

The Effect of Customer Satisfaction, Brand Trust, and Switching Barriers on Customer Retention of Users of Grab Online Transportation Services in the City of Surabaya

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Abstract

This study aims to determine how customer satisfaction, brand trust, and switching barriers affect customer retention in Grab online transportation user services in Surabaya. The method in this study uses a quantitative approach. One hundred twenty respondents were obtained as research samples using non-probability sampling with a purposive sampling technique. The selected sample is consumers who have used Grab online transportation services. Data was collected via a survey via a Google form, then analyzed using Structural Equation Modeling (SEM) via Partial Least Square (PLS). The fact explains that the variables of customer satisfaction, brand trust, and switching barriers positively contribute to the customer retention variable.

Keywords: Brand Trust, Customer Retention, Customer Satisfaction, Switching Barriers

Introduction

To survive and continue to grow in an increasingly dense business competition, every company must be able to differentiate itself from the competition. The number of emerging companies engaged in similar fields makes the market divided into several specific sections. As a result, each company competes fiercely to gain market share and retain customers. To ensure a company can survive, loyalty alone is not enough because loyalty does not always give profit to the company. Therefore, concrete action is needed, primarily through customer retention, to show that consumers are genuinely committed to the brand (Buttle, 2004).

Transportation cannot be separated from technological developments and innovations continuously being carried out, so application-based online transportation services are starting to emerge. Online transit or ride-sharing services offer private transportation services, where consumers can order rides such as motorized vehicles and cars through a mobile application. Then the driver responds to the order (Wallsten, 2015).

In Indonesia, online transportation is increasing. According to research conducted by Google, Temasek, and Bain & Company, launched on the databoks.katadata.co.id website, in 2019, Indonesia has the

highest market share in Southeast Asia, reaching US\$5.7 billion for online transportation services. It is predicted that this share will further increase in 2025 to get US\$18 billion.

Research that has been carried out by the Institute for Development of Economics and Finance (INDEF), which was launched on the databoks.katadata.co.id website, online transportation services used by consumers in Indonesia, namely Gojek, Grab, Maxim, and InDrive. The survey explained that Grab took second place with a percentage of 57.3% after Gojek, which took first place as the most frequently used online transportation service.

Grab successfully entered the Top Brand Award in the retail online transportation services category, side by side with Gojek. The percentage of the Grab index in 2018 is in first position with a rate of 48.00%. However, in the following years, Grab experienced a significant decline where the percentage in 2019 was 43.10%, in 2020 was 43.50%, in 2021 it was 39.70%, until 2022 it was 36.70%. This figure is far from the percentage of Gojek's Top Brand Index, which is 54.70% in 2022.

Based on the phenomena described, business competition is getting more challenging, and consumers can use many choices for online transportation services. It is necessary to have the right strategy for companies to increase customer retention through several factors, such as customer satisfaction, brand trust, and switching barriers.

The following goals of this study are in response to the phenomena and background that have been described: 1) To ascertain the impact of customer satisfaction on customer retention for users of the Grab online transportation service in the city of Surabaya. 2) To ascertain the impact of brand trust on customer retention among Surabaya-based consumers of the Grab online transportation service. 3) to ascertain how switching restrictions affect Surabaya's Grab users who utilize the online transportation service.

Literature Summary

Customer Satisfaction

According to Yuniarti (in Noor, M.A., 2023), customer satisfaction is a condition when consumers' desires, needs, and expectations are fulfilled for a product or service. According to Tjiptono (in Novianto & Akbar, 2019), measuring customer satisfaction variables can use indicators: 1) Overall satisfaction is the outcome and customer experience brought about by customary practices, limitations, and products. 2) Confirmation of expectation is the alignment of service delivery with client expectations. 3) Comparison of an ideal is how well a product or service performs in contrast to ideal circumstances as perceived by the consumer.

Brand Trust

Brand trust is defined by Lau & Lee (in Tjahyadi, 2006:71) as the desire of consumers to rely on a brand regardless of the risks involved because they expect that the brand will provide profitable results. Based on Ika & Kustini's (2011) proposed dimensions: 1) The dimension of viability is the extent to which consumers believe the brand can fulfill customer desires and values. Satisfaction and value indicators can be used to measure this dimension. 2) Dimension of intentionality, or showing one's trust in a brand. Security and trust indicators can be used to measure this dimension.

