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## Sequential variable perceived value and customer satisfaction in mediating the influence of switching cost and service quality on the loyalty of insurance policy holders in Banda Aceh, Indonesia

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### Abstract

The purpose of this study was to examine the effect of sequential variables perceived value and customer satisfaction in mediating the effect of switching costs and service quality on the loyalty of insurance policy holders in Banda Aceh. The population in this study were all customers of PT. Asuransi Bangun Askrida Banda Aceh during 2019, totaling 2,987 people. The number of samples as many as 210 respondents with sampling technique using probability

sampling method. The results showed that of the 9 existing direct hypotheses 6 were accepted and 3 hypotheses were not significant, namely testing the effect of perceived value on customer satisfaction, the effect of switching cost on loyalty and perceived value on loyalty because it has a CR value and a P value that does not meet the minimum requirements hypothesis is accepted.

**Keywords:** Switching Cost, Service Quality, Perceived Value, Customer Satisfaction, Loyalty, Insurance Policy Holders, Insurance Companies, Banda Aceh

### 1. Introduction

The performance of the insurance industry in general since 2014 has shown very good growth. This performance occurred even though the industry has not yet undergone reforms to carry out various improvements as has been done in the banking industry. Data from the Financial Services Authority (OJK) shows asset growth has continued to increase since 2014 from IDR 807.7 trillion to IDR 1,325.7 trillion in December 2019. The investment value of this industry also continues to increase from IDR 648.3 trillion in 2014 to IDR 1,141.8 trillion in 2019. Commercial insurance premium data in 2019 also showed growth of 6.1 percent on an annual basis (yoy) to IDR 261.65 trillion. Life insurance premiums amounted to IDR 169.86 trillion and general insurance/reinsurance premiums increased by IDR 91.79 trillion (Sakina Rakhma, Diah Setiawan 2020).

As with other types of industry, competition between insurance companies in Indonesia in general and Aceh in particular is getting tougher. This can be seen in the implementation of marketing strategies carried out by each company to try to outperform its competitors in marketing their products. Because the largest premium income is obtained from the sale of vehicle insurance policies, especially two- and four-wheeled vehicles, many insurance companies focus on selling vehicle insurance products by collaborating with several leasing companies and vehicle dealers in almost all market areas (Limbang, JJ 2017) [24].

In financial services, especially the insurance industry, financial performance is closely related to customer loyalty (Diacon & O'Brien, 2002) [7]. Customer loyalty is one of the most important determinants of economic success for insurance companies (Mishra & Prasad, 2014) [30]. In this regard, the explanation of customer loyalty is an area of interest not only in academia but among marketing practitioners (Lovell, 2008; Sagib & Zapan, 2014) [25, 37].

Customer loyalty plays an important role in an organization's success and customer loyalty becomes even more important especially when customer acquisition without an increase in loyalty does not guarantee long-term success. The need to keep customers loyal is important. This is in accordance with the opinion (Jandahgi, 2011) that the cost of getting new customers is five times more expensive than retaining existing customers. Bangun Askrida is well aware of this, a general insurance company operating in Aceh and its competitors such as General Insurance Videi and Jasindo Aceh.

Customer satisfaction is the key in creating customer loyalty. Many benefits are received by the company by achieving a high level of customer satisfaction, which in addition to increasing customer loyalty also makes the company will survive in the long term. The most important aspect of customer satisfaction is that it leads to customer loyalty and profitability

(Zeithaml *et al.*, 2019). Heskett (2011) <sup>[9]</sup> states that satisfaction is an attitude, while loyalty is described as a behavior. Customer satisfaction has a positive and significant effect on life insurance customer loyalty (Hutabarat & Astuti, 2019) <sup>[10]</sup>. On the other hand, there are also those who find that satisfaction is not always significant with loyalty (Wen Hua, *et al.* 2011). Wen Hua's opinion is contrary to that expressed by Sumadi & Soliha, (2010) <sup>[39]</sup>. Customer loyalty is another important factor in looking at customer satisfaction. Customers will also choose a product or service based on their perception of customer value and that can satisfy their needs (Kotler & Armstrong, 2010) <sup>[21]</sup>. The higher the perceived level of perception, the higher the level of customer satisfaction, there are studies that claim that customer value significantly affects customer satisfaction (Khan, *et al.*, 2013) <sup>[20]</sup>. Perceived value is closely related to service quality. Service quality is one of the main factors that contribute to how effective or ineffective a business performs in the market (Young, 2011) <sup>[44]</sup>. Siddiq, (2011) <sup>[38]</sup> revealed that service quality affects customer loyalty. Another factor that needs to be considered in insurance organizations is related to switching costs. Wang, (2010) <sup>[42]</sup> argues that switching costs are believed to be the most significant predictor of repurchase behavior.

