

*Case Study:*

# The Influence of Customer Satisfaction, Trust, Switching Barrier and Relationship Bond to Customer Loyalty of Professional Services Company: An Empirical Study on Independent Surveyor Services Industry in Indonesia

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## Abstract

*The independent surveyor service company in Indonesia is growing because the global market for goods and services in Indonesia is very attractive. Therefore, creating long-term relationships with customers through customer satisfaction and other factors that affect customer loyalty became very important to win the competition. This research aims to develop a model of the relationship between customer satisfaction, trust, switching barriers and relationship bonds to customer loyalty in professional services of independent surveyor to inspect coal export using relationship marketing approach.*

*Testing of the hypothesis was made on four variables on customer loyalty. Data were collected from 51 exporters and coal trading company in Indonesia and analysis using Structural Equation Models (SEM). Results from this study show that customer loyalty of independent surveyor company was influenced by customer satisfaction, trust, switching barriers and relationship bonds. All the variables have a significant influence.*

**Keywords:** Customer Satisfaction, Trust, Switching Barriers, Relationship Bonds, Customer Loyalty.

## Introduction

The Indonesian Government has signaled the immediate open for vast market for foreign surveyor companies to operate their business in the country enabling more inspection service providers to be welcomed for foreign investors. This policy would inevitably increase competition in independent service market in Indonesia including independent surveyor service providers in coal exporting business.

In relation to that, the role of independent surveyor service for coal exporting business would also strengthen so that it is important to perceive customer's point of view in order to maintain the relation with the service providers. Related to this issue, adopting relationship marketing strategy may play crucial part for business achievements in the future<sup>1</sup>.

Previous researches have also shown that relationship marketing in B2B industries, particularly professional service providers, has displayed complex issues regarding relationship building process between the service providers and their clients in maintaining a long-term relationship<sup>2</sup>.

In addition, the outcomes from relationship marketing include customer loyalty. Based on the phenomenon, this research, therefore, aims:

1. to identify and examine the role played by the variables of customer satisfaction, trust, switching barriers and relationship bonds in the relationship between professional service providers and their clients and
2. to develop or improve relationship marketing model illustrating the relation among the variables on customer loyalty.

## Review of Literature and Hypothesis Development

Relationship marketing is a new marketing paradigm shifting from focus on acquisitions /transactions to focus on retentions/relations. It is also perceived as a business model making the customers as a partner and the company must rely on a long-term commitment to maintain the customers with quality, service and innovation by focusing on preserving and improving their relationship with the acquired customers instead of only acquiring new ones<sup>3</sup>. For the similar idea, in many B2B relationships of service companies, sale achievements are not entirely the company's marketing efforts but more than that, it is to build a sustainable long-term relationship with the customers that become the priority in guaranteeing sales in the future<sup>4</sup>. Professional service providers and clients are required to have a continuous force to improve their relationship<sup>5</sup>.

Prior to the mentioned ideas, the service providers must not only understand the dimension of the problems, but also propose solution for them; therefore, service providers are expected to own the ability of solution-transfer to maintain customer loyalty<sup>6</sup>. Loyalty, initially, is described in uncomplicated term as repeat purchase and it is included as behavioral loyalty. However, different approach is then introduced with the concept of attitudinal loyalty reflecting the better and more advanced concept of loyalty. The strategy of word of mouth

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