Switching Barriers

According to Supriadi (in Sari et al., 2019), switching barriers are defined as how difficult it is for consumers dissatisfied with the services they get to switch service providers. Indicators of switching barriers, according to Danesh et al. (in Zayana, 2022), include: 1) Losses incurred when moving to another product. 2) Switching to another product is less efficient. 3) The possibility of moving exists if another product is considered superior.

Customer Retention

According to Buttle (in Anggradita G., 2020), customer behavior is associated with customer retention, while customer attitudes are related to customer loyalty. Customer retention is defined by Kotler and Keller (2013) as an emotional bond between consumers and brands as evidenced by repeated and ongoing purchases. Syaquirah and Faizurrahman (in Artana et al., 2021) measure customer retention variables using three indicators, including: 1) Expectation to repurchase. 2) Recommend to others. 3) Overall satisfaction.

Relationship of Customer Satisfaction to Customer Retention

Based on their happiness with the product and services obtained, businesses must consider this element as one of the criteria to encourage customers to return. Customer satisfaction has a significant impact on repeat business, as found by Widyaratna & Astutik (2022), who revealed in their research that customer satisfaction affects customer retention. This is also supported by other research, Anggradita (2020) showed in his study that customer satisfaction impacts customer retention.

Relationship of Brand Trust to Customer Retention

The most important thing to do is to keep customers to continue to believe in the company's brand. Customers who trust a company's brand are more inclined to purchase or use its products. If consumers are confident that a particular brand can consistently provide goods and meet their high standards, they are likelier to choose that brand over competitors. Building and maintaining consumer trust in a brand is very important because it can lead to long-term positive interactions between consumers and companies. Brand trust significantly improves client retention, according to study by Aurelia et al. (2019).

Relationship of Switching Barriers to Customer Retention

The lower consumer expectations are met, the higher the opportunity for consumers to switch to other products or services. Therefore, companies need to create barriers to entice consumers to use their goods or services in the future. According to Gremler et al. (in Lidya & Dwi 2023), switching barriers are one of the elements that affect customer retention. According to research by Martha & Anugrah (2023), positive switching barriers significantly influence customer retention.

Hypothesis

H1: It is suspected that Customer Satisfaction has a positive and significant effect on Customer Retention of Grab online transportation service users in Surabaya City.

H2: It is suspected that Brand Trust has a positive and significant effect on Customer Retention of Grab online transportation service users in Surabaya City.

H3: It is suspected that Switching Barriers have a positive and significant effect on Customer Retention of Grab online transportation service users in Surabaya City.

Research Method

In this study, the dependent variable is Customer Retention (Y), while the independent variables are Customer Satisfaction (X1), Brand Trust (X2), and Switching Barriers (X3). This research uses quantitative methods. The population is consumers who use Grab online transportation services domiciled in the city of Surabaya, with a sample of 120 respondents. Non-probability sampling using a purposive sampling strategy was used to determine the research sample. Regarding the required sample criteria, namely having used Grab online transportation services (GrabBike and GrabCar) more than two times, having a minimum age of 17 years, and currently domiciled in Surabaya. In collecting data by distributing questionnaires online via the Google form. The research questionnaire was measured using an ordinal scale with Likert weighting. The data were then examined using Partially Least Square (PLS), a component-based SEM technique.

Result and Discussion

Respondent Profile

Based on the respondents’ gender, the female sex dominated as much as 72.5% while the male sex as much as 27.5%. In general, 70.8% of users are the most aged 17-22 years, 19.2% aged 23-28 years, 6.7% aged > 35 years, and 3.3% old 29-35 years. Then respondents with job-based characteristics were dominated by students as much as 63.3%, private employees, as much as 23.3%, others as much as 10.0%, and civil servants as much as 3.3%.

Cross Loading Factors

Table 1: Cross Loading Value

INDICATOR	BRAND TRUST (X2)	CUSTOMER RETENTION (Y)	CUSTOMER SATISFACTION (X1)	SWITCHING BARRIERS (X3)
X1.1	0,619943	0,475419	0,786018	0,230318
X1.2	0,676250	0,651556	0,854998	0,410992
X1.3	0,638990	0,514939	0,864435	0,252902
X2.1	0,752348	0,614546	0,650684	0,325886
X2.2	0,838875	0,584764	0,688763	0,405449
X2.3	0,845451	0,631440	0,592362	0,371072
X2.4	0,862828	0,636215	0,625765	0,368279
X3.1	0,423644	0,499553	0,381432	0,902490
X3.2	0,415201	0,501952	0,334015	0,922097
X3.3	0,390853	0,474190	0,302705	0,941765
Y.1	0,708856	0,925486	0,616793	0,471472
Y.2	0,674607	0,923809	0,613971	0,516273

Given that each indicator’s factor loading value in the study’s variables is greater than 0,6 and is more significant than the indicator factor loading of other variables, it can be concluded that all the indicators in this study have met or have good validity requirements.