The phenomenon that occurs is a decrease in the number of policyholders at PT. Asuransi Bangun Akrida for the last three years. In 2017 the number of insurance policy holders was 2,123 people or 34.10% of the total for the last three years. Meanwhile, in 2018 there was a decrease in the number of insurance policy holders to 3,049 or 33.29%. Furthermore, in 2019, there was another decline in the number of insurance policy holders to 2,987 people. The growth of insurance including sharia in Aceh is also very small, such as PT. Family Takaful Insurance, PT. Bumi Putra Syariah, PT. Prudential and PT. AIA Syariah whose average policy growth is below 50% of the company's average target (Jalaluddin, J. 2018) <sup>[12]</sup>.

The research that the authors conducted was aimed at investigating the factors for customer satisfaction and loyalty to insurance in Banda Aceh. The author wishes to examine the relationship between switching costs, service quality, perceived value, customer satisfaction and customer loyalty, namely insurance policy holders in Banda Aceh.

Previous research examining the effect of switching costs on loyalty has been carried out by Wang, (2010) <sup>[42]</sup>; Molina-Castillo *et al.*, (2012) <sup>[31]</sup>; Nisa *et al.* (2013) and Suwono & Sihombing, (2016) <sup>[40]</sup>. Then Juana, IMP (2017) <sup>[15]</sup> conducted a study that tested the effect of switching costs on customer loyalty through perceived value and found that there was a positive and significant effect. Other researchers, namely Kuo, NT, Chang, KC, Cheng, YS, & Lai, CH (2011) <sup>[23]</sup> conducted research on the effect of switching costs on loyalty through customer satisfaction.

As far as the author's knowledge there is no research that examines the effect of switching costs through two sequential mediations, namely the effect of switching costs on loyalty through perceived value and customer satisfaction which are carried out sequentially. Whereas according to Auka, DO (2012) <sup>[6]</sup> the placement of perceived value as the main determinant variable of customer satisfaction is important to do considering the influence of these two variables has indeed been tested by many researchers such as Khan, N., & Kadir, S (2011).

Therefore, this study will examine a sequential model of two

mediating variables Perceived Value and Customer Satisfaction on the influence of Switching Cost on loyalty, which is also used as a novelty in this study entitled "Sequential Variable Perceived Value and Customer Satisfaction in Mediating the Effect of Switching Cost and Service Quality. on Loyalty of Insurance Policy Holders in Banda Aceh" Due to the limited resources that the author has and the high data on policy holders and insurance sales in Aceh, in this study the author limits the discussion to Askrida's insurance only.

### Statement of problem

As previously described, there has been a decrease in the number of policyholders at PT. Asuransi Bangun Akrida for the last three years. At the macro level, the growth of the insurance industry including sharia insurance in Aceh is also very small. So it is necessary to study to investigate the causes of the decline in the number of insurance customers by analyzing the determinant factors of customer loyalty and satisfaction of insurance customers in Aceh.

### Research Objectives

The research that the authors conducted was aimed at investigating the factors for customer satisfaction and loyalty to insurance in Banda Aceh. The author wishes to examine the relationship between switching costs, service quality, perceived value, customer satisfaction and customer loyalty, namely insurance policy holders in Banda Aceh.

## 2. Study of literature

### Switching Cost

Switching costs make changing service providers more expensive and difficult and create dependence from customers on service providers (Tsai, MT, Tsai, C. L & Chang, HC 2010) <sup>[23]</sup>. High switching costs make customers may be reluctant to switch to another provider and choose to stay with the existing provider, even if they are not satisfied, rather than change to another provider (Molina-Castillo *et al.*, 2012) <sup>[31]</sup>. Wang, (2010) <sup>[23]</sup> argues that customer satisfaction and switching costs are believed to be the most significant predictors of repurchase or repeat purchase behavior, switching costs reduce the customer's level of sensitivity to satisfaction levels. Similar effects of switching costs have been observed for trust and perceived service quality.

