

RELATIONSHIP OF CUSTOMER SATISFACTION TO SWITCHING COST AND LOYALTY INPATIENT AT SURABAYA PRIVATE HOSPITAL

Mu`ah

Lecturer in Department of Management in STIE Ahmad Dahlan Lamongan, Lamongan, INDONESIA.

mama_stiead@yahoo.com

ABSTRACT

This study aims to determine the relationship of customer satisfaction to switching cost and inpatient loyalty at Private Hospital in Surabaya. One hundred and forty respondents or patients in four Private Hospital type B Surabaya were used as sample. Structural Equation Model (SEM) was applied as the techniques to analyse the data through multigroup or multisample analysis approach to test the influence of exogenous and endogenous. The results showed that patient satisfaction affects significantly in positive direction to the switching cost at Private Hospital type B in Surabaya. Second, patient satisfaction affects significantly in positive direction to the patient loyalty at Private Hospital type B in Surabaya. Thus, the whole satisfaction levels should be improved, such as by providing services. By providing good services in the Hospital, patients will be cared as well.

Keyword: Customer Satisfaction, Switching Cost, Loyalty, Private Hospital

INTRODUCTION

Each manufacturer tries to design a meaningful difference to differentiate its product from the products offered by its competitors, so that each product has its own distinctive features that differentiate it from its competitors' products (Kotler, 2002).

The differences of product with its competitors are also seen in hospitals. Hospitals as a company engaged in the field of health services seeks to provide good and qualified health services. Good and qualified service itself will bring the patient satisfaction and will provide benefits for the hospital at once (Gunawan & Djati, 2011).

Consumer assessment on the quality of hospital services is important as a confounder in improving the service so that it can create satisfaction and loyalty from the consumer. Customer satisfaction has become a central concept in business and management discourse (Tjiptono & Chandra, 2011). Customers generally expect products in the form of goods or services consumed which can be accepted and enjoyed with good or satisfactory service (Assauri, 2003). Customer satisfaction can be a perception which then can manage position of company's product in the eyes of its customers.

Hospital is a capital-intensive, technology-intensive, labor-intensive healthcare provider that plays a strategic role in improving health status of the community in Indonesia. The development of hospital industry in the last ten years was very rapid, especially in an effort to gain customer loyalty. Loyalty, according to (Supriyanto & Ernawaty, 2009), is a reflection of commitment and can be approached through behavioral and attitudinal perspective so that it later develops into affective loyalty, action loyalty, advocate loyalty, and conative loyalty.

According to the data of private hospitals in Surabaya, the complaints of patients from year to year got increased and the complaints that were conveyed vary starting from entering the parking lot to the other services used by patients or so-called core services and support services, and all of those will rise complain until the patients are out, in addition, most of the complaints were related to service quality.

To solve these problems is not easy, but the hospital still provides quality health services. The quality of health care is influenced by complaints from patients, even from the government.

Patient satisfaction is not the ultimate goal for the hospital. Any attempt made by the hospital to satisfy the patient is shown to make them going back to the hospital. Creating an intention to go back for patients is essential for the hospitals to keep the hospital get going as known that satisfied patients having intention to go back to the hospital are the basis of stability and growth of market or hospital market. (Duffy & Ketchand, 2003).

Beerli, et. Al. (2004) state that satisfaction has positive effect on the customer loyalty. A consumer who is satisfied with the services will establish loyalty to the service. It means the higher the perceived satisfaction, the higher the level of customer loyalty. On the other hand, unsatisfied customers also have low loyalty levels. But satisfaction is not always the only strategy in creating repurchase intentions.

In addition, technological changes and differentiation strategies in hospital services leading to switching costs also become an important factor for consumer satisfaction (Aydin & Ozer, 2005). Definition of switching cost according to Burnham, et. Al. (2003) is "the on time cost that the customers associate with the process of switching from one provider to another". It can be concluded that the switching cost is the costs incurred by customers associated in the process of moving customers to other service providers. Switching costs can result in a good relationship between service providers and patients. By regulating this switching cost, service providers can retain patients and provide benefits to service providers. So it can be said that customer switching cost can be a market power which can provide benefits for service providers to compete with other service providers (Jones, et al., 2003).

