



Consumer Behaviors and Customer Satisfaction: Any Value Created?

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Background

- Based on previous studies:



- Now:





Introduction

- Target: micro or small service businesses mostly in Bandung and Jakarta
 - Bakery/cake shops, Beauty Salons & Barbershops, Laundry/Cleaners, Copy Centers, Computer/Internet Rentals





Introduction (contd..)

Why Small Businesses (SME)?

- Backbone of country's economy (Ebert and Griffin, 2005)
- In Indonesia, SMEs have been main player in domestic economy activities, large provider of employment opportunities (Tambunan, 2006)
- By 2011, small businesses have reached 52 million (<http://economy.okezone.com/read/2011/07/27/320/484884/ukm-jangan-ditarik-pajakunit>)
- 17 SMEs in USA will invite some Indonesian SMEs to have business together (<http://www.tempo.co/read/news/2012/05/21/089405103/UKM-Indonesia-Dilirik-Amerika>)

Introduction (contd...)

- Bandung

- Only 2-3 hours drive from Jakarta



- International flights available



Introduction (contd...)

- **Bandung**

- Shopping, culinary paradise and weekend gateways



Introduction (contd...)

- Home of Top Universities and Colleges





Introduction (contd..)

- To stay competitive, pay attention to customers' needs and wants
 - Making changes to serve customers better to gain loyalty



Literature Review

- Consumer Behavior

- “The process of individuals or groups go through to select, purchase, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires” (Solomon, et al, 2009).
- It involves “the thoughts and feelings people experience and the actions they perform in consumption process” (Peter and Olson, 2010)

