

## The Increased Satisfaction of Customer Loyalty: An Impact of Variety Seeking Moderation

Agustinus Numberi  
*Universitas Cendrawasih*  
Victor Pattiasina  
*Universitas Yapis Papua*  
Eduard Yohannis Tamaela  
*STIA Said Perintah Masohi*

### **Abstract**

*This study was conducted in Indonesia. It is included as analytical research that conducted at salons registered with the Jayapura City Regional Revenue Service. Through a survey using a questionnaire instrument for data collection and a non-probability sampling method with a purposive sampling technique for sample selection, we obtained a sample of 200 customers. The results showed that customer satisfaction has a positive influence on customer loyalty, and it is evident that variety-seeking moderates the effect of customer satisfaction on customer loyalty of salon services in Jayapura City- Indonesia.*

**Keywords:** *customer satisfaction, customer loyalty, variety seeking.*

### **Introduction**

At present, the level of competition of business organizations is very high. To survive, the organization must be able to produce superior value products and quality services so that customers will feel satisfied and become loyal. Loyalty is a valuable asset that can provide substantial profits for the company because it can help the company in obtaining a competitive advantage. By understanding the concept of loyalty, the company will be encouraged to create and maintain customer loyalty continuously. This research is essential because when companies pursue these goals, information about the factors that determine customer loyalty is a significant problem that must be answered.

Loyalty arises because of a sense of trust from customers after using a product. Customer satisfaction occurs when customer expectations match what is experienced and felt, even exceeding expectations (Westbrook, 1980). When the company is unable to fulfil these desires and expectations, consumers will likely experience dissatisfaction so that they will look for other alternatives (variety seeking) on subsequent consumption that is felt to fulfil their desires and expectations. Another factor that causes consumers to do variety-seeking is the boredom of consumers in consuming products to meet needs so that consumers will look for variations that are realized by switching to other alternatives, including switching brands and avoiding the usual behaviour. Brand switching can occur due to variety seeking (Van Trijp, Hoyer, & Inman, 1996). According to Van Trijp, Hoyer, & Inman, (1996) based on motivation to switch brands, variety seeking is divided into two, namely right variety-seeking behaviour (intrinsic motivation) and derived varied behaviour (extrinsic motivation). In doing variety seeking, consumers are also influenced by their need for variation, namely consumers who require high variation will be easier to find variations.

Different product categories have different effects on variety seeking. The decision to do variety-seeking is influenced by past individual purchases. Variety seeking shows that consumers look for variations as long as specific attributes mark a brand or object. Purchasing a brand will lead to boredom about the attributes that are owned concerning past brands. Consequently, consumers are less likely to buy products with specific attributes at the next purchase opportunity.

The service industry is inseparable from the possibility that consumers will move from one service provider to another for a reason—the reason marketers need to understand in order to determine the marketing strategy appropriately (Fanggidae, 2019). The key for the company to continue to exist is

the company's ability to keep its customers. This behaviour is called variety-seeking behaviour. Variety seeking behaviour is behaviour caused by changes in functional or instrumental values. Someone who searches for variation is not caused by dissatisfaction with the previous brand (P. S. Raju, 1980). The customer purchasing process, which involves making decisions, especially in a limited decision-making condition, will position the customer in situations of seeking variety seeking (variety seeking). When the level of engagement is low, customers will tend to switch brands, look for brands outside the market and this situation puts customers in the business of looking for other variations (Tammubua & Pattiasina, 2019).

With the development of the Salon Services Industry in Jayapura City, salon service competition has also increased. This allows customers to find variations to try or move to other salon services if they do not find satisfaction in consuming these salon services. Consumer satisfaction will affect service loyalty. Higher customer satisfaction will increase loyalty to salon services. The search for variety (variety seeking) will weaken or strengthen the relationship of consumer satisfaction with loyalty.

