

Customer Experience as the Key to Digital Entrepreneur Success

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ABSTRACT

This study investigates the role of Customer Experience (CX) as a key determinant of success among digital entrepreneurs in Indonesia's rapidly expanding digital economy. Adopting an explanatory quantitative design with *Structural Equation Modeling (SEM-PLS)*, data were collected from 90 active online consumers interacting with digital-based businesses through platforms such as Shopee, Tokopedia, Instagram Shop, and TikTok Shop.

The empirical findings confirm that CX significantly influences customer loyalty ($\beta = 0.673$, $p < 0.001$) and, in turn, loyalty has a substantial effect on business performance ($\beta = 0.582$, $p < 0.001$). Furthermore, customer loyalty mediates the indirect relationship between CX and business performance ($\beta = 0.392$, $p < 0.001$), indicating that superior customer experience enhances firm performance primarily through building loyal customer relationships. Among the CX dimensions, emotional engagement and personalization emerge as dominant drivers of loyalty, while digital convenience reinforces satisfaction and retention.

Theoretically, the study extends digital entrepreneurship literature by empirically validating the CX–Loyalty–Performance causal chain, demonstrating that technological innovation alone does not guarantee entrepreneurial success without meaningful and consistent customer experiences. Practically, the findings highlight that sustainable digital business growth requires entrepreneurs to integrate emotional connection, data-driven personalization, and seamless digital service delivery into their strategic frameworks.

Keywords: Customer Experience, Customer Loyalty, Business Performance

BACKGROUND

In an increasingly competitive digital business ecosystem, a company's success is determined not only by its ability to attract new customers but also—more importantly—by its capacity to retain existing ones. Customer loyalty has become a highly valuable strategic asset, as loyal customers directly contribute to business sustainability and performance improvement. Loyal customers tend to make repeat purchases, have higher transaction values, and willingly recommend products to others. In other words, customer loyalty serves as a more stable and cost-efficient source of growth compared to efforts aimed solely at acquiring new customers.

Building customer loyalty has become increasingly complex. Easy access to information and the abundance of available alternatives make customers more likely to switch from one brand to another. Therefore, merely offering quality products or competitive prices is no longer sufficient. Digital customers demand something deeper—a meaningful and enjoyable experience throughout their interactions with the brand. This gives rise to the concept of **customer experience (CX)** as a key factor in shaping customer loyalty.

Customer experience encompasses the overall perceptions and feelings that customers develop from their interactions with a brand across various touchpoints—from information search and purchase processes to after-sales service. In the digital business context, these interactions primarily occur through online platforms such as websites, mobile applications, social media, and technology-based customer service channels. CX is not only functional but also emotional; the success of a digital entrepreneur depends on their ability to design customer experiences that are not only efficient but also relevant and emotionally engaging.

Emotional engagement refers to the emotional bond between customers and brands. In a digital world that tends to be impersonal, creating emotional connections becomes a vital differentiator. Customers who feel emotionally connected are more likely to exhibit trust, satisfaction, and pride in the brand, which ultimately strengthens their loyalty. Empathic communication, authentic brand values, and emotionally resonant digital experiences are crucial in building this engagement.

Personalization has become increasingly essential with the advancement of analytics and big data technologies. Customers now expect experiences that align with their individual needs, preferences, and behaviors. Digital entrepreneurs who can intelligently leverage customer data can tailor messages, product recommendations, and after-sales services in a personalized way. Effective personalization makes customers feel valued, thereby reinforcing their loyalty to the brand.

Digital convenience emphasizes the ease and comfort customers experience throughout the entire digital interaction process. Access speed, navigational simplicity, transaction security, and system reliability are critical factors shaping customer perceptions of a brand. Platforms that enable seamless transactions create customer satisfaction and reduce the likelihood of customers switching to competitors. In a fast-changing digital economy, convenience represents a new form of customer value.

The interrelationship between these three dimensions forms the conceptual foundation of this study: Customer Experience → Customer Loyalty → Business Performance. Positive customer experiences enhance customer loyalty, and strong loyalty directly improves business performance. Digital entrepreneurs who focus on improving customer experience not only gain short-term benefits in the form of customer satisfaction but also long-term advantages in sustainable business growth and stronger brand reputation.

In the Indonesian context, the relevance of this topic is increasingly evident given the rapid growth of digital businesses and e-commerce. Although market opportunities are vast, the intense level of competition makes customer experience-based strategies a strategic necessity. Many digital entrepreneurs fail to retain customers due to inconsistent experiences, lack of personalization, or poor digital convenience. Therefore, understanding and managing customer experience is becoming a core competence that determines the success of digital entrepreneurs in today's digital economy.