Switching cost is believed to be the most significant predictor of repurchase or repurchase behavior. Wang, (2010) <sup>[42]</sup>. High switching costs make customers may be reluctant to switch to another provider and choose to stay with the existing provider, (Molina-Castillo *et al.*, 2012) <sup>[31]</sup>. One of the strategic elements that can lead the company to good performance is the customer switching cost which is confirmed by research conducted by Xuhui, W., & Jian, X. (2009) <sup>[43]</sup> which states that if the switching cost is high then consumer loyalty will also be high, as well as On the other hand, if the switching cost decreases, consumer loyalty will also decrease, and if there is a small change, either increasing or decreasing the switching cost, it will affect the increase or decrease in consumer loyalty.

Research conducted by Suwono & Sihombing, (2016) <sup>[40]</sup> states that there is a relationship between the cost of moving and the value received by consumers. Furthermore, research conducted by Suwono & Sihombing, (2016) <sup>[40]</sup> states that there is a relationship between transfer costs and the value received by consumers, the relationship between the value

received by consumers and consumer satisfaction. There is a positive and significant relationship between perceived values, performance quality, fairness price, customer satisfaction (Zaw & Chaipoopirutana, 2014) <sup>[45]</sup>.

H1: Effect of Switching Cost on Loyalty

H3: Effect of Switching Cost on Perceived Value

H5: Effect of Switching Cost on Customer Satisfaction

### Service Quality

In one of the studies on SERVQUAL, there are five dimensions that can be concluded according to Parasuraman, Zeithaml, and Berry (1990:21) <sup>[9]</sup>: a. Reliability: the ability to provide services reliably, accurately and consistently. Reliability in providing the right service the first time b. Responsiveness: the ability to provide prompt and appropriate service to customers by delivering clear information. c. Certainty (assurance) knowledge and courtesy of employees as well as the ability to maintain trust. d. Empathy: giving sincere and individual or personal attention given to customers by trying to understand consumer desires. e. Tangibles: physical evidence of services, including physical facilities, equipment,

The study was conducted by Nguye *et al.* (2018) <sup>[32]</sup> states that there is a significant relationship between service quality and customer loyalty. Service quality positively influences customer loyalty (Juhari *et al.*, 2016) <sup>[16]</sup> and service quality influences customer loyalty (Kuo *et al.* 2011) <sup>[23]</sup>. Service quality positively and significantly affects loyalty (Jumawan, 2018) <sup>[17]</sup>. Customer satisfaction has a positive and significant effect on life insurance customer loyalty (Alok, KR, & Srivastava, M. 2013) <sup>[3]</sup> service quality has a significant effect on customer loyalty.

The study was conducted by Nguye *et al.* (2018) <sup>[32]</sup> stated that there is a significant relationship between service quality and perceived value. There is a mediating role between service quality and perceived value (Kuo. *et al.* 2011) <sup>[23]</sup>. Customer satisfaction is significantly related to perceived service quality and perceived value (Malik, 2012) <sup>[29]</sup>

Service quality positively affects customer satisfaction (Juhari *et al.*, 2016) <sup>[16]</sup>. There is a significant relationship between service quality and perceived value and customer satisfaction (Nguyen *et al.* 2018) <sup>[32]</sup>. Customer satisfaction is positively influenced by service quality (Kuo. *et al.* 2011) <sup>[23]</sup>. The impact of service quality on increasing customer satisfaction Jamaluddin & Ruswanti, (2017) <sup>[13]</sup> and Utomo (2013) conclude that there is a positive and significant effect of service quality on customer satisfaction.

