THE INFLUENCE OF SWITCHING COST, TIME AND VARIETY SEEKING ON CONSUMER SWITCHING INTENTION (A STUDY ON KIOSK AND MINIMARKET IN NORTH MINAHASA)

PENGARUH DARI BIAYA BERALIH, WAKTU, DAN KERAGAMAN PRODUK TERHADAP NIAT BERALIH KONSUMEN (PENELITIAN DI WARUNG DAN MINIMARKET DI MINAHASA UTARA)

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ABSTRACT

There are some factors on consumer switching intention such as switching cost, time, and variety seeking. This research aims to analyze switching cost, time, and variety seeking on consumer switching intention at stalls and conveniance stores simultaneously or partialy, The respondents which were the customers who have experienced making shopping transaction at stall and convenience store. Samples were taken from 100 peopel. The analysis used is multiple linear regressions. The results showed switching cost significant influence on consumer switching intention simultaneously but not partialy, time and variety seeking are significant influence on consumer switching intention simultaneously and partialy. Variety seeking as the dominant influence compare with the other variables that influence on Consumer Switching Intention.

Keywords: Switching Cost, Time, Variety Seeking, Switching Intention

ABSTRAK

Ada beberapa faktor yang mempengarugi terhadap niat beralih konsumen seperti biaya beralih, waktu, dan keragaman produk. Penelitian ini bertujuan untuk menganalisis biaya beralih, waktu, dan mencari keragaman produk terhadap niat beralih konsumen di warung dan toko secara simultan maupun parsial. Responden adalah mereka yang pernah melakukan transaksi pembelian di warung dan toko. Sampel di ambil dari 100 orang. Analisis yang digunakan yaitu regresi linear berganda. Hasil penelitian menunjukan biaya beralih berpengaruh terhadap niat beralih konsumen secara simultan tapi tidak secara parsial, waktu dan mencari keragaman produk berpengaruh terhadap niat bergaruh terhadap niat berganah produk berpengaruh terhadap niat bergaruh terhadap niat bergaruh terhadap niat berganah produk sebagai pengaruh yang paling dominan dibandingkan dengan variabel-variabel lain yang mempengaruhi niat beralih konsumen.

Kata kunci: Biaya beralih, Waktu, Mencari keragaman produk, Niat beralih.

1. INTRODUCTION

Research Background

In the buying and selling activities, where the market is one of the most important things for a place to perform these activities in addition to being the most obvious indicators of economic activities of a region. Indonesia has long recognized the traditional markets. In the era of modernity, where traditional markets as the nation's culture are now trying to survive and develop themselves in order to compete in the midstream. Liberalization of investment increasingly unstoppable has made traditional market getting pushed by the emergence of the modern market that offers more commodities, price and convenience. The biggest competitive of traditional retailers is minimarket (convenience store). Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family. Retail companies can be broadly divided into modern and traditional format. Modern retail is store with self-service system, sell various kinds of goods at retail in the form of Minimarket, Supermarket, Department Store, Hypermarket shaped Grocery and Wholesale. Traditional retail is sale with a small size such as shops, kiosks, stall which is located in the traditional market place and outside the traditional market location.

Research Objective

- 1. To find out if there is significant influence of switching cost, time, and variety seeking on customer switching intention simultaneously.
- 2. To find out if there is significant influence of switching cost on customer switching intention partially.
- 3. To find out if there is significant influence of time on customer switching intention partially.
- 4. To find out if there is significant influence of variety seeking on customer switching intention partially.

Theoretical Framework

Marketing

According to definition by Kotler (2003) Marketing is social process by which individuals and group obtains what they needs and what through creating offering, and freely exchanging product and service of value with others. Marketing starts with the fulfillment of human needs which later grew into the human desire in the process of fulfilling consumer needs and wants. This means marketing focuses on making the product available at the right place, at the right time, and at a price that is acceptable to customers.

Retailing

Berman and Evans (2001) stated the definition of retailing as follow: retailing consists of two business activities involved in the sale goods and services to consumers of their personal, family or household use; it is the final stage in the distribution process. This definition is in resemblance with Kotler and Garry (2001) statement who define retailing as all the activities involved in selling goods service directly to final consumers for their personal non business use. Many organizations such as manufacturer, wholesaler, and retailer conduct retail business.

