The Effect of Switching Cost and Product Return Management on Repurchase Intent: A Case Study in the B2B Distribution Channel Context in Indonesia

by Serli Wijaya

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***Abstract*-- Business-to-Business (B2B) market normally deals with fewer customers; thus it creates a close relationship between customers and sellers. This relationship must be managed in a way so that it can encourage customer willingness to purchase again. As such, switching cost risk will become less as the customers keep buying from the same channel. At the same time, good return management system also plays an important role for stimulating re-purchase intent in addition to other factors such as customer satisfaction and customer value. This study aimed to analyse the effect of switching cost and product return management on re-purchase intent with customer satisfaction and customer value playing as moderating variables. Company A, a wholesaler that operates in the construction building material business in East Java was selected as the case study object for examining the relationships among the measured concepts. The survey was completed in three cities in which 200 retail stores of Company A's customers are located The result showed that switching cost and product return management both had a significant effect on retailers' re-purchase intent. Meanwhile, customer value as a moderating variable did not have a significant effect on how switching cost and product return management affecting re-purchase intent. In addition, customer satisfaction had a significant effect on how switching cost influencing re-purchase intent.**

***Keywords*--** *Switching cost, Product returns management, re-purchase intent, customer satisfaction, distribution channel, Business to business.*

1. Introduction

Re-purchase behaviour is one of the key outcomes pursued in the Business to Business (B2B) relationship considering that the number of buyers are less than the Business to Consumer (B2C) market. The B2B customers are usually organisations not end-users. For business buyers, the buying decision will involve more complex stages than the B2C [1]. It is therefore essential for the B2B players to build a close and engaging relationship with their customers. To stimulate re-purchase behaviour, the customers must have re-purchase intent which will drive them to re-purchase continuously and create a positive benefit for both customer and the sellers. Channel members could have a steady stream of revenue as a result of the re-purchase behaviour while for the customers, they feel pleasant and tend to ignore possible choices offered by the competitors [2,3]. According to Ref. [4], in the B2B context, customer loyalty will increase competitive advantage for both the customers (i.e. business buyers) and the sellers, leading to the reduction of transactional costs between two parties which in turn, support company's long-term profitability. Ref. [5] state that customer today becomes more depending on wholesalers that can meet their demand. This phenomenon, as such, provides an opportunity for B2B organisations to increase customers' level of purchase and make the relationship with them even closer than before.

Ref. [6] describe that previous research examining the dynamic relationships among return management, customer value, and re-purchase intent have been extensively performed in various industry settings yet not in the B2B context. Their study therefore was conducted to explore the combined effects of switching cost and product returns on the B2B customer re-purchase intent with customer value and customer satisfaction as moderating variables, taken place in the hearing-aid distribution chains in Italy. The results confirmed the complex buying relationship in the B2B market, particularly when it involves switching cost and customer satisfaction in determining re-purchase intent. Literature has indicated that in buying relationship, switching cost plays as switching barriers for the customer due to the monetary and non-monetary costs obtained from having a relationship with the supplier [7]. This cost will be accumulated as in the B2B context, the customers and the sellers tend to have long last relationship which beneficial for each other.

With regard to customer satisfaction, Ref. [8] explain that customers will be satisfied with the company as long as the products and services offered by the company could meet customers' expectations. These expectations will be compared with the actual performance during buying interaction and or consumption stage to see whether the benefits gained by the customers gives a reasonable trade-off or not. In addition to the satisfaction, in the B2B market, Ref. [9] emphasise the importance of product returns management, that is, as a recovery action performed by the sellers to fulfil their promised agreement for the products and services purchased by their business buyers. A robust product return management could can be used by the sellers as a means to provide a more convincing guarantee to the buyers which will stimulate them making another purchase in the future. Having said this, both customer satisfaction and customer value will function as adequate mediator for re-purchase intent behaviour to occur [10, 11].