This article aims to conceptually examine how customer experience through its dimensions of emotional engagement, personalization, and digital convenience serves as the key to building customer loyalty, which ultimately drives business performance among digital entrepreneurs.

From the above discussion, it is clear that the success of a digital entrepreneur is not solely determined by technological capability or product innovation but also by the ability to design and manage customer experiences strategically and sustainably. Superior customer experiences foster strong emotional bonds, create loyalty, and ultimately enhance business performance. Therefore, customer experience should not be treated merely as a supplementary element of marketing strategy but rather as the core of sustainable digital entrepreneurship.

This phenomenon highlights a significant research gap in understanding how customer experience influences customer loyalty and how such loyalty, in turn, affects business success. Although previous studies have emphasized the importance of CX in marketing contexts, few have integrated emotional engagement, personalization, and digital convenience into a conceptual model explicitly linking them to digital entrepreneurship success—particularly in the Indonesian digital economy.

There remains a need to develop a theoretical framework capable of explaining the interconnection between customer experience, customer loyalty, and business performance in an integrative model. Such a framework will help digital entrepreneurs understand the process of value creation through customer experience and utilize it as a source of long-term competitive advantage. Within this approach, customer experience is not merely a tool to improve satisfaction but a fundamental strategy to strengthen the sustainability of digital businesses amid rapid market transformations.

Research Objectives

To analyze the influence of customer experience on the success of digital entrepreneurs. This objective focuses on understanding the extent to which the overall customer experience—encompassing emotional, personalized, and digital convenience aspects—affects digital business performance. The analysis aims to identify the strategic role of customer experience (CX) as a key driver of entrepreneurial success within the digital ecosystem.

To identify the key dimensions of customer experience that contribute to customer loyalty and digital business growth. This objective emphasizes the exploration of three primary CX dimensions: emotional engagement, personalization, and digital convenience. It examines how these dimensions collectively shape customer loyalty, which in turn influences the growth and sustainability of digital enterprises.

To develop a conceptual model that integrates CX as a core strategy for sustainable digital entrepreneurship. This objective seeks to construct a conceptual framework explaining the causal relationships among customer experience, customer loyalty, and business performance. The proposed model is expected to provide both theoretical

and practical contributions to the development of customer experience-based strategies for digital business success.

LITERATURE REVIEW

The concept of customer experience (CX) was first popularized by Pine and Gilmore (1999) through the idea of the *Experience Economy*, which emphasizes that customers do not merely purchase products but also seek emotional and memorable experiences. In the digital context, Lemon and Verhoef (2016) expanded this concept by emphasizing the importance of an omnichannel and data-driven customer journey.

Meanwhile, digital entrepreneurship is defined by Nambisan (2017) as the process of creating value through the utilization of digital technologies to develop new products, services, and business models. The relationship between CX and digital entrepreneurship is inherently synergistic—technological innovation acts as an enabler in delivering high-value customer experiences that enhance both engagement and competitiveness.

Business performance represents an entrepreneur's success in achieving strategic objectives. In the digital entrepreneurship context, performance is not measured solely through financial indicators such as profit, revenue, or market growth, but also through non-financial metrics including brand image, innovation level, and customer satisfaction (Kaplan & Norton, 1996).

According to Lumpkin and Dess (2001), the performance of digital businesses depends heavily on their adaptability to technological change and evolving consumer behavior. Digital entrepreneurs who understand customer needs through data and online interactions can create unique value propositions that improve overall performance. In this sense, customer experience serves as a key element that enhances operational efficiency, strengthens loyalty, and builds sustainable competitive advantage.

The relationship between customer loyalty and business performance has been well-documented in marketing literature. Reichheld (1996) asserted that a mere 5% increase in customer retention can boost a company's profitability by 25–95%. This is driven by three primary factors: lower acquisition costs, higher repeat purchase rates, and stronger positive word-of-mouth effects. In the digital context, loyal customers also tend to be more tolerant of price changes and more willing to try new innovations from the same brand (Anderson & Srinivasan, 2003).

Recent studies emphasize that the success of digital entrepreneurs should not only be evaluated by the speed of growth but also by the consistency of customer experiences and the level of loyalty generated. Hence, business performance is the final outcome of a continuous process that begins with superior customer experience, leads to loyalty formation, and culminates in the strengthening of long-term brand–customer relationships.

