Service Customers' Switching Behaviour

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Date: March 2013

Declaration

I hereby declare that to the best of my knowledge and belief that this thesis submission is my original work and contains no previously published material except where due reference and acknowledgement is made. The candidate has contributed in equal measure to co-authors in jointly published work. I certify that the work contained in this thesis has not been previously, either in whole or in part, submitted for any other degree at any other college or university.

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Abstract

Switching describes a composite set of related behaviours engaged in by customers when they replace or exchange a service provider. This behaviour is dynamic and multi-dimensional. In much of the previous switching research, these qualities have gone unrecognised. A sophisticated holistic account of customer service switching behaviour provides better insights into the management of customer/provider relationships, thereby providing a strategic opportunity for service businesses to increase their market share and profitability.

The scope of prior switching research, with only a few exceptions, tends to have adopted a narrow rather than a holistic perspective of this dynamic behaviour. This gap in the literature triggered the research question under investigation in this study: *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*

From an integration and synthesis of extant switching domain literature, multidisciplinary literature and the exploratory research findings, a research framework and three research issues were arrived at:

RI 1: How do switching decision antecedents relate to the switching process?

RI 2: How do switching decision antecedents relate to future behaviours?

RI 3: Does the switching process relate to future behaviour?

A qualitative and quantitative two-stage methodological approach was adopted to investigate the research issues. In the first stage, data were collected and triangulated from 10 service provider interviews and four focus groups. Conclusions arrived at

from the exploratory research data analysis were integrated and synthesised with the literature review to develop the theoretical research framework. In the second stage, a survey methodology was employed to test a model of customer service switching behaviour. Exploratory and confirmatory factor analysis techniques were used to explore survey data and the specified model hypotheses were tested using structural equation modelling. The research included both theory building and theory testing.

Implications of the research findings: Two switching decision antecedents, *Conditions* and *Service Quality* are related to *Transaction Cost* and *Information Search*, behaviours concerned with the process of choosing a replacement service provider. Three switching decision antecedents, *Conditions, Provider Behaviour* and *Service Quality*, are related to future *Word of Mouth* and *Pre-emptive Verbal Behaviour*, while *Provider Behaviour* is related to *Commitment. Transaction Cost* and *Information Search,* variables concerned with the process of replacing a provider, were positively related to *Commitmen*t but negatively related to future *Pre-emptive Verbal Behaviour.*

The main contribution of this theory building research is the development and confirmation of the proposed theoretical customer service switching behaviour framework. The rigorously researched model identifies relationships among a set of behaviours associated with switching behaviour. The customer service switching behaviour model extends current knowledge, provides a foundation for future research and affords the opportunity for marketing practitioners to enhance current marketing practices. The research, therefore, has both theoretical and practical implications in the areas of services marketing and consumer behaviour marketing.

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Acknowledgments

I will be forever indebted to my principal supervisor, Associate Professor Tony Ward, for the tactful and invaluable expertise he applied to managing the progress of my research study. We commenced and finalised a long and challenging journey together; my very special thanks.

My appreciation and admiration also goes to Dr. Kylie Radel, my associate supervisor, for her many kindnesses. Kylie's wisdom and knowledge were a precious resource for me to draw upon, especially in the final stages of the preparation of this thesis.

The academic, emotional and practical trials confronting me over recent years would have been much more difficult to overcome without the assistance of my colleagues, friends and relatives. I have been truly blessed to have the support of such a trustworthy and exceptional group of people.

It is with love and gratitude that I dedicate this thesis to my father, Edward Hokin, my children, Katherine, Adrian and Allison, and my cousin, Graham Gartrell.

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Chapter 1

Introduction

1.1 Background to the Research Question

Switching describes a set of related behaviours engaged in by customers when they replace or exchange a service provider. This behaviour is dynamic. However, its dynamic and multidimensional qualities have gone unrecognised in much of the previous research into switching; switching input and outcome behaviours are frequently researched as individual static events. A sophisticated explanation of the dynamics of switching behaviour delivers a more complete understanding of customer relationship management (CRM).

Over the last three decades, recognition of the role played by Customer Life-time Value (CLV) in effective CRM strategies has strengthened interest in researching the switching phenomenon. Roos (2002:193), for example, commented that 'the domain for analysing the customer relationship is a switch from one service provider to another'. To successfully avoid the profitability and market share of a service business being affected by customer switching, a clear understanding of behaviours that occur when a customer replaces one service provider with another is necessary (Patterson and Smith 2003; Bansal and Taylor 1999). Nevertheless, with only a few exceptions (Han and Ryu 2012; Yanamandram and White 2010b; Grace and O'Cass 2003; Bansal and Taylor 1999; Keaveney 1995), the dynamic nature of the switching construct has not received the attention it merits.

CRM's profitability advantage cannot be easily achieved by marketplace comptetitors (O'Keeffe 2001). However, despite findings from switching research offering sound support for the creation of superior internal and external CRM

marketing strategies, there is a scarcity of research fully exploring the set of transit behaviours comprising the integrated and actual dynamic behaviours involved in a customer exchanging one service provider for another. The research reported in this thesis explores the relationships between the variables involved in consumer switching behaviour and statements are offered concerning the empirical research findings arising from the study. An explanation of the relationships between the switching decision (the input variable in customer switching behaviour), the switching process (the new provider choice process behaviour mediating variable) and future behaviour (the switching outcome behaviour) is provided.

Summary, while the practice of CRM has been adopted by service businesses to provide them with a competitive advantage, it is not sufficient for these businesses to focus solely on customer acquisition and retention. Rather, service business managers need to have a good understanding of customer switching behaviour in order to be able to develop appropriate internal and external marketing strategies that take full advantage of a customer's lifetime value, thereby increasing business profitability and market share. However, there is little support available from the fragmented, extant switching domain literature for the development of a theoretical integrated customer perspective model explaining the dynamic behaviour that constitutes customer switching.

1.2 Research Question and Research Issues

The limitations of existing switching theory adversely affect the design of a strategy intended to obviate customer switching repercussions on a business's viability. Thus,

the primary purpose of this study was to develop a customer-switching-behaviour model accommodating construct parameters delineated by Bansal and Taylor's (1999) definition of switching (see Section 1.6) and, then test the model's accompanying hypotheses. The research question underpinning the model development was concerned with the constituents and relationships of customer service switching behaviour.

Research Question (RQ): *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*

The primary elements of the customer perspective service-switching-behaviour construct consisted of: (1) *switching decision antecedents*, (2) the *switching process*, and, (3) *future behaviour* (post-switching). These three sets of related behaviours comprised the constituents of the proposed switching framework encompassing the transitional activity involved in exchanging one service provider with another. The relationships between the primary elements are operationalised by the research issues.

Research Issues: To focus the study's data collection, research issues applicable to the research question were expounded. Empirical research into the dynamic service switching phenomenon from a customer standpoint was scarce. Although different facets of switching had been researched, the switching dynamic has been overlooked by most researchers, apart from Han and Ryu (2012), Goode and Harris (2007), Grace and O'Cass (2003) and Keaveney (1995). To support the formulation of the

research issues, aspects of the Consumer Behaviour parent discipline and Economics literature, as well as the sparse service switching literature were reviewed.

The overall purpose of the research was to build a theory of customers' service switching behaviour. To determine whether there were any medicating factors operating between the decision to switch providers and the outcome behaviours a subsidiary enquiry (Q1) was undertaken: Does the addition of *Transaction Cost* and *Information Search* improve the switching behaviour model? The research issues, associated hypotheses and subsidiary question are listed in Table 1.1.

Table 1.1: Research Issues and Associated Hypotheses

Research Issue	Hypotheses
RI 1: Relationship between switching decision antecedents and the switching process	Hypothesis 1: *Conditions* is related to *Transaction Cost* Hypothesis 2: *Conditions* is related to *Information Search* Hypothesis 3: *Provider Behaviour* is related to *Transaction Cost* Hypothesis 4: *Provider Behaviour* is related to *Information Search* Hypothesis 5: *Service Quality* is related to *Transaction Cost* Hypothesis 6: *Service Quality* is related to *Information Search* Hypothesis 7: *Price* is related to *Transaction Cost* Hypothesis 8: *Price* is related to *Information Search*
RI 2 Relationship between switching decision antecedents and future behaviour	Hypothesis 9: *Conditions* is related to *Oral Communication* Hypothesis 10: *Conditions* is related to *Commitment* Hypothesis 11: *Provider Behaviour* is related to *Oral Communication* Hypothesis 12: *Provider Behaviour* is related to *Commitment* Hypothesis 13: *Service Quality* is related to *Oral Communication* Hypothesis 14: *Service Quality* is related to *Commitment* Hypothesis 15: *Price* is related to *Oral Communication* Hypothesis 16: *Price* is related to *Commitment*
RI 3 Relationship between the switching process and future behaviour	Hypothesis 17: *Transaction Cost* is related to *Information Search* Hypothesis 18: *Transaction Cost* through *Information Search* is related to *Oral Communication* Hypothesis 19: *Transaction Cost* through *Information Search* is related to *Commitment* Hypothesis 20: *Information Search* is related to *Oral Communication* Hypothesis 21: *Information Search* is related to *Commitment*
Q1: Does the addition of *Transaction Cost* and *Information Search* improve the switching behaviour model?	

Source: Developed for this research

The research makes four significant contributions, (see Section 6.4), to the service switching behaviour knowledge base:

- establishes and tests a model of customer service switching behaviour

- explains the relevance of switching decision antecedents to the *switching process*

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- explains the relevance of *switching decision antecedents* to customers' *future behaviour*

- explains the relevance of the *switching process* to *customers' future behaviour*

Summary, customer service switching behaviour is investigated in this research. The research findings, based on an analysis of data relevant to a broad range of service industries, collected from a large sample in two Australian cities, made a contribution to service switching theory.

1.3 Research Justification

As the twenty first century economic environment has adjusted to global conditions, the importance of managing customer relationships to increase corporate profitability has not only steadily increased but become more apparent to business managers. Marketing practitioners who understand the integrated nature of the set of customer service-provider-switching behaviours can more readily identify available commercial opportunities. Listed below are four justifications for undertaking the proposed research:

- research gaps in academic theory pertaining to customer service switching,

- in the main, the extant research is industry-specific, (see for exceptions Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Bansal, Taylor and St James 2005; Stewart 1998; Keaveney 1995),

- service business strategy development benefits for business practitioners applying emergent switching theory to their CRM strategy,

- proficient customer relationship management is important to profitability

Thus, the overall purpose of this research was to build a theory of customer switching behaviour.

1.4 Methodology

The domain parameters for the analysis of customer relationships when a customer exchanges (switches) the current provider with another provider are demarcated by the actual switching behaviour (Roos, Gustafsson and Edvardsson 2006; Roos 2002). An actual-switching-behaviour customer perspective fitted well with the Post-Positivism research paradigm adopted in this study. The post-positivist paradigm makes the ontological assumption that 'there is a reality ... independent of human knowledge' (Morton 2006:1). Post-positivist epistemology requires researchers and research participants to maintain a detached relationship (Ponterotto 2005). Post-Positivism axiology expects the researcher to be objective in their study of knowledge (Ponterotto 2005). The ontological, epistemological and axiological assumptions of Post-Positivism were deemed to align most closely with the research objectives since the research deals with an external social reality and the nature of this research is primarily explanatory (Perry, Reige and Brown 1998). As theory building and theory testing were undertaken during the course of the research, both qualitative and quantitative methodologies were used. Details of the convergent interview and field survey methodologies used to collect data and the data analysis methods are presented in Chapters 3, 4 and 5. The findings of the research are supplied and discussed in Chapter 6.

With the Chapter 2 literature review providing only partial support for the predication of the research issues, confidence in the existence of a relationship between the *switching decision antecedents*, the *switching process*, and, customers' *future behaviour* was constrained. Acceptance of the need to obtain a customer perspective of switching behaviour, when combined with the skeletal theoretical foundation supporting the construction of a model, determined that exploratory research should be the first point of enquiry in this study. Exploratory research was needed to verify the existence of the predicated switching behaviour elements and highlight the issues of importance for further research (Laurent 2000). Service provider interviews and switching customer focus groups provided information from across a range of industries. From the compiled databank transcriptions evidence of commonalities, differences, patterns and outliers was extracted through thematic deconstruction analysis (Chauvel and Despres 2002). To support the development of a theoretical framework, research issues and associated hypotheses, information obtained from the two data collections developed during the exploratory research was triangulated with the literature review findings (Houston 2004; Alam 2003). Chapter 3 describes the qualitative research processes employed during this stage of this O'Cathain, Murphy and Nicholl 2007; method research (Johnson and Onwuegbuzie 2004; Maxwell and Loomis 2003).

During the second, confirmatory stage of the research, the model derived from the framework proposed at the end of Chapter 3 was empirically tested with data compiled from responses to a questionnaire survey obtained during a quantitative field study. The methodology employed in this confirmatory stage of the research is

reported in Chapter 4, with the survey data collection methodology being determined by the Post-Positivism paradigm. The various confirmatory research methodological processes are reported in Chapter 4.

A mall intercept approach to data collection was undertaken. Data were obtained from a large sample of customers (645) who had switched service providers and who were visiting shopping centres in Australia. Two types of data analysis, descriptive and inferential, were carried out on the split-half survey data sets, comprised of 226 and 225 valid responses. SPSS 19.0 was applied to one data set and the other data set was used in the testing of the structural equation model using AMOS^{TM} 19.0 maximum likelihood estimation. Results from the confirmatory study are reported in Chapter 5 and the model showing the relationships between *switching decision antecedents*, the *switching process* during customers' choice of replacement service provider and *future behaviour* after customers switch to their replacement service provider was utilised in the predication of emergent theory (see Chapter 4 and Chapter 6).

Summary, qualitative interviewing and quantitative survey methodologies were used in the two stage data collection process for this research. Test results are reported in Chapter 5 and discussed in Chapter 6.

1.5 Research Limitations and Implications for Further Research

Despite the transitive nature of the switching activity being acknowledged by a few researchers (Bansal and Taylor 1999; Keaveney 1995), the customer switching research literature offered little recognition for the suite of behaviours involved in exchanging or replacing one retail service provider with another. Although this study filled a gap in the literature by developing and testing an integrated customer-switching-behaviour model explaining the relationships of various elements of switching behaviour, there are limitations attached to the research findings in this study:

- Variables included in the framework were chosen on the basis of the exploratory research findings but bias may have been introduced by the exploratory research focus group participants who were all located in a regional city. There was geographical diversity among the service providers who were interviewed for the exploratory research.

- Volunteer survey participants were recruited in shopping centres in two Australian cities so there was a strong likelihood that the setting of the research was mainly confined to Australian service industries, but tests were not conducted to establish whether there were patterns of responses tied to specific service industries or participant ethnicity.

- The study design of the confirmatory research consisted of a single test of customer switching behaviours across multiple service industries. Large

standard deviations in some of the distributions suggested that survey respondents' behaviours were not necessarily consistent in the circumstances surrounding their switch from one provider to another but, since a wide range of service industries were used to anchor the responses, the variability in respondents' outcome behaviours may indicate that responses are specific to a particular type of service industry, matters for investigation in future research.

- Survey participants were sought from only two cities in Australia, Rockhampton and Melbourne so, despite the large number in the sample, the location may have had an influence on the responses.

- Although the sample size was sufficient to satisfy SEM requirements, the use of the shopping centre intercept sampling technique may have had an impact on the sampling frame because study participants were, in effect, self selecting.

- AMOS^{TM} does not guarantee that the most parsimonious model, the model with the best fit, is a valid rendering of true life behaviour, since choice of the most parsimonious model was based on relative, rather than absolute, statistics.

These limitations introduce the potential for the research findings to only be relevant to a particular population. There is wide diversity between and within rural and urban populations in Australia. Thus, it would only be with the greatest caution that any generalisation of the research findings could occur. However, evaluating the

limitations of the research has pointed the way ahead for future research to refine the emergent theory.

1.6 Research Study Definitions

Definitions adopted by practitioners and the research literature vary on occasions. Therefore, parameters of the key concepts used in this research are provided and the definitions referenced to their literary sources (Perry 1998). The literary sources are drawn from the switching domain literature and parent discipline Consumer Behaviour and Economics literatures. The *Dictionary of Marketing Terms* (American Marketing Association 2004) has also supplemented the research literature. In this section, key definitions are ordered alphabetically according to the first word in the construct.

- *Choice Process:* A procedure for controlling and stratifying options (Reay, Davies, David and Ball 2001).

- *Commitment:* The traditional definition, 'an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it' (Morgan and Hunt 1994:23), has been refined to include the following addendum '(a) a force that binds an individual to a course of action of relevance to a target and (b) *it* can be accompanied by different mind-sets that play a role in shaping behavior' (Meyer and Herscovitch 2001:299). 'An implicit or explicit pledge of the continuity of a relationship between exchange partners' (Wetzels, de Ruyter and van Birgelen 1998:406).

- *Conditions:* 'Factors *that are* largely beyond the control of either the customer or the service provider' (Keaveney 1995:78), consisting of inconvenient business location, inconvenient business hours and unavailability of provider, arising from 'either the consumer moving away from the … facility or the management of the … facility relocating to another area' (Grace and O'Cass 2001: 307). A condition persists and is a situation that is extrinsic to the actual service product (East, Grandcolas and O'Riley 2007; Dabholkar and Walls 1999).

- *Consumer Behaviour:* 'The dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives' (American Marketing Association 2004).

- *Critical Incidents:* Occurrences comprised of (1) a simple event, one factor, (2) complex events, more than one factor, or, (3) a series of events between the customer and the service business motivating the customer to change to another service provider (Gerrard and Cunningham 2004; Roos 2002; Keaveney 1995).

- *Future Behaviour:* The likely actions following upon the switching incident engaged in by the switching customer after their decision has been made to exchange one service provider for another (Keaveney 1995).

- *Information Search*: Customer endeavours to seek and take in 'information from various sources, process(*ing*) this information, and then make(*ing*) a selection from among some alternatives' (Bettman 1979:1). 'The gathering of information needed for choice from either memory or the external

environment' (Bettman 1979:114). Customers who have made the decision to switch providers have to re-engage in the acquisition of information either from memory or the external environment (Mittal and Kamakura 2001). Identification of a replacement service provider is an intrinsic function of the switching process and it plays a critical role in a customer's pre-purchase decision process (see, for example, Keaveney, Huber and Herrmann 2007; Schiffman and Kanuk 2007; Sismeiro and Bucklin 2004; Maute and Forrester 1991). The major dimensions of information acquisition consist of *Internal Search* and/or *External Search* (Bettman 1979).

Internal Search: An activity reflecting 'the cognitive effort buyers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations' (Smith, Venkatraman and Dholakia 1999:286).

External Search: An activity consisting of 'obtaining environmental data or information related to the specific purchase under consideration' (Beatty and Smith 1987:85) from 'marketing communications that included direct sales, promotional offers, or advertising media' (Keaveney 1995:79) 'listening to others and visiting centres' (Grace and O'Cass 2003:126).The external search strategies of customers confronted by excessive marketplace information are complex and varied (Leeflang and Wittink 2000).

- *Information Source:* A supplier of a referral, whether personal or impersonal, written or spoken (Hogan, Lemon and Libai 2003; East Lomax and Narain 2001; Keaveney 1995).

- *Oral Communication:* Verbal messages delivered by switching customers to either service providers and/or others telling 'at least one other person, and usually several other people' (Keaveney 1995:79) about their perceptions of a service provider. The message may be negative (Wagenheim 2005) or positive (East, Lomax and Narain 2001). Two of the factors contributing to *Oral Communication* are *Word-of-Mouth* and *Pre-emptive Verbal Behaviour.*

  Word-of-Mouth (WOM): 'An informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service' (Harrison-Walker 2001:63). Social WOM to sends messages to 'family, friends, neighbours, co-workers and other known customers of the service' (Keaveney 1995:79).

  Pre-emptive Verbal Behaviour (PVB): A communication delivered with the purpose of avoiding a negative experience similar to a previous experience or justifying to the new provider why they have changed service providers (Keaveney 1995). PVB consists of negative messages to the replacement provider (Keaveney 1995).

- *Price:* The monetary cost, and perceived related cost characteristics, given for the service received (Fetter 1912). Perceived price fairness in differential treatment plays is an important part in how *Price* is perceived (Mayser and Wangenheim 2013). However, there are other aspects of monetary cost that have an equally important effect on customers' evaluations of *Price,* such as:

'rates, fees, charges, surcharges, service charges, penalties, price deals, coupons, or price promotions' (Keaveney 1995:74).

- *Provider Behaviour:* Manner of frontline service personnel while implementing strategic marketing decisions during service transactions (Babin and Boles 1998). Unethical professional practices judged by the customer to be 'illegal, immoral, unsafe, unhealthy, or other behaviors (*sic*) that deviated widely from social norms' (Keaveney 1995:77).

- *Service Encounter (SE):*

  > A meeting between a customer and an organisation which entails interpersonal communication, either face-to-face or through another media, which has the intent of the service provider delivering any form of customer service, with or without the express purpose of resulting in the sale and purchase of a product (Ward and Newby 2007:86).

- *Service Quality:* Customers' perceptions of the degree of service excellence received from the service provider (adapted from Asubonteng, McCleary and Swan 1996). An assessment of the relative performance of a product offering's attributes, 'generated while producing, experiencing, and evaluating the offering' (Golder, Mitra and Moorman 2012:2). The service quality domain is restricted to transaction-specific judgments (Cronin and Taylor 1994) based on predications and expectations 'made by customers concerning what they believe will occur during the service encounter' (Clow, Kurtz, Ozment and Soo Ong 1997:231). Technical quality problems are judged to be a core service failure but customers perceive that a service encounter has failed when service providers are '(1) uncaring, (2) impolite,

(3) unresponsive, or (4) unknowledgeable' (Keaveney 1995:76), or, 'failed to handle the situation appropriately' (Keaveney 1995:77).

- *Switching:* Replacing or exchanging the current provider with another provider (Bansal and Taylor 1999). Switching is 'preceded by decision making on the part of the switcher on the basis of a set of values. It results in changes in the interaction system of the switchers' (Njite, Kim and Kim 2008:198).

- *Switching Barriers:* 'Any factors which make it more difficult or costly for consumers to change providers' (Jones, Mothersbaugh and Beatty 2000:261).

- *Switching Decision Antecedents:* Factors affecting and strengthening customers' attempts to make rational judgments based on the available information (Kim, Ferrin and Rao 2008).

- *Switching Tendency:* A customer's predisposition for replacing providers can be separated into two categories based on their motivation to switch (1) a promiscuous/chronic/direct switcher motivated to change for the sake of variation, (2) a reluctant/derived switcher motivated by outside influences (Kumar and Trivedi 2006; McAlister and Pessemier 1982).

- *Transaction Cost:* This is the behaviour occurring during the service provider exchange process affected by the customer's willingness to pay a cost of losing time, effort, money, resources, opportunity, psychological or emotional comfort, different facets of *Transaction Cost* that occur during the switching information search about the environment and moral hazard (Burnham, Frels and Mahajan 2003; Jones, Mothersbaugh and Beatty 2000;

Dyer 1997; Engel, Blackwell and Kollat 1978; Demsetz 1968). It occurs at the 'start a new relationship with a provider and sometimes *it* also includes the cost necessary to terminate an existing relationship' (Chen and Hitt 2002:257).

1.7 Dissertation Outline

The thesis has six chapters, modelled on the structured approach to presenting a thesis proposed by Dunleavey (2003), Brause (2000) and Perry (1998). Chapter 1, this chapter, provides an overview of the thesis and provides a brief introduction to the background of the research, research question, issues, justification for the research, methodology, limitations and scope of the research and the research study definitions.

Chapter 2 contains a review of the switching domain literature, focusing on research studies reporting on empirical testing of theory development. Pertinent Consumer Behaviour parent discipline and Economics literature were drawn upon in the literature review to supplement the switching domain literature since the extant, fragmented, switching theory literature was unable to support the development of an integrated model of customer switching behaviour from a holistic standpoint. A gap in the literature had been identified by the conclusion of the literature review. The need to obtain a customer perspective of switching behaviour, when combined with the skeletal theoretical foundation supporting the construction of a model,

determined that exploratory research should be the first point of enquiry in this research.

Chapter 3 presents the report of the qualitative exploratory research stage of the study. After justifying the methodology utilised in the exploratory research, information collected from switching-customer focus groups and service provider interviews was analysed using the thematic deconstruction technique and these findings were triangulated with the literature review information to reach the exploratory research objective. The objective of the exploratory research stage of the study was to verify the existence and relationships of the predicated switching behaviour elements and highlight the issues of importance for further research during the second stage confirmatory research study.

Chapter 4 describes the methodology used in the confirmatory stage of the research. In this second stage of the research, 56 survey items were created to operationalise the conceptualised factors. After data cleaning and preparation, there were 451 usable sets of responses in the data set. Exploratory Factor Analysis (EFA) using the SPSS 19 program was carried out on half (226) of the cases in the data set. Confirmatory Factor Analysis (CFA) was then carried out on the remainder (225) of the participants' responses. The proposed model was evaluated using the AMOS^{TM} 19 program.

Chapter 5 reports the results of the data analysis employed to test the research question and its related hypotheses. Structural Equation Modelling (SEM) examined the structural models and consideration of model fit indices supported the conclusion

that Model 2 was the best predictive and the most parsimonious model. Of the original 21 hypotheses proposed for this research study, 10 were supported, five were not significantly supported, two were not tested and there was partial support for two more of the hypotheses where one of the factors in the construct was supported while the other factor in the construct was not supported.

Chapter 6, the final chapter of the dissertation, discusses the findings and implications derived from the SEM analysis. The research question providing the foundation for this study, *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?,* investigated whether there was an interaction between service *switching decision antecedents*, the *switching process* and *future behaviours*. The most parsimonious and best predictive model was comprised of three independent variables, *Conditions*, *Provider Behaviour* and *Service Quality* and three dependent variables, *Word-of-Mouth*, *Pre-emptive Verbal Behaviour* and *Commitment*. Relationships between the independent and dependent variables were mediated by *Transaction Cost*, *Internal Search* and *External Search*. A discussion of limitations inherent in the research and the scope of future research completed Chapter 6.

The formatting of this thesis followed the style and referencing standards CQUniversity Australia guidelines which were complementary to the AGPS Style Manual 2002, '*A style manual for authors, educators and printers'*, 6th edition.

1.8 Conclusion

This chapter provides a brief overview of the research. The background of the research topic is discussed in Section 1.1 while Section 1.2 explains the research question and research issues. Section 1.3 outlines the justification for the research and Section 1.4 describes the methodology employed in the research. The limitations of the research are briefly summarised in Section 1.5 and the definitions used in the study are presented in Section 1.6. The outline of the dissertation is given in Section 1.7 while Section 1.8 concludes the chapter. Chapter 2 provides a review of the literature and the development of the conceptual framework.

Chapter 2

Customer Service Switching

2.1 Introduction

Due to significant changes taking place in the macro environment in the previous decade, identifying 'sources of superior firm performance in constantly evolving competitive environments' has become of pressing importance' (Constantinides 2006:411). Cutting-edge technologies, millennial lifestyles, demographic shifts and global economic trends have transformed the lives of consumers (Woodall, Colby and Parasuraman 2007). Thus, re-appraisals of received consumer behaviour knowledge need to be ongoing, and none is more urgent than in areas where research has focused on how business managers can achieve business profitability through customer lifetime value (CLV) and zero defections. There is a considerable body of research reporting in the literature on the application of strategic customer relationship management (CRM) designed to achieve CLV and zero defection (see for example, Palmatier, Houston, Dant and Grewal 2013; Stahl, Heitmann, Lehmann and Neslin 2012; Morgan, Slotergraaf and Vorkies 2009; Cooil, Keiningham, Aksoy and Hsu 2007; East, Hammond and Gendall 2006; Reinartz and Kumar 2003; Reichheld and Schefter 2000; Grant and Schlesinger 1995; Reichheld and Kenny 1990; Reichheld and Sasser 1990).

Activities associated with a customer defecting from one service provider to another provide the parameters of the domain for analysing customer/provider relationships (Roos 2002). The set of substitution activities that occur before, after replacing or exchanging one service provider with another is most commonly referred to as switching (Bansal and Taylor 1999; Keaveney 1995). The recommended perspective

to adopt in researching long-term relationship research has been to enquire into the actual-behaviours of switching customers (Roos, Gustafsson and Edvardsson 2006).

Within switching domain research several different themes have come under investigation; however, many of these themes are not pertinent to customer perspective research. One such theme is business relationship ending and yet another theme has examined switching barriers, both of interest to researchers investigating switching from a provider perspective. Brand switching is another theme that has been researched, but brand switching and service provider switching are not synonymous as brand switching is specific to a product rather than a service provider. Since these areas of switching research fall beyond the immediate purpose of this research on customer service-switching behaviour, no consideration is given to them in this literature review.

