

Engaging The Digital Generation: Service Quality And Cx Strategies For Gen Z

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ABSTRACT

Customer engagement is one of the measurements of the sustainability of a consumer products business. This study aims to analyze the effect of service quality and customer experience on customer engagement in Generation Z who have shopped at Kicks Catalog West Jakarta. The research is quantitative using primary data obtained through an online questionnaire to 100 respondents selected by purposive sampling technique. Data analysis was conducted by Partial Least Square-Structural Equation Modeling (PLS-SEM) using SmartPLS 4 software. The results showed that service quality has a positive and significant effect on customer experience, which means that the better the quality of service provided, the better the customer experience. However, service quality has no significant effect on customer engagement, indicating that good service quality alone is not enough to drive customer engagement in the absence of emotionally valuable experiences and meaningful interactions. Meanwhile, customer experience has a positive and significant effect on customer engagement, so that a positive experience can increase customers' active engagement with brands, whether in the form of reviews, digital participation, or brand advocacy. This finding confirms the importance of the role of customer experience as a key factor in building customer engagement, especially in the midst of increasingly dynamic digital business competition.

Key words: Customer Engagement; Customer Experience; Generation; PLS-SEM; Service Quality.

INTRODUCTION

Over the past ten years, customer engagement especially in the digital marketplace, has become a widely discussed topic in marketing research. According to Dhasan & Aryupong (2019), one of the main factors influencing customer engagement is service quality, as high service standards directly boost customer satisfaction and positively impact businesses, particularly in e-commerce. In addition to service quality, e-commerce also needs to focus on the customer experience to maintain customer loyalty. A positive customer experience is a crucial aspect that can contribute to the growth and success of an e-commerce business.

In e-retailing, this experience is divided into two main dimensions: emotional and conative (Tyrväinen et al., 2020). Sihombing & Wardhana (2022) emphasize affective, sensory, and conative as essential components for evaluating this experience. Customer engagement extends beyond mere transactions; it involves building an emotional connection between the customers and brands. Highly engagement customers tend to be more active in interacting with the brand or company, whether through repeat purchases, recommendations to others, or participation in communities associated with the brand. This can lead to increased sales, profits, and a company's reputation. Furthermore, customer engagement is a crucial element in business success and an integral part of the concept of relationship marketing. This term refers to the communication or interaction between customers and companies, both as manufacturers and service providers, through various channels (Siswati et al., 2024).

KICKS Catalog exemplifies this strategy as a retail brand specializing in selling fashion products, particularly sneakers and streetwear. KICKS Catalog has adopted an omnichannel approach in enhancing customer engagement. In a market saturated by counterfeited goods, KICKS Catalog's main value proposition is the authenticity of the product, emphasizing its legit-check process and communicates a guarantee of authenticity through the tagline "Authentic Guaranteed, 100% Trusted." This service quality plays a crucial role in shaping the customer experience and fostering trust—a key driver of customer engagement in digital marketplaces. However, despite its early success, by late 2024 KICKS Catalog began to face significant challenges in maintaining customer engagement. Between October and December 2024, engagement rates on Instagram fell by 31.17% and 24.70%. Engagement spiked temporarily during the December–January holiday season, increasing by 74.59%, but declined again by 21.30% between January and February 2025. This downward trend coincided with internal organizational issues, including turnover in several divisions, particularly the Customer Service team. Given that customer service directly impacts both service quality and customer experience, this instability posed a serious threat to the company's customer engagement strategy. Existing literature emphasizes the crucial role of service quality and customer experience in driving customer engagement in digital commerce. Service quality is an effort made to meet customer needs and expectations by providing services that meet or even exceed their expectations. Zahara (2024) explained that quality is a dynamic aspect related to the products or services offered. One of the main factors influencing customer satisfaction is the quality of service provided by a company. Similarly, Haryanti & Baqi (2019) stated that quality service will generate a positive response from customers, which can then increase their loyalty to a product or service.

Customer experience is the experience an individual experiences when interacting with various elements provided by a service provider (Azhar et al., 2019). This experience encompasses an individual's response to various stimuli that occur before, during, and after a purchase transaction.

Customer engagement is a crucial factor in business success and is part of the concept of relationship marketing. Customer engagement in marketing can be defined as the interaction or communication that occurs between customers, as external parties, and producers or companies through various channels or levels of individual participation (Wardhana, 2018). This interaction can take place directly (offline) through face-to-face communication with producers, or online through social media platforms (Adawiyah & Boer, 2023).

Gen Z is deeply connected to technological advancements. They were born after Generation X and have a deep understanding of digital devices. Therefore, this generation is often referred to as the Internet Generation because they were born and raised in an era when the internet was already an essential part of everyday life. They possess unique characteristics that distinguish them from previous generations. Firamadhina & Krisnani (2021) stated that rapid technological developments have had a significant impact on Gen Z's behavior. They tend to use the internet and digital media to seek information and make purchasing decisions. Wibowo & Ayuningtyas (2024) found that Gen Z values authentic experiences, prefers original products, and prioritizes personalized service. They also tend to be loyal to brands that align with their values. Therefore, customers from this generation tend to be more selective and critical of the products and services they consume. Businesses looking to build loyalty within the Gen Z segment need to adapt their approach. In this regard, Kicks Katalog needs to create engaging experiences that align with Gen Z's characteristics to win their hearts and loyalty.

