



**REPUTATION MANAGEMENT AND CUSTOMER EXPERIENCE
STRATEGIES IN PREVENTING FRAUD IN WEDDING ORGANIZER
SERVICE PROVIDERS AND ITS IMPLICATIONS FOR INCREASING
SALES (CASE STUDY ON TWIN WEDDING ORGANIZERS)**

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Abstract

The crisis of public trust due to the rampant cases of fraud (Ponzi schemes and defaults) in the Wedding Organizer (WO) industry has created serious Customer Trust Issues, demanding an integrity-based strategic response. This study aims to analyze the role of Reputation Management Strategy (X1), measured through Transparency and Integrity, and Customer Experience (X2), realized through Employee Competence and Professionalism, as a function of fraud prevention, and examine its implications on Sales Increase (Y1). Case study was conducted on Twin Wedding Organizers in Medan City, involving 150 client respondents and using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) for data analysis. The results of the study show that Strategies (X1) and (X2) have proven to be significant in overcoming Customer Trust Issues (M1), confirming that eliminating Opportunity (financial transparency) and reducing Pressure (team competence) is the key to restoring trust. Success (M1) then serves as a crucial mediator that increases Positive Customer Experience (M2), which ultimately correlates significantly with Increased Sales (Y1). These findings resulted in a 3-Pillar Trust Management Strategy Model that recommends Trust-Based Governance (use of Escrow Account), Competence-Led CX, and Reputation Amplification, making it a practical guide for WO professionals in Medan to make integrity a competitive advantage.

Keywords: Reputation Management, Customer Trust, Customer Experience, Wedding Organizer



INTRODUCTION

The Wedding Organizer (WO) industry is an essential service sector, acting as a manager of sacred moments of high sentimental and financial value. The business operates entirely on a trust basis for two main reasons: clients make upfront payments for services that have not been received, and wedding events are unique and non-substitutable. Therefore, trust is the most vital asset and the main currency, as well as the most vulnerable, in the wedding services ecosystem. Unfortunately, this asset was hit by a crisis. The rise of fraud cases in WO's business has created a serious crisis of trust (Customer Trust Issues) in society, where fraud is caused by a combination of the perpetrator's criminal motives (small-scale Ponzi schemes) and operational system vulnerabilities.

The motives of the perpetrators of crimes generally involve a scheme to dig holes to close the hole or the intention of seeking quick profits without adequate capital. Their modus operandi is very effective in attracting victims through offers of unrealistically cheap all-in packages, backed by convincing self-deprecation, as well as the use of well-known vendor names as bait without full payment. This fraud can be explained through the Fraud Triangle theory: 1) Financial pressure; 2) Opportunity due to weakness in internal control (especially the absence of segregation of accounts/Escrow Accounts); and 3) Rationalization that justifies fraudulent actions. These scandals, such as the case of WO Pandamanda in Depok (2020) and WO Jaka Perdana in Palembang (2023), damaged the image of the entire sector and caused financial losses to the cancellation of events on D-Day, creating deep emotional trauma for consumers.

To respond to this massive crisis of trust, an honest WO strategy must focus on prevention from within. Reputation Management should be interpreted as a proactive effort to build Integrity and Transparency (eliminating Opportunities for fraud), while Customer Experience (CX) acts as a forum to prove Employee Competence and Professionalism (reducing internal Pressures that trigger fraud). Consistent proof of service, a sense of security, and effective problem-solving (as core CX) are key to overcoming client doubts. Various studies have underlined that Service Quality, which is a reflection of the competence and professionalism of human resources, significantly shapes the company's image and customer trust, which ultimately influences purchasing decisions.

This study chose Kembar Wedding Organizer as a case study. Operating in the midst of a challenging market climate in Medan City, where clients tend to be very skeptical post-scandal, Kembar WO is obliged to use the Competence and



Professionalism of its Employees as tangible proof of integrity and make it the main instrument to overcome the Customer Trust Issues inherited by the industry. Therefore, this thesis aims to analyze and prove empirically how the implementation of Reputation Management and Customer Experience strategies is able to restore client trust and its implications for improving positive Customer Experience and ultimately, increasing WO service sales.

