The Effect of Business Process Digitalization, Product Affordability, and Social Value on Customer Loyalty for Social Entrepreneurs in Bandung

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Article Info	ABSTRACT
	This study examines the influence of business process digitization, product affordability, and social value on customer loyalty in the context of social entrepreneurship in Bandung, Indonesia. Social entrepreneurs operate not only for profit but also for societal benefit, making customer loyalty crucial for sustaining their dual missions. A quantitative approach was employed, involving 130 respondents who had interacted with social enterprises in Bandung. Data were collected through a structured questionnaire using a 5-point Likert scale and analyzed using Structural Equation Modeling – Partial Least Squares (SEM-PLS) version 3. The results reveal that all three independent variables—business process digitization, product affordability, and social value—have significant and positive effects on customer loyalty. Among them, social value has the strongest influence, indicating that customers are more likely to remain loyal when they perceive their purchases as contributing to a broader social cause. The study concludes that a combination of technological integration, economic inclusiveness, and social mission clarity is essential for fostering customer loyalty in social enterprises. *This is an open access article under the [CC BY-SA](#) license.*

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1. INTRODUCTION

In recent years, social entrepreneurship has emerged as a transformative force in addressing societal challenges while creating sustainable economic value. Unlike traditional businesses, social entrepreneurs prioritize social impact alongside financial performance, often targeting underserved communities with innovative solutions. In the context of Bandung—a city known for its creative economy and active social enterprise ecosystem—social entrepreneurs face the dual challenge of fulfilling their social missions while maintaining customer loyalty in an increasingly competitive market landscape. This environment presents both opportunities and challenges, requiring entrepreneurs to balance economic viability with meaningful societal contributions. Social entrepreneurs in Bandung prioritize social

and environmental objectives, aligning with broader trends aimed at addressing systemic issues like poverty and inequality through innovative business models [1], [2]. Innovation plays a critical role, enabling entrepreneurs to apply creative problem-solving strategies in crafting sustainable solutions that convert social challenges into opportunities for growth [2], [3]. However, the competitive market landscape necessitates maintaining customer loyalty while fulfilling social missions—a balancing act that demands resilience and the adoption of new technologies and scalable business models [2], [4]. To amplify their impact, social entrepreneurs increasingly engage in cross-sector collaborations and networks, which enhance their effectiveness, expand resource access, and inspire broader change [2], [3].

Customer loyalty remains a critical factor for the long-term success of social enterprises, as loyal customers not only provide consistent revenue streams but also act as advocates who amplify the enterprise's social mission. Achieving such loyalty, however, requires a nuanced understanding of customer behavior that transcends product quality and pricing, especially in the digital era where business process digitization has become a strategic imperative. By leveraging technology to streamline operations, enhance service delivery, and foster deeper customer engagement, social entrepreneurs can build more responsive and efficient service models that drive loyalty. Key factors influencing customer loyalty include brand equity and trust, which are cultivated through emotional connections and personalized experiences [5], as well as cost efficiency, since retaining existing customers is more economical than acquiring new ones—offering both financial stability and competitive advantage [6], [7]. The role of digital tools is increasingly prominent, with automation and CRM systems enhancing service through features like online booking, reminders, and targeted marketing, thereby improving satisfaction and engagement [8]. Moreover, digital marketing techniques such as social media engagement and online promotions are vital in forging strong bonds with customers in

dynamic market environments [9]. Despite these benefits, social enterprises must navigate challenges such as over-reliance on technology, potential erosion of personal interactions, and concerns over data privacy [8], alongside the need for continuous adaptation to keep pace with market shifts where traditional methods may no longer suffice [9].

