CUSTOMER SWITCHING BEHAVIOUR OF AIRY ROOMS USERS

USING PUSH-PULL-MOORING APPROACH

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Abstract

There are data that show a decrease in occupancy rates of star-rated hotels and rise of budget hotels in Indonesia. Supported by customer reviews which explain their reasons for choosing budget hotels over star hotels, this switching behavior may reduce the demand of star hotel services. This study aims to determine the Push-Pull-Mooring (PPM) factors on the intention and behavior of hotel service users. This study uses PPM with quantitative method using 400 samples. The samples were determined using Non-Probability Sampling, analyzed with SEM research analysis method and processed using SmartPLS. The results showed that PPM factors significantly affected the Switching Intention as well as Switching Behavior. However, Mooring factor does not have a significant effect on intensing switching either a significant influence on the Push and Pull factors of Switching Intention.

INTRODUCTION

One of potential sectors to be developed into a source of regional income is the tourism sector. Economic development is expected to receive contribution from the development and utilization of natural resources and the potential of existing regional tourism. The Minister of Tourism, Arief Yahya, said that the change in tourism behavior that tends to be more independent and individual is the goal of Tourism 4.0. The emergence of a more individual tourism has made the tourism business actors adjusted accordingly.

The service business in hospitality sector is a business that is always fluctuating. This is in accordance with the data showing the occupancy rate (TPK) of star hotels in Indonesia which can be seen in Figure 1. The data show that there has been a decrease in the ROR of star-classified hotels in Indonesia in 2019 compared to 2018.
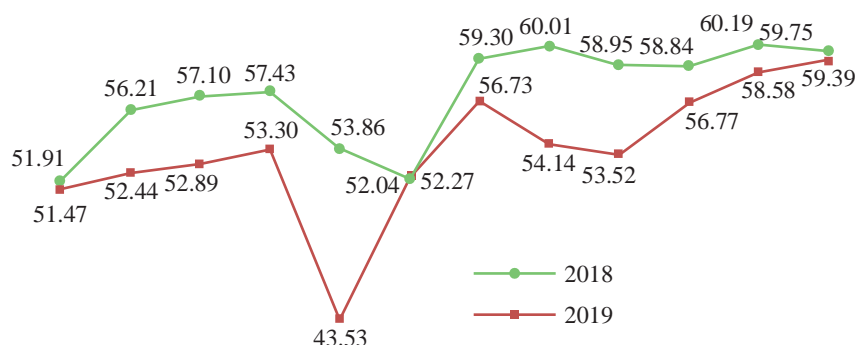
Source: Ministry of Tourism of Republic Indonesia

Figure 1. Graphic of TPK (Hotel Occupancy Rates) Derivation Star Hotel in 2019

Director of Financial Statistics, Information Technology and Tourism, Titi Kanti Lestari and General Chair of PHRI, Haryadi Sukamdani explained that besides high airplane ticket prices, the trend of budget hotels is also a factor in the decline in occupancy of star hotels (Bisnis, 2019). Also, the latest research on hotel preferences by 2019 millennials showed the occupancy rate of 3-star hotels and above from January to November 2019 has decreased compared to the previous year. The main reason is that more tourists, especially millennials, are looking for hotels in various Virtual Hotel Operators (VHO) (Warta Ekonomi.co.id, 2020). Besides the rapid development of technology, the emergence of new hotels can also threaten the existing hotel business. In addition, the shift in consumers behavior also driven by the variety of products they are looking for---such as wanting a new experience or the latest solution, searching for different alternatives and focusing more on the desire and use of services that are considered new and modern (Kasmo & Jayanti, 2018). The vice president of marketing of a budget hotel in Indonesia said that the shift in travelers' interest from branded hotels to budget hotels cannot be separated from shifting priorities when adventuring. Hotel customers who are dominated by millennials and generation Z want more experiences so that budget allocations for lodging can be minimized (Kontan.co.id, 2019). For this reason, hotel business players must have product attributes that match with their consumers' needs because product attributes have an important role in influencing brand transfer decisions (Kasmo & Jayanti, 2018).