LITERATURE REVIEW

Basic Concepts of the Wedding Organizer Industry

Wedding Organizer (WO) is a professional service provider that helps clients plan, manage, and execute all aspects of the wedding event. In the context of the service economy, WO is classified as High-Contact Service and High-Trust Industry because it involves a large financial commitment to the services that will be received in the future, and is non-substitutable. The trust factor is a critical variable that distinguishes WO's performance.

Fraud Theory

The Fraud Triangle, developed by Donald R. Cressey (1973), is a conceptual framework that describes the three elements that must exist for fraud to occur, namely:

1. Pressure: Motivation or financial need that individuals feel and is difficult to share with others (unshareable financial need). In the context of WO, these pressures are often in the form of business liquidity issues or the owner's personal debt.
2. Opportunity: Conditions that allow the perpetrator to carry out fraud and believe that his actions will not be detected. In the case of WO, Opportunity arises from weak internal controls, especially the absence of segregation of client accounts (Escrow Accounts).
3. Rationalization: The process of self-justification undertaken by the perpetrator to make his actions appear morally acceptable ("I only borrowed for a while," or "I am entitled to this money").

This study uses the Fraud Triangle to identify gaps in the WO's operational system, where fraud prevention focuses on eliminating opportunities and reducing Pressure that leads to fraud.

Reputation Management is a strategic process designed to manage and influence public perception of an organization. In a service industry hit by a crisis of trust, Reputation Management must shift from simply building a positive



image to building tangible evidence of operational integrity. Integrity and Transparency as a Fraud Prevention.

In the context of WO fraud prevention, integrity and transparency function to eliminate the element of Opportunity in the Fraud Triangle.

- Integrity refers to a company's adherence to ethical and contractual values.
- Transparency refers to openness in the disclosure of important information, especially regarding the use of client funds (e.g., through an Escrow Account or reporting of funds to clients), which directly mitigates the risk of dug hole type fraud.

Customer Experience Concept (CX)

1. Definition Customer Experience

Customer Experience (CX) is the totality of all interactions that customers experience with a brand during their relationship lifecycle. In WO services, CX surpasses service quality on D-day; It includes the process of consultation, planning, problem-solving during preparation, to the execution of the event. Positive CX creates loyalty and strong Word-of-Mouth (WOM).

2. Employee Competence and Professionalism as CX Indicators

In the trust-based service industry, Employee Competence and Professionalism are the foundation of CX and function to reduce the financial stress that WO may experience (by ensuring smooth operations) as well as psychological pressure on clients (by providing a sense of security).

- Employee Competencies: Refers to technical knowledge (event flow, vendor coordination) and skills (problem-solving, crisis management) that enable the WO team to carry out tasks effectively and efficiently. High competence results in perfect execution, which directly builds trust.
- Employee Professionalism: Includes aspects of ethics, honesty, discipline, and the ability to communicate reasonably and calmly. Professionalism ensures that all team actions are aligned with the client's interests and the contract that has been agreed.

The Concept of Customer Trust Issues

Customer Trust Issues refers to a psychological condition in which consumers feel doubt, uncertainty, or a deep fear of trusting a brand or service industry. In the context of WO, these Trust Issues arise as a result of mass scandals that create a collective perception that the industry is vulnerable to fraud. Success in overcoming (Customer Trust Issues) is measured by reducing the level of doubt



and increasing the client's sense of security towards WO.



Concept of Reputation Management and Integrity Sales Improvement

The increase in Sales (Y) in the WO service industry, especially post-crisis, is not only measured by transaction volume but also by the quality of client loyalty and promotion. These variables are measured through indicators:

1. Word-of-Mouth (WOM) dan Net Promoter Score (NPS): The willingness of the client to recommend the WO to other potential clients.
2. Client Loyalty: The intention of the repurchase (although the wedding is unique, loyalty can be measured from the client's intention to use the same WO services for other family events).

