

## Strategic Customer Engagement and Conditional Loyalty in Herbal E-Commerce: An Ethical SDL Perspective

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### ABSTRACT

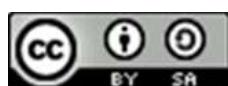
Indonesia's herbal e-commerce market presents a distinctive paradox: while exhibiting steady annual growth of 6.2% within the global wellness economy, the ecosystem grapples with a structural trust deficit stemming from the prevalence of product adulteration. Through the lens of Service-Dominant Logic (SDL), this qualitative interpretive study investigates how strategic engagement shapes loyalty within this high-risk context. Drawing on in-depth interviews with 18 consumers and sellers, the analysis demonstrates that successful market actors navigate this deficit not through transactional efficiency, but through Ethical Resource Integration establishing regulatory compliance as a moral value proposition—and Developmental Engagement, a mechanism that elevates consumer health literacy. This interaction fosters heteropatric value co-creation, culminating in a distinct state of Conditional Loyalty: a vigilant adherence where emotional attachment is contingent upon continuous safety validation. Theoretically, this study extends SDL by positioning ethical capabilities as critical antecedents to engagement in regulated health markets. From a managerial perspective, the findings suggest that sustainable value arises less from price competition and more from the seller's evolution into an ethical health advisor within a multi-actor governance ecosystem.

**Keywords:** Service-Dominant Logic, Ethical Resource Integration, Developmental Engagement, Conditional Loyalty, Herbal E-Commerce

### INTRODUCTION

Indonesia presents a distinctive paradox in the realm of herbal e-commerce. On one hand, the market for herbal supplements demonstrates steady annual growth of approximately 6.2%, firmly positioning itself within a global wellness economy valued at USD 6.3 trillion a figure projected to approach USD 9 trillion by 2028 (Global Wellness Institute, 2024; Insights10, 2024). On the other hand, the National Agency of Drug and Food Control (BPOM) continues to identify and recall traditional medicines and health supplements adulterated with hidden medicinal chemicals (Bahan Kimia Obat or BKO) on an annual basis, while simultaneously blocking tens of thousands of online sales links for regulatory violations. This juxtaposition of market growth and trust erosion suggests that herbal e-commerce is not merely a matter of product distribution, but a complex challenge of reconstructing safety, regulatory legitimacy, and trust within a high-risk digital space (Badan Pengawas Obat dan Makanan RI, 2023c, 2024).

In much of the contemporary digital marketing literature, the success of online retail is often attributed to a firm's ability to manage a seamless omnichannel experience and



integrated customer relationship management (CRM) programs. A recent meta-analysis of engagement initiatives confirms that cross-channel contact intensity and platform responsiveness are primary drivers of customer engagement (Blut et al., 2020). This frictionless approach has proven effective for low-risk product categories such as fashion or electronics, where consumers are relatively tolerant of trade-offs between price, delivery speed, and functional satisfaction (Berliana et al., 2021).

However, the indiscriminate application of this generic omnichannel approach becomes problematic when addressing health and herbal categories, which entail consumer safety and tangible health risks (Hidayat et al., 2024). Crucially, Siddique et al. (2021) warn that online customer engagement is not inherently positive; it possesses a "valence" that can shift toward co-destruction if interactions lead to misinformation or misuse. In high-risk health markets, engagement that relies solely on contact intensity without establishing foundational safety can paradoxically accelerate trust erosion. This indicates that engagement in this context must be defined not by "the quantity of touchpoints" (Blut et al., 2020), but rather by "the quality of ethical value communicated within each touchpoint."

The Indonesian context adds a layer of complexity to this ecosystem. In the domestic herbal e-commerce landscape, consumers grapple with severe information asymmetry such as the difficulty in verifying BPOM registration numbers and distinguishing between standardized herbal supplements and adulterated traditional medicines. Consequently, generic engagement models focused merely on omnichannel presence are rendered fundamentally inadequate (Wijaya et al., 2022; Mansur & Syahrini, 2025). Conversely, what is required is a strategic framework that positions Ethical Resource Integration and regulatory legitimacy at the core of the seller-consumer relationship. In other words, within Indonesia's digital health market, engagement must be transformative enhancing consumer capability to make safe decisions rather than purely transactional.