In accordance with the data compiled by Google in Figure 2 which shows Indonesians prefer to take frugal holidays, it is evident that in the first half of 2018 to the first half of 2019, searches for budget accommodation in the branded category increased five times higher. The Asia Travel Leaders Summit Report said that compared to tourists from China, Singapore and India, affordability of prices is a matter of concern for millennial tourists in Indonesia because budget hotel prices are the main consideration for staying (Hurdawaty & Sulistiyowati, 2018). Budget traveling raises customer switching behavior in choicing hotel accommodation from star hotels to budget hotels which contributes to the growth of the budget hotel business, which is mostly chosen because of the affordability.
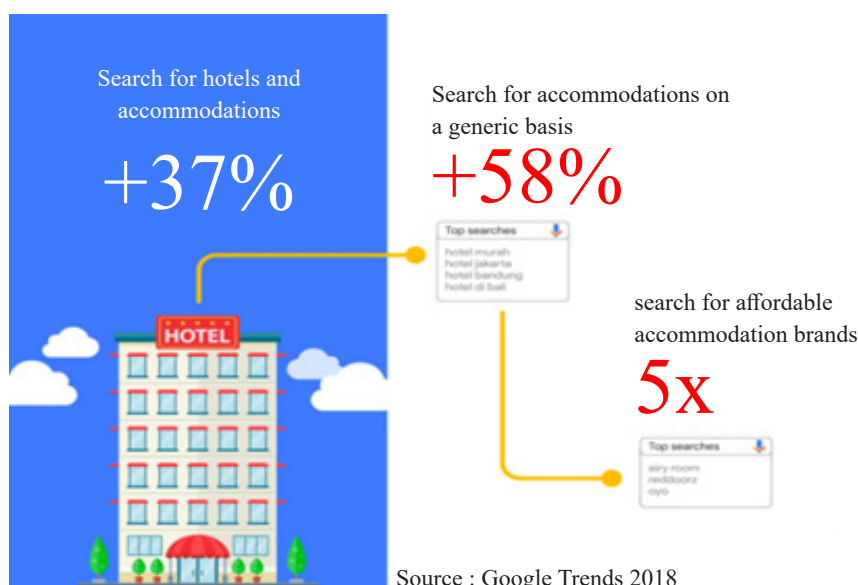

Figure 2. Inexpensive accomodation search data is increasing

Researchers found several reviews from customers who used Airy Rooms on Airy Rooms application on Play Store throughout 2019 that showed their satisfaction and perception about budget hotels in Airy Rooms. As well as statements from Airy Rooms customers about experiences and factors that encourage customers to use Airy Rooms such as the quality, satisfaction, value, perceived price and the role of competitors they get which can illustrate customers' commitment in using hotel services. The review also describes how a customer decides to use hotel services, whether because of a deliberate choice or not; whether because of looking for variations in other hotel services or because of past habits. There were also found reviews indicating that customers seeking benefits from an alternative, price or discount advantages, sensory experience, experience with staffs, visual perception of the hotel and strategic location. These matters can be the reason when a customer has the intention to switch because, according to the customer, even the hotel has met their needs and expectation finaly he will switch to a new hotel service. These reviews can be analyzed to determine

which factors are more dominant in encouraging, attracting, and hindering consumers from switching from star hotels to Airy Rooms' budget hotels.

The development of the VHO phenomenon over the last five years, since 2012 until now, has led to the growth of various kinds of start-up budget hotel chains in Indonesia, both of domestic and foreign companies. One of them is Airy Rooms, which is a local Indonesian company (Bisnis, 2019). Airy successfully recorded a national rank for 10 times during Ramadan and Eid holidays in 2019. Airy's flagship category partners managed to achieve 70-100% occupancy. In addition, a positive perception of the image of a hotel on the Airy Rooms website can create an intention to make a reservation at the hotel (Ratnadika & Yuvita, 2018). This proves that Airy as a Virtual Hotel Operator is one of the online budget hotel booking platforms chosen by tourists choosing budget hotel accommodation. Through some benefits offered, it caused the consumer (customer) switching behavior from star hotels that have full service to budget hotels. This became the background of the study where it aims to determine and to analyze the driving, pulling, and obstacle factors of hotel users, especially Airy Rooms' budget hotels and star hotels, which can be used as a reference for hotel managers to attract new customers and retain existing customers.

