



# Antecedents of Switching Behavior in Hotel Setting

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## **Abstract**

*The objective of this study is to investigate what factors most affecting on customer switching behavior. Consumer-service switching behavior refers to customers abandoning a service in favor of a competitor's because they feel dissatisfied about the services. We proposed hypotheses to examine relationships between pricing, hotel reputation, alternative / other hotel attractiveness, and service quality on customer switching behavior. Survey data was collected from 100 respondents as hotel customers. This study concerned on hotel performance in Jakarta, Indonesia.*

**Keywords:** *Pricing, hotel reputation, alternative attractiveness, service quality, customer switching behavior.*

**Paper type:** *Research paper*

## **INTRODUCTION**

At this time, to understand and react to changes of customer behavior is an inevitable aspect of surviving in a competitive and growing market (Lariviere and Poel, 2004). Nimako (2012) mentioned that business organizations in this globalization era are increasingly being customer-oriented, realizing the importance of keeping customers in a long-term relationship. If an organization cannot keep their customers in a long-term relationship, the customer will feel dissatisfied about the service that lead to customer switching behavior.

Consumer-service switching behavior refers to customers abandoning a service in favor of a competitor's because they feel dissatisfied about the services. Hotel is one of a type in service industries where customers usually switching their services. Hotel is defined as the where accommodation, food, and drinks are supplied to the people who desire to pay for provided-service without any special agreement required by the business (Medlik, 1972). Hotels provide services to different people with different. People develop expectations of services that may not always match with the reality, resulting in customer dissatisfaction that lead to potential complaints (Ngai, 2007), that can cause the customers switch to other hotels.

The objective of this study is to investigate what factors most affecting on the customer switching behavior of the hotel in Jakarta, Indonesia. The factors that have been analyzed are four different variables that are important to understand the customers switching behavior in hotels such as price, hotel reputation, alternative / other hotel attractiveness and service quality.

## **LITERATURE REVIEW**

Switching is defined as “a sudden change from one thing to another” by word finder dictionary while behavior is defined as “The action or reaction of something” (Pirzada et al., 2014). This research gives an answer for, why the hotel customer switch to another hotel? Which factors influence to change the behavior of hotel customers?

Consumer-service switching behavior refers to customers abandoning a service in favor of a competitor's because they feel dissatisfied about the services. Bansal (1997) mentioned service switching is defined as the act of replacing and changing the current service provider to another service that is available to the customer.

### **Pricing**

Price is something that must be given up or sacrificed to get certain kinds of products or services (Zeithaml, 1998). Engel et al, (1995) said that price is also a crucial factor in customer choice that relies on the price of an alternative. But, unfavorable price perceptions can cause customers switch to another service (Clemes et al., 2007; Campbell, 1999). Keaveney (1995) mentioned the “pricing” factor includes all critical switching behaviors which involve prices, fees, rates, service charges, charges, surcharges, penalties, price deals, coupons, and/or price promotions.

H1. Pricing has positively influences customer switching behavior.

### **Hotel Reputation**

To compete with other company, a company's reputation must have a key such as valuable, distinctive, difficult to duplicate, non-substitutable, and provides the company with a sustainable competitive advantage in this globalization era (Wang et al., 2003; Hall, 1993). Reputation defined as a brand or customer equity that linked to the construct with the credibility and loyalty of the company (Aaker, 1996; Rust et al., 2000). Fombrun (1996) said corporate reputation defined as “a perceptual representation of a company's past actions and future prospects that describes the company's overall appeal to all of its constituents when compared with other leading rivals”. On the other hand, Rao (1994); Rindova and Kotha (2001) said that corporate reputation is a history of customer perception for the company. Corporate reputation is represented as a social character. It has an important and intangible resource to contribute to a company's performance and survival (Hall, 1993; Rao, 1994; Yoon et al., 1993). A good reputation increases the predictability of a company's behavior and reduces the perceived uncertainty of buyers even without any direct experience with the organization (Jayawickramarathna, 2014).

H2. Hotel reputation has negatively influences customer switching behavior.

