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The Influence of Digital Promotion and Service Quality on Customer Loyalty : Evidence From ShopeePay Users (A Case Study of Generation Z in Medan Kota District)

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ABSTRACT

The development of digital wallets in Indonesia has intensified competition among service providers, requiring companies to enhance customer loyalty through effective digital promotion strategies and optimal service quality. This study aims to analyze the effect of digital promotion and service quality on customer loyalty among Generation Z ShopeePay users in Medan Kota District. This study employed a quantitative approach using primary data collected through questionnaires distributed to 130 respondents selected using accidental sampling. The data were analyzed using multiple linear regression analysis to examine the partial and simultaneous effects of the two independent variables on customer loyalty. This study is expected to provide empirical evidence regarding the effects of digital promotion and service quality on customer loyalty and serve as a reference for ShopeePay in formulating digital marketing strategies and improving service quality to maintain user loyalty, particularly among Generation Z. The results indicate that digital promotion has a positive and significant effect on customer loyalty, service quality has a positive and significant effect on customer loyalty, and digital promotion and service quality simultaneously have a significant effect on customer loyalty. The coefficient of determination indicates that digital promotion and service quality explain a proportion of customer loyalty, while the remaining variation is influenced by other variables not examined in this study.

Keywords: Customer Loyalty, Digital Promotion, Service Quality, ShopeePay, Generation Z

INTRODUCTION

Digital transformation has changed the way people conduct financial transactions, as reflected in the increasing use of financial technology (fintech) services, particularly digital wallets (e-wallets). The presence of various services such as ShopeePay, GoPay, OVO, DANA, and LinkAja provides convenience, speed, and efficiency in making cashless payment transactions (Kumbara et al., 2023). This development has intensified competition among digital wallet service providers to attract and retain users. In a competitive market, a company's success is no longer determined solely by its ability to acquire new users, but also by its ability to build and maintain customer loyalty.

Although ShopeePay is one of the digital wallets widely used by people in Indonesia (Tandiyono et al., 2023) particularly among Generation Z, who have grown up alongside the development of digital technology and tend to value convenience, speed, and efficiency in transactions. Its use is no longer limited to online shopping transactions, but also includes transportation payments, food ordering, mobile credit purchases, bill payments, and various other digital services (Pradana, 2023). Digital wallet usage data in 2025 show that ShopeePay still ranked below GoPay, OVO, and DANA. This condition indicates that competition among service providers is increasingly intense, with relatively small differences

in user market share. This situation suggests that users have many alternative services, creating challenges for companies in maintaining customer loyalty. These challenges are greater among Generation Z, who tend to exhibit switching behavior when they receive more attractive offers from competitors (Sholikah & Wibowo, 2025). Increasingly aggressive digital promotion competition and similarities in features among digital wallet providers make user loyalty an issue that needs to be examined more deeply. This condition indicates that the main issue in the digital wallet industry today is not only acquiring new users, but also maintaining user loyalty so that they continue to use the service consistently.

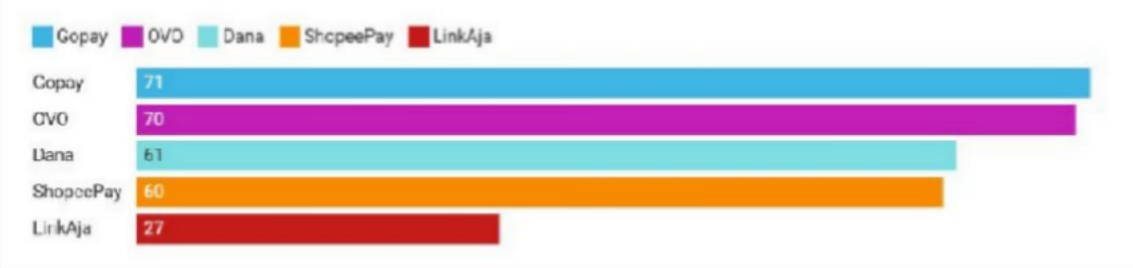


Figure 1. Digital Wallet User Data in 2025
Source : Rania (2025)

Customer loyalty is an important asset for companies because loyal customers tend to reuse the service, consider it as their primary choice, recommend it to others, and are less likely to switch to competitors. Therefore, companies need to understand the factors that can build customer loyalty. One strategy that is widely implemented is digital promotion. Digital promotion through cashback, vouchers, discounts, and digital media can provide added value to customers. It is not only aimed at increasing transactions in the short term but also at building long-term relationships with customers, thereby encouraging the development of customer loyalty (Gea et al., 2025).