Despite the extensive research on research quality, customer experience, and customer engagement in e-commerce, there is still limited empirical evidence focusing specifically on retail targeting Gen Z consumers in Indonesia. Previous studies concentrated on general e-commerce platforms, hospitality, or mainstream retail. This creates a research gap in understanding how these constructs interact in niche fashion segments, particularly in markets characterized by high authenticity concerns and community-driven branding.

Therefore, this study seeks to fill the gap by analyzing the relationship between service quality, customer experience, and customer engagement in the context of KICKS Katalog.

The research aims to answer the following questions:

1. Does service quality influence customer experience at KICKS Katalog in West Jakarta?
2. Does service quality influence customer engagement at KICKS Katalog in West Jakarta?
3. Does customer experience influence customer engagement at KICKS Katalog in West Jakarta?

Through this study, we aim to contribute to the academic discussion on digital consumer behavior in niche fashion markets and provide practical insights for businesses targeting Gen Z consumers in Indonesia.

METHOD

The type of data used in this study is quantitative data. Quantitative data is a type of data that can be directly measured using numbers and reflects the results of measuring certain variables. In research and analysis, quantitative data is often used to identify patterns, trends, and relationships between various variables. In this study, primary data was utilized, obtained through a questionnaire designed to collect information from participants from Generation Z in West Jakarta who had shopped at Kicks Katalog. The population in this study was Gen Z in West Jakarta who had shopped at Kicks Katalog in West Jakarta, while the sample in this study was determined using a non-probability sampling method with a purposive sampling technique. According to Sugiyono (2021), purposive sampling is a sampling technique that intentionally selects respondents based on specific criteria or requirements deemed most relevant to the research objectives. This technique was chosen because this study has specific criteria for selecting respondents. The study used a sample of 100 respondents. The respondent criteria used in this study are as follows:

1. Respondents are individuals belonging to the Generation Z category (aged between 18 and 28 years in 2025).
2. Respondents have shopped at Kicks Katalog, either online or offline.
3. Respondents reside or reside in West Jakarta.

This research used the Partial Least Squares-Structural Equation Model (PLS-SEM) method with SmartPLS version 4 software to test the model. The PLS-SEM method consists of two analyses: an outer model analysis and an inner model analysis. The researcher used purposive sampling. Purposive sampling refers to the selection of sample members from the population based on criteria or requirements, taking into account the provisions determined by the researcher (Sugiyono, 2021). Data validity testing will be conducted using two methods: convergent validity and discriminant validity. For Effect Size (f^2) Test, the rule of thumb for assessing the value is 0.02, 0.15, and 0.35, indicating small, medium, and large effect sizes, respectively. An effect size value less than 0.02 indicates no effect on the variable (Hair et al., 2017). For the Regression Test, the coefficient of determination (R^2) is used to determine the model's ability to explain variation in the dependent variable. The coefficient of determination (R^2) value is between zero (0) and one (1). A small coefficient of determination (R^2) indicates that the independent variables' ability to explain variation in the dependent variables is very limited. Lastly, for Data Hypothesis Testing, the researchers used Path Coefficient. The path coefficient test aims to prove that one independent variable individually explains various dependent variables. In a t-test, the significance level (α) is typically set at 0.05. The significance probability (Sig or p-value) is then compared with α . If $\text{Sig} < 0.05$, the null

hypothesis (H0) is rejected, indicating that the independent variable has a statistically significant effect on the dependent variable (Hair et al., 2019).

RESULTS AND DISCUSSION

Table 1. Outer Loading and Cross Loading

CODE	X1 (<i>Service Quality</i>)	X2 (<i>Customer Experience</i>)	Y (<i>Customer Engagement</i>)
SQ-1	0.807	0.609	0.562
SQ-2	0.829	0.579	0.540
SQ-3	0.774	0.601	0.441
SQ-4	0.844	0.617	0.503
SQ-5	0.740	0.663	0.507
SQ-6	0.771	0.601	0.486
CEX-1	0.457	0.723	0.474
CEX-2	0.692	0.743	0.549
CEX-3	0.637	0.726	0.506
CEX-4	0.540	0.786	0.581
CEX-5	0.596	0.842	0.706
CE-1	0.515	0.585	0.778
CE-2	0.465	0.545	0.746
CE-3	0.410	0.494	0.783
CE-4	0.525	0.604	0.716

(Source: data processed using PLS-SEM)

The outer loading analysis confirms that all indicators load strongly on their respective constructs, for Service Quality (X1), loading values range from 0.740 to 0.844, for Customer Experience (X2) from 0.723 to 0.842, and for Customer Engagement (Y) from 0.716 to 0.783. All values exceed the recommended threshold of 0.70 (Hair et al., 2019), indicating that the indicators demonstrate adequate indicator reliability. The high outer loadings also support the convergent validity of the measurement model, suggesting that the indicators are good measures of their respective latent constructs.