Judging from previous research that has been done on customers switching behavior, it proves that this concept is already familiar in marketing (Zaroh, 2015). A recent study explains that in order to analyze the switching behavior, it is more appropriate to use the PPM theory (Fahmi, 2017). Wagner & Friedl (2007) and Jabeen & Hamid (2019) explained that the customers' intention to switch is a signal of terminating the customers' relationship with the current service provider, either partially or completely. Ranganathan, et. al. (2006) also Jabeen & Hamid (2019) stated that consumer switching (Customer Switching Behavior) is consumer behavior to move from one service to another.

Bansal, et. al. (2005) define push factors as factors that motivate customers to move away from current service providers who are assumed to have a negative influence on the quality of life indicators. Bansal, et. al. (2005) stated that the pull factor is a positive factor in alternative service providers that can attract customers to move. Mooring can moderate the user's switching intention. The PPM model recognizes the moderating role of Mooring factors (Bansal, et. al., 2005).

Chuang & Tai (2016) stated that dissatisfaction with the services provided will encourage a service user to switch to another service provider. Vyas & Raitani (2014), Bansal, et. al. (2005), and Jung, et. al. (2017) stated that the driving factor in the form of service user dissatisfaction with service providers can influence these users to switch to other service providers. Njite, et. al. (2008) defined that the Pull factor is a positive factor that can attract service users to switch the service. It's alternative attractiveness offered is a factor that can influence the switching behavior.

Barnes, et. al. (2016) stated that fastening factors can hinder a person's decision to switch to a service provider. Hsieh, et. al. (2012) stated that tethering factors weaken the influence of Push and Pull factors on the decision to switch service users. Bellami (2018) stated that switching intention can be a mediator of service switching behavior. Switching behavior, according to Vyas & Raitani. (2014), is defined as an action on the final decision to use another service provider. Hsieh, et. al. (2012) stated that switching behavior is caused by a strong relationship between switching intentions and the factors that underlie these intentions. Bansal, et. al. (2005) has integrated all the relationships discussed above and produced a switching PPM model.

The schematic framework is shown in Figure 3.
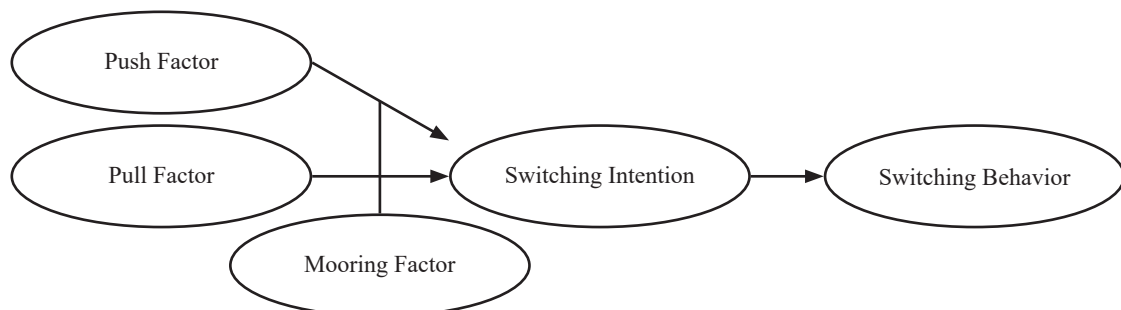
Source: SmartPLS Processed by researchers 2020

Figure 3. Output Boostraping (Inner Model)

The hypotheses in this study are: (1) PPM has a significant effect on switching intention, (2) Push and Pull have a significant effect on switching behavior, (3) Mooring has a significant effect on moderating Push and Pull with switching intention, (4)) Switching Intention has a significant effect on switching behavior.