Validity Test

Table 2: Average Variance Extracted (AVE)

	AVE
BRAND TRUST (X2)	0,682250
CUSTOMER RETENTION (Y)	0,854973
CUSTOMER SATISFACTION (X1)	0,698698
SWITCHING BARRIERS (X3)	0,850558

The AVE test findings for the four variables are more than 0,5, which indicates that overall the variables of this study have good validity.

Reliability Test

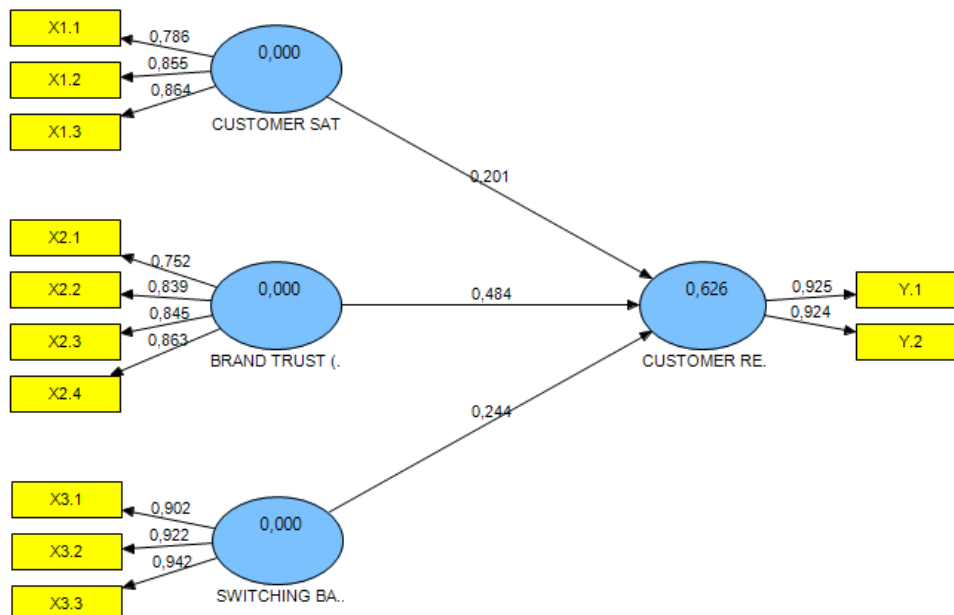
Table 3: Composite Reliability

	Composite Reliability
BRAND TRUST (X2)	0,895457
CUSTOMER RETENTION (Y)	0,921817
CUSTOMER SATISFACTION (X1)	0,874129
SWITCHING BARRIERS (X3)	0,944658

Customer Satisfaction (X1), Brand Trust (X2), Switching Barrier (X3), and Customer Retention (Y) all have Composite Reliability ratings over 0.70, suggesting that all variables in this study may be regarded as reliable.

Path Analysis

Figure 1. Outer Model with factor loading, Path Coefficient, and R-Square



Reviewing the results of the PLS output, the factor loading figures for each indicator are above the arrows connecting the variables with the indicators. Then the magnitude of the path coefficient or path coefficients can be seen above the arrow line that connects the exogenous and endogenous variables. Meanwhile, the R-Square number can be seen in the circle of endogenous variables (Customer Retention variables).

Hypothesis Test

Table 4: Path Coefficients (Mean, STDEV, T-Values)

	Path Coefficients	T Statistics	P Values	Category
CUSTOMER SATISFACTION (X1) -> CUSTOMER RETENTION (Y)	0,201037	2,477137	0,015	Significant
BRAND TRUST (X2) -> CUSTOMER RETENTION (Y)	0,483868	5,184371	0,000	Significant
SWITCHING BARRIERS (X3) -> CUSTOMER RETENTION (Y)	0,244490	4,927386	0,000	Significant