Despite extensive studies have been done as stated earlier by Ref. [6], to the authors' knowledge, empirical research that is taken place in Indonesia's B2B setting, is still very few. In 2017, statistics reported by PT Surya Data Infokreasi, Ltd. estimated that B2B in Indonesia would outpace global growth as the national economy expands and household consumption arises. The B2B segment in Indonesia has expanded from US$458mn in 2013 to US$705mn in 2018, at a CAGR of 9.0%, which is the fastest rate of growth for this segment in any country in the Asia Pacific region, and well ahead of the 3.4% CAGR projected globally. This B2B growth will benefit from Indonesia's large population [12]. As such, this study was conducted, selecting Company A, a wholesaler that operates in the construction building material business in East Java, Indonesia as the case study object. Company A competes in building material industry. Market demand in the industry is increased massively due to the infrastructure development in the country. Company A is one of the wholesalers selling their painting products with sales coverage that is spread in East Java province. This study will focus on three small cities near Surabaya (Mojokerto, Sidoarjo and Gresik). The selection of these cities is because they have a higher economic growth than average growth of other cities in Indonesia [11]. Company A has to face an intense competition against the wholesalers channel owned by the manufacturer. These manufacturer's channels were established before Company A in 2011, thus, giving a more-advantageous position in the market to develop their B2B relationships with the retailers as their customers.

Based on the preceding description, the purpose of this study was to fill the gap in the knowledge of understanding B2B market in Indonesia by investigating the dynamic relationship between wholesaler and its retailers. Specifically, the objectives of the study were as follows:

1. to examine the effect of switching cost on re-purchase intent.
2. to examine the effect of product return management on re-purchase intent.
3. to examine the moderating effect of customer value in customer value's influence on switching cost and re-purchase intent.
4. to examine the moderating effect of customer value in product return management's influence on re-purchase intent.
5. to examine the moderating effect of customer satisfaction in customer value's influence on switching cost and re-purchase intent.
6. to examine the moderating effect of customer satisfaction in product return management's influence on re-purchase intent.

The remainder of the paper is structured as follows. Literature review section is presented, providing a theoretical basis for the hypotheses development. Next, research method section is written to describe how samples, data collection and statistical analysis are selected. The study findings are then presented and discussed followed by implications and conclusions.

2. Literature review and hypotheses development

2.1. Business to business (B2B) market and marketing – distribution channel

According to Ref. [1], the business to business market consists of all the organisation that acquire goods and services used in the product of other products or services that are sold, rented or supplied to others. With the tight competition on B2B market, commodities is one of the biggest threat, and the company must have differentiation which needed by their customer to retain them and make the revenue steady.

Channel on B2B market has a vital role because the company cannot market and distribute the products to their end customer by themselves and that is when intermediary (wholesaler) is needed to help market and distribute the products. When managing the intermediary, the company must function their intermediary as a marketing channel and implement push-pull marketing which use aggressive marketing programs such as discount and free product combine with an advertisement to persuade end-customer to use the products. Intermediary as a distribution channel has several types depending on their business scale which starts from type 0 level (direct); 1-level (1 intermediary – retailer); 2-level (2 intermediary – wholesaler and retailer); 3-level (3 intermediary – wholesaler, jobber and retailer) [1].

2.2. Repurchase intent as indicator of customer loyalty

Ref. [13] explain that satisfied customer will tend to have re-purchase intent and loyal. However, Ref. [14] argue that re-purchase intent cannot be simply viewed as customer loyalty. Rather, re-purchase intent is only one of the customer loyalty's indicators. Customer loyalty is defined as a customer commitment to stay on a product, service, or brand, and the case of the B2B market, on an organisation although there are new opportunities to switch to the competitors [15]. Discussing about customer loyalty concept cannot be separated from Ref. [16] who are considered as the early researchers who developed customer loyalty concept. Their framework of customer loyalty has been widely used by other researchers to examine the concept in various industry settings. They and categorised customer loyalty into three dimensions: cognitive, affective and conative. According to them, loyalty is determined by customer's knowledge about, conviction toward, and action for purchasing a brand or company. As a result, resistance to counter-persuasion, word of mouth, and re-purchase intent are considered as the outcomes of loyalty. As B2B market characterised by fewer business buyers with a more complex buying decision process than B2C market, it is therefore Ref. [17] in their study argue that re-purchase intent behaviour is the key outcome that the B2B players should strive to obtain from their customers. As a result of re-purchase intent, the company can reduce the transactional cost by shifting their focus on maintaining their current customer instead of acquiring new customers.