In addition to digital promotion, service quality is also an important factor in maintaining user loyalty. In digital-based services, service quality is not only measured by transaction speed but also includes ease of application use, data security, system reliability, customer service responsiveness, and convenience during application use. Service quality that meets user expectations can create positive experiences, increase trust, and encourage customers to continue using ShopeePay in the long term. Conversely, when service quality fails to meet customer expectations, users may be more likely to switch to other digital wallet providers that offer a better service experience.

Previous studies have reported inconsistent findings regarding the relationship

between digital promotion and customer loyalty. According to Gurusinga et al. (2023), in their study entitled The Influence of Product Usability, E-Service Quality and Cashback Promotion on Brand Loyalty among E-Money Application Users Shopeepay found that cashback promotion, as one form of digital promotion, had a positive and significant effect on brand loyalty among ShopeePay users. However, Krisna & Firdausy (2025) in their study entitled The Influence of Service Quality and Promotion on Customer Loyalty with Satisfaction as a Mediating

Variable among Tokopedia Customers in Jakarta reported that previous studies had also found that promotion did not have a significant effect on customer loyalty. These differences indicate that the relationship between digital promotion and customer loyalty may vary across research contexts and consumer characteristics.

A similar inconsistency can be observed in the relationship between service quality and customer loyalt. Gurusinga et al. (2023) in their study entitled The Influence of Product Usability, E-Service Quality and Cashback Promotion on Brand Loyalty among E-Money Application Users Shopeepay found that e-service quality had a positive and significant effect on brand loyalty among ShopeePay users, whereas Bachtiar et al. (2026) in their study entitled Promotions and Service Quality Drive ShopeePay Loyalty in Sidoarjo reported findings from previous studies indicating that service quality did not significantly affect customer loyalty. This inconsistency suggests that further empirical examination is necessary to clarify the role of service quality in building customer loyalty in digital payment services.

In addition to the empirical gap, a contextual gap remains in studies focusing specifically on Generation Z ShopeePay users in Medan Kota District. Generation Z represents an important user segment of digital payment services because of its close interaction with digital technology and its responsiveness to digital promotions and service experiences. Therefore, examining digital promotion and service quality simultaneously in this specific user context can provide additional empirical evidence regarding the factors associated with customer loyalty. Based on these gaps, this study examines the influence of digital promotion and service quality on customer loyalty among Generation Z ShopeePay users in Medan Kota District. The study is expected to contribute additional empirical evidence to the digital promotion and customer loyalty literature, particularly in the context of digital wallet services and Generation Z users.

The novelty of this study lies primarily in its contextual and empirical contribution. First, the study focuses specifically on Generation Z ShopeePay users in Medan Kota District, providing evidence from a specific digital payment user segment and geographical context. Second, the study simultaneously examines digital promotion and service quality as predictors of customer loyalty, thereby considering both promotional and service-related factors within a single empirical model. Third, the study responds to the inconsistent findings reported in previous research concerning the effects of digital promotion and service quality on customer loyalty. By examining these relationships in the context of Generation Z ShopeePay users, this study provides additional empirical evidence that may contribute to the literature on digital promotion, service quality, and customer loyalty in digital payment services.

Based on the identified empirical and contextual gaps, this study aims to examine the effect of digital promotion and service quality on customer loyalty among Generation Z ShopeePay users in Medan Kota District. Specifically, this study

investigates whether digital promotion and service quality individually influence customer loyalty and whether both variables simultaneously contribute to customer loyalty. By examining these relationships within the context of Generation Z users of a digital payment service, this study seeks to provide additional empirical evidence regarding the factors associated with customer loyalty in the increasingly competitive digital payment industry.

LITERATURE REVIEW

Digital Marketing

According to Mursyidah et al. (2025), digital marketing is a marketing strategy that uses digital technology to achieve marketing objectives, such as increasing brand awareness, generating leads, and increasing sales. Meanwhile Awa et al. (2026), explain that digital marketing is a marketing strategy that utilizes digital platforms to market products or services. According to (Arismayanti et al., 2022), echnological advancements have led more businesses and marketers to utilize digital marketing tactics, such as search engine optimization (SEO), search engine marketing (SEM), content marketing, influencer marketing, content automation, campaign marketing, e-commerce marketing, social media marketing, social media optimization, email direct marketing, data-driven marketing, display advertising, and e-books.

