

**INFLUENCE OF CUSTOMER EXPERIENCE ON CUSTOMER LOYALTY WITH
COMPETITIVE ADVANTAGE AS A MEDIA VARIABLE ON LEARNSTUFF
CENTER**



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Abstract

The purpose of this study is to examine how customer experience affects customer loyalty at Learnstuff.Center, using competitive advantage as a mediating variable. The study involved respondents selected through a census methodology and employed a quantitative approach with a survey method. The findings indicated that customer experience has a significant and positive impact on both competitive advantage and customer loyalty. Furthermore, competitive advantage was also found to significantly and positively influence customer loyalty. It was also demonstrated that competitive advantage mediates the relationship between customer experience and customer loyalty. These findings highlight the importance of Learnstuff.Center to focus on enhancing customer experience as a strategy to build a competitive advantage and strengthen customer loyalty in the online education industry.

Keywords: Customer Experience, Customer Loyalty, Competitive Advantage

INTRODUCTION

The digitalization era has brought about fundamental transformations in various sectors, including the education industry, which is now experiencing significant changes in the way it provides services to students. This phenomenon is further strengthened by changes in consumer preferences that want a more personal and adaptive learning experience. Private tutoring, as a form of educational service, is experiencing rapid growth, but also faces challenges in maintaining customer loyalty amidst increasingly fierce competition (Pei, 2020).

Learnstuff.Center, as a player in the private tutoring industry, is facing serious issues in terms of customer retention. Internal data shows a churn rate of 25% in the last six months, far exceeding the industry average of 15%. More worryingly, a customer satisfaction survey revealed that only 60% of customers were satisfied with the services provided, while the company's target is 80%. The urgency of this problem is even more apparent considering that retaining current consumers is five times less expensive than obtaining new ones. In the context of private tutoring, losing customers not only impacts immediate revenue, but also affects reputation and long-term growth potential through negative word-of-mouth effects.

Customer Experience emerges as a unique key variable in this context, due to the highly personal and ongoing characteristics of tutoring services. Unlike customer experiences with physical products or short-term services, experiences in tutoring include long-term interactions involving cognitive, emotional, and social aspects (Zare, 2020). This uniqueness makes Customer Experience a fundamental factor that requires a special approach in its management. The competitive advantage component is an interesting mediating variable to study, given its specific characteristics in the context of tutoring. Unlike other industries where competitive advantage may focus on price or product features, in tutoring, competitive advantage includes unique aspects such as learning methodology, tutor qualifications, and integrated supporting technology.

Customer loyalty in the context of tutoring has a different dimension compared to loyalty to other products or services. Loyalty here is not only measured by repeat purchases, but also by the willingness to follow long-term learning programs and recommend services to other potential customers. These characteristics make Customer loyalty a complex and multidimensional dependent variable. Previous research by Zare and Mahmoudi (2020) has

identified the importance of customer experience in building loyalty, but has not explored Competitive advantage's mediating function in the specific context of private tutoring. This research gap is an important foundation for further investigation into the relationship between these variables.

The findings of Ertemel et al. (2021) regarding the function of customer experience in moderating the association between online flow state and customer loyalty serve to further emphasize the importance of this study. However, their study has not considered the aspect of competitive advantage as a mediating factor, especially in the context of educational services. Jamaludin (2021) provides additional perspective with his findings on the role of competitive advantage as a mediator between management practices and business outcomes. However, the application of these findings in the context of private tutoring still requires further empirical validation.

Based on the problems faced by Learnstuff.Center and supported by previous research findings, this study aims to examine "The Influence of Customer Experience on Customer Loyalty with Competitive Advantage as a Mediating Variable at Learnstuff.Center". By understanding the relationship between these three variables, it is hoped that Learnstuff.Center can develop effective strategies to improve customer experience, strengthen its competitive advantage, and ultimately increase customer loyalty.