2.3. Switching Cost

Ref. [3] describe switching cost as a cost incurred when the customer is trying to switch from one seller to another. Switching occur for various reasons such as channel conflicts, new competitors, and termination of the business contract [1]. In the B2B context, the process to switch buying product or service from one seller to the new one could take a longer time for negotiation and a lot of paperwork to complete the whole process. Considering that retaining existing business buyers are crucial for the company's sustainability, thus, Ref. [18] urge that the B2B players need to create switching barriers to their customers to avoid them leave or break the relationship. There are two types of switching barriers, namely: internal and external barriers. Internal switching barriers relate to the customer's personal that incur when they decide to move to the other sellers. This includes time and effort spent to seek for the information and evaluate the alternatives. External switching barriers links with losing benefits that the buyers would get from the sellers as a result of switching to the others. Different from Ref. [18], Ref. [16] divide switching cost into monetary and non-monetary types. While monetary switching cost includes cost to new instalment, administrative expenses, losing discounts as a consequence of changing the seller; non-monetary switching cost is associated with losing good interpersonal relationship that has been built between the sellers and the buyers, as well as time and efforts that have been spent with the previous sellers. In order to build an effective switching barriers in the B2B relationship, Ref. [19] suggest that the B2B sellers can empower their customers to give their opinions and involve them in the overall improvement of the company (for example by launching 'voice of customer' program). Doing so will create a new level of engagement which strengthens the relationship between customer-supplier, which in turn, increasing their loyalty.

2.4. Product Return Management

Although has gained much attention in the past few years as a factor that can strongly influence customer's buying behaviour, product return management is not yet optimally utilised by all businesses. This is because many companies view product return management as cost of doing business [20]. Most of the products that are returned to the company because they are damaged packaging or ingredients inside the packaging, expired, or discontinued products [21]. Depending upon the contract between the sellers and buyers, sometimes the wholesaler is the party that covers the cost incurring the returned product. Moreover, in the B2B market, the sellers will face the difficulties to resell the products since the quality is not as good as the standard. As such, not only sales that will suffer, but the profit margin as well [20]. It is therefore, establishing a clear product return management system is crucial for the sellers. Ref. [22] and Ref. [20] add that if product return is managed properly, that is, benefitting not only the sellers but also the business buyers, this return management system can be then used as a strategic tool for strengthening buyer-seller's relationship and positively encourage a higher re-purchase intent.

2.5. Customer value and customer satisfaction

Customer value is defined as a trade-off between benefits and sacrifices that gained by the customer in their relationship with the hope that the supplier could fulfil their needs [14, 22]. Understanding the value chain from the customer perspective, the customer may stay loyal to the supplier if they feel they are receiving greater value than they would obtain from other distributors. The beneficial aspect that would be received by the customer is divided into cognitive (monetary) and affective (non-monetary) which both should be concerned by a company because it will become an experience for the value received by the customer and potentially impact on re-purchase intent [14].

According to Ref. [25], customer satisfaction is described as the subjective outcome for performance delivered which beyond the customer's expectation. Customer satisfaction is treated as multidimensional aspect including satisfaction about the product; satisfaction about the services delivered by the company; and the satisfaction about after-sales services and their experience during their relationship with the company [8].

2.6. Hypothesis development

This conceptual model developed in this study is adopted from the conceptual framework proposed by Ref. [6] examining the combined effects of switching cost and product returns on the B2B customer re-purchase intent with customer value and customer satisfaction as moderating variables. A study of Ref. [6] was taken in the hearing aid industry in Italia. One of their key findings is that there was no support found on the direct and significant effect of product returns on re-purchase intent. Having said this, this study is an attempt to validate Ref. [6] proposes framework by applying it in the B2B context in Indonesia's building material business.