### **Alternative / Other Hotel Attractiveness**

The intention to continue or switch is a function of the attractiveness of the existing service versus that of alternatives (Rusbult and Farrell, 1983). Hou et al., (2011) mentioned that customers are more likely to switch to a substitute service if they perceive the new one better, or different, at fairer prices and more enjoyment by expectation. In service industries, the attractiveness of competitors has been found to encourage consumers to switch their services [Keaveney 1995]. Kim et al. (2006) said the highest attractiveness of alternatives may result in greater propensity of switching.

H3. Alternative / other hotel attractiveness has positively influences on customers switching behavior.

### **Service Quality**

Services are defined by some characteristics such as services naturally, it means this characteristic are not visible and tangible neither the customer can measure by some items or instruments (Clemes, et al., 2007; Safakli, 2007). Customer Perception of quality of service

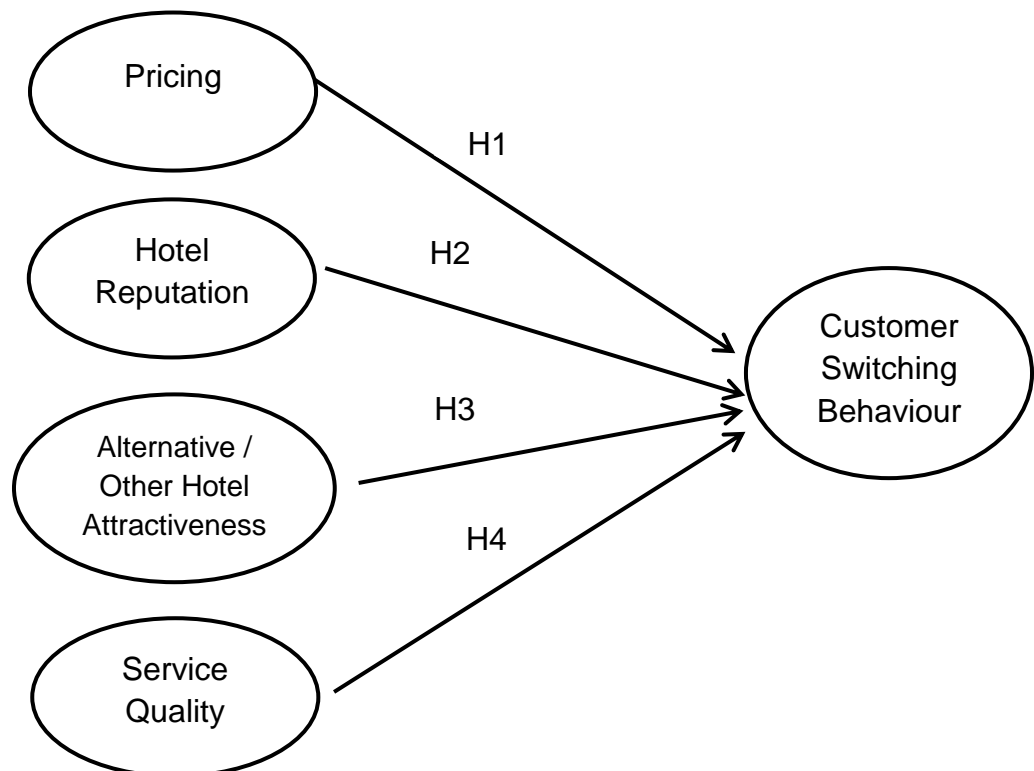
is determined by the proportions of customers' own expectations with the services given by the company. According to Lewis and Boom (1983), service quality is a measure of how well the service level delivered matches with customer expectations. But, Kotler & Keller (2006) said service quality is a name of competitive edge which some organizations hold and offered to fulfill the needs of their customers what they expecting its efficiency and effectiveness make it a competitive edge for the organization to face this dynamic competitive environment.

Service quality has become an important factor for success in the hotel industry. Since the eighties service quality has been one of the important issues in marketing literature and is regarded as an important element in management strategies in order to succeed in a competitive environment (Parasuraman, et al., 1985). Providing superior service quality to customers emerge an opportunity for a company to differentiate themselves in competitive markets (Karatepe et al., 2005). Oji (2010) explained how organizations evaluate better or not of their product and service quality, to know this they can arrangesome programs by inviting customers to give their complain and suggestion about the product and the service (Ojo, 2010).

H4. Service quality has negatively influences customer switching behavior.