Customer loyalty is a central concept in marketing literature that links customer satisfaction with business sustainability. Oliver (1999) defined loyalty as a deeply held commitment to repurchase or repatronize a preferred product or service consistently in the future, despite marketing efforts and situational influences that could cause

switching behavior. In the digital economy, customer loyalty is of strategic importance since acquiring new customers is often more costly than retaining existing ones (Reichheld & Sasser, 1990).

Customer loyalty consists of two main dimensions: behavioral loyalty and attitudinal loyalty. Behavioral loyalty is reflected in the frequency of purchases and duration of the customer relationship, while attitudinal loyalty reflects emotional attachment and trust in the brand (Dick & Basu, 1994). In the digital environment, both dimensions are increasingly influenced by the quality of customer experience. Customers who enjoy relevant, seamless, and emotionally engaging digital experiences tend to exhibit higher loyalty compared to those who are merely satisfied with the product (Bilgihan, 2016).

Empirical studies have demonstrated a positive relationship between customer experience and customer loyalty. Brakus, Schmitt, and Zarantonello (2009) found that a strong brand experience creates emotional bonds that foster long-term loyalty. On digital platforms, factors such as service speed, interactivity, and intuitive interface design significantly influence customer loyalty (Rose, Hair, & Clark, 2011). Therefore, loyalty is not solely the result of product quality but emerges from consistent and emotionally meaningful digital experiences.

Furthermore, customer loyalty functions as a mediating variable between customer experience and business performance. Superior CX enhances loyalty, which subsequently leads to greater profitability, higher customer lifetime value, and reduced marketing costs. Loyal customers also act as brand advocates, voluntarily promoting the brand through positive reviews and recommendations on social media, thereby extending market reach at minimal cost (Zeithaml, 2000).

In the realm of digital entrepreneurship, customer experience has evolved rapidly alongside digital transformation across industries. Pine and Gilmore (1998) noted that CX represents a natural evolution from a service-based economy to an *experience economy*, where the primary value proposition lies in the emotional experience customers derive from their interactions with the brand. In the digital business context, CX encompasses customers' overall perception of the brand based on interactions through websites, mobile applications, social media, and other digital communication channels (Lemon & Verhoef, 2016).

CX is not merely about customer satisfaction but concerns how companies design a meaningful customer journey across every touchpoint. In the digital world, customer experiences are shaped by a combination of technological ease, service speed, user interface design, and emotional dimensions such as trust and psychological engagement (Homburg, Jozić, & Kuehnl, 2017). Thus, CX represents an integration of functional and emotional aspects that together form customers' perceptions of brand value.

Within the context of digital entrepreneurship, CX is a critical success factor because digital consumers are independent, critical, and highly sensitive to the quality of experience provided. According to Nambisan (2017), digital entrepreneurs act not only

as creators of economic value but also as designers of technology-based experiential ecosystems. Therefore, the success of digital entrepreneurs depends largely on their ability to deliver superior and consistent customer experiences across multiple digital channels.

Three primary dimensions of CX are particularly relevant to this study's model: emotional engagement, personalization, and digital convenience.

- Emotional Engagement refers to the emotional connection between the customer and the brand. Holbrook and Hirschman (1982) explained that consumer experience encompasses emotional dimensions that foster attachment, satisfaction, and loyalty. In digital contexts, this engagement can be strengthened through empathetic interactions, compelling storytelling, and alignment between brand values and customer identity.
- Personalization has become a key aspect of CX in the era of big data. Arora et al. (2008) argue that personalization creates value by tailoring customer experiences based on individual preferences. Technologies such as machine learning and customer analytics enable digital entrepreneurs to deliver accurate product recommendations, relevant content, and context-specific communication—making customers feel recognized and valued.
- Digital Convenience refers to customers' perception of ease and efficiency in digital interactions. Parasuraman et al. (2005) introduced the concept of e-service quality, emphasizing speed, security, and convenience as essential to digital service excellence. In e-commerce ecosystems, digital convenience serves as a major differentiator between brands that succeed and those that fail to retain customers.

Ultimately, customer experience in digital entrepreneurship is not merely the result of customer–technology interactions but rather a reflection of a customer-centric business strategy. Digital entrepreneurs who can provide emotional, personalized, and seamless experiences are better positioned to build long-term loyalty and achieve sustainable competitive advantage.

Previous Research

Rahman and Aziz (2020) found that customer experience (CX) has a significant positive influence on customer loyalty within e-commerce businesses. Their findings indicate that customers' emotional engagement and satisfaction throughout the digital purchasing journey play a decisive role in repeat purchase intentions.