Service-Dominant Logic (SDL) offers a theoretical lens superior to traditional transactional approaches, as it views value not as a product attribute, but as the result of co-creation through resource integration within a service ecosystem involving multiple actors (Vargo & Lusch, 2016; Frow et al., 2014). This perspective, which has been applied to complex service environments like technology incubators (Nguyen et al., 2022), facilitates an understanding of how trust and regulatory compliance can be constructed relationally between sellers and consumers, rather than simply being presented as static service features.

Despite this potential, the majority of SDL applications in Indonesian e-commerce remain focused on functional aspects. For instance, Simanjuntak et al. (2022) demonstrated that website service quality (WSQ) significantly affects value co-creation (VCE) and MSME performance. While empirically significant, such quantitative studies largely treat the consumer as a passive respondent to service quality features, failing to integrate the dimensions of health risk and institutional regulation. Furthermore, while Katsifarakis and Theodosiou (2023) introduced sophisticated SDL strategic orientations including developmental and ethical capabilities empirical studies exploring these capabilities within highly regulated, high-risk herbal markets remain scarce. Additionally, while Peters (2016) distinguishes between homeopathic resource integration (additive) and heteropathic resource integration (yielding emergent value), there is limited research examining how ethical resource integration concretely fosters emergent value in the form of safety and trust within digital health transactions.

Thus, there is a clear theoretical and empirical need to develop a framework of strategic customer engagement that explicitly incorporates Ethical Resource Integration and Developmental Engagement as central mechanisms for forming Conditional Loyalty in high-risk markets like the Indonesian herbal e-commerce sector.

This research seeks to illuminate the "black box" of this process through a qualitative interpretive approach based on SDL. Unlike prior quantitative work that answers the "what"

(Simanjuntak et al., 2022), this study focuses on the "how" and "why": specifically, how herbal sellers strategically practice Ethical Resource Integration positioning BPOM regulatory compliance as a value proposition and Developmental Engagement to educate consumers. We investigate how these practices contribute to Conditional Loyalty, a form of adherence that persists as long as safety conditions are met yet remains fragile in the face of safety incidents.

Accordingly, this study aims to explore three primary research questions. First, how do consumers and herbal e-commerce sellers in Indonesia construct strategic customer engagement within an ecosystem characterized by a structural trust deficit? Second, how does value co-creation encompassing the integration of institutional resources and health knowledge contribute to the formation of trust? Finally, how does the combination of ethical resource integration and developmental engagement influence the sustainability of conditional loyalty?

## METHODS

This study employs an interpretive qualitative design to provide an in-depth exploration of how strategic customer engagement and value co-creation shape customer loyalty within Indonesia's herbal e-commerce sector. A qualitative approach was strategically selected to complement and deepen previous quantitative findings, such as those by Simanjuntak et al. (2022), which statistically demonstrated the link between service quality and marketing performance in MSMEs. Unlike prior studies, this research aims to open the "black box" of this process by capturing the meanings, lived experiences, and complex interaction patterns between consumers and service providers nuances often overlooked in large-scale surveys (Creswell & Poth, 2018). The primary focus is directed toward consumers and sellers of herbal products (traditional medicines, herbal supplements, and herbal health products) active on major e-commerce platforms, as well as relevant institutional actors (BPOM regulators) to provide a comprehensive ecosystem context (Badan Pengawas Obat dan Makanan RI, 2023a; Insights10, 2024).

Informants were selected using purposive maximum variation sampling to capture diverse perspectives on herbal e-commerce practices. To ensure systematic variation, we developed a sampling matrix that strategically balances key dimensions (Table 1).