Customer Loyalty (Y)

According to Qomariah (2020), customer loyalty is a customer's commitment to continuously use or repurchase a product or service as a result of positive experiences, satisfaction, and trust in the company. Loyalty is not only demonstrated through repeat purchases but also through customers' willingness to continue choosing a particular product or service despite the availability of various alternatives from competitors. According to Baroroh (2023), the indicators of customer loyalty include saying positive things about ShopeePay to others, recommending ShopeePay to others when asked for advice, encouraging others to use ShopeePay, making ShopeePay the primary choice for digital payment transactions, and making repeat purchases or transactions using ShopeePay in the future.

Digital Promotion (X1)

According to Dharta et al. (2026), digital promotion is a marketing effort conducted through digital media by utilizing various forms of promotion, such as discounts, cashback, vouchers, digital advertisements, and application notifications, to attract consumers' attention, encourage service usage, and increase purchase decisions and repurchase intentions. According to Agustina et al. (2024), the indicators of promotion include promotional accuracy, promotional quality, and promotional quantity.

Service Quality (X2)

According to Azam et al. (2025), service quality is an important concept in the business and service sectors that is closely related to how services are delivered to customers. Meanwhile Purba et al. (2023), state that service quality is a company's ability to provide real-world services that meet customer expectations and generate positive perceptions. According to Bahrani (2022), the indicators of service quality include reliability, responsiveness, assurance, empathy, and

tangibles.

Based on the background and literature review above, the conceptual framework for this study is as follows:

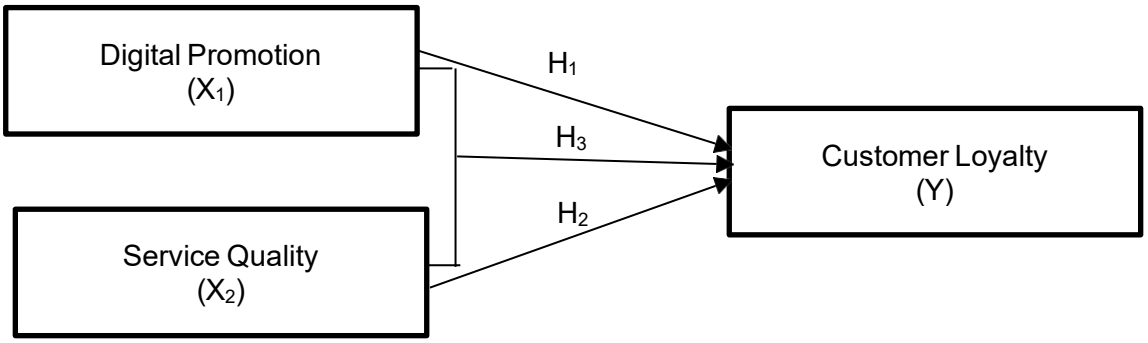


Figure 2. Conceptual Framework

Hipotesis dalam penelitian ini adalah:

H_1: Digital promotion has a positive and significant effect on customer loyalty among Generation Z ShopeePay users

H_2: Service quality has a positive and significant effect on customer loyalty among Generation Z ShopeePay users

H_3: Digital promotion and service quality simultaneously have a significant effect on customer loyalty among Generation Z ShopeePay users.

RESEARCH METHOD

Determining the research location is important because establishing the research location means that the research object and objectives have been determined. The research was conducted among Generation Z individuals in Medan Kota District. The research period began in July 2026 and continued until September 2026. According to (Pane et al., 2020), data are a collection of information or raw facts in the form of symbols, numbers, words, or images obtained through observation or searches of specific sources. Data sources are determined based on the needs and objectives of the research (Saat & Mania, 2020). When researchers use questionnaires or interviews to collect data, the data source is referred to as respondents, namely individuals who respond to or answer written or oral questions. The data sources used in this study consist of primary and secondary data (Diana & Tampubolon, 2023). The type of data used in this study is quantitative data, and the study employs a quantitative research approach. Quantitative data consist of numerical information, such as income, population size, consumption levels, bank interest rates, and other measurable data (Rezeki & Gustina, 2021). This study utilizes primary data as the main source of research data. The data were collected directly from respondents through questionnaires designed based on the indicators of the research variables and the objectives of the study.