In previous research states that there is a significant relationship between satisfactions with switching costs, Lee, et. Al. (2001). Switching cost is a cost of consumer or patient when he wants to move from one supplier to another supplier. Switching cost begins with the buying decision process of the customer and the implementation of that decision. The results of research conducted by Fornell (1992) in Lee, et. Al. (2001), Hauser, (1994), Anderson & Sullivan (1993) reinforce empirical evidence regarding the effect of patient satisfaction on switching costs.

Based on the above description, it is necessary to examine the relationship of customer satisfaction to switching cost and loyalty of inpatient in Private Hospitals in Surabaya.

METHODOLOGY

This research is explanatory research, which intends to explain the relationship between variables, customer satisfaction variable to the switching cost and loyalty of patients in private hospitals type b in Surabaya. The population of this study was all inpatients as users of hospital services at for least three days in private hospitals type b in Surabaya which are 162 patients. The sample was 140 respondents or patients of 4 private hospitals type b in Surabaya. sampling technique was by means of proportional random sampling of each hospital. the percentage of taking sample in each hospital was as large as the percentage of population members in each hospital, and the entire population was based on the number of inpatient in private hospitals type b in Surabaya.

This study used Structural Equation Model (SEM) through multi-group or multi-sample analysis as the data analysis technique to test whether there is influence or not between exogenous and endogenous variables.

RESULT AND DISCUSSION

Based on figure 1 regarding the validity test of customer satisfaction (Y3), it shows that customer satisfaction variable is latent endogenous variable measured by three indicators that are experience, expectation, and overall satisfaction. If to find out whether the patient satisfaction is a variable whose validity level can be acceptable, then use Confirmatory Factor Analysis (CFA). The test results indicate that the value of loading factor on the three indicators is above ≥ 0.5 .



Figure 1. The Result of CFA on
Source: data processed (2016)

Based on figure 2 regarding switching cost validity test (Y4), it shows that switching cost variable is latent endogenous variable measured by three indicators, procedural switching cost, contractual switching cost, and relational switching cost. If to find out whether the switching cost is a variable which validity level is acceptable, then use Confirmatory Factor Analysis (CFA). The test results show that the value of loading factor on the three indicators is above ≥ 0.5 .

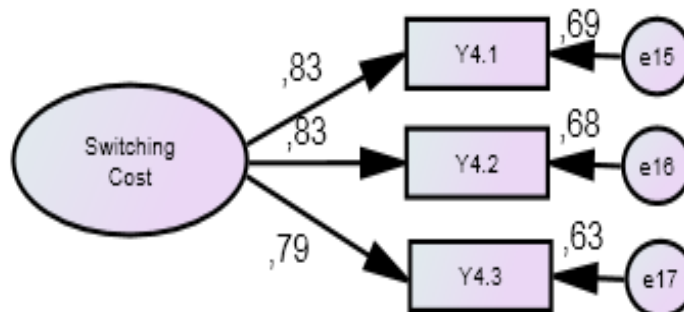


Figure 2. The Result of CFA on Switching Cost Variable
Source : Data processed (2016)

Based on figure 3 regarding the validity test of patient loyalty (Y5), it shows that patient loyalty variable is latent endogenous variable measured by three indicators that is continuation use, recommendation to others, and resilience not to move to other services. If to find out whether the patient loyalty is a valid acceptable level of validity, then use Confirmatory Factor Analysis (CFA). The test results show that the value of loading factor on the three indicators is above ≥ 0.5 .