**Table 1. Sampling Matrix for Maximum Variation**

Informant Type	Dimension	Variation Criteria	Rationale
Consumers (n = 11)	Age	25–45 years (Millennials to Gen X)	To capture generational differences in digital health literacy.
	Gender	Majority female (reflecting market profile)	Aligns with national e-commerce demographics (Kredivo, 2023).
	Digital Experience	2–6 years in e-commerce	Range from novice to experienced users.
	Health Literacy	Low to high awareness of BPOM regulations	Variation in risk perception and safety-seeking behaviors.
	Geographic Location	Urban centers (Jakarta, Bandung, Surabaya, Yogyakarta, Medan)	Representation of major e-commerce hubs in Indonesia.
Seller (n=7)	Business Scale	Micro (individual resellers) → Medium enterprises → Official stores	To capture diversity in resource capacity and strategic orientation.
	Platform Strategy	Single platform vs. Multi-platform (Shopee,	Variation in ecosystem dependence and engagement practices.

	Tokopedia, Lazada)	
Product Category	General herbal supplements vs. Specialized traditional medicines	Differences in regulatory complexity and customer interaction needs.
Operational Years	3–7 years in operation	Range from emerging to established players.

Source : Researcher, 2025

The inclusion criteria for consumer informants were: (1) Indonesian residents aged at least 18 years; (2) a history of purchasing herbal products via e-commerce at least three times in the last six months to ensure adequate experience; and (3) willingness to articulate experiences regarding safety perceptions and loyalty behaviors. Seller informant criteria included: (1) management of a shop or brand of herbal products on a major e-commerce platform; and (2) possession of a minimum of one year of operational experience. Additionally, one key informant from a regulatory/expert background was included to validate the market and policy context (Ministry of Health RI, 2022). The final sample size (n=18) followed the principle of data saturation, where recruitment ceased once no new themes or patterns emerged from the data (Guest et al., 2020)

Data were collected primarily through semi-structured in-depth interviews conducted online via video or voice calls, given the geographical dispersion of informants and their familiarity with digital communication. The interview guide was strategically structured by integrating the Service-Dominant Logic (SDL) framework, specifically referencing SDL strategic orientations (Katsifarakis & Theodosiou, 2023) and resource integration mechanisms (Peters, 2016). For consumers, topics covered: motivations for purchasing herbal products online, perceptions of product risk and safety (BPOM registration), experiences interacting with sellers and platforms, and forms of participation in value co-creation. Questions were specifically designed to probe whether their interactions with sellers were transactional (*homeopathic*) or generated emergent new value such as a sense of safety and health education (*heteropatric*). For sellers, topics included: customer engagement strategies, BPOM regulatory compliance practices, and trust-building mechanisms. Focus was placed on identifying strategic capabilities (Relational, Ethical, Developmental Capabilities) applied to overcome the consumer trust deficit in a high-risk digital health market.

Each interview lasted approximately 45–90 minutes, was recorded with informed consent, and transcribed verbatim for analysis. Secondary data from official documents (BPS, BPOM reports, herbal market reports) were collected for contextualization and triangulation of qualitative findings (Badan Pusat Statistik, 2025a; Badan Pengawas Obat dan Makanan RI, 2023c; Insights10, 2024).

To ensure transparency and anticipate potential interpretive bias, we explicitly acknowledge researcher positionality. The primary researcher is a doctoral candidate in strategic management with a professional background in digital business consulting, bringing sensitivity to market dynamics and competitive strategy. However, this background also carries a potential bias toward "business success narratives" and efficiency-focused interpretations, which could unconsciously minimize consumer vulnerability or ethical tensions in health product transactions.

To mitigate these biases, several reflexive strategies were implemented: (1) a second independent coder with expertise in consumer health behavior reviewed all transcripts and coding schemes to provide alternative interpretations; (2) peer debriefing sessions were conducted with external SDL experts to critically examine emerging themes and theoretical framing; and (3) during data collection, the

interviewer consciously utilized open probing and avoided leading questions that might steer informants toward strategic or rational explanations, instead creating space for emotional, moral, and contextual narratives to emerge (Creswell & Poth, 2018).

## **Data Analysis**

Data analysis followed the thematic analysis approach described by Braun and Clarke (2006), enriched by the SDL theoretical lens, and was conducted through three iterative coding cycles. In the first cycle (Initial Coding), the primary researcher performed line-by-line open coding on all 18 transcripts, inductively generating 127 initial codes that captured both descriptive content (e.g., "mentioning BPOM number," "seller responds quickly") and interpretive patterns (e.g., "safety anxiety despite official badge," "educational tone in seller communication").