In this study, the population is an important element because it represents the entire group of subjects targeted by the research. All samples or respondents involved in the study are drawn from this population. Therefore, determining the appropriate population facilitates the sampling process and supports the achievement of the research objectives effectively. According to Sugiyono (2019), a population is a generalization area consisting of objects or subjects with specific qualities and characteristics determined by researchers to be studied and from which conclusions are drawn. A sample is a representative or smaller portion of the population selected according to certain procedures that can represent the population (Nasution et al., 2025). The population in this study was determined based on the following criteria belonging to Generation Z according to the birth-year range used in the study, residing or conducting activities in Medan Kota District, having used ShopeePay, using ShopeePay during the 2025–2026 period and willing to complete the questionnaire

Since the total population of ShopeePay users meeting the research criteria cannot be determined, this study uses the Hair formula to determine the sample size. According to Hair et al. (2020), an appropriate sample size ranges from 100 to 200 respondents and can be adjusted based on the number of indicators used in the questionnaire, assuming 5–10 times the number of indicators. This study uses 13 indicators. Therefore, the sample size is calculated as follows: N = (5–10 × number of indicators). Based on this calculation, the sample size in this study is 130 respondents. The sampling technique used is accidental sampling. Accidental sampling is a sampling method in which respondents are selected based on individuals who happen to be encountered by the researcher (Raya et al., 2025). Each indicator was operationalized using two questionnaire items to provide multiple-item measurement for each aspect of the construct. The use of more than one item for each indicator was intended to reduce reliance on a single question, improve measurement consistency, and provide a more adequate representation of the aspect being measured while maintaining a manageable questionnaire length. Thus, the 13 indicators were operationalized into 26 questionnaire items. The primary data were collected using an online questionnaire distributed through Google Forms. Respondents were recruited based on the predetermined inclusion criteria. The Google Forms link was distributed through Whatsapp. The researcher initially provided information about the research objectives and respondent requirements before inviting potential respondents to complete the questionnaire.

This study uses primary data as the main data source, obtained directly from respondents. Data collection was conducted by distributing questionnaires through Google Forms and conducting interviews to obtain more comprehensive information. The collected data were then processed and analyzed using various data analysis techniques, with multiple linear regression analysis as the main method for examining the relationships and effects among the variables under study.

Before conducting the main analysis, the questionnaire was tested to assess its validity and reliability. The validity and reliability tests were conducted using 30 respondents as a separate pilot sample, while the 130 respondents were used as the main research sample. The 30 pilot respondents met the same general characteristics and inclusion criteria as the main respondents.The validity test

used Pearson Product-Moment correlation to examine the correlation between each questionnaire item and its corresponding total score. The test was conducted at a 5% significance level (α = 0.05) using a two-tailed test. Because the pilot test involved 30 respondents, the degrees of freedom were: df = n − 2 = 30 − 2 = 28. With df = 28 and α = 0.05 (two-tailed), the critical correlation value was approximately 0.361. Therefore, an item was considered valid when its calculated correlation coefficient exceeded 0.361 and its significance value was below 0.05. The reliability of each research variable was assessed using Cronbach's Alpha. The reliability test was used to determine the internal consistency of the questionnaire items within each construct. After the validity and reliability requirements were satisfied, the questionnaire was administered to the main sample of 130 respondents, whose data were subsequently used in the regression analysis. According to Ghozali (2021), multiple regression analysis is a statistical technique used to examine the relationship between one dependent variable and more than one independent variable.

RESULTS

Before conducting further analysis, the research instrument was first tested to ensure that the instrument used met the required eligibility criteria. The research instrument testing included validity and reliability tests.

Validity Test Results

Table 1.
Validity Test Results

Questioner	Digital Promotion (X_1)		Service Quality (X_2)		Customer Loyalty (Y)	
	Pearson Correlation	Signifikan	Pearson Correlation	Signifikan	Pearson Correlation	**Signifikan**
1	0.882	0.000	0.740	0.000	0.379	**0.039**
2	0.439	0.015	0.418	0.022	0.696	**0.000**
3	0.866	0.000	0.896	0.000	0.444	**0.014**
4	0.839	0.000	0.831	0.000	0.639	**0.000**
5	0.536	0.002	0.486	0.007	0.498	**0.005**
6	0.698	0.000	0.769	0.000	0.535	**0.002**
7			0.597	0.000	0.484	**0.007**
8			0.500	0.005	0.637	**0.000**
9			0.894	0.000	0.720	**0.000**
10			**0.781**	**0.000**	**0.594**	**0.001**

Source : SPSS Test Results, 2026

Based on Table 1, all variables obtained values above 0.361 with significance levels not exceeding 0.05. Therefore, all question items used in this study are declared valid.