Foundations for the development of a customer perspective theory of service-switching behaviour, the overall purpose of this research, were described in Chapter 1. The research addresses: (1) the relationship of switching decision antecedents on customers' subsequent behaviours, and, (2) the predictive power of a switching behaviour model. The purpose of this chapter, Chapter 2, is to present a review of the literature about customer switching variables to support the development of a customer perspective, dynamic, integrated theoretical framework and competing models of switching behaviour. Although the antecedents of customers' switching decisions and the process of choosing replacement service providers are expected to be major contributors to customers' subsequent future behaviour, despite Halinen

and Tähtinen (2002) proposing a process theory of business-to-business relationship ending, there has been limited empirical research investigating the significance and size of the effect of the decision to switch service providers and the process involved in switching on customers' future behaviour. A noteworthy recent exception is the research examining service encounter performance, commitment and transaction switching cost on word-of-mouth (WOM) intentions within a single framework (Han and Ryu 2012). The empirical enquiry into antecedents and moderators of online behavioural intentions also viewed intentions as the outcome of a dynamic behavioural process although intentions were examined as a proxy for the actual behaviour (Goode and Harris 2007). A few other service industry studies have empirically validated the linkages between word-of-mouth and commitment (Back and Lee 2009; Han and Ryu 2009; Ladhari 2007). Gaps in the switching domain research literature were overcome by adopting the marketing research precedent of borrowing partial support from other areas of pertinent scholarly research (Winer 2000). Thus, the conceptualisation of the study constructs and the proposed theoretical framework were informed by a discriminating review of the switching domain literature supplemented by a marketing perspective review of relevant Consumer Behaviour parent-discipline and Economics literature. Research issues to focus the data collection and analysis were developed from the literature review and the exploratory research findings. An outline of Chapter 2 is presented in Figure 2.1.

Figure 2.1: Chapter 2 Outline


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                    ┌─────────────────────┐
                    │   2.1 Introduction  │
                    └─────────────────────┘
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                                ▼
              ┌──────────────────────────────────┐
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┌──────────────────┐   ┌──────────────────┐   ┌──────────────────┐
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│ Decision         │   │ Process          │   │ Behaviour        │
│ Antecedents      │   │ 2.4.1 Transaction│   │ 2.5.1 Oral       │
│ 2.3.1 Conditions │ → │       Cost       │ → │   Communication  │
│ 2.3.2 Provider   │   │ 2.4.2 Information│   │ 2.5.2 Commitment │
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└──────────────────┘
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2.2.2 Customer switching

2.3 Switching Decision Antecedents
2.3.1 Conditions
2.3.2 Provider Behaviour
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2.8 Conclusion

Source: Developed for this research

2.2 Literature

Background information explaining the foundation underpinning the enquiry into customer switching is drawn from the consumer behaviour literature. In the consumer behaviour literature there has been a great deal of research focusing on how business managers can achieve business profitability through customer lifetime value (CLV) and zero customer defection by applying strategic customer relationship

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management (CRM) (see for example, Palmatier, Houston, Dant and Grewal 2013; Stahl, Heitmann, Lehmann and Neslin 2012; Morgan, Slotergraaf and Vorkies 2009; Cooil, Keiningham, Aksoy and Hsu 2007; Reichheld and Schefter, 2000; Grant and Schlesinger, 1995; Reichheld and Kenny, 1990; Reichheld and Sasser, 1990). Depictions of the traditional customer/provider relationship lifecycle are challenged when customers replace service providers and engage in behaviour associated with the termination of a relationship (Odekerken-Schröder, Hennig-Thurau and Knaevelsrud 2010). Little attention has been afforded in the research literature to explaining the dynamic and transitional nature of the activity/behaviour of actual switching as a customer moves between one service provider and another (Bansal and Taylor 1999; Keaveney 1995). Thus, there is still much to be researched about the relationship between the switching decision antecedents, the switching process and future behaviour.

During the switching process, a customer's information search can be affected by various forces. Explanations of how these forces impact on information search activities are found partly in the consumer behaviour literature and also in the economics literature. Economic theory explains that a cost accrues to all transaction-related information search activities and this cost constrains customers' information search activity (Liang and Huang 1998; Dyer 1997; Calem and Mester 1995).

2.2.1 Consumer Behaviour

Consumer behaviour has been defined as 'the dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the

exchange aspects of their lives' (American Marketing Association 2004). The exchange aspect of consumers' lives occurs during a dyadic encounter; an encounter between the customer and a provider (Chandon, Leo and Philippe 1997). It is the customer/provider interaction during a service encounter that de-stabilises/stabilises the customer/provider relational exchange process (Ball, Coelho and Vilares 2006; Pervan and Johnson 2002; Sirdeshmukh, Singh and Sabol 2002; Bei and Chiao 2001; Jones 2000; Ruyter, Wetzels and Van Birgelen 1999; Oliver 1999; Grove, Fisk and Dorsch 1998; Mittal and Lassar 1996; Price, Arnould and Tierney 1995; Bitner, Booms and Tetreault 1990; Surprenant and Solomon 1987; Churchill and Surprenant 1982). Customers emerge from the service encounter with different cognitive and emotional perceptions of the service organisation and service providers (Tsiros, Mittal and Ross 2004; Chiu 2002; Smith and Bolton 2002; Smith, Bolton and Wagner 1999; Fournier and Mick 1999; Spreng, MacKenzie and Olsahvsky 1996). Reviews of the service encounter literature (refer, Ward and Newby 2004; Newby and Ward 2005) revealed that many variables impact on the service encounter outcome but incidents occurring during a service encounter prompt a customer's decision to switch service providers (Roos, Gustafsson and Edvardsson 2006; Gerrard and Cunningham 2004; Roos 2002; Grönroos 2000; Bloemer, Ruyter and Wetzels 1999; Keaveney 1995; Solomon Surprenant, Czepiel and Gutman 1985). Customers evaluate the encounter and their relationship with the provider at the conclusion of the service encounter and it is at this point that the decision is made to switch, refrain from further purchases, or, repeat purchase (Jain and Singh 2002; Stewart 1998; Reicheld and Sasser 1990). This brief explanation of the role of the

service encounter is synthesised in an adaptation of the conceptual *Service Encounter Interaction Model* (Ward and Newby 2007), presented in Figure 2.2.

The *Five Phase Cyclical Service Encounter Model* (Ward and Newby 2007) establishes that customer's final stage behaviours, switching/repeat purchase, are a response to the interactive events occurring between the customer and service provider during the service encounter. However, although the model acknowledges that the phases of the service encounter are cyclical, the model does not succeed in demonstrating the transitional nature of the behaviours that occur prior to engaging in a service encounter with a replacement provider.

Figure 2.2: Five Phase Cyclical Service Encounter Model

	Customer Persona	Provider Persona	
Expectations; Prior product knowledge; Mood & emotions; Promotions; Previous experience	Customer's pre-encounter state	Provider's pre-encounter state	Social skills Specialised skills Emotions Organisational environment understanding Previous experience
Service; Service setting; Other customers; Time; Emotions; Product knowledge	Customer's service encounter	Provider's service encounter	Customer; Cognitive & behavioural engagement; Time; Service setting; Other customers;
Purchase process; Product usage; Needs & wants met; Service & product quality	Customer's post-encounter evaluation	Provider's post-encounter evaluation	Purchase/non-purchase effects; Customer's expression of satisfaction; Internal mood of workplace
Satisfaction; Perceptions of supplier; Loyalty; Relationship strength	Customer's post-encounter state	Provider's post-encounter state	Apparent customer satisfaction; Professional satisfaction
Switching /repeat purchase: Information Search (Response to new promotions activities); Oral Communication	Customer's post-encounter behaviours	Provider's post-encounter behaviours	Review of organisational processes: Retention & recovery strategies; New promotions activities

Source: Adapted from Ward and Newby (2007)

2.2.2 Customer Switching

Replacing or exchanging the current provider with another is most commonly referred to as *switching* (Bansal and Taylor 1999). However, *switching* is a generic term also used to embrace the literature on defection, ending the relationship, terminating a relationship, exiting a relationship, migrating, and, changing service providers. *The Five Phase Cyclical Service Encounter Model* facilitated an understanding of the proposition that the customer's decision to switch fulfils the role of the antecedent (input) stage in a theoretical switching behaviour framework (Roos 2002; Ven 1992). From the switching behaviour literature there are inferences to be drawn that exchanging service providers consists of a progression through a set of behaviours specific to switching (Grace and O'Cass 2003; Roos 1999; Keaveney 1995). In a framework accounting for switching behaviour, *Future Behaviour,* the dependent switching variable, is the outcome behaviour of a customer who has selected a new service provider which is mediated by the choice process variable and the choice process is prompted by the antecedents of the switching decision, the independent variables. A theoretical model demonstrating the dynamic nature of the switching activity encompasses the activities undertaken by a customer who has decided to replace their service provider with another, as demonstrated in Figure 2.3; such a model has significance to service industry practitioners (Stewart 1998).

Figure 2.3: Theoretical Model
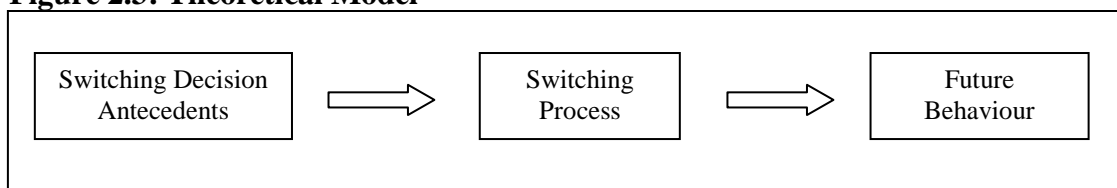
Detailed background information about the constituent variables of each of the constructs conceptualised in the theoretical framework of the research is presented in the following three sections of this chapter, culminating in the development of a theoretical switching behaviour framework integrating the main variables identified during the literature review. Section 2.3 examines the evidence provided in the switching research literature regarding *Switching Decision Antecedents*. In Section 2.4 information available in consumer behaviour, switching and economics research literatures regarding the *Switching Process* is reported upon. Section 2.5 reviews research mainly from the consumer behaviour literature to assist in the discovery of *Future Behaviour* variables for inclusion in the theoretical switching behaviour framework.

2.3 Switching Decision Antecedents

Over a considerable period of time, antecedents motivating the customer switching decision have caught and continue to catch the attention of many researchers (see, for example, Pizzutti dos Santos and Basso 2012; Edward and Sahadev 2011; Srinuan, Annafari and Bohlin 2011; Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Bansal, Taylor and St James 2005; Ganesh, Arnold and Reynolds 2000; Mattila 1999; Seiders and Tigert 1997; Keaveney 1995; Davis, Douglas and Kelley 1993; Bitner Booms and Tetreault 1990). However, switching decision antecedent research has been conducted mainly within a specific industry and the generalisability of the findings is problematic. Many different industries have provided the context for the industry-specific studies, as evidenced in the following

sample: auto repair (Bansal, Irving and Taylor 2004), banking (Kaur, Sharma and Mahajan 2012; Clemes, Gan and Zhang 2010; Yanamandram and White 2010a; Lees, Garland and Wright 2007; Gerrard and Cunningham 2004; Hogarth, Hilgert and Kolodinsky 2004; Garland 2002; Kiser 2002; Gerrard and Cunningham 2000; Trubik and Smith 2000; Zephirin 1994), child care (Grace and O'Cass 2003, 2001), education (Colgate, Stewart and Kinsella 1996), financial planning (Sharma and Patterson 2000), hairdressing (Dabholkar and Walls 1999), health (Schlesinger, Mitchell and Ebel 2002; Ho, O'Donnell and Chen 1998), insurance (Lin 2010; Schlesinger and Schulenburg 1993, 1991), Internet Service Providers (Keaveney and Parthasarathy 2001), mortgage – housing (Roos, Gustafsson and Edvardsson 2006), retail (Roos 1999), telephony (Roos and Gustafsson 2007; Aydin, Özer and Arasil 2005; Bolton and Bronkhorst 1995) and underwriters (McKenzie and Takaoka 2008). Despite the wide range of industries involved in these studies, 'the industry-specific nature of these studies necessarily limits the generalizability [sic] of these findings' (Keaveney 1995:71) and findings of later researchers also support this conclusion (Gerrard and Cunningham 2004; Roos, Edvardsson and Gustafsson 2004; Mittal and Lassar 1998). Consequently, industry specific research was used cautiously, although not disregarded, in the selection of switching decision antecedents for the theoretical framework for this study.

Switching theory development has been undertaken in only a few studies. Exploratory research on switching behaviour in service industries conducted by Keaveney (1995) led to the development of a conceptual *Model of Customers' Service Switching Behavior (sic)*. After reviewing the services and product literature,

Keaveney (1995) undertook critical incident research to establish the main reasons for switching and the trigger activating switching behaviour. The study's methods and procedures followed recommended guidelines for marketing theory development and by the conclusion of the study data pertaining to switching in 45 different industries had been collected through 526 interviews. Nine general switching causal categories were identified during this study (price, inconvenience, core service failure, service encounter failures, failed employee responses to service failure, competition, ethical problems, involuntary and other), and two outcome variables, 'Word-of-Mouth About Service Switching' and 'Search for a New Service', were noted. While this study demonstrated that cause and critical incident (trigger) variables are antecedents of the decision to switch providers, the static approach adopted in the exploratory research 'did not allow the process *(of switching)* to show through' (Roos, Gustafsson and Edvardsson 2006: 220). Nonetheless the goal of introducing a grounded model of customer switching behaviour in service industries was accomplished, and, although, the model was not empirically tested, confirmation of the significance of the switching decision antecedent variables has been provided subsequently by empirical research undertaken by other researchers (for example, Levy and Lee 2009; Newby and Ward 2009; East, Grandcolas and O'Riley 2007).

After criticizing the critical incident technique, East, Grandcolas and O'Riley (2007) surveyed customers of five different service industries before concluding that the causes of switching providers could be separated into two categories: (1) *events* (for example, core service failures, failed service encounters, and responses to failed service) and (2) *conditions* (for example, inconvenience, involuntary switching). To

determine whether changes had occurred over time in the rank order of causal factors in the Keaveney study (1995), Newby and Ward (2009) developed, distributed and analysed a pilot survey questionnaire about causes of service switching. There was a spread of industry types (8) mentioned by the 120 survey participants in this study. Some changes in the rank order of switching antecedents were noted in this later study but relatively consistent rankings for inconvenience, provider behaviour, core service failure and price, were obtained for both studies, despite differences in sample sizes and data collection techniques in the two studies.

An explanation of switching intention was offered in The *Push/Pull/Mooring (PPM) Model* and when the model was tested on a sample of 700 consumers it was found to explain service switching for both customers of auto repair and hair styling services (Bansal, Taylor and St James 2005). However, before embracing a model including an intention outcome variable, consideration should be given to the statement that 'behavioral intentions are an imperfect proxy for behaviour' (Keaveney 1995:72). Stewart's (1998) *Model of the Exit Process* offers insights into the decision to switch providers, since the model identifies that prior to exit, customers usually engage in customer complaints and go through a series of emotions. However the dynamic nature of switching has been only lightly acknowledged in switching decision behaviour models which disappoint by failing to accommodate the service switching process in its entirety (Colgate and Norris 2001).

Because complex switching antecedents are common, viewing consumer-switching in terms of how variables are related has been advocated by proponents of the

general systems approach (Njite, Kim and Kim 2008). The distinction between simple (involving one category or factor) and complex (more than one category or factor) critical incidents was noted by Keaveney (1995), with the attribution ratio of simple to complex critical incidents being 45:55. However, according to Gerrard and Cunningham (2004), complex incidents triggered switching for 75% of customers while, in the more recent study by Newby and Ward (2009), 118 out of 120 respondents selected two or more categories of behaviour as the reason for switching their service provider. Elsewhere, the suggestion that different triggers make customers 'sensitive to the switching determinant' has been supported (Roos, Gustafsson and Edvardsson 2006:210).

Further elements that should be briefly acknowledged in a switching literature review are (1) the decision not to switch and (2) switching barriers. In a study of online service customers, it was observed that switchers and continuers could be discriminated from each other (Keaveney and Parthasarathy 2001). This finding is partially supported by the findings of a later study identifying that some customers continue to repeat purchase because of inertia, despite dissatisfaction with their existing service provider (White and Yanamandram 2004). Trust, satisfaction and switching barriers also influence customers' decisions not to switch (Ranaweera and Prabhu 2003). When satisfaction is low, switching barriers had a positive effect on the decision not to switch (Jones Mothersbaugh and Beatty 2000). However, these switching elements fall beyond the purview of this study focusing on the activities involved with switching.

A single set of switching antecedents has not been consistently identified in cross-industry research. For example, grounded research undertaken using in-depth, one-hour interviews with 15 experienced clients who regularly use the services of valuers, real estate agents, architects and lawyers in the professional property services market located in Auckland (NZ), resulted in six factors being identified as key reasons for switching across different types of service providers and clients within the context of property markets (Levy and Lee 2009). These six factors were: (1) core service failures, (2) external requirements, (3) relationships, (4) change in client's requirements, (5) attraction by competitors, (6) pricing. However, during the analysis of data collected across five industries by East, Grandcolas and O'Riley (2007), two categories, events and conditions, emerged. Although Keaveney (1995) identified eight main causal categories, these were not the same eight categories Bansal and Taylor (1999) tested in their *Service Provider Switching Model*. These variations have been attributed to the lack of a 'clear switching pattern in industries in different competitive situations' (Roos, Edvardsson and Gustafsson 2004:269). However, an examination of the switching decision antecedent research reviewed suggests that the models make some contributions to knowledge about aspects of customer switching behaviours and that most of the commonly mentioned switching decision antecedents variables can be grouped into one of the four following categories: *Conditions, Provider Behaviour, Service Quality* and *Price*.

2.3.1 Conditions

A *Condition* is a variable that is extrinsic to the actual service product and the provider may be unable to control these extrinsic factors (Dabholkar and Walls 1999). Furthermore, a *Condition* is persistent, an example being unavailability of a service provider (East, Grandcolas and Riley 2007). Thus, for the purpose of this research the definition of *Conditions* that has been adopted is as follows: *Conditions persist and are comprised of a situation that is extrinsic to the actual service product.* Customers have been prompted to switch service providers because of the service provider's location, hours of operation, waiting time for service or waiting time to get an appointment, all elements of service delivery that the provider may not be able to realistically control (Jones, Mothersbaugh and Beatty 2000; Keaveney 1995).

Since researchers have noted that different *Conditions* affect customer switching, the construct may consist of several dimensions. For example, the decision to switch supermarkets and hairdressers for nearly half of switching customers in one study was mostly related to location but also consisted of other choice limitations as well (East, Lomax and Narain 2001), whereas another study found that location was given as the primary reason for switching banks (Ganesh, Arnold and Reynolds 2000). Switching among male hair stylist customers was significantly affected by convenience (Dabholkar and Walls 1999), and, another study reported that inconvenience was the reason for switching given by more than 20% of all respondents (Keaveney 1995). Three types of triggers affect the switching frequency

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of telecom industry customers (Roos and Gustafsson 2007). After aggregating these findings it seems likely that situational, reactional and influential factors need to be considered in the definition of the *Conditions* construct.

A conjunction of variety seeking tendencies, previous purchase behaviour and attitude toward switching has been reported to play important roles in consumer switching intentions (Bansal, Taylor and St James 2005). A customer's switching tendency, demonstrated by past switching behaviour, is beyond the control of the service provider. A switching tendency may influence a customer's decision to stay or switch their service provider so the variety seeking phenomenon is an active switching trigger (Ganesh, Arnold and Reynolds 2000). On the basis of their switching tendency, customers can be divided into two groups, switchers and stayers (McAlister and Pessemier 1982). Since a customer's variety seeking tendency and social effects impact on a customer's satisfaction threshold, these factors also come into the *Conditions* category (Bansal, Taylor and St James 2005; Mittal and Kamakura 2001). It has been suggested that it is advisable to separate variety-seeking behaviour causing polygamous loyalty from switching behaviour (Dowling and Uncles 1997). Variations among customers' likelihood of repurchasing have been attributed to their personal characteristics which affect their threshold of satisfaction with the service product and service delivery.

Explanations of variety phenomena can be divided into two types: derived variety phenomenon driven by some other motivation, and direct, where variation is the motivation itself. Direct variety-seeking behavior may involve either switching

products and/or switching services (McAlister and Pessemier 1982). A customer must be motivated to switch providers and be prepared to expend effort in identifying a replacement provider or otherwise switching will not occur (Colgate and Norris 2001) and this finding is supported by the research of White and Yanamandram (2004). Pattern-based segmentation can be used to reveal customers' intrinsic variety seeking or switching tendencies (Kumar and Trivedi 2006). However, store switching for grocery shopping is highly symmetrical but random according to scanner panel data (Leszczyc and Timmermans 1997). All these research findings indicate that a variety seeking tendency may well be one of the dimensions of the *Conditions* switching decision antecedent.

Social effects may also be another dimension of *Conditions* since they have been reported to be a strong driver of switching intention. The results obtained from customers of fixed-line telephone service providers show that the length, depth and breadth of relationships impact on the predisposition to switch and help to determine customers' propensity to switch supplier (Lopez, Redondo and Olivan 2006). There is a switching incentive when other people who are in a significant relationship with the customer want them to switch (Bansal, Taylor and St James 2005). In a voluntary switching situation, the main reason given for the choice of a new supplier was recommendation but the rate of recommendation declines with the length of the customer/provider relationship (East, Lomax and Narain 2001). Social effects have been found to sway future customer acquisition (Hogan, Lemon and Libai 2003), with positive word-of-mouth and referrals being linked to high levels of participation in the service encounter (File, Judd and Prince 1992).

Summary, there may be several dimensions to the *Conditions* antecedent of switching: convenience, variety seeking tendency and relationship pressure have all be identified as dimensions of the *Conditions* switching decision antecedent over which the provider can have little control since they are extrinsic to the provider.

2.3.2 Provider Behaviour

Frontline service providers are responsible for the implementation of strategic marketing decisions during service transactions (Babin and Boles 1998) and service providers' attitudes and behaviours influence the customer's evaluation of the service encounter (Beatson, Lings, and Gudergan 2008; Lemmink and Mattsson 2002; Bitner 1995). Interaction at the critical 'moment of truth' becomes the salient encounter evaluation indicator (Bitner, Booms and Mohr 1994:95). When negative provider performances have been eliminated from service encounters, the number of higher evaluations improves over encounters where positive behaviours are augmented (Mittal and Baldasare 1996). Thus, service *Provider Behaviour* is one of the influences on the customer's switching/retention decision behaviour.

Although research into the types of *Provider Behaviours* that have a positive or a negative effect on service encounter evaluation is limited, there are some studies (see, for example, Cho and Rutherford 2011). A list of service *Provider Behaviours* relevant to customers' service encounter evaluations has been compiled based on an examination of provider performance in specific restaurant and medical transactions (Winsted 2000). The relationship between performance of each behavior and encounter satisfaction was tested. Factor analysis grouped consumer survey

responses into three variables, concern, civility, and, congeniality, and the dimensions of each of these factors were described. There was theoretical support in the literature for some aspects of the three variables but the dimensions of the behaviours identified as the significant personal interaction components of service transactions were more extensive than any identified in earlier literature.

Concern, comprised of 20 behaviours, accounted for half the variance in satisfaction. Empathy, assurance, responsiveness, authenticity, perceived competence, listening, dedication, respect, conversation and personalisation were some of the elements identified in the Concern behaviour. **Civility** explained the second highest amount of variance in satisfaction. Civility has been defined by Winsted (2000:411–412) as 'basic minimally acceptable or civil behavior', suggesting that 'there are a variety of behaviors that service delivery personnel must avoid in order to provide "adequate" service'. Attitude, courtesy and attention are the primary dimensions of the civility construct. Attitude and personality are the major components of **Congeniality** (Winsted 2000). Five behaviours fit into the congeniality construct: 'smiles a lot, was very enthusiastic, seemed happy and cheerful, had a sincere expression, was very warm' (Winsted 2000:412). While **Congeniality** and **Concern**, two of the dimensions identified by Winsted (2000), have theoretical support in other research literature, **Civility** has been located in other research as a dimension of *Service Quality*. Furthermore, the three components of the service *Provider Behaviour* construct identified by Winsted (2000) have yet to be empirically tested in a wide range of service industries so they have not been adopted in the operationalization of the service provider construct in this study.

Unethical *Provider Behaviour* has been identified as a contributor to customer switching in grounded switching research across 45 different industries (Keaveney 1995). In this grounded switching study, ethical problems were given as one of eight main causes of switching and were, at least in part, the reason for switching in more than 7% of all critical incidents. Four dimensions of unethical behaviour were identified: (1) unsafe or unhealthy practices, (2) dishonest behaviour, (3) a conflict of interest, (4) intimidating behaviour. Other reports on the effect of unethical provider behaviour on customer switching have generally supported Keaveney's findings. Ethics was listed among the key factors that influence child care consumers to switch centres (Grace and O'Cass 2003). In a cross-cultural study, Brazilian respondents indicated most often that the cause of switching was due to the service provider acting illegally, in an unsafe or an unethical manner (Swanson, Frankel and Sagan 2007). It has also been observed that the development and maintenance of the buyer-seller relationship is impacted by perceived ethical or unethical behaviour (Román 2003). However, despite the importance of perceived ethical *Provider Behaviour* there is no universally accepted definition of ethics or a uniform standard measure of the ethical behaviour of an individual or an event (Turnipseed 2002). Nonetheless, although codes of professional ethics may vary in their expression of what constitutes unethical behaviour, they do not differ significantly in terms of intent, even though the cultural environment has driven them and they may vary according to time and place (Block 1977).

After reviewing the customer relationship management literature to identify key themes related to unethical *Provider Behaviour*, Frow, Payne, Wilkinson and Young

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(2011) labelled unethical *Provider Behaviour* as *dark side provider behaviour*. Using a consensual process among researchers, themes in the literature on unethical behaviour were categorised and initial categories were developed that reflected practices across a wide range of industry sectors. Marketing and information technology executives from the financial services sector, subjects of a longitudinal study of CRM the research, provided information to supplement the literature derived conceptualisation of *dark side* behaviour (Frow, Payne, Wilkinson and Young 2011). Ten types of provider dark side behaviour were grouped into three broad categories:

(1) Communication-based dark side behaviour: information misuse, customer confusion, dishonesty, privacy invasion;

(2) Dark side behaviour through manipulating alternatives: customer favouritism, customer "lock-in", relationship neglect, financial exploitation; and,

(3) Side effects and dark side behaviour: "spillover" effects, ecological impacts.

Although there can be little doubt that *Provider Behaviour* has an impact on customer switching, much of the research reporting on this construct has been concerned with theory development. Therefore, empirically tested survey items concerned with *Provider Behaviour* related to switching are not readily available for adoption in this study.

2.3.3 Service Quality

There is a substantive and long-standing literature reporting research into *Service Quality* based on the recognition that *Service Quality* is a key strategic value for service organisations (Arasli, Mehtap-Smadi and Katircioglu 2005). Both product performance and customer service delivery are important, closely linked elements in the customer's perception of *Service Quality* but neither can substitute for the other (Takeuchi and Quelch 1983). For example, Kim, Park and Jeong (2004) found that there were three significant but distinct quality factors for a Korean mobile telecommunication service: (i) call quality, (ii) value-added services and (iii) customer support. Customer responses to service failures in public hospitals are influenced by the controllability of the cause of the failure, and, the type of service failure, with core service failures leading to greater increases in negative behavioural responses than supplementary service failure (Walton and Hume 2012). The overall satisfaction of a customer can be permanently lowered by even one negative service encounter or service product (Sabharwal, Soch and Kaur 2010; Hocutt, Bowers and Donavan 2006). Excellent customer service can rarely compensate for a poor quality product, nor can a superior quality product compensate for poor quality service.

Understanding which quality factors are valued by customers is critical to business success (Gross, DeDee and Swanson 1993). Researchers have endeavoured to ascertain the service dimensions and attributes that most influence overall *Service Quality* (Bolton 1998; Parasuraman, Zeithaml and Berry 1988). Despite extensive research, however, there has been little consensus on the conceptualization or

operationalization of the *Service Quality* construct, leading to the development of different *Service Quality* models. Measurement of the *Service Quality* construct for service products has to be made using suitable proxies as indicators to assess the *Service Quality* latent construct (Chatterjee and Chatterjee 2005). Three models are described in some depth in order to illustrate the difficulties in preferencing one *Service Quality* model over others. The three models discussed are: *SERVPERF* (Cronin and Taylor 1992), *SERVQUAL* (Parasuraman, Berry and Zeithaml 1991) and *Model of Perceived Service Quality* (Grönroos 1982). Although focusing on these models, the review acknowledges that a plethora of other models have been proposed, largely in an attempt to address the shortcomings of the three models under discussion.

SERVPERF was produced by Cronin and Taylor (1992). In this scale, 22 items of a uni-dimensional measurement, customer perception of service delivery, were used to measure *Service Quality*; customer expectations were not included in the *SERVPERF* scale. Cronin and Taylor responded to criticisms of *SERVPERF* raised in relation to service quality/satisfaction by suggesting that

> *the domain of service quality should be restricted to long-term attitudes and that of consumer satisfaction to transaction-specific judgments … to enhance our understanding of how these constructs interact in consumer decision-making processes* (Cronin and Taylor 1994:131).

