

CHAPTER II

LITERATURE REVIEW

2.1 Self-Determination Theory

Self-Determination Theory (SDT) is a broad theory of human motivation and personality that emphasizes each person's unique psychological requirements and intrinsic growth inclinations. It investigates how people make decisions when there are no outside distractions or influences, highlighting how much human behavior is self-motivated and self-determined (Ryan and Deci, 2020). Self-Determination Theory (SDT) is also used in marketing to analyze how the degree of self-motivation and self-determination in a consumer's choices influences that behavior. This theory highlights how autonomy, competence, and relatedness influence human behavior, particularly the decisions made by consumers (Cassia and Magno, 2024). By matching marketing tactics with consumers' psychological demands, SDT has been used in marketing to increase customer satisfaction and engagement. According to SDT, extrinsic motivation—which is motivated by demands or incentives from outside sources—is less strong and less long-lasting than intrinsic motivation, which is motivated by one's own interests and satisfaction. By creating advertisements, goods, and services that speak to consumers' innate motivations and meet their fundamental wants, marketers may take advantage of this insight and increase customer happiness, loyalty, and advocacy (Gilal et al., 2019).

The theory also emphasizes how crucial it is for marketers to understand their target demographic with empathy, engage customers, and be genuine. Consumers respond more strongly to authentic messaging, and long-term engagement tactics cultivate a devoted following of supporters. Providing clients with educational information that increases their knowledge and abilities is in line with SDT principles as well because it makes them feel more competent and involved (Gilal et al., 2019).

2.2 Gamification

Gamification is the process of incorporating elements of online games, such as points, leaderboards, and badges, into non-game contexts to enhance user engagement, motivation, and learning (Rodrigues et al., 2019). It involves using game design elements to improve processes, increase value creation, and nudge participants to perform certain actions (Dichev and Dicheva, 2017). These elements can motivate users to engage more deeply with a certain platform, leading to desirable consequences such as satisfaction, brand love, brand loyalty, positive word of mouth, and resistance to negative information (Kusumawardani et al., 2023). In addition, the use of gamification in consumer-oriented applications can be a powerful tool for businesses looking to improve customer engagement, loyalty, and word-of-mouth.

The theoretical basis of gamification is rooted in various psychological theories, particularly those related to motivation and engagement. One of the primary theories is Self-Determination Theory (SDT), which argues that individuals grow and develop according to their psychological needs, including autonomy, competence, and relatedness (Fulton and Howard, 2019).

In order to understand how the usage of game design features might affect customer behavior and motivation, Self-Determination Theory (SDT) has been utilized in the context of gamification in marketing domains. The idea highlights the difference between extrinsic and intrinsic motivations, which is important in gamification because competition and rewards can either strengthen or weaken autonomous motivation (Gilal et al., 2019). Studies have indicated that Self-Determination Theory (SDT) can be employed to develop gamification tactics that correspond with customers' natural motivations, resulting in more enduring and productive interaction. According to a study on how gamification affects consumer behavior, for instance, gamification components that promote relatedness, competence, and autonomy boost customer engagement and loyalty.

2.3 Customer Experience

Customer experience is characterized by customers' non-deliberate, spontaneous responses and reactions to offering-related stimuli along the customer journey , which includes prepurchase (need recognition, search, consideration), purchase (choosing a product or service), and post-purchase (usage and feedback) stages (Becker and Jaakkola, 2020).

Self-Determination Theory (SDT) has been used in the context of customer experience in marketing fields to comprehend how consumers' feelings of autonomy, competence, and relatedness to the service provider might impact the quality of their experiences (Gilal et al., 2019). The theory highlights the difference between extrinsic and intrinsic motives, which is especially important when it comes to customer experience since it can help develop marketing tactics that are more successful by identifying the factors that influence consumer happiness and loyalty. Studies have indicated that the application of SDT in customer experience design can result in more effective and long-lasting customer engagement by aligning the experience with the innate motivations of the customers (Cassia and Magno, 2024).

2.4 Customer Engagement

Customer engagement in marketing refers to the psychological state that occurs through interactive, co-creative customer experiences with a focal agent, such as a brand or a firm. It involves a range of cognitive, emotional, and behavioral aspects, including knowledge, brand loyalty, and the time and effort spent on a brand or a product (Blut et al., 2023). Customer engagement is considered a critical component of marketing strategies, particularly in social media marketing , where it is measured through various models and methods (Vinerean and Opreana, 2021).

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quality of their experiences (Gilal et al., 2019). The idea highlights the difference between extrinsic and intrinsic motivations, which is especially important when it comes to customer engagement since knowing what motivates customers to stay loyal and satisfied can help marketers develop more effective marketing campaigns.