Reliability Test
Table 2.
Reliability Test Results

Nama Variabel	Cronbach's Alpha	N of Item
Digital Promotion	0.804	**6**
Service Quality	0.876	**10**
Customer Loyalty	**0.755**	**10**

Source : SPSS Test Results, 2026

Based on Table 2, all instruments for each variable obtained values above 0.60. Therefore, all variables in this study can be declared reliable.

Descriptive Statistical Analysis
Table 3.
Descriptive Statistics Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Digital_Promotion	130	9.00	30.00	19.9923	**3.39058**
Service_Quality	130	16.00	40.00	30.0000	**5.19242**
Customer_Loyalty	130	22.00	42.00	31.5385	**4.58199**
Valid N (listwise)	**130**				

Source : SPSS Test Results, 2026

Based on Table 3, a total of 130 respondents were included in the analysis, all of whom were ShopeePay users. The Digital Promotion variable has a minimum value of 9 and a maximum value of 30, with a mean of 19.9923 and a standard deviation of 3.39058. The Service Quality variable has a minimum value of 16 and a maximum value of 40, with a mean of 30.0000 and a standard deviation of 5.19242. The Customer Loyalty variable has a minimum value of 22 and a maximum value of 42, with a mean of 31.5385 and a standard deviation of 4.58199.

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Classical Assumption Tests
Normality Test

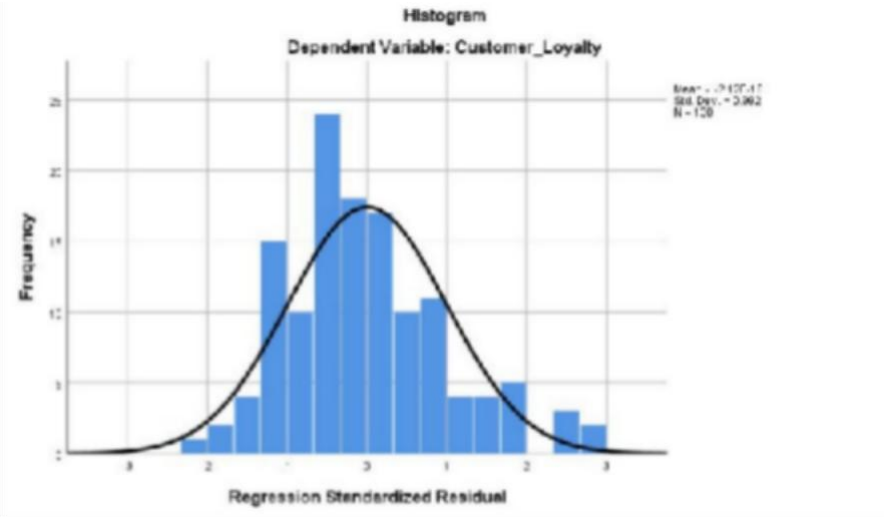


Figure 3. Normality Test Results Using a Histogram
Source : SPSS Test Results, 2026

Figure 3 presents the results of the histogram normality test. The graph forms a bell-shaped pattern and does not show any tendency to skew to the left or right.

Therefore, it can be concluded that the data in this study are normally distributed.

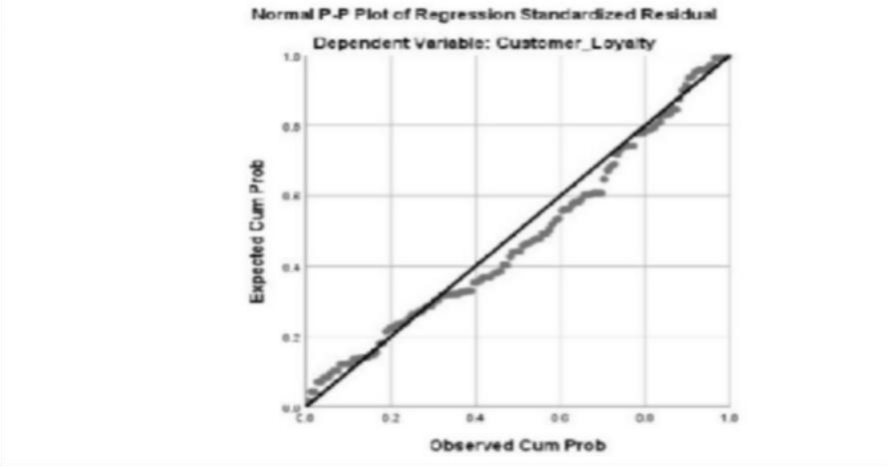


Figure 4. Normality Test Results Using the Probability Plot Method
Source : SPSS Test Results, 2026

Figure 4 shows that the points are distributed around the diagonal line and do not deviate to the left or right. Therefore, the data can be considered normally distributed.

