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## Enhancing Customer Retention Through Satisfaction: The Impact of Service Quality and Hedonic Value in Online Auction KOI Nusantara Company

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### ABSTRACT

This study aims to describe and analyze the effect of hedonic value and service quality on customer retention and satisfaction, analyze the effect of customer satisfaction on customer retention, and analyze the effect of hedonic value and service quality on customer retention through customer satisfaction at KOI Nusantara online auction company. The research location is KOI Nusantara, an online auction company. The data analysis technique in this study uses Structural Equation Modeling (SEM) analysis. The research findings show that hedonic value and service quality create positive experiences and increase satisfaction and customer trust. Whereas service quality has a greater effect on retention, hedonic value has a greater effect on customer satisfaction. Furthermore, customer satisfaction, especially from product reuse, has a greater effect on customer retention. Both service quality and hedonic value will be more effective in increasing retention if customer satisfaction is supported. The research contribution is strategic recommendations for online auction companies, such as KOI Nusantara, to improve service quality and increase customer retention. In addition, it is important to create hedonic value to increase customer satisfaction, which ultimately strengthens customer loyalty. The findings provide new insights into the priorities of customer experience management. They can be used to design more effective service and marketing strategies in the online auction industry.

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## 1. Introduction

The growth of online shopping transactions on e-marketplaces has increased dramatically since the outbreak of the COVID-19 pandemic. Initially, this surge occurred due to movement restrictions and lockdowns, changing consumer shopping habits. In line with the growth of global e-marketplaces, Indonesia reported an increase in e-marketplace usage among Generation Z and Millennials [1]. This growth is due to the increasing youth population, digital literacy, middle-class population, digital payment services, and SME participation. Companies need to get customers to continue using the services or products offered by the company. Customer retention is designed to ensure the company's survival so that it can affect sales and profit figures. There needs to be real action as proof that customers survive to become company customers [2].

Customer retention is crucial to maintaining a company's survival amid competition, which is also important for business sustainability because it can save marketing costs and increase profitability [3]. Customer retention is defined as the continuation of customers to conduct business relationships with companies [4]. While measurements of customer retention can vary between industries and companies [5], there seems to be a consensus that focusing on customer retention can yield several economic benefits. In the digital age, customers have more choices, so building long-term relationships is becoming increasingly difficult. Customers' superior experience is the main differentiation in retaining customers [6].

Several views on customer retention argue that retaining customers can increase profitability, especially by reducing the costs incurred in acquiring new customers [4]. The main goal of customer retention is to prevent profitable customers from switching so that customer switching can be minimized. Online shopping results from customers browsing e-commerce sites to search, select, and purchase goods and services to satisfy needs and wants [7].

Customer retention is the main focus of many companies because it is more efficient and plays an important role in competitive advantage. Product quality, service, price, customer engagement, and perceived value strongly influence customer loyalty and retention in various business sectors [8]. Since the 1980s, customer retention has been important in business because it is more efficient and profitable, with loyal customers providing recurring revenue and reducing acquisition costs [9]. In addition, relational marketing increasingly emphasizes the importance of long-term relationships and customer lifetime value. Customer retention is a key company strategy to increase profits and maintain market share.

Customer satisfaction plays an important role in customer retention. When customers are satisfied with their experience, the chances of customers repurchasing and continuing the business relationship are high. Customer satisfaction is a person's pleasure or disappointment from comparing the perceived product to his expectations [10]. Customer satisfaction is achieved when service or product features match customer needs and when companies meet or exceed customer expectations over the life of a product or service. Customer satisfaction is very important for any industry, especially in the digital age where all information spreads quickly, so companies must ensure customers have a satisfying experience to maintain the company's reputation [11].

Customer satisfaction can influence future customer desires and lead to profitability, market share, and return on investment [12]. Customer satisfaction affects customer retention [13]. Companies that meet customer expectations will have higher competitiveness [14]. Customer satisfaction with a product received can be hedonic value when viewed from a point of view. The hedonic value appears in the process of providing evaluations when consuming products, and each describes a different quality of judgment [15]. Hedonic value drives innovation in service design to improve customer experience [16] and provides insight into how subjective customer experiences can increase loyalty to a brand [17].

Hedonic value focuses on the emotional, psychological, and pleasure benefits derived from products, services, or experiences that can drive customers' impulsive purchases. Understanding the concept of hedonic value allows companies to design effective marketing strategies to meet consumer needs, resulting in increased customer satisfaction [18]. Understanding hedonic value helps companies create a pleasant shopping experience, increasing sales and customer loyalty [19].