## CONCEPTUAL FRAMEWORK

Figure 1.  
Conceptual  
Framework



## RESEARCH METHODOLOGY

### Data Collection

A purposive sample was used. Samples chosen is customers hotel which ever switched to another hotel. From 140 responses collected, 100 valid responses were used for further analysis.



## Measures

### Price

Two items (e.g. room rate of this hotel is too high) were adapted from Narteh (2013).

### Hotel Reputation

Three items (e.g. the hotel online systems is not reliable) were adapted from Clemes, et.al., (2007).

### Alternative / Other Hotel Attractiveness

Three items were adapted from Magalhães (2009) (e.g. if I needed to switch “hotel”, there are many other good “hotels” to choose from).

### Service Quality

Three items (e.g. hotel staffs did not readily respond to my request) were adapted from Clemes, et.al.,(2007).

### Customer Switching Behavior

Three items were adapted from Hussain (2014) (e.g. The likelihood of me switching to another hotel is high).

## RESULT AND DISCUSSION

### Profile of the Respondents

**Table 1**  
**Respondent distribution based on Gender and Ages**

Ages	Woman	%	Man	%	Total
20-30 Years old	26	49.06	17	25.37	43
31-40 Years old	9	16.98	10	14.93	19
41-50 Years old	14	26.42	32	47.76	46
51-60 Years old	4	7.55	7	10.45	11
>60 Years old	0	0	1	1.49	1
Total	53	100%	67	100%	120

Table 1 shows that the most of the survey respondents with the largest amount of gender and ages is a man between 41 – 50 years old with 32 respondents or 47.76%. While for a woman the largest amount in a range between 20-30 years old with 26 respondents or 49.06%.

**Table 2**  
**Respondent distribution based on Gender and Jobs**

Jobs	Woman	%	Man	%	Total
Employee	10	18.87%	30	44.78	40
Civil Worker	3	5.66%	11	16.42	14
Professional	5	9.43%	6	8.96	11
Entrepreneur	1	1.89%	9	13.43	10
House-wife	15	28.30%	0	0	15
Retirement	0	0%	1	1.49	1
Other	19	35.85%	10	14.93	29
Total	53	100%	67	100%	120

Table 2 shows that man has the highest amount of gender and jobs with 30 respondents or 44.78% who works as an employee. Meanwhile, for women who work the highest amount with 19 respondents or 35.85%.



**Table 3**  
**Respondent distribution based on Gender and Frequency**

Frequency	Woman	%	Man	%	Total
1 times	20	37.74%	10	14.93%	30
2 times	20	37.74%	21	31.34%	41
3 – 5 times	9	16.98%	28	41.79%	37
6 – 7 times	3	5.66%	8	11.94%	11
>10 times	1	1.89%	0	0%	1
Total	53	100%	67	100%	120

Table 3 shows that a man has the highest amount to stay in a hotel for 3-5 times in 6 months with 28 respondents or 41.79%. While for a woman, only 13 respondents or 24.53% stays in a hotel more than 3 times. This table explained that a man is more often to stay in a hotel compared with a woman because of a job.

**Table 4**  
**Validity and Reliability Test**

No.	Construct and Indicator	Loading Factor	Cronbach's Alpha	Result
<b>Price</b>			0.864	Reliable
1.	Room rate of this hotel is too high	0.938		Valid
2.	Room rate of this hotel relatively expensive compare to other hotels	0.938		Valid
<b>Hotel Reputation</b>			0.719	Reliable
1.	The hotel was not provides services as promise.	0.861		Valid
2.	The hotel is untrustworthy	0.895		Valid
3.	The hotel online systems is not reliable	0.632		Valid
<b>Alternative/ Other Hotel Attractiveness</b>			0.834	Reliable
1.	If I needed to switch "hotel", there are many other good "hotels" to choose from.	0.866		Valid
2.	Compared to this "hotel", there are other "hotels" with which I would probably be equally or more satisfied.	0.856		Valid
3.	I believe that alternative other hotels have better reputation than this hotel	0.881		Valid
<b>Service Quality</b>			0.831	Reliable
1.	Hotel staffs were slow respond.	0.873		Valid
2.	Hotel staffs are not polite and friendly.	0.851		Valid



3.	Hotel staffs did not readily respond to my request.	0.874	Valid
<b>Customer Switching Behavior</b>		0.752	Reliable
1.	I intend to switch to other hotels.	0.799	Valid
2.	The likelihood of me switching to another hotel is high.	0.871	Valid
3.	Next time, I would not continue to deal with this hotel.	0.781	Valid

Based on the statistical test result, all the constructs and indicator is valid and reliable.