Although maintaining their earlier judgment that customer expectations should remain as an exception when measuring *Service Quality*, Cronin and Taylor

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conceded that customer expectations can provide valuable data regarding the behaviour patterns of customers.

The *SERVQUAL* scale was developed to measure customers' perceptions of *Service Quality:* gaps between customers' service expectations and their evaluation of the service were measured (Parasuraman, Berry and Zeithaml 1991). Dimensions of *Service Quality* identified in the *SERVQUAL* scale were: tangibles, reliability, responsiveness, assurance and empathy. Finn and Lamb (1991) concluded, however, that SERVQUAL's five dimensions were insufficient to represent *Service Quality* in a retail setting. A wide range of service settings has been used to test or adapt the scale (see Ladhari 2008). However, Mehta, Lalwani and Han (2000) assert that the factor structure is not generally supported by studies evaluating *SERVQUAL.* Although *SERVQUAL* continues to be employed by many researchers, criticisms of it continue to be reported, in particular because of the necessity for significant adaptations to be implemented to obtain reliable and valid measures of *Service Quality* (see for example, Perrone 2010a; Al-Hawari and Ward 2006; Cui, Lewis and Park 2003; Buttle 1996). As a consequence, other models of *Service Quality* have been developed.

Yet another model, the *Model of Perceived Service Quality* (Grönroos 1982), proposed that service quality was comprised of technical quality and functional quality.

- **Technical quality** is the quality of the service product (sometimes called the 'outcome dimension')

- **Functional quality** is defined as the manner in which the service product is delivered to the customer (sometimes called the 'process-related dimension'), commonly called **'customer service'** (Grönroos 2000a:63-65).

The Grönroos typology specifically separated the measures concerning the quality or performance of the service product itself and the manner in which the service is delivered. This conceptual model was proposed to provide a foundation for understanding the need-satisfying elements in service products (Grönroos 2001). However, Grönroos (2000) realised that the intention of modelling the services equivalent of product features and how to cope with them had not been completely realised. This led to the suggestion that using the descriptors **technical features of services** and **functional features of services** would be an improvement on the original descriptors of **technical quality** and **functional quality**. Six key determinants of perceived *Service Quality* were proposed by Grönroos (1988): (1) professionalism and skills; (2) attitudes and behaviour; (3) accessibility and flexibility; (4) reliability and trustworthiness; (5) recovery; (6) reputation and credibility.

Several other models adopted the functional/technical *Service Quality* distinction made by Grönroos in the *Model of Perceived Service Quality* but these models expanded or changed the six key determinants of *Service Quality* that they were proposing. A number of examples demonstrating the differences among models adopting the Grönroos approach to the explanation of *Service Quality* are described in the following paragraphs.

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The *PAWs Model of Future Customer Behaviour* was concerned with the interaction of seven constructs which, when tested in a retail environment, were found to measure the contribution that the retail servicescape makes to customers' *Service Quality* perceptions (Peronne 2010b). Similarly, the *SYSTRA-SQ Scale*, developed by Aldlaigan and Buttle (2002) specifically for the United Kingdom retail banking context, also distinguished between functional and technical *Service Quality* but used four factors to measure *Service Quality*, integrating technical and functional attributes into a single quantitative dimension at the organisational level while distinguishing between functional and technical *Service Quality* dimensions at a transactional level. Model testing has indicated that each of these models has achieved a measure of success. Brogowicz, Delen and Lyth (1990) assessed the effect of company image, external influences and traditional marketing activities on technical and functional *Service Quality* expectations. Of particular interest in view of the limited research into switching decision antecedents and their relationship with *Transaction Cost* is the finding by Meng and Elliott (2009) that a significant and positive relationship exists between *Service Quality* dimensions and switching *Cost*.

For various reasons, some of the *Service Quality* research has been deemed to be of limited value to this study. For example, including customer satisfaction and customer intention variables in *Service Quality* models confounds investigations into *Service Quality* research by incorporating additional variables into the model that have not been clearly conceptualised; a failing suffered by models devised by, for example, Dabholkar, Shepherd and Thorpe (2000), Oh (1999), Spreng and Mackoy

(1996) and Mattsson (1992). Findings of business-to-business switching researchers, such as Frost and Kumar (2000) and Lam Shankar, Erramilli and Murthy (2004), are also not pertinent to research into *Service Quality* as perceived by switching customers since business-to-business research also adopts a different perspective from the business-to-customer perspective. Staff and customers use different criteria to evaluate quality as a result of the subjective nature of the perception of quality so provider perspective research also has little to offer this study investigating switching customers' perceptions of *Service Quality* (Edvardsson 1992). Examples of the type of provider perspective studies that are not useful when researching the customer perspective are found in the reports of Soteriou and Stavrinides (2000), who used the level of *Service Quality* perceived by the bank branch personnel as the output component of their model, and, Woo and Fock (2004), who were concerned to identify customers that were a strategic fit with the bank in order to establish which customers best supported the survival and profitability of the business. This provider perspective research is of limited usefulness to this customer perspective *Service Quality* research.

Solid evidence of the soundness of investments in *Service Quality* requires exploration of the significance of the effect of *Service Quality* on customer switching behaviour but the various dimensions of *Service Quality* identified by different researchers have all been subjected to criticism. Nonetheless, the success of models based on the theory proposed by Grönroos (2000a) suggests that an examination of *Service Quality* where quality has been split into functional/technical dimensions is

an appropriate means of investigating the *Service Quality* switching decision antecedent in this research enquiring into customer switching behaviour.

2.3.4 Price

Despite variations in the definition of the *Price* construct, all definitions are concerned with market transactions (Fetter 1912). After a thorough review and discussion of *Price* definitions, Fetter (1912:813) defined *Price* as 'the quantity of goods given or received in exchange for another good', the definition adopted in this study since it forms the foundation of more recent definitions of *Price* (see for example, Ward 2003). Expenditure, defined as an outflow of money from a customer (Meyer and Sullivan 2003), is a significant operational measure of *Price* (Srinivasan 1996) but there are indications that measuring customer expenditure may require industry specific measures (Fodness and Murray 1999). Nevertheless, it may be possible that a few generic expenditure items relevant to all service industries can explore whether *Price* is a switching decision antecedent.

Price communicates information to customers through the pricing structure and billing policies of the company (Avlonitis and Indounas 2005; Docters, Reopel, Sun and Tanny 2003), and, a lack of attention to *Price* structure results in customers receiving incorrect messages which affect customers' decisions to switch providers. Many studies report research into the perception of value for money (see for example, Day 2002; Ganesh, Arnold and Reynolds 2000; Narasmimhan, Ghosh and Mendez 1993; Rao and Monroe 1989). The acceptability of a *Price* is determined on the basis of the range of *Prices* stored in the customer's memory (Monroe 1973).

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How well consumers can remember prices is pertinent to price acceptability (Krider and Han 2004; Dickson and Sawyer 1990).

Multi-dimensional *Price* offers using more than one set of numbers require the customer to utilise cognitive skills to compute a net price to determine the actual cost of the offer (Estelami 2003). From a study of customers' perceptions of *Price* communication there is evidence that comparative *Price* advertising works effectively (Compeau and Grewal 1998). *Price* acceptability level is negatively related to both *Price* product class consciousness and product involvement (Estelami 2003).

Emerging from customers comments about the effect of '*Prices*, rates, fees, charges, surcharges, service charges, penalties, *Prices* deals, coupons, or *Prices* promotions' on switching were three main *Prices*-related switching antecedents: '(1) high *Prices*, (2) *Price* increases, (3) unfair *Pricing* practices, and (4) deceptive Pricing practices' (Keaveney 1995:74). The effect of high *Price* on switching is supported by another study reporting that the most likely reason for switching hairdressing services were perceived high *Price* and that switching male customers were significantly affected by *Price* (Dabholkar and Walls 1999). However, other research has reported that only a small proportion of voluntarily switching supermarket and hairdresser customers switched to avoid a higher *Price* (East, Lomax and Narain 2001). *Price* sensitivity and perception of *Price* fairness have also been researched (see for example, Martín-Ruiz and Rondán-Cataluña 2008; Krider and Han 2004; Xia, Monroe and Cox 2004; Bolton, Warlop and Alba 2003; Vaidyanathan and Aggarwal 2003). Unfair *Price*

policy, conflictive episodes and *Prices* that generate suspicion, have a greater capacity to explain switching intention than poor quality and the perception that the firm is relatively uncommitted to its consumers (Antón, Camarero and Carrero 2007). Although *Price* accounted for approximately 18% of critical switching incidents in Keaveney's (1995) study, another study (Fram and Callahan (2001) researching the effect of exacting penalties on customers reported that a third of customers changed vendors after the penalty had been exacted. In the Fram and Callahan (2001) study, 12 industries were nominated through a random selection of 44 survey respondents who provided information about 66 cases where penalties had been imposed.

Explanations differ about the degree of importance *Price* makes to a customer's switching decision (see for example Gerrard and Cunningham 2004; Fram and Callahan 2001; Keaveney 1995). The desirability of investigating further the controversial findings about the effect of Price on customers' switching behaviour warrants the inclusion of Price in the theoretical switching model.

2.4 Switching Process

The switching decision antecedents, conceptualised as consisting of four independent variables (*Conditions, Provider Behaviour, Service Quality* and *Price)* cause the customer to replace their previous service provider. Even though it is some time since Keaveney (1995) commented that the customer switching process had not been specified for service industries, there still remains only a modest amount of empirical research and theory pertaining to the switching process within the switching domain

literature. Thus Ven's (1992:169) definition of process as 'a sequence of events or activities that describes how things change over time' has been drawn upon to explain the switching process as information acquisition and evaluation activities re-engaged in between the time the customer has made the decision to switch providers and the identification and adoption of a replacement provider (Mittal and Kamakura 2001). An analysis of the relationship between an information source and an individual's knowledge acquisition recently suggested that the process of *Information Search* may be sequential and that search strategy affects the final judgement (Sacchi and Burigo 2008), although other research into personal characteristics of tourism customers gives some credence to the view that *Internal Search* and *External Search* activities may be cyclic (Kerstetter and Cho 2004).

Information acquisition and evaluation of alternative information activities are affected by 'the cost of resources *that* buyers invest in *the* search' (Smith, Venkatraman and Dholakia 1999:286). While identification of a replacement service provider is the intrinsic and dynamic function of the process involved in switching from one service provider to another, the central unifying concept underpinning this switching process literature review consists of the customer being required to make a choice of a replacement provider based on knowledge acquired over time but which is constrained by the *Transaction Cost* associated with the *Information Search*.

With the partial exceptions of the conceptual *Model of Customers' Service Switching Behavior,* and a few other research studies (Han and Ryu 2012; Chebat, Davidow and Borges 2011; Colwell, Zyphur and Schminke 2011; Yanamandram and White 2010a, 2010b; Wallace 1997; Becker 1960), switching models and switching

research have not given consideration to linking the behaviour involved with the process of switching to future switching behaviour outcomes. Consequently, this switching process literature review also turns to early consumer behaviour and economics research to derive support for the development of a dynamic switching behaviour model. With many significant *Transaction Cost* and *Information Search* findings located in historical research, dated references are inevitable.

2.4.1 Transaction Cost

The cost/benefit relationship has long been held as a central tenet of information research economics (Weizsäcker 1984). Cost-benefit models acknowledge the role of *Transaction Cost* in economic explanations of *Information Search* behaviour (Liang and Huang 1998; Dyer 1997; Hauser and Wernerfelt 1990; Ratchford 1982; Williamson 1981; Coase 1937). A *Transaction Cost* is the outlay associated with starting a new relationship with a provider (Chen and Hitt 2002). Sometimes included in this *Cost* is the *Cost* necessary to terminate an existing relationship (Vasudevan, Gaur and Shinde 2006). *Transaction Cost* may arise from (1) information asymmetry (accessibility of information, opportunism) and (2) individual characteristics (risk aversion, bounded rationality) (Williamson 1985; Bettman 1979).

(1) The foundation of asymmetric information was laid by Akerlof (1970), and Spence (1973). Asymmetric information is an external force acting on *Information Search* that arises from incomplete and different information between two players, such as a customer and a provider, when making business decisions in transactions

(Akerlof 1970). When information asymmetry exists, one party has additional, or more reliable, information than the other party which can cause an imbalance in power. Information asymmetry occurs in a situation where customers are confronted with the challenge of being able to get timely information (Gallouj 1997). This gives rise to problems such as moral hazard. Moral hazard (adverse selection) arises when a service provider takes a hidden action that benefits them at the expense of the consumer (Arrow 1963). Opportunism occurs when parties involved attempt to gain advantage through deceit or cunning self-interest seeking (Williamson 1981). When a customer has incomplete information about the outcome of the agreed transaction and is unable to retaliate for a breach of contract by the service provider then information asymmetry is operating (Arrow 1963).

(2) Risk-aversion is a personal characteristic that impacts on *Information Search* activities. A risk-averse consumer prefers a reliable product or service compared to an uncertain service of equal quality or value and *Information Search* is prompted by the need to avoid sub-optimal decisions. The effects of uncertainty on economic behaviour have been researched extensively by Arrow (1963) and Radner (1968, 1970). A customer's *Information Search* is motivated by the perceived significance of the purchase decision. Motivation strength is positively related to the product's significance to the customer (Schmidt and Spreng 1996). Coulter and Coulter (2002) recognised the financial risk(s) associated with having to find another provider as an element of *Cost*. The perception of risk induces more extensive *Information Search* activities, particularly *External Search* activities (Locander and Hermann 1979; Murray 1991; Fodness and Murray 1999).

Eight distinct switching *Cost* facets were listed in the switching cost typology devised by Burnham, Frels and Mahajan (2003): economic risk costs, evaluation costs, learning costs, setup costs, benefit loss costs, monetary loss costs, personal relationship loss costs and brand relationship loss costs. From this list, three main dimensions emerged (1) procedural switching costs, (2) financial switching costs and (3) relational switching costs. Other research supports the identification of these costs as significant switching costs (Oyeniyi and Abiodun 2009; Tore 1992). There is often a monetary and/or opportunity *Cost* of lost time and energy incurred in finding the price of a product (Camarero, Antón and Carrero 2010; Kuksov 2004; Smith, Venkatraman and Dholakia 1999). Relational *Cost* has an impact on customer decision making (see for example, Kim Park and Jeong 2004; Colgate and Lang 2001). The attributional theory of performance suggests that a customer's selection of an effort level is based on perception of the task's difficulty, regardless of whether this perception is true or false (Kukla 1972). Until recently, a single switching *Cost* construct has been used in most research studies to explicate intention formation (for example, Han, Back, and Kim 2011; Back and Lee 2009; Han, Back, and Barrett 2009; Jones, Mothersbaugh and Beatty 2000). However, there is some agreement gradually starting to emerge from the literature that switching *Cost* is multidimensional (Meng and Elliott 2009), with some researchers suggesting that (i) social switching costs, (ii) lost benefits and (iii) procedural switching costs constitute the dimensions of a *Transaction Cost* construct (Jones, Reynolds, Mothersbaugh and Beatty 2007; Burnham Frels and Mahajan 2003). To more clearly comprehend the formation of WOM intentions, Han and Ryu (2012) have recently advocated that

researchers should consider separating out the two dimensions of switching *Cost* into monetary and non-monetary *Cost* factors.

The optimum amount of search occurs when the marginal cost of the search is equal to the expected marginal return on the search (Stigler 1961). Customers will search for a product or service provider if benefits are greater than the cost of the search (Colgate and Lang 2001). Potential benefits of search activity may include increased psychological well-being from the knowledge that the search has been thorough and post-purchase satisfaction with the product (Engel, Blackwell and Kollat 1978). For example, customers' perceptions of lower risk accrual influence their perception of the extent of *Cost* associated with obtaining more information in a pre-purchase bank *Information Search* (Heaney and Goldsmith 1999). Although many different types of *Cost* can act as effective barriers to consumer switching (Jones and Sasser 1995), once the decision to switch compels the customer to search for information there are costs that are specific to the information acquisition process (Polites and Karahanna 2012; Colgate, Tong, Lee and Farley 2007; Schmidt and Spreng 1996). *Cost* includes the time, effort, money, emotional cost (frustration), cognitive effort as well as social and psychological risk, and, delay of the decision as a result of searching for information (Schmidt and Spreng 1996; Bettman 1979). Since customer resource expenditure is an integral component of *Information Search*, an explanation of *Information Search* as the major activity in the switching process requires acknowledgement of the constraints imposed by *Transaction Cost* on *Information Search* activity (Hodkinson and Kiel 2003). Customer *Transaction Cost* therefore

need to be viewed as contemporaneous with *Information Search* when marketers attempt to explain the process of customer switching behaviour.

2.4.2 Information Search

On the basis of deductions from the analysis of interview data, Keaveney (1995) speculated that after the decision to switch service providers was arrived at by the customer, the choice of a replacement provider required some sort of *Information Search*. *Information Search* is considered to be a critical input to a customer's decision process (see, for example, Keaveney, Huber and Herrmann 2007; Schiffman and Kanuk 2007; Shah and Schaefer 2005; Mourali, Laroche and Pons 2005a; Lin and Lee 2004; Sismeiro and Bucklin 2004; Hubbard and Hayashi 2003; Maute and Forrester 1991) and this view has been held since empirical investigations of consumers' pre-purchase deliberations were conducted in 1954 by Katona and Mueller (Peterson and Merino 2003). However, in 2002 Mattila and Wirtz echoed the 1980s Moore and Lehmann sentiment that there was little known about information search, and very little has changed regarding *Information Search* theory in the decades since then, despite ongoing research in specific industries. The advent of broadband internet access prompted a revival of interest in *Information Search* because improved technology and exponentially expanding sources of information available to assist people in their decision making have lead to the development of assistive consumer technologies that are more readily available (Murray, Liang and Häubl 2010). Nonetheless, regardless of the development of facilitative information search tools, the effortless-processing mode plays a significant role in travel information processing (Jun and Vogt 2013).

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The foundation for *Information Search* theory rests on the presumption that customers engage in a pre-purchase *Information Search* to reduce perceived risk before making a purchase (Mitra, Reiss and Capella 1999). Early research into *Information Search* behaviour drew on the independent disciplines of psychology and economics. Information processing models grounded in psychology have focused on such internal factors as beliefs, attitudes and knowledge but neglected to take account of the economic incentives for searching. However, the economics-derived historical models do not provide testable predictions (Moorthy, Ratchford and Talukdar 1997). Although knowledge acquisition research has distinguished between intentional versus incidental learning (Gursoy and McCleary 2004), either one, or both, of these types of learning may occur when a customer has made a decision to exchange their service provider. 'Intentional concept learning refers to cases in which the learner has the goal to learn about a category (or categories)' whereas during 'incidental concept learning, people process individual instances without intending to learn about a category, and indeed often there is no awareness of the category' (Wattenmaker 1999:685).

Historically, generic consumer decision making models have included three components in the process (choice) stage of the model: pre-purchase *Information Search*, experience, and, evaluation of alternatives (see for example, Schiffman et al. 2001). It may be that these components are not distinctly separate since national culture (experience) has been reported to influence tourists' information processing of the evaluation of alternatives (Gursoy and Umbreit 2004). Other research (Goossens 2000) has conceptualised the antecedents of evaluation of alternative

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pleasure-travel information quite differently from the *Internal/External Search* categorisation used elsewhere: *Information Search* was explained in terms of push, pull and hedonic factors.

In addition to the switching literature, research reported in the Consumer Behaviour literature also offers insights into customer *Information Search*. Due to the recent growth of tourism, earlier research and theory in *Information Search* has been adapted, integrated and progressed in the development of tourist information search models (see for example, Lehto, Kim and Morrison 2006; Pan and Fesenmaier 2006; Goossens 2000; Voght and Fesenmaier 1998). Tourism theory has incorporated both *Internal* and *External Information Search* in models, as well as recognising that different variables need to be recognised by theory to allow for variations in the application of information searching activities directed toward different sources of information for a new destination purchase and a repeat visit purchase to be accommodated (Medhekar and Newby 2013; Gursoy and McCleary 2004; Chen and Gursoy 2000; Fodness and Murray 1999). For example, the Gursoy and McCleary model (2004) incorporates *Transaction Cost,* while Lunt, Hardey and Mannion (2010) have justified their argument that the internet is a key driver for the growth of medical tourism by providing medical and healthcare information to potential medical tourists, and, Miller and West (2007:245) mention that the internet is influencing the way in which people 'obtain information and the manner in which they evaluate alternatives'.

 In this study, an information processing perspective is the approach adopted to gain an understanding of information acquisition. An information processing perspective

defines the switching process as: a customer 'interacting with his or her choice environment, seeking and taking in information from various sources, processing this information, and then making a selection from among some alternatives' (Bettman 1979:1). Research has indicated that the *Information Search* process may be influenced by factors such as; 'consumer characteristics, the type of information being sought, the nature of the product or service for which the information is sought, the purpose underlying information search and the sources used' (Peterson and Merino 2003:116). Research has established that the extent of consumers' information search is influenced by subjective knowledge, the amount of investment, perceived risk, attitude toward risk, inherent novelty seeking and demographic characteristics (Lin and Lee 2004). Studies have provided evidence, also, that customers engage with information intermediaries to optimise their replacement provider adoption decision (Grace and O'Cass 2003; Keaveney 1995).

Information may be acquired either from memory or the external environment, so information acquisition's major dimensions therefore consist of *Internal Search* and/or *External Search* (Moore and Lehmann 1980; Bettman 1979). Since incoming *External Search* needs to be integrated with stored information (experience) in order for an evaluation of alternatives for a purchase to occur, in this review it is proposed to view pre-purchase *Information Search* as a single variable with two dimensions, *Internal Search* and *External Search*. The remainder of the *Information Search* review will be conducted under these headings but this does not imply that the process is a simple sequential flow, as suggested by Sacchi and Burigo (2008), since

other research gives credence to the opinion that *Internal Search* and *External Search* activities may be cyclical (Kerstetter and Cho 2004).

2.4.2.1 Internal Search

Internal Search reflects 'the cognitive effort buyers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations' (Smith, Venkatraman and Dholakia 1999: 286). Information about a product is gathered through prior *External Search* efforts and experience with using the product and stored in customers' memories (Biza-Khupe 2008; Schmidt and Spreng 1996: Park, Mothersbaugh and Feick 1994). It is likely that the choice decision process prompts customers to engage first in examining their memory for available information, with the determination of the direction of the *Internal Search* depending on the customer's perception of what is useful for achieving the goals relevant to the specific choice situation (Bettman 1979). The degree of *Internal Search* may range along a continuum from an unconscious response in routine choice situations to a comprehensive memory search for situations of high involvement (Bettman 1979).

An internal force impacting customers' *Internal Search* activities is bounded rationality. When individuals are not perceived to act rationally, 'bounded rationality' is a useful term found in the economics literature that explains situations where the internal information search of individuals is limited by their ability to obtain, retain and process error-free information (Williamson 1973). Bounded rationality implies that the customer may have limited memory and cognitive

processing power to assimilate information. If a customer has limited memory and cognitive processing power to assimilate information then *Internal Search* activity is limited by the bounded rationality of the customer, that is, by their inability to avoid errors in the various stages of receiving, storing, retrieving, processing and gathering information (Williamson 1973).

A customer's ability to process information is affected by prior knowledge of the product and their learning skills. For example, past experiences and their hopes for high quality care have been found to affect decision making for lesbians about health and mental health care providers (Saulnier 2002). Another study has suggested that learning from experience requires a four-stage process framework (hypothesizing, exposure, encoding, and, integration) to explain it (Hoch and Deighton 1989). When consumers already have some form of prior product knowledge, perceived benefit, cost and knowledge influence the extent of pre-purchase bank information search (Heaney and Goldsmith 1999). There is evidence that insurance product knowledge (*Internal Search*) impacts on *External Search* and switching decisions (Schlesinger and Schulenburg 1993).

As experience accumulates with a product, the customer is more knowledgeable about the characteristics of alternatives and how to compare them so they rely on prior learning which calls for less effort to process their decision-making (Bettman 1979). For example, customers seeking information about mortgage loans or credit cards who have previously had experience of credit facilities may need to make less effort in processing information about mortgage loans/credit cards (Lee and Hogarth 2000; Lee and Hogarth 1999). Stored information is important because significant

signals are associated with the object or the situation-affects behaviour (Fishbein and Ajzen 2005). Stored information, the customer's prior product knowledge, affects customers' expectations of the product (Fluker and Turner 2000). It has been proposed that stored information is the major factor determining attitudinal judgements in a customer's evaluation of alternatives (Tybout and Scott 1983). An explanation of how learned information is integrated with stored information to form decision evaluations is offered in the observation that customers apply prior knowledge during concept development stage of their *Information Search* (Wattenmaker 1999). There are, however, mixed findings about the effect of prior knowledge on *External Search* (Chang and Hanna 1992; Srinivasan and Ratchford 1991; Punj and Staelin 1983; Kiel and Layton 1981). Punj and Staelin (1983) explain that prior knowledge stimulates *External Search* and customers rotate between searching prior knowledge and externally available information. It is likely that prior knowledge is a multidimensional construct influencing customers' information search, something that needs to be taken into consideration in the operationalization of this construct when the construct is used in research studies (Kerstetter and Cho 2004; Alba and Hutchinson 1987; Punj and Staelin 1983).

2.4.2.2 External Search

As suggested by Bettman (1979:111), '*External Search* is the acquisition of information from sources other than memory'. Schmidt and Spreng (1996) proposed a parsimonious model of *External Search* behavior incorporating a large number of antecedent variables of search behaviour mediated by four constructs, ability,

motivation, costs and benefits. Observation of the actions or decisions of others is referred to in the economic literature as a demonstration effect. A demonstration effect may result from various types of imitation and social learning (Fisher 2004). Both intentional concept learning and incidental concept learning may arise from environmental data or specific product information (Beatty and Smith 1987).

External Search research has examined a large number of variables (Beatty and Smith 1987). Information intermediaries assist customers to process information by helping them utilise the information available (Lee and Cho 2005). Some studies have been concerned with the type of information intermediaries used by customers: family (Morgan and Dev 1994); friends (Nasco and Hale 2009; Lipscomb, Root and Shelley 2004; Motes, Huhmann and Hill 1995); other consumers (Grace and O'Cass 2003; Freiden and Goldsmith 1993); marketing communications (Currie, Wesley and Sutherland 2008; Manchanda, Xie and Youn 2008; Ratchford, Talukdar and Lee 2001; Lee and Hogarth 2000). Capon and Lutz (1979) suggested that the types of information sources employed by customers fall into three categories: consumer-oriented/personal (friends, relatives, and neighbours); commercial/seller (manufacturers, retailers, and trade associations); independent/third-party (various agencies and levels of government, independent rating agencies but other researchers (Hogan, Lemon and Libai 2003; Sheth 1971; Engel, Blackwell and Kegerreis 1969) have narrowed the categories to word-of-mouth and mass media. Information processing theory proposes that interaction among the various sources of information 'may be minimal in some cases, and extensive in others' (Bettman 1979:1).

The information acquisition strategies of customers confronted by excessive marketplace information are complex and varied (Leeflang and Wittink 2000). Some customers favour a single, particular method of *External Search* such as store visits, while others utilise a variety of information sources (Grace and O'Cass 2003; Fodness and Murray 1999; Keaveney 1995; Midgeley 1983; Claxton, Fry and Portis 1974). Customers may not use all the available information sources (Mourali, Laroche and Pons 2005; Ratchford, Talukdar and Lee 2001; Midgeley 1983). Pattern variations in search duration and amount of information gathering are affected by personal, situational and product characteristics (Claxton, Fry and Portis 1974).

Findings from industry-specific studies only make a small contribution to an understanding of switching customers' *External Search* behaviour since the validity of generalising these findings to other industries is questionable (Roos, Edvardsson and Gustafsson 2004; Mittal and Lassar 1998; Keaveney 1995). Consequently, although the number of cross-industry studies is limited, several of their findings have been drawn upon to support theory development. For example, findings from data referenced to 45 service industries indicated that information about a new provider was acquired through three main channels: (1) 'word-of-mouth communications, references, and referrals', (2) 'shopping around, calling around, dropping in, trial' ('active external search'), (3) 'marketing communications that included direct sales, promotional offers, or advertising media' (Keaveney 1995:79). Some theory postulates that *External Search* follows *Internal Search*, but it is likely that the ordering of *Internal* and *External Search* activities is cyclical, rather than

linear since 'internal search need not be complete to lead to external search' (Bettman 1979:111).

Summary, integrating into their knowledge base information about the role played by *Transaction Cost* in economic explanations of *Information Search* behaviour would benefit the development of *Information Search* theory in all research disciplines. *Transaction Cost* associated with *Information Search* include the time, effort, money, frustration and other psychological costs, and, delay of the decision as a result of searching for information (Schmidt and Spreng 1996; Bettman 1979). Information processing theory suggests that a customer seeking to choose a replacement service provider interacts with their environment of choice to gather information from various sources, process the information, and then determine their choice of alternative provider (Bettman 1979). The locus of the *Information Search* activity may be both *Internal* and *External* and the research literature presents evidence of the complexity, and often inter-relatedness, of both *Internal* and *External Search* activities. However, there are constraints on customers' information processing capacity and the kinds of strategies that are feasible for consumers to use in various choice situations are affected by each customer's personal limitations (Bettman 1979:18).