Customer satisfaction is widely accepted as a key to long-term business success [20]. Service quality directly affects satisfaction and strengthens customer loyalty [21]. Therefore, improving service quality is essential to maintain competitiveness and support sustainable business growth [22]. Customer satisfaction as a mediator is considered important; in addition, customer satisfaction tends to be a mediator in the relationship between service quality and customer loyalty so that customer retention can be formed not only in the short term but also in the long term. Also, it is a sustainable competitive advantage.

Customer retention has relevant economic and financial implications. Customer retention is more efficient than attracting new customers, with key factors influencing it, including customer engagement, customer relationship management strategies, corporate reputation, and customer experience in the digital age [23]. Loyal customers tend to make repeat purchases, provide positive recommendations, strengthen brand image, and reduce marketing costs, so many companies focus on customer retention strategies to achieve sustainable growth and competitive advantage.

The objectives of this study are to describe hedonic value, service quality, customer satisfaction, and customer retention; analyze the effect of hedonic value and service quality on customer retention and satisfaction; analyze the effect of customer satisfaction on customer retention; and analyze the effect of hedonic value and service quality on customer retention through customer satisfaction at the online auction KOI Nusantara company. The results of this study are expected to contribute theoretically to further research in the development of consumer behavior theory and science regarding the concept of customer retention, as well as practical contributions to the management of KOI Nusantara online auction company in making decisions to improve customer retention to increase the number of auction members who take part in the auction process.

## **2. Literature Review**

### **2.1. Theory of Consumer Behavior**

Consumer behavior is a study that explores how individuals, groups, and organizations choose, buy, use, and dispose of goods and services to satisfy needs and wants. This concept includes the purchase decision process and consumption patterns seen from individual shopping and influencing factors such as motivation, social influence, and psychological factors [24]. Consumer behavior is influenced by various aspects, including culture, family, social group, age, and individual lifestyle.

Consumer behavior theory understands the decisions behind purchases, the motivations driving consumption, and the factors influencing consumer choices. By understanding consumer behavior, companies can design more effective marketing strategies, develop products that meet market needs, and create satisfying consumer experiences, increasing customer loyalty and lifetime value. This theory describes the stages of consumer decision-making, from need recognition, information search, and evaluation of alternatives to the final purchase decision and post-purchase behavior.

### **2.2. Customer Satisfaction**

Customer satisfaction is pleasure or disappointment after comparing perceptions to expectations [25]. Customer satisfaction is crucial to evaluating how well products and services meet or exceed customer expectations [26]. "Satisfaction is a person's feelings of pleasure or disappointment resulting from the company a product's perceived performance (or Outcome) about his or her expectations", which means that the result of comparing what is expected with what is felt from a product will result in the sense of satisfaction or disappointment for customers [27]. Companies must understand the importance of meeting customer needs and exceeding service quality expectations

because satisfied customers will ultimately stay and minimize the company's costs of attracting new customers [28].

Concepts and theories regarding customer satisfaction have developed rapidly and are classified into several approaches, one of which is the theory of expectancy disconfirmation model [29], which is a theory to understand how customer satisfaction is formed based on the comparison between expectations and perceived performance. The factors influencing customer satisfaction are in the form of needs and desires related to what customers feel when transacting with service producers [30]. One way to determine a customer's satisfaction is to conduct periodic surveys by asking questions related to the customer's intention to repurchase, recommend products to others, and experience complaints or complaints to the company [27].

### **2.3. Customer Retention**

Customer retention is a comprehensive marketing strategy and action that aims to retain new and existing customers by developing, maintaining, and maximizing long-term benefits that deepen and expand the mutual relationship between the two parties [31]. Customer retention is the tendency of customers to stay with a service provider and make repeated purchases of products or services so that the company generates economic benefits and gains a competitive advantage in the market [32].

Customer retention is becoming an increasingly important managerial strategy, especially in long-term marketing [33]. Another opinion conveyed by [34] is that customer retention is a business strategy to retain as many customers as possible while improving customer relationships. The main objective of customer retention is to avoid customer defection so that the number of customers who move can be minimized [4].