According to Ref. [6], there is a positive impact between switching cost and customer re-purchase intent. Another study done by Ref. [3] also revealed that this positive impact happened due to the rationalisation of cost-benefit which make the customer stay in the relationship due to the high cost that will be paid by the customer if they choose to end the relationship with the current supplier. On the other side, the supplier must increase the switching cost by keeping the clear communication and ensure the customer become more dependable than before to create a switching barrier. On this basis, the first hypothesis is proposed:

H*$_1$*: Switching cost has a significant effect on re-purchase intent

In relation to product return management, Ref. [20] states that product return management gives a positive impact on re-purchase intent because of this action acts as a service recovery effort in which the customers see it as goodwill from the company. This is done to give the customer re-assurance that the company is honouring them as their partner, and by making robust return management, it surely will affect customer about re-purchase in the future [26]. However, an opposite result was found in a study of Ref. [6] that product return management had no influence on re-purchase intent due to the nature of the context they investigated. Despite the inconsistent findings emerged in previous studies, the second hypothesis is proposed below with referring to the conceptual relationship as discussed in the literature:

H*$_2$*: Product returns have a significant effect on re-purchase intent

With regard to customer value, review of the literature has shown that there is a strong correlation to switching cost which is due to the price-quality mind-set and found to be significant on B2B context [14, 24]. On top of that, the ability of a company to drive superior value which is way more than customer expectation will increase customer loyalty that will lead to customer re-purchase intention [27, 28]. However, another insight found in a research by Ref. [6] which showed that there was no effect of customer value on the relationship between switching cost and re-purchase intent. This occurs because the customer feels trapped in switching cost. Therefore, they become unresponsive on the level of customer value. Further, in terms of the correlation with product returns and re-purchase intent, customer value proves top become a good moderator. Ref. [6] state that product returns will give a big impact on re-purchase intent if the customer value is low. So that product returns could become a highlight feature and could be considered by the customer as the guaranteed ticket for their purchase. Based on the study above, the following hypotheses are proposed:

H*$_3$*: Customer value as a moderating variable has a significant effect on the influence of switching cost on re-purchase intent.

H*$_4$*: Customer value as a moderating variable has a significant effect on the influence of product returns on re-purchase intent.

Previous studies have confirmed that there is a correlation between customer satisfaction and switching cost. Ref. [27] and Ref. [6] found that when customer satisfaction is low, there is a chance that customer will switch to another supplier even though they have to bear the switching cost both monetary and non-monetary. On the other side, when the customer is highly satisfied, they will profoundly think to switch because the cost or barriers to switch may far beyond the benefits they have obtained. Even more, Ref. [3] claim that customer satisfaction plays a significant role on customer loyalty (patronage) which is re-purchase behaviour. Customer satisfaction also plays a part of referral behaviour which impacts on customer value. Based on the study above, the following hypotheses are proposed:

H*$_5$*: Customer satisfaction as a moderator has a significant effect on the influence of switching cost to re-purchase intent.

H*$_6$*: Customer satisfaction as a moderator has a significant effect on the influence of product returns to re-purchase intent.

2.7. Conceptual model

Based on the six hypotheses formulated above, the research model is presented in Figure 1.

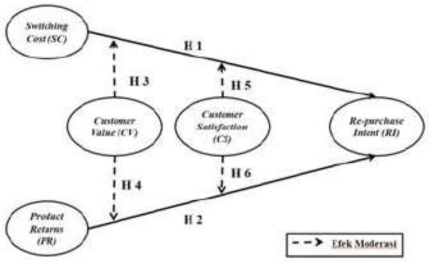

Figure 1. The conceptual model (adopted from Ref. [6])

3. Research method

3.1. Data collection and sample

To achieve the objectives of this study, quantitative causal research approach was applied, in which the hypotheses testing were accomplished to test the relationships among the examined variables. The samples were all customers of Company A, that is, the retailers located in the cities of Mojokerto, Sidoarjo and Gresik East Java province, Indonesia. The researcher used stratified random sampling for the sampling method to ensure that all sample gathered were close enough to represent the diversity found in the population of customer Company A. To do this, the customer is divided among their area and their average purchase every month which is less than IDR 5 million, between IDR 5-9.9 million and above IDR 10 million. Based on the calculation, 200 respondents were needed to complete the survey. The respondents who were eligible to answer the questionnaire must be either the store owners or the persons who had the authority to make a purchase decision (for example: store manager).