LITERATURE REVIEW

Service-Dominant Logic (SDL)

SDL, or service-dominant logic, is a theoretical framework that shifts the understanding of value creation in marketing and business from a goods-oriented perspective to an approach that emphasizes service interactions and relationships between actors. SDL focuses on the idea that value is co-created through the relationship between clients and service providers as opposed to the actual product (Vargo & Lusch, 2007). In SDL, service becomes the primary basis of exchange, with all economic actors acting as resource integrators to create shared value. The framework emphasizes the importance of value propositions, innovation in services, and customer engagement in creating relevant experiences (Kowalkowski, 2011; Huarng & Más-Verdú, 2018). SDL is also relevant in sectors such as healthcare, where customer experience is at the heart of service design

(Seppänen et al., 2017). Thus, SDL provides a broader perspective on how value is created, enriching theory and practice in modern business.

Customer Experience

Customer experience is a consumer's interpretation of all their interactions with a brand. According to Frow and Payne (2007), the goal of customer experience is to foster positive interactions and increase customer loyalty. Chen and Lin (2015) go on to say that customer experience is a cognitive perspective that may boost the value of products and services and motivate customers. Customer experience is crucial in the service sector as customers use the business's services firsthand. Customers will be impacted by their emotional and physical contact with businesses, which will eventually influence how they evaluate the company's offerings. Customers' experiences might serve as a gauge of the company's level of service excellence. Customers will use the product or service that makes up the consumption experience after obtaining the service. Consequently, in a highly competitive market, customer experience management is a crucial subject for service businesses.

Customer Loyalty

Customer loyalty is the emotional connection that develops over time between customers and businesses as a result of frequent purchases and the desire to refer others to the company's brand. According to Oliver (1999), customer loyalty is the determination of a customer to continue buying a particular brand of goods in the future. Customer loyalty and customer experience are directly related, as demonstrated by Biedenbach and Marell (2010). This implies that the likelihood of a client being loyal increases with the value of the experience they had.

Competitive Advantage

A company's competitive edge is its capacity to achieve superior performance compared to its competitors in the same industry. According to Porter (1985), this can be achieved through the company's unique characteristics and resources. This advantage is realized when the company is able to offer more value to consumers, either through lower prices or greater benefits. To maintain a competitive advantage, the level of competition, suppliers' and customers' negotiating power, the danger of replacement products, and the threat of new entrants are the five competitive factors that businesses must be aware of. By

understanding and managing these factors, companies can formulate effective strategies to achieve and maintain a superior position in the market.

The Influence of Customer Experience on Customer Loyalty

Positive customer experience can increase customer satisfaction, which in turn has the potential to increase their loyalty. A pleasant, easy, and useful experience when interacting with Learnstuff.center can encourage customers to return to the service and recommend it to others.

H1: Customer loyalty and the impact of customer experience

The Influence of Customer Experience on Competitive Advantage

Customer Experience superior can be a differentiating factor for Learnstuff.center in a competitive market. Consistent, positive customer experiences can build a strong reputation, increase brand value, and create a competitive advantage that is difficult for competitors to copy.

H2: The Influence of Customer Experience on Competitive Advantage

The Influence of Competitive Advantage on Customer Loyalty

The competitive advantage that Learnstuff.center has can be a strong reason for customers to remain loyal. When a company has a clear advantage over its competitors, customers are less likely to switch to other services, thus increasing their loyalty.

H3: The Influence of Competitive Advantage on Customer Loyalty

The Influence of Customer Experience on Customer Loyalty with Competitive Advantage as a Mediating Variable

Customer Experience, which can improve Learnstuff.center's competitive advantage, which in turn can strengthen Customer loyalty. Competitive advantage acts as a bridge connecting customer experience to loyalty, where positive experiences create advantages that then drive long-term loyalty.

H4: Customer Experience's Effect on Customer Loyalty: A Mediating Role of Competitive Advantage

RESEARCH METHOD

This study examines how customer experience affects customer loyalty at Learnstuff.Center using a quantitative methodology and survey method, with competitive

advantage acting as a mediating variable. Through hypothesis testing, this kind of explanatory study seeks to clarify the causal link between variables.

The population in this study was all Learnstuff.Center customers totaling 55 learnstuff center students. In order to sample the complete population for this investigation, the census/saturated sampling approach was employed.

