



The Research of Customer Switching Behavior at Some Leasing Companies

Willy Arafah^{1*}, Thoby Mutis²

¹Master of Management, Trisakti University, Jl. Kiai Tapa No. 1, Grogol, 11440, Jakarta, Indonesia, ²Master of Management, Trisakti University, Jl. Kiai Tapa No. 1, Grogol, 11440, Jakarta, Indonesia. *Email: willy.arafah@hotmail.com

ABSTRACT

The goals of this research was to examine and analyze the impact of price, service quality, effective advertising competition, involuntary factors, distance to customer switching behavior. This research was expected to benefit the some leasing companies in Indonesia (PT. FIF, PT. ADMF, Tbk, PT. SOF, PT. WOM, PT. BAF). The design of this research apply hypothesis testing using a quantitative methods, hypothesis testing, which generally describes the characteristics of certain relationships or differences between groups or interdependence of the two factors or more data analysis applied measuring method structural equation modeling. The questionnaire given to the sample directly as much as 300 customers of leasing companies will be used in this research. Survey method by intercepting customers who leave the leasing company because it provides the advantage of taking data directly. The results of research indicate that the factors influence price, service quality, effective advertising competition, involuntary factors, distance is very influential on the displacement behavior some leasing companies in Indonesia.

Keywords: Effective Advertising Competition, Switching Involuntary, Distance, Service Quality, Price

JEL Classification: M3

1. INTRODUCTION

Based on theoretical framework switching behavior is also referred to as defection or transfer of the customer in research of Abdulkarim et al. (2009), also referring to the decision of the customer deciding to stop purchasing certain leasing company services completely or reducing the customer's desire to have protection from previous leasing company services Padmavathy et al. (2012). The starting point for investigating factors that trigger switching behavior in the service sector is the model presented by Bedman (2013) in Syed et al. (2012) which illustrates eight reasons customers who can switch their mind to other leasing companies. Several previous studies have also been conducted for different industries regarding consumer behavior change, where consumers are very rational and sensitive to various issues such as price, service failure, response speed of employees, to various industries that affect switchin behavior. Based on the various phenomena occurring in the current empirical empirical research theorists wish to clearly identify the effect of several preliminary studies on the differences failure, response speed of employees, to various industries that affect

switching behavior customers of leasing companies in Jakarta. There are some basic questions that will be tested hypothesis in this research, among others is based on the disclosure of the background research then obtained the formulation of the problem as follows:

1. Is there a positive influence of price on customer switching behavior?
2. Is there any positive effect of service quality on customer switching behavior?
3. Are there any positive effects of effective advertising competition on customer switching behavior?
4. Are there any positive effects of involuntary factors on customer switching behavior?
5. Is there a positive effect of distance to customer switching behavior?

2. CONDEPTUAL FRAMEWORK

According to the theory of some experts among others, among others Tae and Karen (2011) in Gurjeet and Sharma (2012)

argue that the which has a clear influence is the reputation of the company, because according to the results of their research reputation means that all systems that have been made either by an institution either financial or non financial in order to provide services to its customers, especially for re-transactions. In line also what the other experts pursue, Jee and Ernest (2013) and Javalgi et al. (1989) in Jung-Kee and You-il (2012) show that the selection of customer decisions choosing a leasing company may be influenced by the leasing company's reputation. A good reputation built by the company is a factor that greatly affects the perception of consumers and can strengthen customer trust and leasing company confidence, while a poor reputation can increase the likelihood of a decision to switch to other company. Other research say Kimball et al. (2010) in Syed et al. (2014) building trust is not an easy job it will take time and a lot of experience that will be the learning material for the company. Previous research has found that superior service quality has a positive relationship with customer switching behavior especially in the leasing companying sector (Clemes et al., 2007; Safakli, 2007) in (Aggarwal et al., 2012). According to Yu et al. (2005) in Padmavathy et al. (2011) said that the quality of service from the company is the spearhead of the service provided to the consumer, therefore the quality of service will have an impact on all levels of the customer satisfaction aspect in a business enterprise, especially in this case is the leasing company. In the leasing company according to the data from the consumer that the price is also very decisive keppihakannya consumers to choose leasing companies that they think is good, prices have broader implications because they include not only the cost but also the interest charged/paid on loans and deposits (Gerrard and Cunningham, 2004) in (Robert and Owusu-Frimpong, 2010). Price plays a very important role that will affect consumer behavior and the intention of the consumer itself (Cronin and Taylor, 1992; Varki and Colgate, 2001) in (Purwanto et al., 2013). Advertising also plays a very important role in the problem to attract consumers to be satisfied and faithful toward the products that we produce it (Dunn, 1995) in Robert and Owusu-Frimpong (2010). Rust and Zahorik (1993) in Elissavet et al. (2013) highly effective advertising will clearly affect consumer perceptions that consume the products we produce for all the product lines. James (2010) in (Christopher et al., 2011) explains that effective advertising strengthens communication between organizations and customers, and reduces the perceived risk of consumers. Involuntary factors according to Keaveney (1995) in Gurjeet and Sharma (2012) explain factors that are out of control, either the customer or the service provider as a deliberate switch factor. A very strategic location will also greatly affect consumers to come buy the products we sell, because today so many congestion, especially in big cities, this will lead to costs to be borne by consumers, so the result of that many online business is so widespread currently (Levesque and McDougall, 1996). Keaveney (1995) in Syed et al. (2014) explains that, under the category of inconvenience, the location of the service provider is an important factor that can trigger switching. Customers may switch to a new provider, if the new service provider is closer to the customer's workplace or home. Switching costs can be divided into three categories, among others: (1) Costing procedures that include time and effort; (2) costs associated with cost evaluation; (3) training and financial costs involving loss of benefits and