**Table 5**  
**Criteria Goodness of Fit Models**

Goodness of fit index	Criteria (cut-off value)	Indicator Value	Result
Chi-Square ( $X^2$ )	Near to 0	105.409	Poor Fit
Probability	$\geq 0,05$	0.002	Poor Fit
RMR	$< 0,10$	0.037	Goodness of Fit
GFI	$\geq 0.90$	0.890	Marginal Fit
NFI	$\geq 0.90$	0.828	Marginal Fit
CFI	$\geq 0.90$	0.946	Goodness of Fit
RMSEA	$\leq 0,10$	0.069	Goodness of Fit

Based on the information, we can conclude that with RMR, CFI, and RMSEA approach used resulted in a fit model so we can continue the hypothesis theory.

**Table 6**  
**Hypothesis Test**

Hypothesized Relationship	Standardized Coefficient	p – Value	Result
H1 Price $\rightarrow$ Switching Behavior	0.034	0.206**	Not Supported
H2 Hotel Reputation $\rightarrow$ Switching Behavior	-0.373	0.093**	Supported
H3 Alternative/Other Hotel Attractiveness $\rightarrow$ Switching Behavior	0.469	0.000*	Supported
H4 Service Quality $\rightarrow$ Switching Behavior	-0.458	0.001*	Supported

\*p < 0.05      \*\* p < 0,1

Hypothesis 1 was not supported. Based on the statistical test result, the price had a positive influence on customer switching behavior ( $\beta=0.034$ ), which means the higher perception of a price the higher the perception of switching behavior. The test result shows the p-value is  $0.206 > 0.1$  (alpha 10%) we can conclude that on the confidence level of 90% there is no effect of price towards customer switching behavior.

Hypothesis 2 was supported. Based on the statistical test result, hotel reputation had a negative influence on customer switching behavior ( $\beta= -0.373$ ), which means the lower perception of hotel reputation the higher the perception of switching behavior. The test



result shows the p-value is  $0.093 < 0.1$  (alpha 10%) we can conclude that on the confidence level of 90% there is an effect of hotel reputation towards customer switching behavior.

Hypothesis 3 was supported. Based on the statistical test result, alternative / other hotel attractiveness had a positive influence on customer switching behavior ( $\beta = 0.469$ ), which means the higher the perception of alternative / other hotel attractiveness the higher the perception of switching behavior. The test result shows the p-value is  $0.000 < 0.05$  (alpha 5%) we can conclude that on the confidence level of 95% there is an effect on alternative / other hotel attractiveness towards customer switching behavior.

Hypothesis 4 was supported. Based on the statistical test result, service quality had a negative influence on customer switching behavior ( $\beta = -0.458$ ), which means the higher the perception of service quality the higher the perception of switching behavior. The test result shows the p-value is  $0.001 < 0.05$  (alpha 5%) we can conclude that on the confidence level of 95% there is an effect of service quality towards customer switching behavior.

## **CONCLUSION**

Based on the discussion result, there are four variables that can affect to switching behavior in Hotel setting such as price, hotel reputation, alternative/other hotel attractiveness and service quality. The most influence constructs is alternative/other hotel attractiveness and has a significant effect on customer switching behavior, therefore the higher the perception of other hotel can affect to customer switching behavior. Another construct also have an influence to switching behavior and have a significant effect, in consideration for pricing has no a significant effect for customer switching behavior.

## **MANAGERIAL IMPLICATION**

This research provides that there are several factors that significantly influence to customer switching behavior, one of them is the alternative / other hotel attractiveness which influenced to customer switching. This study suggests, the manager of hotel company have to concern in giving a better service and satisfying customers in order to be better from a competitor, so it can reduce customers switching behavior.

## **LIMITATIONS AND FUTURE RESEARCH**

There are several limitations of this study. First, we did not describe specifically about the dimension of service quality. Second, the respondents in this study were only the workers who have stayed overnight at the hotel in Jakarta, Indonesia. Third, we didn't use an intervening variable in a conceptual framework. Therefore, the future study can explain the dimension of service quality, and increase the number of respondents.



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