Table 3.
Normality Test Results Using the One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		**130**
Normal Parameters[a,b]	**Mean**	**.0000000**
	Std. Deviation	**3.85531887**
Most Extreme Differences	**Absolute**	**.092**
	Positive	**.092**
	Negative	**-.046**
Test Statistic		**.092**
Asymp. Sig. (2-tailed)		**.060[c]**

Source : SPSS Test Results, 2026

Table 3 shows that the test statistic is 0.092, with a significance value of 0.060, which is greater than 0.05. Therefore, it can be concluded that the data in this study are normally distributed.

Multicollinearity Test

Table 4.
Multicollinearity Test Results

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	(Constant)		
	Digital_Promotion	0.956	**1.046**

	Service_Quality	**0.956**	**1.046**

a. Dependent Variable: Customer_Loyalty

Source : SPSS Test Results, 2026

Based on Table 4, the Tolerance values for the Digital Promotion and Service Quality variables are both 0.956, indicating that all Tolerance values are above 0.10. Meanwhile, the VIF values for both variables are 1.046, indicating that all VIF values are below 10. Therefore, it can be concluded that there is no multicollinearity or correlation among the independent variables, namely Digital Promotion and Service Quality, in the research model.

Heteroscedasticity Test

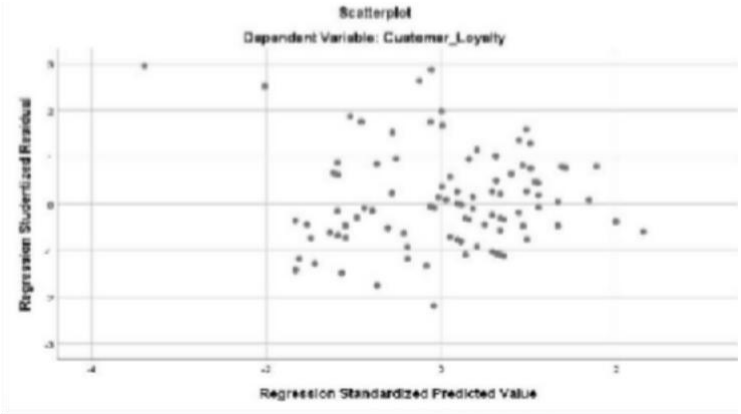


Figure 5 Heteroscedasticity Test Results
Source : SPSS Test Results, 2026

Based on Figure 5, the points are randomly distributed and do not form any clear pattern, either above or below 0 on the Regression Studentized Residual axis. This indicates that there is no heteroscedasticity in the regression model. Therefore, the regression model in this study is suitable for predicting Customer Loyalty based on Digital Promotion and Service Quality.

Multiple Linear Regression Analysis
Table 5.
Multiple Linear Regression Analysis Test Results

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**
		B	Std. Error	**Beta**
1	(Constant)	12.986	2.591	
	Digital_Promotion	0.438	0.103	**0.324**
	Service_Quality	**0.326**	**0.067**	**0.370**

a. Dependent Variable: Customer_Loyalty

Source : SPSS Test Results, 2026

Customer Loyalty = 12.986 + 0.438 Digital Promotion + 0.326 Service Quality

Based on Table 5, the constant value (a) is 12.986, indicating that when all independent variables, namely Digital Promotion (X1) and Service Quality (X2), are assumed to be constant or equal to 0, the value of Customer Loyalty (Y) is

12.986 units. The Digital Promotion (X1) variable has a regression coefficient of 0.438, meaning that every one-unit increase in Digital Promotion will result in a 0.438-unit increase in Customer Loyalty, assuming other variables remain constant. The Service Quality (X2) variable has a regression coefficient of 0.326, meaning that every one-unit increase in Service Quality will result in a 0.326-unit increase in Customer Loyalty, assuming other variables remain constant.