With the cross-loading analysis, the results show that all measurement items load highest on their respective constructs compared to others. While a few items (SQ-5, CEX-2, and CE-4) exhibit relatively high secondary loadings, these values remain lower than their primary loadings, indicating adequate discriminant validity. The results confirm that the measurement model distinguishes well between the constructs of X1, X2 and Y.

Table 2. Validity and Reliability Results

Variabel	Nilai AVE	Cronbach's Alpha	Rho_c
X1 (<i>Service Quality</i>)	0.632	0.883	0.911

X2 (<i>Customer Experience</i>)	0.586	0.822	0.876
Y (<i>Customer Engagement</i>)	0.572	0.750	0.842

(Source: data processed using PLS-SEM)

The AVE value results for the three variables are above 0.5, thus indicating the convergent validity of the indicators or question items in each construct or variable, which indicates that these values meet the convergent validity requirements. The Cronbach's Alpha results showed values above 0.8 for three variables. These three variables' Cronbach's Alpha values are within the recommended range and can be categorized as good, indicating good internal consistency and reliability. This indicates that all indicators used to measure the latent variables have a good level of reliability. The composite reliability results showed a high number, ranging from 0.8 to 0.9, so the composite reliability value can be said to be satisfactory and the construct can be used as a reliable measurement. In other words, validity relates to whether researchers measure the correct concept or theory, and reliability relates to the stability and consistency of a measuring instrument (Brown, 2006).

Table 3. R-Square (R²)

Variabel	R-Square	Adjusted R-Square
X2 (<i>Customer Experience</i>)	0.594	0.590
Y (<i>Customer Engagement</i>)	0.563	0.554

(Source: data processed using PLS-SEM)

The R² value for X1 is 0.594, and for X2 is 0.563, indicate that more than half of the variance in these variables can be explained by the model. The small difference between R² and Adjusted R² confirms that the model provides a stable and reliable fit without significant overfitting. This suggests that the independent variables (X1 and X2), play a meaningful role in shaping both customer experience and engagement at KICKS Catalog.

Table 4. Path Coefficient

Variabel	Effect Size (f ²)	Customer Engagement (Y)	
		Original Sample	p-value
X1 (<i>Service Quality</i>) -> X2 (<i>Customer Experience</i>)	1.465 (large effect)	0.771	0.000
X1 (<i>Service Quality</i>) -> Y (<i>Customer Engagement</i>)	0.025 (small effect)	0.164	0.107
X2 (<i>Customer Experience</i>) -> Y (<i>Customer Engagement</i>)	0.353 (large effect)	0.617	0.000

(Source: data processed using PLS-SEM)

Table 5 shows the result of the effect size (f²), where the analysis demonstrates that X1 has a large effect on X2 (f²=1.465), indicating that improvements in service quality substantially enhance customers' overall experience with the brand. In contrast, X1 has only a small effect on Y (f²=0.025). Meanwhile, X2 shows a large effect on Y (f²=0.353), confirming its role as a critical mediator between service quality and engagement. These results suggest that while service quality remains a foundational element, customer engagement is driven primarily through the quality of the experience created rather than direct service interactions alone.

The path coefficient analysis reveals that X1 has a strong and significant effect on X2, and X2 to Y (respectively $\beta=0.771$; $p < 0.001$ and $\beta=0.617$; $p < 0.001$), indicating that improvements in service quality contribute meaningfully to enhancing the overall experience of KICKS Catalog customers, and a positive and satisfying experience encourages customers to engage more actively with the brand. However, the direct effect of X1 to Y is weak and not statistically significant ($\beta=0.164$; $p = 0.107$), meaning that service quality influences customer engagement primarily through the mediating role of customer experience rather than directly. For KICKS Catalog, providing good service by itself does not guarantee higher engagement levels; rather the service

must translate into a memorable and emotionally resonant experience for customers to develop loyalty and advocacy behaviors

CONCLUSION

Based on the overall findings, this study concludes that Service Quality has a positive and significant effect on Customer Experience, but no significant direct effect on Customer Engagement. In contrast, Customer experience has a positive and significant effect on Customer Engagement, highlighting its role as the key mediating variable in this model. These results indicate that improvements in service quality have the greatest impact when translated into strong, personalized, and meaningful customer experiences. Therefore, KICKS Catalog should focus on strategies that enhance customer experience, such as service personalization, emotional interaction on social media, and more human-centered communication, as the main drive of long-term engagement. Future research is recommended to include additional variables such as brand trust, brand image, or emotional value, and to adopt a qualitative approach to explore customers' psychological and emotional dimensions more deeply. This strategic direction can help strengthen customer loyalty and expand the impact of engagement within the e-commerce sector.

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