METHOD

This research used Quantitative Research methodology. This research is a Causal Descriptive study because it is based on the variables studied. Data collection of this study consists of primary data and secondary data. Primary data were collected via observations and questionnaires, while secondary data were of statistical tables, books and scientific journals related to PPM and switching behavior. The population in this study were customers of 3-5 star hotels who switched to use Airy Rooms whose number was not known for certain, so that the number of samples were determined using the Bernoulli formula with the level of accuracy (α) used in this study was 5%, which resulted in the number of respondents being rounded up to 400 persons. The sampling technique used is Non-Probability Sampling with a Purposive Sampling focus. SEM (Structural Equation Modelling) Partial Least Square (PLS) used as the data analysis method.

RESULTS

The characteristics of the respondents indicated that women were more dominant as many as 218 respondents or 54.4%. In age category, the most dominant in this study were those aged 21-30 years. Students were more dominant with a percentage of 56.3% of respondents. The most dominant income range was IDR 1,100,000 - IDR 3,000,000 with a percentage of 37%. For the number of hotel uses, the dominant respondents used the Airy Rooms' budget hotels more than once with a percentage of 53.3%. Meanwhile, the most visited area were in West Java with a percentage of 43%. Based on the descriptive analysis of the Push factor, Pull factor, and Switching Intention are in the good category. Meanwhile, the Mooring factor and Switching Behavior are categorized as fairly good.

The results of cross loading of all scores obtained from latent variables were higher than other variables, which indicated that all indicators in this study have met the criteria for discriminant validity. The composite reliability value of 0.6 - 0.7 is still acceptable, so it can be said to be reliable. After being declared valid and reliable, the model can be used for further testing, namely the Inner model. Inner model testing is done by looking at the path value to determine whether there is a significant effect or not. Inner model image can be seen in Figure 4.
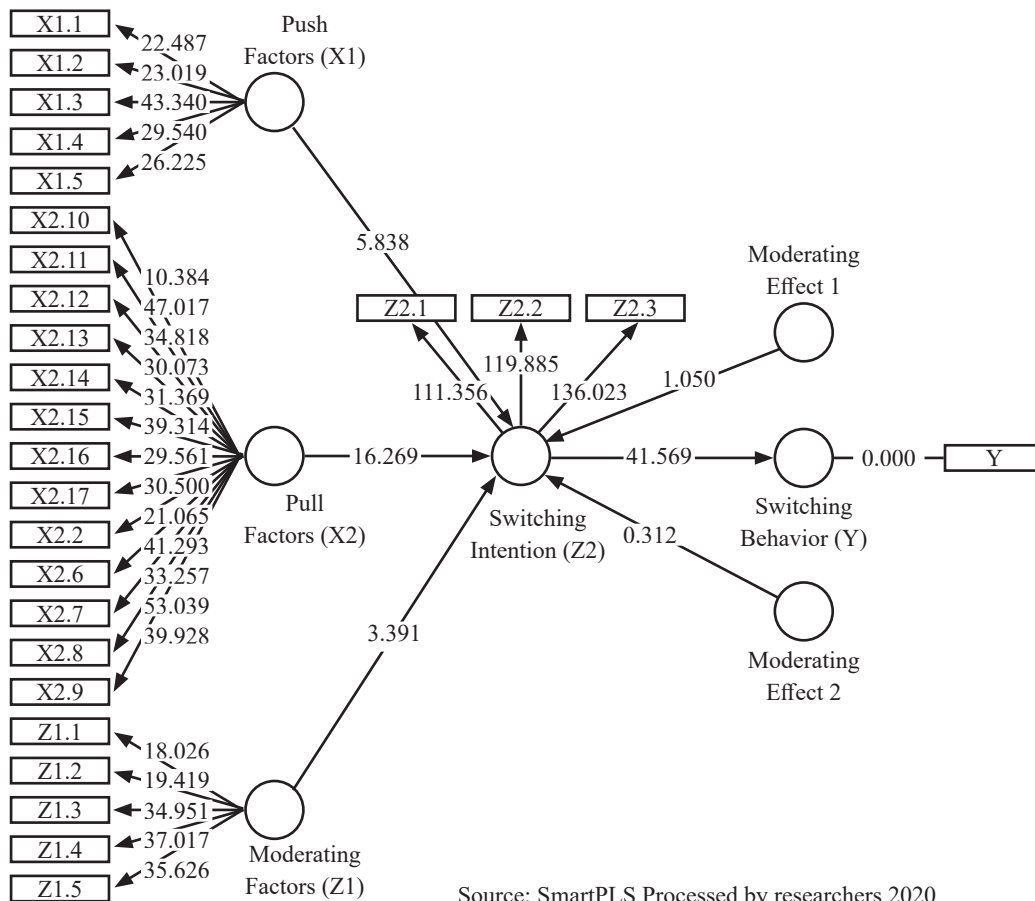
Source: SmartPLS Processed by researchers 2020