2.5 Future Behaviour

With so little consideration being given in the research literature into the switching customer's actual behaviour, in addition to the continuing lack of clarity about 'how and why he or she actually reacted when switching' (Roos 1999:70), these

deficiencies in switching outcome theory necessitate switching outcome behaviour research to extrapolate information from the findings of CRM research (Sorce and Edwards 2004; Parvatiyar and Sheth 2001). Although East, Lomax and Narain (2001) observed that there was a negative relationship between tenure and WOM, other researchers have found that increased tenure influences the increase in base profit, profit from reduced operating costs, profit from referrals and profit from price premium (Ganesh, Arnold and Reynolds 2000). Research conducted from a Service-Dominant logic perspective (Vargo and Lusch 2004) has drawn attention to the possibility of replacement service providers becoming beneficiaries of post-switching *Future Behaviour.*

Five studies researching switching customer transaction behaviours, spanning more than ten years, possess some interesting implications for service providers. Stewart (1998) invoked cognitive dissonance theory to explain positive evaluations from survey respondents about their replacement bank. Keaveney (1995:83) deduced that 'dissatisfied switchers are the most satisfied customers and are most likely to engage in active loyalty behaviour'. Satisfaction with the current service provider, the purchasing process and loyalty toward the service provider differ for retained customers, dissatisfied switchers and satisfied switchers (Ganesh, Arnold and Reynolds 2000). Switching customers in the German energy market demonstrated higher levels of active and lower levels of reactive loyalty, as well as in more positive WOM than retained customers (Wangenheim and Bayón 2004). Retained customers and switching Web site customers and retained customers differ significantly along five dimensions: satisfaction with the current Web site, trust,

commitment, comparison with alternative Web sites, and, unreclaimable investment in the current Web site (Li, Browne and Wetherbe 2007). The findings of these studies indicate that the *Future Behaviour* of switching customers and retained customers is different.

Switching customers have a propensity to engage in word-of-mouth (WOM) communication, thereby affecting the decision making process of potential customers (File, Cermak and Prince 1994). There is evidence that dissatisfied customers were more likely to engage in negative word-of-mouth behavior (Blodgett, Granbois and Walters 1993). Recommendation has been advanced as a reason for voluntary switching (East, Lomax and Narain 2001). Offering positive WOM and repeat purchasing are features of loyal and committed customers (Sirdeshmukh, Singh and Sabol 2002). A review of the switching domain and consumer behaviour literatures suggests that two constructs represent the switching customer purchase-transaction outcome behaviours: these constructs are *Oral Communication* and *Commitment*.

2.5.1 Oral Communication

Oral Communication is defined as verbal messages delivered by switching customers to either service providers and/or others telling 'at least one other person, and usually several other people' (Keaveney 1995:79) about their perceptions of a service provider. Critical incidents in tourism have been linked to customer swiching and word-of-mouth behaviour (Swanson and Hsu 2009). The message may be negative (Wagenheim 2005) or positive (East, Lomax and Narain 2001). Two factors

contribute to *Oral Communication (OC): Word-of-mouth (WOM)* and *Pre-emptive Verbal Behaviour (PVB)*.

2.5.1.1 Word-of-mouth

There is an extensive research literature supporting the conclusion that WOM is an important output of the purchase transaction (see for example, Godes and Mayzlin 2004; Bowman and Narayandas 2001; Anderson 1998; Richins 1983). WOM is a form of oral communication that relies on 'informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers' (Westbrook 1987:261). This definition was later refined: WOM is 'the intentional use of learned symbols for the communication of propositions' (Buck and Van Lear 2002:523). The following comprehensive definition was adopted in this study:

WOM is an informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service (Harrison-Walker 2001:63).

Consumers perceive informal WOM communication as more reliable and credible than other forms of marketing communication (Cheung, Anitsal, and Anitsal 2007; Goldsmith and De Witt 2003). Positive WOM affects consumer purchasing behaviour (Shao 2012): for example, book sales (Amblee and Bui 2012; Chevalier and Mayzlin 2006), financial services (File and Prince 1992), healthcare (Medhekar and Newby 2013; Gombeski, Britt, Wray, Taylor, Adkins and Riggs 2011), the hospitality industry (Ong 2012; Rowe 2012; Godes and Mayzlin 2009), movie

admissions (Moul 2007; Liu 2006), and, product adoption (Iyengar, Van den Bulte and Valente 2011; Pathak, Garfinkel, Gopal, Venkatesan and Yin 2010; Trusov, Bucklin and Pauwels 2009; DeBruyn, Liechty, Huizingh and Lilien 2003). WOM plays a very important role in the decision-making processes of chief executive officers who rely on endorsements of firms by their business associates in other companies (File, Cermak and Prince 1994).

When engaging in WOM communications, customers are likely to draw on various, separate dimensions of the retail experience (Reynolds and Beatty 1999) to elaborate upon in their positive and negative word-of-mouth communications at the conclusion of a service encounter (File, Judd and Prince 1992). However, there some agreement in the WOM studies as to the degree of effect that WOM may have on switching behaviour (Wangenheim and Bayón 2007). Controlling word of mouth communication is problematic (Chen and Xia 2008; Lam and Mizerski 2005; Piirto 1992; Bayus 1985; Voss 1984). Arndt (1967), one of the earliest consumer behaviour researchers into the influence of WOM, observed that although favourable WOM was eight times more likely to occur than unfavourable WOM, nonetheless unfavourable WOM had a greater effect on customers' purchase decisions. This finding has been challenged by a later finding that, although negative word of mouth occurred less often than positive word of mouth, negative word-of-mouth had much the same effect as positive word of mouth (East, Hammond, Lomax and Robinson 2005). Keaveney (1995) reported that three quarters of switching customer survey respondents had engaged in negative WOM with at least one other person, and often more than one person, about the incident that caused them to switch providers.

Completing customer satisfaction evaluation cards apparently dampens negative word-of-mouth (Lane and Keaveney 2005). Wagenheim (2005), however, reported that only about one quarter of all switching customers engaged in post-switching negative word-of-mouth behaviour. As yet, the incidence of post switching negative word-of-mouth (PNWOM) has not been conclusively determined.

Switchers differ from stayers in their more positive WOM giving but referral switchers differ from other switchers with respect to their more positive WOM giving (Wangenheim and Bayón 2004a). The level of education and employment status of parents using childcare centres has a positive relationship with the occurrence of post-switching word-of-mouth (Grace and O'Cass 2001) but the duration of customer tenure with supermarket and hairdressing providers is negatively related to WOM (East, Lomax and Narain 2001).

While messages about a negative incident prompting switching to another provider were diffused through social networks (Keaveney 1995), recipients of negative word-of-mouth exist outside the switching customer's immediate social network. Negative WOM, given frequently in the telecommunications industry, is more likely to result from dissatisfaction with the service than price (Wangenheim 2005). The decision to engage in negative word-of-mouth about the telecommunications industry has been attributed to 'product involvement, market mavenism, perceived risk, satisfaction with the new provider, and the reason for switching the provider' (Wangenheim 2005:74). Since Feick and Price (1987) have stated that the influence of market mavens extends across product categories, the potential damage arising from negative word-of-mouth may be more extensive than is immediately apparent;

social effects can sway future customer acquisition and customers' behavioural evaluation of a service provider or product (Hogan, Lemon and Libai 2003; Herr, Kardes and Kim 1991). Where a strong tie exists between the sender and receiver of WOM, the results of the communication have a significant influence on the receiver's purchase decision (Bansal and Voyer 2000). The impact of specific relationship characteristics on success measures is crucial to optimizing marketing efforts (Farquhar, Panther and Wright 2008; Reinartz and Kumar 2003).

2.5.1.2 Pre-emptive Verbal Behaviour

In order to exclude the events prompting their exit from the previous service business from their relationship with the replacement provider, the switching customer has a tendency to reduce the impact of the event by attempting to categorise the critical incident and narrowly restrict it to the previous relationship category (Monaghan 1983). The pre-emptive strategy adopted by the switching customer is a bid to intervene before a service failure occurs with the replacement provider (Cranage and Mattila 2006; Shulman 1967). The definition of *Pre-emptive Verbal Behaviour (PVB)* was adapted from Keaveney's (1995) explanation of the reason for the switching customer delivering negative messages about their previous experiences to the replacement provider. Thus, the definition espoused in this switching literature review adopts Keaveney's description of oral behaviour engaged in by switching customers to define *Pre-emptive Verbal Behaviour*:

A communication delivered with the purpose of avoiding a negative experience similar to a previous experience or justifying to the new provider why they have changed service providers (Keaveney 1995).

The content and implications of *Pre-emptive Verbal Behaviour* are dependent on specific emotions such as the anger, disappointment or regret experienced by the switching customer. Taking revenge or venting feelings results from angry customers expressing negative word-of-mouth but disappointed customers engage in negative word-of-mouth to warn others while customers who experience regret communicate with their replacement provider to strengthen social bonds or to warn them (Wetzer, Zeelenberg and Pieters 2007). Pre-empting a repeat of the situation that caused them to leave their previous provider is an important reason for engaging in negative word-of-mouth.

Although there is a body of literature reporting on investigations into customer complaining behaviour and customer voice, the focus in the majority of studies has been on customer complaints to the service provider who has provoked the customer's dissatisfaction. A provider perspective has been adopted in the service recovery studies. However, little attention has been bestowed on establishing what happens after the customer has switched away from a service provider and adopted a new service provider (Wagenheim 2005). There are very few reports of research undertaken into postswitching negative word of mouth. In one study it was noted that seven percent of respondents explained the cause of their dissatisfaction to their original service provider, but some respondents offered negative word-of-mouth about their previous experiences to their replacement service provider in order to

prevent a re-occurrence of the problem with the new provider (Keaveney 1995). The results from another study conducted on telecommunications industry customers indicated that postswitching negative word of mouth (PNWOM) is 'given frequently and that product involvement, market mavenism, perceived risk, satisfaction with the new provider and the reason for switching provider explain PNWOM' (Wagenheim 2005: 67). In the discussion of the limitations and future research section of this study's report, the researcher openly admits that the results are restricted to customer switching in one industry and country and no attempt has been made to explore the motivation of the customer to engage in this type of behaviour. The use of self-reports rather than objective measures of PNWON may have introduced a common method bias by inflating the strength of the results. While the determinants of PNWOM were researched, a longitudinal study is required to discover how PNWON develops over time, for how long it is prevalent, and, what its effect is on other customers' purchasing behaviour.

Although in the main, *Oral Communication* research has focused on social network WOM and complaints to the previous provider and little attention has been given to post-switching WOM directed at the replacement service provider, the *Oral Communication* constructs in this study will be operationalized as WOM and PVB and tested to statistically assess whether the constructs represent *Future Behaviour*, a dependent variable in a customer switching model.

2.5.2 Commitment

Driving the development of customer relationship continuance theory is an awareness that the customer's perception of the customer/provider relationship is central to the customer's decision to commit to or exit from the relationship (Rutherford, Boles, Barksdale, Jr., and Johnson 2008, 2006; Gounaris 2005; Johnson, Barksdale, and Boles 2001; Ruyter, Moorman, and Lemmink 2001; Doney and Cannon 1997; Anderson and Sullivan 1993). For high relational customers (consistent subscribers), *Commitment* mediates between switching and intentions (Garbarino and Johnson 1999). While customer *Commitment* to a long lasting relationship underpins the viability of a business because expenditure is higher among committed customers who expand their service usage (Verhoef, Franses and Hoekstra 2002), 'service relationships are achieved by a mutual fulfilment of promises' (Bitner 1995:246).

Early definitions of *Commitment* present it as a primitive concept accounting for the fact that people engage in consistent lines of activity (Becker 1960). The traditional definition of *Commitment* was 'an exchange partner believing that an on-going relationship with another is so important as to warrant maximum efforts at maintaining it' (Morgan and Hunt 1994:23). More recently, Meyer and Herscovitch (2001:299) elaborated on this definition by explaining that commitment

> *(a) is a force that binds an individual to a course of action of relevance to a target and (b) can be accompanied by different mind-sets that play a role in shaping behavior.*

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The main effect model of customer commitment devised by Meyer and Herscovitch (2001) has been tested in several studies (for example, Bansal, Iving and Taylor 2004;Verhoef, Franses, and Hoekstra 2002). *Commitment* has also been explained as a gross non-verbal behavioural manifestation of thoughts (Sundaram and Webster 2000). A refinement of the Morgan and Hunt definition of *Commitment* has been adopted for this research. *Commitment* is: '*an implicit or explicit pledge of the continuity of a relationship between exchange partners*' (Wetzels, Ruyter and van Birgelen 1998:406).

After an examination of a range of definitions of *Commitment*, Gustafsson, Johnson and Roos (2005) suggested that two major dimensions could be identified in the *Commitment* construct: affective *Commitment* and calculative *Commitment.* The psychological driver of *Commitment* arising from feelings of attachment, loyalty and affiliation was identified as affective *Commitment* and this differed from calculative *Commitment* which is determined by the influence of a need to maintain a relationship despite termination or switching cost barriers (Verhoef, Franses and Hoekstra 2002), with social benefits being an antecedent of calculative *Commitment* (Hennig-Thurau, Gwinner and Gremler 2002). Johnson, Herrmann and Huber (2006) established that there is a positive relationship between affective *Commitment* and time. Satisfaction with a relationship arises from previous performance, but affective *Commitment* and calculative *Commitment* are measures of the relationship strength and intention of continuing the relationship (Gustafsson, Johnson and Roos 2005). Since *Commitment* among exchange partners is the key to achieving valuable outcomes for each partner in the exchange, it has been suggested that it is important

for service providers to establish whether switching customers have made a *Commitment* to the replacement service provider (Morgan and Hunt 1994).

Researchers have proposed that there are positive three-way interactive effects among the three components of *Commitment:* (1) affective commitment (AC), (2) normative commitment (NC), and (3) continuance commitment (CC) (Hur and Kang 2012; Gellatly, Meyer, and Luchak 2006; Meyer and Herscovitch 2001). Theoretically *Commitment* (behaviour) and loyalty (attitude) are distinct ways that a customer can bond with a business organisation but empirical research based on these constructs reports very similar outcomes in relation to assessment of business profitability. Since consensus on measuring behaviours is achievable, *Commitment* is adopted as the construct included in the proposed theoretical framework and tested in the switching behaviour model. The research will investigate the relationship between *Commitment* and its antecedents in the switching behaviour framework proposed in Section 2.7.

Commitment is a predictor of customer retention (Gustafsson, Johnson and Roos 2005) and retention impacts on the amount of money a company makes from a customer (Fornell 1992). *Commitment* is directly associated with customer loyalty (Ndubisi 2006). Perceived product quality and perceived price fairness have a direct effect on loyalty (Bei and Chiao 2001). The inter-related antecedents of retail bank loyalty in customers were perceived value, service quality, service attributes, satisfaction, image and trust (Lewis and Soureli 2006). Although loyalty is affected differently by technical product quality (TPQ) (the quality of the work performed) and functional product quality (FPQ) (the quality of the service), both TPQ and FPQ

are important at the early stages of the evolving relationship between the exchange partners and TPQ and FPQ both play a role in determining a customer's switching inclination (Mittal and Lassar 1998).

Summary, the *Oral Communication (OC)* construct is comprised of two dimensions, *Word-of-mouth (WOM)* and *Pre-emptive Verbal Behaviour (PVB)*. The *Commitment* construct will be operationalized and tested in the switching behaviour model because this behaviour can be measured and statistically assessed to determine whether the construct is one of the outcome behaviours in a customer switching model.

2.6 Summary of Literature Review

During the 1980s, the adoption of the marketing concept and a recognition that sales come from both new and retained customers resulted in marketers focusing on customer relationship management, but particularly, customer retention. By the end of the twentieth century, global economic conditions emphasised the need to develop financially accountable, profitable businesses (Rust, Zahorik and Keiningham 1995). Identifying customers who contribute to company revenue therefore intensified as a research priority (Collings and Baxter 2005; Reinartz, Thomas and Kumar 2005; Ryals 2005; Gupta, Lehmann and Stuart 2004). However, the obverse of customer retention, customer switching, occurs. Customer switching behaviour has attracted only limited attention from researchers conducting, and empirically supporting, theory development. The model in this study therefore depends on research found in the broader consumer behaviour parent discipline and economic literature for partial

justification. Definitions of the component parts of the theoretical model draw on all of these sources in addition to switching theory.

The service encounter provides the context of customer/provider relationships. One outcome measure of the customer/provider relationship is the retention/switching behaviour of the customers. There has been some interest among researchers in investigating the antecedents of the decision to switch service providers but, in general, researchers have not looked beyond the decision and its antecedents. Although widely separated in time, the research of Keaveney (1995) and Han and Ryu (2012) are the exceptions.

Keaveney's (1995) study is well-researched, across a wide range of service industries (45 different industries), resulting in the categorisation of the major antecedents of customer switching in the *Model of Customers' Service Switching Behavior*. However, although 'Word-of-Mouth' and 'Search for New Services' were proposed as outcomes of 'Service Switching Behavior', the objective of this study was not intended to identify the nature of 'Word-of-Mouth' and 'Search for New Services' or the relationships between them and other potential variables relevant to a holistic model of switching behaviour. A broader objective underpinned Han and Ryu's (2012:96) study: to test 'the effects of service encounter performance, satisfaction, trust, commitments and switching costs on word-of-mouth intentions in a single framework'. The study findings suggest that encounter performance, satisfaction, trust and commitment generated WOM intentions but satisfaction, trust and commitments were partial or complete mediators in the framework. Choosing to test the holistic service encounter performance construct as a single construct, when

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other research has identified it as being comprised of many dimensions, along with examining intention constructs rather than behavioural constructs, when intentions must be considered to be an imperfect proxy for behaviour, can be seen as limitations of this study. The importance of both of these studies rests in their comprehension of the dynamic behaviour inherent in the switching construct but their limitations create significant gaps remaining to be filled in the research literature.

It is of particular interest to business managers to know whether the decision to switch providers has an effect on switching service customers' subsequent purchase behaviour (*Future Behaviour*) and whether this relationship is mediated by *Information Search* and *Transaction Cost* variables. Furthermore, service providers need to understand how switching customers conduct the search for a replacement service for the providers to be able to market their service effectively to switching customers. However, despite a growing body of research about service relationships that has contributed to the maturation phase of services marketing literature (Fisk, Brown and Bitner 1993), three major gaps have been identified in the switching literature:

- The process of switching to a replacement service provider has not been fully investigated;
- The effect of switching on post-switching purchasing behaviour has not been researched; and,
- There is no empirically tested customer perspective holistic model of **service switching behaviour**.

The specific gap in the literature which this research aims to address is stated as follows:

How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?

Since customer switching behaviour is a complex phenomena influenced by context (Srinivasan 1996), two propositions underpin the theoretical framework of the research. Proposition (1): antecedents of the decision to switch service providers are the input related to customers' subsequent post-switching future behavioural outcomes. Proposition (2): choice process mediates customers' subsequent post-switching future behavioural outcomes. Comprehensive models of the customer exit process designed to help management understand the process have been devised by Stewart (1998) and Tähtinen (2002). However, the examination of inter-organisational business relationship ending is acknowledged to be different from consumer switching behaviour and these researchers draw attention to differences hindering the development of a single model that sufficiently describes both business and customer relationship ending (Tähtinen 2002).

There is evidence that people change after a purchase encounter (Ward and Newby 2007). Keaveney's (1995) customer perspective study noted that 85% of respondents reported that they had found a new service provider after switching from their previous provider and that an information search was the outcome of their decision to change providers. *Information Search* is constrained by *Transaction Cost* (for example, Medhekar and Newby 2013; Newby and Medhekar 2011). Loyalty and WOM differ between switching customers and retained customers (for example,

Wangenheim and Bayón 2004). Many switching customers engage in Oral Communication, word-of-mouth (elsewhere referred to as PNWOM) about negative causes of service switching, and, some switching customers try to prevent the problem from re-occurring by telling (PVB) the new service provider about their reason for switching (Keaveney 1995), behaviours reported upon in earlier work on consumer dissatisfaction response styles (Singh 1990). Thus, establishing what comprises switching customers' behaviours and developing a holistic model of switching behaviour to enhance provider understanding of switching customers is therefore of importance to service providers.

The switching decision antecedents were conceptualised as consisting of four independent variables: *Conditions, Provider Behaviour, Service Quality* and *Price.* The switching process was conceptualised as consisting of two mediating variables (*Information Search* and *Transaction Cost*). Future behaviour was conceptualised as two dependent variables (*Oral Communication* and *Commitment*). These concepts are included in the proposed theoretical framework. Thus, there are eight main variables under investigation in this research. From the service provider's perspective there may be a statistical relationship between the switching decision antecedents, the process of choosing a replacement provider and the outcome future behaviour.

In addressing the problem concerned with the effect that switching service providers has on customers' switching behaviours the following research issues were identified:

RI 1: Do the antecedents of the decision to switch service providers affect the process of choosing a replacement provider?

RI 2: Do mediating variables influence the service switching customer's post-switching purchase decision behaviours?

RI 3: Does the cause of switching influence the service switching customer's post-switching purchase decision behaviours?

To explore these research issues, research hypotheses are developed at the conclusion of the exploratory research, Chapter 3, Section 3.4.2.

2.7 Theoretical Model

Chapter 2 provided a detailed review of literature associated with service customer switching behaviours. The review of the consumer behaviour, economic and switching literatures disclosed that eight main variables were involved in the dynamic activity of exchanging one service provider for another service provider. In Section 2.3 pertinent research was presented about four *Switching Decision Antecedents*: Section 2.3.1 (*Conditions*), Section 2.3.2 (*Provider Behaviour*), Section 2.3.3 (*Service Quality*), and, Section 2.3.4 (*Price*). These four variables constituted the independent switching decision antecedent variables. Section 2.4, the *Switching Process*, presented a case for the inclusion of *Transaction Cost* (Section 2.4.1) and *Information Search* (Section 2.4.2) as the main variables impacting on the choice of replacement provider. These two choice process variables represented the mediating variables influencing the switch from one service provider to another. Section 2.5 justified the inclusion of two types of *Future Behaviour* outcome behaviours, the

dependent variables, in a theoretical model of customer switching behaviour. The literature on *Oral Communication* was reviewed in Section 2.5.1 and the literature on *Commitment* was reviewed in Section 2.5.2. These variables have been included in a theoretical framework of customer switching behaviours, presented in Figure 2.4.

Figure 2.4: Theoretical Framework
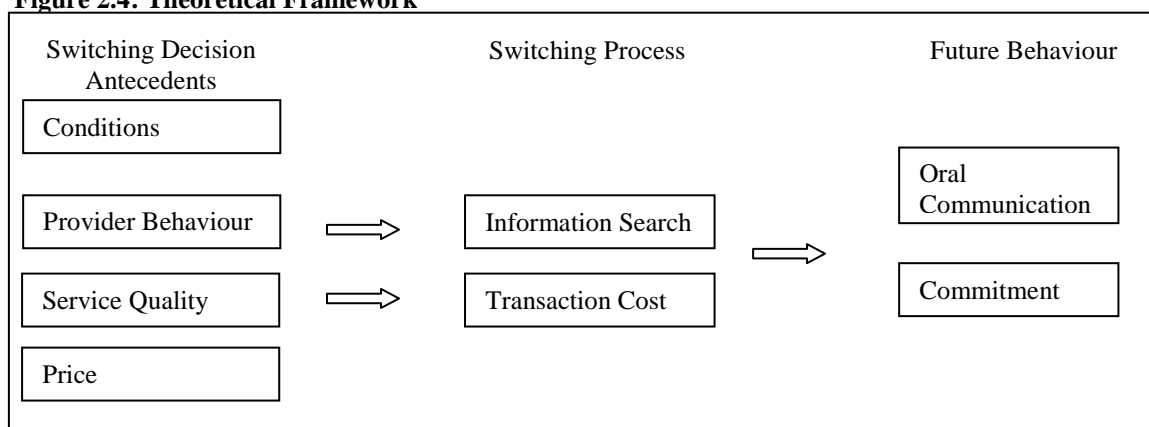
Source: Developed for this research

Some factors mentioned in the switching antecedent literature, such as satisfaction and intentions, have not been considered for inclusion in the proposed theoretical model. While many of the extant switching behaviour models incorporate these factors, their omission from the study's theoretical framework is justified by the difficulties posed by the lack of consensus among researchers about the definition of satisfaction and the fact that while intentions are a proxy for actual behaviour, in some instances, they do not automatically represent actual behaviour. Satisfaction and value were the weakest of the three groups of switching drivers tested by Bansal, Taylor and St James (2005), thereby adding further justification for the decision not to include satisfaction, value or intentions in the proposed theoretical model. Each switching-behaviour construct in the theoretical framework structuring this research

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is defined in Chapter 1, Section 1.6. However, this chapter provides detailed background information about each variable in the research.

2.8 Conclusion

In a challenging economic climate, service providers are greatly interested in the various forms of purchasing behaviours that reflect a current purchase transaction situation (Aspinall, Nancarrow and Stone 2001). When the constraints of switching barriers are not operating, one of the outcome behaviours of the service encounter may be switching. Customers changing service providers are referred to in this research study as switching customers. Various aspects of the ending phase of relationship management have been considered by previous researchers but the customer switching-behaviour literature is incomplete, suggesting that there is an opportunity to undertake further exploratory research and theory development in the switching domain.

While ending a relationship may be brought about because there is no longer any need felt by the customer to continue buying the product, effective management of customers choosing to change providers can impact significantly on the profitability of the service business chosen to replace a previous service provider. There is insufficient comprehensive information to complete the development of a holistic switching behaviours model so further research into the behaviours that occur after the service customer has made a decision to switch providers is desirable in order to complement existing knowledge about the antecedents of switching. Research needs to be conducted that complements existing switching behaviour knowledge. In

particular, research into the process of the selection of a replacement service provider and the behaviours manifested by customers who have switched retail service providers in service industries needs to be conducted to develop a holistic switching behaviour model. Situating the research in the context of urban areas of Australia at the beginning of the twenty first century provides a record of consumer behaviour at a given time and location.

The literature review informed the choice of eight variables in the theoretical framework. Antecedents of the switching decision were: *Conditions*, *Provider Behaviour, Service Quality and Price*. Once the switching customer engages in the process of selecting a replacement provider, *Transaction Cost* and *Information Search* were adopted as the significant process variables. When the service customer switches to the replacement provider, the variables selected to measure the manifestation of their switching behaviours were: *Oral Communication* and *Commitment*.

With the development of the framework designed to underpin theory building, the remaining stages of the thesis report on both the qualitative and quantitative methodological research undertaken in the study. Details of the convergent interview and field survey methodologies used to collect data and the data analysis methods are presented in Chapters 3, 4 and 5. The findings of the research are supplied and discussed in Chapter 6.

Chapter 3

Exploratory Research Supporting Model

Development

3.1 Introduction

Service providers are aware that lengthening and deepening a customer relationship is necessary to achieve the full profit potential of customers but, despite providers' best efforts, some customers switch their service providers (Grant and Schlesinger 1995; Reichheld and Kenny 1990). Although there is extensive research into the effect of customer switching/retention on market share and business profitability (see for example, Reichheld and Markey 2006; Al-Hawari 2005; Reichheld and Teal, 2001; Reichheld and Schefter 2000; Hallowell 1996; Keaveney, 1995), it has been noted that 'we are not yet fully aware of exactly how and why customers act' (Roos and Gustafsson 2007:94). There is agreement that not all customers are alike (Blattberg and Deighton 1996; Reichheld 1993) but the available knowledge about how and why customers differ is still limited (Ganesh, Arnold and Reynolds 2000). In the context of radical social, economic and political change occurring since the beginning of a new millennium (Burton 2001), research into switching behaviour provides the opportunity to re-evaluate the extant knowledge about customer switching and contribute to the switching domain knowledge base.

It was construed from the literature review reported in Chapter 2 that a comprehensive model of customer switching behaviour had not been proposed in the literature. Development of a switching behaviour model, constructed on the premise that goal-directed switching customers will seek to fulfil their needs for a specific product by transferring to a replacement service provider, would provide a contribution to the switching domain knowledge (Vogt and Fesenmaier 1998). To

supplement the knowledge gained from the literature review and progress the development of a comprehensive model, a further research enquiry was pursued. Exploratory research methodologies, switching customer focus groups and service provider interviews, were employed to support the development of a theoretical switching behaviour model and research questions; the main, confirmatory study was reliant on the model and question development (Zikmund, Ward, Lowe, Winzar and Babin 2011). An explanation of the development of the theoretical model and research questions constitutes the following sections of Chapter 3.

The exploratory methodology delivered information was sourced from service providers and switching customers across a range of industries and this information was compiled into a databank. Rhetorical analysis, a technique consistent with an emergent perspective, was applied to the qualitative data (Covaleski and Dirsmith 1990). 'Thematic deconstruction analysis' extracted evidence of 'commonalities, differences, patterns and outliers' (Chauvel and Despres 2002:211). The findings from the analysis were used to build a framework to support an explanatory model of customer switching transaction behaviour.