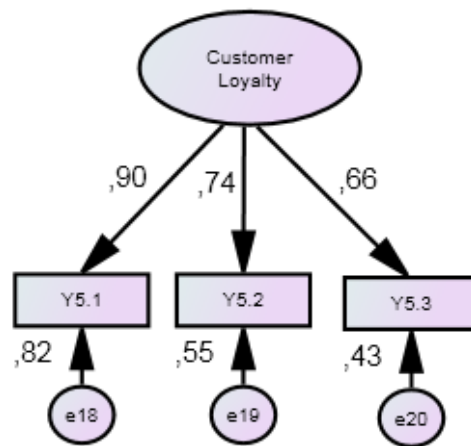


Figure 3. The Result of CFA on Customer Loyalty Variable
Source : Data processed (2016)

Based on the results of regression weight test of table 1, the magnitude of patient satisfaction variable coefficient (Y3) applied by Private Hospitals type B in Surabaya to the switching cost variable was (Y4) = 0,268 with $P < 0,05$. Hypothesis that states patient satisfaction significantly influences the switching cost of Private Hospitals type B in Surabaya was proven true or accepted. Path coefficient marked positive which theoretically means that the relationship of influence from patient satisfaction to switching cost is unidirectional. It means if patients' perception about patient satisfaction is high (positive), then switching cost is low. Otherwise, if patients' perception of patient satisfaction is low (negative), then switching cost is high.

The findings of this study are to support the research presented by Wijayanti (2008) which examine the relationship of patient satisfaction to the switching cost that analyzes the patient's satisfaction and the switching cost to give good services to the patients in order to come up with satisfied and loyal patients so that there is no transferring to another hospital.

The results of this study suggest that patient satisfaction has a positive and significant effect on switching costs. It is in accordance with Post-purchase Cognitive Dissonance theory of Aydin & Ozer, 2005 which states that customers who collect information to reduce anxiety about misstatement of purchasing decisions will rearrange the experience of Past purchases. In this process if a customer is transferring, a comparison will be made between the brand will be used and the old brand. To reduce cognitive dissonance, customers tend to prefer using a brand that has been used and has been satisfied them before. Opportunity cost analysis suggests that customer satisfaction has a positive effect on the cost of transferring. The higher the consumer satisfaction, the greater the opportunity cost because customers will feel reluctant to try to other service providers.

Table 1. Test of Causality of Regression Weight

Path	Standardized Estimate	Unstandardized Estimate	Standart Error (S.E.)	Critical Ratio (C.R.)	p-Value (P)
Customer Satisfaction (Y3) → Switching Cost (Y4)	0,268	0,228	0,088	3,033	0,002
Customer Satisfaction (Y3) → Customer Loyalty (Y5)	0,329	0,356	0,112	2,939	0,003

Source: data processed (2016)

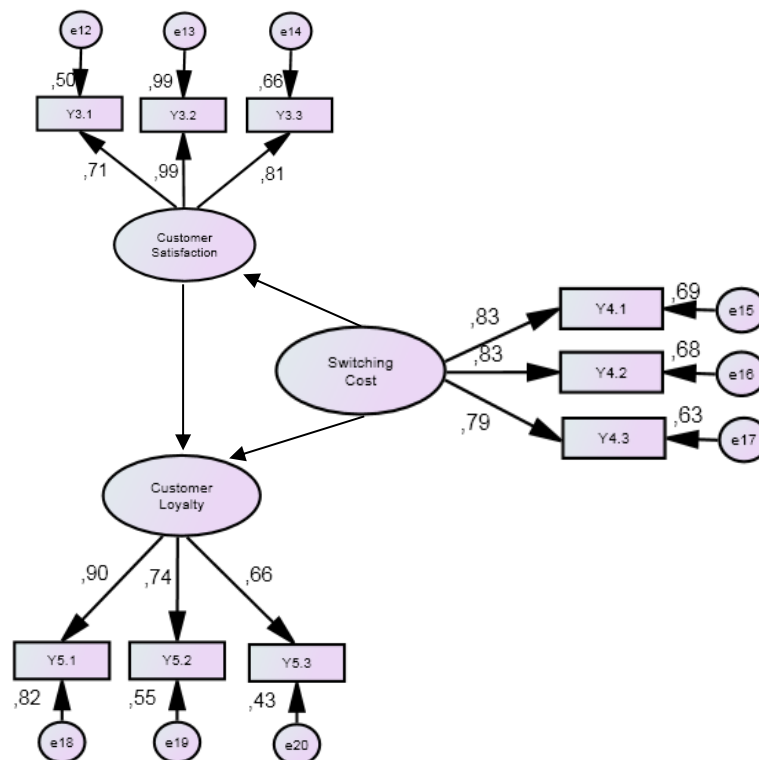


Figure 4

Source: data processed (2016)