This study ensures the validity and reliability of its research instruments by conducting validity and reliability tests. Validity tests aim to measure the extent to which research instruments can measure what should be measured, while reliability tests assess the consistency of measurement results. Additionally, to ascertain if the data is regularly distributed, a need for parametric analysis, a normality test is conducted. To evaluate hypotheses, this study used the F-test to examine the simultaneous impact of independent factors on dependent variables and the t-test to examine the partial impact of independent variables on dependent variables. To guarantee precision and effectiveness in data processing, SPSS (Statistical Package for Social Sciences) software was used for all statistical analyses in this study.

RESULTS AND DISCUSSION

Instrument Validity Test

Table 1. Validity Test Results

Variables	R Count	R Table	Information
X1	0.707	0.396	Valid
X2	0.485	0.396	Valid
X3	0.482	0.396	Valid
X4	0.800	0.396	Valid
X5	0.409	0.396	Valid
Y1	0.783	0.396	Valid
Y2	0.558	0.396	Valid
Y3	0.455	0.396	Valid
Y4	0.675	0.396	Valid
Z1	0.542	0.396	Valid
Z2	0.460	0.396	Valid
Z3	0.467	0.396	Valid
Z4	0.692	0.396	Valid
Z5	0.450	0.396	Valid

With a computed R value greater than the R table of 0.396, the validity test findings demonstrate that every variable in this investigation is legitimate. Variable X4 has the highest calculated R of 0.800, indicating a strong relationship with other variables. In addition, variables Y1 and Y4 also show good validity with calculated R values of 0.783 and 0.675, respectively. This shows that the data obtained can be relied on for further analysis, and supports the accuracy and consistency in this study. Thus, all variables tested have a significant contribution to the research objectives.

Instrument Reliability Test

**Table 2.
 Reliability Test**

Variables	Cronbach's Alpha	Information
X	0.744	Reliable
Y	0.736	Reliable
Z	0.756	Reliable

According to the reliability test findings, every variable has a Cronbach's Alpha value greater than 0.7, namely 0.744 for variable X, 0.736 for variable Y, and 0.756 for variable Z. This value indicates that all variables in this study are reliable and consistent in measuring the constructs studied. Thus, the data obtained from these variables can be trusted for use in further analysis, ensuring the validity of the study's findings.

Normality Test

**Table 3. Normality Test
 One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		55
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.57286505
Most Extreme Differences	Absolute	.311
	Positive	.209
	Negative	-.311
Test Statistics		.311
Asymp. Sig. (2-tailed) ^c		.364

The Kolmogorov-Smirnov technique of the normalcy test yielded an Asymp. Sig. (2-tailed) value of 0.364. The null hypothesis that the residual data is normally distributed cannot be rejected because this significance value is higher than 0.05. Therefore, it can be said that the study's residual data satisfies the premise of normalcy, which is crucial for the validity of the statistical analysis that is conducted.

Hypothesis Testing

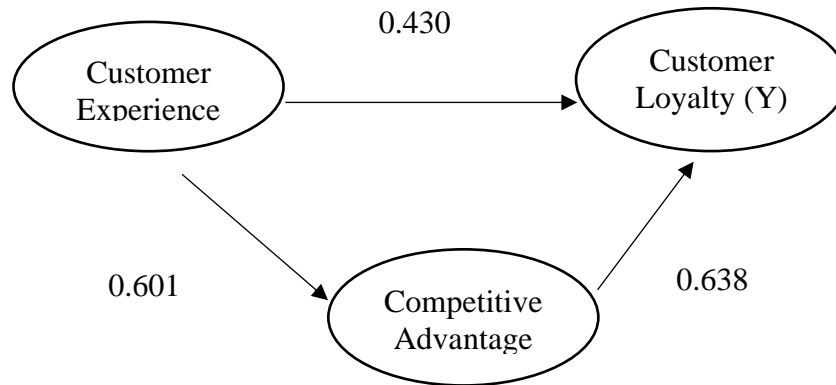


Table 4.
Hypothesis Testing

Connection	Significance (sig)	R-squared (R ²)	Standardized Coefficient
XY	0,000	0.690	0.430
XZ	0,000	0.659	0.601
ZY	0,000	0.407	0.638

The influence of Customer Experience on Customer loyalty

The analysis's findings indicate a standardized coefficient of 0.430, an R-squared (R²) of 0.690, and a significance value (sig) of 0.000. This suggests that customer loyalty and customer experience have a substantial and powerful relationship. This indicates that enhancing the client experience increases their allegiance to the business or brand.