### **2.4. Hedonic Value**

Hedonism can be defined as seeking pleasure and avoiding misery, which is motivated by the desire for fun and frolic by reflecting the experiential values of shopping, including fantasy, passion, sensory stimulation, enjoyment, pleasure, curiosity, and escape. Hedonic comes from the Greek *hedone*, which means pleasure or enjoyment [35]. Hedonic value as the overall evaluation of a customer based on the fulfillment of pleasure [36].

Hedonic value is related to fulfilling a product's pleasure or aesthetic aspects [37]. The hedonic level of a consumer can be measured through several indicators in the form of adventure, social, and gratification [38]. Adventure is a shopping experience that gives personal satisfaction, social creates happiness through togetherness when shopping, while gratification is a way to overcome stress and bring comfort through shopping activities.

There are three dimensions of hedonic value in shopping: idea, role, and value shopping [39]. Idea shopping is shopping by following trends and seeing new products through mass media, role shopping is the pleasure of shopping for others, and value shopping is the pleasure of bargaining prices or looking for discounts and bargains. Hedonic value can provide happiness and a lifestyle to improve the quality of social relationships, increase creativity, and increase innovation and work productivity. It can also provide self-stimulation and a sense of caring for others.

### **2.5. Service Quality**

Service quality is a customer assessment of a product's overall excellence that has been conceptualized as an evaluation based on the difference between perceived quality and customer expectations [40]. Service quality is defined as how well the service consistently meets or exceeds customer expectations [41]. There are three dimensions of service quality according to [42], namely the functional (process) dimension, technical (result) dimension, and image or image.

The service quality factors, known as the service quality scale, consist of reliability, responsiveness, certainty, empathy, and physical evidence. Reliability shows the company's ability to fulfill promises consistently, responsiveness includes the willingness to help customers quickly and attentively, certainty involves the knowledge and courtesy of employees to build customer trust, empathy shows personal attention by understanding customer needs, and physical evidence includes facilities and equipment that reflect service quality [43].

### **3. Method**

This research uses quantitative methods to process data and obtain the desired results through observation, interviews, questionnaires, and study of related documents or literature. According to [44], quantitative research is structured to examine the possibility of a cause-and-effect relationship between variables. This research explains the influence and influence relationship of the variables to be studied.

The scope of this research relates to human resources, specifically hedonic value and service quality as exogenous variables, customer satisfaction as an intervening variable, and customer retention as an endogenous variable. The location used as a research site is the KOI Nusantara online auction company.

A population is a collection of elements that show certain characteristics that can be used to conclude [44]. The population in this study were members of the KOI online auction in the archipelago, totaling 225 people. The sampling technique used is simple random sampling with the determination of the sample using the Slovin formula, with the results of the sample requirement of 144 people.

Data was collected using a questionnaire and distributed online via Google Forms. The analysis technique used descriptive analysis using SPSS (statistical package for social science) and structural equation modeling (SEM).

### **4. Results and Discussion**

KOI Nusantara is an online auction company that connects koi breeders, collectors, and enthusiasts in Indonesia. Focusing on transparency, security, and convenience, KOI Nusantara regularly holds auctions of quality koi fish of various types, sizes, and prices. As the ultimate destination for koi lovers, the company creates a vibrant community that brings together enthusiasts from across the archipelago, supporting the trade of this popular ornamental fish with innovation and passion.

The company ensures customer satisfaction and transaction security with various verification measures, consumer protection, and strict selection of koi fish to guarantee quality. The platform offers features such as expert assessments, presentation videos, and consultation services to help buyers. With a professional approach, KOI Nusantara facilitates the buying and selling koi fish, expands the market, and improves the quality standards of cultivation that contribute to the development of the koi industry in Indonesia.

Based on the results of the research that has been conducted, there are analysis results that show the social demographic characteristics of research at KOI Nusantara online auction as many as 144 respondents, including descriptions of gender, age, occupation, and many respondent purchases.

#### **4.1. Description of Respondent Profile**

Based on the table above, all respondents (144) are male. The majority of respondents were 31-40 years old (41% (59 respondents)), followed by 33% (48 respondents) aged 41-50 years, and 26% (37 respondents) aged 20-30 years. 92% (132 respondents) work in the private

sector, while 8% (12) are civil servants. In terms of purchase frequency, 73% (106 respondents) bought more than 3 times, 15% (21 respondents) bought once, and 12% (17 respondents) bought 2-3 times.