Subsequently, the second cycle involved theoretical deductive mapping, wherein a second coder independently reviewed the transcripts and applied deductive codes derived from SDL concepts. This process mapped data into Strategic Orientations—including Relational, Ethical, Developmental, and Individuated Capabilities (Katsifarakis & Theodosiou, 2023)—and resource integration types, distinguishing between homeopathic(additive) and heteropatric (emergent value co-creation) forms (Peters, 2016). Discrepancies coders were resolved through consensus discussion, with all refinements documented.

Finally, using constant comparison (Miles et al., 2014), the third cycle grouped codes into 18 candidate sub-themes, which were then consolidated into six main themes. For instance, initial codes such as "seller advises against buying," "transparency about contraindications," and "prioritizing customer health over sales" were iteratively refined and merged into the sub-theme "Ethical Capabilities: Withholding Sales for Safety," which subsequently formed part of the main theme "Strategic Customer Engagement as Developmental and Ethical Practice." Throughout this process, NVivo 14 software was utilized to manage coding and triangulate thematic patterns.

## **Trustworthiness and Ethical Considerations**

Methodological rigor was established through the application of several validation strategies. Credibility was bolstered through data source triangulation, cross-referencing insights between consumer and seller informants with secondary regulatory data to ensure consistency. Furthermore, member checking was conducted by sharing preliminary thematic summaries with a subset of informants. Crucially, this iterative feedback precipitated a nuanced revision of the initial theme "Drivers of Trust Erosion" to "Conditional Loyalty," thereby more accurately capturing the persistence of loyalty under specific safety conditions. To substantiate dependability and confirmability, a comprehensive audit trail documenting the research process was maintained throughout the analysis (Creswell & Poth, 2018).

Regarding ethical compliance, strict protocols were rigorously observed. Informed consent was secured prior to all interviews, and participant identities were protected via pseudonymization (coded as C1–C11 and S1–S7). These procedures fully aligned with the prevailing ethical standards for consumer health research in Indonesia (Hidayat et al., 2024).

## **RESULTS AND DISCUSSION**

### **Informant Profiles and Representativeness**

This study engaged a cohort of 18 informants—comprising 11 consumers and 7 sellers recruited through purposive maximum variation sampling. As delineated in Table 1, the resulting demographic profile is not arbitrary; rather, it was strategically

curred to mirror the structural reality and diverse participation patterns characterizing Indonesia's wellness economy

**Table 1.** Demographic and Contextual Profiles of Informants

Code	Type	Gender	Age	Occupation	Platform	Experience	Rationale
C1	Consumer	F	28	Private Employee	Shopee, Tokopedia	3 Years	Millennial, multi-platform, moderate literacy
C2	Consumer	F	35	Teacher	Shopee	4 Years	Gen X, single-platform loyalist, high literacy
C3	Consumer	M	42	Civil Servant	Tokopedia, Lazada	2 Years	Male, price-seeker, high regulatory literacy
C4	Consumer	F	31	Entrepreneur	Shopee	5 Years	Active community user, value co-creator
C5	Consumer	F	25	Fresh Graduate	Shopee	2 Years	Millennial digital native, exploratory buyer
C6	Consumer	M	38	Manager	Tokopedia	3 Years	Professional buyer, rational, regulatory-conscious
C7	Consumer	F	45	Housewife	Shopee, Lazada	6 Years	Senior user, WOM-driven, multi-generational
C8	Consumer	F	29	Marketing Staff	Shopee	3 Years	Brand-conscious, review-dependent
C9	Consumer	M	33	IT Professional	Tokopedia	2 Years	Tech-savvy, skeptical of claims
C10	Consumer	F	40	Lecturer	Shopee	4 Years	Academic, very high health literacy
C11	Consumer	F	27	Nurse	Shopee	2 Years	Health professional, strict safety standards