The model derived from the framework proposed at the end of this chapter, Chapter 3, was empirically tested with data compiled from responses to a questionnaire survey obtained during a quantitative field study. The confirmatory research methodology is reported in Chapters 4 and results from the confirmatory study are reported in Chapter 5. The model showing the relationships between switching behaviour was utilized in the predication of emergent theory in Chapters 6.

This chapter, the report of the exploratory stage of the investigation, is divided into five parts, as outlined in figure 3.1. Section 3.1, the introduction to Chapter 3, commences with a brief justification of the need for exploratory research into switching customers' transaction behaviour. A broad outline of the conduct of the exploratory research and the purposes for which the collected data will be used are also included in Section 3.1 of this chapter. Section 3.2 explains the research methodology. This section is divided into four subsections: 3.2.1, sources of information which were consumer focus groups and provider interviews; 3.2.2, design technique; 3.2.3, data collection; 3.2.4, data analysis. Section 3.3 reports the results of the research, with findings from the focus groups being reported in subsection 3.3.1 and the findings from the provider interviews being reported in subsection 3.3.2. Subsection 3.3.3 provides a summary of the findings. Section 3.4 discusses the variable selection in subsection 3.4.1, the proposed framework in subsection 3.4.2 and the research issues and hypotheses pertaining to switching behaviour in subsection 3.4.3. Section 3.5 concludes the chapter.

Figure 3.1: Chapter 3 Outline

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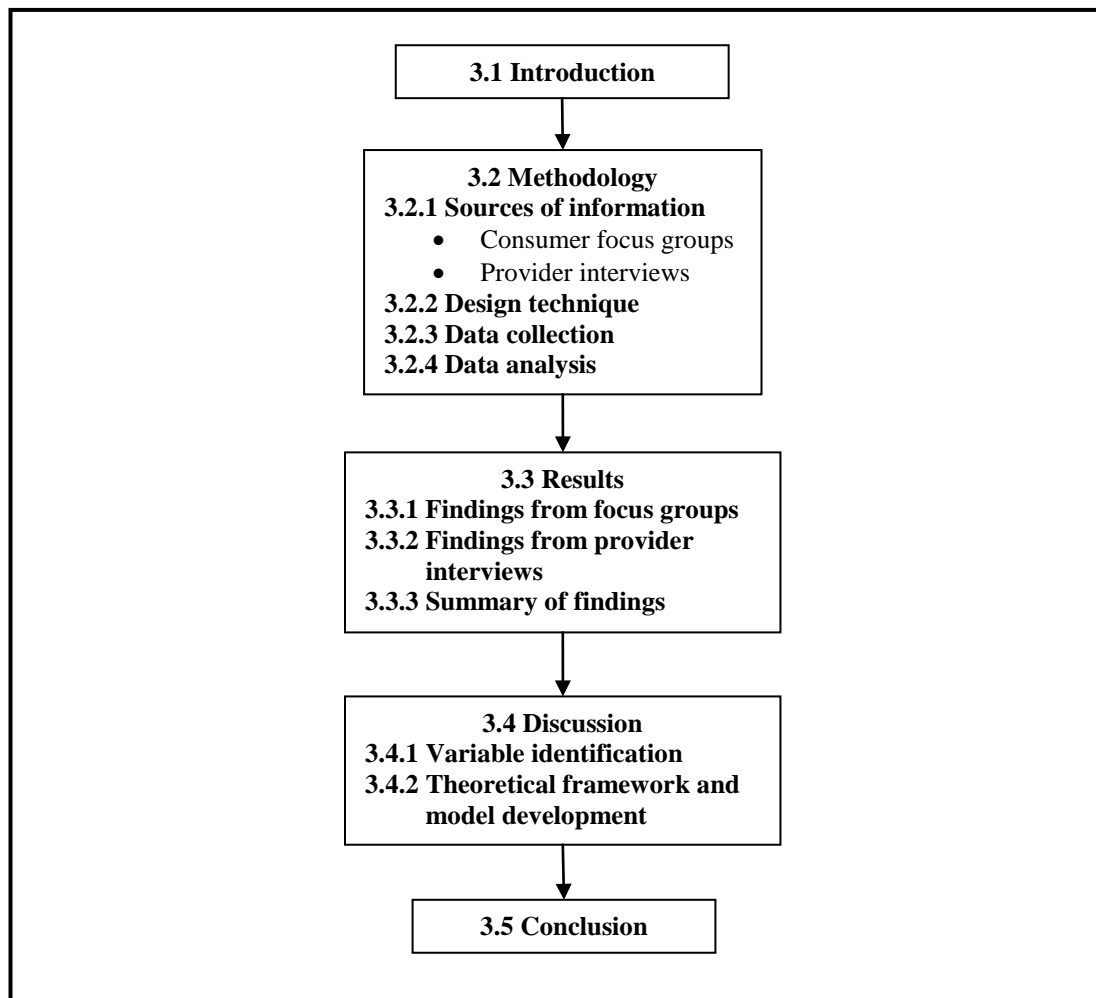
Source: Developed for this research

3.2 Methodology

The methodological approach employed in the second stage of the research, an exploratory study using qualitative methods, is reported in this chapter. In this stage of the research, survey-based research methods were used to investigate whether the antecedents of the decision to switch service providers and the choice of a new provider affect the transaction behaviour of switching customers. When there is a scarcity of research reported in the available literature, undertaking focus group

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research and interviews are appropriate techniques to employ in the exploratory stage of the research (Carson, Gilmore, Perry and Gronhaugh 2001).

It has been observed that 'new topic areas benefit from focus group inquiry' since valuable behavioural information revealed during the discussions provides indications to researchers of the depth of the phenomenon (Threlfall 1999:103). Focus group practices and concepts, stemming from the focussed interview technique popularised after 1945 (Stewart, Shamdasani and Rook 2007), continue to utilise practices and concepts that have changed little since they were first widely used in the 1970s (Catterall and Maclaran 2006). The limitations of focus group methodology, however, are outweighed by their strengths. The value of a focus group lies in the revelation of 'a proliferation of multiple meanings and perspectives' (Kamberelis and Dimitriadis 2005:904) arising from the group interaction which can produce data that may not be articulated or perceived by the researcher without the interaction produced by the group dynamic (Threlfall 1999).

Field interviews are excellent for affording a deep understanding on which to base theory development (Alam 2005). Interviews are a major source of data in qualitative research (Carson et al. 2001). A research interview is arranged and conducted for the purpose of one person obtaining information pertinent to a research study from another person (Curasi 2001); it is a 'secondary social interaction' (Neuman 2006:305). The objective of an interview is 'to obtain rich, detailed data that reflect the informant's language, experience, and perspective' (Kwortnik 2003:119).

Semi-structured interviews featuring some prearranged questions directing the dialogue toward specific discussion points are the most common type of interview employed in the search for information (Kwortnik 2003:118). Construction, and the delivery, of the questions can provide challenges (Roulston, Marrais and Lewis 2003) but an interview allows the researcher to ask complex questions and clarify the responses during the interview (Jones, Story, Clavisi, Jones and Peyton 2006). While the time component involved makes interviews the most expensive technique of data collection and particular care must be taken to avoid researcher bias affecting responses, it was determined that interviews were the most appropriate method of obtaining exploratory research date from small, geographically concentrated, purposive samples of service providers (Jones et al. 2006).

Ethical clearance was obtained from Central Queensland University (CQUniversity) to collect information from switching-customer focus groups and service provider interviews, and the transcripts of these information gathering sessions were analysed to determine whether there were an independent variable (switching decision) and a mediating variable (choice behaviour) having an effect on a dependent variable (transaction behaviour). The information obtained from volunteer research participants was collected, recorded, transcribed, analysed and stored according to the ethical clearance protocols governing research at CQUniversity.

During the exploratory stage of the study, purposive survey sampling of both switching customers and service providers was undertaken. 'When using purposive sampling, the number of participating cases is not determined in advance of the

researchers entry to the field' (Shaw 1999:63). Both customer and provider perspectives of switching behaviour were sought. This approach was determined on the basis of research findings 'that there is a significant difference between the factors that influence child-care consumers to switch centres, and the perceptions of these factors by child-care staff/managers' (Grace and O'Cass 2001:311). The collected data from both types of sources supported the development of the questionnaire to be used during the confirmatory stage of the field study survey of a broad population of service switching customers. The principal objective of the exploratory investigation was the refinement of a theoretically derived framework encompassing the reason(s) for switching, the process of selecting a replacement service provider and the transaction behaviour of switching customers that could be empirically tested in the confirmatory stage of the research study.

3.2.1 Sources of Information

While broad observations in a fieldwork setting may have supplied the requisite information, in this study the decision was made to obtain richer data from the perceptions of participants who had been involved in post-switching service encounters. Different roles influence behavioural perceptions so the decision was made to obtain service providers' views of switching customer behaviour as well as customers' views. However, being mindful of Roos, Gustafsson and Edvardsson's (2006: 208) comment that 'the viewpoint influences the various factors considered in the study and their importance', evaluation of the significance of factors extracted

from the focus group and interview transcripts was influenced by the perspective of the informant.

With recognition of the probability difficulties involved with population sampling (Sudman and Blair 1999), data were gathered from specific, tightly defined, groups or individuals in the fieldwork setting (Reynolds, Simintiras and Diamantopoulos 2003). Since voluntary cooperation in providing experiential data was the only means of obtaining the requisite information, purposive sampling of sources of information was selected as the most appropriate means of obtaining the requisite information. Thus for the exploratory research, non-probability samples of customers and providers of differentiated retail services were selected from a purposively selected population.

3.2.1.1 Customer focus group participants

Data saturation was reached after three focus groups were concluded as no new information was emerging from the discussion that occurred during the third focus group; nonetheless, to ensure that new material was not available, a fourth group was conducted (Morse 2007). The total number of participants among the four focus groups was 29. Of these 29 participants, eight were students aged 20-54 years, eight were workers and part-time students aged 30-53 years, 12 were workers aged 25-65 years and there was one retiree aged 60+ years. There were 14 female participants and 15 male participants. Respondent characteristics are documented in Table 3.1. A purposive sample of switching customers was used in order to obtain a broad

variation in the ages of the participants, some variation in the work status of the participants, and, a gender balance.

Table 3.1: Focus Group Participants

Number	Category	Demographics	Psychographics
8	Students	3 aged 20-54 (2f*, 1m**) 1 aged 30-34 (1m) 1 aged 35-39 (1m) 1 aged 40-44 (1m) 1 aged 45-49 (1f) 1 aged 50-54 (1m) 3 females 5 males	Youngest age range: performing arts students with outgoing personalities, low socioeconomic status and looking for value for money. Other age ranges: Five participants had come to Australia within the last 8 years and were influenced in their post-switching behaviour by culturally imposed expectations brought from their country of origin. These students were using English as a second language. These students had a low socioeconomic status.
8	Workers and part-time students	1 aged 30-34 (f) 4 aged 35-39 (1f, 3m) 2 aged 40-44 (1f, 1m) 1 aged 50-54 (1f) 4 females 4 males	All participants had a median socioeconomic status. They were time poor and reluctant switchers as they did not have time to source a new provider.
12	Workers	1 aged 25-29 (1m) 1 aged 30-34 (1m) 1 aged 40-44 (1f) 2 aged 50-54 (1f, 1m) 4 aged 55-59 (2f, 2m) 3 aged 60+ (2f, 1m) 6 females 6 males	All participants had a median socioeconomic status. 3 males had quiet personalities with 1 coming from the 25-29 age range, another from the 30-34 age range while the other one was in the 60+ age range. 3 males with outgoing personalities fitted into the age range 50-59. All the female participants described themselves as politely assertive, with 4 having outgoing personalities while 2 were quieter. All believed that they had become more confident of expressing their views with age.
1	Retiree	1 aged 60+ (1f)	Median socioeconomic status, very well educated, quietly but assertively confident.

*f = female, **m = male
Source: Developed for this research

3.2.1.2 Provider interview participants

From among the wide ranging differentiated retail service provider population, time and convenience dictated that only part of the population could be selected to participate in the exploratory study. Thus, purposive sampling was also used to source information based on the perceptions of a range of differentiated retail service

providers. The possibility of gaining access to service providers and data saturation determined the size of the sample population of service providers (Irvine and Gaffikin 2006). The issue of choosing people to interview and determining how many interviews to undertake was a challenge. Initially, the choice of whom to interview was serendipitous but as the interview process progressed the researcher strove to access interview participants with differing demographic characteristics (Irvine and Gaffikin 2006). The backgrounds of service providers of different services vary and the nature of the business may have a strong influence on the perceptions of the provider so a decision was made to interview providers from a range of different types of services (Irvine and Gaffikin 2006). However, two providers of different genders from the same industry were also interviewed in order to ascertain whether the type of information being provided differed on the basis of gender. Only providers of services where customers were not constrained by monopoly-type situations were included in the interview sample. The characteristics of service providers volunteering to be sources of information for this study are described in Table 3.2.

Table 3.2: Interview Participants

Type of service	Number interviewed	Demographic characteristics
B	1	Age 35-39, 2 year industry qualified, industry trainer, business owner for 12 years, female.
C	1	Aged 60-64, 3 year undergraduate university degree, business owner for 20+ years, male.
D	1	Aged 60+, 2 undergraduate university degrees, postgraduate specialist qualifications, business owner for 25 years, male.
F	1	Aged 55-59, 3 year undergraduate university degree, professional industry certification, business owner for 20 years, male.
F	1	Aged 60-64, undergraduate university degree (unrelated to current business), professional industry certification, employed in this industry for 8 years, female.
G	1	Aged 50-54, 4 year undergraduate university degree (unrelated to current business), fitness industry qualified, business owner for 2 years, female.
H	1	Age 40-44, 4 year industry qualified, business owner for 15 years, female.
M	1	Age 40-44, 2 years admin training, TAFE qualified, business part-owner for 20 years, female.
P	1	Aged 50-54, undergraduate degree (unrelated to current business), long-standing business manager, male.
C	1	Aged 60-64, undergraduate degree (unrelated to current business), postgraduate degrees, business owner for 10 years, male.

Source: Developed for this research

The interviewees ranged from 35-30 years to 60+ years of age and both males and females were included in the sample; five females and five males. The educational background of the participants ranged from postgraduate university qualifications to a short course, industry qualification, although this provider had previous extensive experience working with customers in another industry. With the exception of one provider, the rest of the providers interviewed were owner operators; the length of

time they had operated their own business varied from two years to twenty five. The non-owner business manager had successfully grown the business over a period of ten years by calling upon previous management experience in an unrelated professional service industry.

3.2.2 Design Technique

There is a complex social reality involved in this research so to achieve the objective of the study the design technique needed '… to ensure that the information collected is appropriate for solving the *research* problem' (Zikmund 2003:65). The research design attempted to avoid error effects inherent in using a single measurement instrument by employing both focus groups and interviews to collect data (Loo 2002). Rich data incorporating meaningful information from a range of perspectives (multiple realities) was obtained by using multiple (39) sources (Daengbuppha, Hemmington and Wilkes 2006). Information was sought from theory, four focus groups comprised of differentiated retail service switching customers and ten individual interviews with service providers of differentiated retail services.

The analysis triangulated information from multiple sources of information because they offered differing perspectives (Denzin 1997). From among the four basic types of triangulation, data triangulation, method triangulation, theoretical triangulation, and, investigator triangulation, the last type of triangulation, investigator triangulation, was the only type of triangulation not employed in the data analysis (Ellis, Bochner, Denzin, Lincoln, Morse, Pelias and Richardson 2008). In order to capture the reality that was subjectively experienced by consumers and providers, a

hermeneutic inquiry was instituted to initiate the analysis of the exploratory data collections (Clark 1998). Reflective attention was given to the context of survey participants utterances so that 'the instance and particular' was revealed (Moules 2002:3). Content analysis of transcripts and field notes, enriched by reflecting on theory, ultimately enabled the identification of emergent categories.

3.2.3 Data Collection

During the data analysis it was intended to undertake data triangulation, 'looking at the same phenomenon, or research question, from more than one source of data' (Decrop 1999:158). The advantage of data triangulation is that by analysing a variety of data sources the validity and accuracy of qualitative research is improved because it restricts the influence of personal and methodological prejudices (Alam 2005; Thurmond 2001; Decrop 1999). Thus, data pertaining to the research problem were collected using different data collection methods (focus groups and interviews) and multiple sources of information (customers, providers and theory) to capture data during the exploratory research in order to afford the opportunity for rich experiential data to be obtained. The combined-measures data collection design technique provided for better external construct and internal validity research findings and avoided single measurement technique errors (Neuman 2006; Zikmund 2003). Services literature supports the view that providers and customers have different perspectives of service encounter interactions and behaviour (Newby and Ward 2006). Data consisting of primary data from customers and providers and secondary data from other research reported in the literature 'reflects an attempt to

secure an in-depth understanding of the phenomenon in question' (Denzin and Lincoln 2005:5).

3.2.3.1 Focus groups

A focus group is 'a video- or audio- taped small group discussion that explores topics selected by the researcher and is typically timed to last no more than two hours' (Morgan and Spanish 1984:254). A focus group 'capitalizes on the interaction within a group to elicit rich experiential data' (Asbury 1995:414) and information collected using this method has a high level of face validity (Krueger 1994). Focus groups can be used to obtain 'useful perceptual information as a precursor for focus of expanded research' (Threlfall 1999:103). The characteristics of the four focus groups are listed in Table 3.3.

Table 3.3: Focus Group Characteristics

Group size	5-9
Group composition	Mixed gender; mixed age (18+); mixed employment status; mixed educational backgrounds; respondents pre-screened for homogeneity
Physical setting	Relaxed, informal atmosphere created by moderator in the context of a lunch or afternoon tea setting
Time duration	Between 1-2 hours
Recording	Audiocassettes
Observation	Moderator's observational, interpersonal and communication skills were employed to take field notes

Source: Adapted from Malhotra, Hall, Shaw and Oppenheim 2006:215

The research problem was defined in Chapter 2 of this study. The moderator developed a brief outline of the tactics to be employed in planning and conducting

the focus group sessions. The objectives underpinning the research were specified and a focal question was prepared as the starting point for the group discussion. Three subsidiary questions were also developed although the subsidiary questions were not utilised in all of the focus group sessions as some of the participants supplied unprompted information about these areas of interest and discussion of these areas followed from the participant comments. Focus group questions are available in Appendix I.

Using a purposive sampling technique, focus groups volunteer participants were recruited through the researcher's work, study, personal and social net-works using word-of-mouth appeals among work colleagues, friends and at university student gatherings. The four group sessions were arranged at times that volunteer participants indicated were convenient and a room was booked for each of the four sessions. Variation in group times to some extent determined that the groups were homogeneous.

The researcher moderated the focus groups and participants were informed that the sessions would be likely to last for one hour. However, participants were informed that they could vary the session times if they desired by extending the length of the session or leaving during the session. Drinks and chocolates were provided by the session moderator and participants were invited to avail themselves of these throughout the session. Audiotapes were made with the permission of the participants during each of the focus group sessions and these tapes were reviewed and the data was transcribed. Content analysis of the data resulted in the

identification of categories from patterns that emerged from the data. Figure 3.2 summarises the tactics employed in planning and conducting the focus group sessions.

Figure 3.2: Planning and Conducting Focus Groups
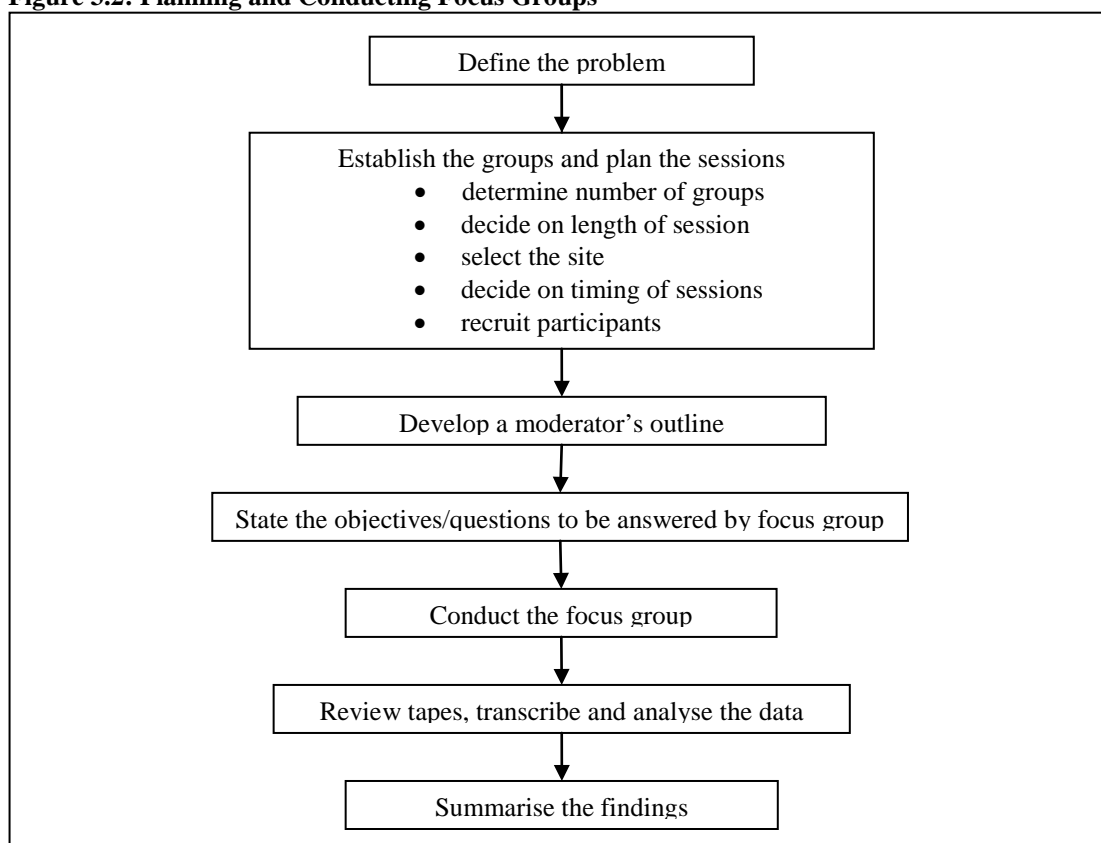
Source: **Adapted from Malhotra et al. 2006:216; Carson et al. 2001:122**

Many valuable insights were gained from each of the group discussions. Some issues that emerged from an analysis of the discussions had not been foreshadowed in the consumer behaviour literature. However, mention of other issues identified from the literature review was not made during the focus group discussions. These discussions provided the rationale for the proposed model.

The first focus group consisted of people who knew one another through their work/study environment. The other three sessions were conducted over the lunch break and the moderator encouraged the participants to partake of the tea/coffee and chocolates provided. All participants had responded to an appeal by the researcher for focus group participants to discuss a consumer behaviour topic which presumes some degree of homogeneity of interest, compatibility and a willingness to participate in group discussion (Stewart and Shamdasani 1990). Despite variation in the composition of the groups, the same site environment used for each focus group was conducive to the moderator creating an environment where the focus group members interacted well with one another, prompting a lively discussion of the topic (Malhotra, Hall, Shaw and Oppenheim 2009). The researcher was able to gain insights, particularly from the information derived from discussions during the second and third group sessions where the participants were meeting each other for the first time, into the antecedents of the switching decision and the process of choosing a new provider, both of which later prompted participants' behaviour with a wide range of replacement service providers (Carson et al. 2001).

Since the 'boundaries of what can be done with focus groups … are relatively open' (Morgan and Spanish 1984:263), the flexibility to vary the group size and include people of different ages, gender and ethnic backgrounds in the groups ensured a wide range of perspectives from the participants in the four focus groups. There was considerable variation of the composition of the four focus groups conducted during this research. Group size varied from 5 – 9. The age range of participants was from 20 to 60+ years of age; no participant was younger than 18 years old. The gender

balance within the groups was almost equal. In addition to long term residents of Australia and native born Australians, there were variations in the country of origin of participants in two of the four focus groups. These participants were from Taiwan, China, Pakistan, India, England and Canada. It can be concluded that the four focus groups were indeed 'unique and important formations of collective inquiry where theory, research, pedagogy, and politics converge' (Kamberelis and Dimitriadis 2005:888).

At the beginning of each focus group session, the group participants were provided with a brief introduction to the background of the research and the ethical limitations imposed on the conduct of the research by the university. Following this, participants were asked to discuss a structured, open-ended question which reflected the major research topic. This question was provided to participants in a written format as well as being read out by the researcher. A further three questions were prepared by the researcher and introduced into the discussion at an appropriate time if the participants did not introduce information pertaining to these question in their discussion. See Appendix I for the wording of the questions. Lively discussion of these questions provided the researcher with valuable data. Following each focus group session data were reviewed, transcribed and analysed and the findings applied to the construction of the proposed theoretical framework developed to support the confirmatory research. Results are presented in Section 3.3.

3.2.3.2 Interviews

An interview protocol was maintained for all the interviews to ensure data collection consistency and improve the reliability of the study (Alam 2005). Drawing on the comments of Thompson, Locander and Pollio (1989), the interview protocol was built around the research question and the theory encountered during the literature review. Advice was sought also from academics and industry practitioners in the development of the protocol. The protocol consisted of:

- a letter which contained an introduction to the researcher/research project, an indication of the length of time of the interview, an explanation of the university's ethical committee requirements for the conduct of the research,

- a copy of the ten semi-structured interview questions probing for information about the research questions and objectives to be used during the interview,

- a letter of agreement to participate in the interviews,

- a record of respondent details and,

- field notes.

Prior to conducting the interview, the researcher provided the interviewee with a brief letter of introduction to the research which outlined the rationale for the research, the purpose of conducting the interview and the ethical constraints imposed by the Human Ethics Committee of CQUniversity under which the research was to be conducted. When interview participants indicated that they understood what the

researcher was proposing they were asked to provide some minimal personal information as acknowledgement that they had read and understood the letter and agreed to participate in the interview. The researcher was mindful of the importance of maintaining the confidentiality that had been agreed upon with providers and careful attention was paid to record handling and concealing identifying details (Corbin and Morse 2003). Most of the interviews lasted about 60 minutes, with the interviewer taking detailed notes on the interviewer's copy of the questions, duplicate of which had been handed to the interviewee with the letter of introduction and at the beginning of the interview. Systematic and comprehensive notes were made in an effort to overcome recorder bias (Wolfinger 2002). The field notes were later transcribed into a composite word document. A letter of the alphabet was allocated to each set of field notes at the beginning of the interview and use of this letter in the final composite document allowed the researcher to distinguish individual provider responses.

A semi-structured, interview-with-managers format that allowed respondents to freely express their views was adopted, an 'accepted practice of élite interviewing' (Alam 2005:103). Consistency in the conduct of all the interviews was attained by ensuring that respondents' discourses ranged across the areas included in the ten semi-structured interview questions provided to interviewees prior to the commencement of each interview (Woodliffe 2004). Respondent digressions from the order of the questions were included in the field notes when the information was proffered rather than rigidly adhering to the order of the ten question framework

which was designed to organise note-taking to simplify the interpretation and analysis of the rich and complex data being collected (Irvine and Gaffikin 2006).

The ten interview questions explored some specific areas of interest that had arisen during the focus groups and from the associated literature (Appendix II). Six of the questions were structured as open-ended questions, inviting the respondent to explore broad topic areas, while the remaining four provided an opportunity for the respondent to determine the degree of response elaboration. The position of the first of the completely open-ended questions was carefully selected to be the third question asked so that the interviewee could settle into the interview situation before they were asked to develop a complex response. This first open-ended question was followed by two more before a change of pace was introduced with the next two questions allowing the opportunity to provide a simple answer although, at this stage of the interview, most of the interviewees were happy to elaborate on their initial response to explain their answer. The interviewer was able to draw on previous training in using nonverbal communication and/or quasi lexical vocalizations (mhm, mmm) to elicit elaboration of responses.

3.2.4 Data Analysis

Post-Positivism, the ontological perspective held by the researcher, determined the preferred method of interpreting the data to help in theory identification and construction (Denzin and Lincoln 2005; Clark 1998). Post-Positivism acknowledges that the contextually bound nature of research findings means that findings are 'not universally generalizable to all cases and all situations' (Clark 1998:1246).

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Nonetheless, the grounded-theory approach to qualitative-data analysis espoused by Kwortnik (2003:125) provides a systematic process involving 'a plan for developing a sensitivity to the meanings in … data' so this approach to data analysis was adopted and information about the research theme was revealed during the detailed description and reporting of the exploratory research process (Foster 2004). Respondent validation processes overarched the detailed content analysis of the focus group and interview material. Three types of respondent validation occurred during the data analysis process: (1) during the focus groups and interviews the moderator/interviewer fed ideas back to participants to refine, rephrase and expand; (2) two focus group participants from each group validated the transcripts of the audio-taped session and each interviewee checked the transcripts of the interviewer's field notes; (3) findings were reviewed after discussion with various survey participants throughout the data analysis process. The advantages of member checking (Locke and Velamuri 2009) were deemed to over-ride criticisms of its utilization (Angen 2000).