2.5 Customer Satisfaction

Customer satisfaction is important for businesses because it is directly linked to customer loyalty and success. According to research, customer satisfaction is a measure of how products and services meet or exceed customer expectations, and it is a key factor in generating favorable behavioral intentions such as repeat purchases and positive word of mouth (Khoo, 2022). Satisfied customers are more likely to stay loyal to a product or service, spend more money, and make more repeated purchases. According to other research, customer satisfaction is positively associated with customer-level outcomes such as retention, word of mouth (WOM), spending, and price, and firm-level outcomes such as product-market performance, accounting performance, and financial-market performance (Mittal et al., 2023).

The role of self-determination in the context of consumer satisfaction has also been studied using Self-Determination Theory (SDT). For example, customer who felt competent and autonomous in their interactions with service providers reported higher levels of happiness and loyalty, according to a study on the effect of self-determination theory on customer satisfaction (Gilal et al., 2019).

2.6 Customer Loyalty

Customer loyalty is defined as a form of customer commitment to a brand or company in the long term, making purchases based on positive traits such as satisfaction and loyalty (Susriyanti et al., 2023). Customer loyalty is driven by the quality of service and is influenced by factors such as customer satisfaction, perceived value, and commitment to a brand or service provider (Budianto, 2019). Additionally, a study published in the Journal of Retailing and Consumer Services

found that customer experience has a direct positive association with customer loyalty (Makudza, 2021). Understanding the nature of customer loyalty is crucial for achieving a sustainable competitive advantage and is seen as an important requirement in business creation (Kyurova and Koyundzhiyska-Davidkova, 2021). Moreover, retailers can achieve a competitive advantage by creating an Omni-experience, a novel customer experience innovation strategy that can lead to long-term and sustained consumer loyalty (Ahmad et al., 2022).

The use of Self-Determination Theory (SDT) has also been utilized to comprehend the function of self-determination about customer loyalty. For example, a study on the effect of self-determination theory on customer loyalty discovered that customers reported higher levels of pleasure and loyalty when they felt competent and autonomous when interacting with service providers (Gilal et al., 2019).

2.7 Previous Studies

Table 2.1 Previous Studies

No.	Researchers and Year	Research Title	Research Variables	Analysis Method	Research Result
1.	Shahisa, A., and Aprilianty, F. (2022)	The Effect of Gojek's Gamification on Strategy (GoClub) Towards Customer Loyalty	Gamification Customer experience Customer engagement Customer satisfaction Customer	Quantitative research method with Partial Least Squares Structural Equation Modeling (PLS-SEM)	The study found that gamification has a significant positive effect on customer loyalty. In addition, it also found that gamification has a significant positive effect on other variables such as customer

No.	Researchers and Year	Research Title	Research Variables	Analysis Method	Research Result
			loyalty		experience, customer engagement, and customer satisfaction. However, only the customer experience that has no significant positive effect on customer loyalty.
2.	Nur Afiat, M., Rijal, S., Sulbahri, R. A., Fachrurazi. (2023)	Gamification's Influence on Tokopedia E-Commerce Repurchase Intentions	Gamification E-commerce application usage Repurchase intention	Quantitative research method with Partial Least Squares Structural Equation Modeling (PLS-SEM)	Gamification has a positive effect on e-commerce application usage, but it has no effect on repurchase intention. On the other hand, the results show how e-commerce applications usage has a positive effect on repurchase intentions.
3.	Sundjaja,	The	Reward	Quantitative	The research

No.	Researchers and Year	Research Title	Research Variables	Analysis Method	Research Result
	A. M., Savina, G., Yuli, Hardianto, T. (2020)	Moderating Effect of Gamification on Loyalty Program Usage in Indonesian E-Commerce	Attractiveness Playfulness Affective commitment Gamified loyalty program Attitude towards the loyalty program Loyalty program usage	research method with Squares Structural Equation Modeling (SEM) and AMOS	findings show that playfulness, reward attractiveness, and affective commitment affect the loyalty program usage mediated by attitude toward loyalty program. In addition to it, gamified loyalty programs increases loyalty program usage.
4.	Habib, H. M. H., Hidayat, K., Mawardi, M. K. (2023)	The Gamification Influence as Marketing Medium	Gamification Intrinsic motivation Positive emotion	Quantitative research method with Partial Least Squares Structural Equation	Gamification has a significant positive effect on intrinsic motivation, positive emotion, and customer

No.	Researchers and Year	Research Title	Research Variables	Analysis Method	Research Result
		on Intrinsic Motivation, Positive Emotion, Customer Engagement and Repurchase Intention	Customer engagement Repurchase intention	Modeling (PLS-SEM)	engagement. Intrinsic motivation, positive emotion, and customer engagement have a significant positive effect on repurchase intention.
5.	Arifah, I. D. C. (2021)	E-Commerce Gamification: The Effect of gameful Experience (Gamex) and Game Design on The Self-brand Connection	Gameful experience (GAMEX) Game design Brand engagement Self-brand connection	Experimental approach with quantitative measurement with SmartPLS to analyse the results.	The study concludes that aspects of gameful experience, game design, and brand engagement mediation have a positive effect on self-brand connection, which is expected to have a positive influence on purchase