Code	Type	Gender	Age	Occupation	Platform	Experience	Rationale
S1	Seller	M	37	Official Store Mgr.	Multi-platform	5 Years	Medium-large enterprise, complete capability
S2	Seller	F	32	Owner (Micro)	Shopee	4 Years	Micro MSME, high developmental engagement
S3	Seller	M	45	Owner (Medium)	Tokopedia, Shopee	7 Years	Long experience, strong ethical orientation
S4	Seller	F	29	Reseller	Shopee	3 Years	Individual reseller, high supplier dependency
S5	Seller	M	40	Brand Rep.	Shopee, Tokopedia	6 Years	Official brand, formal strategic capability
S6	Seller	F	34	Small Owner	Shopee	5 Years	Single-platform, strong local community
S7	Seller	M	38	Distributor	Tokopedia, Lazada	6 Years	Multi-tier distribution, ecosystem integrator

Source: Reasearcher 2025

The preponderance of female consumers (10 out of 11) reinforces the study's ecological validity, aligning with industry data identifying women as the primary health gatekeepers in Indonesian households (Kredivo, 2023). Furthermore, the stratification of seller experience spanning from micro-resellers (S4) to official distributors (S7)—enables the analysis to demonstrate that Ethical Capabilities are not the exclusive preserve of large firms; rather, they are often more pronounced among smaller market actors who rely on intense personal engagement for survival.

### Thematic Synthesis: The Primacy of Ethics over Transaction

The quantitative distribution of coding references presented in Table 2 provides a compelling empirical argument regarding the ecosystem's strategic priorities

**Table 2.** Main Themes and SDL Theoretical Lens

No	Main Theme	Consumers (Refs)	Sellers (Refs)	SDL Theoretical Lens
1	Structural Trust Deficit	64	25	Institutional resource integration; Pre-condition for engagement
2	Ethical Resource Integration	73	54	Ethical capability; Institutional + Relational resource integration
3	Developmental Engagement	58	46	Developmental capability; Heteropatric integration → health literacy
4	Heteropatric Value Co-Creation	56	26	Heteropatric resource integration; Emergent value creation
5	Conditional Loyalty	61	15	Value-in-use sustainability; Conditional relational continuity

6	Service Ecosystem Governance	38	27	Service ecosystem; multi-actor resource integration
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Source: NVivo 14 Qualitative Data Analysis (2025)

The data reveal a critical insight: the frequency of references to Ethical Resource Integration (127 total refs) and Developmental Engagement (104 total refs) significantly surpasses that of other themes. This quantitative disparity indicates that within the herbal market, the core mechanism of value creation is not rooted in transactional efficiency such as speed or price competition—but in ethical negotiation. Consequently, the high volume of references regarding Ethical Integration underscores that for consumers, the verification of legitimacy constitutes a process far more cognitively demanding than the transaction itself.

### Linguistic Triangulation: The Problem-Solution Dynamic

This thematic interpretation is further corroborated by the linguistic patterns presented in Table 3.

**Table 3.** Top Most Frequently Used Words

Rank	Consumer Words	Count	Seller Words	Count
1	BPOM	142	Customer	176
2	Trust	118	Product	168
3	Safe / Safety	107	Education	134
4	Product	96	Trust	121

Source: NVivo 14 Word Frequency Query (2025)

A synthesis of the linguistic choices observed in this study reveals a distinct demand-supply dynamic regarding trust. The consumers' lexicon is dominated by anxiety-reduction terms such as "BPOM," "Trust," and "Safe," effectively establishing the central problem: a Structural Trust Deficit. Conversely, the sellers' high usage of terms like "Education" and "Service" indicates the strategic solution. This linguistic contrast validates our theoretical model, suggesting that sellers are intuitively adopting a Developmental Engagement strategy manifested through education to answer the consumers' specific and urgent call for safety. Based on this empirical weight, we detail the process of trust construction within this ecosystem across four critical dimensions.

First, the data confirm that the trust deficit functions as a structural barrier rather than a mere variable; engagement cannot commence until this deficit is addressed. As Consumer C1 (28, Jakarta) articulated, *"I always check the BPOM number before buying... Since hearing about dangerous chemicals, I've been careful, even with Shopee Mall."* Theoretically, this posits that Institutional Resource Integration specifically the verification of regulatory compliance—is a mandatory pre-condition for any further value co-creation (Vargo & Lusch, 2016). Without this foundational legitimacy, the pathway to engagement remains blocked, rendering standard marketing tactics ineffective.