Figure 4. Output Boostraping (Inner Model)

Based on Figure 4, the resulting coefficient values and statistical values of each relationship between latent variables can be seen in the results of the boostraping in the Inner model. Hypothesis criteria are accepted if the value of t statistic> t table then H0 is rejected. This value can be seen in Table 1.

Table 1. Path Coeffecint

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (OSTDEV)	P Values
Push Factors (X1) → Switching Intention (Z2)	0.263	0.267	0.045	5.838	0.000
Pull Factors (X2) → Switching Intention (Z2)	0.584	0.583	0.036	16.269	0.000
Mooring Factors (Z1) → Switching Intention (Z2)	0.017	0.021	0.043	0.391	0.696
Push Factors (X1) → Switching Intention (Z2) → Switching Behavior (Y)	0.209	0.213	0.036	5.768	0.000
Pull Factors (X2) → Switching Intention (Z2) → Switching Behavior (Y)	0.464	0.463	0.032	14.357	0.000
Moderating Effect 1 → Switching Intention (Z2)	0.049	0.046	0.046	1.050	0.294
Moderating Effect 2 → Switching Intention (Z2)	0.013	0.014	0.041	0.312	0.755
Switching Intention (Z2) → Switching Behavior (Y)	0.795	0.794	0.019	41.569	0.000

Source: SmartPLS Processed by researchers 2020

DISCUSSION

The characteristics of the respondents indicated that women are more dominant, as many as 218 respondents or 54.4%. This result is in line with the results of research on other budget hotels. Hurdawaty & Sulistiyowati (2018) stated 61.44% of respondents were women as well Sugiyanto, et. al. (2014) which stated 55,91% of the respondents are female. Hurdawaty & Sulistiyowati (2018) stated that budget hotels are the choice of women because there are several budget hotels that are located close to shopping centers and public transportation accessibility.

In age category, the most dominant were those aged 21-30 years. Hurdawaty & Sulistiyowati, (2018) stated that the age of 21-30 is the age range that belongs to the productive age when, according to them, there is a need for work or stopping during a trip, a budget hotel can be one of their choices. Students were more dominant with a percentage of 56.3% or as many as 225 respondents. The average student is classified as millennial age where millennial is an age group born in 1980-2000 (BPS, 2018).

The most dominant income in this study was IDR 1,100,000 - IDR 3,000,000 with a percentage of 37% or as many as 148 respondents which comprised of students as stated in the research (Clinton, et. al., 2015) that student expenses are approximately Rp. 980,000 for food and non-food purchases. Also explained by Wiweka, et. al. (2019) that in their research, as the most dominant expenditure for millennial generation, traveling needs were equivalent to IDR 500,000 - IDR 1,000,000 which can be said that with income of Rp. 1,100,000 - Rp. 3,000,000, a student can still fulfill his needs and travel with a limited budget. For the number of hotel uses, the dominant respondents used the Airy Rooms' budget hotels more than once with a percentage of 53.3%. Meanwhile, the Airy Rooms' most visited areas located in West Java with a percentage of 43% respondents. Jakarta, Bandung, and Bogor are still the main destinations for tourists to spend their staycations (Kontan.co.id, 2019).