H2: Effect of Service Quality on Loyalty

H4: The Influence of Service Quality on Perceived Value

H6: Effect of Service Quality on Customer Satisfaction

### Perceived Value

The higher the perceived level of perception, the higher the level of customer satisfaction, there are studies that claim that customer value significantly affects customer satisfaction (Khan, *et al.*, 2013) <sup>[20]</sup>. Conceptually that customers have a "give and take" mentality when it comes to the customer's perceived value perception (Auka, 2012) <sup>[6]</sup>. Because customer value is closely related to the results of the evaluation carried out by customers on the product, the benefits of the service, and its costs (Kanten & Yaslioglu, 2012) <sup>[18, 19]</sup>. According to Zeithaml, V.; Bitner, M.; Gremler, D (2009) <sup>[46]</sup>, Perceived Value is defined as an exchange between a number of benefits with a number of sacrifices

considered for the performance of a product or service.

Perceptions of customer value, employee service quality, bank image and customer satisfaction have a positive correlation with loyalty. Another study conducted by Zaw & Chaipoopirutana, (2014) <sup>[45]</sup> found that there was a positive and significant relationship between perceived value, performance quality, fairness price, customer satisfaction, brand reputation on customer loyalty.

Research conducted by Khan, *et al.*, (2013) <sup>[20]</sup> states that the higher the level of perceived perception, the higher the level of customer satisfaction, there are studies that claim that customer value significantly affects customer satisfaction. Zaw & Chaipoopirutana, (2014) <sup>[45]</sup> stated that there is a positive and significant relationship between perceived value on customer satisfaction and customer loyalty.

H7: Influence of Perceived Value on Loyalty

H8: Perceived value has an effect on Customer Satisfaction

### Customer Satisfaction

Satisfaction is an attitude of satisfaction or pleasure that a person has. Understanding what makes consumers satisfied or dissatisfied is important to remain successful in the service industry (Ryu & Han, 2010; Angelova & Zekiri, 2011). Customer satisfaction is defined as customer satisfaction, customer respect for their purchasing experience with a particular service company. Customers will be satisfied if the product or service results exceed their expectations and they will not be satisfied if the product or service results are below their expectations (Ariff. *et al.*, 2012) <sup>[5]</sup>.

Therefore, several studies have proven that satisfaction and loyalty have a direct relationship with each other. Since satisfied customers are loyal and dissatisfied customers are vendors (Heskett 2011.) <sup>[9]</sup> Finding loyal customers is not accessible even customers seem to be satisfied with products and services. In fact, the behavior and attitudes of customers towards certain goods and services are the most important. If the customer behavior is positive for the service holder, then the customer is said to be a loyal customer (Abdullah 2012) <sup>[1]</sup>; (Auka, 2012, Ariff *et al.*, 2012; Sumadi & Soliha, 2010) <sup>[6, 5, 39]</sup> satisfaction and loyalty have a direct relationship between each other.

H9: The Influence of Customer Satisfaction on Loyalty

### Insurance Policyholder Loyalty

The most important aspect of customer satisfaction is that it leads to customer loyalty and profitability (Zeithaml *et al.*, 2019) <sup>[46]</sup>. Customer loyalty plays an important role in an organization's success and customer loyalty becomes even more important especially when customer acquisition alone does not equate to long term success. The level of customer loyalty is measured by how much the respondents are willing to recommend and say by word of mouth about the health care of each insurance company to friends, relatives (Alok & Srivastava, 2013) <sup>[3]</sup>.

Oliver (2010) states that loyalty is a persistent customer commitment to re-subscribe or re-purchase selected products/services consistently in the future, even though the influence of the situation and marketing efforts have the potential to cause behavioral changes. Abu-Elsamen *et al.*, (2011) <sup>[2]</sup> argue that many professional trust retain customers increase customer satisfaction and customer loyalty as a core marketing strategy. In addition, Ryu *et al.*, (2012) <sup>[35]</sup> found that service quality increases the level of customer satisfaction.

