

**THE INFLUENCE OF FIRM'S SERVICE, DISSATISFACTION AND CONSUMER
CONSIDERATION ON CONSUMER SWITCHING BEHAVIOR FROM
TRADITIONAL MARKET TO MODERN MARKET**

PENGARUH PELAYANAN PERUSAHAAN, KETIDAKPUASAN DAN PERTIMBANGAN KONSUMEN TERHADAP PERILAKU
BERALIHNYA KONSUMEN DARI PASAR TRADITIONAL KE PASAR MODERN

by:

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Abstract: *Modern market has become a new shopping trend for society. Although the traditional market has occupied an important role for a long time in the life of the community as a place to shop daily products. The purpose of this study to determine the existence a difference of customer dissatisfaction and behavioral factors displacement between a modern market and a traditional market. This study is a causal study, because the questionnaire as a tool to collect data and analysis. Research hypothesis is that there is a difference from the customer dissatisfaction and displacement factor of shopping behavior of modern markets of traditional markets. The observed population is the customer who shopped at Hypermart Mantos and Markets Pinasungkulan Karombasan city of Manado with a sample of 100 respondents. This study analyzed the average of the comparison with independent samples t-test between the modern market to traditional markets. The results showed the average differences between traditional and modern market in terms of consumer dissatisfaction factor and customer behavior occurs displacement from traditional markets to modern market significantly. The seller in traditional markets should improve the quality of products and services to consumers, so as to reduce the displacement.*

Keywords: *poor service, consumer dissatisfaction, consumer consideration, consumer switching behavior*

Abstrak: Pasar Modern menjadi tren berbelanja yang baru bagi masyarakat. Meskipun pasar tradisional telah menduduki peran penting untuk waktu yang lama dalam kehidupan masyarakat sebagai tempat untuk berbelanja dalam memenuhi kebutuhan hidup. Tujuan penelitian ini untuk mengetahui adanya perbedaan dari faktor ketidakpuasan pelanggan dan perilaku perpindahan antara pasar modern dan pasar tradisional. Penelitian ini menggunakan metode kausalitas karena menggunakan kuesioner sebagai alat untuk mengumpulkan data dan analisis. Hipotesis penelitian adalah terdapat perbedaan dari faktor ketidakpuasan pelanggan dan perpindahan perilaku berbelanja pasar modern dari pasar tradisional. Populasi yang diamati adalah pelanggan yang berbelanja di Hypermart Mantos dan Pasar Pinasungkulan Karombasan dikota Manado dengan sampel 100 responden. Penelitian ini menganalisa tentang perbandingan rata-rata dengan independen sampel T-test antara pasar modern dengan pasar tradisional. Hasil penelitian menunjukkan terdapat perbedaan rata-rata antara pasar moderen dan pasar tradisional dalam hal faktor ketidakpuasan konsumen dan terjadi perilaku perpindahan pelanggan dari pasar tradisional ke pasar modern secara signifikan. Sebaiknya para penjual di pasar tradisional meningkatkan kualitas produk dan pelayanannya kepada para konsumen, sehingga dapat mengurangi perilaku perpindahan pelanggan.

Kata kunci : *pelayanan buruk, ketidakpuasan konsumen, pertimbangan konsumen, perilaku beralih konsumen*

INTRODUCTION

Research Background

As seen elsewhere in the world, Modern markets are growing rapidly in Indonesia. The rapid growth of Modern markets occurred since the Indonesian government promulgated a presidential decree in 1998 which removed the retail business from a foreign investment negative list (Pandin, 2009:10). Tumbuan and Shiratake (2010:13), in 2000, under the liberalization policy, the Indonesian government again promulgated a presidential decree to open the local retailing industry to the foreign modern market.

The modern markets (hypermarket, supermarket and minimarket) are the result of the foreign direct investment; however, they only employ few people, and handle more imported goods than local ones. This rapid development of modern markets constitutes a real threat to the existence of traditional markets in Indonesia. Indrawan and Tambunan (2008:58).

The traditional markets also functions as a tourism destination as it exhibits a related local area's entire line of products. This rapid development of modern markets constitutes a real threat to the existence of traditional markets in Indonesia. It provides working opportunity for many local people, traditional markets serve as the main parameters in the measurement of the national food availability and a benchmark to determine the retail selling price of food and daily goods.