To navigate this structural barrier, successful sellers demonstrate Ethical Capabilities, often prioritizing moral legitimacy over immediate profit. The high reference count for Ethical Integration manifests in behaviors such as deliberately withholding sales when safety is compromised. Seller S3 (45, Surabaya) provided a defining example of this capability: *"I once advised a customer not to buy because she was pregnant... She returned after giving birth and said, 'I trust you because you were honest.'"*

This behavior represents a sophisticated ethical capability (Katsifarakis & Theodosiou, 2023) that transforms the seller from a vendor into a trusted advisor. By integrating ethical restraint, the seller generates a deep, albeit conditional, form of trust.

Furthermore, sellers respond to the consumer need for safety through Developmental Engagement, a process that fosters heteropatric value co-creation. By actively upgrading the consumer's knowledge—as noted by Consumer C5, who stated, "*I became educated; turns out you can't just drink Jamu indiscriminately*"—the interaction produces a new, emergent value: Health Literacy. Unlike homeopathic integration, which merely adds resources, this heteropatric process (Peters, 2016) creates a lasting capability that resides with the consumer long after the transaction concludes, fundamentally altering the nature of the buyer-seller relationship.

Finally, the "loyalty" observed in this ecosystem is revealed to be structurally fragile, best conceptualized as Conditional Loyalty. Despite the formation of high emotional bonds, the requirement for safety remains the non-negotiable determinant. Consumer C2 (35, Teacher) clarified this state of vigilant adherence: "*I've subscribed for 4 years... But if I hear of a safety issue, I'll switch immediately. With health, I can't compromise.*" This finding redefines loyalty in high-risk ecosystems not as a permanent commitment, but as a continuous validation of trust. In this context, trust is never fully "won"; rather, it is leased and renewed with every safe transaction.

## DISCUSSION

The empirical insights derived from this study offer a significant theoretical extension to the understanding of customer engagement in high-risk digital markets. By examining the Indonesian herbal e-commerce sector through the lens of Service-Dominant Logic (SDL), we argue that engagement in this context operates not merely as a mechanism for transaction facilitation, but as a critical governance mechanism for risk negotiation.

### 1. Reconceptualizing Trust: From Variable to Structural Pre-Condition.

Contrary to general e-commerce literature that treats trust as a dependent variable influenced by service quality (e.g., Berliana et al., 2021), our study positions the structural trust deficit as an antecedent ecosystem condition. In the herbal market, the "baseline state" is one of pervasive distrust due to the severe information asymmetry regarding product adulteration (BKO). This implies that standard engagement strategies such as gamification or price discounts—are fundamentally ineffective unless this structural deficit is first addressed. Within the SDL framework, this validates that Institutional Resource Integration (e.g., the verification of BPOM and Halal certification) is not an optional "peripheral feature," but a mandatory pre-condition for value co-creation to commence (Vargo & Lusch, 2016). Without this foundational legitimacy, engagement cannot be initiated.

### 2. Ethical Resource Integration as a Strategic Capability

Our conceptualization of Ethical Resource Integration extends the work of Katsifarakis and Theodosiou (2023) regarding ethical capabilities. Our findings demonstrate that successful sellers do not view regulations as external constraints, but actively integrate them as operant resources to signal moral legitimacy. When sellers transparently explain regulatory nuances or deliberately withhold sales for safety reasons (as observed in Informant S3), they are performing heteropatric integration (Peters, 2016). They combine their specialized product knowledge with institutional rules to create a new, emergent value: *Peace of Mind*. This finding challenges the traditional transactional view where "higher sales volume" equates to "better

performance." In this specific ecosystem, restraint and transparency function as the primary currencies of trust.

### **3. Developmental Engagement: The Seller as Educator**

The study introduces Developmental Engagement as a critical engagement mode for credence goods. By actively educating consumers on contraindications and safe usage, sellers effectively enhance the consumers' own operant resources (specifically, their health literacy). This process transforms the dyadic relationship from a provider-receiver dynamic into one of co-learners. Theoretical literature often assumes consumers possess the capability to judge value independently; however, our findings suggest that in high-risk markets, the seller's primary role is to impart that capability. This aligns with the SDL perspective of the firm as a value facilitator, while adding a specific educational dimension necessitated by health-critical contexts.