3.2. Research instrument development and data collection

There were five variables used in this research: 1) switching cost (SC); 2) product return management (PR); 3) customer value (CV); 4) customer satisfaction (CS); and 5) re-purchase intent (RI). For switching cost, the operational definition is stated as monetary and non-monetary cost incurred by the customer when they switching from Company A to another supplier. This variable contains six indicators which were adapted from Ref. [6], and some of them are adapted by the researchers adjusting with the context of the study. Product returns is operationally defined as the establishment of Company A's product return management and implication for their customers. This variable contains four indicators which were adapted from Ref. [6], and some of them are adapted by the researchers. Next is customer value as a moderating variable that was operationally described as trade-off between benefits and sacrifices that gained by the customer in their relationship with Company A. This variable contains five indicators which were adapted from Ref. [6] and Ref. [28]. The operational definition of customer satisfaction variable was a subjective outcome for performance delivered by Company A compared with customer's expectation. This variable contains four indicators which were adapted from Ref. [6], and some of them were adapted by the researchers. Last, re-purchase intent was operationally defined as probability for customer to stay in the relationship with Company A by keep re-purchase the products. This variable was broken down into five indicators which were adapted from Ref. [6], Ref. [3] and some of them were adapted by the researcher. All indicators in this research was measured using 5 points of Likert scale (1: strongly disagree to 5: strongly agree). The Partial Least Squares (PLS) path modeling method was selected using SmartPLS 3.0 software for the estimation of the structural model. Table 1 presents the respondents' profile who participated in the survey.

4. Results

4.1. Profile of respondents

Table 1. Profiles of Respondents

	Profile	n	%
Area	Sidoarjo	68	34,0
	Mojokerto	80	40,0
	Gresik	52	26,0
Store's Age	< 1 year	10	5,0
	1 years to < 5 years	53	26,5
	5 years < 10 years	81	40,5
	> 10 years	56	28,0
Has become customer	< 1 year	21	10,5
	1 year to < 2 years	68	34,0
	2 years to < 3 years	73	36,5
	> 3 years	38	19,0
Average monthly purchase	< IDR 1,000,000	15	7,5
	IDR 1,000,000 to <	127	63,5
	IDR 5,000,000 to <	39	19,5
	< IDR 10,000,000	19	9,5

Based on the surveyed area, the majority of respondents were from Mojokerto (40%), Sidoarjo (34%) and Gresik (26%). In terms of store's establishment age, almost 90% of the stores have existed between 1-more than 10 years, and most of them has become Company A's customers for more than 1 year. In relation to the average purchasing power to buy products from Company A, more than 50% of total respondents ranging from IDR 1 to 4.99 million per month.

Table 2. Cross-tabulation store's age with the year of becoming the customer of Company A

Store's Age	Has become customer of Company A			
	< 1 year	1- < 2 years	2 - < 3 years	> 3 years
< 1 year	10	0	0	0

1 to < 5	7	31	14	1
5 to < 10	2	22	37	20
>10 years	2	15	22	17

Table 2. shows the result of cross-tabulation between store's age with the year of becoming the customer of Company A. From this analysis, most of the customers of Company Aare aged from 1 year to more than 10 years and having a relationship with Company A for more than 1 year. Based on this profiling, it is safe to assume that Company A is dealing with the experienced customer in building materials and they will give good sustainability concerning profitability and relationship with Company A.

4.2. Evaluation of measurement model

Before testing the hypotheses, validity and reliability test were conducted to ensure the questionnaire used to collect the samples were valid and reliable. For validity, the researcher uses convergent validity and discriminant validity, and for the reliability, the researcher will use composite reliability as shown in Table 3.

