

THE INFLUENCE OF SOCIAL MEDIA MARKETING AND PRODUCT QUALITY ON CUSTOMER EXPERIENCE THROUGH CUSTOMER LOYALTY AMONG LAZADA APPLICATION USERS IN MEDAN CITY

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ABSTRACT

The purpose of this study is to analyze the influence of social media marketing and product quality on customer experience, with customer loyalty as an intervening variable among Lazada users in Medan City. This research employs a quantitative approach. The data used consist of primary and secondary data, collected by distributing questionnaires using a Likert scale. The sample includes 160 respondents in Medan City, with a minimum age of 17 years. The collected data were analyzed using SmartPLS software. The results indicate that social media marketing has a direct negative and significant effect on customer experience, while product quality has a direct positive and significant effect on customer experience. Both social media marketing and product quality have a direct positive and significant effect on customer loyalty. Furthermore, customer loyalty has a positive and significant effect on customer experience. Indirectly, social media marketing and product quality, through customer loyalty, have a positive and significant effect on customer experience.

Keywords: Social Media Marketing, Product Quality, Customer Experience, Customer Loyalty

BACKGROUND

The ongoing changes of the era have triggered various developments that influence human life. With the advent of the internet, life has become increasingly easier due to its speed, convenience, and wide reach, which in turn has led to a growing number of internet users. According to a report by DataReportal, the number of internet users in Indonesia reached 221,563,479 by the end of 2023, accounting for 79.5% of the total Indonesian population. This figure represents a 1.31% increase compared to 2022. In correlation, DataReportal also reported that Indonesia's total population reached 278.7 million in 2023. Overall, this means that approximately 57.1 million Indonesians were not using the internet by mid-2023 (suara, 2023).

The dynamic development of e-commerce is driven not only by the rapid expansion of internet access but also by the increasing mobility and popularity of portable devices. Thanks to the internet, commerce has become easier and more convenient (Lin et al., 2016). Both companies and customers benefit from this. Almost every company has the potential to become a successful merchant (WTO, 2016). One of the advantages of internet technology is the ease of making purchases online through e-commerce platforms or electronic trading. According to Harmayani et al. (2020), e-commerce involves the dissemination, purchase, sale, marketing, and distribution of products or services transactions online or across the internet. Changes in consumer behavior within e-commerce pose a unique challenge for companies to meet the needs and desires of their customers. Reza and Neng (2021) state that online sales also provide convenience, so consumers do not have to deal with traffic, search for parking, or walk from store to store. Moreover, online shopping behavior has become a trend and a common tendency among Indonesian society. With these two ongoing developments, e-commerce will continue to be a primary driver for changes and progress in online shopping activities in the future. The ease of shopping, time efficiency, and easy access to a variety of products are the main reasons for the increasing interest of the public in using e-commerce platforms. In this industry, there are several major marketplace companies fiercely competing to win the hearts of consumers, one of which is Lazada.

Lazada Indonesia, as part of the Alibaba Group, is one of the pioneering e-commerce platforms in Southeast Asia and has been operating in Indonesia since 2012. Lazada is known as a platform that offers a wide range of products, from electronics, fashion, and beauty, to everyday necessities. In facing increasingly intense competition, Lazada continuously innovates to enhance customer experience and maintain consumer loyalty. One of Lazada's main strategies is leveraging social media marketing as a means of promotion, communication, and direct interaction with customers. Platforms such as Instagram, TikTok, and Facebook serve as important channels for Lazada to reach a broader target market, especially millennials and Gen Z. Through creative content, engaging campaigns, and collaborations with influencers, Lazada strives to build an emotional connection with its consumers.

In addition, the product quality offered on the platform is also a key determining factor in shaping consumer perception and experience. Products with good quality, accurate descriptions, and timely delivery will create a positive customer experience and ultimately increase customer loyalty. However, despite having a large user base, Lazada still faces challenges in maintaining its active and loyal users, especially amid the dominance of other marketplaces such as Shopee and Lazada.

