

DOES SWITCHING BARRIERS MEDIATE THE INFLUENCE OF CUSTOMER TRUST TO CUSTOMER LOYALTY?

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ABSTRACT

To be loyal to one of cellular operator brand was difficult. It happened because customer had lack of communication technology knowledge while their necessity of it was high. Customer trust had important role to influence customer loyalty. They could be loyal to one of cellular operator brand because they could not change it or even, they did not want it. This condition was called switching barriers. The aim of this research was to determine the relationship between switching barrier, customer trust and customer loyalty in cellular operator brands. The respondents of this study were students from several different university in East Java, Indonesia. 284 questionnaires collected and analyzed used SmartPLS 3.0. The result showed that switching barriers were able to mediated the influence of customer trust to customer loyalty.

Keywords: Customer Trust, Switching Barriers, Customer Loyalty

INTRODUCTION

Cellular operators were one of the business sectors that had increasing turnover experienced during the Covid 19 pandemic. It happened due to increasing demand for communication technology. These kinds of companies should be able to maintain their customer loyalty in the midst of competition. Consumer trust was one of the things that contributes to customer loyalty. Several studies stated that consumers who were loyal to the product or brand did not mean that they believe in it. Sometimes they became loyal because they did not have any choices, otherwise some costumers kept using the brand because they want it (Jones et al., 2000). These situations were called switching barriers.

SWITCHING BARRIERS

According to Jones, et al (2000), switching barriers were various factors that make it difficult for consumers to move or there were many sacrifices that consumers had to pay when switching. Switching barrier plays a role in influencing consumers to stay with the current brand or provider even though consumers are actually forced to survive (have to stay). But there were times when consumers really want to stick with the current brand or provider (want to stay). Meanwhile, according to Ranaweera and Prabhu (2003) switching barriers was a consumer's assessment of the resources and opportunities needed to move brands or in other words, barriers to prevent brand changed

Switching barriers were factors that complicated or imposed costs on consumers when switching to providers of other goods or services. Jones et al (2000) in their research found positive switching barriers and negative switching barriers. Julander (2003) distinguished the two from a theoretical and managerial point of view. Positive switching barriers are related to the desire of consumers to stay (wanting to be in relationships). Negative switching barriers illustrates that consumers must remain with the current product or service (having to be in a relationship). The difference is when consumers maintain their relationship with a product or service because of their perception that it is superior, then this is said to be positive reasons (positive switching barriers). However, if the consumer's reason for staying is because it is too expensive to leave or too expensive to move (costly), or if there are monopolistic practices, then this is said to be a negative reason (negative switching barriers).

CUSTOMER TRUST

Customer trust was defined as customer expectations that service providers can be trusted or relied upon in fulfilling their promises (Sirdeshmukh et al, 2002). According to Gefen et al (2002) consumer trust (customer trust) can be measured by the following indicators:

a. Integrity

How much confidence someone in the honesty of the company to maintain and fulfill the agreements that have been made to customers.

b. Benevolence

How much does someone trust the company to behave well to customers. Availability of companies to serve the interests of customers.

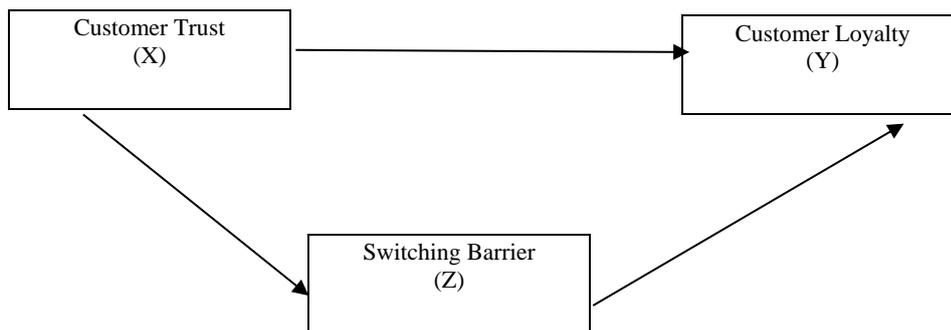
c. Ability

A person's belief in the company's ability to assist customers in doing what customers need.