No.	Researchers and Year	Research Title	Research Variables	Analysis Method	Research Result
					intention.
6.	Saputra, A. D., Rahmatia, A. (2020)	Gamification Model as a Business Strategy for MSMEs in Indonesia	Gamification Entrepreneurial motivation Psychological effects Change in entrepreneurial behavior	Quantitative research method with Nvivo plus 12 analysis	Gamification has a positive effect on entrepreneurial motivation, psychological effects, and change in entrepreneurial behavior.

2.8 Hypothesis Development

2.8.1 The influence of gamification towards customer loyalty, customer experience, customer engagement, and customer satisfaction in Tokopedia

Gamification has been found to have a positive effect on customer loyalty, which in some studies have shown that gamification components, such as quests, social graphs, levels, and virtual goods, can significantly influence hedonic value and utilitarian value, which in turn affect satisfaction and loyalty (Gandasari and Mauritsius, 2023). Gamification can also increase engagement and motivation, leading to increased consumption or greater loyalty. Another study also found that the effectiveness of gamification in loyalty programs is attributed to its ability to foster or optimize customer engagement, which is a significant driver of customer loyalty. Gamification is increasingly deployed to boost the effectiveness of organizational loyalty programs, which often see a disappointing return on investment (Hollebeek et al., 2021). Furthermore, gamification has been found to

have a positive effect on customer engagement. Previous studies have shown that gamification can induce purchase intentions and increase sales using game mechanics such as collecting badges, experience points, and rewards, as well as leaderboards (Öztürk, 2023). An empirical study concluded that customer attitude towards a brand can be affected during a gameful experience, resulting in positive active brand engagement (Elshoubashy et al., 2023).

In addition to that, several studies have also found that gamification can improve customer experience, increase customer engagement, increase the frequency of purchases and encourage more active point exchange. It also gives pleasure and fosters lasting psychological and emotional bonds with customers, which leads to customer satisfaction (Rakhmanita et al., 2024). The design of easy-to-use and interactive gamification elements can make tedious and repetitive activities more enjoyable, facilitating consumer engagement and fostering lasting psychological and emotional bonds with customers. Self-Determination Theory (SDT) plays a crucial role in understanding the influence of gamification on customer loyalty, customer experience, customer engagement, and customer satisfaction in Tokopedia. Self-Determination Theory (SDT) highlights the significance of an individual's autonomy in making decisions and the presence of internal motivation in people. This hypothesis is used in the Tokopedia study on how gamification affects customer engagement, positive emotions, intrinsic motivation, and repurchase intention (Muhammad et al., 2023).

Thus, the hypothesis generated is as follows:

H1: Gamification has a positive effect on customer loyalty

H2: Gamification has a positive effect on customer experience

H3: Gamification has a positive effect on customer engagement

H4: Gamification has a positive effect on customer satisfaction

2.8.2 The influence of customer experience towards customer loyalty, customer engagement, and customer satisfaction in Tokopedia

Research has consistently shown a strong correlation between customer experience and customer loyalty. According to various studies, a good customer experience can significantly increase brand loyalty (Ahmad et al., 2022). Customer loyalty is a crucial determinant of the customer experience, and it can promote attitudinal and behavioral loyalty to the service provider. The research also indicates that customer experience significantly influences customer engagement, which is defined as the emotional connection between a customer and a brand. Later, research suggests a positive customer experience can lead to increased customer engagement.

On the other hand, research also shows that customer experience significantly impacts customer satisfaction and loyalty (Ahmad et al., 2022). The research emphasizes the importance of a well-defined and executed customer experience strategy to increase customer satisfaction and loyalty. Studies have revealed that satisfied customers are loyal to banks and that customer experience and word-of-mouth intention influence customer loyalty (Manyanga et al., 2022). Self-Determination Theory (SDT) can be used to comprehend how customer experiences affect customer loyalty, engagement, and happiness in the context of consumer behavior on e-commerce sites such as Tokopedia. The urge to participate in an activity for enjoyment or self-satisfaction is known as intrinsic motivation. This kind of drive is frequently linked to favorable encounters and has the potential to boost client happiness and loyalty. A consumer may be more inclined to use Tokopedia again in the future if they have favorable experience, such as receiving goods promptly and in good condition. This is because their happiness with the platform may have increased (Li et al., 2023).