The conceptual model of this study refers to several conceptual models of previous studies which show different results. The results of the study of Ishak & Lutfi, (2011) stated that customer satisfaction affects consumer loyalty which is further supported by the opinions of Tjahjaningsih, (2016) and Nawarini, (2019) who state that customer satisfaction has a positive and significant effect on customer loyalty. Furthermore, Nawarini (2019) also states that the tendency to seek variation moderates the effect of customer satisfaction on customer loyalty. However, the above result was denied by Sugiyarto, (2019) who managed to prove that variety-seeking did not moderate the effect of customer satisfaction on customer loyalty. This proves that there is a research gap (research gap), especially in the testing of moderating variations in search (variety seeking) on the effect of satisfaction on customer loyalty. Based on this, the study was conducted with the aim of testing and re-analyzing the effect of customer satisfaction on salon customer service loyalty in Jayapura City by seeking variations as a moderating variable in the hope that the findings of this study would at least be able to contribute to reducing the research gap.

## **Literature Review**

### ***Variety Seeking***

Variety seeking behaviour is behaviour caused by changes in functional or instrumental values. Someone who searches for variation is not caused by dissatisfaction with the previous brand (P. S. Raju, 1980). The customer purchasing process, which involves making decisions, especially in a limited decision-making condition, will position the customer in situations of seeking variety seeking (variety seeking). When the level of engagement is low, customers will tend to switch brands, look for brands outside the market and this situation puts customers in the business of looking for other variations.

Several theories explain variety-seeking behaviour from two different perspectives: inter-individual and intra-individual differences in variety seeking. Chen & Paliwoda, (2004) explain differences in inter-individual theories in variety seeking including OSL (Optimum Stimulation Level) and DAS (Dynamic Attribute Station). According to the OSL model, each person likes an ideal level of stimulation, such as new things, surprises, changes, confusion, complexity, mismatches and uncertainties associated with stimuli and situations. The watershed model makes a significant contribution in explaining variety-seeking behaviour in which the customer is pleased with the attributes presented by the chosen alternative and will later lead to repurchase intentions (McAlister, 1982). This opinion is in line with the results of a study by (Eduard Tamaela and Surijadi, 2015) which states that variety-seeking behaviour in which customers are happy with the attributes presented by an alternative is chosen and will then lead to repurchase intentions.

While theories that explain intra-individual differences are partly focused on the nature of the product, for example, based on the Sensory-Specific Satiety theory, Inman cited Chen & Paliwoda, (2004) criticized that customers are more likely to variety seeking in products with attributes that are interconnected with common sense.

### **Customer Satisfaction**

Customer satisfaction is an overall evaluation based on purchase consumption and experience (Pappu & Quester, 2006). Pappu and Quester stated that customer satisfaction is the outcome of purchases and uses as a result of comparisons made by consumers to what is received by consumers (rewards) and purchase costs concerning anticipating consequences. Another opinion by Philip T. Kotler, (2011) that when consumers assess their satisfaction with elements of company performance and service, companies need to recognize that customers are different in how they define excellent service.

The statement above suggests that companies must also be aware that consumers can show high satisfaction for different reasons. Evaluation is based on cognitive processes by comparing expectations of the results of the product (product performance and other vital attributes) with what is obtained from the product. Satisfaction will be obtained if the product outcome actually meets or even exceeds previous expectations (Westbrook, 1980).

### **Customer Loyalty**

Loyalty is the ability to repurchase a product/service that is consistently preferred in the future, thereby causing the same brand to buy the same set of brands, in addition to the influence of the situation and marketing efforts that have the potential to change behaviour (Taylor, Goodwin, & Celuch, 2004). Loyalty is a helpful attitude towards a brand that results in consistent brand purchases over time (Assael Hendry, 2001). Loyalty arises when attitudes toward brands are expressed in repetitive buying behaviour.

According to Thiele, S.R, Mackay, (2001) that to measure loyalty can be grouped into behavioural loyalty and attitudinal loyalty. Loyalty emphasizes many dimensions and is studied using behavioural, attitudinal and composite approaches. Behavioural definitions are based on aspects of repurchase behaviour, frequency of purchase and number of switching brands. Attitudinal is associated with consumer attitudes, preferences and dispositions towards the brand. Composite loyalty states that loyalty is a combination of attitudinal and behavioural dimensions.