Table 1. Number of Marketplace Visitors in Indonesia 2020-2024

Brand	2020	2021	2022	2023	2024
Shopee	55,964,700	76,532,300	134,383,300	191,600,000	241,600,000
Tokopedia	65,953,400	84,997,100	158,136,700	136,700,000	96,933,334
Lazada	27,995,900	22,674,700	27,953,300	83,200,000	44,133,333
Bukalapak	42,874,100	31,409,200	30,126,700	19,700,000	10,066,666
Blibli	21,395,600	18,695,000	16,326,700	37,400,000	31,533,333

From the data above, it can be seen that although the number of Lazada visitors increased sharply in 2023, it declined again in 2024. This condition reflects the high competition dynamics in the Indonesian e-commerce industry. Consumers now have many choices, so companies are required to continuously maintain service quality and improve customer experience sustainably.

This phenomenon also occurs in various major cities, including Medan, which is one of the digital growth centers in North Sumatra. Therefore, a deeper understanding of how Social Media Marketing and Product Quality influence Customer Experience, as well as the role of Customer Loyalty as a mediating variable, becomes very important to study. Referring to the background above, the objectives of this study are: (1) To analyze the influence of Social Media Marketing on Customer Experience among Lazada app users in Medan, (2) To analyze the influence of Product Quality on Customer Experience among Lazada app users in Medan, (3) To analyze the influence of Customer Experience on Customer Loyalty among Lazada app users in Medan, (4) To analyze the influence of Social Media Marketing on Customer Experience through Customer Loyalty among Lazada app users in Medan, (5) To analyze the influence of Product Quality on Customer Experience through Customer Loyalty among Lazada app users in Medan.

RESEARCH METHOD

The purpose of this study is to examine the influence of social media marketing and product quality on customer experience through customer loyalty among Lazada consumers in Medan. This section explains the process of data collection and usage to address the proposed hypotheses. An online survey questionnaire was structured and designed to collect data from Lazada consumers in Medan by having them complete the questionnaire via Google Forms. The survey included questions related to social media marketing, product quality, customer loyalty, and customer experience of Lazada consumers in Medan. Respondents were asked to rate their responses using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The quantitative survey data were analyzed using the PLS-SEM statistical tool. Participants were given consent, and their responses were anonymized to ensure privacy.

Study Design

This research collects and analyzes data using quantitative research techniques. The population of this study consists of Lazada consumers. The sample includes individuals who use Lazada, with criteria consisting of both male and female respondents, a minimum sample size of 160 people, aged 17 years or older, and residing in Medan. The sample will be grouped based on age, gender, domicile, and occupation to ensure diversity. This study measures four variables: gamification, product quality, customer loyalty, and customer experience on the Lazada platform.

Data Analysis

Data processing in this study was conducted using SmartPLS version 4 to manage and analyze the research data. SmartPLS was chosen because it is considered more accurate, as it not only identifies causal relationships between variables or constructs but also determines the magnitude and components that form those variables or constructs.

RESEARCH FINDINGS

Respondent Characteristics

Based on the data received by the researcher and deemed suitable as samples, there are 160 respondents. Some of the respondent characteristics in this study include age, gender, domicile, and occupation. Further details can be seen below:

Table 2. Respondent Characteristics

Respondents Characteristics		Frequency	Percentage (%)
Gender	Female	90	56%
	Male	70	44%
Total		160	100%
Home	Medan Kota	55	34%
	Medan Perjuangan	17	11%
	Medan Petisah	18	11%
	Medan Polonia	39	24%
	Medan Selayang	31	19%
Total		160	100%
Age	17 – 25	91	57%
	26 – 35	57	36%
	36 – 45	9	6%
	46 – 55	3	2%
Total		160	100%
Occupation	Students	73	46%
	Employee	49	31%
	Unemployed	23	14%
	Entrepreneur	15	19%
Total		160	100%

Based on Table 2, the characteristics of the 160 respondents participating in this study are presented. The gender group is divided into two categories, with females totaling 90 respondents (56%) and males totaling 70 respondents (44%). Based on domicile, respondents are spread across various administrative cities, with the majority residing in Medan city, accounting for 55 respondents (34%). Regarding age, respondents are categorized into several age groups, with the majority being 17–25 years old, totaling

91 respondents (57%). Lastly, based on occupation, respondents are divided into several groups, with students representing the largest group at 73 respondents (46%).