financial resources. Based on a previous definition, Oliver (1997) in Syed et al. (2014) offers a formal definition that satisfaction is a condition where consumers will feel very satisfied from what side they spend with what they get, so here we can take conclusion consumer feel satisfied. Customer satisfaction is often recognized as a major factor influencing the formation of future customer purchase intentions (Taylor and Baker, 1994) in Gurjeet and Sharma (2012). switching we can define is switching or switching consumers over an option to other options for some reason.

- H_{a1} → The positive effect of influence of X_1 toward Y
- H_{a2} → The positive effect of X_2 toward Y
- H_{a3} → The positive effect of X_3 toward Y
- H_{a4} → The positive effect of X_4 toward Y
- H_{a5} → The positive effect of X_5 toward Y.

3. RESEARCH METHODS

This research refers to some research that has been done by previous researcher, this research use hypothesis testing method, that is to test influence one variable with other variable in this research on unit analysis taken as sample in this research. Hypothesis testing which generally describes the characteristics of certain relationships or inter group differences or interdependence of two or more factors in a situation (Hermawan, 2009). In this research used 300 respondents who became the unit of analysis and dimtif justification of the results of statistical calculations that have been done by using analytical tools structural equation modeling. Survey method by intercepting customers who leave the leasing company because it provides the advantage of taking data directly (Zhou, 2004).

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4. RESULT AND DISCUSSION

1. From the results of the analysis by using statistical calculations and drawing conclusions on what happens to the unit of analysis, then there is a significant influence between the price of switching behavior so that H_0 rejected and H_a (1) received. Thus it can be said that there is influence between price to Switching behavior. Where the $P = 0.02$ below 0.05 and the beta coefficient β negative -0.20 . Standardized coefficients beta of β minus -0.20 indicates that each increase of one unit at a price will increase the consumer's intention to switch to a leasing company of 20%.
2. From the results of the analysis by using statistical calculations and drawing conclusions on what happens to the unit of analysis, then there is no influence between service quality to switching behavior. Standardized coefficients beta of -0.15 indicates that each increase of one unit at service quality will decrease the consumer's intention to switch to a lease company of 15%.
3. From the results of the analysis by using statistical calculations and drawing conclusions on what happens to the unit of analysis, then there is no effect between effective advertising competition to switching behavior.
4. From the results of the analysis by using statistical calculations and drawing conclusions on what happens to the unit of analysis, then there is no influence between involuntary switching to switching behavior.
5. From the results of the analysis by using statistical calculations and drawing conclusions on what happens to the unit of

analysis, then there is no influence between distance to switching behavior. Standardized coefficients beta of 0.30 indicates that each increase of one unit at a distance increases the consumer's intention to switch to a leasing company by 30%.

5. CONCLUSION AND MANAGERIAL IMPLICATIONS

The result of this research can be summarized as follows: (1) Price factors such as leasing company interest on loans and low leasing company interest rates on the customers of leasing companies are very influential on the behavior of customers switch; (2) good quality service provided by the staff of the leasing company does not affect the customer switching behavior of the customer of the leasing company to another company; (3) effective advertising competition or advertising competition by a leasing company does not affect the customer of the leasing company to another company; (4) invoicing switching has no effect on the decisions of customers' behavior of leasing companies to other companies.

6. LIMITATION

1. Increase service from the management to the consumer, because with the increase of this service then a little later consumers will move to other leasing companies.
2. Provide training to employees well, because it will increase their knowledge in the world of services, with training then the knowledge of employees will be increasing and berkonstruksi for the company.
3. Customer satisfaction factors, price and reputation. Customer satisfaction covers every aspect of the leasing company service, both the interaction between the customer and the leasing company staff and the use of facilities provided by the leasing company for the customer.
4. Speed in providing services to customers is one of the important factors to be considered in creating customer satisfaction, because some time customers become important factors how long they spend in the transaction.

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