Table 3. Summary of reflective measurement models

Latent Variable	(Indicator)	Outer Loading	Comp. Reliability	AVE	Discriminant validity
Switching Cost	SC-1	0.754	0.871	0.52	YES
	SC-2	0.719			
	SC-3	0733			
	SC-4	0.765			
	SC-5	0.684			
	SC-6	0.706			
Product Returns	PR-1	0.751	0.823	0.54	YES
	PR-2	0.800			
	PR-3	0.761			
	PR-4	0.614			
Customer Value	CV-1	0.764	0.868	0.56	YES
	CV-2	0.747			
	CV-3	0.733			
	CV-4	0.718			
	CV-5	0.806			
Customer Satisfaction-ion	CS-1	0.735	0.834	0.55	YES
	CS-2	0.764			
	CS-3	0.652			
	CS-4	0.829			
Re-purchase Intent	RI-1	0.771	0.886	0.66	YES
	RI-2	0.829			
	RI-3	0.849			
	RI-4	0.800			

Based on the result from Table 3, it can be seen that the value of outer loading of each indicator in all variables are more than 0.5 and can be concluded that all indicators are a valid measurement for the variables. Next, AVE value is more than 0.5 which explain that the indicators used for each variable are valid and not measure other variables. Lastly, for reliability, it can be seen that all variables valued more than 0.7 and can be decided that all variables have acceptable reliability.

4.3. Evaluation of structural model

Figure. 2 presents the result of the evaluation of a structural model with a bootstrapping method.

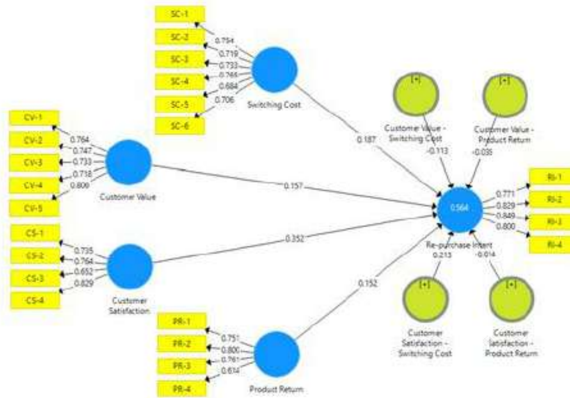

Figure 2. Result of PLS Path Model

From the structural model, predictive relevance can be assessed using Q-square method. When the Q-square value is greater than 0, it explains that the structural model predicts the explained topic accurately whereas R-square is a measure of the goodness of fit of the regression equation. R-square valued between 0 to 1, and the model is good if the value is closer to 1. The result of Q-square and R-square calculation can be found on Table 4.

Table 4. R-square and Q-square result

	R-square	Q-square
Re-purchase Intent	0,581	0,581

From the calculation on table 4, it can be seen that R-square value is equal to Q-square value due to the model having only one latent variable. The result is greater than 0, and it is also higher than the result found on Russo et al. (2017) which is 0.473.

4.4. Hypotheses testing

The research hypotheses are accepted if t values are greater than t table (α = 5%) which is 1.97. The result of path coefficient, t-value and p-value for this model is shown on Table 5.

Table 5. Path Coefficient, t-value and p-value

	Path	T-value	P-Value	Result
SC→ RI	0.037	2.681	0.007	Accepted
PR –RI	0.029	2.061	0.04	Accepted
CV → RI	0.022	2.288	0.022	
CV (SC →	0.009	1.518	0.129	Rejected
CV (PR →	0.001	0.444	0.657	Rejected
CS → RI	0.118	4.506	0.837	
CS (SC →	0.034	2.398	0.017	Accepted
CS (PR →	0.000	0.205	0.022	Rejected

As can be seen in Table 5, it shows that switching cost (SC) has significant impact on re-purchase intent (RI) (path coefficient: 0.037; t value: 2.681) this is happened because of the higher switching cost perceived by the customer, the more likely customer want to stay and exhibit re-purchase behaviour. This is proven by two highest outer loading from switching cost SC-4 (0.765) which is categorized as non-monetary switching cost due to the customer will lose their relationship with Company A and SC-1 (0.754) which is about monetary switching cost due to losing all benefit gained from Company A. First on non-monetary aspect, sometimes the salesman who responsible to provide the services for the store also helps them by delivery their product which is urgent and can't be delivered by trucking and store will not lose their customer. This will make the store very happy because they could fulfil what their end customer needs make them a reliable store. Second, on monetary aspect, the benefit given by Company A is far more rewarding than the company wholesaler does. One of the benefits is a shorter lead time to receive the gift for their purchases which will benefit the store itself. This result is consistent with the findings by Ref. [6] and Ref. [3] about switching cost will give positive impact toward re-purchase intent, and the customer will think carefully if they want to switch supplier because of cost-benefit rationalisation. Based on fact above it can be concluded that this hypothesis is accepted.