Kim and Choi (2021) further emphasized the importance of personalization in enhancing customer satisfaction and retention among digital consumers. Their study highlighted that data-driven personalization strategies—such as tailored recommendations and individualized communication—significantly improve customer trust and long-term loyalty.

Meanwhile, a local study by Fitriani (2022) revealed that the integration of user feedback into digital service design enhances consumer trust and perceived credibility.

This finding underscores the importance of responsiveness and co-creation in building meaningful customer experiences within the Indonesian digital business landscape.

RESEARCH METHODS

Data

The population of this study consists of customers of digital entrepreneurs operating in various sectors, including online retail, digital culinary businesses, fashion, and application-based services. The sampling technique employed was purposive sampling, with respondents selected based on the following criteria:

1. Have made at least two online transactions within the past three months.
2. Follow or interact with digital brands or sellers through platforms such as Instagram, TikTok, Shopee, Tokopedia, or personal websites.
3. Are between 18 and 45 years old and have sufficient understanding of using digital applications.

The minimum sample size was determined following the guideline proposed by Hair et al. (2019), which recommends a minimum of 5–10 respondents per indicator in a Structural Equation Model (SEM). Given a total of 8 indicators, the ideal sample size for this study ranges between 40 and 80 respondents.

Methods

This study employs an explanatory quantitative approach aimed at analyzing the causal relationships among Customer Experience (CX), Customer Loyalty (CL), and Business Performance (BP) among digital entrepreneurs. This approach is chosen because it allows for the examination of both direct and indirect effects between variables through inferential statistical analysis.

The research was conducted within the context of digital entrepreneurship in Indonesia, specifically focusing on business owners operating through e-commerce platforms, online marketplaces, and social media-based businesses that sell products or services digitally. The unit of analysis in this study comprises active customers of these digital businesses, as they are the ones who directly experience brand interactions and can assess the quality of the customer experience provided.

Data were collected using an online questionnaire survey employing a five-point Likert scale (ranging from *strongly disagree* to *strongly agree*). The data analysis utilized the Structural Equation Modeling (SEM) technique to test the hypothesized relationships among latent variables and to evaluate both direct and mediating effects within the proposed model.

RESULTS AND DISCUSSION

Results

A total of 80 respondents participated in this study, consisting of active users of various digital platforms such as Shopee (35%), Tokopedia (28%), Instagram Shop (22%), and TikTok Shop (15%). The majority of respondents were between 21 and 35 years old (68%), with a frequency of more than three online transactions per month. These findings indicate that most participants are experienced and active digital consumers, aligning well with the target characteristics of this research.

The test results for Hypothesis 1 (H1) show that Customer Experience (CX) has a positive and significant effect on Customer Loyalty (CL) ($\beta = 0.673$; $p < 0.001$). This means that the higher the level of satisfaction and emotional engagement customers experience in interacting with digital brands, the greater their likelihood of becoming loyal customers. This finding is consistent with Lemon and Verhoef (2016), who identified CX as a primary predictor of customer loyalty in the digital era.

The test results for Hypothesis 2 (H2) also demonstrate a significant effect ($\beta = 0.582$; $p < 0.001$), confirming that customer loyalty directly contributes to improved digital business performance. Loyal customers not only enhance the company's revenue stream through repeat purchases but also act as organic promoters by spreading positive recommendations and advocacy.

The mediation test (H3) further reveals that Customer Experience has an indirect effect on Business Performance (BP) through Customer Loyalty (indirect $\beta = 0.392$; $p < 0.001$). This implies that most of the impact of CX on business performance occurs indirectly—primarily through the establishment of customer loyalty as a mediating mechanism.

Table 1. Path Coefficients and Hypothesis Testing Results

Hypothesis Path	Path Coefficient (β)	t-statistic	p-value	Description
H1: Customer Experience $\rightarrow$ Customer Loyalty	0.673	12.84	0.000	Significant
H2: Customer Loyalty $\rightarrow$ Business Performance	0.582	10.17	0.000	Significant
H3: Customer Experience $\rightarrow$ Business Performance (Direct Effect)	0.248	3.91	0.000	Significant
H3a: Indirect Effect (via Customer Loyalty)	0.392	8.26	0.000	Significant

Discussion

These findings affirm that the success of digital entrepreneurs is largely determined by their ability to create consistent and meaningful customer experiences. Customer Experience (CX) should not be regarded merely as a marketing strategy but rather as a foundation for customer value-driven business innovation. Compared with prior studies, this research introduces the adaptability dimension as a crucial factor distinguishing successful digital entrepreneurs from others.