Moreover, the central government also states that traditional markets provide working opportunity for many local people, traditional markets serve as the main parameters in the measurement of the national food availability and a benchmark to determine the retail selling price of food and daily goods. However, concerned with losing the tax income generated by the modern markets, the local government was reluctant to apply the law. From 2007 to 2012, Indonesian Retailers Association reported that the number of modern markets increased markedly, at almost 18% per year (Apipudin, 2013:735).

Research Objectives

Regarding the problems statements, the research objectives are to analyze:

1. The poor service in market place, consumer dissatisfaction, and consideration are simultaneously influence the consumer switching behavior of the retail business in Manado City.
2. The poor service in market place influence the consumer switching behavior of the retail business in Manado City.
3. Consumer dissatisfaction, influence the consumer switching behavior of the retail business in Manado City.
4. The consideration influence the consumer switching behavior of the retail business in Manado City.

THEORETICAL FRAMEWORK

Consumer Behavior

Consumer behavior refers to the mental and emotional processes and the observable behavior of consumers during searching for, purchasing and post consumption of a product or service (Engel *et al.*, 1994). Consumer behavior include mental activity, emotional and physical that people use during selection, purchase, use and dispose of products and services that satisfy their needs and desires Kotler and Keller (2012:56). Consumer behavior is motivational. Consumer behavior is to meet the needs and demands of people. Consumer behavior is the study of individuals, groups, or organization and processes they use to select, se care, use and dispose of products, service, experience, or ideas to satisfy needs and the impacts that these processes have on the consumer society.

Consumer Switching Behavior

Customers' switching behavior is the process exhibited by a customer, behaving differently to a particular brand and undergoes alteration in the preference of the existing product or services. Since, customers are the ultimate end users of any product or services, the success of any organization depends upon the satisfaction of the consumers, if not they will switch to other brands. When any organization loses a customer they are not only losing future earnings but also incurring the cost of finding new customers. Over time loyal customers become less prices sensitive therefore, losing loyal customer means giving up high margins (Thapa,

2010:37). According to Mack.S, Consumer-switching behavior refers to customers abandoning a product or service in favor of a competitor's. Switching behavior is a consumer behavior where the behavior of the consumers differs based on the satisfactory level of the consumer with the providers or companies.

Poor Service

The factors that drive a customer to switch depend on the nature of the business, but generally, poor service quality is a major culprit. For example, customers might abandon the products because the quality is not meeting their needs, forcing them to opt for one of your competitors.

Considerations

Prevent consumer switching by soliciting feedback and continually optimizing the customer service by considering the business. Cannot please everybody, but making the effort can go a long way. If the customers sense that are out for their best interests, brand loyalty will develop, and business will be less threatened by consumer switching behavior.

Dissatisfaction

Another pervasive driver of consumer switching behavior is dissatisfaction. A customer may find a product or service inferior or inadequate in meeting his goals. Sometimes, this experience happens after one purchase. Other times, customers try a service for weeks or months before dissatisfaction motivates switching. Customers may become dissatisfied with programming or customer support with a television service provider and switch to a new cable or satellite company, for instance. Many companies offer new customer promotions to lure dissatisfied customers away.

Previous Research

First paper with the title: *A Study on Consumer Switching Behaviour in Cellular Service Provider: A Study with reference to Chennai* and the authors: Sathish, *et al* (2011:89), said that the objectives of the study are to find the factors that influence the consumers in switching the service provider and to delve into finding out the likeliness of switching the service provider.