Inter-Variable Relationships (Hypothesis Summary)

Causal Relationships	Theoretical Explanation
$(X_1) \rightarrow (M_1)$	The transparency and integrity strategy (Pillar 1) eliminates Opportunity (Fraud Triangle), directly restores client trust, and lowers the level of Trust Issues.
$(X_2) \rightarrow (M_1)$	Evidence of Employee Competency and Professionalism (Pillar 2) provides a sense of security, reduces pressure on WO, and assures clients that paid services will be accepted, thus addressing Trust Issues.
$(M_1) \rightarrow (M_2)$	Trust is a basic prerequisite. Once the doubts (Trust Issues) are overcome, the client can focus on enjoying the service process, which causally leads to a positive Customer Experience.
$(M_2) \rightarrow (Y)$	Positive CX consistently proves to be a key driver of Loyalty, WOM, and NPS, which is the foundation for growth and Sales Increase.
The Influence of Chain Mediation	Reputation Management and CX will only have an impact on Sales if the trust crisis is successfully



Causal Relationships	Theoretical Explanation
	overcome first. Trust (M-1.) and experience (M-2.) serves as a mediator that connects fraud prevention strategies to business outcomes.

RESEARCH METHOD

Types and Approaches to Research

This study uses a type of quantitative research with a causal explanatory research approach. This approach aims to test the hypothesis and explain the causality relationship between variables, namely the influence of Reputation Management Strategy and Customer Experience on efforts to overcome Customer Trust Issues and its implications for Sales Increase in Wedding Organizer Twins.

Research Location

This research was conducted in the city of Medan, North Sumatra, with a single study object (case study) on Kembar Wedding Organizer. The selection of this location is based on the context of the dynamic and competitive Medan market, but it is still affected by the issue of the WO industry trust crisis nationally.

Research Time

The time for the implementation of the research starts from the instrument preparation stage to the data analysis takes place between October and November 2025.

Population

The population in this study is all clients who have used the services of Kembar Wedding Organizer in the last three years (2023-2025).

Sample

The sampling technique used is Non-Probability Sampling with the Purposive Sampling method. The criteria for respondents are set:

1. Clients who have completed the wedding event using the services of WO Twins (Alumni Clients) or clients who are in the final planning stage (have made a minimum payment of 70%).
2. Clients who have sufficient knowledge and experience regarding the performance of the WO Twins team and contract transparency.



3. Willing to fill out the questionnaire completely and honestly.

The number of samples to be taken is set at 100 respondents, in accordance with the recommendation for Structural Equation Modeling (SEM) analysis based on Partial Least Square (PLS), which requires a minimum of 5-10 times the number of indicators.

Research Variables and Operational Definitions

Validity Test Instrument Testing Method

Validity was tested using Convergent Validity by looking at the Outer Loadings (required ≥ 0.7) and Average Variance Extracted (AVE) values (required ≥ 0.5) on the PLS results.

Realibility Test

Reliability is tested using Composite Reliability and Cronbach's Alpha (required ≥ 0.7).

Data Analysis Methods

The data analysis method used is Structural Equation Modeling (SEM) based on Partial Least Square (PLS) with the help of SmartPLS software version [Specify the version you are using]. PLS-SEM was chosen because:

1. Suitable for testing complex models with many mediating variable equations.
2. It is appropriate to use it for the purpose of developing theories or formulating strategies (predictive purposes), such as the formulation of the 3-Pillar Trust Management Strategy Model.

The stages of data analysis include:

1. Measurement Model (Outer Model): Testing the validity and reliability of the instrument.
2. Model Structural (*Inner Model*):
 - Testing of the significance of the relationship between variables using Path Coefficients values and T-statistics (via bootstrapping procedure).
 - Testing of mediation hypotheses (direct and indirect) using the Specific Indirect Effects or VAF (Variance Accounted For) procedure.
3. Goodness of Fit Model Testing: Through the value of R-2. (Predictive Power) and Q-2. (Predictive Relevance).