Switching Intention

Bansal (2005) said that some of the factors that influence the transfer of customers are grouped into three categories, namely the effects of push, pull effects, and the effects mooring. The switching intention as the probability or certainty that customers will move from the current service provider to the new service provider. Many customer migration studies explain that the determinants of migration, such as quality, satisfaction, switching costs, and interest in the alternative, have been modeled with the intention of moving.

Switching Cost

Dick and Basu (1994) Switching costs are the costs/sacrifices that may be incurred when changing providers, including monetary and non-monetary costs/sacrifices. Atkinson and Kaplan (2009) states the cost is the monetary value of goods and services incurred to obtain the benefits now or financial commitment to pay in the future. Non-monetary costs mainly involve time and psychological costs that refer to a perceived risk. Klemperer (1987) There are three kinds of switching costs. Learning costs, transaction costs, and contractual costs. Switching costs that can be measured in changing from one service provider to another, including not only costs that can be measured in monetary units, but also psychological effects of becoming a client of a new provider and effort and time involved in adapting to a new firm.

Time

Heesup Han (2010) Time plays important role in considering moving or altering to another store/service provider. Time is the transition to obtain consideration and attention on the purchasing process of goods or service. Usually, during the goods or service purchasing process, customers have already considered and measure the time needed to make shopping process

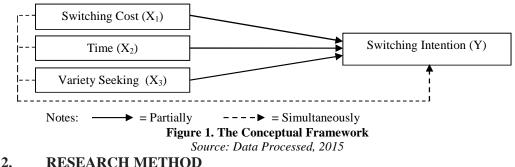
Variety Seeking

Kahn (1995) defined variety-seeking as the tendency of individuals to seek diversity in their choices of services or goods. The basic motivations for why consumers seek variety in their purchases. Consumers may seek variety because of an internal need for variety due to satiation of particular attributes or because of a desire for additional stimulation. Consumers may also seek variety because of changes in the external environment. Michaelidou (2005) Variety-seeking tendency has been identified as an important shopping motivation and an influential factor in shopping channel patronage it also has been associated with feeling-based decision making and hedonic shopping motivations.

Previous Research

Rizwan M, Hayat R, and Mohsin A (2013) conducted research on Antecedents of Customer Switching Intentions A case study of Nokia Mobile Phones' users. That the results of research time have positive effect on customer switching intention. Wirtz J, Xiao P, Malhotra N, Jeongwen Chiang (2014) conducted research on Contrasting the Drivers of Switching Intent and Switching Behavior in Contractual Service Settings research results put forward that the have positive effect on consumer switching intention specifically monetary switching costs play animportant role in explaining switching intention. Diah Y, Armanu T, Rofiaty K (2013) That the results of research Variety seeking brings positive but not significant role on switching intention.

Conceptual Framework



2. **RESEARCH METH**

Type of Research

This study is Quantitative study and causal research. Questionnaire was used for data that contains an explanation of the role or influence of factors that constitute the concept of the contents of this study, the impact of leadership style, work motivation, and job satisfaction on employee performance.

Place and Time of Research

This research is conducted at North Minahasa from early June 2015 until November 2015.

Population and Sample

Sekaran and Bougie (2009) Population is the entire group of people, events or things of interest that the researcher wishes to investigate. Target population in this study were people around of stalls and convenience store at North Minahasa. Sekaran (2009) defines sample as a subset of the population. In this research, the sample 100 peoples around of both.

Data Collection Method

Primary data were taken from the result of questionnaires that are distributed to 100 respondents that are around of stalls and convenience store at North Minahasa. The secondary data were taken from books, journals, and relevant literature from library and internet.

Operational Definition and Measurement of Research Variables

- 1. Switching Cost (X1) to know what are costs that occur when switching brands, products, or into a new marketplace.
- 2. Time (X_2) is a manner which wasted as little time as possible
- 3. Variety Seeking (X₃) consumer behavior in which consumers frequently switch brands not due to dissatisfaction, but simply to pursue novelty.
- 4. Switching Intention (Y) is the migration of consumers from one service to another Switching intention is the signal of termination of customer's relationship with current service provider partially or fully.

Data Analysis Method Validity Test

Validity is a test of how well an instrument that is developed measures the particular concept it is intended to measure. To analyze the validity of questionnaire, Pearson Product Moment is used.