For the second hypothesis, product returns (PR) has a significant impact on re-purchase intent (RI) (path coefficient: 0.029; t value: 2.061). One of the indicator of product returns PR-2 (0.800) (store will receive their product replacement inconvenient time, and Company A could do the reverse logistics to pick up the returned product) is about store intention for the wholesaler to implement robust returns management which helps the store to replace the unsaleable product with saleable product without slowing down their working hours. This is due to building materials nature characteristics which is every product needed is always urgent because they will immediately use by their end customer. By providing good returns management, the customer will gain re-assurance to keep purchasing on Company A. This result is consistent with the previous study done by Ref. [29] and Ref. [20] revealing that the positive impact of product returns to re-purchase intent can act as service recovery to the customer.

Furthermore, as a lesser known retailer, Company A maximise their product returns policy in favouring their customer and this is one of the excellent differentiation and become a competitive advantage [9]. In contrary with the result from Ref. [6] which is found no impact on product returns to re-purchase intent, this is said to be originality for this research because of the specific reason that drive the outcome. Based on the fact above, it can be concluded that this hypothesis is accepted.

Customer value (CV) as moderator does not give any impact to the Switching cost's influences (SC) toward re-purchase intent (RI) (path coefficient: 0.009; t value: 1.518). This result is happened due to the amount of switching cost is so high that makes the customer value irrelevant to the customer. For example, Company A creates loyalty program (Paretto) to retain their customer by giving an extra discount if the store could hit the target provided by Company A. This kind of scheme will increase their switching cost and become the barriers that will hold them from switching. From this point, the customer will not think about cost-benefit again because they already 'trapped' in the loyalty program and the customer must reach the target in order to receive the full benefit offered by Company A. This kind of phenomena aligns with a study by Ref. [30] which found that a high customer value (favourable to the customer) will give a low chance for customer to find another supplier which could give at least the same benefit or even greater than the current supplier. "trapped feeling" that happened to the customer is because they will not be responsive with higher or lower level customer value due to the effect of switching barriers that come from witching cost [6]. Based on the fact above, it can be concluded that this hypothesis is rejected.

Second hypotheses for customer value (CV) as moderator is about no impact on the influence of product returns (PR) toward re-purchase intent (path coefficient: 0.001; t value: 0.129). This result is happened due to high demanding on building materials industry that every unsaleable product must be replaced immediately as a service guarantee given to the store. Because again, the store does not want any potential loss of revenue due to bad product and even further, the wholesaler must help the store to liquidate their product by replacing their slow-moving product with the fast-moving product. From the culture point of view as stated by Ref. [31], one of the Indonesian characteristics according to Hofstede's cultural dimension theory is high uncertainty avoidance. For this case, the store doesn't want any ambiguity that could happen if there is bad product in their warehouse, thus high level or low level or customer value doesn't affect the relationship between product returns with repurchase intent because the store will keep exhibit re-purchase behaviour as long as the wholesaler (Company A) supports them with product returns. This result is contrary with what Ref. [6] found on their study which state that customer value does give moderating effect on product returns influence toward re-purchase intent. Based on the fact above, it can be concluded that this hypothesis is rejected.

Customer satisfaction (CS) as moderator does give moderating effect on switching cost's influence (SC) toward re-purchase intent (RI) (path coefficient: 2.398; t value: 0.017). this is happened due to fact that dissatisfied customer could easily switch to another supplier if they found out that the current supplier could not meet their expectations as the customer will not bother about the switching cost that will be incurred during switching to another supplier. On the other side, if the customer is satisfied with their supplier, they will happily to increase their commitment toward re-purchase action and create an even closer relationship than before. A study by Ref. [32] state that the company must able to create a committed relationship whereas the customer is voluntary to stay by creating a value-added service which will increase the switching cost and at the same time improve their overall satisfaction. This proves the moderating effect of customer satisfaction toward the influence of switching cost to re-purchase intent which could weaken and strengthen those influence [6]. Based on the fact above, it can be concluded that this hypothesis is accepted.