Consumer Behavior

- **Multi-attribute Models**





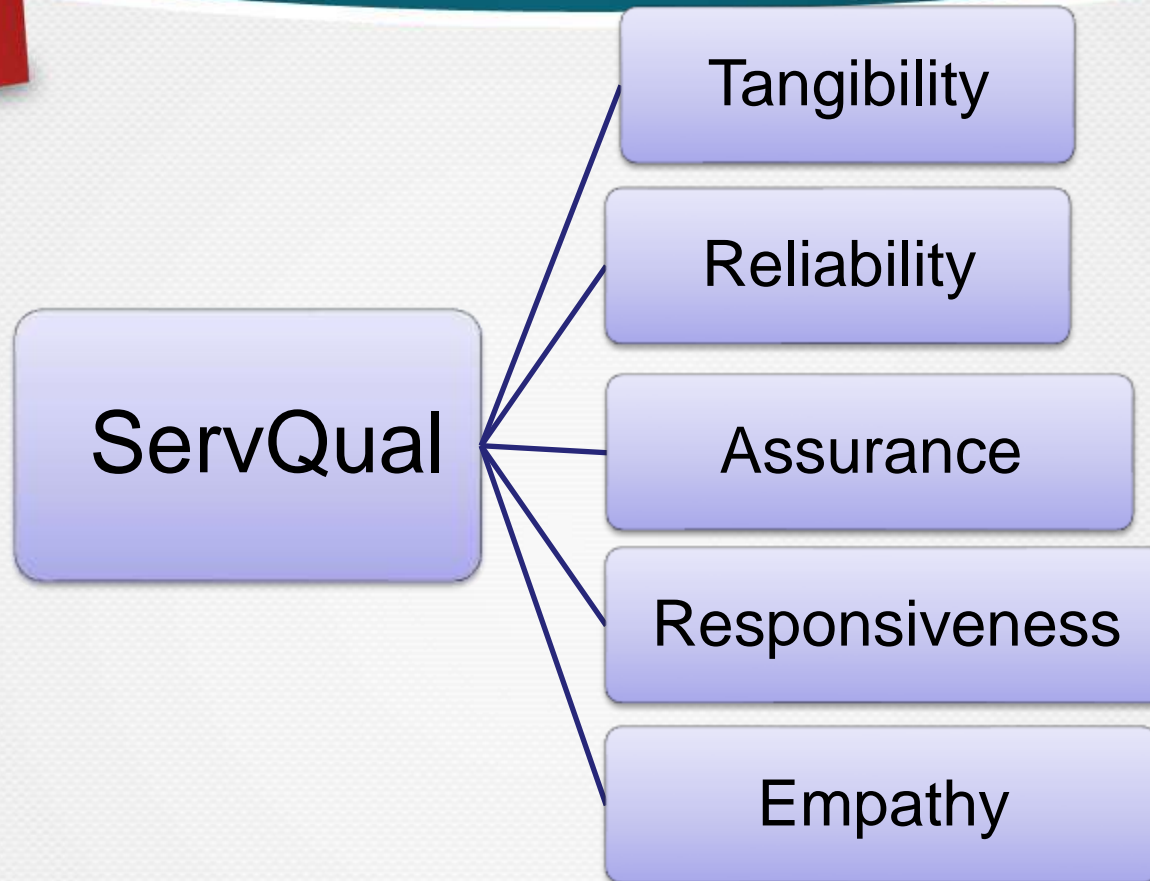
Customer Satisfaction



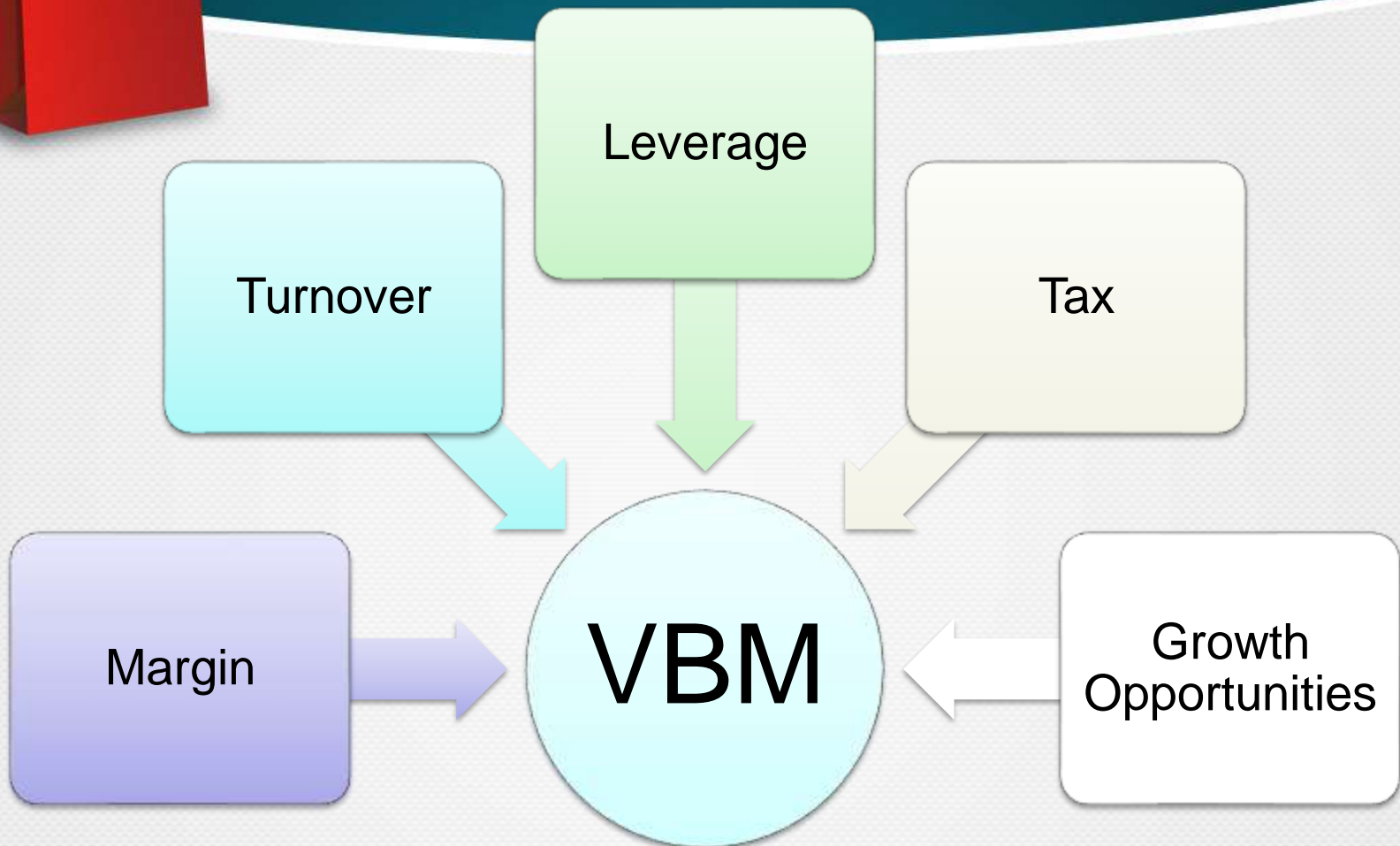
Source: Hoyer and McInnis, 2007



Customer Satisfaction



Value Based Management





Value Based Management

- One of the key successes in business is measuring organizational performance
- Performance measurement should not only focus on financial but also on non-financial, such as measuring customer satisfaction and customer loyalty
 - Get one free wash, fold and ironing after 10x laundry by kilos
 - Free monthly course fee by getting new students

Hypothesize



- H1 : Consumer Behavior is positively influencing the customer satisfaction
- H2 : Customer Satisfaction is positively influencing VBM

Research Model



- The variable CB is used based on the understanding multi-attribute model
 - SEM (Structural Equation Modeling)
- CS: follows SERVQUAL
- VBM: DuPont Analysis



Research Design

- Relying on PH stat, a total of 166 respondents were needed to reach 99% confidence at 10% sampling error
- This study attempts to provide quantitative evidences, questionnaires are divided into 2 different groups of respondents (owners/staff and customers) and 2 locations (Jakarta and Bandung)



Research Design (contd)

