Millennial Customer Inertia In Indonesia's Online Transportation Services

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ABSTRACT

This study aims at determining the factors that form customer inertia in the online transportation service industry in Indonesia. The research method used was a survey with data collection techniques through questionnaires to 174 online transportation customers in Indonesia, especially in the City of Tasikmalaya, using purposive sampling techniques. The analytical tool used in this study was Confirmatory Factor Analysis (CFA) by testing the reflective trait of the behavioral, cognitive, and affective aspects to measure customer inertia. This study indicated that customer inertia could be formed by customer behavior on cognitive and affective factors of the customer itself. When a customer responded with positive behavior, good cognition, and good affection, the customer's inertia would be created.

Keywords: *Inertia, Behavior, Cognitive, Affective.*

1. INTRODUCTION

With the development of information technology, transportation services are based not only on conventional but also online-based transportation services or ride-hailing. In this modern era, online transportation services are indeed one of the solutions for people who use mass transportation services. Easy and practical services by using an application on a smartphone/gadget make people increasingly dependent on this mass transportation mode. It is noted that online transportation service providers in Indonesia are dominated by two large companies, namely Go-Jek and Grab. These companies have always been included in the ranks of the top brands in the online transportation service category.

Based on the results of the Top Brand Index (TBI), the position of Go-Jek and Grab, which are the two largest online transportation platforms from 2017 to 2020, have moved down due to the number of local online transportation service companies who better understand the characteristics of the local market in each region. This also illustrates a decrease in commitment, which is one indicator of loyalty. In line with this data, it is assumed that customers are switching to use other similar services currently developing locally. Thus, Go-Jek and Grab companies

must work not only to attract new customers but also to retain existing customers if they want to keep the customers. Although the company already has customers who are considered loyal, it does not rule out the possibility of competitive pressures that can change customer loyalty.

As a generation that is sensitive to technological developments, the millennial generation is the primary market for online transportation service companies. Several studies have tried to identify the characteristics of millennial customers [1, 2, 3] and their differences from other generations [4, 5]. Millennials have a unique nature because of their laziness [6], and they tend to be difficult to be loyal [7]. This becomes more complex when online transportation service companies represent technological developments in their business operations and target millennials as the primary target market but have disloyal characteristics.

The development of customer loyalty has become an essential focus for marketing strategies because it is related to the benefits that companies will receive when they retain existing customers [8]. Loyalty is based on the strength of the relationship between relative attitudes and repeats patronage. A relatively low attitude with high repeat patronage can be called inert loyalty [9]. Loyalty itself can result from customer inertia [10].

Customer inertia is an attachment, persistence, to the behavior patterns that exist in the minds of consumers to stay afloat (on the status quo), even if there are better alternatives [11]. The status quo is the tendency of consumers to continue the choice of the brand that is being used (because they are used to it) rather than looking for alternative actions [12]. Inertia reflects a reluctance to abandon old products/services even in new and better alternatives [11]. Inertia is identified as reluctance or laziness to switch to another brand because it remains in the status quo and does not care how good the alternative will be in the future [13]. Customers are attracted to stay with the service because they are familiar with the characteristics and capabilities, so they are reluctant to switch [14].

Inertia is defined as a consistent pattern of using the same brand, where the brand is used out of habit, and less effort is required [15]. Consumers with inertia will repeatedly buy the same brand without much thought and little fundamental commitment to the product [16]. Consumers with inertia may delay a decision even when it is optimal to buy immediately. A related point of view is that inertia represents the habit of staying afloat [17]. Such a systematic pattern of behavior can be placed on switching costs, leading to the avoidance of perceived uncertainty or risk, thereby causing consumers' psychological reluctance to switch to another brand [18]. Inertia is also described as a condition in which repetitive use behavior occurs based on situational cues and reflects an unconscious process [16], as shown by repeated use of the same brand passively and without much thought [15]. Inertia is also characterized as a habitual attachment that is largely unemotional and comfort-driven [19,20]. Inertia may result from being concerned about future losses, making it easier for consumers to stick with an existing brand, and acting as a psychological barrier that prevents switching to another brand [21].

Inertia is a condition in which repeat customer purchases occur due to laziness, inactivity, or passivity [15], which is inherent in the millennial generation. In other words, such customer repeat purchases result from a lack of goal-directed behavior [22], a lack of a conscious decision to change [16], or from being conditioned by habit [23]. Inertia is conceptualized as having three dimensions: behavioral-based inertia, cognitive-based inertia, and affective-based inertia [11]. Behavioral-based inertia is when individuals continue to use the brand in the past and continue to do so and becomes a habit. Cognitive-based inertia is when individuals continue to use a brand consciously, believing it may be the best or most effective brand. Affective-based inertia is when individuals continue to use a brand because they are happy and comfortable with it, then they feel they have a solid emotional bond with the brand and find it difficult to switch.