CUSTOMER LOYALTY

Oliver (in Hurriyati, 2008) states that loyalty is a deep enduring customer commitment to re-subscribe or consistently repurchase selected products / services in the future, even though the influence of the situation and marketing efforts has the potential to cause behavior change. Customers can be said to be loyal if they have purchased a product or service twice or more (Griffin, 2003: 5). Griffin (2003: 31) also states that customer loyalty can be measured by the following indicators:

- a. Repurchase regularly, that is, customers will come back at a later time to purchase products.
- b. Purchases between product and service lines,
- c. Referring to other people.
- d. Demonstrates immunity to the pull of competitors, that is, remains loyal to the company even though competitors make good offers, this is because customers have their own feelings when buying goods or services from a company compared to competing companies.



RESEARCH METHODOLOGY

A structured questionnaire was used to collect the data. It used five-point likert scale ranging from "Total Disagreement (1)" to "Total Agreement (5)".

The sample in this study were 284 respondents from the State University of Malang, the State University of Surabaya, and the University of Jember who used the TELKOMSEL sim card. Purposive sampling method was used to get the data.

The hypothesized model of this study was tested using the Partial Least Square approach supported by SmartPLS 3.0 using the maximum likelihood estimation method. Measurement models were evaluated before examining structural models. Confirmatory Factor Analysis (CFA) was carried out to establish construct validity at the measurement model stage. After verifying the construct validity, the structural model is examined to test the hypothesis and the corresponding model.

RESULTS

The results of the analysis of the characteristics of the respondent can be shown in as follow

Table 1: Characteristics of Respondents

Characteristics	Total	Percentage
Sex		
Male	137	48.24%
Female	147	51.76%
Duration of Using Telkomsel		
Under 1 year	66	23.24%
1-3 years	89	31.34%
More than 3 years	129	45.42%
Kind of Telkomsel		
Simpati	73	25.70%
Kartu As	85	29.93%
Loop	93	32.75%
by.U	33	11.62%
The Biggest Proportion of Using Telkomsel		
Call (Voice non data)		
SMS	32	11.27%
Internet	23	8.10%
Other	220	77.46%
	9	3.17%

Based on the above table it can be explained that based on the sex of the largest respondents in this study were women by 51.76%, while based on the duration of using Telkomsel dominated by respondents were using more than 3 years. The Internet was the biggest proportion used by respondents.

Testing the Outer Model

This research model will be analysed using the Partial Least Square (PLS) method and assisted with SmartPLS 3.0 software. PLS is an alternative method of Structural Equation Modelling (SEM) that can be done to overcome problems in the relationship between very complex variables even with small data sample sizes (30-100 samples) and has non-parametric assumptions, meaning that the data does not refer to one particular distribution (Yamin and Kurniawan, 2009).

Convergent Validity

Convergent Validity based on the loading factor value of the item's reliability. Loading factor is a number that shows the correlation between the score of a question item with the indicator score of a variable that measures that variable. A loading factor value greater than 0.7 is said to be valid. However, according to Hair et al. (1998) for the initial inspection of the loading factor matrix is approximately 0.3 considered to have met the minimum level, and for loading factors of approximately 0.4 is considered better, and for loading factors greater than 0.5 are generally considered significant. In this study the loading factor limit used was 0.7. After processing the data using SmartPLS 3.0 the results of loading factors can be shown as in the following table:

Table 2: Loading Factor Value

Variabel	Indikator	Outer Loading
Customer Trust	CT1	0,719
	CT2	0,709
	CT3	0,670
	CT4	0,825
	CT5	0,775
	CT6	0,809
	CT7	0,786
Switching Barrier	SB1	0,801
	SB2	0,815
	SB3	0,799
	SB4	0,764
	SB5	0,805
	SB6	0,791
Customer Loyalty	CL1	0,732
	CL2	0,787
	CL3	0,788
	CL4	0,737
	CL5	0,808
	CL6	0,753
	CL7	0,706
	CL8	0,623
	CL9	0,656

From the results of data processing with SmartPLS shown in the table above, that the majority of the indicators in each variable in this study have a loading factor value greater than 0.70 and are said to be valid.