Table 1. Social Demographic Characteristics in KOI Nusantara Online Auction (n=14)

Demographics	Frequency (%)
Gender	
Male	144 (100%)
Female	0 (0%)
Age	
20-30 Years	37 (26%)
31-40 Years	59 (41%)
41- over 50 Years	48 (33%)
Jobs	
Private	132 (92%)
PNS	12 (8%)
Purchase	
1 time	21 (15%)
2 - 3 times	17 (12%)
More than 3 times	106 (73%)

Source: Primary data processed, 2024

#### 4.2. Data Validity and Reliability

The analysis results show that the research instrument has good validity and reliability. The validity test with confirmatory factor analysis shows that all questionnaire items have a significant level of validity with a Kaiser-Meyer-Olkin (KMO) value of 0.000. In addition, the reliability test results produced Cronbach's Alpha values above 0.70 for all variables.

Table 2. Validity and Reliability Test Results

Indicator	KMO test	Prob.	Cronbach's Alpha
Adventure	0.779	0.000	0.857
Social	0.722	0.000	
Gratuities	0.773	0.000	
Physical evidence	0.816	0.000	0.930
Reliability	0.758	0.000	
Responsiveness	0.744	0.000	
Recommend	0.757	0.000	0.908
Reusing the product	0.707	0.000	
No complaints	0.829	0.000	
Brand preference	0.737	0.000	0.896
Commitment	0.800	0.000	
Trust	0.829	0.000	
Paying premium prices	0.746	0.000	

Source: Primary data processed, 2024

#### 4.3. Confirmatory Factor Analysis

Hedonic value refers to customer satisfaction from evaluating products and activities, which increases customer satisfaction and retention. The highest factor loading value for hedonic value is gratification (0.92), followed by adventure (0.79) and social (0.74). In real field conditions, hedonic value is reflected in the experience of adventure during the auction, socialization with new members, and the provision of pleasure gratification.

Service quality compares customer expectations and perceptions of the products provided, which increases customer satisfaction and retention. The factor loading value shows how much the contribution of the observation variable explains service quality. The value of physical evidence (0.95) indicates its greatest contribution in forming the service quality construct, followed by reliability (0.83) and responsiveness (0.68). Facts in the field show that service quality is reflected in good physical evidence, appropriate reliability, and responsiveness in providing services.

Customer satisfaction is a feeling of pleasure after purchasing a product or service, which affects customer retention. The highest value of factor loading (0.97) indicates that product reuse has the greatest contribution in forming the customer satisfaction construct, followed by recommending products (0.91) and no complaints (0.86). Facts in the field may indicate customer satisfaction is reflected in the use of returned products, recommendations of purchased products, and the absence of complaints.

Customer retention is the sustainability of the customer relationship with the company. The highest factor loading value is commitment (0.96), which indicates its greatest contribution to forming the customer retention construct. This is followed by brand preference (0.95), trust (0.86), and reliability (0.54). Conditions in the field show that customer retention is formed through good reliability, commitment, trust, and brand preference.

The factors that can reflect the latent variable constructs of each research variable, which show the factor loading value, are presented in tabular form, which can be seen below:

Table 3. Factors Forming Constructs (Latent Variables)

Variables	Indicator	Factor loading
Hedonic Value	Adventure	0.79
	Social	0.74
	Gratuities	0.92
Service Quality	Physical evidence	0.95
	Reliability	0.83
	Responsiveness	0.68
Customer Satisfaction	Recommend	0.91
	Reusing the product	0.97
	No complaints	0.86
Customer Retention	Brand preference	0.95
	Commitment	0.96
	Trust	0.86
	Paying premium prices	0.54

Source: Primary data processed, 2024

#### 4.4. SEM Analysis Results

This study uses Structural Equation Modeling (SEM) analysis techniques to test models and hypotheses, both directly and indirectly, regarding the effect of hedonic value and service quality on customer retention through customer satisfaction. SEM also tests the factor loading and regression weight of the influence of the two variables on customer retention, as in the following figure:

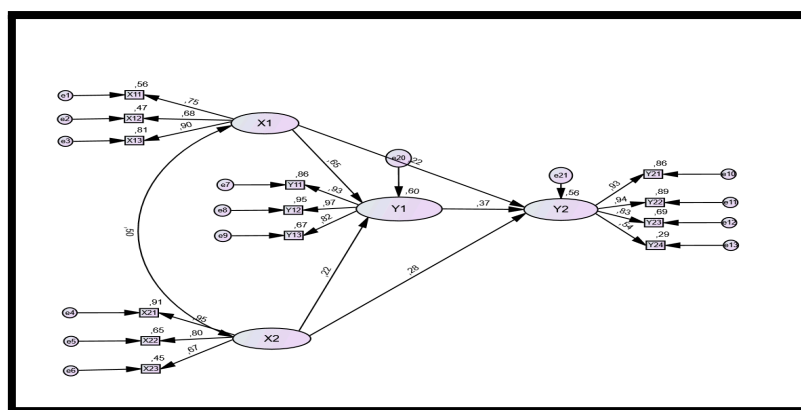


Figure 1. SEM Model Results

#### 4.5. Hypothesis Testing

The discussion of the results of testing the research hypothesis is presented below, with the results of the first hypothesis test shown in the following table:

Table 4. Standardized Regression Weight Hedonic Value and Service Quality on Customer Satisfaction

Variables		Coef.Raw	C.R.	P-value	Description
<b>Exogenous</b>	<b>Endogenous</b>				
Hedonic value (X <sub>1</sub> )	Customer satisfaction (Y <sub>1</sub> )	0.65	7.752	0.000	Significant
Service quality (X <sub>2</sub> )	Customer satisfaction (Y <sub>1</sub> )	0.22	3.160	0.002	Significant

Source: Primary data processed, 2024

The results of the table above show that hedonic value has a positive and significant effect on customer satisfaction with a regression coefficient of 0.65, C.R. 7.752, and p-value (0.000). Similarly, service quality positively and significantly affects customer satisfaction, with a regression coefficient of 0.22, a C.R. of 3.160, and a p-value of (0.002). The statistical test results prove that hypothesis one, which states that both variables have a positive and significant effect on customer satisfaction, has been tested.

Table 5. Standardized Regression Weight Hedonic Value and Service Quality on Customer Retention

Variables		Coef.Raw	C.R.	P-value	Description
<b>Exogenous</b>	<b>Endogenous</b>				
Hedonic value (X <sub>1</sub> )	Customer retention (Y <sub>2</sub> )	0.22	2.096	0.036	Significant
Service quality (X <sub>2</sub> )	Customer retention (Y <sub>2</sub> )	0.28	3.907	0.000	Significant

Source: Primary data processed, 2024

The table above shows the results of hypothesis two, which shows that hedonic value has a positive and significant effect on customer retention with a regression coefficient of 0.22, as well as C.R. 2.096 and p-value (0.036). Similarly, service quality positively and significantly affects customer retention, with a regression coefficient of 0.28, a C.R. of 3.907, and a p-value of (0.000). The statistical test results prove that hypothesis two, that the hedonic value and service quality variables have a positive and significant effect on customer retention, has been tested.



Table 6. Standardized Regression Weight of Customer Satisfaction on Customer Retention

Variables		Coef.Raw	C.R.	P-value	Description
Exogenous	Endogenous				
Customer satisfaction (Y <sub>1</sub> )	Customer retention (Y <sub>2</sub> )	0.37	3.629	0.000	Significant

Source: Primary data processed, 2024

The table above shows the results of hypothesis three, which shows that customer satisfaction has a positive and significant effect on customer retention with a regression coefficient value of 0.37, C.R. 3.629, and p-value (of 0.000). The statistical test results prove that hypothesis three, that the customer satisfaction variable has a significant effect on customer retention, has been tested.

Meanwhile, the results of hypothesis four testing show the indirect effect of hedonic value and service quality on customer retention through customer satisfaction. Customer satisfaction is proven to act as an intervening variable between hedonic value and customer retention, with the results of the direct effect of hedonic value on customer retention amounting to 0.22 and the total effect between hedonic value and customer retention through customer satisfaction of 0.46.

Furthermore, the results obtained by the direct effect of service quality on customer retention are 0.28, while the total effect between service quality and customer retention through customer satisfaction is 0.36. Thus, customer satisfaction is proven as an intervening variable between service quality and customer retention.