The instrument will valid if the instrument is able to fill the requirement in validity test. Validity for each variable is good where the values are above minimum level of 0.30.

Reliability

Reliability test is established by testing for both consistency and stability of the answer of questions. 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, the questionnaire is reliable if the value of Cronbach's Alpha more than 0.6 (Sekaran and Bougie, 2009).

Multiple Regression Analysis Method

The method of research used in this study is multiple regression analysis. Multiple regression analysis is the process of calculating a coefficient of multiple determination and regression equation using two or more independent variables and one dependent variable (Sekaran & Bougie, 2009:348). The equation model of multiple regression analysis used in this research can be formulated as shown below: $\mathbf{Y} = + \mathbf{1}\mathbf{X}_1 + \mathbf{2}\mathbf{X}_2 + \mathbf{3}\mathbf{X}_3 + \mathbf{e}$

Notes:			
	Y	=	Switching Intention (Dependent Variable)
		=	The constant, when all independent variable equal to 0
	\mathbf{X}_1	=	Switching Cost (independent variable)
	X_2	=	Time (independent variable)
	X_3	=	Variety seeking (independent variable)
	1, 2,	3 =	The slope for each independent variable
		=	Error

3. **RESULT AND DISCUSSION**

Validity Test

Validity test is used to know whether the instrument is valid or not. The instrument is valid if the value of variable is positive and more than 0.3 (r > 0.3).

Indicator	Pearson Correlation
X1.1	0.678
X1.2	0.651
X _{1.3}	0.601
X1.4	0.575
X1.5	0.511
X1.6	0.677
X _{2.1}	0.619
X _{2.2}	0.743
X 2.3	0.576
X 2.4	0.642
X2.5	0.570
X 2.6	0.617
X _{3.1}	0.719
X _{3.2}	0.760
X _{3.3}	0.798
X3.4	0.702

Table 1. Validity Test

Y.1	0.682		
Y.2	0.793		
Y.3	0.738		
Y.4	0.640		
Y.5	0.595		
Source: Data Processed, 2015			

From the table above shows the validity test of variable Switching cost (X1), Time (X2), Variety seeking (X3), Switching intention (Y) are bigger than r value. The table shows the total number for X1 - Y is above 0.3, means that all the indicators are valid.

Reliability Test

Reliability test is used to check the consistency of measurement instrument. The reliability test in this research using Alpha Cronbanch that will show the instrument is reliable if the coefficient value is more than 0.6.

Cronbach's Alpha
,747
,758
,796
,775

Table	2.	Reliability	Test
Lable		nonuonity	LCDU

Source: Data Processed, 2015

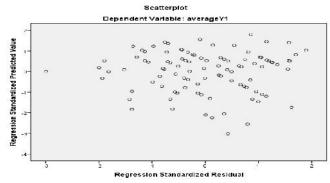
Classical Assumption Multicolinearity

Table 3. Multicolinearity Test			
Variable VIF			
X_1	1,194		
X_2	1,270		
X ₃	1,375		

Source: Data Processed, 2015

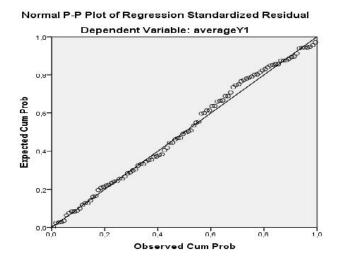
Table above shows the calculation of Multicolinearity. Moreover, it can be known through the VIF and tolerance, whereby if the value of VIF and tolerance to be around the number <10 then the regression model above are free from multicolinearity. Based on the results in the table above can be seen by SPSS output does not occur because the symptoms of multicolinearity VIF value of X1 – X3 is below numbers< 10, this means that there is no connection between the independent variables. Thus, multicolinearity as sumptions are met (free of multicolinearity).