Hypothesis Test

Table 3. Path Coefficient Results of Direct Influence

Direct Hypothesis	Original Sample (O)	T statistics (O/STDEV)	P values	Hypothesis Category
Social media marketing -> Customer loyalty	0,724	15,235	0,000	Accepted
Product quality -> Customer loyalty	0,184	3,681	0,000	Accepted
Social media marketing -> Customer experience	-0,564	10,042	0,000	Rejected
Product quality -> Customer experience	0,392	4,663	0,000	Accepted
Customer loyalty -> Customer experience	0,705	5,507	0,000	Accepted

Indirect Effect

Table 4. Path Coefficient Results of Indirect Influence

Indirect Hypothesis	Original Sample (O)	T statistics (O/STDEV)	P values	Hypothesis Category
Social media marketing -> Customer loyalty -> Customer experience	0,510	4,997	0,000	Accepted
Product quality -> Customer loyalty -> Customer experience	0,129	3,118	0,002	Accepted

DISCUSSION

The Influence of social media marketing on customer loyalty

Social media marketing has a direct effect on customer loyalty with a coefficient of 0.724 with a t-statistic (15.235) > t table (1.65) and significant (0.000) < 0.05. Thus, social media marketing has a positive and significant effect on Lazada customer loyalty. This means that if social media marketing increases, customer loyalty will also increase significantly, and vice versa.

The Influence of product quality on customer loyalty

Product quality has a direct effect on customer loyalty with a coefficient of 0.184 with a t-statistic (3.681) > t table (1.65) and significant (0.000) < 0.05. Thus, product quality has a positive and significant effect on Lazada customer loyalty. This means that if product quality increases, customer loyalty will also increase significantly, and vice versa.

The Influence of social media marketing on customer experience

Social media marketing has a direct effect on customer experience, with a coefficient of -0.564, with a t-statistic (10.042) > t-table (1.65) and a significance level (0.000) < 0.05. Thus, social media marketing

has a negative and significant effect on Lazada consumers' customer experience. This means that if social media marketing decreases, customer experience will increase significantly, and vice versa.

The Influence of product quality on customer experience

Product quality has a direct effect on customer experience with a coefficient of 0.392 with t-Statistics (4.663) < t table (1.65) and significant (0.00) < 0.05. Thus, product quality has a positive and significant effect on customer experience of Lazada consumers. This means that if product quality increases, customer experience will also increase, and vice versa. Product quality has a direct effect on customer experience with a coefficient of 0.392 with t-Statistics (4.663) < t table (1.65) and significant (0.00) < 0.05. Thus, product quality has a positive and significant effect on customer experience of Lazada consumers. This means that if product quality increases, customer experience will also increase, and vice versa.

The Influence of customer loyalty on customer experience

Customer loyalty has a direct effect on customer experience with a coefficient of 0.705 with a t-statistic (5.507) > t table (1.65) and significant (0.000) < 0.05. Thus, customer loyalty has a positive and significant effect on Lazada consumers' customer experience. This means that if customer loyalty increases, customer experience will also increase significantly, and vice versa.

The Influence social media marketing on customer experience mediated by customer loyalty

Social media marketing has an indirect effect on customer experience through customer loyalty with a coefficient of 0.510 with a t-statistic (4.997) > t table (1.65) and significant (0.000) < 0.05. Thus, social media marketing has a positive and significant effect on customer experience through Lazada consumer user satisfaction. This means that if social media marketing increases, customer experience will also increase significantly through customer loyalty, and vice versa.

The Influence product quality on customer experience mediated by customer loyalty

Product quality has an indirect effect on customer experience through customer satisfaction with a coefficient of 0.129 with a t-statistic (3.118) > t table (1.65) and significant (0.002) < 0.05. Thus, product quality has a positive and significant effect on customer experience through Lazada customer loyalty. This means that if product quality increases, customer experience will also increase significantly through customer loyalty, and vice versa.

CONCLUSION

This study was conducted with the aim of determining the effect of social media marketing and product quality on customer experience, mediated by customer loyalty, among Lazada consumers in the city of Medan. The validity and reliability tests conducted on the research instruments showed that the instruments were both valid and reliable. Based on the hypothesis testing results, six hypotheses were accepted, showing a positive influence, while one hypothesis was rejected due to having a negative effect.

The study found that Lazada's social media marketing does not significantly influence consumers in shaping their customer experience. However, well-implemented social media marketing can enhance customer loyalty among Lazada users. In addition, product quality influences consumers in forming their customer experience, and high product quality can also improve customer loyalty. Having competitive social media marketing and superior product quality requires Lazada to continuously explore what conveniences can be offered to its consumers to ensure they continue shopping on the platform. In doing so, Lazada can become the top choice for consumers when selecting an e-commerce platform and can foster repeat purchase intentions.

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