Based on the results of the research conducted, Push factor has a significant effect on switching intention and switching behavior of Indonesian Airy Rooms users. This is in line with research conducted by Yan, et. al.(2019) which stated that push factors have a significant effect on switching intention of service users. Meanwhile, the results of the descriptive analysis of the Push factors variable are in the good category with a percentage of 74.3% with the most dominant factor being consumers are not emotionally attached to the services of 3-5 star hotels. This means that many star hotel customers have low commitment and are compelled to switch services to Airy Rooms' budget hotels because they feel less emotionally attached to these star hotels.

Pull factor has a significant effect on switching intention and switching behavior of Indonesian Airy Rooms users. It is in line with research conducted by Yan, et. al. (2019) which stated that Pull factors have a significant effect on switching intention of service users. Meanwhile, the results of descriptive analysis of the Pull factors are in the good category with a percentage of 77.25% with the most dominant factor was the temperature offered by Airy Rooms which is classified as good. This means that many Airy Rooms hotel customers are interested in switching to use Airy Rooms because they provide real alternative sensory experience in the

form of a good temperature.

Mooring factor has no significant effect on switching intention and has no effect in moderating Push and Pull factors which was in contrast to research conducted by Yan, et. al. (2019) which stated that Mooring factors have a significant effect on switching intention of service users. However, it is in line with research conducted by Astuti & Eliana (2019) which stated that Mooring factors have no significant effect in moderating Push & Pull factors on switching intention of service users. It can be said that one of the reasons is because the sample data collected did not succeed in proving the hypothesis.

Because the sample data came from respondents who have different characteristics and understandings, it caused the hypothesis to be unaccepted. Meanwhile, the results of the descriptive analysis of the Mooring variable are in the fairly good category with a percentage of 64.11% with the most dominant factor is consumers' habit. This suggested that many star hotel customers are discouraged from switching to Airy Rooms' budget hotels because they don't necessarily want changes, they prefer to use star hotels because that is what they used to do.

Switching intention has a significant effect on switching behavior. This is in line with research conducted by Astuti & Eliana (2019) which stated that switching intention has a significant effect on the switching behavior of service users. Meanwhile, in the descriptive analysis, switching intention is in the good category with a percentage of 71.8%. Based on the results of the descriptive analysis, the switching behavior is in a fairly good category with a percentage of 67.95%.

CONCLUSION

Push & Pull factors significantly affected switching intention of Indonesian Airy Rooms users. In other words, there are factors which could encourage customers to have the intention to switch from star hotels and factors which attracted consumers to have the intention to switch to Airy Rooms' budget hotels. Mooring factor has no significant effect on switching intention of Indonesian airyrooms users. In other words, consumers did not intend to switch to Airy Rooms' budget hotels and intended to continue using star hotels. Push & Pull factors have a significant influence on switching behavior mediated by switching intention of Indonesian Airy Rooms users. This proves that there are Push and Pull factors that can cause customers to have the intention to switch and to make the switch to use other services, from star hotels to Airy Rooms' budget hotels.

The Mooring factors variable has no effect in moderating Push & Pull factors with switching intention of Indonesian Airy Rooms users. In other words, there were no inhibiting factors which could influence (weaken or strengthen) the Push and Pull factors to have the intention to switch to other hotel services. The switching intention has a strong tendency to influence the switching behavior of Indonesian Airy Rooms users where individuals who have the intention to switch will likely adapt switching behaviour.

The most dominant factor to push someone to switch to other hotel services is the customer factor who is not emotionally attached to the star hotel services. The most dominant factor to attract someone to switch to other hotel services is the good temperature. In this study, the temperature of the Airy Rooms hotels is classified as good. The most dominant factor to prevent someone from switching to other hotel services is the customers' habits. In other words, customers will continue to use star hotels as they used to do it.

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