

## **CHAPTER V**

### **DISCUSSION**

This chapter will discuss about the research process from the beginning to the result.

This research is required to build a model. The model that already built in the very beginning of the research is conceptual model for the endogenous and exogenous variables of customer engagement. This research is a continuance research of the other researches. This research has additional indicators and variables of one endogenous variable, eight exogenous variables and twenty two variables. The endogenous variable is customer engagement. Those exogenous variables cover enthusiasm, attention, absorption, interaction, identification, irritation, customer satisfaction and service quality. All of the variables and indicators used in the conceptual model will be processed by using Structural Equation Modelling (SEM) within the AMOS 22<sup>®</sup> Software as the tools to calculate the SEM calculation.

First stage of the SEM application was started by establishing the questionnaire that related to the indicators. Then, the questionnaire was distributed to the customers of REI Yogyakarta. The questionnaire was spreaded to 750 customers and total 400 questionnaires that already fulfilled by the customer. The data met the requirement of the minimum data for SEM application. The data that already obtained from the questionnaire then processed by the AMOS 22<sup>®</sup> Software. Based on the result of feasibility test on the measurement model, almost all of the data are valid and

reliable. It is because the result of critical ration is more than 0.7 and the result of AVE is more than 0.5. However, there are two variables that are not valid and reliable such as Interaction and Customer Satisfaction. Based on the normality test, almost all of the data are normally distributed, but there are several indicators that is not normally distributed such as CS1,CS2, AB2, EN2 and IR2. For the outlier test, there is no outlier in the data because the maximum number of CHIINV for this study is 49.72823 and all of the mahalanobis d-square is smaller than the maximum number.

The feasibility test of structural model contains result of the probability, cmin/df, chi-square, GFI, RMSEA, RMR, AGRI, IFI, CFI and NFI. According to the result that generated by the AMOS 22 Software, three out of ten goodness of fit are accepted, the other seven are rejected. Those accepted items are probability, cmin/df and RMR. It is accepted since those three fulfil the requirement. Based on the test, the model can be said as the accepted model because it is stated that some of the accepted goodness of fit can represent the model as accepted model (Ghozali, 2017).

Based on the hypothesis testing, five out of eight exogenous variables have an influence to the customer engagement. This means, only five hypotheses that are accepted. Based on the data in the table 4.10, the hypothesis on the conceptual model in which H1, H2, H3, H6 and H8 are accepted. This proves that only five variables are accepted by considering the result of critical ratio and probability. The requirement for the critical ratio and probability are  $>1.96$  and  $< 0.05$ . Because all of the variables are rejected, then the AMOS 22 Software recommends it as the new model. The new model contains five accepted variables such as **Enthusiasm, Attention, Absorption, Irritation and Service Quality**.

After the accepted variables have already identified, next stage is to simulate the model. First, the system dynamics simulation is needed to build the Causal Loop Diagram (CLD) for the model. CLD is made to define the relationship in each related variable. There are six variables that included in the CLD such as Enthusiam, Attention, Absorption, Irritation, Service Quality and internal factor. The relationship is defined by the direct interview with the expert judgement. On the CLD, it contains about the positive and negative relationship. In this study, the model has three loop relations within one positive loop and two negative loops.

After the CLD already identified, then the flow diagram is built. On the flow diagram, it is required to input the data on the definition box on all of the variables and indicators. The inputation data come from the three expert judgements. The expert in this study is the developer, financial manager and marketing in the REI Yogyakarta. The result of the qualitative interview is represented as the scale number from 1 to 5.

The data inputation from the expert judgement is calculated first by using Microsoft Excel. The function addressed to generate the data is GEOMEAN. Next, the data will be inputed in the definition box. The data need to be uniformed while it turns into the definition box. To make it more efficient, it is assumed that the data have a unit of <<values>>, <<values>> is choosen as the unit because the data used in this research is an information data that does not have specific unit like meter, newton dan many more. While the data already inputted and given by the formulation, the model can be simulated. This study simulates the customer engagement value for 10 years. Based on the result of simulation, it can be concluded that the customer engagement value is not always increase and decrease. The minimal value is 3 and

maximum value is 5. Based on the figure 4.14, there is no stability on the customer engagement value. For ten years of simulation, the data show that the value of CE always change. Although there are some conditions where minimum two months and maximum four months, the value has steady value, which can be called as the constant value. This result can be beneficial for the REI Yogyakarta to build a decision to make the customer engagement value still constantly high.

After the simulation result was provided by the Powerim 9 Software, it can be built the scenario design. Scenario design aims to make a decision for solving the situation. Figure 4.15 shows about the customer engagement value compared with other variables. Figure 4.15 tells us that the customer engagement value will decrease while other variables have small value too. Based on the result, the decision maker can make a great decision by observing the graphic change. Therefore, this discussion will also build the scenario design. The scenario design can be the recommendation action for the company to keep their customer engagement value becomes constantly in the high value.

Based on the enthusiasm value on the figure 4.16, scenario design can be built to increase the value to more than 3. The values can be increased by improving the uniqueness, new innovation and also maintainance. Attention value is needed to be improved. Since this simulation shows that small values of the attention, it will be affected to the customer engagement value. The values can be higher if the company improves its brand information, such as promoting the products more often by, turning it into marketing event in the public event and to educate the customer about the product so they will give a good feedback related to the product testimonial and

review. Small values on the absorption give the influence to the customer engagement. REI Yogyakarta has to improve their absorption values. As the scenario design, this value can be improved by providing the comfortable zone to the customer, then it will not need much effort to concentrate, while the customer that uses the product also need only short time. Scenario design for the irritation is to decrease the irritation value. Irritation means the distraction either come through the word of mouth also can be from the misbehavioral of other customers. The scenario design for this case is to improve the service quality values. The service quality is about how the company offering the service well to the customer. This can be improved if the company deserve the good empathy and responsiveness. Internal factors are actually come from the customers' perspective. As the scenario design, this have to be improved to make the customer engagement has higher values.