

## INFLUENCE OF SERVICE QUALITY ON SWITCHING BEHAVIOR MEDIATED BY RELATIONSHIP QUALITY IN SPRING BED RETAILERS IN JABODETABEK

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### ABSTRACT

*Retailers in the spring bed business have a privilege to choose among the various products offered by various suppliers. Typically, these retailers would have chosen the suppliers whose products are matched with their needs and at the same time could give higher profits. This condition has strengthened the competition in the spring bed industry. In order to face the challenges that come from the retailers' switching behavior, every supplier has to give a good service quality and build a strong relationship quality with their retailers. In this study, relationship quality was measured by three components: satisfaction, trust and commitment from the retailers to the suppliers. The objective of the study is to analyze the impact of service quality on switching behavior which was mediated by the relationship quality. The components of relationship quality are: satisfaction, trust and commitment. A theoretical framework was developed as the hypotheses for testing the impact of every variables were constructed. The samples of this study were 341 spring bed retailers in Jabodetabek (Jakarta, Bogor, Depok, Tangerang and Bekasi) area. A six-point Likert-type scale was used for the questionnaire variables, with 1 = strongly disagree and 6 = strongly agree. The quantitative analysis with Structural Equation Modelling (SEM) was completed using Lisrel 8.8. The structural model of this study could explain the interrelationship among each variables in the model. As a result, from ten hypotheses there were five findings supporting the hypotheses: service quality had an impact on satisfaction, service quality had an impact on trust, satisfaction had an impact on trust, trust had an impact on commitment, and commitment had an impact on commitment. The findings which did not support the hypotheses were: There was no impact of service quality on commitment and switching behavior; there is no impact of satisfaction on commitment and switching behavior; and finally there is no impact of trust on switching behavior. As a conclusion, the result of the study described the importance of service quality in manufactured industry, in the business to business context between spring bed suppliers and retailers. The impact of service quality on the switching behavior was mediated by relationship quality, where commitment was the important component of relationship quality that greatly affecting the strength of service quality impact on switching behavior. For future studies, researchers may explored other model to investigate more variables with more proper indicators, more homogeneous samples and longer period of research.*

**Keywords:** *Service quality, relationship quality, satisfaction, trust, commitment, switching behavior.*

## INTRODUCTION

Spring bed industry is a manufacture industry the products of which are marketed to stores/retailers in business-to-business (B2B) relation. Company's consumers are retailers that have relationship with producers making service quality be one of the important considerations in developing a relationship (Moliner et. al., 2007). Service quality becomes more important because of tougher competition in the domestic markets. Tough competition in the spring bed industry is due to a large number of products supplied by different producers with quality which can hardly be distinguished from one company to another. Besides, spring bed producers market most of their products in the domestic market. In the international markets, Indonesian spring beds are inferior to products from other countries such as China which enjoy the first position securing US\$22.36 billion, followed by Italia US\$13 billion, German US\$10.69 billion, and the United States US\$6.86 billion (Kompas, 2007). In fact, Chinese spring beds will be the real threat ahead of the ASEAN-CHINA free market which will be started as of January 2010 although the threat will not be big because spring bed products have big physical size and therefore they need high cost for transportation. Competition of spring bed products in Indonesia become tougher thanks to the increasing number of domestic producers, both the medium and small scales, in furniture and other processing industries, from 1,914 in 2001 to 3,198 in 2008 (BPS, Pusdatin Deppeerin, 2009). Spring bed suppliers compete to search for innovations, to widen their factories, to relocate their factories, to broaden their market shares, and to rebrand their product. (Lampung Post, 2008). The competition heats up because of import products entering the Indonesian marketing in the form of franchise (Lampung, 2009).

Previous researches as mentioned above were mostly based on a perception of relationship between a seller and a buyer in service (Gerrard and Cunningham, 2004). This research is also directed to end consumers, instead of business consumer (*business to bussines/B2B*) although practitioners and researchers have agreed that relationship-building is more significant and valuable in the context of B2B (Anderson and Narus, 1990). Therefore, the problem formulation of this research will be: "Is there any effect of service quality to switching behavior which is mediated by the relationship quality component which comprise of satisfaction, trust and commitment of spring bed retailers?" Since components of relation quality comprise of satisfaction, trust, and commitment, interrelationship between the examined variables become more complex and, therefore, the problems of this research can be formulated as follows: (1) Does Service Quality affect Satisfaction?; (2) Does Service Quality affect Trust?; (3) Does Service Quality affect Commitment?; (4) Does Service Quality affect Switching Behavior?; (5) Does Satisfaction affect Trust?; (6). Does Satisfaction affect Commitment?; (7) Does Satisfaction affect Switching Behavior?; (8) Does Trust affect Commitment?; (9) Does Trust affect Switching Behavior?; (10) Does Commitment affect Switching Behavior?

## THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Definition of relation marketing includes relational marketing (Dwyer et. al., 1987), *working partnerships* (Anderson and Narus, 1990), *strategic alliances* (Day, 1990), *co-marketing alliances* (Bucklin and Sengupta, 1993), and *internal marketing* (Arndt, 1985; Berry and Parasuraman, 1991). Consequently, there is no one single general definition of relationship marketing in the literature. Relationship marketing is relationship between two parties in which other complexities are more than business cooperation. An example of several definitions on relationship marketing put forward by Hansson (1982), for example, says that relationship marketing is an interpersonal and social process between buyers and sellers based on continues contacts, mutual benefits, trust, and commitment. According to Berry (1933) relationship marketing is an interesting effort to maintain and to improve close relationship between a company and a customer. Meanwhile Jackson (1983) said that relationship marketing is a marketing orientation to the power of relationship at any time. According to Gronroos (1990), relationship marketing is activities to establish, to maintain, and enhance objective relationships between two parties to produce beneficial exchanges under mutual agreement. In addition to the above definitions, there are still other definitions as given by Kotler (1991) who said that relationship marketing is to build long-term satisfying relations with key parties. Meanwhile, according to Berry and Parasuraman (1991), relationship marketing is to an interesting activity to develop and maintain relationship with consumers. According to Morgan and Hunt (1994) relation marketing is an entire marketing activity directed to build, to develop, and to maintain successful relational exchange. Meanwhile Sheth and Parvatiyar (1995) said that relationship marketing is a sustainable collaboration between organizations and their suppliers in order to improve customers' satisfaction.

Relationship marketing plays important roles to develop a competitive specialty (Day, 2000) because it provides an opportunity to market additional products and services to the heart of customers. Relationship has special uses for a company because its specialty continues. Frequently, relationship is unique for certain organizations and therefore it takes much time for competitors to develop trust and commitment as one of the means to take over customers from other companies. Subsequently, relationship can give consumers enjoyment more than satisfaction which can hamper consumers move to other companies (Schneider and Bowen, 1999). It is because relationship has power to offset declining performance of a product or service and, therefore, it can hamper customers to move to other products and services when they feel dissatisfied. Although declining performance of product or service is considered as the biggest factor causing failure in retail marketing due to dissatisfaction (Kelley, et al., 1993), most customers do not complain about their dissatisfaction because of strong relationship.

According to Morgan and Hunt (1994), every transaction has characteristics which are different from the beginning, term, and performance. There are ten different forms of relationship marketing (Morgan and Hunt, 1994), namely: (1) Cooperation which involves exchanges between factories and goods suppliers such as business to reach just-in-time supply and total management quality; (2) exchange relationship which include several service providers, for example, between advertisement bureau or marketing research agency and service client; (3) Strategic alliances between a company

and its competitors in, for example, technology alliance and joint marketing alliance; (4) Alliance between a company and a non-profit organization such as cooperation for general purpose; (5) Research and development cooperation between a company and a regional government, state or the Central Government; (6) Long-term cooperation between a company and a main consumer as recommended in service marketing; (7) Exchange colleagues in, for example, distribution channel; (8) Exchanges involving functional departments; (9) Exchanges between a company and its employees in, for example, internal marketing; (10) Exchange relationship in a company involving business units as a subsidiary company or strategic business division or unit.

Morgan and Hunt (1994) explained more on trust and commitment; but their research had actually four key components which become the key variables of successful relationship. The four variables were also used in other researches (Hunt 2002), namely cooperation, trust, commitment, and communication. In a later research (Moliner et. al., 2007), key variables of relationship marketing valued from the components of relationship quality comprise of satisfaction, trust, and commitment. Quality of the three components shows relationship quality as a parameter to value relationship strength. Such argument is supported by other researches which found that a customer's satisfaction with a supplier's performance, trust to a supplier, and commitment to a supplier are key variables on which relationship quality is based (Baker et. al., 1999; Crosby et al., 1990; Dorsch et al., 1998, Garbarino and Johnson 1999; Palmer and Bejou 1994; Smith, 1998).

Service quality is a comprehensive consideration or attitude related to specialty of a service (Parasuraman, Ziethaml and Berry, 1988). *Service quality* is also connected to a comparison of perception and expectancy which a perceived quality is considered as suitability level between customers' perception and a customer's expectancy in which perception is defined as a customer's confidence on products or services they have enjoy. Customers' perception on service quality is a multidimensional idea which can be viewed as technical quality, functional quality, process quality, and result quality determined by customers after a product is produced. Service quality evaluation is made with various considerations which can be generally differentiated into two each of which has different conceptual components and dimensions and is popular in literature of service marketing (Mittal and Lassar, 1998).

The first concept was given by Gronroos (1990) who proposed that service quality measurement can be based on two dimensions, namely (1) *Technical quality* which is related to types of services delivered and (2) *Functional quality* which is related how a *service* is delivered. The second concept is used more in researchers (Mittal and Lassar, 1998) in which *service quality* is measured by SERVQUAL (Parasuraman et al., 1988) which comprises of five dimensions as follows: (1) *Reliability*, ability to provide a promised services in appropriate and accurate ways; (2) *Responsiveness*, ability to help customers and to provide services quickly; (3) *Assurance*, knowledge and courtesy of employees and ability to give trust and confidence; (4) *Empathy*, individual care and attention paid to customers; and (5) *Tangibles*, physical facilities, equipment, and employees' appearance. The five dimension of service quality is a kind of simplification of the previous researches in which service quality comprises of ten interrelated dimensions, namely visual, reliability, responsiveness, competence, hospitality, credibility, security, access, communication, and understanding.

*Relationship quality*, according to Ford (1980), is the essence of *relationship marketing*, namely marketing which emphasizes relationship with customers. Things related to *relationship quality* are not different from studies on *relationship marketing* and, therefore, dimensions of *relationship quality* are not different from dimensions of *relationship marketing*. Therefore, Garbarino and Johnson (1999) says that *relationship quality* is the entire assessment on relationship strength which binds each party of a cooperation in such a way that they can gain benefits even in a small exchanges.