**Research concept framework**

According to Malhotra, Naresh K. (2009) [28] theoretical framework is the foundation on which all research projects are based. From the theoretical framework, hypotheses can be developed that can be tested to determine whether the formulated theory is valid or not. Then later it will be measured by appropriate statistical analysis. Referring to the theory and previous research, there is a relationship between the variables that have been described previously. For this reason, the authors build a research model as referred to in the following figure:

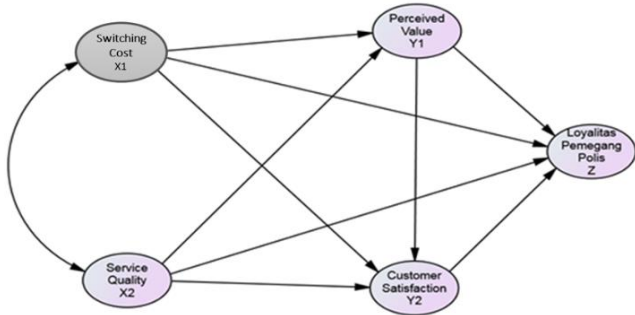


Fig 1: Research Model

**3. Research Method**

**Research Instruments**

All measurement items were taken from previous studies to ensure validity; however, slight changes to the statement were made to suit the current analysis. The eight-item Switching Cost questionnaire adapted from Tsai, MT (2010.) Seven items adopted from (Wang, C. 2010) were used to measure Service Quality, while perceived Value was operationalized using the four indicator items proposed by Sweeny & Soutar 2010. Then 5 items used to measure customer satisfaction which was adopted from Zethaml (1990) and 6 questionnaire items by Marisa (2008) to measure the variable of customer loyalty.

A questionnaire with a 5-point Likert scale was used to collect data. In addition, this study uses in-depth interviews with several sources (informants) who represent the elements of providers and customers. This is done to obtain in-depth information related to the research variables and to support the results of quantitative analysis.

**Sample design and data collection**

The population determined in this study were all customers of PT. Asuransi Bangun Askrida Banda Aceh during 2019,

totaling 2,987 people. To calculate the number of samples selected using the theory of Hair *et al* (2013) [8], where the minimum sample is 5-10 x the number of parameters (indicators). The parameters in this study used a maximum sample of 6 x the number of indicators as much as 35 or (6 x 35 = 210). So that the number of samples obtained is 210 respondents. The sampling technique is by probability sampling, namely the Simple Random Sampling. Where every policyholder customer has the same opportunity to be sampled. Samples were taken randomly.

**Data analysis**

The data analysis technique in this research is descriptive and verification. Descriptive analysis was conducted to assess the demographic profile of the respondents and the internal consistency of construction. While the verification analysis uses SEM (Structural Equation Modeling) to verify the path of the relationship between tourist experience, destination image, and place attachment to environmentally responsible behavior. In addition, the SEM analysis software is IBM SPSS-AMOS version 22.

**4. Results and Discussion**

**Characteristics of Respondents**

In terms of age, most respondents came from the age group 38-50 years, namely 125 (59.5%). From the gender, there are more men than women, namely 171 (81.4%). Then from the education group the most are those with undergraduate education, namely 132 (62%). In terms of employment, the most are those who work in private employees, namely 167 (79.5%)

**Validity**

**Measurement Model (Measurement Model)**

Convergent validity aims to determine the validity of each relationship between the indicator and its latent construct or variable. In this study, a loading factor limit of 0.50 will be used. From the results of the measurement model calculations, there are 4 indicators, namely X9, X10, X11 and X25 and those that do not meet the requirements because they have a loading factor number below the required one, namely 0.5. So these four indicators must be eliminated. While the a6 indicator, although the value is smaller than 0.50, but when rounded it can still reach 0.50 so that this indicator can still be maintained.