Partial Hypothesis Testing (t-Test)
Table 6.
Partial Hypothesis Testing Result

Model		T	Sig.
1	(Constant)	5.011	**0.000**
	Digital_Promotion	4.247	**0.000**
	Service_Quality	**4.845**	**0.000**

a. Dependent Variable: Customer_Loyalty

Source : SPSS Test Results, 2026

Based on Table 6, the results of the partial hypothesis testing (t-test) show that the X1 (Digital Promotion) variable obtained a t-value of 4.247, while the t-table value with df = 128 at a 5% significance level (0.05) for a two-tailed test is 1.97867. Since 4.247 > 1.97867 and the significance value of 0.000 < 0.05, it can be concluded that Digital Promotion has a positively and significantly associated with Customer Loyalty. The X2 (Service Quality) variable obtained a t-value of 4.845 > 1.97867 and a significance value of 0.000 < 0.05. This indicates that Service Quality has a positively and significantly associated with Customer Loyalty.

Simultaneous Hypothesis Testing (F-Test)
Table 7.
Simultaneous Hypothesis Testing Results

ANOVA[a]

Model		F	Sig.
1	**Regression Residual Total**	**26.194**	**.000[b]**

a. Dependent Variable: Customer_Loyalty

b. Predictors: (Constant), Service_Quality, Digital_Promotion

Source : SPSS Test Results, 2026

Based on Table 7, the F-value is 26.194 with a significance level of 0.000. At a 95% confidence level (α = 0.05), with df1 = 2 and df2 = 127, the F-table value is 3.12. Since the F-value of 26.194 > F-table value of 3.12 and the significance value of 0.000 < 0.05, H3 is accepted. Therefore, it can be concluded that Digital Promotion and Service Quality simultaneously have a significant associated with Customer Loyalty.

Coefficient of Determination Test (R^2)
Table 8.
Coefficient of Determination Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.540[a]	0.292	0.281	3.88556

a. Predictors: (Constant), Service_Quality, Digital_Promotion

b. Dependent Variable: Customer_Loyalty

Source : SPSS Test Results, 2026

Based on Table 8 above, the coefficient of determination, Adjusted R Square, is 0.281. This value is used to measure the extent to which the model explains thee variation in the dependent variable. The result indicates that 28.1% of the variation in Customer Loyalty can be explained by Digital Promotion and Service Quality. Meanwhile, the remaining 71.9% is explained by other variables not examined in this study.

DISCUSSION

The Effect of Digital Promotion on Customer Loyalty

Based on the results of the partial hypothesis testing (t-test), the Digital Promotion (X1) variable obtained a t-value of 4.247, while the t-table value was 1.97867 with 128 degrees of freedom (df) at a 5% significance level (α = 0.05) using a two-tailed test. Since the t-value > t-table value (4.247 > 1.97867) and the significance value of 0.000 < 0.05, it can be concluded that Digital Promotion has a positively and significantly associated with Customer Loyalty among ShopeePay users, with a focus on Generation Z in Medan Kota District. This effect can be explained through various forms of digital promotions offered by ShopeePay, such as cashback, vouchers, discounts, and special offers that provide direct economic benefits to users. These promotions increase perceived value, as users feel that they receive greater benefits when using ShopeePay compared to making transactions without promotional incentives. In addition, the frequency of promotions delivered through digital media can increase users' interaction with and exposure to ShopeePay, thereby encouraging them to continue using the service for transactions.

For Generation Z, the ease of obtaining promotional information through digital media can also encourage repeated usage. When users have positive experiences with the promotional benefits they receive, their tendency to switch to other digital wallet services (switching behavior) may decrease. Thus, digital promotion not only plays a role in encouraging transactions but may also contribute to developing usage habits and maintaining user loyalty toward ShopeePay. The results of this study are consistent with the research conducted by Gurusinga et al. (2023), which found that cashback promotion, as one form of digital promotion, has a positive and significant effect on brand loyalty among ShopeePay users. However, Bachtiar et al. (2026), reported that several previous studies showed different results, indicating that promotion did not have a significant effect on customer loyalty.