Discriminant Validity

Discriminant Validity based on the value of cross loading variable measurements. The cross-loading value shows the magnitude of the correlation between each variable with its indicators and indicators of other block variables. A measurement model has good discriminant validity if the correlation between variables and indicators is higher than the correlation with indicators of other block variables. After processing the data using SmartPLS 3.0 the results of cross loading can be shown.

Table 3: Cross Loading Result

	Customer Trust	Switching Barrier	Customer Loyalty
CT1	0,719	0,108	0,022
CT2	0,709	0,027	0,047
CT3	0,670	-0,058	-0,085
CT4	0,825	-0,102	-0,011
CT5	0,775	0,061	0,036
CT6	0,809	-0,005	0,027
CT7	0,786	-0,022	-0,042
SB1	-0,063	0,801	0,05
SB2	-0,036	0,815	0,001
SB3	0,125	0,799	0,027
SB4	-0,01	0,764	0,046
SB5	-0,019	0,805	-0,115
SB6	0,003	0,791	-0,007
CL1	0,06	-0,051	0,732
CL2	0,055	0,013	0,787
CL3	-0,04	-0,022	0,788
CL4	-0,023	-0,063	0,737
CL5	-0,067	-0,097	0,808
CL6	-0,093	0,013	0,753
CL7	-0,006	0,073	0,706
CL8	0,093	0,051	0,623
CL9	0,048	0,116	0,656

From the results of cross loading in the table above shows that the correlation value of the variable with the indicator is greater than the value of the correlation with other variables. Thus, all latent variables have good discriminant validity, where the indicators on the indicator block are better than the indicators on other blocks. Convergent validity can be seen not only through loading factors, but also through Average Variance Extracted (AVE). An instrument is said to meet the convergent validity test if it has an Average Variance Extracted (AVE) above 0.5. The results of convergent validity testing using AVE are presented in the table

Table 4: Convergent Validity (according Average Variance Extracted (AVE))

Variabel	AVE
Customer Trust	0,575
Switching Barrier	0,884
Customer Loyalty	0,892

The next step is comparing the square root AVE with the correlation between variables in the model. In this study the results of the correlation between variables with AVE square root values can be shown in below table.

Table 5: Correlation value between variables with the value of the square root AVE

	Customer Trust	Switching Barrier	Customer Loyalty
Customer Trust	0,758		
Switching Barrier	0,564	0,796	
Customer Loyalty	0,527	0,619	0,735

The table above shows that the AVE square value for each variable is greater than the correlation value so that the variables in this research model can still be said to have good discriminant validity.

Composite Reliability

In addition to the outer model measured by assessing convergent validity and discriminant validity can also be done by looking at the reliability of the variable or latent variable measured by the value of composite reliability. The variable is declared reliable if the composite reliability has a value > 0.7, then the variable is declared reliable. The results of Smart PLS output for composite reliability values can be shown in the following table

Table 6: Composite Reliability Value Table

	Composite Reliability
Customer Trust	0,904
Switching Barrier	0,912
Customer Loyalty	0,913

From the results of Smart PLS output in above table shows the composite reliability value for all variables is above the value of 0.70. With the resulting value, all variables have good reliability in accordance with the required drinking value limit.

Inner Model Testing (Structural Model)

After testing the outer model that has fulfilled, the next is testing the inner model (structural model). The inner model can be evaluated by looking at the r-square (indicator reliability) for the dependent construct and the t-statistic value from the path coefficient test. The higher the r-square value means the better the prediction model from the proposed research model. Path coefficients indicate the level of significance in hypothesis testing.