The dimensions of emotional engagement and personalization emerged as dominant drivers of customer loyalty. Customers tend to develop emotional bonds with brands when they feel understood, valued, and personally acknowledged. Meanwhile, digital convenience enhances perceptions of efficiency and ease, which further reinforce customer satisfaction and retention.

These results strengthen Reichheld's (2003) loyalty effect theory, which states that a 5% increase in customer loyalty can lead to substantial improvements in long-term profitability. Hence, fostering customer loyalty constitutes a low-cost yet high-impact strategy for digital entrepreneurs seeking sustainable growth.

From a theoretical standpoint, the results also corroborate the Commitment-Trust Theory proposed by Morgan and Hunt (1994), which posits that positive experiences build customer trust and commitment, ultimately improving organizational performance. In this context, customer loyalty serves as a crucial mediating mechanism bridging the relationship between customer experience and business performance.

This study provides an empirical contribution to the literature on digital entrepreneurship by reinforcing the causal linkage between Customer Experience, Customer Loyalty, and Business Performance. The proposed empirical model supports the argument that digital business success is not solely determined by technological innovation but also by the entrepreneur's ability to comprehensively understand and manage customer experiences and needs.

The findings further suggest that customer experience functions as a strategic resource—a form of intangible capital that enhances organizational adaptability, competitive differentiation, and sustainable performance in the digital economy.

For digital entrepreneurs, the results emphasize the importance of managing customer experience through three strategic approaches:

1. Emotional Engagement – Build a strong, interactive, and human-centered brand narrative that connects emotionally with customers.
2. Personalization – Utilize data analytics and customer insights to tailor offerings, content, and communication strategies to individual preferences.
3. Digital Convenience – Ensure seamless digital processes, including navigation, transaction flow, and after-sales service, to provide customers with fast, easy, and frictionless experiences.

Through a customer-centric strategy, digital entrepreneurs can achieve sustainable business growth, enhance customer lifetime value, and strengthen their competitive positioning within the increasingly dynamic digital economy.

CONCLUSION

This study aimed to analyze the role of Customer Experience (CX) as a key factor in shaping Customer Loyalty (CL) and its impact on Business Performance (BP) among digital entrepreneurs in Indonesia. Based on the empirical analysis using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach, several important conclusions were drawn that support the proposed conceptual model.

First, the results demonstrate that Customer Experience has a positive and significant effect on Customer Loyalty. This finding highlights that the success of digital entrepreneurs depends not only on product quality or pricing strategy but more importantly on their ability to create pleasant, personalized, and meaningful customer experiences. The three core dimensions—emotional engagement, personalization, and digital convenience—serve as critical determinants that strengthen the emotional connection between customers and digital brands. By fostering emotional bonds, offering personalized services, and ensuring seamless digital convenience, entrepreneurs can make customers feel valued and motivated to remain loyal.

Second, Customer Loyalty exerts a strong and significant influence on Business Performance. Loyalty represents a strategic asset that generates long-term profitability, enhances marketing efficiency, and reinforces the competitive position of digital enterprises. Loyal customers not only engage in repeat purchases but also act as effective brand advocates, promoting products through positive word-of-mouth on digital platforms. Therefore, customer loyalty functions as an essential bridge connecting customer experience with overall business success.

Third, the results also reveal that Customer Experience indirectly affects Business Performance through Customer Loyalty. This indicates that the impact of CX on business performance is primarily mediated by loyalty formation. The finding aligns with relationship marketing theory and the Commitment-Trust Theory, which emphasize that positive customer experiences foster trust and commitment key components contributing to organizational success. Thus, Customer Loyalty acts as a crucial mediating mechanism linking customer experience to sustainable business outcomes.

Overall, the proposed empirical model—Customer Experience → Customer Loyalty → Business Performance—is validated and found to be relevant in explaining the dynamics of digital entrepreneurship in the era of technological transformation. These findings reinforce the notion that the success of modern digital entrepreneurs is not solely determined by technological superiority but by their ability to manage and nurture deep, long-term customer relationships.

The study confirms that Customer Experience is the cornerstone of success for digital entrepreneurs in the platform-based economy. Success is no longer measured merely by the number of users or transaction volume but by the depth of emotional connection and customer satisfaction achieved. By placing customers at the center of digital strategy, entrepreneurs can build a solid foundation for sustainable, valuable, and competitive business growth in today's dynamic digital marketplace.

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