The Influence of Customer Experience on Competitive Advantage

The second hypothesis test also showed significant results with a sig value of 0.000 and R² of 0.659 and a standardized coefficient of 0.601. This means that Customer Experience not only affects Customer loyalty, but also plays an important role in creating a competitive advantage. By providing a good experience, companies can differentiate themselves from competitors and improve their position in the market.

The Influence of Competitive Advantage on Customer Loyalty

Finally, the results for the third hypothesis show a sig value of 0.000, R² of 0.407, and a standardized coefficient of 0.638. This demonstrates that customer loyalty is significantly impacted by competitive advantage as well. Businesses may boost client loyalty by having a distinct edge, which can benefit long-term profitability and customer retention.

The Influence of Customer Experience on Customer Loyalty with Competitive Advantage as a Mediating Variable

Significant findings emerge from an analysis of the relationship between customer experience (X) and customer loyalty (Y), using competitive advantage (Z) as a mediating variable. First, there is a 0.430 direct correlation between customer experience and customer loyalty. Furthermore, the indirect influence through Competitive Advantage is calculated by multiplying the standardized coefficient between Customer Experience and Competitive Advantage (0.601) by the standardized coefficient between Competitive Advantage and Customer Loyalty (0.638). The result of this multiplication is:

$$0.601 \times 0.638 = 0.383918$$

Therefore, the total influence that Customer Experience has on Customer loyalty through Competitive Advantage can be calculated by adding up the direct and indirect influences:

$$0.430 + 0.383918 = 0.813918$$

According to the aforementioned computation findings, customer experience has a total influence value of 0.813918 on customer loyalty. This demonstrates that customer experience, both directly and through competitive advantage as a mediating component, has a major impact on customer loyalty. Thus, these results indicate that companies need to focus on improving customer experience to encourage loyalty, especially by utilizing the competitive advantages they have.

In the context of contemporary business, the study's findings offer profound insights into the intricate link among client loyalty, competitive advantage, and customer experience. These findings strengthen and extend existing understanding from previous studies, while providing new perspectives that are valuable for practitioners and academics. The study's findings on the substantial impact of customer experience on customer loyalty are consistent with those of Hariandja (2022) and Zare (2020), highlighting the significance of putting customer experience first when establishing enduring connections. However, this study takes the analysis further by exploring the role of competitive advantage as a mediator, an aspect

that has not been studied in depth in previous studies. The finding that customer experience also contributes significantly to competitive advantage strengthens Pei's (2020) debate over the importance of the customer experience in creating distinctiveness and long-term competitive advantage. This implies that spending money to enhance the customer experience not only directly affects loyalty but also lays a solid basis for sustained competitive advantage.

Furthermore, the strong relationship between competitive advantage and customer loyalty revealed in this study provides a new perspective that complements Othman's (2020) findings on total quality management and competitive advantage. Although Othman focused on the banking sector, the study's findings imply that comparable ideas may be used more widely, where a competitive edge attained via a variety of management techniques, such as providing exceptional customer service, can directly boost client loyalty. These findings also extend the understanding of Hariandja's (2022) research on the relationship between customer loyalty and brand value, suggesting a complex reciprocal relationship between competitive advantage, customer loyalty, and overall brand strength.

One of the study's distinctive contributions is how competitive advantage mediates the link between customer experience and customer loyalty. The findings highlight a more nuanced mechanism of how customer experience ultimately leads to higher loyalty. This suggests that efforts to improve customer experience not only have a direct impact on loyalty but also indirectly strengthen the competitive position of the company, which in turn further enhances customer loyalty. The implications of these findings are significant for corporate managers and policy makers, emphasizing the importance of a holistic approach to customer experience management that focuses not only on direct interactions with customers but also on how those experiences can be translated into tangible and sustainable competitive advantage.