Variant Analysis (R 2) or Test of Determination

Analysis of variant (R 2) or determination test is to determine the influence of the independent variable on the dependent variable, the value of the coefficient of determination can be shown in the table below

Table 7: R-square Value

Variabel	R Square
Switching Barrier	0,323
Customer Loyalty	0,446

Based on the r-square value in this table shows that Customer Trust are able to explain the variability of Switching Barrier of 32.3%, and the remaining 67.7% are explained by other variables beyond those examined in this study. While Customer Trust and Switching Barrier are able to explain the variability of buying intention variables of 44.6%, and the remaining 55.4% is explained by other variables beyond those examined in this study.

Hypothesis test

Direct Effect

The test criteria state that if the path coefficient is positive and the p value < level of significance (Alpha ($\alpha = 5\%$)), it is stated that there is a positive and significant effect of exogenous variables on endogenous variables. The results of testing the direct effect hypothesis can be seen in the following table.

Table 8: Direct Effect Hypothesis Test

Eksogen	Endogen	Path Coefficient	SE	P Value
Customer Trust	Switching Barrier	0.569	0.054	<0.001
Customer Trust	Customer Loyalty	0.255	0.057	<0.001
Switching Barrier	Customer Loyalty	0.492	0.055	<0.001

The structural model for Switching Barrier variables is as follows:

$$\text{Switching Barrier} = 0.569 \text{ Customer Trust}$$

The test results indicate that the path coefficient is positive and the p value <level of significance (Alpha ($\alpha = 5\%$)). This shows that there is a positive and significant effect of Customer Trust on Switching Barriers. From this statement it can be seen that H1 (There is a positive and significant influence between Customer Trust on Switching Barrier) is accepted.

The structural model of the Customer Loyalty variable is as follows:

$$\text{Customer Loyalty} = 0.255 \text{ Customer Trust} + 0.492 \text{ Switching Barrier}$$

The results of the Customer Trust test on Customer Loyalty show that the path coefficient is positive and p value <level of significance (Alpha ($\alpha = 5\%$)). This shows that there is a positive and significant effect of Customer Trust on Customer Loyalty. The statement proves that H2 (There is a positive and significant influence between Customer Trust and Customer Loyalty) is accepted.

The results of the Switching Barrier test on Customer Loyalty show that the path coefficient is positive and p value <level of significance (Alpha ($\alpha = 5\%$)). This shows that there is a positive and significant effect of trust on customer loyalty and states that H3 (There is a positive influence) and significant between Switching Barrier and Customer Loyalty) accepted.

Indirect Effect

The test criteria state that if the p value <level of significance (Alpha ($\alpha < 5\%$)), it is stated that the mediating variable is able to significantly mediate the effect of exogenous variables on endogenous variables. The results of indirect hypothesis testing can be seen in the following table

Table 9: Indirect Effect Hypothesis Testing

Eksogen	Mediation	Endogen	Indirect Coefficient	SE	P Value
Customer Trust	Switching Barrier	Customer Loyalty	0.280	0.040	<0.001

The test results indicate that there is a significant effect of Customer Trust on Customer Loyalty through Switching Barriers. The influence coefficient of Customer Trust on Customer Loyalty through Switching Barrier is 0.280. This means that Customer Trust affects Customer Loyalty through Switching Barriers. Thus, the Switching Barrier variable is able to mediate the influence of Customer Trust on Customer Loyalty, so H4 (Switching Barrier mediates the influence of customer trust on customer Loyalty) is accepted.

Table 10: Summary Table of Hypothesis Testing Results

Hypothesis	Note
H1 Customer Trust influences positive and significant towards Switching Barrier	Accepted
H2 Customer Trust influences positive and significant towards Customer Loyalty	Accepted
H3 Switching Barrier influences positive and significant towards Customer Loyalty	Accepted
H4 Switching Barrier as a mediator of an effect on Customer Trust towards Customer Loyalty	Accepted

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