Heteroscesdastisity Test



Graph 1. Heteroscedasticity Test Source: Data Processed, 2015

Based on the graph above it can be seen that there is no established pattern, in other words the graph describing the plot spread above and below the number 0 (zero) on the Y-axis. This proves that the independent variable is free of Heteroscesdastisity. **Normality Test**



Graph 2. Normality Test *Source: Data Processed, 2015*

Multiple Regression Analysis

In calculating the regression between independent variables and dependent variable, with the help of a computer program package Based on the statistical software SPSS Version 20, of the data processing on the attachment is as follows:

Variable	В
(Constant)	,935
X_1	,045
X_2	,227
X ₃	,474

Table 4. Unstandardized Coefficient Beta

Source: Data Processed, 2015

From the analysis, obtained by linear regression equation as follow:

$$Y = + {}_{1}X_{1} + {}_{2}X_{2} + {}_{3}X_{3} + e$$

Y = 0.935 + 0.045X₁ + 0.227X₂ + 0.474X₃ + e

Notes :

- Y = Switching intention (Dependent Variable)
- X_1 = Switching cost (independent variable)
- X_2 = Time (independent variable)
- X₃ =Variety seeking (independent variable)

From the multiple linear regression equation above, it can inform the interpretation as follows:

- 1. Constant value of 0.935 means that if the variables in this research of Variable X1, X2, X3 simultaneously no change or equal to 0, Y will increase at 0.935 point.
- 2. Coefficient value of 0.045 means that if the variables in this research of X1 increased by one scale or one unit, it will improve and increase Y at 0.045.
- 3. Coefficient value of 0.227 means that if the variables in this research of X2 increased by one scale or one unit, it will improve and increase Y at 0.227.
- 4. Coefficient value of 0.474 means that if the variables in this research of X3 increased by one scale or one unit, it will improve and increase Y at 0.474. Thus, if there is any change in factors measuring of X1, X2, X3 will effect dependent variable Y.

Coefficient Correlation (R) and Determination (R2) Coefficient Correlation (R)

The correlation coefficient is used to measure the The Influence of independent variable on dependent variable. The correlation coefficient values can be seen in the table:

Table 5. Coefficient Correlation (R) and (R2)				
Model	R	R2		
1	,664	441		
Source: Data Processed. 2015				

Coefficient Determination (R2)

To determine the contribution Influence of X1, X2, X3 on Y can be seen that the determinant of the coefficient (R2) in the table above. R2 value of 0.441 in this study may imply that the contribution of Independent variable on dependent variable of 44 % while the remaining 56% is affected by other variables not examined in this study.

Hypothesis Testing F-Test

ANOVA^a

Simultaneous testing conducted to determine the The Influence of X1, X2, X3 on Y hypothesis test is carried out simultaneously by using F numbers in the table below. Testing is done by comparing the number of significant level of calculation results with significance level 0.05 (5%) with the following criteria:

If F_{count} (sig) > 0.05 then Ho is accepted and Ha rejected If F_{count} (sig) < 0,05 then Ho is rejected and Ha accepted

Table 6. Simultaneously Test (F - test)

Mod	del	Sum of Squares	df	Mean Square	F	Sig.
	Regression	56,468	3	18,823	25,273	,000 ^b
1	Residual	71,500	96	,745		
	Total	127,968	99			

a. Dependent Variable: averageY1

b. Predictors: (Constant), averageX3, averageX1, averageX2 Source: Data Processed, 2015

The level of significant of 0.05 and degree of freedom (df) of 3; 100, the F_{table} from F distribution table is $F_{3; 100; 0.05} = 2.70$, while f_{count} is 25.273 then the result is $f_{count} > f_{table}$: 23.320 > 2.70. Since

the f_{count} is greater than f_{table} , H0 is rejected and H1 is accepted. It means that the independent variables significantly affect the dependent variable simultaneously.

T-test

Partial test is used to test the effect of each independent variable X1, X2, X3 in partial effect on Y by performing comparisons between the tcount values with tTable value at = 0.05 or compare the probability of the real level 95% of the partial coefficient (r) so that it can be seen the influence of the independent variables individually. Using the criteria of hypothesis testing by t test as follows:

 $t_{count} < t_{tabel}$ (0,05), then H0 is accepted and rejecting Ha. $t_{count} > t_{tabel}$ (0,05), then H0 is rejected and accepting Ha. The data table below shows the t-test partially results:

Model	Т	Sig	
X_1	,526	,600	
X_2	2,765	,007	
X3	5,627	,000	
Source: Data Processed, 2015			

Table 7. Partial Test Analysis Table (t-test)

- bource. Data Processea, 201
- 1. Switching cost (X₁) to Switching intention (Y)

The hypothesis is reject H₀ and accept H₁ if $T_{count} > T_{table}$ or accept H0 and reject H1 if $T_{table} > T_{count}$. In Table 7 the T_{count} of Switching cost (X1) is 0.526. Comparing T_{count} with T_{table} : 0.526 < 1.984. Since the T_{count} is lower than T_{table} , H₀ is rejected and H₁ is accepted. Therefore, switching cost has no significant influence to switching intention.