After being eliminated, the image of the new measurement model is

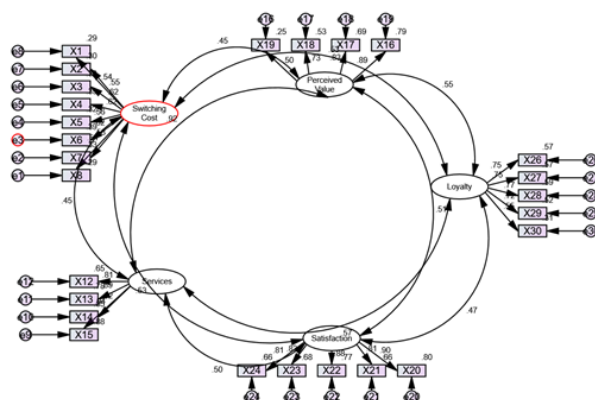


Fig 2: Measurement Model

**Table 1:** Convergent Validity Results

			Estimate
X8	<---	Switching_Cost	.537
X7	<---	Switching_Cost	.576
X6	<---	Switching_Cost	.623
X5	<---	Switching_Cost	.563
X4	<---	Switching_Cost	.625
X3	<---	Switching_Cost	.618
X2	<---	Switching_Cost	.547
X1	<---	Switching_Cost	.538
X15	<---	Services	.937
X14	<---	Services	.920
X13	<---	Services	.885
X12	<---	Services	.807
X19	<---	Perceived Value	.504
X18	<---	Perceived Value	.726
X17	<---	Perceived Value	.829
X16	<---	Perceived Value	.888
X20	<---	Satisfaction	.896
X21	<---	Satisfaction	.815
X22	<---	Satisfaction	.876
X23	<---	Satisfaction	.827
X24	<---	Satisfaction	.810
X26	<---	Loyalty	.753
X27	<---	Loyalty	.752
X28	<---	Loyalty	.770
X29	<---	Loyalty	.721
X30	<---	Loyalty	.554

Source: AMOS Output Primary Data, 2021

Based on Table 4.2, it can be explained that all the variables used in this study are valid, because they have a loading factor number > 0.50 so that all indicators in this research variable are Switching Cost, Service Quality, Perceived Value, Customer Satisfaction and Loyalty of this policyholder. declared valid to be continued in the next research stage

**Reliability Test**

The reliability test intended in this study is to determine the extent to which the measurement results remain statistically consistent, namely by calculating the magnitude of the composite reliability of the data based on the estimated output obtained using Cronbach alpha. The results are as described in Table 4.3 which shows that the instrument in this study is reliable because its reliability coefficient value is greater than 0.60 (Malhotra, 2006) [28].

**Table 2:** Research Variable Reliability Using Cronbach Alpha

No	Variable	Cronbach Alpha	Items	Information
1	Switching Cost	.799	8	Reliable
2	Service Quality	.864	7	Reliable
3	Perceived Value	.797	4	Reliable
4	Customer Satisfaction	.924	5	Reliable
5	Customer Loyalty	.807	6	Reliable

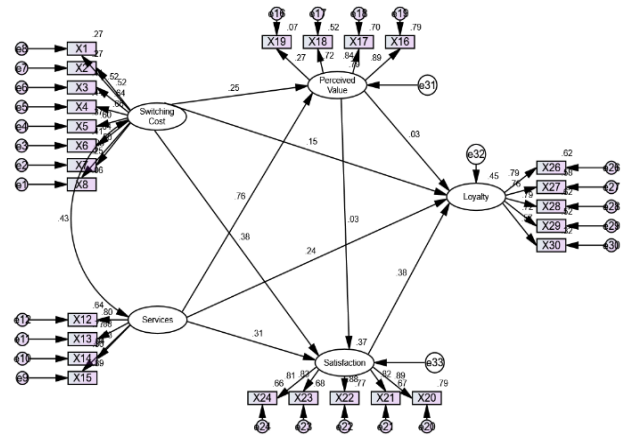
Source: Primary Data 2021 (processed)

Based on the reliability analysis, it can be seen that the alpha for each respondent's perception variable can be seen from several Switching Cost variables of 79.9%, Service Quality of 86.4%, Perceived Value of .797%, Customer satisfaction of 92.4%, and customer loyalty (Customer Loyalty) of 80.7%. Thus the reliability measurement of the research variables shows that the reliability measurement meets the

requirements of Cronbach Alpha (CA) where the CA coefficient value is at least or greater than 60 percent.

**Verification of Hypothesis Testing**

Hypothesis test verification in this study was conducted to test and analyze the effect of switching cost, service quality, perceived value, satisfaction and loyalty. The verification hypothesis testing consists of testing the direct influence hypothesis and testing the indirect effect hypothesis. The results of testing the direct influence hypothesis can be seen in the following table:



**Fig 3:** Structural Model

**Table 3:** Direct Effect Hypothesis Testing

Endogenous		Exogenous	CR	P	Beta
Perceived Value	<---	Switching Cost	4.870	***	0.246
Perceived Value	<---	Services	5.893	***	0.758
Satisfaction	<---	Switching Cost	3.313	***	0.379
Satisfaction	<---	Services	1987	0.047	0.311
Satisfaction	<---	Perceived Value	0.149	0.882	0.027
Loyalty	<---	Switching Cost	1.513	0.130	0.15
Loyalty	<---	Services	2.293	0.022	0.243
Loyalty	<---	Perceived Value	0.186	0.852	0.034
Loyalty	<---	Satisfaction	5.893	***	0.382

Source: Primary data processed, 2021

**H1: Effect of Switching Cost on Perceived Value**

Testing the Effect of Switching Cost on Perceived Value shows a CR value of 4.870 and with a probability of \*\*\*. The magnitude of the coefficient of the Effect of Switching Cost on Perceived Value is 0.246 so that the impact of the Effect of Switching Cost on Perceived Value is significant at 24.6%.

**H2: Effect of Service Quality on Perceived Value**

Testing the Effect of Service Quality on Perceived Value shows a CR value of 5.893 and with a probability of \*\*\*. The magnitude of the influence of Service Quality on Perceived Value is 0.758 or 75.8%. So that the Perceived Value will increase if the service quality increases as well.

**H3: Effect of Switching Cost on Customer Satisfaction**

Testing the Effect of Switching Cost on Customer Satisfaction shows a CR value of 3.313 and a P value of \*\*\*. The magnitude of the P coefficient of the Effect of Switching Cost on Customer Satisfaction is 0.379 or 37.9%

H4: The Effect of Service Quality on Customer Satisfaction

Testing the Effect of Service Quality on Customer Satisfaction shows the CR value of 1.987 and with a probability of .047. The magnitude of the coefficient of the Effect of Service Quality on Customer Satisfaction is 0.311 or 31.1%. Thus the impact it has on increasing customer satisfaction can also be done through improving service quality for this insurance customer.

H5: Perceived value affects policyholder customer satisfaction

Perceived value testing has an effect on customer satisfaction of policyholders, showing a CR value of .149 and a probability of .882. So the effect is not significant.

H6: Effect of switching costs on policyholder loyalty

Testing the effect of switching costs on policyholder loyalty shows a CR value of 1.513 and a probability of .130, so the effect is not significant. H7: The effect of service quality on policyholder loyalty.

Testing the effect of service quality on policyholder loyalty shows a CR value of 2.293 and a probability of .022. The magnitude of the coefficient of Service Quality Effect on Customer Satisfaction is 0.243 or 24.3%.

H8: The effect of Perceived value on policyholder loyalty

Testing the effect of Perceived value on policyholder loyalty shows a CR value of 1.186 and a probability of .0852. The magnitude of the coefficient of the effect of perceived value on policyholder loyalty is 0.034 or 3.4%.

H9. The influence of customer satisfaction on policyholder loyalty

Testing the influence of customer satisfaction on policyholder loyalty shows a CR value of 5.893 and a probability of \*\*\*. The magnitude of the coefficient of the influence of customer satisfaction on policyholder loyalty is 0.382 or 38.2%.

Although after testing there were some hypotheses that were rejected, most of them were accepted, including the two serial mediation hypotheses that were included in this study. Furthermore, judging from the magnitude of the coefficient number, the largest is Service quality which has an effect on perceived value with a score of 0.758, a number that is quite dominant in a multivariate regression coefficient like this study. This means that the source of perceived value that arises is strongly influenced by how good the service application provided by the company to its customers is. The better the quality of service provided to them will have an impact on increasing the high perceived value which will also have an impact on increasing customer loyalty.

The discussion for the magnitude of the coefficient of influence is only for the 4 determinant variables of customer loyalty, placing customer satisfaction which has the most impact on increasing customer loyalty or Askrindo insurance policy holders, because the magnitude value of the influence is the largest compared to the other 3 variables.

**Serial mediation hypothesis testing (Series Mediation)**

There are 2 (two) serial mediation hypotheses proven in this study, namely:

- Switching Cost affects Policyholder Loyalty through Perceived Value and Customer Satisfaction.

- Service Quality affects policyholder loyalty through Perceived Value and Customer Satisfaction.