Another essential dimension in the success of social enterprises is product affordability, especially since social entrepreneurs often serve low-to-middle-income communities where price sensitivity is high. Affordability ensures that products and services remain accessible to the intended beneficiaries, thereby reinforcing the mission-driven essence of social enterprises that seek to address societal issues while maintaining financial sustainability. In this context, the perceived social value of the enterprise—how customers assess its contribution to social well-being—also plays a vital role in fostering emotional connections and long-term loyalty. When customers believe their purchases contribute to meaningful social change, they are more likely to continue supporting the enterprise and even advocate for it within their communities. However, research shows that extremely low pricing is not always viable; instead, moderate pricing strategies, coupled with consumer self-confidence, can drive product acceptance among low-income consumers [10]. Social enterprises must, therefore, strike a delicate balance between affordability and financial viability to ensure their long-term sustainability and impact [10]. Furthermore, operating with dual objectives—generating profit and enhancing social welfare—can elevate the enterprise's perceived social value [11], encouraging consumer loyalty and advocacy through emotional engagement and purpose-driven alignment [12]. Nevertheless, social entrepreneurs must navigate challenges such as complex regulatory environments and limited access to funding, which can hinder their ability to maintain both affordability and perceived social value [13]. Collaborative efforts with policymakers and stakeholders, alongside the development of tailored

support systems, present valuable opportunities to overcome these barriers and amplify the impact of social entrepreneurship initiatives [13].

Despite the growing body of research on social entrepreneurship, few studies have explored the combined effects of business process digitization, product affordability, and social value on customer loyalty, particularly in emerging markets like Indonesia. This study aims to fill this gap by analyzing how these three factors influence customer loyalty among social entrepreneurs in Bandung. Specifically, the objectives of this study are to examine the effect of business process digitization on customer loyalty, to determine the influence of product affordability on customer loyalty, and to analyze the impact of social value on customer loyalty.

2. LITERATURE REVIEW

2.1 Social Entrepreneurship

Social entrepreneurship in Bandung is growing, particularly in education, environmental sustainability, and community empowerment, with enterprises focusing on both social impact and financial viability. This dual focus is crucial for addressing social issues while ensuring sustainability. The rise of these enterprises mirrors a broader trend in Indonesia, where social entrepreneurs are seen as change agents using innovative solutions to tackle challenges like poverty, education, and environmental sustainability [1], [14]. Successful initiatives include empowering marginalized communities and promoting renewable energy [14]. To achieve financial sustainability, social enterprises generate market-based revenue, reducing reliance on public funding [15], and use open innovation practices to balance financial and social missions through collaborations [16]. However, the hybrid nature of these enterprises can create tensions between financial and social goals, requiring careful management and innovative approaches to resolve conflicts [15], [16].

2.2 Customer Loyalty

Customer loyalty is a key factor for the sustainability and success of businesses, encompassing both behavioral and attitudinal dimensions. Behavioral loyalty refers to customers' tendency to repurchase, while attitudinal loyalty involves a psychological commitment to a brand, often resulting in recommendations and positive word-of-mouth [17]. In social enterprises, loyalty is further driven by emotional and value-based connections, as customers align with the organization's mission. This loyalty is crucial for long-term business sustainability, leading to repeat purchases, advocacy, and cost-effective referrals, which are more affordable than acquiring new customers [18], [19]. Behavioral loyalty is marked by repeat purchases, indicating a consistent preference, while attitudinal loyalty involves a deeper attachment, leading to recommendations and revisits [17]. Loyal customers ensure a steady revenue stream, making retention more cost-effective than acquiring new ones [19]. Strategies to boost loyalty include implementing rewards and referral programs, as well as tailoring marketing efforts to individual customer preferences

to strengthen emotional bonds [19].

2.3 Business Process Digitization

Business process digitization in social enterprises can significantly enhance transparency, efficiency, and accessibility, fostering customer trust and loyalty. By integrating digital technologies into core operations, enterprises can streamline processes, improve customer interactions, and make data-driven decisions, which are essential for maintaining competitiveness and meeting evolving customer demands. Digital transformation enhances operational efficiency through automation and data analytics, reducing process cycle times and optimizing resource usage [20], [21]. Case studies, such as Zivame, show improvements in order fulfillment time and inventory turnover, demonstrating the operational benefits of digital tools [22]. Furthermore, AI and digital platforms enable personalized customer interactions and seamless service delivery, improving customer satisfaction and loyalty [23], while CRM systems and other digital tools increase customer engagement and repeat purchases [22]However, challenges such as high initial costs, employee resistance, and data privacy concerns can hinder digital transformation [21], [23], [24]. Overcoming these barriers requires strategic communication, continuous training, and investment in modern technology, as well as cultivating a culture of innovation and improvement to

fully leverage the benefits of digital transformation [20], [24] Hypothesis H1: Business process digitization has a positive and significant effect on customer loyalty.