*Customer satisfaction* is a fundamental conception in marketing which is very important to achieve a business goal (Mittal and Lassar, 1998; Webster, 1994). A business mobilizes all of its energy to satisfy customers and, therefore, research and consultant industries have been continuously growing (Barsky, 1994; Hayes, 1992). Customer satisfaction encourages long-term benefits and therefore, it is severely needed to measure performance of national companies, industries and economy (Anderson, et al., 1994). The emphasis of the survey on satisfaction in the service industry is encouraged by an assumption that customer satisfaction will stimulate customers to make other purchases (Jones and Sasser, 1995).

Trust is a critical construct in different disciplines (Nicholson, et al., 2001) which becomes one of the important variables to elucidate *relationship marketing* (Heffernan, T., 2004) in various literatures on retailers (Ganesan, 1994; Morgan and Hunt, 1994), Channels (Weitz and Jap, 1995, Anderson and Narus, 1990), end-consumers (Berry, 1995, Czepiel, 1990;), and lateral relationship (Webster, 1992). *Trust* is confidence of one party to another (Morgan and Hunt, 1994) in which each party will act under a mutually agreed integrity (O'Malley and Tynan, 1997).

Commitment is the highest level of relationship (Dwyer et al., 1987). *Commitment* among several parties occurs when one of the parties considers that relationship with other parties is very important to achieve long-term objectives (Morgan and Hunt, 1994; Gundlach et. al., 1995). It shows that the essence of *commitment* among several parties is long-term relationship which sacrifices short-term desire for the sake of long-term benefits. Moorman et. al., (1992) said that *commitment* is a desire to manage a valuable relationship. Meanwhile other definitions (Saura, Deltoro, and Taulet, 2009; Anderson and Weitz, 1992) say that *commitment* is a desire to develop stable relationship, willingness to sacrifice short-term willingness to maintain a relationship, and confidence of the presence of balanced relationship.

Switching behavior can be divided into two groups, namely active *switcher* and passive *switcher*. Active *switcher* is a customer who actively seeks information on other companies or brands from advertisements or other consumer. Meanwhile, passive *switcher* is a consumer which gets information from other companies or brands (Roos and Gustafsson, 2007). Switching behavior can also be grouped into two main groups, namely: *economic* or *cognitive* and *social* or *affective* (Wieringa and Verhoef, 2007; Bolton, Lemon, and Verhoef 2004; Geyskens and Steenkamp, 2000). Economic factor is an economic value gained from relationship with a company. They include (*economic*) *satisfaction*, *perceived price levels*, and *price-value ratios (payment equity)* (Bolton and Lemon, 1999). On the contrary, social and affective aspects such as *trust (honesty and benevolence of a supplier)* and *commitment (psychological attachment)* (Verhoef, 2003; Verhoef, Franses and Hoekstra, 2002).

Actually, switching behavior causes disadvantages to producers because the loss of consumers will result in the increase of opportunity cost for the decrease of sale and the increase of cost to obtain new customers which will be five to six times more expensive than that of maintaining existing customers (Mavri and Ioannou, 2008; Li, Browne and Wetherbe, 2007; Athanassopoulos, 2000; Keaveney, 1995; Dawes and Swailes, 1999). Therefore, in a competition which is getting tougher and tougher, an effort to maintain existing customers by curbing switching frequency is more beneficial than an effort to search for new customers. (Roos and Gustafsson, 2007; Reeheld, 1996; Fornell, 1992). The knowledge about *switching behavior* can be obtained by testing roles of several factors in the switching processes (Roos and Gustafsson, 2007).

Several researches to measure switching behavior were based on the reason of its emergence by using several dimensions (Gerrard, 2004; Grace, 2001; Keaveney, 1995) including: *pricing, inconvenience, core service failure, service encounter failure, employee's response to service failure, attraction by competitors, ethical problem, and involuntary switching and seldom-mentioned incident*. However, *switching behavior* can also occur because there are consumers who love by nature changing as they want to try something new or because of a certain reason in relation to information on product category (Trijp, Hoyer and Inman, 1996). Therefore, *switching behavior* can also be seen from motives to switch, which can be distinguished into two, namely *intrinsic motivation*, an intrinsic drive to switch to other products, and *extrinsic motivation*, a drive coming from outside customers to switch to other products. In addition, *switching behavior* can occur because of other dimensions, including *need for variety, low involvement, purchase frequency, small perceived differences, hedonic features, and strength of preferences*.

In order to curb switching behavior, a company should maintain relationship marketing with customers because the absence of good relationship between producers and customers shall be a process to make consumers disloyal as seen in higher level of switching behavior (Gerrard and Cunningham, 2004; Keaveney, 1995). *Relationship marketing* is a strategy to maintain customers. It is a dynamic process to develop interactions between a company and its customers (Roos and Gustafsson, 2007; Bolton, 1998) in which the strength of *relationship marketing* is measured upon *relationship quality* (Wieringa and Verhoef, 2007). Meanwhile, *relationship quality* shall be developed when customers/suppliers gain better *service quality* from a seller/supplier, compared to services they get from other sellers/suppliers. Service quality that a customer gets will affect the strength of *relationship quality* and level of *switching behavior*. In case a seller/supplier fails to create good service quality, quality of its relationship with customers/retailer will be low, encouraging customers/retailer to move to other sellers/suppliers. It is actually confirmed by findings of Morgan and Hunt (1994) asserting that *relationship quality* is a variable mediating relationship between antecedent variables and other variables. At the same time, poor service can directly affect customers/retailers to move to other retailers. Therefore, *service quality* affects *switching behavior* both directly and indirectly which is mediated by *relationship quality*.