Based on these results, hypothesis four, which states that hedonic value and service quality affect customer retention through customer satisfaction, has been tested. The statistical results of testing the fourth hypothesis about the effect of hedonic value and service quality on customer retention through customer satisfaction get an indirect effect value greater than the direct effect value, except for the indirect value of hedonic value, this can be seen and explained in the following table:

Table 7. Results of the Effect of Hedonic Value and Service Quality on Customer Retention Through Customer Satisfaction

Variables	Direct Influence	Indirect Effect	Total Influence
Hedonic value (X <sub>1</sub> ) to customer retention (Y <sub>2</sub> ) through customer satisfaction (Y <sub>1</sub> )	0.22	$0.65 \times 0.37 = 0.24$	0.46
Service quality (X <sub>2</sub> ) on customer retention (Y <sub>2</sub> ) through customer satisfaction (Y <sub>1</sub> )	0.28	$0.22 \times 0.37 = 0.08$	0.36

Source: Primary data processed, 2024

The results in the table above show that the regression coefficient of the hedonic value variable on customer satisfaction is 0.65 with a C.R. of 7.752 and a p-value of 0.000 (smaller than 0.05), which indicates that the hedonic value has a positive and significant effect on customer satisfaction. The regression coefficient of the variable service quality on customer satisfaction is 0.22 with a C.R. of 3.160 and a p-value of 0.002 (smaller than 0.05). It indicates that service quality positively and significantly affects customer satisfaction. The regression coefficient of the customer satisfaction variable on customer retention is 0.37, with a C.R. of 3.629 and a p-value of 0.000 (smaller than 0.05). This shows that customer satisfaction positively and significantly affects customer retention.

The indirect effect of hedonic value and service quality on customer retention in the table above (total effect) is that hedonic value has a greater value than service quality through customer satisfaction. Comparison of the total effect with the direct effect between each variable, customer

satisfaction is proven to be a variable that mediates between the effect of hedonic value on customer retention with a value of  $(0.46 > 0.22)$ ,

Customer satisfaction as a variable that mediates between service quality and customer retention is proven by the value  $(0.36 > 0.28)$ . Thus, the modeling in this study, namely hedonic value and service quality, affects customer retention through customer satisfaction. Hedonic value has a greater influence than service quality on customer retention through customer satisfaction.

#### **4.6. Discussion of Research Results**

The following will discuss the research results on the effect of hedonic value and service quality on customer retention through customer satisfaction at KOI Nusantara online auction company. Hedonic value includes the pleasure customers obtain from evaluating existing products at the KOI Nusantara online auction company. In online auction companies, hedonic value has a role as a place that provides social facilities, provides adventure for members, and can provide pleasure. The hedonic level of a consumer can be measured through several indicators, namely adventure, social, and gratification. The social indicator contributes the most to hedonic value, as auction companies are perceived to provide a fun means of socialization [38].

Gratification reflects pleasure as the auction process reduces boredom, while adventure provides a sense of adventure and stimulus in the auction process. Service quality is a comparison between customer expectations and cognitive perceptions received of a product provided. Service quality at KOI Nusantara online auction company is contributed by physical evidence, reliability, and responsiveness. The highest indicator is physical evidence, especially safe and precise products. The responsiveness indicator reflects fast and precise service, while reliability reflects products as promised and without errors. The results show that service quality is built through safe products, no errors, and fast response by the service quality scale consisting of reliability, responsiveness, certainty, empathy, and physical evidence [45].

Customer satisfaction is a feeling of customer pleasure after buying services or goods. This is based on research conducted by [27], where customer satisfaction is defined as a person's pleasure or disappointment that arises after comparing product performance with expected performance or results. Measurement indicators in customer satisfaction consist of product reuse, recommendations, and no complaints [46]. The results of research on the KOI Nusantara online auction company show that the indicator that contributes most to satisfaction is product reuse, which indicates that customers are likely to buy again at the KOI Nusantara online auction company. The recommend indicator reflects satisfaction because customers will spread positive news, while the no complaints indicator reflects that customers are satisfied and do not complain because the company provides tips.

Customer retention is customer sustainability in a business relationship with the company [47], which is influenced by indicators of brand preference, commitment, trust, and paying premium prices [5]. The research results on KOI Nusantara online auction company show that customer retention is formed through loyalty, trust, and willingness to pay more.

The results showed that the indicator that contributed the highest to customer retention was trust, where customers felt confident that KOI Nusantara Auction company was honest. The brand preference indicator reflects retention because customers like shopping at the auction company, while the commitment indicator shows customers always shop there. The indicator of paying a premium price reflects retention because customers are willing to pay more.

Members' willingness to participate in the auction process is an adventure. It provides stimulation that impacts customer retention in a brand preference different from other auction sites and a commitment to always shop at KOI Nusantara online auction company. The results of this study support research conducted by [48], which states that hedonic value has a positive and significant effect on customer retention.