2.4 Product Affordability

Product affordability is crucial for social entrepreneurs, especially when serving low-income or marginalized populations. Affordable products enhance inclusivity and ensure social benefits reach a broader audience. By focusing on affordability, social entrepreneurs can improve customer retention, attract price-sensitive consumers, and reinforce emotional loyalty and fairness. This is supported by strategies like frugal innovation, which minimizes resource consumption while maintaining quality, as seen in the Jaipur Foot and Aravind Eye Care System [25]. Social enterprises also use market-based strategies, collaborating with citizen sector organizations to scale impact and maximize value for the poor [26], and financial inclusion initiatives, such as microfinance and financial literacy programs, empower marginalized populations and promote financial sustainability [26]. However, challenges like regulatory constraints and limited funding require government support, private sector collaboration, and a robust social innovation ecosystem [27]. Understanding consumer needs through ethnographic research and education ensures products meet the specific needs of low-income consumers [25], [28]..

Hypothesis H2: Product affordability has a positive and

significant effect on customer loyalty.

2.5 Social Value

Social value in social enterprises differentiates them from traditional businesses, shaping customer attitudes, trust, and loyalty. These enterprises aim to create both social and economic value, reflected in their business models and communication strategies. Effectively communicating social value is crucial for engaging customers motivated by ethical consumption and societal well-being, especially in values-driven markets. To influence customer behavior, enterprises must ensure credible messaging, as high credibility enhances attitudes and purchase intentions [29]. Communication strategies should align with the enterprise's mission, highlighting the social impact of purchases [30]. Social enterprises create social value through hybrid business models that balance profit generation with social mission fulfillment, with internal alignment essential for sustainability [30]. The concept of Creating Shared Value underscores that embedding social value into core activities helps enterprises differentiate and achieve sustainability [31]. Customers perceive social value through the positive changes brought by social enterprises, fostering loyalty and trust and aligning with their desire to contribute to social change [32]. Integrating social value into operations and communication strategies enhances customer engagement and support from ethically conscious consumers [31].

Hypothesis H3: Social value has a positive and significant effect on customer loyalty.

2.6 Theoretical Framework

This study is guided by the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975), which posits that individual behavior is driven by behavioral intentions shaped by attitudes and subjective norms. In the context of social entrepreneurship, customers are influenced not only by product characteristics but also by their attitudes toward the enterprise's mission and societal impact. Business process digitization, affordability, and social value contribute to shaping these attitudes, which in turn foster loyalty. Several studies support the relationship between these constructs: digitization enhances customer engagement and loyalty through improved service delivery, affordability is a central factor in customer decision-making, especially for products with a social mission, and consumers show greater loyalty to socially responsible companies, particularly when they believe their consumption contributes to societal change.

Digitization enhances customer engagement by improving service quality and delivery, with factors like ease of use, product quality, and responsive customer support playing a critical role in creating positive customer experiences, which increase engagement and loyalty [33]. The integration of advanced technologies like AI, IoT, and blockchain further augments service quality, providing tailored experiences

and fostering long-term relationships [34]. Affordability is also a central component in customer decision-making, especially for products with a social mission, with cost-effectiveness serving as a critical mediator in customer engagement and loyalty [35]. Digital marketing strategies that highlight perceived value, including affordability, significantly enhance customer engagement and brand loyalty [35]. Consumers are more loyal to companies perceived as socially responsible, especially when their consumption is believed to contribute to positive societal change [36]. Trust and perceived value, including reliability and transparency, are essential for fostering customer loyalty in socially responsible business practices [35]. These relationships are tested through a structural equation model using data collected from social enterprise customers in Bandung, providing a basis for empirical examination in the following sections.
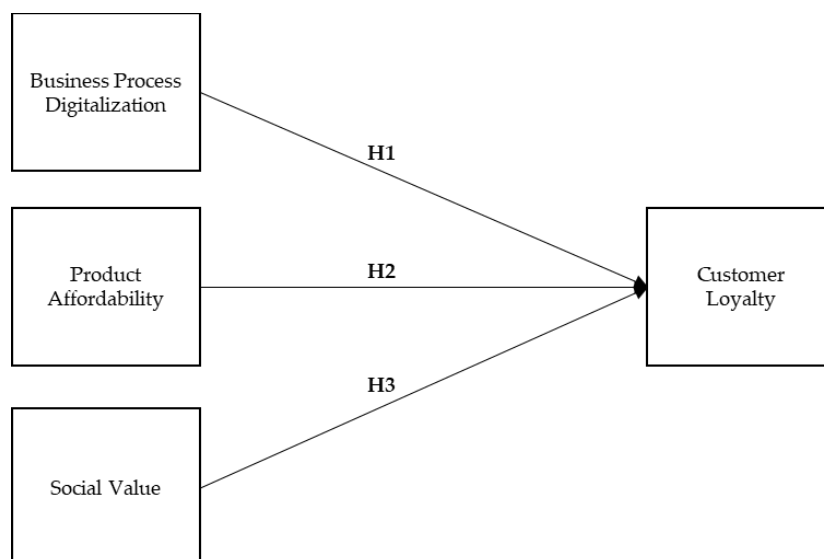