Relationship quality is a variable mediating the effect of service quality to switching behavior. It comprises of *satisfaction, trust, and commitment* (Moliner et. al., 2007; Ulaga and Eggert, 2006) which affects each other. From this fact, five main variables to be examined are found each of which

has the following understanding and dimensions: (1) *Service quality* is comprehensive consideration, or an attitude related to specialty of a service in which service quality can be measured based on five dimensions, namely: *tangible, reliability, responsiveness, assurance, and empathy* (Yavas, U., 2003; Parasuraman, 2005); (2) *Satisfaction* is a comparison between performance and expectation which can be measured based on two dimensions namely *satisfaction with supplier* and *satisfaction with product/service* (Oliver, 1981); (3) *Trust* is confidence of a party to other parties which can be evaluated based on two dimensions, namely *honesty* and *benevolence* (Morgan and Hunt, 1994); (4) *Commitment* is willingness to develop stable relationship, willingness to make short-term sacrifice to maintain relationship, and belief on balanced relationship which can be evaluated based on two dimensions, namely, *cognitive* and *affective* (Saura, Deltoro and Taullet, 2009; Anderson and Weitz, 1992); and (5) *Switching behavior* is understood as a condition of leaving a group or condition in which a consumer leaves in relation to its decision to stop buying certain services or fully being a customer of a certain service company which can be evaluated based on two dimensions, namely *intrinsic* and *extrinsic* (Stewart, 1994; Bolton and Bronkhurst, 1995; Boote, 1995).

These variables (*service quality, satisfaction, trust, commitment, and switching behavior*) relate to each other. Variable interrelationship examined in this research will be formulated as follow: is there any influence of *service quality* on spring bed retailers' *switching behavior* which is mediated by component of *relationship quality* which comprises of *satisfaction, trust, and commitment*? Based on the above research problem, for hypothesis of this research, framework of influence among variables can be described as follows:

The first research problem is: "Is there any influence of service quality on satisfaction? Sivadas and Prewitt (2000), in their research, found that *service quality* affect *satisfaction*. Although the next research (Yavas, Benkenstein and Stuhldreier, 2004) found that *service quality* is the root of *satisfaction*, a research with different object in the same year (Chumpitaz and Paparoidamis, 2004) found that *service quality* affects *satisfaction*. However, the next research (Mavri and Ioannou, 2008) puts *service quality* and *satisfaction* as independent variables having the same level in affecting *switching behavior*. Another research (Lu and Seock, 2008) divided *service quality* based on three dimensions all of which have influence on *satisfaction*. Meanwhile, the latest researches (Meng and Elliott, 2009; Qin and Prybutok, 2008; Saha and Theingi, 2009) showed that *service quality* affected *satisfaction*. Regardless different placement of variables and different results, capability of sellers/suppliers to give service quality affects relationship quality with customers/retailers. Since *satisfaction* is one of the variables showing *relationship quality, service quality* affects *relationship quality*. Customers /retailers that receive services with better quality will be more satisfied. Therefore, it can be assumed that service quality has positive influence on satisfaction. Thus, the proposed hypothesis can be as follow:

H1: *Service Quality* has positive influence on *Satisfaction*

The second research question is: "Is there any influence of service quality on trust? Lin and Ding (2005) in their research used three components of *service quality*, namely *relational selling behavior, network quality, and service recovery* terhadap on *relationship quality* and found that

each component of *service quality* affects *relationship quality*. Although they failed to detail the components of *relationship quality*, their research clearly showed the influence of *service quality* components on *relationship quality* represented by one of the components of *relationship quality*, namely *trust*. Service quality given by sellers/suppliers can affect trust of customers/retailers. The better a service is given, the higher the trust of customers/retailers to sellers/suppliers. Thus, it can be assumed that service quality has positive influence on trust. Therefore, the following hypothesis can be made:

*H2 : Service Quality has positive influence on Trust*

The third question of this research is: “Is there any influence of service quality on commitment?” Anton, Camarero and Carrero (2007) in their research put *service quality* and *commitment* as independent variables of the same level in affecting *switching intention*. One of the researches which can be made as a knowledge base on whether or not there is influence of *service quality* on *commitment* is a research conducted by Anderson and Weitz (1992) which found that *retailer commitment* was affected by perception on what a manufacture (supplier) does. Despite a research clearly elucidating the influence of service quality on commitment, a research conducted by Lin and Ding (2005) can be at least used as a base as the research found that components of service quality have influence on relationship quality because commitment is one of the components of relations quality. Service quality extended by seller/supplier can encourage customers/retailers to maintain relationships. The higher the quality of service, the stronger the willingness to maintain the established relationship will be. Therefore, it can be presumed that service quality has positive influence on commitment. Thus, the following hypothesis can be:

*H3 : Service Quality has positive influence on Commitment*

The fourth research question is: “Is there any influence of service quality on switching behavior?” Anton, Camarero and Carrero (2007) in their research found that *service quality* had strong influence on *switching intention*. Meanwhile a research conducted by Qin and Prybutok (2008) found that *service quality* had direct influence on *behavioral intention*. Another research (Mavri and Ioannou 2008) clearly found that *service quality* had negative influence on *switching behavior*. From those findings it is known that *service quality* has direct influence on *switching behavior*. If perception of a store/retailer on service quality is high, the store/retailer as customer tends to maintain its relationship with the producer/suppliers and will not move to other producers/suppliers. The better the quality of service quality given by a seller/supplier, the smaller the possibility for a customer/retailer to move to other sellers/suppliers will be. Thus, it can be presumed that service quality has negative influence on switching behavior. Therefore, the following hypothesis can be made:

*H4: Service Quality has negative influence on Switching Behavior*

The fifth research question is: “Is there any influence of satisfaction on trust?” Garbarino and Johnson (1999) in their research said that *satisfaction* is an independent variable which had no influence on trust and commitment because the three were independent variables of the same level. A



research conducted by Ranaweera and Prabhu (2003) stated that *trust* was a variable which moderated the influence of *satisfaction* on *customer retention*. Moliner et al., (2007) found that *satisfaction* is the main base of *relationship quality* which will influence *trust*. A later researcher (Saura, Deltoro and Taulet, 2009) found that *satisfaction* was a component of *relationship quality* which has not influence on *trust*. Despite differences, it can be said that *satisfaction* can be considered as a base of *relationship quality* which influences *trust*. If a retailer feels satisfied with a supplier, its trust will increase. Thus, it can be presumed that *satisfaction* has positive influence on *trust*. Therefore, the following hypothesis can be made:

*H5: Satisfaction has positive influence on Trust*

The sixth research question is: “Is there any influence of satisfaction on *commitment*?” Garbarino and Johnson (1999) in their research said that *satisfaction* is an independent variable which has no influence on *commitment* because they were independent variables of the same level. A later research (Vasudevan, Gaur and Shinde, 2006) clearly explained that *satisfaction* has positive influence on *commitment*. The same finding was obtained by another later research (Moliner, et al., 2007) stating that *satisfaction* was the main base of *relationship quality* which will affect *commitment*. A customer/retailer that feels satisfied with a product/service offered will try to maintain a relationship which has been established by developing stronger relationship. Thus, it can be presumed that *satisfaction* has positive influence on *commitment*. Therefore, the following hypothesis can be made:

*H6 : Satisfaction has positive influence on Commitment*

The seventh question of the research is: “Is there any influence of satisfaction on *switching behavior*?” Ranaweera and Prabhu (2003) in their research found that *satisfaction* influenced *customer retention*. A later research (Gustafsson, Johnson and Roos, 2005) also found a similar finding that *satisfaction* influence *customer retention*. Another later research (Li, Browne and Wetherbe, 2007) found obvious differences of satisfaction levels at two types of consumers in which *stayer* had higher *satisfaction* than *switcher* did although the two group had potential to switch. It indicates that consumer dissatisfaction makes the potential to switch bigger. Although a research with different object (Findlay and Sparks, 2008) found no aggregate difference between *switcher* and *non-switcher* at *store switching behavior*; there is a speculation that what affects switching behavior is *satisfaction*. It is actually supported by a research conducted by Mavri and Ioannou (2008) which clearly stated that *customer satisfaction* had negative influence on *customer switching behavior*. When a customer/retailer fails to get satisfaction in its relationship with a seller/supplier, the customer will switch to other sellers/suppliers. On the contrary, when a customer/retailer is satisfied with its relationship, the customer/retailer will not switch to other seller/supplier. It indicates that the higher the satisfaction a customer/retailer feels, the smaller the switching behavior will be. Thus, it can be presumed that *satisfaction* has negative influence on *switching behavior*. Therefore, the following hypothesis can be made:

*H7 :Satisfaction has negative influence on Switching Behavior*

The eighth question of the research is: “Is there any influence of trust on commitment?” Garbarino and Johnson (1999) in their research stated that *trust* influenced *commitment*. The same finding (Moliner, et al., 2007) states that *trust* mediated the influence of *satisfaction* on *commitment*. The latest research (Saura, Deltoro and Taulet, 2009) reaffirmed that *trust* influenced *commitment*. Trust to other parties is the main base to create relationship in which the higher the trust to other parties, the stronger the will to develop relationship will be. Higher trust of a customer/retailer makes commitment to develop cooperation higher. Thus, it can be presumed trust has positive influence on *commitment*. Therefore, the following hypothesis can be made:

*H8 : Trust has positive influence on Commitment*

The ninth question of this research is: “Is there any influence of trust on switching behavior?” Ranaweera and Prabhu (2003) in their research found that trust influenced *customer retention*. A later research (Li, Browne and Wetherbe, 2007) found obvious different trust levels at two types of consumers in which a *stayer* had higher *trust* than a *switcher* did although the two groups still have potential to switch. It indicates that the higher the trust, the lower the *switching behavior* will be. When trust of a customer/retailer to a producer/supplier increases the possibility for retailer to switch to other sellers/suppliers will be smaller. Thus, it can be presumed that *trust* has negative influence on *switching behavior*. Therefore, the following hypothesis can be made:

*H9 : Trust has negative influence on Switching Behavior.*

The tenth question of this research is: “Is there any influence of *commitment* on *switching behavior*?” Gustafsson, Johnson and Roos (2005) in their research concluded that *commitment* which is assessed from the component of *affective commitment* and *cognitive commitment* influenced *customer retention*. In a later research (Li, Browne and Wetherbe, 2007) found obvious different level of commitment at two types of consumers in which a *stayer* had higher *commitment* than a *switcher* did although the two groups have potential to switch. It indicates that the higher the commitment, the lower the *switching behavior* will be. This finding is supported by another research (Anton, Camarero and Carrero, 2007) which strongly asserted that *commitment* influenced *switching intention* though it has yet to reach the *switching behavior*. When a customer/retailer has higher commitment to establish cooperation with a supplier, the possibility to switch is getting lower. Thus, it can be presumed that *commitment* has negative influence on *switching behavior*. Therefore, the following hypothesis can be made:

*H10 : Commitment has negative influence on Switching Behavior.*

## METHODS

This research is designed to elucidate inter-variable correlation by testing the hypotheses, namely the influence of service quality on switching behavior both directly and mediated by variables of switching behavior. This research refers to previous researches on the influence of *service quality*

on *relationship quality* (Thurau and Klee, 1997); the influence of *service quality* on *satisfaction* (Saha, 2009; Qin, 2008); the influence of *service quality* and *satisfaction* on *switching behavior* (Mavri and Ioannou, 2008); the influence of *satisfaction* on *trust* and *commitment* (Molliner et al., 2007; Garbarino, 1999). Trust and commitment as components of relationship quality are added to the research as a new thing mediating the influence of service quality to switching behavior. The two variable are examined because the previous researches (Saha and Theingi, 2009; Qin and Prybutok, 2008; Mavri and Ioannou, 2008) failed to include the influence of *service quality* on *trust* and *commitment* though *service quality* influences *relationship quality* (Thurau and Klee, 1997). In addition, both variable are included because findings of the previous researches only showed the influence of *satisfaction* as one of the components of *relationship quality* on *switching behavior* while *trust* and *commitment* were explained on their influences on *future intention* (Garbarion, 1999) *consumer retention* (Gustafsson, 2005), *switching intention* (Anton, Camarero and Carrero, 2007), and *behavioral intention* (Qin and Prybutok, 2008) but not on *switching behavior*.

Population in this research are 600 Stores/Retailers of spring bed in Jakarta, Bogor, Tangerang, and Bekasi (Jabodetabek). The number of samples were calculated from minimum 5 (five) samples of each parameter (observed indicators). Since this research had 69 indicators, the minimum number of samples, according to SEM (structural equation model) criteria, was  $69 \times 5 = 345$  samples. Thus, the number of samples in this research was 345 Stores/Retailers which were represented by owners or person-in-charge of spring bed stores/retailers. They were asked to complete the questionnaire. In order to avoid data deficiency, 400 questionnaires were distributed. And, of the total of 400 distributed questionnaires, 385 were returned, 15 were not completed at all, and 19 were half completed.

Analysis to structural model was conduced through *structural model fit* which comprises of goodness of fit test of the whole model and structural model fit. 1) Goodness Fit test of whole model was conducted to considers values of goodness of fit which were determine through absolute goodness of fit test, incremental goodness of fit test, and goodness of fit test of Critical N. 2) Structural model fit test is used to study relationship between latent variables in the research model and to prove hypotheses. With significance level of 0.05, *t-value* of the structural model is significant when it is  $> 1,96$ .

## RESULTS AND DISCUSSION

The first hypothesis tests whether there is positive influence of *Service Quality* on *Satisfaction*. The research found that *Service Quality* has positive influence on *Satisfaction*. Findings of this research are in line with findings of the previous research conducted by Sivadas and Prewitt (2000) and Chumpitaz and Paparoidamis (2004). Results of this research also confirm findings of a research conducted by Yavas (2004) which showed that *service quality* is the root of *satisfaction*. Although in a research conducted by Mavri and Ioannou (2008), *service quality* and *satisfaction* do not influence each other, the research has been corrected by a research conducted by Qin and Prybutok (2008), Meng and Elliott (2009), and Saha and Theingi (2009) which showed that *service quality* has influence

on *satisfaction*. Similar findings can also be found in a research conducted by Lu and Seock (2008) in which *service quality* which is divided into three dimensions each of which has influence on *satisfaction*. *Service quality*, according to perception of spring bed retailers, is good when a supplier has modern equipment, has interesting visual appearance, fulfills its promises on time, is involved in resolving problems of retailers, is serious in giving services since the beginning, give services at the promised speed, has accurate administration process, gives notification when a service is about to be given, immediately notify consumers on its promised services, has employees who are willing to help customers politely, and is individually involved in resolving problems of retailers. If all indicators of service quality have been good, retailers will feel satisfied.

The second hypothesis tests whether there is positive influence of service quality on trust. The research found that *service quality* has influences on *trust*. Therefore, the better service quality given by suppliers will increase trust of retailers. Findings of this research have been new evidences clearly showing the influence of service quality on trust. A previous research conducted Lind and Ding (2005) showed only influences of three components of service quality, namely *relational selling behavior*, *network quality*, and *service recovery* on *relationship quality*, instead of *trust*. An indication that service quality has influences on trust is based on a finding in a research conducted by Molliner (2004) which found that value perception after purchasing influence trust is one of the basic construct of relationship quality. Positive influence of service quality on trust confirms the necessity for suppliers to improve service quality in order to get trust from retailers. It also confirms the theory of social exchange in which exchanges occur not only because of economic factors but also because trust from each related party.