Conceptual Framework

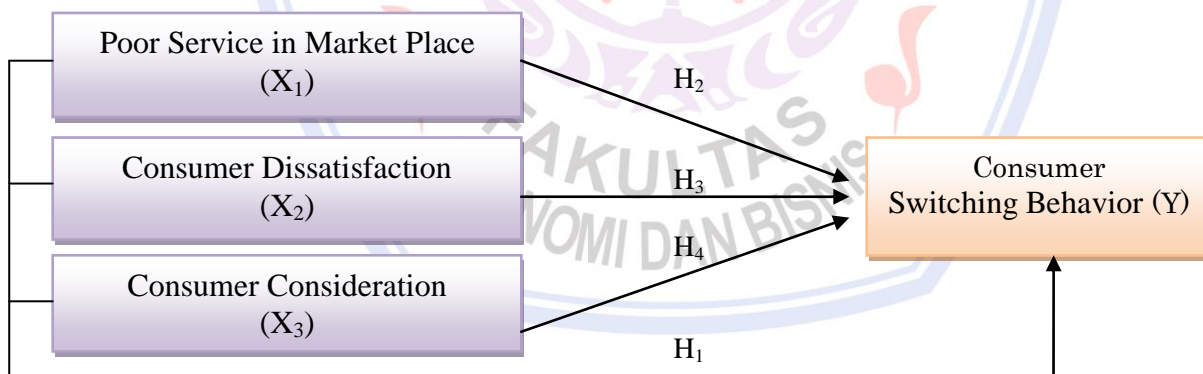


Figure1. Conceptual Framework

Source: process data 2015

Research Hypothesis

- H₁: There is a significant influence of the poor service in market place, consumer dissatisfaction, and consideration simultaneously.
- H₂: There is a significant influence of the poor service in market place on the consumer switching behavior of the retail business in Manado City partially.
- H₃: There is a significant influence of the consumer dissatisfaction on the consumer switching behavior of the retail business in Manado City partially.
- H₄: There is a significant influence of the consideration on the consumer switching behavior of the retail business in Manado City partially.

RESEARCH METHOD

Type of Research

This research is a quantitative method since using questionnaire as a tool to gather data and analysis.

Place and Time of Research

The study was conducted in Manado City, particularly in the retail business places: modern markets (Hypermart Mantos) and traditional markets (Pasar Pinasungkulan Karombasan), in order to reveal the influence of the consumer switching behavior on the retail business. The data of this study will be collected from consumers (respondents) who have experience of shopping activities in the Hypermart Mantos and Pasar Pinasungkulan, on November to December 2014 and the survey started on July 2014.

Population and Sample

Population is the entire group of people, events or things of interest that the researcher wishes to investigate. (Sekaran, 2009:89). The population of this study is the consumers who have shopping experiences in Hypermart Mantos and Pasar Pinasungkulan Karombasan in Manado City. Sekaran (2009:71) sample is a subset of a population that comprises some members selected from it. While, Sugiyono (2013:57) said that sample is part of the number and characteristics of the population. Based on the statements above, the sample of this study is the respondents who had selected and provided based on valid data approaches of this study.

Data Collection Method

There are two types of data: (1) primary data use questionnaires are distributed to respondents who have shopping experiences in Hypermart Mantos and Pasar Pinasungkulan Karombasan. There were two sections in the questionnaire that should be filled by the respondents. The first section asked about respondent's identities and the second section asked about things that related with the variables. (2) secondary data is taken from the books, journals, and relevant literature from library and internet. These secondary data were used in the background, literature review, research method, and discussion.

Data Analysis Method

Validity and Reliability Test

The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set, Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran, 2009:63). Since reliable scales are not necessarily valid, researchers also need to be concerned about validity. It assesses whether a scale measures what is supposed to be measured. This validity is a measure of accuracy in measurement (Hair, 2006:57).

Test Classical Assumption

Multicollinearity

Multicollinearity is when two or more of the independent variables of a multiple regression model are highly correlated (Black 2007:38). The problem of multicollinearity arises when the inter correlation between predictor variable is high.

Heteroscedasticity

Heteroscedasticity implies that the variances (i.e. - the dispersion around the expected mean of zero) of the residuals are not constant, but that they are different for different observations. This causes a problem: if the variances are unequal, then the relative reliability of each observation (used in the regression analysis) is unequal.

Normality

In statistic, normality tests are used to determine whether a data set is well-modeled by a normal distribution or to compute how likely an underlying random variable is to be normally distributed (Black

2007:36). A histogram or P-P plot of the residual can help researchers to check the assumption of normality of the error term.

Multiple Regression Analysis Method

Regression analysis is the process of constructing a mathematical model or functions that can be used to predict or determine one variable by another variable or other variables (Black, 2007:45). Cooper and Schindler (2001:37) stated that multiple regression analysis is a technique to observed value of more than one X to estimate or predict corresponding Y value. Multiple regressions is a descriptive tool used to (1) develop a self-weighting estimating equation by which to predict values for a dependent variable from the values of independent variables, (2) control confounding variables to better evaluate the contribution of other variables, or (3) test and explain a casual theory.

The formula of multiple regression models in this research shown as bellow:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

Y	=	Consumer Switching Behavior
a	=	the regression constant
b	=	coefficient regression
X ₁	=	poor service in the market place
X ₂	=	dissatisfaction factor
X ₃	=	consideration
e	=	error

RESULTS AND DISCUSSION

Validity and Reliability Test

The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set, Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran, 2009:79).