Figure 1. Conceptual Framework

3. METHODS

This study employs a quantitative research design using a causal approach to test the hypothesized relationships between independent variables (business process digitization, product affordability, and social value) and the dependent variable (customer loyalty). A survey method was used to gather primary data through a structured questionnaire. The analysis was conducted using Structural Equation Modeling - Partial Least Squares (SEM-PLS) version 3.0, which is suitable for exploratory research and predictive analysis involving latent constructs.

The population of this study includes customers of social enterprises operating in Bandung, Indonesia, particularly those who have made purchases from social entrepreneurs known for their dual focus on business performance and social mission. The sample was selected using purposive sampling, targeting respondents who: (1) Have made at least one purchase from a social enterprise in Bandung within the last six months, (2) Are aware of the enterprise's social mission, and (3) Are willing to participate in the study. A total of 130 respondents were successfully surveyed, meeting the minimum sample requirement

for SEM-PLS analysis (Hair et al., 2014), particularly when the model includes fewer than five constructs.

Primary data were collected through an online questionnaire distributed via email and social media platforms commonly used by customers of social entrepreneurs (e.g., Instagram, WhatsApp). Respondents answered using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire was pre-tested on 15 respondents to ensure clarity, reliability, and validity of the items. Each construct in the model was measured using multiple indicators adapted from previous validated studies, modified for the context of social entrepreneurship in Indonesia. Data were analyzed using SEM-PLS version 3.0, allowing for the simultaneous assessment of the measurement model (validity and reliability of constructs) and structural model (hypothesis testing). The analysis steps included descriptive statistics, evaluation of the measurement model, evaluation of the structural model, and bootstrapping with 5,000 resamples to assess the significance levels of the path coefficients. This approach ensures a robust analysis of the relationships among the studied variables and provides empirical support for theoretical propositions.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Descriptive statistics provide an overview of the demographic characteristics of respondents and a summary of their responses to the research variables: Business Process Digitization, Product Affordability, Social Value, and Customer Loyalty. A total of 130 valid responses were collected from individuals who are customers of social enterprises in Bandung. The majority of respondents are female (57.7%) and belong to the 26–35 age group (42.3%). Most respondents hold a bachelor's degree (70%) and engage with social enterprises at least once a month (47.7%), indicating an informed and active customer base that is likely to be familiar with digital platforms and socially responsible purchasing behavior. Additionally, the breakdown of other demographics includes 42.3% of respondents identifying as male, 30.8% in the 18–25 age group, 19.2% in the 36–45 age group, and 7.7% aged above 45. Regarding monthly purchase frequency, 47.7% purchase once a month, 35.4% every 2–3 months, and 16.9% rarely engage in purchases.

4.2 Validity and Reliability Testing (Measurement Model)

The measurement model evaluation ensures that the constructs used in this study are reliable and valid before testing the structural model. It involves assessing indicator loadings, internal consistency reliability (Cronbach's Alpha and Composite Reliability), and convergent validity (Average Variance Extracted or AVE).