- **Cluster sampling method**
 - **7 subsectors of services:** cakes/bakery shop, salons, barbershops, laundry/cleaners, copy centers, computer/internet rentals, tutorial centers
 - 366 respondents to satisfy quota intention (168 customers and 168 owners)
 - To learn more about CB and CS, respondents: customers
 - To learn more VBM, gather financial data from owners of those sectors, mainly based on daily transaction



Research Design (contd)

- Questionnaires (customers)
- Gather and record financial data (mainly based on daily transactions)
- Interviews and direct field observations for qualitative analysis



Results and Discussions

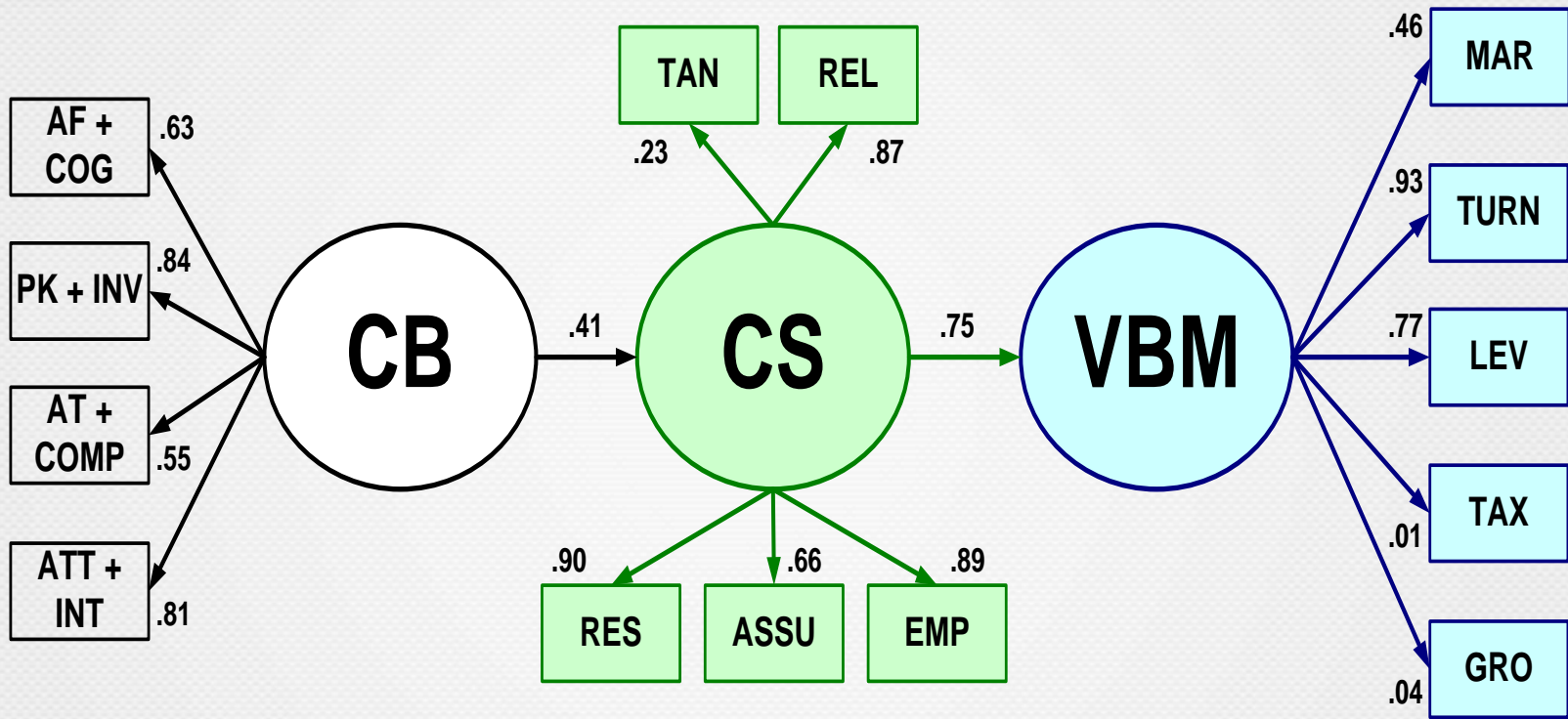
- Differences from previous studies

Previous	Current
Large Manufacturing firms, automotive and food industry	Micro and Small Businesses
336 respondents	50 respondents
Never used SEM	Use SEM to learn the statistical influence among variables and indicators
Never used VB	Incorporates VBM to evaluate the influential impact of consumer behaviors and customer satisfaction

Results and Discussions (contd)



Figure 3: SEM





CONCLUSION

- Product Knowledge/Involvement, attitude/intention are better measurements of consumer behaviors
- Tangibility represent the lowest contributor toward customer satisfaction
- Tax and growth opportunities are lowest contributors of VBM
- The available data for CB influences CS
- The higher CS, higher VBM



Recommendation

- Micro/Small Businesses may want to focus on Product Knowledge/Involvement, and attitude/intention, to increase the likelihood of buying decisions
- Put emphasis on staff's responsiveness, empathy and reliability to push the level of customer satisfaction