This study offers a wider viewpoint with the potential to encompass other forms of customer interactions, both online and offline, in contrast to Zare's (2020) study, which concentrated on online customer experience in the context of e-commerce. This demonstrates that while the precise application may vary, the fundamental ideas of the value of the customer experience in fostering loyalty and gaining a competitive edge are applicable in many corporate environments. This result further supports Pei's (2020) contention that to

preserve long-term customer pleasure and attain sustainability, businesses must constantly enhance the shopping experience for customers in all contexts.

All things considered, this study significantly advances the field by incorporating and expanding on the findings of earlier research to create a thorough model that demonstrates the connection between customer loyalty, competitive advantage, and customer experience. These results demonstrate the intricacy and interconnectedness of the several elements that contribute to a company's long-term success in a fiercely competitive business climate, in addition to reaffirming the significance of emphasizing the customer experience as a primary business strategy. The practical implications of this study extend to various aspects of business management, from product and service development to marketing strategy and customer relationship management, emphasizing the need for an integrated approach that considers how each aspect of business operations can contribute to superior customer experience, sustainable competitive advantage, and ultimately, strong customer loyalty.

The study's findings are consistent with the Service-Dominant Logic (SDL) theoretical paradigm, which highlights that value is not just derived from the product but also from interactions between businesses and consumers (Vargo & Lusch, 2007). Customer Experience (CE) is a crucial component of the value co-creation process in the context of this study. Building customer loyalty (CL) starts with a positive customer experience. This is in line with the SDL concept, which states that connections between clients and service providers create value rather than the intrinsic value of products or services (Kowalkowski, 2011).

The results of the second and third hypotheses confirm the importance of Competitive Advantage (CC) as an element that strengthens the relationship between CE and CL. Competitive advantage can be interpreted as a company's ability to create a unique value proposition, in accordance with the SDL concept that prioritizes innovation and differentiation in services (Huang & Más-Verdú, 2018). In this case, innovatively designed customer experiences allow companies to stand out in the market, strengthen loyalty, and create sustainable competitive advantages.

In addition, the mediation analysis on the fourth hypothesis shows how KK strengthens the effect of CE on CL. Based on SDL, customers not only receive services but are also actively involved in the value creation process, especially when companies are able

to leverage competitive advantages to improve customer experience (Chistyakova & Bruni, 2021). Thus, a well-managed customer experience provides a strong foundation for meaningful collaboration and interaction between customers and companies, as proposed by SDL.

In conclusion, the results of this study support the idea of SDL that prioritizes relationships and interactions as the core of value creation. In practice, companies that want to increase customer loyalty and create competitive advantage need to focus on innovative and relevant customer experiences, in accordance with the co-creation value perspective promoted by SDL (Seppänen et al., 2017). This shows that the SDL framework can be a strategic foundation in improving company performance through a service-based and relationship-based approach.

CONCLUSION

Based on the analysis of the proposed hypotheses, it can be concluded that at Learnstuff.Center, customer experience plays a crucial role in shaping customer loyalty. A better customer experience leads to higher customer loyalty, highlighting the importance of delivering quality interactions and services. Furthermore, customer experience also positively influences competitive advantage, indicating that improving customer satisfaction can strengthen the platform's position in the competitive online education market. Competitive advantage itself significantly contributes to enhancing customer loyalty, acting as a key factor in retaining customers. Notably, competitive advantage also serves as a mediating variable in the relationship between customer experience and customer loyalty, which means that part of the impact of customer experience on loyalty is channeled through the platform's competitive strength.

Overall, this study underscores the importance of Learnstuff.Center to prioritize customer experience as a strategic foundation for developing a strong competitive edge and increasing customer retention. These findings have valuable implications for management in formulating effective strategies to improve long-term platform performance, including through service innovation and the development of superior offerings.

For future research, this study can serve as a foundation to explore additional variables that may influence the relationship between customer experience and customer

loyalty. Variables such as customer trust, service quality, brand image, or digital engagement could provide deeper insights into what drives loyalty in the online education industry. Expanding the scope of future research may offer a more comprehensive understanding and help refine strategies for sustaining customer loyalty in a rapidly evolving market.

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