Hedonic value, which refers to the value of pleasure or emotional satisfaction that customers get from a product or service, positively and significantly influences customer retention. When customers feel emotional satisfaction and pleasant experiences from using a product or service, they are more likely to reuse the product or service. This feeling of pleasure and satisfaction is often stronger than the functional benefits obtained because it touches the emotional aspects of the customer.

A pleasant shopping experience or a satisfying interaction with customer service can create a strong emotional bond between the customer and the brand. This can increase customer loyalty and make it reluctant to switch to another brand even if there is a cheaper or more practical option. Hedonic value can also strengthen customer relationships with brands by forming positive memories and pleasant associations. Customers who consistently experience happiness and satisfaction will be more likely to remember the brand positively and recommend it to others.

High customer retention not only reduces the cost of acquiring new customers but also increases the lifetime value of customers to the company. Companies that successfully create and maintain high hedonic value will be better able to maintain a loyal customer base, increase profits, and build a strong reputation in the market. Creating enjoyable and emotionally satisfying experiences is essential for companies that want to increase customer retention and achieve long-term success.

Service quality has a positive and significant effect on customer retention. Customers who receive high-quality services tend to feel more satisfied and trust the company. Service quality includes various aspects, such as reliability, responsiveness, assurance, empathy, and physical evidence. When customers feel that the service received meets or even exceeds expectations, customers will be more likely to return to use the service in the future. Consistent and reliable service quality also builds customer trust in the company, which is key to building long-term relationships.

Companies that are responsive to customer needs and complaints demonstrate a commitment to providing the best experience, which can increase customer loyalty. High service quality also contributes to establishing a positive image of the company in customers' eyes. Customers who are satisfied with the service received will be more likely to leave positive reviews and recommend the company to others, which can increase the customer base through positive word-of-mouth.

High customer retention means customers continually return and use the company's services, which reduces the cost of acquiring new customers and increases the company's profits. In a competitive business environment, superior service quality can be a key differentiator that makes customers choose and remain loyal to one company over its competitors. Improving service quality is an effective strategy to increase customer retention and ensure sustainable business growth.

Hedonic value refers to customers' emotional satisfaction and pleasant customer experience when acquiring a product. This hedonic value includes aspects such as adventure, social, and gratification that customers feel. This study shows that hedonic value positively and significantly affects customer satisfaction when customers enjoy the experience of shopping or using products that provide pleasure and emotional satisfaction.

Customers feel more satisfied with their choices. This positive experience increases immediate customer satisfaction and loyalty, making customers more likely to return and recommend the product or service to others. Hedonic value plays an important role in competitive product and service differentiation. High hedonic value can be a strong differentiating factor in an environment where similar products and services can be found easily.

Customers who feel pleasure and positive experiences from interactions with products or services tend to have a more favorable perception of the brand. This creates a stronger emotional connection between the customer and the brand, ultimately increasing customer satisfaction and

loyalty. Companies focusing on creating and enhancing hedonic value in products and customer services can significantly increase customer satisfaction and retention.

Service quality is a key factor that greatly affects customer satisfaction in getting a shopping experience. High service quality includes various aspects such as physical evidence, reliability, responsiveness, assurance, and empathy. Research shows that good service quality positively and significantly influences customer satisfaction. Service quality makes customers recommend purchased goods and always use the product again.

When customers feel that they receive responsive and reliable service, needs are met quickly and appropriately, and service members demonstrate empathy and professionalism. Customers feel more satisfied with the overall experience. This satisfaction includes the immediate experience and creates a broader positive perception of the company or brand. High service quality can increase customer loyalty, encourage customers to repeat purchases and recommend the service to others.

In a competitive business environment, companies focusing on improving service quality can differentiate themselves from competitors and create a sustainable competitive advantage. Satisfied customers tend to return for more business and share positive experiences with friends and family, which can expand a company's customer base through word-of-mouth marketing. Companies that invest in training, service process improvement, and maintenance of high-quality standards will significantly improve customer satisfaction and overall business performance.

Customer satisfaction has a positive and significant influence on customer retention. When customers are satisfied with the product or service they receive, they tend to be more loyal and reluctant to switch to another provider. Customer satisfaction includes positive feelings arising from experiences that meet or exceed expectations. Customer satisfaction increases when companies consistently provide added value through product quality, good service, and responsiveness to customer needs and complaints. Satisfied customers are more likely to return to use the same product or service in the future, increasing customer retention.