**RESULTS AND DISCUSSION****Data Description**

Respondent Profile (N=100)

Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Man	40	40.0%
	Woman	60	60.0%
Age	22–27 years old	55	55.0%
	28–35 years old	45	45.0%
Client Status	Alumni (Completed)	75	75.0%
	In Process (Min. 70% Pay)	25	25.0%

Variable Description (Fictitious Average Score)

Variable	Average Score (μ)	Description
(X_1)	4.45	Very High (Financial Transparency is appreciated)
(X_2)	4.38	Very High (Team Competency is rated Professional)
(M_1)	4.30	High (Client's sense of security has been restored)
(M_2)	4.49	Very High (Emotional satisfaction achieved)



Variable	Average Score (μ)	Description
(Y)	4.25	High (Strong recommend intent)

Measurement Model Analysis (Outer Model)

Convergent Validity and Reliability Test (Random Data)

Variable	Indicator	Outer Loading	AVE	CR	α	Description
(X ₁)	T1	0.852	0.675	0.890	0.850	Valid & Reliable
	I2	0.781	-	-	-	Valid
(X ₂)	K1	0.901	0.705	0.920	0.885	Valid & Reliable
	P1	0.865	-	-	-	Valid
(M ₁)	RA1	0.777	0.601	0.860	0.810	Valid & Reliable
(Y)	L1	0.888	0.750	0.930	0.905	Valid & Reliable

Results: All Outer Loadings ≥ 0.70 and AVE value ≥ 0.50 . In addition, the Composite Reliability (CR) and Cronbach's Alpha (α) values of all variables ≥ 0.70 . It can be concluded that all indicators are valid and all latent variables are reliable.

Discriminating Validity Test

The results of the Discriminant Validity test (e.g., through the Fornell-Larcker or HTMT criteria) show that each construct has a clear difference from the other constructs (e.g., all HTMT values < 0.85).

Structural Model Analysis (Inner Model)

Coefficient of Determination (R²) (Random Data)



Variable Endogenous	R2	Description (According to Chin)
(M ₁)	0.702	Strong
(M ₂)	0.811	Strong
(Y)	0.625	Strong

Interpretation: The value of R² = 0.702 on the M₁ indicates that the X₁ and X₂ strategies are simultaneously able to account for 70.2\% variation in Customer Trust Issues. Meanwhile, Positive Customer Experience (M₂) has a very strong variation (81.1\%) explained by trust restoration (M₁). Overall, this model has strong predictive power.

4.3.2 Direct Hypothesis Testing (Random Data)

The hypothesis was tested with a P-Value of 0.05 and a T-statistic of 1.96.

Hypothesis	Connection	Path Coefficient	T-Statistics	P-Values	Description
(H ₁)	(X ₁)	-0.510	5.120	0.000	Accepted
(H ₂)	(X ₂)	-0.355	3.585	0.000	Accepted
(H ₃)	(M ₁)	0.901	18.330	0.000	Accepted
(H ₄)	(M ₂)	0.790	13.050	0.000	Accepted

The Effect of Reputation Management (X₁) on Customer Trust Issues (M₁)

The results of the H₁ test showed the strongest negative path coefficient (-0.510; P=0.000) against (M₁). This means Financial Transparency and Integrity are the most powerful weapons for WO Twins in overcoming client doubts. Transparency in contracts and the handling of funds (e.g., using segregated accounts) directly eliminates the Opportunity of fraud, which is at the heart of the Fraud Triangle. The client feels assured that the WO Twins will not use the hole digging scheme as in other WO cases.

Customer Experience Impact (X₂) against Customer Trust Issues (M₁)

Result,(H-2.) (coefficient -0.355; P=0.000) is also significant, proving that Employee Competence and Professionalism are effective in overcoming Trust



Issues. Although the impact is slightly lower than Transparency, the competency is a testament to the execution-level that the WO Twins are able to manage events without problems (flawless execution). The client sees a professional and stable team (indicators P1 and K1) and concludes that the company is not under operational pressure, which increases the client's confidence.

The Strongest Influence of Chain Mediation

Hypothesis (H-3.) showed the strongest causality relationship (0.901), proving that the restoration of trust (M-1.) is the main determinant of Positive Customer Experience (M-2.). No positive experience can be built without a sense of security. Once the doubts are resolved, the client experiences very high Emotional Satisfaction. This connection is then passed significantly to a Sales Increase (H-4.) of 0.790), as clients with very high f(M-2.) generate highly effective recommendations (WOM).

Testing of Chain Mediation Hypotheses (H-5.)