The data analysis process began during the focus group sessions and throughout each interview but it was non-linear. Circular hermeneutic tactics were used to explore data. A detailed study of the transcribed focus group and interview texts was undertaken, initially to absorb the obvious surface meanings and then to contemplate their many messages by seeking the connections among their parts (Neuman 2006). Following the framework suggested by Kwortnik (2003), transcriptions of the taped focus groups and interview field notes were read several times by the researcher in order to become familiar with the informants' perspectives. 'This analytic process is

one of the hallmarks of the interpretive method and serves to further open up the …
text and suggest important conceptual relationships' (Kwortnik 2003:127).

The paucity of theoretically based switching domain literature determined that transcript information interrogation required the adoption of an inductive analytical strategy. As each focus group or interview took place the researcher sought to make sense of, and interpret, the information consisting of descriptions of human experience offered by the research participants (Janson and Cecez-Kecmanovic 2005). After the audio taped customer focus group discussions were transcribed into word documents, the written scripts were examined. A similar approach was taken to the information collected as field notes during the service provider interviews. Discovery and understanding of information pertinent to the research question was sought by employing content analysis to scrutinize the survey information gathered from the primary research sources. Content analysis was used to look for 'categories, patterns, themes and meanings both within and across the text of the range of research participants' (Kwortnik 2003:124). Themes and sub-themes that fitted within the social context and perspectives from which the original information was drawn emerged through an inductive analysis of the transcribed textual data (Flick and Lederman 2002). These patterns in the information could be grouped under category headings which eventually were adopted as variables in the proposed research framework to help in theory identification and construction (Denzin and Lincoln 2005; Clark 1998).

3.2.4.1 Categories

The meaning of statements found in the data was considered to arrive at appropriate codes to identify and locate data in the transcribed surveys relevant to the research question. In the transcribed textual data, code labels were assigned that reflected the actual meaning of the text but which were also inclusive of the meanings and beliefs hidden beneath the surface of the informant's text; the textual data was initially 'open coded' (Kwortnik 2003:125). Once the initial codes were identified in the transcriptions of both the first focus group and first interview, a comparative analysis of the other transcriptions was undertaken. An iterative process ensured that new data were compared to already coded material and the process resulted in the identification of additional codes.

Upon completion of the open coding, the coded themes were identified and then these initial themes were reviewed and examined to identify 'the axis of key concepts in the analysis' (Neuman 2006:444). Axial coding was followed by selective coding. Re-examination of the transcriptions resulted in some code labels being combined to arrive at a provisional coding scheme. The coding scheme facilitated the separation of clusters of associated information into categories. Comparing and contrasting the coded material, with commonalities and differences being sought among the codes, allowed the core conceptual generalizations to emerge and become the significant category variables (Neuman 2006). The nature of the coded information found in each category in conjunction with analytic theory abstraction from the relevant literature determined the choice of category label.

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After data had been organised into categories the category data were reviewed. This stage of the analysis was used to reveal any particular themes or patterns in the information (Kwortnik 2003; Zikmund 2003; Carson et al. 2001). Evidence of significant issues within anecdotes was itemized to illustrate the depth of perspective on particular issues (Carson et al. 2001). Also, issues specific to particular retail service industries were noted. The kind of information in the categories informed the choice of variable labels in the proposed theoretical framework (Kwortnik 2003).

Data analysis summary, a naïve reading of the transcribed text as a whole was embarked upon so the investigator could ensure there was familiarity with the content. Next, structural analysis to identify patterns within the various texts was carried out to identify code labels. Themes emerging from customer text were examined both simultaneously with and separately from provider themes so the coded data could be sorted under category headings which were drawn from the literature and emerged from the exploratory data. Following these steps, a comprehensive understanding of all the findings was synthesised using the three major preliminary framework headings to structure the synthesis (Sherrod 2006). The analysis process both during and after the exploratory research data collection was aimed at gaining insights into whether service providers and customers distinguish differences in the behaviour of customers after they have switched service providers and, if a difference in behaviour were recognised, whether the reasons for switching and the transformation process affect post-switching behaviour when product considerations do not affect the decision outcome.

3.3 Results

The exploratory research findings are reported in two sections, with section 3.3.1 reporting the findings from the customer focus groups and section 3.3.2 reporting the findings from the provider interviews. The findings reported within each of the two sections are organised using the three major headings of the proposed preliminary theoretical model based on Ven's (1992) strategy for model development. The three headings consist of: switching decision (independent variables), choice behaviour (mediating variables) and post-switching behaviour (dependent variables).

3.3.1 Focus Group Findings

There are two main limitations in using focus groups: these are 'the unnatural setting in which they are conducted and the researcher's relative lack of control over the course of the discussions' (Morgan and Spanish 1984:262). In order to obtain systematic variation of the composition of the four focus groups conducted during this research, some of the focus group participants came from outside the university setting in which the focus groups were conducted. Despite these participants' lack of familiarity with the setting, there was no apparent inhibition in their participation in group discussions; it was necessary for the moderator to draw the discussion back to the stimulus discussion question presented by the moderator/researcher at the beginning of the session, however, on occasion. The amount of moderator intervention required varied between groups.

Lively interaction between group members resulted in participants comparing ideas and information drawn from their experiences. Focus group discussions not only

revealed information about the participant's own switching behaviour but they also showed the participants attempting to make collective sense of their behaviour, although in the interests of parsimony the ramifications of the discussion are not reported in the findings (Webb and Kevern 2001).

3.3.1.1 Switching decision

Participants ascribed their switching decision to many antecedents: a critical incident, core service failure, a failed service encounter, response to failed service encounter, expediency and competition. Ethical problems, a potential cause of switching described in the literature, was not a reason for switching that the focus group participants mentioned during the sessions.

- A few participants talked about customer switching in terms of a critical incident as the trigger for switching from a previous provider to another service provider but there were mixed reports about the effect of critical incidents. One comment suggested that an incident that caused a customer dissatisfaction and provided an impetus to switch their service provider was outweighed by the infrequency of service visitations which thereby reduced the criticality of the incident for that customer:

  > *For me a bad service experience with my nearest beauty therapist would have to be really, really significantly bad for me to not go back the next time 'cause there is such a long time between visits. And I'm more likely to just put it down to that one person having a bad day than be turned off the entire store.*

  However another participant explained the effect of a critical incident on

their switching to another provider thus:

> *where I was given half the quantity of, charged the same price, but given half the quantity. And I was very disturbed about that because it was expensive ... to start with.*

- Core service failure was definitely a reason advanced for switching by some participants where the product failed to effectively meet the customers' needs. One example of core service failure is found in the statement of '*I know a friend of mine who gets this medicine and it was half strength when it shouldn't have been, so that's quite a significant reason for them to switch*'.

- Failed service encounter was mentioned by participants. The following comment was self explanatory of the effect of a failed service encounter on switching: '*The (provider) when I do go swap and I compare the way they behave towards me. If I find, I find that if I come across a condescending (provider) that's something I don't appreciate. I go to another (provider)*'.

- An example of the effect of an unsatisfactory response to a failed service from a provider following a core service failure was recounted by a participant,

> *and then he still did recommend, stick to this ... . No, that is the right... . But the second opinion proved otherwise – that his ... was all wrong. So then that's what forced me to never to go to him again.*

Sadly, another participant's story was not an apocryphal tale and it demonstrated clearly why a response to a failed service encounter resulted in switching

providers:

> *as I'm looking around, I turned this way and ran into a glass wall. Got a gorgeous black eye, the glass was broken, I mean it was very lucky that I didn't get more damage ... but, it was the way in which they went about treating me. Had they treated me slightly differently, they might have had my custom, and I would have had a different story today ... . When I got the bill for the replacement spectacles, which was a big bill cause there, whatevers, I took it into the (business) and said to the (provider) "you didn't have that glass wall marked in any way – I think it was a hazard. I had to pay for new glasses. What are you going to do about it?" To which the (provider) said, "accidents happen!" Which didn't sit very well. I eventually got the glasses paid for after I escalated through you know, their owners and what not. But I certainly am not giving them my custom.*

- A conditions switching theme also emerged that was found under the codes of inconvenience and involuntary switching. There were numerous examples of convenience as a reason for switching offered. Just a few are provided in the following comments: '*When I went across town to the Southside I switched. I now go to the closest to home*', '*The ... moved shop and so we went to the one that's nearest*', and, '*It took like 20 minutes to get out of the car park. So I stopped going*'. In addition to location, the likelihood of obtaining previously unavailable auxiliary benefits by changing providers also brought about participants' decision to switch providers.

> *We were with one family (service provider) and (service provider), but the thing is they never delivered home and as my parents are getting older, they wanted ... delivered home. So, they moved to another one that does the delivery home and so now she just calls and it's delivered home', and, 'I was affiliated with a health care fund that*

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> *had an arrangement with a (provider) so I purely changed*
> *because I wanted to see whether I got benefit out of that.*

- Another causal switching theme, price, also emerged that was found under the codes of pricing and availability. While price was credited with being the cause of switching in some instances, the availability of providers also acted on the customer's incentive to switch providers. The statements,

  > *there was one exchange, … ! He overcharged. And then I*
  > *realised later on that I found a bit of mispricing. And I*
  > *did do some comparing of prices and then I realised it*
  > *cost more than another shop. Then I never went back to*
  > *him,* and,

  > *where I can get the right brand and the right price. I*
  > *specially go to the store to buy lots … They are cheaper*
  > *in... I go in there 'cause I can buy in bulk, big discounts,*
  > *and so forth,*

  made it clear that switching is price driven for these participants. It was inferred in the following participants' comments that supply influenced switching negatively in the instances reported. '*So ability to be able to change provider once having changed a provider is also a problem',* and, '*you're flat out getting an appointment because they're the ones who says "I'm not taking bookings" and it's very difficult'.*

- Two participants drew attention to their variety seeking behaviour: '*I'm a nomad,* and, *I like to vary my hairdresser, especially when I'm on holidays, I love trying out a new style.*

3.3.1.2 Choice process

The majority of focus group participants did not show an awareness of their own

personal characteristics such as variety seeking, aspiring to leadership or aspiring to membership of a social set, so their tendency to switch providers was only lightly touched upon during the focus groups' discussions. Exceptions were the person who described herself as a '*nomad*', and, the participant who stated, '*I must say, I use all of them. I've probably been into probably every single provider in town.*'

Comments by participants about the effect of the high level or low level of the social content of interaction between service employees and their customers suggested that customers perceived the amount of personalisation to be a relevant mediator of customer's post-switching behaviour.

> *He knows me, I go and sit and have a cup of tea, and Pepsi. And I find when I go to this guy to get some … , I feel confident that they will suit me so I am happy to spend whatever is needed to get them,* and,

> *and then I think the way … she described the things to me and … she built up so much confidence like, and I felt so much comfortable with her so I spent whatever she told me I needed to*

suggested that personalisation has a big impact on future behaviour. However, in addition to the level of social content in the interaction, the nature of the interaction is also important, as evidenced by the following comments: '*The social skills of the new person are very important. It matters. Very important!*', '*the conversation with the (provider) is … more intimate. It's a lot more intimate relationship,*' and '*these things are very personal. They're private too!*'

Information source is seen to have a strong mediating role in the following comments:

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> *and some friends had recommended this other (provider) and I went there. And he was just fantastic! The entire examination process and the same when I go back, and now the whole family goes there, but we have this ongoing service of, and it's just great because he actually will sort of recommend different (products), but he doesn't push. These are just as good and they're cheaper. But, just the service is there. I just feel very safe.*

The influence of significant others in participants' decision making is also indicated by *'I had the hard trouble when I've become a couple and my husband wanted me to change you know, providers, because I was quite satisfied with the service I was getting'*. In addition to being influenced by people, other sources of information also mediate behaviour. *'Research'* and *'homework'* were both referred to and *'you do the background research for it'* was typical of the way that other sources of information were referred to.

Participants were able to clearly articulate their wishes, or lack thereof, about building a professional relationship with a service provider. There was no ambiguity in the following statements: *'I don't have those kinds of relationships'*, or, *'it's only because of convenience – it's not because I want a relationship. It's only for convenience'*, *'I don't want a relationship with my ..., I don't want one with my ...'*, *'... is not really important to me. I just go and just get what I want. And whoever is there, I don't really bother. I simply ask them'* which contrasted with *'I do (have a relationship) for ... I always get the same one. And he's always very good'*, *'the girl knows me, so I'm acknowledged and always get a friendly smile, it's a nice place to be'* and *'I used to sort of get things around here or anywhere – but now I just get everything at the one place, because he then knows what I want and all that sort of*

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stuff.' Participants seemed to be clearly divided in their attitude to having a professional relationship with a provider. However, although the participants were aware of their attitude towards having a relationship with their new provider and ready to talk about their attitude, they did not explain whether it had a mediating effect on their post-switching behaviour, despite an effect on post-switching verbal behaviour being implied in the comment,

> *as far as (this industry) is concerned I think, I consider them as a (X provider). Like the (Y provider), you need to have a kind of relationship – he needs to understand you properly. Like you can sit and have that kind of conversation so it's a bit hard for you when you switch to another (provider).*

Personal switching costs, the consumer's perceptions of time, money and the psychological costs associated with changing service providers were not the main focus of attention during any of the focus group discussions although passing references to switching cost were made by a few participants. Time was alluded to by one participant, ' *… time is going to make a difference to me*', and a relational switching cost involving psychological or emotional discomfort due to the loss of identity and the breaking of bonds was evident in the following comment, '*This careful, very careful in the start. Then after two trips it became all right'* which suggested that trust was a significant mediator of initial post-switching behaviour for this participant. The choice of provider for another participant was mediated by the reassurance provided by finding a new provider of the same age and gender as the customer,

> *I chose my new (provider) because it was a female and a person of a similar age that I'd met outside before I then went to her as a (provider). I sort of felt really comfortable about knowing that … I felt much more comfortable with a woman of my own age.*

Expectations based on prior experience and product knowledge emerged as a significant mediating theme in participants' comments. '*So, one might come to a new provider with expectations relevant to the reason that they changed provider*', '*I'm a lot more wary of what I'm doing now. Where before I could do my own thing when I wanted to, but now it's more strict to a timetable and you have to do things*', and,

> *I think that there's a relativity between the reason they change and how they act after. In some cases they may be looking to establish the same comfort zone with the new provider that they had with the old provider or they may be wanting a better service*

were comments suggesting that prior experiences are an important mediating variable. Another participant went so far as to assert that expectation based on prior experience with a service is the most important thing impacting his behaviour when he stated, ' … *thinking that the biggest thing that impacts on my behaviour when going to a new service provider, is the behaviour of the service provider that I've just left*'. The degree of product knowledge also appeared to have a significant effect on expectations which, in turn, impacted the customer's post switching behaviour. It can be inferred from the following statement that oral communication behaviour will be mediated by expectations based on experience and product knowledge:

> *so, if someone's providing a service we could possibly do ourselves, only we don't have the time, but you're very familiar with what you should be getting. Well then you can assess it a lot more so, and it affects your reaction.*

> *You can say, 'hey, you're not providing me with what I believe you should be providing me with and challenge them.*

With focus group participants drawn from a range of diverse backgrounds it was apparent that social context also influenced the likelihood of switching and mediated post-switching behaviour when switching occurred. The country of origin culture determined behaviour. The statement,

> *I think it's culture-derived issue where there is a family (provider). When I go to … even now, the one my family and my brothers buy from is where I have to go whenever I go there. He knows me, I go and sit …,*

suggested that there is no acceptable reason to switch providers in their country of origin but in a different culture this participant made it clear that the type of behaviour imposed by family culture can be overlooked. A possible mediator of behaviour is ethnic background which is revealed in comments such as, *'maybe culturally racial. They do tend to talk down to you',* and, *'I say I'm coming from…, then they tend to explain things more. Which you think is a little bit silly and you don't want to talk to them, then'.*

3.3.1.3 Future behaviour

The accounts given by some participants of their post-switching behaviour conveyed the idea that they did not behave differently after they switched service providers. One participant stated: *'As far as I'm aware, my behaviour has remained exactly the same'.* By contrast, another participant pointed to the reason for changing as the determinant of her behaviour: *'it's why I changed that made me behave differently with the new person rather than what I experienced when I started going there'.*

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Focus group participants' comments identified two behaviours which changed after switching providers: *Oral Communication* behaviour and *Commitment* behaviour.

- An oral communicational behaviour theme emerged from two sets of coded data. It was evident that W-O-M occurred after participants decided to change providers: *'I will sort of complain about condescending attitudes from people (to friends and family)',* and also from the summary comment made by the focus group moderator, *'<name's> just explained where she's had a very bad experience and told us that she's shared it with friends'.* In introducing themselves to the new service provider some participants also included the new provider in the people with whom W-O-M took place. *'I was saying to the girl at the counter, this is why I'm here'.*

Purposive communication**,** rather than traditional W-O-M, was reported in the following comments: *'talk about pricing with the new (provider) before committing to going there on a regular basis',* and, *'I would talk about prices first before ordering'.* When going to a new service provider, these customers asked about prices before committing to the new provider, whereas with the previous provider there was no discussion about price. Although pricing was not the purpose of the communication in the following comments, nonetheless the participants' verbal behaviour still had a purpose: *'once I've built up a rapport with the … I would tell them about why I've changed then so they would know that I am happy with their service',* and,

> *I'll say, this is what I want … I just want you to remember*

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> *that when I walk out of here, I'll hold you responsible for how I look. And if I'm not happy, it's your fault!.*

In addition to vanity, health service providers also provoked strong purposive comments, such as the following,

> *if I go to an anaesthetist, I'll tell him straight. He doesn't have to be namsy pamsy with me. But if he's going to stop me breathing, he's got to be able to wake me up again. And I'll tell him that! And I'll tell him that he's responsible for that!*

Yet another type of purposive communication, initiated in this instance by the provider but welcomed by the participant, was indicated in the comment,

> *So, she actually discussed all this sort of stuff first and then got on with the test afterwards! So that made me feel a lot more comfortable – the fact that she was trying to find out what I wanted, whereas, most of the time, in the past, they would just boomp, boomp, and bye.*

- There were different effects recounted by participants of switching service providers on post-switching commitment behaviour. One participant asserted that they did not change their behaviour after switching providers: '*I wasn't buying more or different products than what I always buy, still the same stuff*'. In another instance, however, the participant was reluctant to spend the usual amount of money until he had trialled the new service:

> *because when buying the… , I had an order for my friend like seven or eight pieces, I just ordered two – to see how it goes. And then one week, ….all right, and he good pricing, and he delivered on time so then I went back and got the rest.*

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Another participant did '*a lot of comparison*' with prices among similar services before electing to spend any money.

> *If it's a small … I'm going to then I might sort of look at their price range before spending a lot of money there, but if it's a larger …which I've just recently switched to, funnily enough. They're part of a large chain and yeah, their prices are comparable with … and at times, even better, than… . I do a lot of comparison before I decide to spend*

suggested that this participant 'looks before they buy' and expenditure will only occur after first assessing the new service provider's prices. Another participant felt the need to pay two different providers for the same service to ensure that the service they were receiving was appropriate, '*after him I think I paid two … thereafter*'. Yet another participant commented: '*tend to spend more now than previously because whatever I want, I just make a list and it comes home in the delivery*'.

Not only, however, did focus group participants reflect upon monetary expenditure behaviour but they also commented upon other aspects of their commitment to a new service provider. Complete switching may occur when the customer is impressed with the new provider.

> *The way she was gelling the things with me – that really impressed. And then it really, really, builds up confidence in her and then next time when I have to ask for somebody, I will definitely go and see her and discuss the things with her*

provided evidence that there was a complete switch to the new provider. However, partial switching while trialling a few different providers may

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occur until the switcher either settles on a new provider that satisfies them or they decide that they will benefit from visiting different providers.

> *I was dealing with several different companies and I decided that I would work just with one company, because I felt that we'd get looked after better and this particular company I so chose just one and they just went that extra mile. Their service was superior to everybody else and you know, nothing was too much trouble for them*

indicated that, after a trial period, complete switching to one provider resulted. For some services some participants, once they had made the decision to leave their previous provider, were not prepared to commit to a single provider in the future, with convenience and price determining their choice of provider.

> *There's a couple that I go to, that I frequent. I quite often go to one because I do have a discount card there, where as at... , I am known because of my regular relationship there as well, ... it's a nice place to go into. And I've also started going to the ... , because it's here and convenient on the way home.*

While it can be concluded that switching to a new service provider generally has an impact on customer commitment, the manifestation of commitment behaviour varies.

Summary, **t**he four focus group participants provided a customer perspective of their switching behaviour. Consistent patterns emerged from the transcribed textual data collected from the four focus groups. The emergence of eight issues, to be tested as variables later in the research, supported the development of a theoretical switching behaviour framework. The eight variables were: *Service Quality, Provider*

Behaviour, Conditions, Price, Transaction Cost, Information Search, Oral Communication and *Commitment*. The theoretical framework provided a foundation on which to build an eight variable switching behaviour model showing the relationships among the variables, tested using the 21 related hypotheses and one question listed in Table 3.4.

3.3.2 Provider Interview Findings

3.3.2.1 Switching decision

Providers attributed switching to a few specific reasons. The reasons advanced by the interviewees were core service failure, expediency and competition. Failed service encounters, response to failed service and ethical problems, potential causes of switching described in the literature, were not issues that the providers mentioned during their interviews.

- Most of the interview participants did not talk about customer switching in terms of a particular critical incident, or complex events involving more than one factor or a series of events, or even of a combination of incidents as the trigger for a customer to switch from a previous provider to their service. However, it cannot be inferred from the lack of comment about a switching trigger that interviewees' knowledge of why customers had switched was deficient. M mentioned that '*switching customers comment about their previous experience and why they are changing*' and B also indicated that reference to previous experience is made '*sometimes during service*'. S was

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confident that there was an influential external switching trigger but attributed switching to a cause rather than an incident when he stated that '*new government regulations are causing switching to us'*. H and S used phrases such as, '*but with good reason',* and, '*… condition'* to indicate that the providers perceived that specific causal variables were the reasons for switching rather than a critical incident; critical incidents were not perceived to be the motivation for customers to switch providers.

- Poor service quality, core service failure, was the primary reason for switching advanced by the provider of a particular service business where alternative products failed to effectively and efficiently meet the customers' needs. This business had created a product monopoly when the provider designed a customised product to meet the new government regulations imposed on the industry in which customers were engaged. The provider made the statement that '*new government regulations are causing switching to us because our product is the only one that lets them meet all the government requirements*'. The additional statement that '*they are coming to you because their current* (product) *is not working for them'* also pointed to core service failure being the reason for switching to this particular provider. Similarly, both M and H providers identified dissatisfaction with the outcome of the core service when talking about the condition of the service artefact, with '*a problem'* and '*damaged'* being used as part of their explanation that the core service failure prompted switching.

- A convenience switching theme also emerged that was found under the codes of inconvenience and involuntary switching. One interviewer who had four retail outlets demonstrated that the inconvenience of location of a retail outlet played an important part in customer switching. The loyalty program operated by this business made it easy to plot on a map the majority of their customers' addresses in relation to each of the outlets. This graphic representation made it very clear that customers lived in clusters around the retail outlet so location convenience determined the cause of switching. Another provider made the statement, '*addicts shopping around … will switch in search of* (a supplier) *and move on quickly when they realise that there will be an investigation*' which points to switching being forced upon these people. Involuntary switching was also referred to when an interviewee noted that people who were incarcerated had to change from a government supplied provider to an outside provider when they were released from prison.

- Another causal switching theme, price competition, also emerged that was found under the codes of pricing and supply. Pricing was credited with being the cause of switching in some instances. One provider stated that '*price causes 'fleas' who tend to be in lower socio-economic group*' in society. Another provider stated that '*chronic switchers are looking for the best deals*' and went on to elaborate about the competitive pricing characterising their industry. Another comment brought out the importance of pricing: '*Young people with lower incomes are more cost conscious so switch more*

readily'. In another instance referred to by a provider, the nature of the product and its lack of availability meant that there were limited suppliers of this particular product so supply influenced customer switching.

3.3.2.2 Choice process

The theme that personal characteristics influence customer behaviour emerged from the data coded for tendency to switch providers and professional relationship.

- The tendency to switch providers was linked to personal characteristics, such as variety seeking, aspiring to leadership, aspiring to membership of a social set and non-delegators. Providers saw clear distinctions between the type of people who switched providers regularly, chronic switchers, and occasional switchers. There was recognition of switching tendency when a provider described the characteristics of two different groups as:

> *chronic switchers who run down a lot of other providers ... . Some're reluctant switchers. Gut instinct tells you what sort of people they are when they come to you and then during the course of their first appointment you check their past record with them and generally I find I am right. A few are variety seekers and some see themselves as social leaders so they switch to demonstrate their influence over their peers. Some have big issues with self-esteem and personal vanity.*

Likewise, another provider divided customers switching to her service into *'chronic switchers looking for best deals and others who switch for other reasons'*. Yet another provider commented that there are two groups of switchers, with the *'review process, or the referee warning, showing which*

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grouping the new customers fall into.' Because of the way one industry was controlled by government regulations, this provider was also aware of two different groups of switchers. Case note records maintained by the provider showed the groupings. There were the people who began the first meeting with the provider with words like, *'you are my last hope'* and these tended to be chronic switchers whereas other people revealed their concerns with lack of continuity provided by a previous provider and their records indicated that they were not frequent switchers. For some, switching was also beyond their control. In another type of service industry the nature of the industry mitigated against chronic switching. *'There are a few chronic switchers but the nature of the industry means that there are strong barriers, costs, to prevent switching between products and companies'.* Although it can be concluded from the exploratory data that the customer's personal characteristics play a mediating role in customer post-switching behaviour, in some few industries they are largely irrelevant.

- The customer's wish, or lack thereof, to build a professional relationship was attributed to individual personal characteristics and providers acknowledged the need for interpersonal skills to deliver the service in a way that accommodated the type of professional relationship desired by the customer.

> *Ability to develop the right type of relationship is very important so employees are very carefully selected to make sure that they fit the business and their behaviour is monitored closely to make sure that each provider is giving an optimum experience to the customer.*

Other personal characteristics also impact on the development of the business relationship. The statement, *'you need providers in this industry who are painstaking so that a complete solution is provided',* also drew attention to the impact of personal characteristics on building a relationship with customers.

By contrast to the personal characteristic theme as the influence on switching behaviour, providers did not suggest that the effect of the high level or low level of the social content of interaction between service employees and their customers, the degree of personalisation of the service, to be a relevant mediator of customer's post-switching behaviour. The provider whose service required equipment to be dropped off and left for servicing made the comment that *'because we know all of our customers personally we are aware of their particular circumstances'* so even in an industry where there was a low degree of personalisation, the implication was that personalisation was irrelevant to customers' purchasing behaviour following the switch to their service. However, although the degree of personalisation was not openly discussed by providers, the importance of personalisation in dealing with switching customers was identified in the addendum to another statement when the provider remarked: *'customer service is really important when dealing with switchers'.*

Several of the providers interviewed were of the opinion that **information source** was an explanation for switching customers' subsequent behaviour. Typical of the comments made about information source were *'source of referral has a big influence on purchase behaviour'* and *'referral negates the need to test relationship*

trust'. Comments that also emphasised the effect of source of information on post-switching behaviour were '*source of referral, WOM and workplace contact affect switching customer's purchasing related behaviours'* and '*referees are more open to suggestions and prepared to outlay greater money'*.

Loss of time and effort, a loss of money or resources and/or a loss of psychological or emotional comfort are the type of personal switching costs that the literature suggested may affect customers' behaviour. The reason for inhibiting repetitive switching behaviour offered by some providers was a loss of money: '*cost barriers stop frequent switching'* and '*the nature of the industry means that there are strong money barriers to prevent switching between products and companies'*. However, every provider interviewed during the exploratory research talked about the significance of relationship trust on the customers purchasing behaviour. A loss of psychological or emotional comfort arising from the decision to switch providers was identified by service providers as having a very important influence on their post-switching behaviour. '*They feel their way until the relationship develops and then this gives them more confidence to say things to you or choose more expensive services'* and

> *Switchers are wary till the new relationship has developed but six months usually sees the relationship entering the mature phase of the cycle and then their purchasing behaviours are indicative of how they will deal with you from there on.*

Similar comments from all the other providers suggest that trust mediates behaviour.

In addition to the predicted categories of mediators based on the literature, another transformation process category emerged from the interviews. Expectations based on prior experience and product knowledge were suggested as having an important influence on post-switching behaviour. Evidence of this theme is found in the following statements: *'They come to us expecting to get 'something for nothing' because their expectations have been built on the basis of what they have been told by cheap providers'*, *'Previous experience of poor service performance means that they want a lot of information before committing'* and

> *They expect generic packages to meet their individual requirements because they are not well educated in ... and they are coming from a 'specialist' background that has not given them training about these aspects of their business requirements.*

3.3.2.3 Future behaviour

Although research reported in the literature supports the view that W-O-M, in particular negative word-of-mouth, is likely to occur, it did not appear that the providers interviewed, with one exception, were aware of this happening. The atypical provider made a passing reference to *'gossiping with friends at the local ... centre'*.