The results of the hypothesis testing show: 1) Customer satisfaction has a significant effect on Customer Retention for users of the Grab online transportation service in the city of Surabaya, which is acceptable. The results of the hypothesis are based on path coefficients of 0.201037, and a T-statistic value of $2.477137 > 1.96$ (with a T-table value of $Z\alpha = 0.05$), or a P-Value of $0.015 < 0.05$, so the results are significant (positive). 2) Brand Trust significantly affects Customer Retention for Grab online transportation service users in Surabaya City, which is acceptable. The results of the hypothesis are based on path coefficients of 0.483868, and a T-statistic value of $5.184371 > 1.96$ (T-table value of $Z\alpha = 0.05$), or a P-Value of $0.000 < 0.05$, so the results are significant (positive). 3) Switching Barriers significantly affect Customer Retention in users of the Grab online transportation service in Surabaya City. The results of the hypothesis are based on path coefficients of 0.244490 and a T-statistic value of $4.927386 > 1.96$ (T-table value of $Z\alpha = 0.05$) or a P-Value of $0.000 < 0.05$, so the results are significant (positive).

Effect of Customer Satisfaction on Customer Retention

Based on the analysis that has been carried out, the result is that the customer satisfaction variable has a significant positive impact on the customer retention variable for consumers who use Grab online transportation services in the city of Surabaya. This means that the increasing customer satisfaction, the better customer retention. According to the descriptive analysis of the customer satisfaction variable, the most significant factor loading value is found in comparing the ideal indicator. This indicator has the meaning that is the ability of the product or service compared to the perfect situation that occurs based on customer perceptions. This shows that the comparison of ideal indicators has the most potent effect on customer satisfaction, which can affect customer retention. Thus, under certain conditions, Grab's online transportation services follow customer needs. Therefore, companies that can know whether the products issued can meet customer needs, these customers also feel happy with the products they receive. The findings of this study are consistent with the results of Margarena and Auliya (2020), who found that satisfied customers tend to stay with companies. Research by Tanjung and Sanawiri (2017) states that customer satisfaction positively and significantly influences customer retention.

Effect of Brand Trust on Customer Retention

Based on the analysis that has been carried out, the result is that the brand trust variable has a significant positive impact on the customer retention variable for consumers who use Grab online transportation services in the city of Surabaya. This means that the increasing brand trust, the better customer retention. This variable substantially impacts customer retention by obtaining the highest correlation value compared to customer satisfaction and switching barriers. The brand trust variable demonstrates that the confidence indicator in brand products has the largest factor loading value, per the descriptive analysis. This explains that this indicator has the most substantial influence on the brand trust variable, which can affect the customer retention variable. That is, trust is one of the reasons customers use the services offered by the company. Thus, if customers are confident that a company can provide good performance, they are more likely to buy its products than other company products. Aurelia et al. (2019) study found that brand trust has a favorable and significant impact on customer retention. This shows that customers are likelier to stay loyal to brands they believe in.

Effect of Switching Barriers on Customer Retention

Based on the analysis that has been carried out, the result is that the switching barrier variable can have a significant positive impact on the customer retention variable for consumers who use Grab online transportation services in the city of Surabaya. This means that the more switching barriers increase, the better customer retention. This shows that Grab's online transportation service has successfully created customer switching barriers. The results of the descriptive analysis of the switching barriers variable show that the most significant factor loading value is found in the indicator of the possibility of customers switching if another product is better. This indicator shows that it strongly influences this variable so that it can affect the customer retention variable. This condition refers to customers feeling they are getting poor service if they switch to other online transportation services. The possibility of switching to another service provider is tiny when the customer thinks they don't have a better service alternative. Research by Martha and Anugrah (2023) shows that switching barriers provide a beneficial and sizable effect on customer retention.

Conclusions

Based on the results of this research analysis, several conclusions, namely customer satisfaction, brand trust, and switching barriers, can positively contribute to customer retention for customers who have used Grab online transportation services in Surabaya. The suggestions that can be given include: 1) it is hoped that the Grab company can increase customer satisfaction by consistently providing attractive promos and discounts, more competitive prices than competitors, and the best service. Feelings of pride in customers can increase the intensity of using Grab's online transportation services in the future and consequently can increase customer retention. 2) the Grab company is expected to maintain customer trust to influence customers to continue using the services offered by the company. 3) Grab companies can increase switching barriers by paying more attention to service quality so customers do not switch to other online transportation services. Good service quality is one of the reasons customers always use Grab's online transportation services. 4) Future researchers are expected to use other marketing variables, such as brand image, customer experience, service quality, etc., to influence customer retention.

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