Based on table 1, the magnitude of patient satisfaction variable coefficient (y3) applied by Private Hospitals type B in Surabaya to the patient loyalty variable (y5) was 0,329 with $p < 0,05$. The hypothesis of patient satisfaction having a significant effect on the loyalty of patients in Private Hospitals type B in Surabaya was proven true or accepted. Path coefficient was marked positive which means theoretically the effect of patient satisfaction on the patient loyalty is unidirectional. It means if the patients' perception to the patient satisfaction applied by Private Hospitals type B in Surabaya is better (positive), the loyalty of patients in Private Hospital type B in Surabaya will increase. Otherwise, if the patients' perception to the patient satisfaction applied by Private Hospitals type B in Surabaya decreases (negatively), the loyalty of patients Private Hospitals type B in Surabaya will be lower.

The finding of this study is to support researches by Kastenholtz (2010) which indicate the relationship of patient satisfaction to the loyalty of patients. By using measurements of experience, expectation, and overall satisfaction, it can be stated that the higher the patient

satisfaction, the higher the loyalty of the patients to the hospital. The results of this study are consistent with Cronin and Taylor (1992) which states that patient satisfaction has a significant effect on re-buying, and service quality has little effect on the repurchase compared with patient satisfaction. This study provides an explanation that patient satisfaction has an effect on patient loyalty which is defined as desire to make repurchase.

The results of studies conducted by Cronin's (2000), Caruana (2002), Fullerton and Taylor (2002) provide service quality as a measurement of patient satisfaction that has consequences for patient loyalty.

Sondoh's research, et. Al. (2007) give little contribution for this study in the form of information that the variable of company image and customer satisfaction influence to customer loyalty.

The research by John (2007) entitled "the influence of satisfaction on customer loyalty" indicate that overall customer satisfaction is significantly influenced by household service satisfaction factor or housekeeping factor, while receptionist service, food and beverage services are not statistically significant. Thus, guests or hotel customers feel that the satisfaction of housekeeping service becomes more important than satisfaction of receptionist, food and beverage services. It is not different from the finding of research conducted by Kandampully and Suhartanto (2000) which state that the satisfaction of housekeeping is an important factor that customers will consider to recover or recommend to the potential customers.

The result of hypothesis test that the overall satisfaction of the consumer (patient satisfaction) having positive influence on consumer loyalty (patient loyalty) shows the value of parameters that met the required value of eligibility so that this hypothesis was accepted. The results of this study provide support to the previous research conducted by Fornell, et. Al. (1996), Assael (2001), Selnes (1993), Anderson, Fornell and Lehman (1994), and Kandampully and Suhartanto (2000). Consumer satisfaction will affect the buying behavior where satisfied customers tend to be loyal customers. In addition, the satisfaction felt by consumers can increase the intensity of the purchase. In other words, the achievement of the optimal level of consumer satisfaction will encourage consumer loyalty.

CONCLUSION AND SUGGESTION

Based on the result and discussion, it can be concluded that Patient satisfaction (Y3) has significant influence and has positive direction to switching cost (Y4) at Private Hospitals type B in Surabaya. It means if the patients' perception on the patient satisfaction is high (positive), then switching cost is low.

Patient satisfaction (Y3) has significant effect and has positive direction toward patient loyalty (Y5) at Private Hospitals type B in Surabaya. It means if the patients' perception on the patient satisfaction applied by Private Hospitals type B in Surabaya is better (positive), the patient loyalty of Private Hospitals type B in Surabaya will increase. Thus, overall satisfaction should be improved by providing services during treated in the hospital. The provision of services during in the hospital, it can provide care to the patient well.