Lastly, customer satisfaction (CS) as moderator does not give any moderating effect on product returns influence (PR) toward re-purchase intent. (path coefficient: 0.000; t value: 0.205). this is simply happened because of no matter high or low satisfaction from their customer, Company A will implement the same level of returns management to ensure that customer right's is fulfilled and to maintain the relationship between them. This result is similar with the study conducted by Ref. [6] which state no effects on customer satisfaction as moderator toward the influence of product returns to re-purchase intent. Based on the fact above, it can be concluded that this hypothesis is rejected.

5. Discussions

5.1. Theoretical contributions

The study has confirmed previous literature that the concept of switching cost and product returns on re-purchase intent, especially for the B2B context. Conducted in one of the high demand industry in Indonesia which is building materials, it is concluded that switching cost does give significant impact both on monetary aspect and non-monetary aspects. In the previous studies, most of the researcher are focused on switching cost as a monetary aspect and yet there are little findings on the non-monetary side. This study extends the phenomena that the non-monetary side also play the same role as the monetary aspect in the B2B context. Company A as a wholesaler market their product by going door to door (personal selling) which will create emotional bonding between the salesman and the customer.

As for the product returns, it stated that product returns are not just about "cost of doing business". If the returns management could be handled properly, it will come in handy by becoming re-assurance or service guarantee for the customer and lessen their worries about their product purchased from the wholesaler. The ability of the wholesaler to perform reverse logistics and provide fast product replacement is a must for this type of industry and will become a competitive advantage.

Solidify the result findings of a study by Ref. [6], customer value does not provide any enhancement for switching cost due to the customer is more focused on switching cost and make them feel trapped and become unresponsive with trade-off cost and benefit like they are used to be in the beginning. As for the product returns, for this type of industry, the customer value tends to give no impacts as the product returns are one of the "requirement" that need to be fulfilled by the wholesaler in order to compete with another wholesaler.

Lastly, on customer satisfaction, the result proves to strengthen the effect that customer satisfaction is one of the aspects that could drive away the effect of switching barriers created by switching cost if they become dissatisfied with their supplier. Moreover, for the product returns, there's still no correlation related to satisfaction because the implementation of returns management does not depend on the level of customer satisfaction.

5.2. Managerial implications

Based on the result, wholesalers should pay attention to the switching cost both for monetary and non-monetary aspects. For monetary aspects, wholesalers could consider in creating a fresh marketing scheme that will give a new benefit and new experience to the customer such as door prize system, renovation agreement, and so forth. Moreover, for non-monetary aspects, wholesalers should pay more attention to their salesman's welfare (both financially and self-development) as they become one of the assets which directly communicated with the customer.

Regarding product return management, wholesalers should be more careful with their implementation of returns management as the customers do not want any delay in their product replacement. The consistency of the service must be maintained in order to give the customer full assurance about the service provided by the company.

On customer satisfaction aspect, communication is essential to maintain customer's expectation and fulfilment in order to avoid dissatisfaction. In the meantime, wholesalers should try to improve their services to be able to have a relationship with many big customers as stated in cross tabulation analysis before. This kind of customer will have a big expectation as they have more experience in this industry and will demand more than regular customers.

5.3. Future research and limitations

Some of the opportunities for further research can be suggested. First is there is should be another research and replicate this model to test it with another industry, culture and their phenomena. It will surely generate another result that will enrich the B2B literature especially with the intersection with supply chain management. Some of the limitations happened in this study is that the type of customers which are associated with Company A is only from a traditional retail store. There is another type of store that does not become a portion of Company A that is a new outlet and corporate level. Surely there are other phenomena, and dynamic interactions happened as both of this type of customer tends to have less effect on non-monetary switching barriers and more rely on objectivity for decision making especially for purchasing the product.

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