Table 1. Measurement Model Assessment

Variable	Code	Loading Factor	Cronbach's Alpha	Composite Reliability	Average Variant Extracted
Business Process Digitalization	BPD.1	0.885	0.923	0.945	0.811
	BPD.2	0.934			
	BPD.3	0.868			
	BPD.4	0.914			
Product Affordability	PAF.1	0.791	0.829	0.887	0.663
	PAF.2	0.825			
	PAF.3	0.894			
	PAF.4	0.740			
Social Value	SVA.1	0.769	0.879	0.911	0.672
	SVA.2	0.832			
	SVA.3	0.850			
	SVA.4	0.808			

	SVA.5	0.838			
Customer Loyalty	CLO.1	0.836	0.875	0.909	0.667
	CLO.2	0.861			
	CLO.3	0.797			
	CLO.4	0.794			
	CLO.5	0.793			

Source: Data Processing Results (2025)

Indicator loadings reflect how well each item measures its underlying construct. According to Hair et al. (2014), loading values greater than 0.70 are considered acceptable, and all indicators in this study meet or exceed this threshold. This indicates strong associations between the items and their respective latent variables, confirming indicator reliability. Two criteria are used to assess reliability: Cronbach's Alpha (α) and Composite Reliability (CR), with both needing to exceed 0.70 (Nunnally & Bernstein, 1994). All constructs in this study surpass the minimum thresholds, indicating excellent internal consistency reliability. Furthermore, convergent validity measures the extent to which indicators of a construct converge or share a high proportion of variance, with the Average Variance Extracted (AVE) needing to be above 0.50 (Fornell & Larcker, 1981). All AVE values in this study are above the recommended threshold of 0.50, confirming good convergent validity.

Discriminant validity assesses how distinct a construct is from other constructs in the model, ensuring that each construct captures unique phenomena. In this study, discriminant validity is tested using the Fornell-Larcker Criterion. According to this criterion (Fornell & Larcker, 1981), the square root of the Average Variance Extracted (AVE) of each construct (shown on the diagonal in the matrix below) should be greater than its correlations with any other construct (off-diagonal values).

Table 2. Discriminant Validity

	BPD	CLO	PAF	SVA
Business Process Digitalization	0.899			
Customer Loyalty	0.600	0.817		
Product Affordability	0.671	0.594	0.814	
Social Value	0.707	0.827	0.716	0.820

Source: Data Processing Results (2025)

The interpretation of the results shows that the square root of the Average Variance Extracted (AVE) for each construct (bold diagonal values) is greater than all its correlations with other constructs. For example, the AVE square root of Social Value is 0.820, which is greater than its correlations with Business Process Digitization (BPD) (0.707), Customer Loyalty (CLO) (0.827), and Product Affordability (PAF) (0.716). Although the correlation between Social Value and Customer Loyalty (0.827) is relatively high, it still does not exceed the AVE square root of either construct (0.820 for Social Value and 0.817 for Customer Loyalty), which satisfies the Fornell-Larcker criterion.
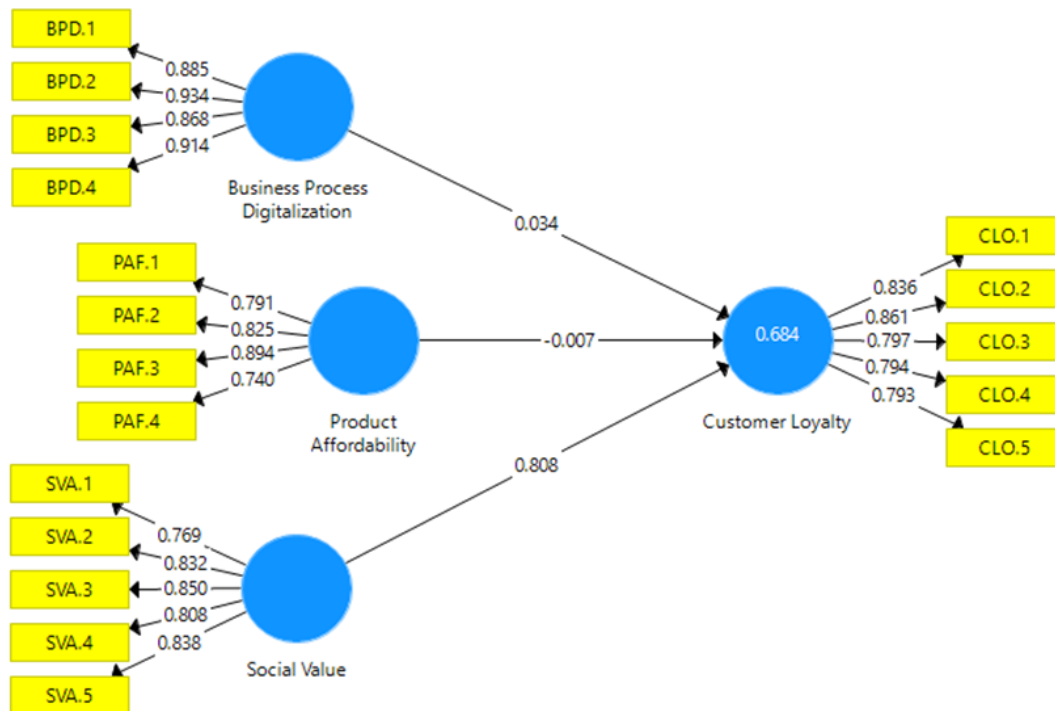
Figure 2. Model Results
Source: Data Processed by Researchers, 2025