REFERENCES

- [1] Anderson, E.W., & Sullivan, M.W. (1993). The antecedent and consequences of customer satisfaction for firm. *Journal of Marketing Science*, 12(2), 125.
- [2] Anderson, E.W., Fornell, C., & Lehmann, D.R. (1994). Customer satisfaction, market share, and profitability : findings from sweden. *Journal of Marketing*, 58, 53 – 66.
- [3] Assael, H. (2001). *Consumer behavior*. New York: Thomson-Learning.
- [4] Assauri, S. (2003). Customer service yang baiklandasanpencapaian customer satisfaction. *Usahawan*, 32(1), 25-30.
- [5] Aydin, S., & Ozer, G. (2005). Customer loyalty and the effect of switching cost as moderator variable (A case in the Turkish Mobile phone market). *Journal of Marketing Intelligence & Planning*, 23(1), 89-103.
- [6] Beerli, A., Martin, J.D., & Quintana, A. (2004). A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38(2), 253-275.
- [7] Burnham, T.A., Frels, J.K., & Mahajan, V. (2003). Consumer switching costs: A typology, antecedents, and consequences. *Academy of Marketing Science*.
- [8] Caruana, A. (2002). Service loyalty: The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing*, 35(3), 811- 828.
- [9] Cronin, J. K., Michael G. B., & Thomas, M.H. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environment. *Journal of Retailing*, 45(2), 193- 218.
- [10] Duffy, J.A., & Ketchand, A.A. (2003). Examining the role of service quality in overall service satisfaction. *Journal of Managarial Issue*, 10 (2), 240-255.
- [11] Fornell, C., Johnson, M.D., Anderson, E.W., Cha, J., & Bryant, B.E. (1996). The American customer satisfaction index: Nature, purpose, and findings. *Journal of Marketing*, 60(1), 7-18.
- [12] Fullerton, G., & Taylor, S. (2002). Mediating, interactive, and non-linear effects in service quality and satisfaction with services research. *Canadian Journal of Administrative Sciencees*, 19 (2).
- [13] Gunawan, K., & Djati, S.P. (2011). Quality of service and patient loyalty (Study at Private Hospital in Singaraja Bali). *Jurnal Manajemendan Kewirusahaan*, 13(1), 32-39.
- [14] Hauser, J. R. 1994. Competitive price and positioning strategies.*Marketing Science*.7(1).
- [15] Jones, M.A., Taylor, V.A., Bechere R.C., & Halstead, D. (2003). The impact of instruction understanding on satisfaction and switching intentions. *Journal of Consumer Satisfaction and Complaining Behavior*, 16, 10-20.
- [16] Kandampully, K., & Suhartanto, S. (2000). Customer loyalty in the hotel industry: The role of customer satisfaction and image international. *Journal of Contemporary Hospitality Mangement*, 12(2).
- [17] Kastenholz, E. (2010). *Corporate reputation, satisfaction, delight, and loyalty towards rural lodging units in Portugal*. Portugal: University of Aveiro, Campus of Santiago.

- [18] Kotler, P. (2002). *Marketing management*. Jakarta: PT. Prenhalindo.
- [19] Lee, J., Lee, J., & Feick, L. (2001). The impact of switching cost on the customer satisfaction-loyalty link: mobile phone service in France. *Journal of Service Marketing*, 15(1), 35-48.
- [20] Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing*, 27(9).
- [21] Sondoh, L.S., Omar, W.M., & Wahid, A. (2007). The effect of image on overall satisfaction and loyalty intention in the context of color cosmetic. *Asian Academy of Management Journal*, 12(1), 83-97.
- [22] Supriyanto, S., & Ernawaty, E. (2009). *Marketing and the healthcare industry*. Sidoarjo: Masmedia Buana Pustaka.
- [23] Tjiptono, F., & Chandra, G. (2011). *Service, quality, and satisfaction (3rd Ed.)*. Jakarta: Andi..
- [24] Wijayanti, A. (2008). *Strategy to increase loyalty trough customer satisfaction (Case Study: Prepaid Celluler Card PriductMentari-Indosat Wilayah Region)*. Semarang. Universitas Diponegoro.
- [25] Yohanes, S. (2007). *The Effect of satisfaction on customer loyalty*. Semarang: VISI.