From several studies that have been described previously, there is still a gap to conduct research by testing the inertia-forming factors in a more specific characteristic category. This study sought to find out the behavior of the millennial generation and their application to the ride-hailing industry. Therefore, this study aimed at determining the factors that form customer inertia in the online transportation service industry in Indonesia.

2. METHODS

The research method used was a survey method with data acquisition of Go-Jek and Grab online transportation services users in the City of Tasikmalaya taken through questionnaires collected from a sample of the millennial generation population. The minimum sample size used in this study was five respondents for each estimated parameter. This study had 17 estimated parameters; thus, the minimum size of respondents was 85 respondents. However, to increase the level of accuracy, the sample size taken in this study used a minimum limit of 100 respondents.

The data analysis technique used in this study was Confirmatory Factor Analysis (CFA) by examining the reflection of the customer inertia dimensions consisting of behavior, cognitive and affective. The sampling technique used was the purposive sampling method that established specific criteria that must be met by users of Go-Jek or Grab online transportation services in Tasikmalaya City. The data collection method used structured questionnaires consisting of close-ended questions. The scale used in closed questions was a bipolar adjective scale, a refinement of the semantic scale

3. RESULTS AND DISCUSSION

The data obtained were as many as 174 users of Go-Jek and Grab in Tasikmalaya City. The data collection results on respondents' characteristics based on gender from the total number of respondents quantitatively were dominated by women in the amount of 78.4%. The profile of respondents regarding age was quantitatively dominated by respondents aged between 18-25 years who were the youngest generation of the millennial generation, reaching 86.74%, with a job as a student, which was 67.8%. Measrment model show by Table 1.

Table 1. Measrment model

Variable	Dimensions	Measurement	Lf	R	VE
Customer Inertia	Behavior	Usage habits	0,821		
		Lazy to switch	0,802	0,881	0,715
		No option	0,672		
	Cognitive	Easy to use	0,816	0,862	0,677
		Continous use	0,688		

		Convenient to use	0,734	0,853	0,659
	Affective	Excitement of use	0,713		

Table 1 shows that the loading factor value meets the criteria (> 0.5), with a Construct Reliability value (> 0.6), which has fulfilled the requirements and can explain the latent variabl`es it forms. For the variance extracted value, almost all variables have met the minimum requirement of more than 0.50. Thus, it can be concluded that the instrument used for this research was good.

The tested model will be considered good or satisfactory if the chi-square value was low based on probability with a cut-off value of p > 0.05. Based on the calculation results, the chi-square value was 401.4; therefore, the tested model was good or indicated an acceptable fit between the model and the data. In addition, the estimation results of each measurement for each dimension also showed a value that can be accepted well. The lowest CR value for each measurement item was on the measurement of the behavior dimension, namely "no option" with a CR value of 2.705, which is still more significant than the cut-off value (2.58).

From the results of the analysis that has been done, it can be said that customer inertia can be reflected by customer behavior which includes usage habits, consideration of sacrifices to move (lazy to switch), and limited choices. Habits are the primary basis for forming inertia in terms of behavior. Consumers who habitually use products that meet their needs will persist and not switch [11]. Habits are also related to laziness which makes a person persist in using a product and ignore other options offered by competitors [24]. Furthermore, when there is no other choice, consumers will continue to use a product despite disappointment in its use [13]. Secondly, the customer's inertia can be reflected by the cognitive factors of the customer, including the ease of using the service and being willing to continue using the service. The ease of using the product and continuous use of the product can create a sense of comfort for consumers [11], strengthening inertia from the cognitive aspect. Lastly, customer inertia can also be reflected by the customer's affective factors, including feeling comfortable when using and feeling happy ([11] to always use online transportation services, both Go-Jek and Grab, especially in Tasikmalaya City.

4. CONCLUSIONS

Customer inertia is a condition that reflects the reluctance of consumers to leave the products/services they use, even though they are given a new alternative that is similar and better. Customer inertia can be formed by the customer's behavior, cognitive, and affective factors. When a customer responded with positive behavior, good cognitive capture, and good affective understanding, inertia would be created. In addition, there are limited research objects that focus on online transportation service industry customers, so it is recommended for further research to take a more comprehensive object of research to examine the model in more depth and obtain comprehensive results.

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