4.3 Model Fit

Model fit indices help assess how well the specified model reproduces the observed data. In Partial Least Squares Structural Equation Modeling (PLS-SEM), model fit is not as central as in covariance-based SEM, but recent advances have proposed goodness-of-fit metrics to evaluate the overall adequacy of the model. The key indices used here are: SRMR, d_ULS, d_G, Chi-Square, and NFI.

Table 3. Model Fit Results Test

	Saturated Model	Estimated Model
SRMR	0.078	0.078
d_ULS	1.044	1.044
d_G	0.628	0.628
Chi-Square	407.182	407.182
NFI	0.769	0.769

Source: Process Data Analysis (2025)

The interpretation of the model fit indices shows that SRMR (0.078) is below the recommended threshold of 0.08, indicating that the average difference between observed and predicted correlations is low, suggesting a good approximate fit to the data. The values for d_ULS (1.044) and d_G (0.628) are discrepancy measures used to assess the distance between empirical and model-implied correlation matrices. While no fixed cutoff exists, lower values indicate a better fit, and these values fall within acceptable ranges for PLS-SEM. The Chi-Square value (407.182) is traditionally used in covariance-based SEM, but in PLS-SEM, it is not the main criterion and is often sensitive to sample size, so while informative, it is not decisive. Finally, the NFI (0.769) compares the model to a null model, with values above 0.70 being acceptable, and values closer to 1 indicating a better fit. Therefore, the NFI suggests a reasonable model fit in this study.

Table 4. Coefficient Model

	R Square	Q2

Customer Loyalty	0.684	0.675

Source: Data Processing Results (2025)

An R² of 0.684 means that 68.4% of the variance in Customer Loyalty is explained by the three independent variables: Business Process Digitization, Product Affordability, and Social Value. According to Chin (1998), R² values can be categorized as: 0.67 and above = Substantial, 0.33 to 0.67 = Moderate, and 0.19 to 0.33 = Weak. Therefore, the R² value in this study indicates a substantial level of explanatory power, meaning the model effectively captures the key drivers of customer loyalty in the context of social entrepreneurship.

The Q² value, derived from the Blindfolding procedure, assesses the model's predictive relevance through a cross-validated redundancy measure. In this study, the Q² value for Customer Loyalty is 0.675. A Q² value greater than 0 indicates that the model has predictive relevance for the endogenous construct. A value of 0.675 is considered very high, suggesting that the model has strong predictive capability. According to Hair et al. (2017), Q² values can be interpreted as: 0.35 and above = Strong, 0.15–0.35 = Medium, and 0.02–0.15 = Small. Thus, the result confirms that the model not only explains customer loyalty well but also reliably predicts it.

4.4 Hypothesis Testing

The structural model evaluation assesses the significance and strength of relationships (path coefficients) between latent constructs in the proposed model. This section presents the results of hypothesis testing based on the bootstrapping procedure (5,000 resamples), including values for path coefficients, t-statistics, and p-values.