Thus, the hypothesis generated is as follows:

H5: Customer experience has a positive effect on customer loyalty

H6: Customer experience has a positive effect on customer engagement

H7: Customer experience has a positive effect on customer satisfaction

2.8.3 The influence of customer engagement towards customer loyalty and customer satisfaction in Tokopedia

Research has shown that customer engagement is a strong predictor of customer loyalty. Customer engagement practices, such as market orientation, satisfaction, and emotions during the service experience, can influence the degree of customer engagement, which in turn affects customer loyalty (Monferrer et al., 2019). A study in the insurance industry in Jordan found that customer engagement significantly improves customer loyalty (Ali et al., 2019). On the other hand, customer engagement has a significant effect on customer satisfaction, and a previous study suggested that customer engagement positively influences customer satisfaction and brand trust, which in turn affects brand loyalty (Tuti and Sulistia, 2022). The study also found that customer engagement is a predictor of brand trust and loyalty, as customers who have high engagement tend to increase their liking for a product, company, or brand, indicating loyalty to them. Another study found that customer satisfaction has a positive and significant relationship with the dimensions of customer engagement (Majeed et al., 2022). Self-Determination Theory (SDT) can be used to comprehend how Tokopedia's engagement with customers affects customers' satisfaction and loyalty. Tokopedia can cultivate customer loyalty and satisfaction by fulfilling the psychological requirements of its consumers about autonomy, competence, and relatedness. This can result in positive word-of-mouth, brand endorsement, and repeat business (Melvernus Hendrawan et al., 2021).

Thus, the hypothesis generated is as follows:

H8: Customer engagement has a positive effect on customer loyalty

H9: Customer engagement has a positive effect on customer satisfaction

2.8.4 The influence of customer satisfaction towards customer loyalty in Tokopedia

In accordance with the research above, another study found that there is a strong relationship between customer satisfaction and customer loyalty. The more satisfied a customer is with a product or service, the more likely they are to remain loyal to the brand (Khairawati, 2019). Customer satisfaction is often seen as a crucial factor in building customer loyalty. When customers are satisfied with a product or service, they are more likely to continue using it, recommend it to others, and have a positive perception of the brand (Utami et al., 2023). Research and concepts, including Self-Determination Theory (SDT), are used to analyze the idea of consumer pleasure and how it affects loyalty. The hypothesis highlights how crucial consumer happiness is in deciding loyalty, especially when it comes to online retailers like Tokopedia. For example, the E-Marketplace Customer Loyalty Model study emphasizes how important perceived enjoyment and personalization are to customer happiness, which in turn influences customer loyalty favorably (Puspitasari et al., 2023).

Thus, the hypothesis is as follow:

H10: Customer satisfaction has a positive effect on customer loyalty

2.9 Research Framework

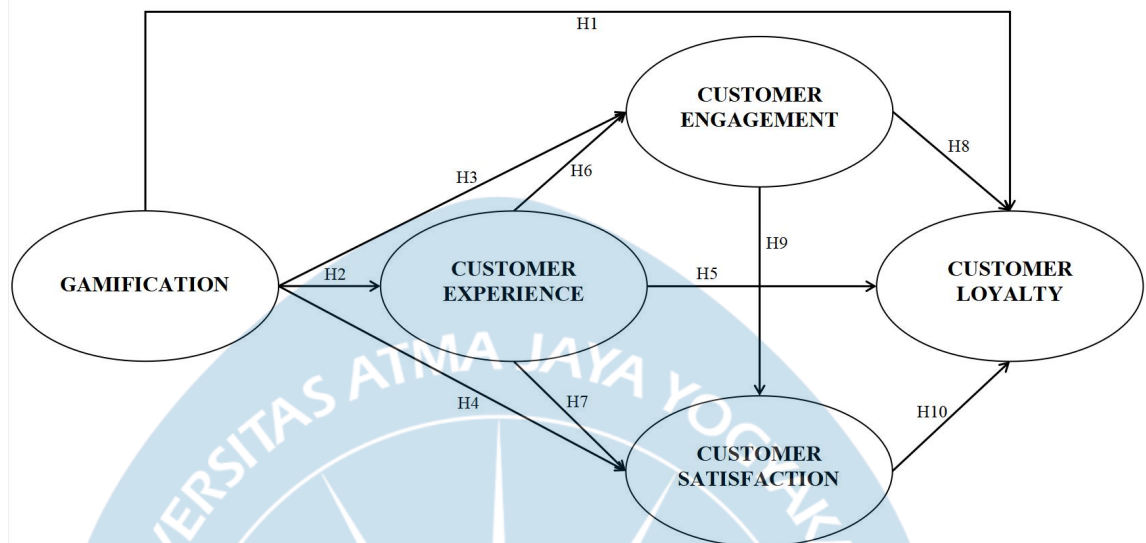


Figure 2.1 Research Framework
Source: Shahisa and Aprilianty (2022)