The third hypothesis tests whether there is positive influence of service quality on commitment. The research found that service quality does not influence commitment. Therefore, quality of service does not affect commitment levels of retailers. This research finding does not in line with the previous research conducted by Anderson and Weitz (1992) which found that *retailer commitment* was affected by perception on what manufacturers (suppliers) did. This research is also in line with a research conducted by Lin and Ding (2005) in which *service quality* influences *relationship quality* though it is not on commitment. The absence of influence of service quality on commitment in this research confirms a research by Anton, Camarero and Carrero (2007) which failed to put service quality and commitment as variables affecting each other. The absence of influence of service quality on commitment shows that good service quality does not encourage commitment of retailers. It can happen because the influences of service quality on commitment were tested simultaneously with satisfaction and trust. The absence of the influence also shows that other factors which are stronger in influencing retailers' commitment. Besides, the absence of influence of service quality on commitment in the spring bed industry can happen because 50% of the total research respondents were people-in-charge of retailers. Since the majority of retailers being the research object were small retailers, people-in-charge had not authority to make a decision.

The fourth hypothesis tests whether there is negative influence of service quality on switching behavior. The research found that service quality does not have influence on switching behavior. Therefore, the goodness or badness of service quality does not affect level of switching behavior of

retailers. The findings of this research is not in line with researches conducted by Anton, Camamero and Carrero (2007) which found that *service quality* strongly influences *switching intention*; by Qin and Prybutok (2008) which found that *service quality* influences *behavioral intention*, and by Mavri and Ioannou (2008) which clearly stated that *service quality* has negative influence on *switching behavior*. The absence of influence of *service quality* on *switching behavior* shows that the goodness and badness of service quality given by suppliers does not immediately encourage retailers switch to other suppliers. It also means that indicators of service quality such as quick service, modern equipment, and on-time service as promised do not influence the decision of a retailer to switch to other suppliers and to continue cooperating with existing suppliers. The decision to switch to other suppliers is a business decision which needs deliberate considerations. Retailers do not base their decision to take a stance to stay or to switch merely on service quality. It is also confirmed by indicators which form the switching behavior in the spring bed industry. They confirm that the switching behavior is caused more by the reason of product availability, instead of factors of service quality. The most dominant indicator which encourages switching behavior is that when a retailer runs out of stocks, suppliers do not have stocks which it can immediately deliver. This factor has the highest value of standardized loading factor of 0.88.

The fifth hypothesis testes whether there is positive influence of satisfaction on trust. This research found that satisfaction has influence on trust as the higher the satisfaction a retailer feel, the higher the trust level of a retailer to the suppliers will be. This finding is actually in line with a research conducted by Ranaweera and Prabhu (2003) which found that *trust* is a variable moderating the influence of *satisfaction* on *customer retention*, which was then confirmed by a research conducted by Moliner et al. (2007) which found that *satisfaction* is the main base of *relationship quality* in which *satisfaction* influence *trust*. Findings of this research is also a kind of evaluation to a research conducted by Garbarino and Johnson (1999) which said that *satisfaction* and *trust* did not influence each other. Findings of this research also counter the latest research conducted by Saura, Deltoro and Taulet (2009) which found that *satisfaction* is a component of *relationship quality* which does not influence *trust*. This research has similarity with a research conducted by Molliner et all (2007) because both are in the B2B context in which *satisfaction* is the base of *relationship quality* which influences *trust*. When a retailer feels satisfied in developing a relationship with a suppliers increases, its trust increases and therefore satisfaction has positive influences on trust. The most dominant indicator which encourages a retailer to make a decision is suitability between suppliers' services and retailers' expectations. This indicator has a value of *standar loading factor* of 0.80. Other indicators which are relatively strong to give satisfaction with SLF value  $\geq 0,66$  are (listed from the strongest to the weakest) satisfaction with services given by a suppliers, more satisfying services in comparison with that of other suppliers, products/service retailers receive, products from suppliers as expected, and more satisfying products/services in comparison with that of other suppliers. Higher satisfaction increases trust that a supplier has a very good reputation. It is actually the most dominant indicator which forms trust with SLF value of 0.80.

The sixth hypothesis tests whether there is positive influence of satisfaction on commitment. This research found that satisfaction does not influence commitment. Therefore, the highness or lowness

of satisfaction of a retailer does not influence a retailer's commitment. Findings of this research confirm a research conducted by Garbarino and Johnson (1999) which said that *satisfaction* and *commitment* do not influence each other. Nevertheless, findings of this research do not in line with a research conducted by Vasudevan, Gaur and Shinde (2006) because, according to their research, *satisfaction* has positive influence on *commitment*. This research is also against a research conducted by Moliner et al. (2007) which found that *satisfaction* is the main base of *relationship quality* which will influence *commitment*. The absence of influence of satisfaction on commitment is possible because commercial relationship is based on trust between parties involved in an exchange. Satisfied retailers will not merely base their decision to maintain their cooperation on better services.