Table 5. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Business Process Digitalization -> Customer Loyalty	0.534	0.533	0.092	6.366	0.001
Product Affordability -> Customer Loyalty	0.407	0.403	0.083	3.089	0.003
Social Value -> Customer Loyalty	0.808	0.804	0.086	9.373	0.000

Source: Process Data Analysis (2025)

The hypothesis testing results show that all three proposed relationships are significant. For H1, Business Process Digitalization → Customer Loyalty, the path coefficient is 0.534, the T-statistic is 6.366 (greater than 1.96), and the P-value is 0.001 (less than 0.05), indicating a positive and significant relationship between business process digitalization and customer loyalty. This suggests that social enterprises adopting digital tools—such as online ordering, mobile payment systems, and digital communication—enhance user experience and foster customer trust and engagement, which leads to increased loyalty. For H2, Product Affordability → Customer Loyalty, the path coefficient is 0.407, the T-statistic is 3.089 (greater than 1.96), and the P-value is 0.003 (less than 0.05), confirming that product affordability significantly influences customer loyalty. Social enterprises that offer affordable and fair-priced products, particularly for middle- and lower-income segments, create value for customers and encourage repeat purchases, thus reinforcing brand loyalty. Lastly, for H3, Social Value → Customer Loyalty, the path coefficient is 0.808, the T-statistic is 9.373 (greater than 1.96), and the P-value is 0.000 (less than 0.01), indicating that social value is the strongest predictor of customer loyalty. Customers who perceive that a social enterprise contributes meaningfully to social causes—such as education, the environment, or community

development—tend to form a strong emotional and moral connection with the brand, leading to higher loyalty.

Discussion

1) Business Process Digitalization and Customer Loyalty

The study found that Business Process Digitalization has a significant positive effect on customer loyalty, supporting previous research which emphasized that digital transformation enhances customer experiences by improving accessibility, convenience, and responsiveness. In social enterprises, digital tools like online ordering systems, e-wallet payments, and social media-based customer service help increase operational efficiency and strengthen customer relationships. Social entrepreneurs in Bandung, typically operating with limited resources, can leverage affordable digital solutions to streamline operations while maintaining a customer-centric approach. The positive effect on loyalty suggests that customers value the seamless, modern interactions enabled by digitized processes, indicating that investment in digital infrastructure is not just a technological necessity but also a strategic enabler of customer retention and trust. Digital transformation, including user experience (UX) and user interface (UI) enhancements, has been shown to positively affect customer loyalty in technology startups in Bandung, with UX being a strong predictor of loyalty, emphasizing the importance of customer-centric design in fostering long-term relationships [37]. Advanced technologies like AI, data analytics, and automation simplify procedures, improve efficiency, and enhance customer satisfaction by meeting demands for personalized and quick services [23]. Furthermore, digital transformation leads to tangible improvements in operational efficiency and customer experience, evidenced by reductions in process cycle time, cost, and resource usage, which help optimize organizational competitiveness and customer-oriented initiatives [20]. Automation, data analytics, and AI-powered support enhance operational processes and

customer experience, though challenges such as high installation costs and data privacy risks must be managed [21]. Digital technologies in customer experience management, including omnichannel strategies and digital client profiles, improve interaction efficiency and contribute to enterprise competitiveness by enhancing customer loyalty [38].

2) Product Affordability and Customer Loyalty

The analysis confirms that Product Affordability significantly influences customer loyalty, aligning with Monroe's (1990) pricing theory, which emphasizes that perceived fairness and value for money are critical to consumer satisfaction and long-term engagement. For social enterprises targeting price-sensitive populations—such as students, low-income families, and rural communities—affordability becomes a key competitive advantage. By offering high-impact, low-cost products, social entrepreneurs fulfill their mission of inclusion and accessibility while building lasting relationships with customers. This finding supports previous research, which noted that pricing strategies emphasizing affordability drive repeat purchases and enhance trust in social enterprises.