Test of Classical Assumption

Table 1: The result of Multicollinearity Test Coefficients^a

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics
	B	Std. Error	Beta			Tolerance
1 (Constant)	19.635	2.103		9.335	.000	
X ₁	-.006	.060	-.009	-.096	.924	.962
X ₂	.271	.068	.400	3.985	.000	.888
X ₃	-.082	.065	-.128	-1.264	.209	.871

a. Dependent Variable: Y

Source: Data Processed, 2015(Enclosure).

Multicollinearity is the intercorrelation of independent variables. This test determines the Tolerance and VIF Value. By the calculating the value of VIF (*Variance Inflation Factor*), Multicollinearity had been examined. If the value of VIF under 10, it means the Multikolinieritas isn't occurred or Non Multikolinieritas. According Suliyanto (2005:75), based on *output of coefficients* model will not occurred the Multicollinearity, because the value count VIF < 10.

Table 2. Heteroscedastisity Test

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardize	t	Sig.
		B	Std. Error	d Coefficients Beta		
1	(Constant)	2.444	1.255		1.947	.054
	X ₁	-.042	.036	-.121	-1.191	.237
	X ₂	.019	.041	.049	.458	.648
	X ₃	-.057	.039	-.159	-1.483	.141

a. Dependent Variable: abresid

Source: data SPSS processed 2015

The purpose of Heteroscedastisity test to ensure un-correlation between independent variable and residual, if the correlation occurred, it means the model is invalid to use for estimation. Based on the assumption of Heteroscedastisity, the correlation between independent variable and its residual should not occur. If the probability $> \alpha$ value (0,05), sure the model have not the element of Heteroscedastisity. If probability $< 0,05$ (5%), means the regression formula have Heteroscedastisity and the opposite means Non Heteroscedastisity or Homoscedastisity.

Normality Test

Normality test had used to know the model of regression, independent variable, dependent variable, or both have normal distribution or not. Normality in the statistic of parametric such as regression and A nova is first requirement. Normality test able to use by two approaches: graphic approach (P-Plot) or Kolmogorov Smirnov test. The objective of the normality test is to examine that in regression model, residual variable have a normal distribution. If the assumption has been rejected, the statistic test became not valid or refraction particularly for the small sample. A good regression model has a normal data or close to normal distribution. Normality test has conducted by graphic approaches (P-Plot).

Normal P Plot Regression Standardized Residual

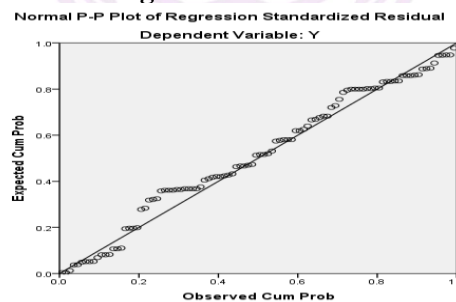


Figure 2. Normal P Plot Regression Standardized Residual

Source: Data Processed, 2015.

Data on show that the graph of *Normal P-P of Regression Standardized Residual* described the spreading of data closed to diagonal line and its spread follow the diagonal line of the graph. On the other word, all the points around the line and at the Scate Plot, It's a normal distribution model.

Multiple Regression Analysis

After carrying out the classical assumption, then had to do multiple regression analysis to test the hypotheses that have been formulated because it has been fulfilled classical assumptions on the results of data analysis. Multiple regression calculation between the independent variables such as; Poor Service (X₁), Consumer Dissatisfaction (X₂), Consumer Consideration (X₃), and Consumer Switching Behavior in the variable Y as the dependent variable with the help of a computer program package SPSS version 20, the results are as follows:

Table 4. The Result of Multiple Regression Analysis,

Variabel	B	Standart Error	T _{count}	Sig	Ket
Constant	19,635				
Poor Service (X ₁)	-0,006	0,060	-0,096	0,924	NoSig
Consumer Dissatisfaction(X ₂)	0,271	0,068	3,985	0,000	Sig
Consumer Consideration(X ₃)	-0,082	0,065	-1,264	0,209	NoSig
R = 0,737		Sig F= 0,002		Total sample =100	
R Square =0,421		F count = 5,303		t tabel = 1,984	
Adjusted R Square = 0,415		F Table = 2,696		□ = 0,05	
Consumer Switching Behavior = 19,635-0,006X₁ + 0,271 X₂ - 0,82X₃+ e					

Source:Data Processed, 2015.