### **4. The Paradox of Conditional Loyalty**

Perhaps the most distinct contribution of this research is the delineation of Conditional Loyalty. While Kurniadi (2023) and others characterize loyalty as a stable, deepening commitment, our findings reveal a form of loyalty that is behaviorally robust yet cognitively vigilant. Consumers in this ecosystem exhibit "vigilant adherence"—they advocate for the brand and repurchase frequently, yet this loyalty is devoid of the "blind devotion" often found in lifestyle brands. It remains strictly contingent upon the continuous maintenance of safety standards. This suggests that in health e-commerce, trust is never fully "won"; rather, it is leased and renewed with every safe transaction.

### **5. Ecosystem Interdependence**

Finally, the findings underscore that individual seller capabilities are insufficient without Ecosystem Governance. The heavy reliance of consumers on platform badges and BPOM verification databases confirms that value co-creation is inherently a multi-actor process. Trust in this context is systemic; a failure in regulatory oversight (e.g., a fake BPOM number successfully passing platform filters) erodes trust not only in the specific seller but in the digital ecosystem as a whole. Thus, the integrity of the market depends on the seamless integration of resources across sellers, platforms, and regulators.

## **CONCLUSIONS**

This study challenges the prevailing assumption that generic omnichannel strategies predicated on speed and convenience—are sufficient for high-risk digital markets. By examining the Indonesian herbal e-commerce sector through a Service-Dominant Logic (SDL) lens, we establish that customer engagement in this context must be transformative rather than merely transactional. We conclude that sustainable relationships in digital health markets are not built on "frictionless experiences," but on the successful negotiation of risk through Ethical Resource Integration and Developmental Engagement.

The "black box" of loyalty in this sector operates through a mechanism of co-learning and safety verification. This process results in a unique form of loyalty that is robust in behavioral repetition but conditional in nature. Ultimately, trust in this ecosystem is not a static asset but a dynamic state that must be continuously reconstructed through the visible integration of safety standards and educational value.

## Theoretical Implications

This research extends the Service-Dominant Logic (SDL) literature in two significant ways. First, it introduces the concept of Developmental Engagement into the e-commerce discourse, arguing that in credence good markets—such as the herbal medicine sector—the seller's primary role extends beyond mere distribution to actively enhancing the consumer's value-creation capability. This involves upgrading consumer health literacy and risk detection skills as a prerequisite for safe consumption. Second, this study refines the traditional understanding of customer retention by proposing Conditional Loyalty as a distinct construct within high-risk ecosystems. This contribution nuances the monolithic view of "customer loyalty" by highlighting that, in health-critical contexts, emotional attachment remains cognitively vigilant and inextricably linked to institutional legitimacy, rather than being a state of blind devotion.

## Managerial Implications

For practitioners and policymakers, the findings precipitate three strategic imperatives. Primarily, sellers must transition from viewing BPOM regulations as administrative hurdles to leveraging them as their core "trust asset" and primary marketing differentiator. In an unregulated sea of products, compliance serves as the strongest signal of value. Concurrently, customer service metrics must evolve from a focus on "response time" to "advisory quality," necessitating that sellers invest in product knowledge training to function as health consultants rather than mere order takers. Beyond individual actors, broader ecosystem governance is required; platform providers such as Shopee and Tokopedia must collaborate with regulators to integrate verification badges more seamlessly into the user interface. Reducing the cognitive load required for consumers to verify product safety is essential for establishing systemic trust across the marketplace.

## Limitations and Future Research

While providing rich insights, this study is delimited by its qualitative research design and its specific focus on the Indonesian market, which possesses unique regulatory characteristics. Future research avenues should aim to quantify the Conditional Loyalty construct by developing and testing a scale to measure the precise thresholds of trust erosion. Furthermore, comparative studies in other high-risk credence categories—such as skincare, fintech, or automotive parts—would be valuable to determine if the Ethical-Developmental Engagement model is universally applicable across different sectors involving high information asymmetry.

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