The Effect of Service Quality on Customer Loyalty

The results of the partial hypothesis testing show that the Service Quality variable obtained a t-value of 4.845 with a significance level of 0.000. With 128 degrees of freedom (df) and a significance level of α = 0.05 using a two-tailed test, the t-table value is 1.97867. Since the t-value > t-table value (4.845 > 1.97867) and the significance value of 0.000 < 0.05, H2 is accepted. Therefore, Service Quality has a positively and significantly associated with Customer Loyalty among Generation Z ShopeePay users in Medan Kota District. This result indicates that the better the service quality perceived by users, the greater their tendency to continue using ShopeePay.

The effect of Service Quality on Customer Loyalty can be explained through several aspects of service quality, namely reliability, responsiveness, assurance, empathy, and tangibles. Reliability refers to ShopeePay's ability to provide dependable services, such as accuracy and consistency in processing transactions. Responsiveness is reflected in the ability of the service to respond quickly to users' needs and complaints. Meanwhile, assurance relates to users' sense of security and confidence in the service provided, particularly when conducting digital transactions. Empathy reflects attention to users' needs and problems, while tangibles can be reflected in the application's interface, ease of use, and supporting service facilities.

For Generation Z, who are accustomed to using digital services, the quality of their experience while using an application can be an important factor in their decision to continue using a particular service. When transactions can be conducted easily, quickly, reliably, and securely, and users' problems are handled effectively, a positive service experience can be created. This condition can increase users' trust and comfort, thereby encouraging repeated use of ShopeePay. Thus, Service Quality is not only related to a company's ability to provide services that meet user expectations but can also contribute to the development of user loyalty toward ShopeePay.

The results of this study are consistent with the research conducted by Gurusinga et al. (2023) & Angelina (2022) which found that service quality has a positive and significant effect on brand loyalty among ShopeePay users. This finding indicates that service quality is one aspect that can support the development of user loyalty toward digital payment services. However, this result differs from the findings reported by Bachtiar et al. (2026) which showed that service quality did not have a significant effect on customer loyalty. These differences indicate that the effect of Service Quality on loyalty may vary depending on user characteristics, service context, and research location. In the context of this study, the results show that service quality has a positive and significant relationship with Customer Loyalty among Generation Z ShopeePay users in Medan Kota District.

The Effect of Digital Promotion and Service Quality on Customer Loyalty

The F-value was 26.194 with a significance level of 0.000. At a 95% confidence

level (α = 0.05), with df1 = 2 and df2 = 127, the F-table value was 3.12. Since the F-value > F-table value (26.194 > 3.12) and the significance value of 0.000 < 0.05, H3 is accepted. Therefore, it can be concluded that Digital Promotion and Service Quality simultaneously have a significant associated with Customer Loyalty among ShopeePay users, with a focus on Generation Z in Medan Kota District.

The coefficient of determination, Adjusted R Square, was 0.281. This value measures the extent to which the model explains the variation in the dependent variable. The result indicates that 28.1% of the variation in Customer Loyalty can be explained by Digital Promotion and Service Quality, while the remaining 71.9% is influenced by other variables not examined in this study. The results are consistent with the research conducted by Gurusinga et al. (2023), Bachtiar et al. (2026), Vesuvius & Loo (2025) dan Gea et al. (2025) which found that Digital Promotion and Service Quality have a significant effect on Customer Loyalty.

CONCLUSION

The results indicate that digital promotion was positively and significantly associated with customer loyalty among the 130 Generation Z ShopeePay users surveyed in Medan Kota District. Service quality was also found to have a positive and significant association with customer loyalty among the sampled respondents. The simultaneous test further indicates that digital promotion and service quality were jointly and significantly associated with customer loyalty. The regression model produced an R^2 value of 0.292 and an Adjusted R^2 value of 0.281, indicating that the variables examined in this study accounted for 29.2% of the variation in customer loyalty, with the adjusted estimate being 28.1%. The remaining variation should not be attributed entirely to specific other factors, as those factors were not examined in this study. Furthermore, because the study employed accidental sampling, the findings are limited to the surveyed respondents and should be generalized beyond the sampled participants with caution. Further studies using probability sampling and broader populations are recommended to obtain findings that may have greater generalizability.

RECOMMENDATION

Based on the research findings, ShopeePay is advised to maintain and optimize its Digital Promotion strategies through cashback, vouchers, discounts, and special offers that are relevant to the needs of Generation Z. In addition, Service Quality should be consistently improved to support user experience and maintain Customer Loyalty. For future researchers, this study can be further developed by incorporating other variables that may influence Customer Loyalty and expanding the research objects and respondent characteristics to achieve broader research coverage.

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