2. Time (X_2) to Switching intention (Y)

The hypothesis is reject H₀ and accept H₁ if $T_{count} > T_{table}$ or accept H₀ and reject H₁ if $T_{table} > T_{count}$. In Table 7 the T_{count} of Time (X₂) is 2.765. Comparing T_{count} with T_{table} : 2,765 > 1.984. Since the T_{count} is greater than T_{table} , H₀ is rejected and H₁ is accepted. Therefore, Time has significant influence to Switching intention.

3. Variety Seeking (X₃) to Switching Intention (Y)

The hypothesis is reject H₀ and accept H₁ if $T_{count} > T_{table}$ or accept H₀ and reject H₁ if $T_{table} > T_{count}$. In Table 7 the T_{count} of Variety seeking (X₃) is 5.627. Comparing T_{count} with T_{table} : 5.627 > 1.984. Since the T_{count} is greater than T_{table} , H₀ is rejected and H₁ is accepted. Therefore, Variety seeking has very significant influence to Switching intention.

Discussion

With the multiple regression analysis method, the regression procedure has divided the variables into two variables that are dependent variable and independent variables. The researcher analyzed how Switching Cost (X1), Time (X2), Variety Seeking (X3), influence on Consumer Switching Intention (Y) in rural area of North Minahasa.

Switching Cost on Consumer Switching Intention

Researcher found that the Switching Costs do not have any influence on Consumer Switching Intentions. Switching costs can cause consumers switching intentions, habits of consumers who have shopped at stall move to conveniance store or can cause consumers are reluctant to move from stalls because the high of price sale in conveniance stores and difficulty process to move.

Consistent with the Tim Snijder & Marco van der Heijden (2013) findings showed that Switching Cost is not significantly influence on Consumer Switching Intention. Switch costs do not seem to have a significant influence on switch intentions. Two types of switch costs are measured, of which financial switch costs seemed to be the most important and significant factor to lower the intention to switch.

Time on Consumer Switching Intention

Researcher found that the Time is one variable influences on Consumer Switching Intentions. The limited time of stalls operational makes consumers obstructed to satisfy their needs. Customers say that they get benefit from the conveniance store are close with they place because the operational of convenience store longer than the stall, so that consumers are not obstructed to satisfy their needs. That means the Convenience store gives a better effect for their customers or more helpful than their competitors. The researcher has found the similar result with previous study by Diah Yulisetiarin (2013) that show Time significantly affects switching intention.

Variety Seeking on Consumer Switching Intention

The researcher found that Variety Seeking as the dominant influence compare with the other variables that influence Consumer Switching Intention. Consumers may seek variety because of internal and external factors. Internal factors it means when consumer will fulfill the daily need of course they can go store to shop and external factor is the changing environment with the modern retail selling various kinds of products make the consumer will move shopping and prefer modern retail because it sells various kinds of products that they need and make the consumer to try a new product. The result of this research is different with Hyo Sun Jung (2012) and Diah Yulisetiarin (2013) findings that not significantly influence Consumer Switching Intention resault shown need of variety seeking is perceived properly by the consumer. It means that they feel the need to seek for variety there is a slight role of variety seeking but not significant to the switching intention.

4. CONCLUSION AND RECOMMENDATION

Conclusion

Based on the analysis and discussion, the conclusions as follows:

- 1. Switching cost, time, and variety seeking have significant influence on consumer switching intention simultaneously.
- 2. Switching cost has no a significant influence on consumer switching intention partially.
- 3. Time has significant influence on consumer switching intention partially.
- 4. Variety seeking has a significant influence on consumer switching intention partially.

Recommendation

The suggestions for the company, as follows:

- 1. Government must be willing to take the decision to limit the development and growth of modern retail in the area in order not hinders the livelihoods of the people in terms of business owners (Stall Owners) so that small businesses like this can grow.
- 2. For the next researcher should add more variable indicator to make this research have a huge perspective of consumer switching intention at North Minahasa.

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