454	0.086	0.456	5.306	0.000
Ease of Use	0.318	0.070	0.390	4.532	0.000
R ²	0.595				

Source: Processed Primary Data, 2024

Based on the structural regression analysis, the formulated substructural equation is: $M = 0.456X_1 + 0.390X_2 + e_1$. This means that cashback promotion has a coefficient of 0.456, indicating a positive effect on satisfaction. If cashback promotion increases, satisfaction also increases. Ease of use has a coefficient of 0.390, meaning it positively influences satisfaction; as ease of use improves, satisfaction also increases.

To examine the relationship between cashback promotion, ease of use, and satisfaction on customer loyalty, a path analysis test for substructural 2 was conducted, as shown in Table 2.

Table 2. Path Analysis Results for Structural 2

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.125	0.713		0.175	0.862
<i>Cashback Promotion</i>	0.182	0.086	0.183	2.108	0.038
Ease of Use	0.144	0.067	0.176	2.150	0.034
Satisfaction	0.601	0.100	0.556	6.015	0.000
R ²	0.706				

Source: Processed Primary Data, 2024

From the structural regression analysis, the formulated substructural equation is: $Y = 0.182X_1 + 0.144X_2 + 0.601M + e_2$. This means cashback promotion has a coefficient of 0.182, indicating a positive effect on customer loyalty; an increase in cashback promotion leads to increased customer loyalty. Ease of use has a coefficient of 0.144, indicating a positive effect on customer loyalty; as ease of use improves, customer loyalty increases. Satisfaction has a coefficient of 0.601, meaning it positively influences customer loyalty; as satisfaction increases, customer loyalty also increases. Further direct, indirect, and total effects are presented in Table 3.

Table 3. Direct, Indirect, and Total Effects

Variable Effects	Direct Effect	Indirect Effect via M	Total Effect
$X_1 \rightarrow M$	0.456	-	0.456
$X_2 \rightarrow M$	0.390	-	0.390
$M \rightarrow Y$	0.556	-	0.493
$X_1 \rightarrow Y$	0.183	0.254	0.437
$X_2 \rightarrow Y$	0.176	0.217	0.393

The total determination coefficient was 0.727, meaning that 72.7% of OVO e-wallet customer loyalty in Denpasar is influenced by cashback promotion and ease of use, either directly or indirectly through satisfaction, while the remaining 27.3% is influenced by other variables not included in the model.

Sobel test results indicate that satisfaction mediates the effect of cashback promotion on customer loyalty ($Z = 3.791 > 1.96$), supporting the hypothesis. The VAF calculation result was 25.99%, categorizing it as partial mediation. Similarly, satisfaction mediates the effect of ease of use on customer loyalty ($Z = 3.875 > 1.96$), with a VAF value of 49.87%, indicating partial mediation.

Theoretical Implications: This study provides evidence for consumer behavior and marketing management theories, particularly in explaining how cashback promotion and ease of use influence satisfaction, which in turn fosters customer loyalty.

Practical Implications:

- Cashback Promotion: Customers perceive OVO e-wallet cashback as fulfilling company promises, leading to high satisfaction.

- Ease of Use: Customers prefer OVO e-wallet due to its user-friendly interface, making transactions seamless.
- Satisfaction: High service quality leads to continued use of OVO as the primary transaction tool.
- Customer Loyalty: Satisfied customers are more likely to recommend OVO to others, reflecting high loyalty.

4. CONCLUSION AND SUGGESTIONS

Based on the research findings, several conclusions can be drawn. Cashback promotions have a positive and significant effect on customer loyalty. Ease of use also has a positive and significant effect on customer loyalty. Cashback promotions positively and significantly influence customer satisfaction. Similarly, ease of use positively and significantly affects customer satisfaction. Customer satisfaction has a positive and significant impact on customer loyalty. Moreover, satisfaction serves as a partial mediating variable in the relationship between cashback promotions and customer loyalty in e-wallet users in Denpasar. Satisfaction also partially mediates the effect of ease of use on customer loyalty in e-wallet users in Denpasar.

The suggestions for this study include encouraging future researchers to explore various factors influencing customer loyalty and to expand the research scope beyond OVO e-wallet users in Denpasar. This would provide broader insights that can be applied more generally. Additionally, continuous research is recommended to gain deeper and more comprehensive results.

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