In the literature, verbal communication occurs when the switching customer tells the new service provider about their previous experiences, with the purpose of avoiding undergoing a similar bad previous experience or explaining to the new provider why they have changed service providers. Comments from the interviewees such as the following were not uncommon: *'sometimes by what they tell you, ... the language ...*

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using ... have been to another service person and they just don't want to go down that path again', 'dissatisfied switchers usually tell the new service person about their previous experience',* and,* 'new customers will tell me why they are coming to me to explain what their particular needs are that haven't been satisfied elsewhere'.* These types of comments suggest that customers are trying to avoid a poor service experience. Purposive verbal communications are also used to satisfy the need to justify changing service providers. *'They usually start the session by telling me the reason for switching'* and *'some tell me about why they are switching'* are self-explanatory. An example of yet another type of verbal communication is found in the statement, *'if the switching customer is happy with the service they will let you know and compare your service with the previous provider'.* On the basis of the information in the provider interviews, there is evidence that verbal communication is likely to be a behaviour that is affected by switching providers.

Opinions varied about the effect of switching providers on monetary commitment. **'How much money has to be spent is irrelevant as long as the customer gets a solution to their problem',* and,* 'big city switchers are pleased with our pricing structure'* contrasts with *'previous experience impacts on how much money they spend',* and, even more strongly with, *'switchers usually open the service encounter asking about costs'*.* Another provider preferred to explain differences in customer behaviour on the basis of *'personality and the need for the product offering of the company'* as being *'suited to some customers better than others'* rather than whether the customers were switching or non-switching customers. Despite these differing ideas about the effect of switching on customer monetary commitment, however, the

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belief held by a few providers of a switching effect on future commitment behaviour suggested that commitment should be included in the proposed theoretical framework underpinning the confirmatory stage of the research.

The possibility that other aspects of switching customers future behaviour might vary from non-switching customers was not reflected upon during the interviews by providers; there was no consideration of whether the switching was partial or complete. However, manifestation of socially unacceptable behaviour (for example, stalking) was mentioned by one provider as another form of post-switching behaviour exhibited by customers who have been encouraged by their previous provider to switch because they had "*inappropriate behaviour during* the service *in order for the service provider to avoid their 'attentions'*".

Summary, seven variables for inclusion in the theoretical switching behaviour framework were identified from the deconstructed and mined words and sentences of the transcribed textual data obtained from field notes and recorded interviews with individual service providers. The seven variables were: *Core Service Failure*, *Expediency*, *Competition (Price), Personal Characteristics (Transcription Cost tolerance), Information Sources, Pre-emptive Verbal Behaviour* and *Commitment*. The theoretical framework provided a foundation to support the construction of an eight variable switching behaviour model to show the variable relationships which was tested using the 21 related hypotheses and one question listed in Table 3.4.

3.3.3 Findings Summary

It was noticed that comparisons arising from group interaction among the focus group participants were important in moving discussion from the description of behaviour into a more explicit consideration of the rationale underlying their behaviour. The semi structured open-ended nature of the questions used in the interviews encouraged the providers to share their knowledge of particular industries. Mining the deconstructed sentences and words in the textual data transcribed from the focus group sessions and the interviews with individual service providers resulted in the category variables identified in the preliminary theoretical framework developed from the relevant literature being confirmed, disconfirmed, amalgamated and extended. Post-Positivism, the ontological perspective held by the researcher, determined the preferred method of interpreting the data to help in theory identification and construction (Denzin and Lincoln 2005; Clark 1998).

The *a priori* categories identified in the conceptual framework from the literature review, were partially supported by the data. The data supported critical incident, core service failure, (service quality) and service encounter failure and response to failed service encounter (provider behaviour) as the reasons for switching. Two further themes, each amalgamating two *a priori* categories, were identified in the reasons for switching. The theme of price brought together the material coded for pricing and supply. Conditions emerged as the category incorporating data coded for convenience and involuntary switching. The *a priori* ethical problems category, drawn from the literature review, was not supported by the survey data. In the

transitive, *Choice Process* stage of the preliminary framework there was support for the inclusion of two *a priori* categories (1) trust was perceived to be a component of relational switching cost, so trust and personal switching cost were amalgamated into a single category labelled *Transaction Cost* which also incorporated switching tendency, personalisation, and professional relationships, (2) *Information Search*. In the *Future Behaviour* section of the preliminary theoretical framework, the *a priori* categories coded as verbal communication and W-O-M in both the focus group data and the participant interview data fell into an oral communication behaviour theme so the original categories were subsumed into a new category labelled oral communication behaviour. Inclusion of commitment as a construct in the preliminary theoretical framework was supported by the survey data.

A second coding strategy, *a posteriori* categorisation of data*, also formed part of the data analysis process (Sinkovics, Penz and Ghauri 2005). Two new transition process categories, context and expectations, emerged when the text was examined directly for indicators of the transformation processes mediating post-switching behaviour. While the data collection location of the confirmatory research prescribes the context of the research, the exploratory research indicated that the expectations category should also be incorporated in the oral communications construct included in future post-switching behaviour in the proposed theoretical framework to be used in the confirmatory research.

3.4 Discussion

As a consequence of comments in Section 3.1, it was deemed prudent to conduct exploratory research to ascertain whether there were previously unidentified factors involved in customer switching. Also, variations in switching domain research findings pointed to the need for exploratory research to be conducted. For example, although some extant switching models have included satisfaction as a switching predictor, Bansal, Taylor and St James (2005) found that satisfaction fell into the weakest of the three groups of switching drivers that they tested and this exploratory research indicated that it was not a factor that should be considered for inclusion the proposed theoretical model. Determining whether customers and/or providers perceived relationships between customer switching behaviour provided another reason for conducting exploratory research before selecting variables for inclusion in the theoretical framework to be tested in the confirmatory stage of the research.

3.4.1 Variable Identification

Chapter 2 provided a detailed review of aspects of consumer behaviour and economic literatures considered likely to elucidate the under-researched area of service customer switching behaviour. However, justification for the choice of variables selected for inclusion in the proposed framework was drawn from the emergence of consistent themes in the switching and cross-discipline literatures and the exploratory research. The emergent patterns suggested that a framework could be developed for use in the confirmatory stage of this research study that linked the decision (s) for switching and the process involved in customers switching service

providers to their post-switching behaviour. While some perceptions of customer behaviour were specific to providers of particular industries, commonalities among the industries were prevalent and consistent patterns emerged from the ten documents containing the provider interview transcribed textual data. In the transcribed textual data from the four focus groups, participants provided a customer perspective and consistent patterns also emerged from the data collected from the four focus groups. Eight issues were identified that could be tested as variables in further research, supporting the inclusion of eight variables in the switching behaviour model.

3.4.2 Theoretical Framework and Model Development

The qualitative exploratory study, incorporating both customers' and providers' perspectives, reported in this chapter determined that it was fitting to include eight main variables in the theoretical framework. Pertinent research was presented in Sections 3.3.1.1 and 3.3.2.1 about the four switching decision antecedents: *Conditions, Provider Behaviour Service Quality* and *Price*. Sections 3.3.1.2 and Sections 3.3.2.2, presented a case for the inclusion of *Transaction Cost* and *Information Search* as the main variables impacting on the choice of replacement provider, the *Choice Process* constituent constructs. Sections 3.3.1.3 and Sections 3.3.2.3, *Future Behaviour*, justified the inclusion of two types of behaviour (*Oral Communication, Commitment*) in the output section of the model. The model proposed below in this section of Chapter 3 was empirically tested with data

collected from surveying switching customer volunteers visiting one large and one medium sized shopping centre.

3.4.2.1 Independent variables

An event or events between the customer and the service firm that caused the customer to arrive at a decision to switch service providers is often triggered by a 'critical incident'. 'Critical incident' is defined in this study as

> *a simple event or a complex of multiple events between the customer and the service firm that motivated the customer to then undertake the action of changing to a replacement service provider.*

Figure 3.3 shows the potential relationship of the independent variables to the mediating variable.

Figure 3.3: Switching Decision Antecedents Independent Variable

Source: Developed for this research

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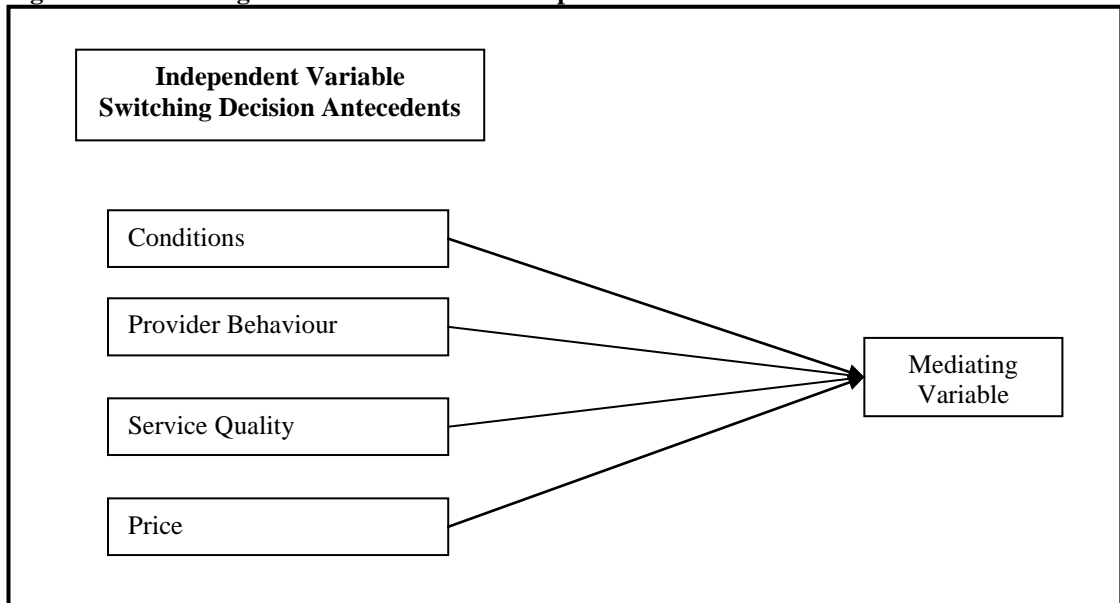
3.4.2.2 Mediating variables

A variable takes on a mediator function when it becomes the generative mechanism 'through which the focal independent variable is able to influence the dependent variable of interest' (Baron and Kenny 1986:1173). Mediation implies a hypothesis wherein an independent variable is affected by a mediator which in turn influences the dependent variable. The desirability of investigating mediating variables is supported by Bennet (2000) and Petrosino (2000). In this research the choice of the replacement provider mediating variables influencing a customer's post-switching behaviour are posited to be *Information Search* and the *Transaction Cost* of the *Information Search*.

Figure 3.4: Switching Process Mediating Variable
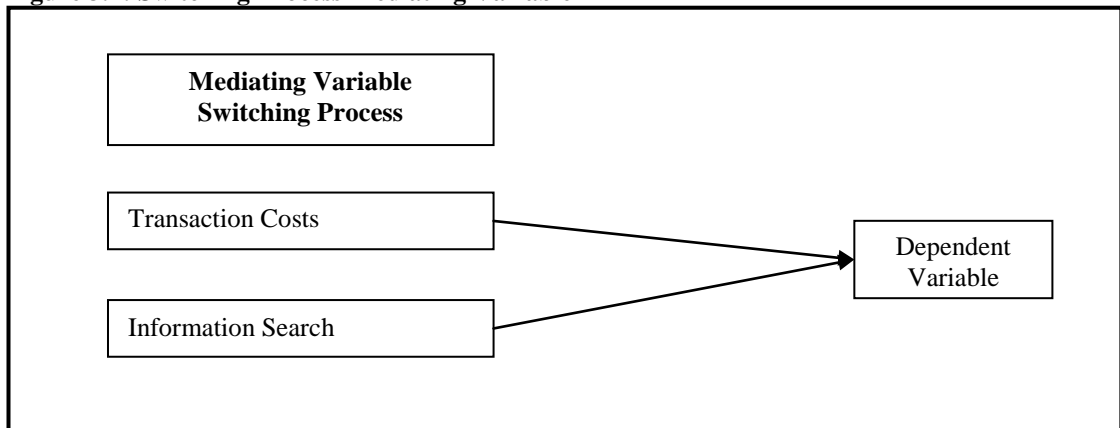
Source: Developed for this research

3.4.2.3 Dependent variable

Once a replacement service provider has been identified the customer is likely to engage in behaviour influenced by the independent variables and the mediating

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variables, future behaviour (Keaveney 1995). Purchase transaction literature indicates that the outcome behaviours of any purchase transaction are manifested in two different types of behaviour, *Oral Communication* and *Commitment*. The independent variables and the mediating variables influence the post-switching behaviour.

Figure 3.5: Future Behaviour Dependent Variable
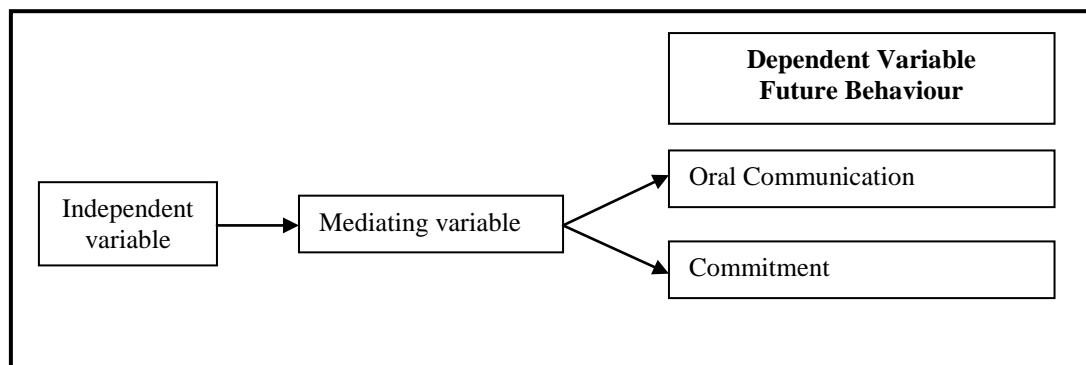
Source: Developed for this research

The three partial theoretical models come together in Figure 3.6, with the Theoretical Model (Model 1) containing eight constructs, four independent variables, two mediating variables and two dependent variables.

Figure 3.6: Proposed Theoretical Model
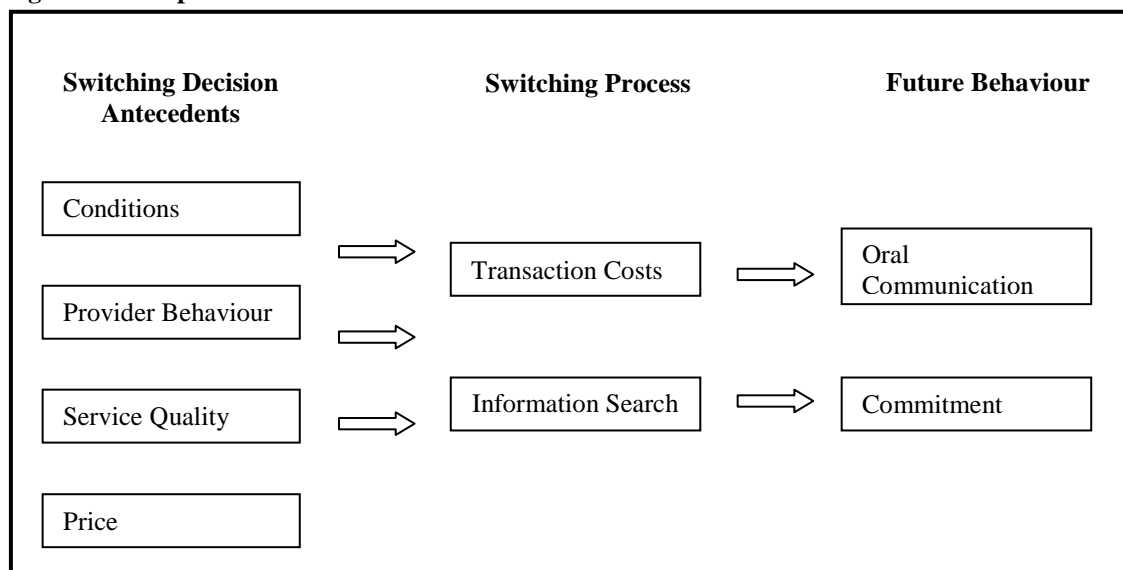
In any service context used to test the model, the relationship between a customer and the provider should be statistically related to the *Switching Decision Antecedents,* as assessed by the four independent variables, *Conditions, Provider Behaviour, Service Quality* and *Price*, leading to *Choice Process*, as assessed by the two mediating variables, *Transaction Cost* and *Information Search* and then the outcome, *Future Behaviour* as assessed by the two dependent variables, *Oral Communication* and *Commitment*.

This research provides for a wider understanding of a relationship lifecycle that incorporates post-switching behaviour as a response to the decision to switch service providers and choice of a replacement service provider in the context of any service industry. The research addresses a gap in the literature created by the assumption of many consumer behaviour researchers that the dissolution of a customer/provider relationship is the final stage of a service transaction relationship, rather than the ending of the first phase in a traditional relationship lifecycle where service customers move into a second phase in the relationship when they switch to a replacement service provider with whom they manifest post-switching behaviour that are the outcome of their decision to switch providers and choose a replacement provider. Thus the research tested a new theoretical framework. In addressing this research gap consumer behaviour was identified as the primary parent discipline

supported by economic research and theory for this study in customer service switching behaviour. The research describes the theoretical foundation and methodology proposed for service switching behaviour and how they relate to the antecedents and processes of switching. In the development process the development of the theoretical model was guided by the research question:

How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?

The literature revealed eight pertinent variables in addressing the research problem. With no relationships established in the literature, understandings based on broad theoretical foundations and rational deductions were applied to the development of hypotheses. The first research issue identified was concerned with the relationship between switching decision antecedents and the switching process. During the literature review and the exploratory research, *Transaction Cost (TC)* and *Information Search (Info Search)* were identified as constructs that were likely to have a relationship with the switching decision antecedents. The second research issue identified was concerned with the relationship between antecedents of the switching decision and the switching customer's future behaviour. During the literature review and the exploratory research, *Oral Communication (OC)* and *Commitment (CT)* were identified as constructs that were likely to have a relationship with the switching decision antecedents. The third research issue identified was concerned with the relationship between the switching process constructs, *(TC)* and *(IS)*, and the switching customer's future behaviour, *Commitment (CT)* and *Oral Communication (OC)*. No prior research investigating

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this relationship was reported in the literature but the exploratory research findings indicated that these were likely future behaviour constructs. The hypothesised interrelationships supported the construction of the theoretical model. Table 3.4 provides the research question, 21 related hypotheses and one question.

Table 3.4: Research Question and Hypotheses

	Research Question and Hypotheses
RQ	*RQ: How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*
H1	*Conditions* is related to *Transaction Cost*
H2	*Conditions* is related to *Information Search*
H3	*Provider behaviour* is related to *Transaction Cost*
H4	*Provider behaviour* is related to *Information Search*
H5	*Service quality* is related to *Transaction Cost*
H6	*Service quality* is related to *Information Search*
H7	*Price* is related to *Transaction Cost*
H8	*Price* is related to *Information Search*
H9	*Conditions* is related to *Oral Communication*
H10	*Conditions* is related to *Commitment*
H11	*Provider behaviour* is related to *Oral Communication*
H12	*Provider behaviour* is related to *Commitment*
H13	*Service quality* is related to *Oral Communication*
H14	*Service quality* is related to *Commitment*
H15	*Price* is related to *Oral Communication*
H16	*Price* is related to *Commitment*
H17	*Transaction Cost* is related to *Information Search*
H18	*Transaction Cost* is related to *Oral Communication*
H19	*Transaction Cost* is related to *Commitment*
H20	*Information Search* is related to *Oral Communication*
H21	*Information Search* is related to *Commitment*
Q1	Does the addition of *Transaction Cost* and *Information Search* improve the model

Source: Developed for this research

Table 3.4 provides the hypotheses for this study in the alternative hypotheses style, a conventional method of stating the alternative hypotheses subsequent to the null hypotheses. Adoption of the alternative hypothesis method is in keeping with other marketing studies that have engaged Structural Equation Modelling (Malhotra et al. 2009). Figure 3.7 provides the hypothesised theoretical model.

Figure 3.7: Initial Theoretical Model
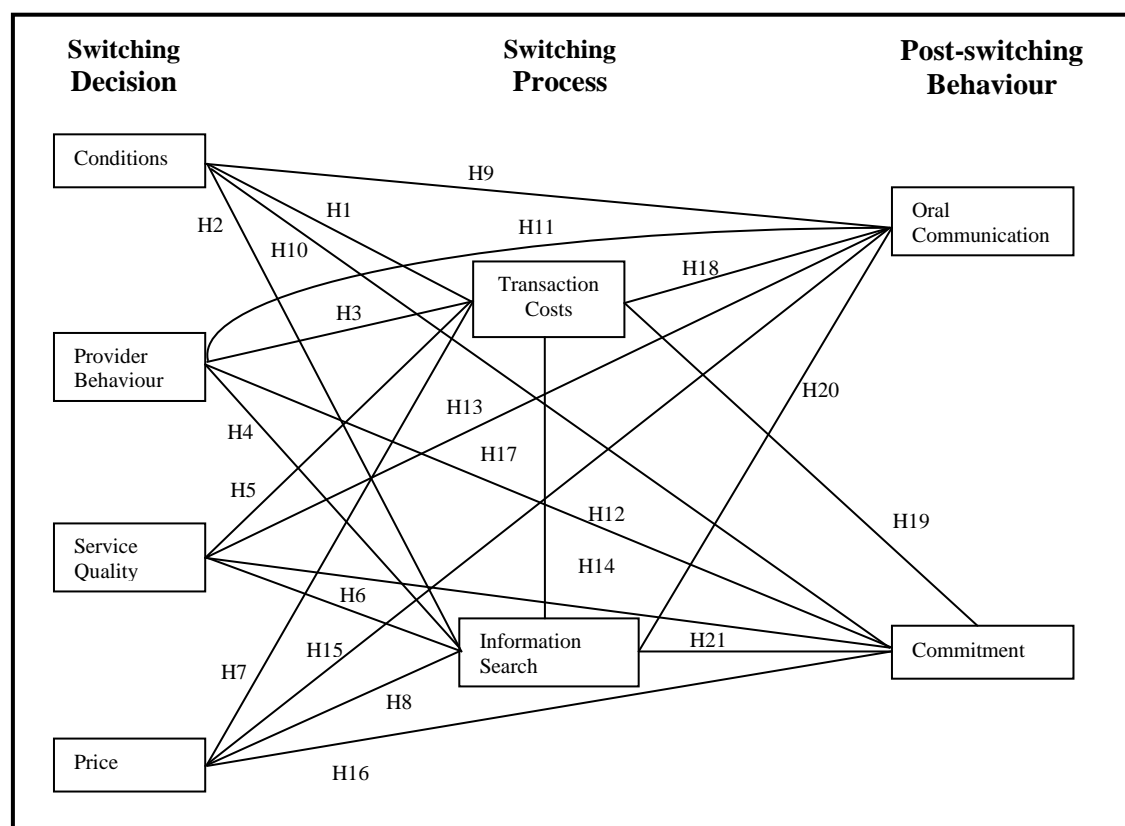
Source: Developed for this research

This section of Chapter 3 presented the review of the theoretical framework relevant to this study. A gap in the literature was identified from which the research question

was developed with its related hypotheses. The next section concludes the chapter by providing a summary.

3.5 Summary

Customers changing service providers are referred to as switching customers. Various aspects of the ending phase of relationship management have been considered by previous researchers. While ending a relationship may be brought about because there is no longer any need felt by the customer to continue buying the product, effective management of customers choosing to switch providers (whether because of change resulting from location inconvenience or choice) can impact significantly on the profitability of a business. However, there are gaps in the literature on customer switching that suggest that there is an opportunity to undertake further exploratory and descriptive research in the switching domain. There was insufficient comprehensive information to complete the development a holistic switching behaviour theoretical model. With so many gaps in the research into switching behaviour in its entirety, exploratory research was justified since the first stage of the study consisted of gaining background information to clarify the research problem and to develop theory (Alam 2005). Because of their flexibility, qualitative research methods were chosen to gain an understanding of the meaning and context of customer switching behaviour and to gain insights into the research problem and to identify the main issues about service customer switching behaviours (Sinkovics, Penz and Ghauri 2005).

Since a customer switching service providers involves the customer transferring their patronage from one business to another, a holistic model of switching behaviour should encompass all the behaviour involved in the transition from one provider to another. It was therefore perceived to be desirable to complement and extend existing knowledge about switching decision antecedents by investigating all the behaviour arising from these switching decision antecedents. Exploratory research examining behaviour associated with the customer's entire change process from one provider to a replacement provider was the first stage of the research into switching behaviour. As in Foster's (2004:230) study, the exploratory research 'makes no claims for generalisability but ultimately aims through rich description and reporting of the research process to ensure transferability and further development of the research themes'.

A description of the exploratory methodology employed to collect data from four customer focus groups and ten service providers was provided. The exploratory research participants were selected using purposive sampling. The data collected during the surveys was transcribed and analysed using content analysis. Results from the analysis were used to develop a proposed theoretical framework informed by relevant consumer behaviour and economics research detailed in the literature review in Chapter 2.

This framework, to be used to underpin the confirmatory research in the second stage of the study, was presented at the end of this exploratory research chapter and followed by a restatement of the research problem from which the research

hypotheses were developed. The theoretical hypotheses model, generated from the proposed framework and research hypotheses, was then constructed. The hypotheses and framework will be used to structure the second stage of the research.

Chapter 4

Confirmatory Research Methodology

4.1 Introduction

In the previous chapter the description and justification of the overall design and methodology of the first, theory building stage of this research was reported; a theoretical framework was proposed. As outlined in Figure 4.1, this chapter, Chapter 4, describes and justifies the quantitative research methodology of the second, theory testing stage of the research in which model testing occurs. The adoption of the Post-Positivism research paradigm determined the survey data collection methodology and thereby informed the processes of survey development (Section 4.4), sampling strategy (Section 4.5) and data analysis strategy (Section 4.6). Ethical considerations taken into account are explained in Section 4.7. Section 4.8 concludes the chapter with a brief summary of the content of the chapter.

Figure 4.1: Chapter 4 Outline


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                    │ 4.1 Introduction │
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                    ┌──────────────────┐
                    │ 4.2 Confirmatory │
                    │     Research     │
                    │   Methodology    │
                    └────────┬─────────┘
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        ┌────────────────────────────────────────────┐
        │          ┌───────────────────────┐         │
        │          │ 4.3 Research Design   │         │
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        │ ┌──────────────┐ ┌──────────────┐ ┌──────────────┐
        │ │ 4.4 Test     │→│ 4.5 Sampling │→│ 4.6 Data     │
        │ │ Instrument   │ │ Strategy     │ │ Analysis     │
        │ └──────────────┘ └──────┬───────┘ └──────────────┘
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                       ┌──────────────────┐
                       │ 4.7 Ethical      │
                       │ Considerations   │
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                       │ 4.8 Conclusion   │
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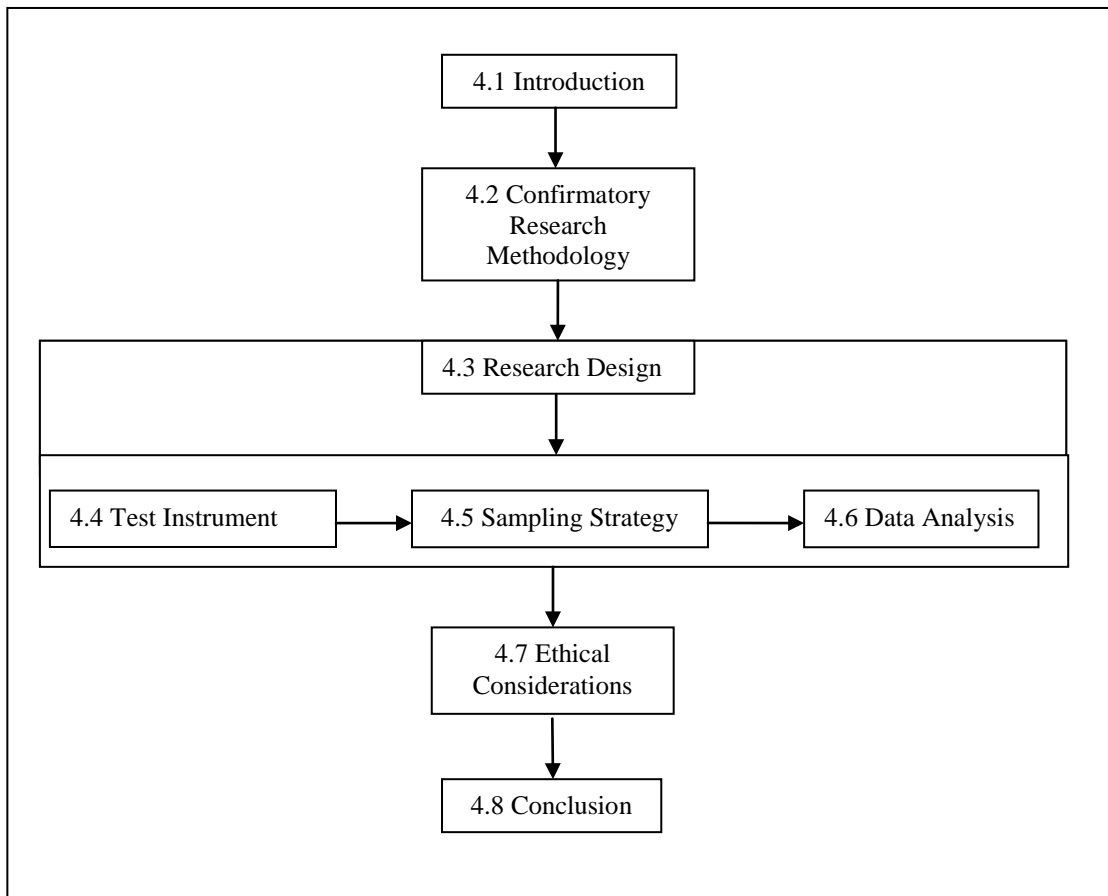
Source: Developed for this research

4.2 Confirmatory Research Methodology

The explicit and implicit assumptions about the world contained within the theoretical paradigm supporting the research govern the conduct of the study since researchers are committed to the rules and standards for generating knowledge imposed by the paradigm framework (Mingers 2003; Kuhn 1996; Deshpande 1983). The suitability and compatibility of the theoretical paradigms of Constructivism, Critical Theory, Positivism and Post-Positivism were evaluated in relation to the objectives of the confirmatory research study whose purpose was to investigate the

relationships of the constructs in a customer-service-switching integrated model (Denzin and Lincoln 2005). The ontological, epistemological and axiological assumptions of Post-Positivism were deemed to align most closely with the research objectives since the research deals with an external social reality and the nature of this research is primarily explanatory (Perry, Reige and Brown 1998).