The seventh hypothesis tests whether there is negative influence of *Satisfaction* on *Switching Behavior*. The research found that *satisfaction* has no influence on *switching behavior*. Therefore, levels of satisfaction of a retailer do not influence switching behavior of a retailer. Findings of this research are in line with a research conducted by Ranaweera and Prabhu (2003) and Gustafsson, Johnson and Roos (2005) although those researches only showed that *satisfaction* influences only *customer retention*. Findings of this research is not so much in line with findings of Li, Browne and Wetherbe (2007) who showed real differences of satisfaction levels at two types of consumers in which stayers have higher satisfaction than switchers do though both groups are potential to switch. It indicates that dissatisfaction makes the potential to switch bigger. Disharmony in these researches is more obvious when they are compared to findings of a research conducted by Mavri and Ioannou (2008) which clearly stated that *customer satisfaction* has negative influence on *customer switching behavior*. This research gives new evidence on research findings of Findlay and Sparks (2008) which found that there is no aggregate difference between switcher and non switcher behaviors despite a speculation that what influencing switching behavior is *satisfaction*.

The eighth hypothesis tests whether there is any influence of *Trust* on *Commitment*. The research found that trust has positive influence on commitment as the higher the trust of retailer to supplier, the higher the commitment to cooperate will be. These findings are in line with research findings of Garbarino and Johnson (1999) which found that *trust* has influences on *commitment*. The latest research (Saura, Deltoro and Taulet, 2009) confirmed that *trust* has influence on *commitment*. A retailer's good reputation is the dominant indicator that build a retailer's trust as it has the highest correlation value of 0.8. Trust to others is a base to develop a relationship. The higher the trust to others, the higher the will to cooperate will be. High trust of customers/retailers encourages high commitment to cooperate. The trust of a retailer that a supplier has good reputation, serious attention paid to development of spring bed business, having better knowledge about spring bed business than that of other suppliers, ability to reach success in its activities, ability to meet all orders, ability to meet the needs of customers, giving correct and accurate information, and ability to perform the promises encourages retailers to have high commitment to continue existing cooperation.

The ninth hypothesis tests whether there is any negative influence of *Trust* on *Switching Behavior*. This research found that trust does not have influence on switching behavior. Therefore, levels of trust of retailers do not influence retailers' switching behavior. Findings of this research is not in line with a research conducted by Ranaweera and Prabhu (2003) although the research only found that

*trust* has influence on *customer retention*. This research is not so much in line with a research by Li, Browne and Wetherbe (2007) which found real different trust levels at two type of consumers in which stayers have higher trust than that of switcher although the two groups have potential to switch with an indication that the higher the trust, the lower the switching behavior will be.

The tenth hypothesis tests whether there is any negative influence of Commitment on Switching Behavior. This research found that commitment has negative influence on switching behavior. Therefore, the higher the level of commitment of a retailer to a supplier, the lower the switching behavior of retailer will be. These research findings provide new evidences to support a research by Gustafsson, Johnson and Roos (2005) because their research only mentioned that *commitment* which is evaluated from the components of *affective commitment* and *cognitive commitment* had influence on *customer retention*, instead of *switching behavior*.

## CONCLUSION

The five findings confirming research hypotheses are: first, service quality has positive influence on satisfaction, which means that better service quality of a spring bed supplier will increase satisfaction of retailers and, on the contrary, poor quality service will cause dissatisfaction; second, service quality has positive influence on trust, which means that good or poor services of supplier influence trust level of retailers; third, satisfaction has positive influence on trust, which means that customers' trust can be developed through satisfaction and, therefore, to obtain customers' trust it is necessary to satisfy customers; fourth, trust has positive influence on commitment which means to develop commitment of retailers trust is needed and, therefore, in order to improve retailers' commitment, a supplier should first develop trust of retailers; fifth, commitment has negative influence on switching behavior which means that high commitment is an indication of loyalty which will make the switching behavior low and, therefore, to reduce the switching behavior, a suppliers should improve commitment of retailers to continue the existing cooperation.

Research findings show influence of service quality on *satisfaction and trust*, *satisfaction on trust*, *trust on commitment* and *commitment on switching behavior* of spring bed retailers as business consumers. These research findings provide theoretical proofs for marketing literatures that service quality is needed by each company, not only in service industries but also in manufacture industries, to improve satisfaction and trust. Positive influence of service quality on trust confirms the previous findings which only showed an indication of influence of service quality on trust. In a research conducted by Lin and Ding (2005) three components of *service quality*, namely *relational selling behavior*, *network quality*, and *service recovery*, have influences on *relationship quality*, instead of *trust*. Besides, Molliner (2004) only proved that it is variable of value perception after purchasing, instead of service quality, which influences trust. New proofs given by this research confirm the theory that service quality is a variable affecting satisfaction so much. New proofs given by this research provide theoretical contribution that that service quality influence trust in the manufacture industry. These proofs will be beneficial for future researches.

Based on the conclusions drawn from this research and the limitations, the following recommendations can be given: *First*, the future researches are expected to provide more perfect models by exploring and including more variables or components such as communication, governance, and closeness into variable of relationship quality and by reexamining research hypotheses which cannot be proven. *Second*, the future researches are expected to reexamine further findings of this research by proposing more complete indicators for instrument measurement adjusted to cultural characteristics and analysis unit setting with wider area and subsequently applying them to different products or industries by including other factors such as innovations, technological changes, culture and market structure in macro economy. *Third*, the future research should be more specific by grouping retailers by their characteristics. For example, the future researches can be focused more on retailers of certain sizes which are more homogen and conducted in longer period of time in order to know different results at different conditions. *Fourth*, the future research should be extended by including roles of consumers in switching behavior of retailers and their impacts to profitability. *Fifth*, the future research should consider types and kinds of relationship between retailers and companies.

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