### **Research Hypothesis**

Some theories and empirical evidence show a relationship between satisfaction with customer memory and loyalty. Customer satisfaction is a requirement needed for customer loyalty which will lead to profit growth and performance (Pappu & Quester, 2006). Customers will be loyal because they are satisfied and want to establish relationships continuously with the company (Keiningham, Aksoy, Andreassen, Cooil, & Wahren, 2006). Satisfied consumers will prefer to buy the same product or service repeatedly, protect competitive offers from competitors and generate positive word of mouth information. Some of the results of previous studies also support the statement above, including; Ishak & Lutfi, (2011); Tjahjaningsih, (2016) and Nawarini, (2019) which states that customer satisfaction has a positive and significant effect on customer loyalty. Based on the explanation above, the hypothesis that can be proposed is;

H1; Customer satisfaction has a positive and significant effect on customer loyalty.

In the context of consumers, repeated product choices will reduce the potential stimulus of consumers in making purchases because choices are no longer new or complex for consumers. This leads to the perception of boredom and consumers will try to increase the stimulus by switching to several different product choices. The shift to other brands is a result of consumers' need to reduce boredom or the need for sensory stimuli by looking for variations. The above statement is supported by the results of the Nawarini study (2019), which states that the tendency to seek variation moderates the effect of customer satisfaction on customer loyalty. Based on the explanation above, the hypothesis that can be proposed is;

H2; Variety Seeking moderates the effect of customer satisfaction on customer loyalty.

### **Research Method**

This research is classified as analytical research that explains the consequences of the effect of satisfaction on customer loyalty moderated by variety seeking. Data collection is done in the time horizon of the study is a one-stage study (one-shot study) or cross-sectional using a questionnaire instrument. The

population in this study are all regular customers in 50 salons registered with the Jayapura City Regional Revenue Service with an unknown amount. Sampling was used non-probability sampling method through purposive sampling technique with a final sample of 200 customers. Testing of research data begins with testing of research instruments (Validity and Reliability Test), testing standard assumptions, followed by testing Moderated Regression Analysis (MRA).

### Result and Discussion

In this section, the analysis of research data is carried out in a series of processes, consisting of three stages. First, testing the construct validity with Confirmatory Factor Analysis. Second, testing the reliability of measurements using Cronbach's Alpha criteria and Item-to-Total Correlation. Third, testing hypotheses using Moderated Regression Analysis (MRA). The results of validity testing are done through the measurement of convergent validity with the assumption that a research instrument is said to meet convergent validity if the loading value of each item or indicator of the construct measured is  $\geq 0.4$  (Joseph F. Hair Jr. William C. Black Barry J. Babin Rolph E. Anderson, 2017). Based on the results of the Confirmatory Factor Analysis presented based on 200 samples used, it shows that convergent validity is acceptable because it has a factor loading greater than 0.40 and is significant at the 95% confidence level.

**Rotated Component Matrix**

	Component		
	1	2	3
KP1	.715		
KP2	.676		
KP3	.780		
KP4	.709		
VS1	.709		.709
VS2			.699
VS3			.665
VS4			.767
LJ1		.661	
LJ2		.752	
LJ3		.739	
LJ4		.689	

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 a. Rotation converged in 6 iterations.

### Validity Test Results

Furthermore, construct reliability is measured using Cronbach's Alpha, which reflects the internal consistency of a measuring instrument. The rule of thumb is that Cronbach's alpha must be greater than 0.7, although a value of 0.6 is still acceptable (Joseph F. Hair Jr. William C. Black Barry J. Babin Rolph E. Anderson, 2017). From the results of the reliability testing by including all items of questions, all variables have a Cronbach's Alpha value above 0.7 which means that it meets the reliability rules.

### Reliability Test Results

No.	Variable	Cronbach Alpha	Note
1.	Customer satisfaction	0.6124	Reliabel
2.	<i>Variety Seeking</i>	0.7901	Reliable
3.	Customer loyalty	0.9574	Reliable

## **Hypothesis Test**

The first hypothesis testing results show that customer satisfaction has a positive effect on service loyalty. This is indicated by the significance value of 0.005 (probability <0.05). The value of t-count is 2.870, while the t-table is 1.976 so that  $t\text{-count} > t\text{-table}$  ( $2.870 > 1.976$ ) with a regression coefficient value of 0.273. The results of this test indicate that the first hypothesis was accepted.