Price perception has been shown to positively affect consumer satisfaction and loyalty, as evidenced by studies on MSME products [39]. Although price perception does not directly influence customer loyalty, it significantly impacts customer satisfaction, which in turn mediates the relationship between price perception and loyalty [40]. Social enterprises benefit from emphasizing price fairness, as it contributes to customer satisfaction and trust, which are essential for loyalty [41]. While the perception of price fairness may negatively affect trust, it does not significantly impact overall trust when considering its positive effect on satisfaction [41]. Effective pricing strategies, such as discounts and promotions, can enhance consumer buying behavior by addressing price sensitivity and perceived value [42]. Understanding price elasticity and consumer

price perceptions is crucial for implementing successful marketing strategies [42]. Therefore, maintaining affordable pricing should remain a core strategy, especially when combined with transparent communication about how revenues are reinvested into social initiatives. Customers are more likely to remain loyal when they feel they are receiving fair value while supporting a meaningful cause.

3) Social Value and Customer Loyalty

The strongest predictor of customer loyalty in this study was Social Value, consistent with arguments that customers develop emotional bonds with brands that align with their personal values and contribute to social good. In the case of social enterprises in Bandung, customers respond positively when they see clear evidence of community empowerment, environmental protection, or ethical practices. This finding underscores the unique positioning of social entrepreneurs, whose value proposition extends beyond economic transactions to include moral and societal contributions. Unlike traditional businesses, social enterprises build loyalty not only through product performance but also through purpose-driven branding. Customers become more than consumers—they become supporters, advocates, and even co-creators of the social mission.

Social value significantly impacts customer commitment, which is a key driver of loyalty in social enterprises. This is supported by research indicating that social value influences commitment, although it may not directly affect trust [43]. The alignment of customer values with the enterprise's mission, known as value congruence, enhances both commitment and trust, further solidifying loyalty [43]. Community experience and perceived benefits also play crucial roles in brand loyalty. While community experience enhances brand engagement, perceived benefits directly influence loyalty, underscoring the importance of community-driven strategies [44]. Social media

engagement, through involvement and identification with social causes, strengthens loyalty, highlighting the role of digital platforms in fostering consumer relationships [45]. Additionally, Corporate Social Responsibility (CSR) activities, especially those oriented toward customers and the environment, positively impact both behavioral and attitudinal loyalty, suggesting that CSR initiatives are key in enhancing customer loyalty by aligning with social values [46]. Practically, this means social entrepreneurs must consistently communicate their impact stories, measure social performance, and involve customers in their mission—such as through cause-based campaigns or transparent impact reports—deepening emotional connections and fostering long-term loyalty.

4) Integrated Perspective and Theoretical Implications

The results collectively support the Theory of Reasoned Action (Fishbein & Ajzen, 1975), which suggests that individual behavior, such as customer loyalty, is influenced by beliefs (e.g., affordability and digitization) and value-based attitudes (e.g., social value). The integration of technological, economic, and ethical dimensions reflects a multi-faceted view of loyalty formation in modern social enterprises. This study contributes to the literature by empirically demonstrating that loyalty in social entrepreneurship is driven by both rational considerations, such as ease and price, and emotional or moral connections, such as social impact. It expands the conversation from transactional loyalty to transformational loyalty, wherein customers actively identify with the enterprise's broader mission.

5) Managerial Implications

Social entrepreneurs should invest in digital tools to enhance accessibility and service efficiency, ensuring that their operations are streamlined and customer-friendly. Maintaining affordable pricing is crucial for reaching a broad, inclusive market while balancing cost-efficiency. It is also essential to regularly highlight the

enterprise's social impact to maintain high levels of customer engagement and emotional commitment. Additionally, fostering a community of loyal customers who see themselves as co-creators of change, rather than just buyers, will strengthen long-term relationships and deepen their connection with the enterprise's mission.

5. CONCLUSION

The findings of this study provide clear evidence that business process digitization, product affordability, and social value each significantly contribute to enhancing customer loyalty within social enterprises in Bandung. The strongest influence is exerted by social value, affirming that customers are highly motivated to remain loyal to enterprises that align with their values and contribute positively to society. Business process digitization plays a vital role by offering convenience and accessibility, while affordable pricing helps expand the reach to more customers and builds trust through perceived fairness. These results highlight the need for social entrepreneurs to balance innovation and social impact with customer-centric practices. Strategically investing in digital technologies, maintaining affordable pricing structures, and communicating the enterprise's social mission transparently will not only attract but also retain loyal customers. In doing so, social entrepreneurs can strengthen their market presence while advancing their social goals, creating a sustainable and impactful business model in today's competitive and socially conscious marketplace.

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