Table 5: Hypothesis Test in Partially(Uji t)

Variabel	B	Standart Error	t _{count}	Sig	Ket
Constant			19,635		
Poor Service (X ₁)	-0,006	0,060	-0,096	0,924	No. Sig
Consumer Dissatisfaction(X ₂)	0,271	0,068	3,985	0,000	Sig
Consumer Consideration(X ₃)	-0,082	0,065	-1,264	0,209	No. Sig
R = 0,737		Sig F= 0,002		Total samples =100	
R Square =0,421		F count = 5,303		t tabel = 1,984	
Adjusted R Square = 0,415		F Table = 2,696		α = 0,05	
Consumer Switching Behavior=19,635-0,006X₁ + 0,271 X₂ - 0,82X₃+ e					

Source: data SPSS processed, 2015

1. The value of t_{count} for the variabel of Poor Services is -0,096 smaller than the value of t_{table} is 1,984 with the significant level 0,924 > 0,05, then H₀ was accepted, it means the Poor Service is not significant influence to the Consumer Switching Behavior in the retail business in Manado City, definitely, these variables cannot be used in the model.
2. The value of t_{count} for the variabel of Consumer Dissatisfaction is 3,985 bigger than the value of t_{table} is 1,984 with the significant level 0,000 < 0,05 than H₀ was rejected, it means Consumer Dissatisfaction is significant influence to the Consumer Switching Behavior in the retail business in Manado City, definitely, this variable can use in the model.
3. The value of t_{count} to the variabel of Consumer Consideration is -1,264 smaller than the value of t_{table} is 1,984 with the significant level 0,209 > 0,05, than H₀ accepted, it means the Consumer Consideration has not influenced significantly to the Consumer Switching Behavior in the retail business in Manado City, definitely, this variable cannot be used in the model.

Discussion

Consumer Switching Behavior in the retail business in Manado City is the consumer behavior in which influenced of the level of the low level of Consumer Dissatisfaction, where it can be experienced by consumers. Consumer Dissatisfaction Behavior significantly influenced by purchasing decision of consumers in the retail business in Manado City, than this things will be influenced to the company turnover. In order to get the big size in the market share, as the result of the fierce competition, than to provide more services to maintain the consumer satisfaction is good strategy can be used to challenge the consumer without any doubt making purchasing decision that will be impact to the increasing of consumer product purchases and the profit of the company also will be increased. to the American Marketing Association in Setiad (2013:3) defines consumer behavior as a dynamic interaction between influence and cognition, behavior and events around us in which humans perform the exchange aspects of their lives. The consumer behavior on specific purchasing process consists of the following sequence of events: introduction to the problem needs, searching the information, the

evaluation of alternatives, purchase decision and behavior after purchase, making it clear that marketers need to focus on the entire decision-making process.

In the decision-making is necessary to be seen purchasing decisions of consumers which influenced by cultural, social, personal, and psychology of the consumers. Most of these factors are controlled by marketers, but it should really be calculated (Setiadi, 2003:11). In addition, the purchase decision is influenced by the quality of perception of (Perceived Quality) that consumer perceptions to the overall quality or services with respect to the expected consumer intent. The quality of perception (*Perceived Quality*) is reflected the customers feeling in overall to the brand. Costumers perception became important because every customer has difference views of the goods and the services (Durianto, 2001 : 96).

CONCLUSSION AND RECOMMENDATIONS

Conclusion

The conclusion had concluded such as:

1. The variables: Poor Service, Consumer Dissatisfaction, and Consumer Consideration simultaneously significant influence to the Consumer Switching Behavior in the retail business in Manado City.
2. Poor Service has no partially significant influence to the Consumer Switching Behavior in the retail business in Manado City.
3. Consumer Dissatisfaction has partially significant influence to the Consumer Switching Behavior in the retail business in Manado City.
4. Consumer Consideration has no partially significant influence to the Consumer Switching Behavior in the retail business in Manado City.

Recommendation

The recommendation of this study, consist of:

1. It is to necessary for the management or the company of the retail business in Manado City to increase the quality of service, particularly for the costumers, to increase the quality of product, and provide the marketing event in order to increase the brand awarness.
2. For the next research, in order to enhance and to improve the high level of the academic research in the university level, more explore and focus particularly in research competence is necessary and strongly recomended.

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