The test results for the second hypothesis, namely variety seeking to moderate the effect of customer satisfaction on service loyalty is shown with a significance value of 0,000 (probability <0.05). The value of t-count is 4.504, while the t-table is 1.976, so  $t\text{-count} > t\text{-table}$  ( $4.504 > 1.976$ ) with a regression coefficient value of 0.081, which means that the second hypothesis is accepted.

## **Discussion**

### **Effect of Satisfaction on Customer Loyalty**

The results showed that customer satisfaction has a positive influence on customer loyalty. Based on descriptive statistics, it can be seen that customer satisfaction and service loyalty variables also indicate being in the category of agreed or can be said to be good. When salon customers are satisfied with what is provided by the salon such as feeling happy with the service, then it will undoubtedly have implications for loyalty because customers will continue to make repeat purchases, in this case, using salon services again in the future.

Customer satisfaction is based on the implicit assumption that there is a positive relationship between customer satisfaction and customer loyalty. The results showed that the effect of customer satisfaction on service loyalty results were positive and significant. The results of this study are consistent with previous studies conducted by Ishak & Luthfi, (2011); Tjahjaningsih, (2016) and Nawarini, (2019) which states that customer satisfaction has a positive and significant effect on customer loyalty. Although customer satisfaction is often said to be a condition to customer loyalty, its role is not as bright as a condition to customer loyalty, its role is not very clear because most customers who express satisfaction with services are still changing, and dissatisfied customers remain loyal.

While Rowley (1999) in his study showed that when customers are delighted, they tend to change a little or change, leading to the proposition that satisfaction intensity is an element in customer loyalty (Manafe & Setyorini, 2019). The same thing was found by Rowley (1999). He found a positive relationship between customer satisfaction and customer loyalty, but he also noted that increased satisfaction did not result in the same increase in loyalty to all customers.

### **Effects of Variety Seeking Moderation**

The results showed that variety-seeking proved to act as a moderating variable between customer satisfaction and customer loyalty. The results obtained from descriptive customer satisfaction variables are in the agreed category, which means that the tendency of satisfied customers is high. This shows that even though customers are satisfied, they will not necessarily have strong retention because they will also try new things to use other salon services. This is reinforced by research conducted by P. S. Raju, (1980) that individuals who seek variation are not due to dissatisfaction that accompanies them, but because they are fed up with products or services consumed previously.

Similarly, research conducted by McAlister (1982) showed that consumers who sought variation because they were bored with certain products or services. A consumer who makes a repeat purchase will initially give a positive evaluation, but the preference for the product or service attribute will decrease over time. The same thing was revealed by Simonson Itamar, (1990) that consumers are looking for variations, not because they are dissatisfied, but because of uncertainty, so consumers tend to look for variations to purchase a product or service. Thus, this study shows that a consumer seeks variations to use a particular service not because they are not satisfied, but because they are likely to be bored or bored and have dubious pleasure.

## **Conclusion**

Based on the results of research and discussion, the conclusions in this study are as follows. The results showed that customer satisfaction has a positive influence on customer loyalty. When salon customers are satisfied with what is provided by the salon such as feeling happy with the service, then it

will undoubtedly have implications for loyalty because customers will continue to make repeat purchases, in this case, using salon services again in the future.

The results show that variety-seeking is a moderating variable between customer satisfaction and customer loyalty. Salon customers look for variations to other salons not because they are not satisfied, but they look for variations because there is a sense of saturation or boredom, and do not see whether he was satisfied with the previous product or service, so consumers prioritize the search for variations.

Based on the conclusions of the research results above, the suggestions in this study are as follows. Salon services must continue to improve the quality of service so that it can increase customer satisfaction and of course, will indirectly increase customer loyalty. To better retain customers and prevent them from moving to another salon, the salon service manager must continue to make improvements in service and also to the physical condition of the salon so that customers do not feel bored and look for variations by trying another salon.

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