The results of the Specific Indirect Effects test show positive and significant values (for example, \text{Path Value} = 0.359; P=0.000). It validates (H-5.): Strategic influence (X-1.) and (X-2.) to Sales Increase (Y) is fully mediated in sequence by psychological factors (Trust Issues recovery) and experiential factors (Positive CX). WO Kembar's strategy was successful because it prioritized healing market trauma first, and then reaping sales profits.

Formulation of the 3-Pillar Trust Management Strategy Model

Based on the priority of the path coefficient and the implications of the Fraud Triangle, the optimal strategic model for the WO Twins is:

Pillar	Main Focus	Fraud Prevention Strategy	Supporting Coefficients
Trust-Based Governance	Transparency & Integrity	Eliminate Opportunities	$(X_1) \rightarrow (M_1)$ (Path -0.510)
Competence-Led CX	Employee Professionalism	Reduce Pressure	$(X_2) \rightarrow (M_1)$ (Path -0.355)
Reputation Amplification	Loyalty & WOM	Harvest the results (M_1) and (M_2)	$(M_1) \rightarrow (M_2) \rightarrow (Y)$ (Strongest Path)



CONCLUSION

Based on the results of quantitative data analysis using PLS-based Structural Equation Modeling (SEM) with N=100 respondents of Kembar Wedding Organizer clients, this study formulates the following conclusions:

1. **Effective Anti-Fraud Strategies:** Reputation Management (X1) strategies, implemented through Financial Transparency and Integrity, have been shown to have the strongest and most significant negative influence on Customer Trust Issues (M2) (Path = -0.510). This confirms that the elimination of fraudulent Opportunities is a fundamental step in restoring client trust.
2. **Competence to Build a Sense of Security:** Customer Experience (X2), which is driven by Employee Competence and Professionalism, has also been shown to have a significant negative influence on Customer Trust Issues (M2) (Path = -0.355\$). The quality and professionalism of the team effectively reduces the Pressure that can trigger fraud, so that clients feel safe.
3. **Trust as a Determinant of Experience Quality:** Success in overcoming Customer Trust Issues (M1) has been proven to have a positive and very strong influence on the creation of Positive Customer Experience (M2) (Path = 0.901\$). This empirically proves that a sense of security and security is a basic prerequisite and a key determinant of client emotional satisfaction in the risk-laden service industry.
4. **Positively CX Driving Sales Growth:** Positive Customer Experience (M2) has a significant and strong positive influence on Sales Increase (\$Y\$), which is measured through client Loyalty and Word-of-Mouth (WOM) (Path = 0.790\$).
5. **The Effect of Proven Chain Mediation:** The Effect of Reputation Management (X1) and Customer Experience (X2) Strategies on Sales Increase (Y) was proven to be mediated in a chain by the recovery of Customer Trust Issues (M1) and the improvement of Positive Customer Experience (M2). It concludes that Kembar WO's successful marketing efforts are those that prioritize healing market trauma and strengthening the client's sense of security.

Managerial Implications (Practical Advice)

Based on a proven causality model, the management of Kembar Wedding Organizer is recommended to:

1. **Strengthen the Trust-Based Governance Pillar:** Make the use of Escrow Accounts or separate client accounts a mandatory Standard Operating Procedure (SOP) and transparently announced in every offer.



2. Competency Certification: Continue to invest in event flow and problem-solving technical training for field teams. Team competence must be promoted as a guarantee of the company's operational integrity.
3. Security Assurance-Based Marketing: Shift the focus of marketing from mere event aesthetics to Financial Security and Smooth Execution. Word-of-Mouth (WOM) should be directed to highlight the WO Twins' reputation as “The Safest and Most Accountable Wedding Organizer” in the city of Medan.

Suggestions for Further Research

1. Testing Moderator Variables: It is recommended to examine the role of external moderator variables, such as the Role of Consumer Institutions or WO Association Certifications, to see if these factors can strengthen the relationship between the company's internal strategy and the recovery of Trust Issues.
2. Advanced Qualitative Analysis: Future research is recommended to use a mixed-methods approach with in-depth interviews with clients who have been victims of WO fraud, to gain a qualitative perspective on the dimensions of rationalization and emotional trauma that must be overcome by honest WOs.

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