Customers satisfied with fast and secure digital services are more likely to continue using those services. High customer satisfaction also creates a stronger relationship between the customer and the company. Satisfied customers are more likely to return and recommend the company to friends and family, which can help the company acquire new customers through word-of-mouth. Satisfied customers tend to be more tolerant of price increases or small decreases in service because they have built trust and loyalty toward the company. This shows that customer satisfaction is a long-term investment that generates sustainable profits for the company. Companies focusing on improving overall customer satisfaction will significantly increase customer retention, an important indicator of business success and stability.

Hedonic value, which includes aspects of adventure, social, and gratification experienced by customers during interactions with products or services, has a positive and significant influence on customer retention, especially through customer satisfaction, which includes that customers recommend to others, reuse products, and no complaints. When customers experience high hedonic values, such as pleasure and satisfaction when using a product or service, customers tend to feel more attached and loyal to the company.

This emotional satisfaction can increase customer satisfaction because customers feel the experience meets functional and emotional needs. Emotionally satisfied customers tend to be more loyal and committed to continuing to use the product or service in the future, thereby increasing customer retention. Customer satisfaction influenced by hedonic value also encourages customers to share positive experiences with others through direct recommendations or online reviews.

This increases the loyalty of existing customers and helps attract new customers through positive word-of-mouth. Pleasant hedonic experiences can create strong emotional bonds between customers and companies, making customers more reluctant to switch to competitors. Hedonic value is important in strengthening customer retention through customer satisfaction, as it

provides a well-rounded and satisfying experience that goes beyond the mere functional benefits of the product or service.

High service quality positively and significantly affects customer retention, especially through customer satisfaction. Quality service includes various dimensions such as reliability, empathy, physical evidence, responsiveness, and assurance, all of which contribute to a satisfactory customer experience. When customers feel that the service received meets or exceeds their expectations, the level of customer satisfaction increases significantly. This customer satisfaction strengthens customer loyalty and increases the likelihood of remaining loyal to the company.

Customers who are satisfied with service quality are likelier to continue using the product or service and are less likely to switch to a competitor. When customers feel that the quality of service received is consistent and meets high standards. Customers tend to build long-term relationships with companies. This increases customer retention rates, as high satisfaction creates a sense of trust and comfort. This high customer satisfaction also encourages customers to give positive recommendations to others through word of mouth and social media, increasing the new customer base. Good service quality increases customer satisfaction and strengthens customer retention through solid, trusting relationships. It demonstrates the importance of investing in training and development and service process improvement to maintain high-quality standards and meet customer expectations.

## **5. Conclusions**

Based on the results of research on the effect of hedonic value and service quality on customer retention through customer satisfaction at KOI Nusantara online auction company, it can be concluded that hedonic value is reflected by social indicators, especially means of socialization with new members. The highest service quality is reflected in physical evidence, especially safe and appropriate products. Customer satisfaction is reflected by indicators of using the product again, especially when re-participating in the auction. Meanwhile, customer retention is most highly reflected in trust, especially confidence in the honesty of the auction venue.

Hedonic value with social as the main factor and service quality with physical evidence create a positive experience and increase customer trust in the honesty of KOI Nusantara's auction venue. Service quality has a greater influence on customer retention than hedonic value. Hedonic value with the main social factors and service quality with physical evidence creates a positive experience and increases customer satisfaction at the KOI Nusantara auction site. Hedonic value has a greater influence on customer satisfaction than service quality.

The creation of customer satisfaction for members of the KOI Nusantara online auction company obtained from the factor of using the product again increases customer retention through trust in the honesty of the auction site. Customer satisfaction has a greater influence than hedonic value and service quality. Hedonic value and service quality are more effective in increasing customer retention if customer satisfaction is supported by product reuse. Hedonic value, adventure, social, and gratification have a greater impact on customer retention through satisfaction than service quality.

Based on these conclusions, there are suggestions for KOI Nusantara auction company to improve service quality because the hedonic value has the highest impact on retention through customer satisfaction. Customer retention can be improved by utilizing hedonic value and service quality. For future researchers, the results of this study can broaden the understanding of consumer behavior, including the purchasing decision process and factors that influence consumption patterns, such as motivation, social, and psychological influences [24]. In addition, for policymakers, this

research can be a reference in formulating policies to improve customer retention with a focus on service quality and hedonic value.

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