**Effect of switching cost on policyholder loyalty through perceived value and customer satisfaction**

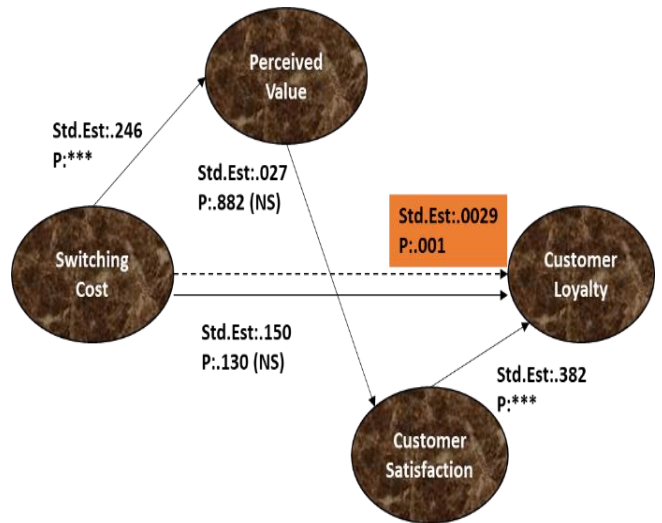


Fig 4: Chart of the effect of switching cost on policyholder loyalty through perceived value and customer satisfaction

Based on the chart above, the estimated parameter value for testing the Effect of Switching Cost on Policyholder Loyalty through Perceived Value and Customer Satisfaction shows a probability value of .001. The P value obtained has met the requirements for acceptance of Ha, which is less than 0.05. Thus it can be stated that the Effect of Switching Cost on Policyholder Loyalty through Perceived Value and Customer Satisfaction is significant. The magnitude of the coefficient of the Effect of Switching Cost on Policyholder Loyalty through Perceived Value and Customer Satisfaction is 0.003.

**The influence of service quality on policyholder loyalty through perceived value and customer satisfaction**

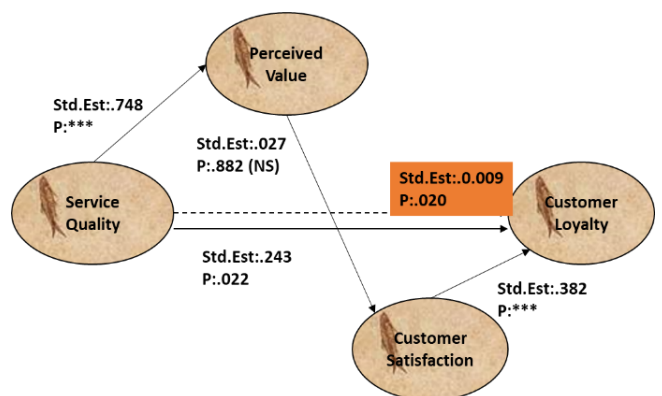


Fig 5: Chart of the Influence of Service Quality on Policyholder Loyalty through Perceived Value and Customer Satisfaction

Based on the chart above, it is obtained that the estimated parameter value for testing the Effect of Service Quality on Policyholder Loyalty through Perceived Value and Customer Satisfaction shows a probability value of .002. The P value obtained has met the requirements for acceptance of Ha, which is less than 0.05. Thus, it can be stated that the influence of Service Quality on policyholder loyalty through Perceived Value and Customer Satisfaction is significant.

The magnitude of the coefficient of Service Quality Effect on Policyholder Loyalty through Perceived Value and Customer Satisfaction is 0.009.

## 5. Conclusion

In the direct hypothesis, if we look again at which variable has the biggest contribution in increasing customer loyalty, then the quality of service is considered the most important by respondents because it has the greatest influence. This means that the source of perceived value and its impact on customer loyalty is strongly influenced by how good the service application provided by the company to its customers is. The better the quality of service provided to them will have an impact on increasing the high perceived value which will also have an impact on increasing customer loyalty.

Because the direct influence of customer satisfaction on customer loyalty is the largest compared to other variables, it is recommended for Askrindo management to focus on increasing customer satisfaction compared to other variables in an effort to increase Askrindo insurance customer loyalty. For example, by increasing the indicator that has the largest loading value on this customer satisfaction variable, namely the experience possessed by Insurance Policy Holders in Banda Aceh is able to influence customers to use goods or services that are different from other companies.

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