4.2.1 Theoretical Paradigm

Post-Positivism was a response to the concerns raised about the positivist philosophy but its ideas are not distinctly different in kind but rather in degree from Positivism (Neuman 2006; Sarantakos 2005). Post-Positivists acknowledge that the nature of reality and being can be captured and understood, albeit imperfectly (Guba and Lincoln 2005). Truths derived from the experiences or meanings of individuals are not rejected by Post-Positivism which adopts a realist perspective, acknowledging that latent constructs exist and are capable of explaining observable occurrences (Clarke 1998). The post-positivist paradigm makes the ontological assumption that 'there is a reality, both natural and social, which is independent of human knowledge' (Morton 2006:1). Post-positivist epistemology requires researchers and research participants to maintain a detached relationship (Ponterotto 2005). Post-Positivism axiology expects the researcher to be objective in their study of knowledge (Ponterotto 2005). The experimental model is the primary methodology of Post-Positivism, with a heavy reliance on validity and reliability testing (Kidd 2002).

In this study the fallibility of knowledge about an external reality acknowledged by Post-Positivism was addressed by triangulating data across multiple sources: research literature review (Chapter 2), the exploratory research study (Chapter 3), and, a confirmatory survey (Chapter 4). In the study, three requirements for establishing relationships between events were taken into account: (1) temporal order (cause must occur before effect), (2) association among variables and (3) elimination of alternative plausible explanations (Neuman 2006), thereby permitting the inference of causation from cross-sectional data (Baumgartner and Homburg 1996). For instance, the switching decision is the antecedent of the switching process (Section 2.4). Convergent provider interviews and switching customer focus groups were used to evaluate the theoretical framework's switching behaviour variables derived from the literature review in Chapter 2. The unidirectional relationships espoused by the research were indicated by the literature review and the exploratory research findings. Survey questionnaire data were interrogated using the SPSS 19 program to carry out Exploratory Factor Analysis (EFA) and the AMOS^{TM} 19.0 Structural Equation Modelling (SEM) technique, both powerful statistical analytical tools.

4.3 Research Design

During this research exploration, description and theory-building were undertaken (Aaker, Kumar and Day 2001). The research design master plan specified the actions required to collect and analyse appropriate information to find a solution to the research question providing the foundation for theory building (Zikmund et al.

2011). The overall framework, plan structure and strategy of the research were specified in the design steps. Exploratory research was conducted in Stage 1 of the study but Stage 2 of the study adhered to a descriptive design. During Stage 1 of the study, background information was gathered to enhance the researcher's familiarity with the phenomenon being investigated, to refine research issues and to generate hypotheses about the research problem (Churchill, Brown and Suter 2009; Sinkovics, Penz and Ghauri 2005). The appropriateness of the exploratory research methodology and the explicit manner of reporting the research study processes and procedures in the exploratory research chapter, Chapter 3, demonstrate the credibility of the theory development underpinning the quantitative research (Alam 2005).

A cross-sectional study was employed in Stage 2 of the research to test hypotheses derived from Stage 1 of the study. During Stage 2 of the study, a survey questionnaire was used to obtain a description of factors involved in the phenomenon being researched. The construction and application of the test instrument was governed by the desirability of minimising errors and maximising reliability. The survey instrument was developed and pilot-tested, and, after slight refinements and identification of the target population, the confirmatory data collection was undertaken. The research did not seek to establish a direct cause-and-effect relationship between the variables but research into the switching decision antecedents, often referred to in the literature as the causes of or reasons for switching, was included in the study (Zikmund et al. 2011).

The Post-Positivism theoretical paradigm influenced the research design's tactical decisions (research instrument development and administration) and strategic decisions (choice of data collection and analysis procedures). The predictive design of Post-Positivism is suited to investigating a question to which a solution can be provided through hypotheses testing and explaining and predicting relationships among independent and dependent variables (Ghauri and Grønhaug 2005).

4.3.1 Research Method

There was no explicit manipulation of variables in the research. To obtain confirmatory evidence of a relationship between switching behaviour variables, and to minimise errors and maximise reliability, a structured survey questionnaire was employed to collect data from a large-scale sample of the customer service switching population (Neuman 2006). Probabilistic statistical analysis was conducted on the collected data to investigate whether a relationship existed between the decision of service customers' to switch providers and their future (post-switching) behaviour. The research also investigated whether mediating variables affected the dependent variables. It was anticipated that a description of the relationship between the independent, mediating and dependent variables in the framework could be developed from an analysis of the survey data using Exploratory and Confirmatory Factor Analyses and Structural Equation Modelling (SEM) procedures to analyse data. The findings of the data analysis are reported in Chapter 5. Figure 4.2 provides a summary of the processes applied during Stage 2 to develop optimum measurement and testing of the switching variables under consideration.

Figure 4.2: Research Method

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                    │  4.3.1 Research Method       │
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                    │  4.3.2 Test Instrument       │
                    │  Design (Detailed process    │
                    │  shown in figure 4.3)        │
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                    │  4.3.3 Data Collection       │
                    │  Process                     │
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                    │  4.3.4 Survey Administration │
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                    │  4.3.5 Design Assessment     │
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                    │  4.3.6 Statistical Analysis  │
                    │       •  EFA                 │
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                    │       •  SEM                 │
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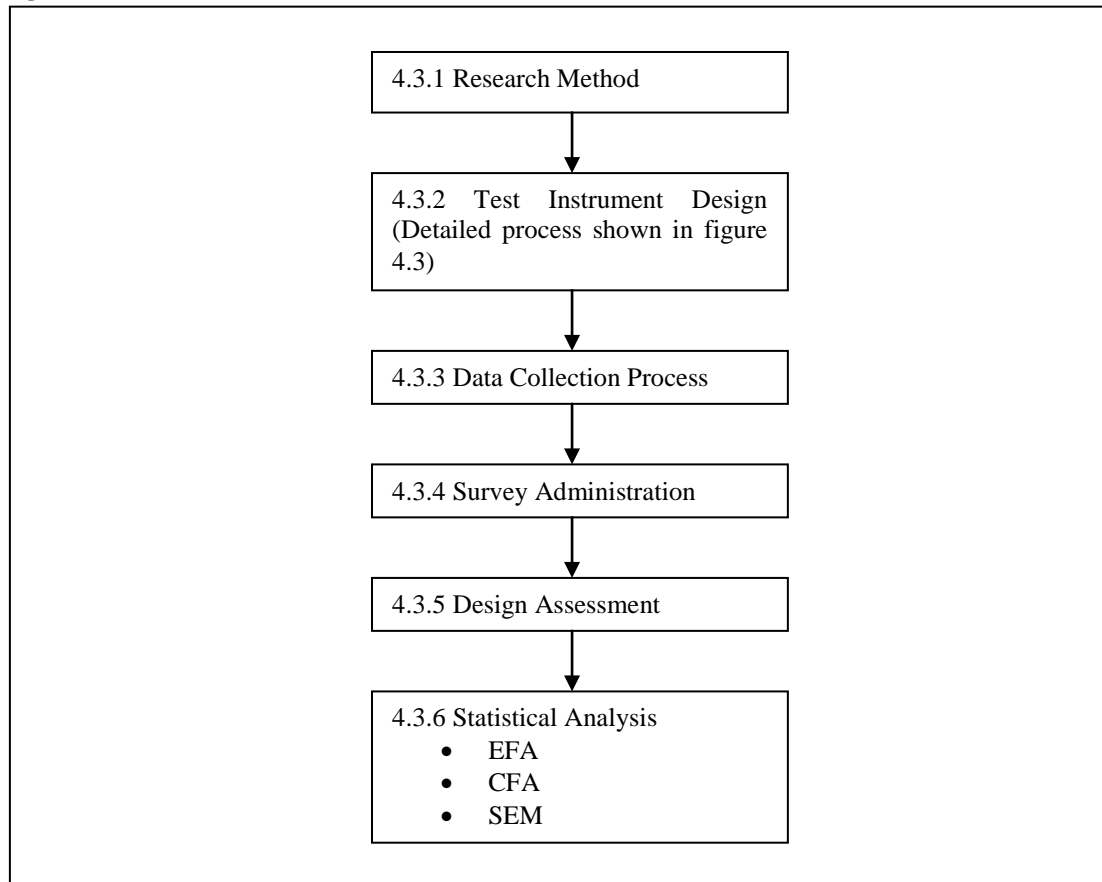
Source: Adapted for this research from Zikmund et al. (2011), Churchill, Brown and Suter (2009), Spector (1992)

4.3.2 Test Instrument Design

No extant test instrument was identified that appropriately addressed the specific research problem so a six step process, summarised in Figure 4.3, was followed to develop a test instrument designed to measure the study's constructs. The six-step process was informed and adapted from the research design method literature (Zikmund et al. 2011; Pallant 2010; Malhotra 2009; Jones et al. 2006; Frazer and Lawley 2000). A detailed explanation of the survey instrument development can be

found in Section 4.4 of this chapter and a copy of the final questionnaire for this research is included in Appendix III.

Figure 4.3: Questionnaire Development Process
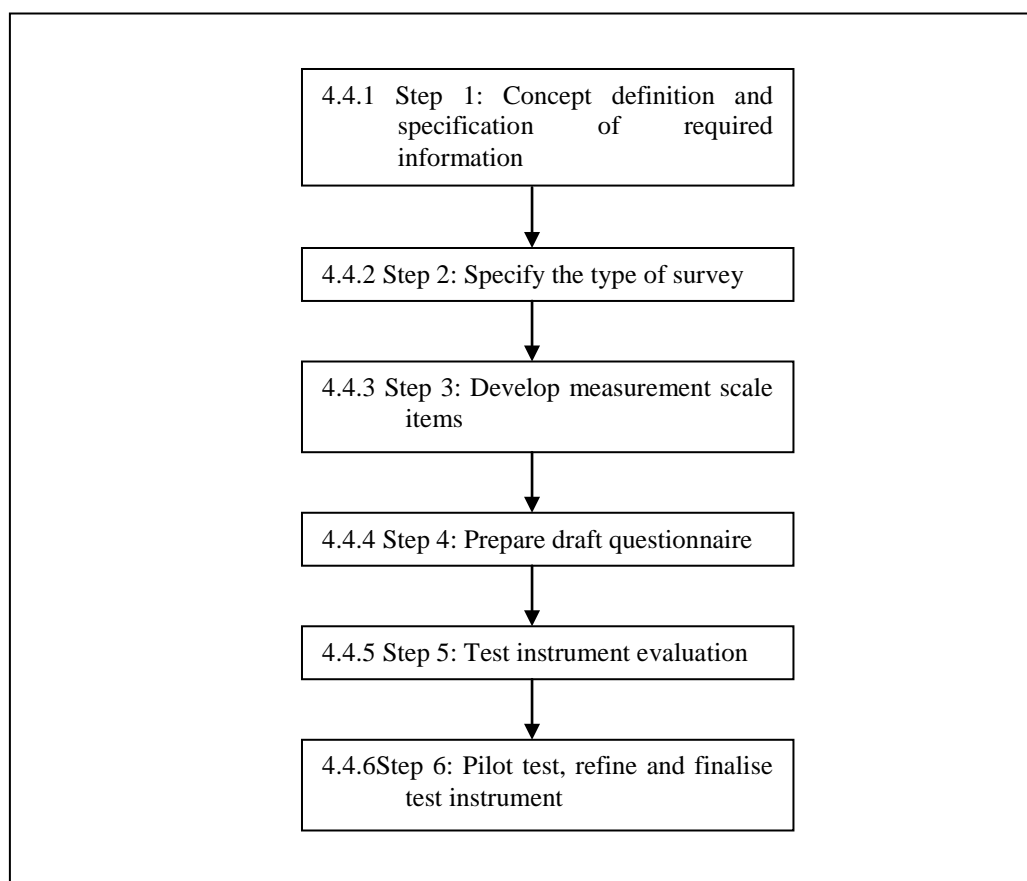
Source: Adapted from Zikmund et al. (2011), Pallant (2010), Malhotra (2009), Jones, et al. (2006) and Frazer & Lawley (2000)

Determining the information to be sought was the first step in the test instrument design. From the literature review and the exploratory research findings the variables to be measured were specified. Then the survey format was selected, the type of measurement scale determined and the manner employed to gather the information was specified (shopping centre intercept, self-administered survey). Next, the organisational design of the test instrument was decided upon. A questionnaire

containing multi-item scales with individual content to measure all eight variables was developed to survey a large sample population of service switching customers. Items were devised to elicit information from multiple, differing, participant perspectives to allow the researcher to get closer to reality by avoiding biases and limit the effect of errors. The test instrument was assessed for validity and reliability and then pilot tested, refined and finalised, ready for use in the next stage of the research study.

4.3.3 Data Collection Process

Determination of the data collection process was influenced by theoretical and practical issues: avoiding bias, the amount of time and money allocated to the project, and, the size of the target population were important factors to take into account to arrive at a satisfactory outcome for the study (Jones at al. 2006). While multiple observations of switching customers' behaviours in a longitudinal study would provide an accurate measure of customers' on-going switching behaviours (Sekeran and Bougie 2010), practical issues involved in engaging and maintaining a large sample population in a longitudinal study indicated that the single point of time, cross-sectional survey method was a more appropriate data collection method for this confirmatory stage of this study (Zikmund et al. 2011). The research objective was to measure single instances of customer switching behaviour rather than study on-going switching behaviour. Factor analyses of cross-sectional survey data obtained by administering a standardised survey to a large sample of the switching-customer population provided the means of examining the responses of

populations across a wide range of demographics located in different places at different times (Jones et al. 2006).

A large population was sampled during the data collection process in order to avoid sampling bias resulting from sampling a population that was not representative of the overall target population (Ghauri and Grønhaug 2005). The researcher administered the survey to shoppers in a large regional shopping centre in Central Queensland, Australia at three different times of three days. However, a market research business was employed to distribute the surveys to volunteer research participants who self-identified as service switchers and who were visiting a large Melbourne (Australia) shopping complex. The service provider guaranteed that employee distributors would follow standard data collection procedures (Jones et al. 2006). To avoid coverage error by achieving a reasonably representative sample of the switching population despite the distribution area being limited, diversity among research participants was welcomed.

4.3.4 Survey Administration

Planning and administration of the survey followed the guidance provided by Jones, Story, Clavisi, Jones and Peyton (2006). Time and money parameters imposed by the conduct of this PhD study indicated that the personally administered survey-distribution technique should be preferred over telephone, internet or mail survey distribution techniques since obtaining data in a relatively short period of time from a large participant sample that was characteristic of the entire switching population drove the choice of the survey administration process (Jones et al. 2006).

Consideration was given to the several limitations of this data collection method before it was adopted, but the benefits outweighed the limitations. The economic costs of personally administered surveys were affordable because of the willingness of participants to engage in the research project (Vaus 2002). Personal administration of the survey ensured that the requirements of the data analysis technique used to test hypotheses in this research study were met (Sekaran and Bougie 2010; Malhotra 2009; Jones at al. 2006; Ghauri and Grønhaug 2005). Negotiations with centre managements of two Australian shopping centres resulted in agreement being obtained for the test instrument to be administered in the concourse of each shopping centre during the months of December 2008 and January 2009.

Procedural standardisation enhanced feedback objectivity/credibility and information comparability. The structured self-administered test instrument was prefaced by an introductory letter explaining the research. After respondents had read the introductory letter, the survey administrators obtained an oral agreement from respondents to participate in the study to ensure conformance with the participant informed consent agreement imposed by CQUniversity's ethical clearance conditions. Since demographic diversity, in terms of age and gender, was required to ensure that a sample of the switching population was obtained, information about participant gender and age was collected in Section 1 of the survey for descriptive statistical analysis purposes. Also in Section 1 of the survey, participants were requested to specify the type of service provider involved in the switching situation. A list of six service providers from which participants could choose was provided but participants were also given the option of choosing to specify an 'Other'

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provider. The purpose of this question was to focus each participant's responses on a single set of switching behaviours.

The review of the survey administration process employed in Rockhampton satisfied the researcher that the survey administration process would achieve the objectives of the research, so a Melbourne (Victoria, Australia) based marketing research firm, Cherry Enterprises, was assessed for suitability and then employed to distribute, collect and return surveys. The assessment of suitability was based on the delineation of the type of interviewers employed by the business, the training provided to interviewers and the interviewer operating instructions provided by the principal of Cherry Enterprises during a telephone conversation with the principal researcher; the practices of the business complied with guidelines for interviewing in the marketing research literature (Zikmund et al. 2011; Sekeran and Bougie 2010; Frazer and Lawley 2000). All interviewers who participated in this research were business students from the local RMIT University who had been trained to reduce and minimise personal habits or actions that could have influenced respondents (Zikmund et al. 2011). Interviewer bias was minimised by providing training to the interviewers in etiquette, style, appropriate dressing, speaking, listening, and, patience with slow respondents (Sekeran and Bougie 2010). Interviewer supervision during the Melbourne data collection process was provided by the principal of Cherry Enterprises. The researcher provided Cherry Enterprises with letters of introduction, surveys, and, envelopes for the surveys to be placed into and sealed immediately upon completion by research participants before returning to the survey administrators.

4.3.5 Design Assessment

The research plan was judged to be appropriate since the researcher could not manipulate the variables of interest and respondents could not be easily assigned to treatment and control groups on an a priori basis as in an experimental study (Byrne 2010). Evaluation of the reliability and validity of the test instrument occurred prior to undertaking structural equation modelling on data. Assessment of the reliability of the test instrument was a means of showing the degree to which measures were free from error and yield consistent results. Assessing of the test instrument validity was a means of showing whether the indicator was valid for a particular definition of the concept.

4.3.6 Statistical Analysis

The data set was derived from responses to a questionnaire containing multi-item scales measuring latent, unobservable variables (Byrne 2010). It was anticipated that a description of the relationship between switching decision antecedents and switching customers' future behaviour could be established from an analysis of the survey data using exploratory factor analysis, confirmatory factor analysis and structural equation modelling (SEM). Thus, split-half survey data were interrogated using the SPSS 19 program to carry out Exploratory Factor Analysis (EFA) and the AMOS^{TM} 19.0 tool was employed to carry out Confirmatory Factor Analysis on the other split-half data set. AMOS^{TM} was utilised for the Structural Equation Modelling (SEM) procedure.

4.4 Test Instrument

This section presents a detailed report on the formulation of the test instrument used to translate research objectives into a series of questions reduced to many specific items to obtain accurate and complete information about the research problem (Malhotra 2009). Information needed to attain the research objectives was determined on the basis of the research problem being investigated, as stated in Chapter 1, Section 1.2 and the research question and hypotheses developed in Chapter 3, Section 3.4.2. A six-step process, adapted from the research design method literature and summarised in Figure 4.3, was employed to develop a test instrument to elicit information appropriate for addressing the research problem specific to this study (Zikmund et al. 2011; Pallant 2010; Malhotra 2009; Jones, et al. 2006; Frazer and Lawley 2000). The six-step process adopted is as follows:

- Step 1: Defining concepts and specifying the required information

- Step 2: Specify the type of survey

- Step 3: Develop measurement scale

- Step 4: Prepare draft questionnaire

- Step 5: Assess questionnaire validity and reliability

- Step 6: Pilot test, refine and finalise test instrument

Switching customers were asked specific questions to measure the eight main variables: *Conditions, Provider Behaviour, Service Quality, Price, Transaction Cost,*

Information Search, Oral Communication and *Commitment* since Post-Positivism emphasises the importance of using multiple measures to overcome the weaknesses inherent in single item measurements and avoid the effect of different types of measurement errors (Loo 2002). Other information gathered by the test instrument included demographic information as it was deemed from the literature review and the exploratory stage of the research that such information may be pertinent to assessing the sample population's constitution.

4.4.1 Step 1: Concept Definition and Information Specification

On the basis of the exploratory research in Stage 1 of the study and the review of pertinent consumer behaviour and economics literatures, a theoretical framework was devised to link the various research concepts/processes (Zikmund et al. 1011; Sekaran and Bougie 2010). To determine the type of information needed to attain the research objective of ascertaining the relationships among switching behaviour elements, construction of concept definitions preceded the first step in the design of the test instrument (Ghauri and Grønhaug 2005). Table 4.1 separates the various theoretical concepts in the framework into the independent and dependent variables concerned with a customer's decision to switch service providers.

Table 4.1: Research Issues Independent and Dependent Variables

Research issue	Independent variables	Dependent Variables
RI 1: Relationship between switching decision antecedents and the switching process	*Conditions* *Provider Behaviour* *Service Quality* *Price*	*Transaction Cost* *Information Search*
RI 2: Relationship between switching decision antecedents and future behaviour?	*Conditions* *Provider Behaviour* *Service Quality* *Price*	*Oral Communication* *Commitment*
RI 3: Relationship between the switching process and future behaviour	*Transaction Cost* *Information Search*	*Oral Communication* *Commitment*

Source: Developed for this research

Existing literature and the exploratory research informed the conceptualisation of the latent constructs (Neuman 2006). To bring the switching phenomenon within the range of the researcher's experience, specific sets of measurement instruments were linked to conceptual definitions (Ghauri andGrønhaug 2005; Neuman 2003). For example, the service quality construct was measured using six items that were appropriate for this research. Analysis of data obtained by the measurement instrument provided information about the amount of variance that each concept possessed.

Included in the 63 item test instrument were three participant information questions: gender, age, and type of provider. A choice of female or male was offered as responses to the question about gender. Six categories (18–25, 26–35, 36–45, 46–55, 56–64, and, over 65) were offered as responses to the question about age. Seven options were offered as responses to the type of provider that the participant

changed: Mobile telephone service provider, airline company, plumber, mechanic, pest controller, hairdresser/barber, other (specify). Responses to these questions were evaluated using descriptive statistics to establish whether there was a gender, age or type of provider bias in the data collected. A numeric scale ranging from 1 to more than seven was provided for responses to the question about how many bad experiences occurred before the participant decided to change provider.

When determining the length of the survey, the researcher was mindful of the need to limit responder fatigue and increase response-rates but also to strive for a minimum of three items measuring each variable. Although there may be a greater likelihood that a set of items will uncover the respondents' actual responses to the latent constructs (MacCallum 1995; Nunnally and Bernstein 1994), a large number of items covering all facets of latent variables may result in a poor model fit (Bagozzi and Edwards 1998), and, for many marketing constructs there is no difference in the predictive validity of the multiple-item and single-item measures (Bergkvist and Rossiter 2007). Each of the principal latent factors, both endogenous and exogenous, were measured using multi-item measures to increase scale reliability and validity and capture the multiple dimensions associated with a factor (Hair et al. 2010). When possible, items were adopted and adapted from the literature to generate a pool of items measuring latent constructs. Four of the test instrument items were dedicated to the process of internal checking and therefore excluded from the data analysed during the Exploratory Factor Analysis (EFA)/Confirmatory Factor Analysis (CFA) and SEM analysis.

The items (56) representing the endogenous and exogenous latent factors were grouped under seven headings about issues related to switching behaviour and these questions were located in Sections 2, 3 and 4 of the survey. Research respondents were offered a choice of seven response categories on a 7-point interval scale for all items grouped under survey questions 4, 6, 7, 8, 9 and 10. The categories were labelled from *disagree very strongly* through *neutral* to *agree very strongly*. Items which did not meet the inclusion criteria stipulated during the EFA were excluded from the testing of the Structural Equation Model. As a consequence, latent variable measurements in the structural equation model ranged between two and four items.

Justification for the adoption or development of conceptual and operational definitions and measurement items (or measurement of constructs) is presented in Sections 4.4.1.1 (Independent variable: *Switching Decision*), 4.4.1.2 (*Switching Process*) and 4.4.1.3 (Dependent variable: *Future Behaviour*). The consumer behaviour and economics research literatures were drawn upon to support the justification, where possible. The construct definitions provided a foundation for each of the operational definitions and provided the basis for the adoption or development of test instrument items. This information is summarised in Tables 4.2, 4.3 and 4.4.

4.4.1.1 Independent variable: Switching decision

The antecedents of the switching decision cause the dissolution of the relationship between the customer and service provider (Newby and Ward 2009; East et al. 2007; Roos, Gustafsson andEdvardsson 2006; Grace and O'Cass 2003; Fram and Callahan

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2001; Keaveney 1995). The switching literature does not provide a clear conceptualisation and operationalisation of the switching decision antecedents but four concepts emerged from the literature and the exploratory research: *Conditions, Provider Behaviour, Service Quality* and *Price*. Consumer behaviour literature operationalises these concepts in many different ways. Since there are diverse models, this research has synthesised, adapted and developed conceptual and operational definitions of these constructs by drawing from pertinent literature. A detailed justification of independent switching variables' conceptual definitions, operational definitions and measurement items is offered below Table 4.2 to provide a synopsis of the discussion.

Table 4.2: Switching Decision Antecedent Measures (Independent Variables)

Concept	Definition	Operational Definitions	Survey items
Conditions	'Factors *that are* largely beyond the control of either the customer or the service provider' (Keaveney 1995:78)	1) Situational conditions: (East Grandcolas & O'Riley 2007)	1) Item 4a, Item 4b, Item 4c (adapted from Roos & Gustafsson 2007; Bansal, Taylor & St James 2005; East, Lomax & Narain 2001; Ganesh, Arnold & Reynolds 2000; Dabholkar & Walls 1999; Keaveney 1995)
Provider Behaviour	Manner of frontline service personnel while implementing strategic marketing decisions during service transactions (Babin & Boles 1998)	Ethical problem behaviour: unsafe or unhealthy, dishonest, conflict of interest, intimidating (Keaveney 1995)	Item 4d, Item 4e, Item 4f, Item 4g (adapted from Keaveney 1995)
Service Quality	Customers' perceptions of the degree of service excellence received from the service provider (adapted from Asubonteng, McCleary & Swan 1996)	Customer's subjective perceptions of technical and functional features of service (Grönroos 2001; Edvardsson 1992)	Item 4i, Item 6b, Item 8a (developed from Bansal, Taylor and St James 2005; Kim, Park and Jeong 2004; Keaveney 1995; Edvardsson 1992; Johnston and Silvestro 1990.
		Customer's perception of technical features of service (manner in which the service product is delivered) (Grönroos 2001)	Item 4h, Item 4j, Item 4k (adapted from Bansal, Taylor & St James 2005; Sureshchandar, Rajendran & Anantharaman 2002; Keiser 1988)
Price	The monetary cost, and perceived related cost characteristics, given for the service received (Fetter 1912).	The outflow of money from a customer (adapted from Meyer & Sullivan 2003). The extent of agreement with statements related to price structure, billing policies and their effect on amount of expenditure measures customers' price perceptions (Docters et al. 2003)	Item 6a, Item 9e, Item 9f, Item 9g (adapted from Bansal, Taylor & St James 2005; Gerrard & Cunningham 2004; Colgate & Hedge 2001, East, Lomax & Narain 2001; Fram & Callahan 2001; Keaveney 1995) Item 10j, Item 10k, Item 10l (developed by researcher)
		2) Variety seeking tendency (Ganesh, Arnold & Reynolds 2000)	2) Item 6e, Item 8f, Item 8g, Item 8h (adapted from Roos & Gustafsson 2007).
		3) Social pressure (Bansal, Taylor & St James 2005)	3) Item 6c, Item 6d (adapted from East, Lomax & Narain 2001)

Source: Developed for this research from pertinent literature

The *Conditions* concept that prompts service switching has been found to contain several dimensions (East et al. 2007; Ganesh et al. 2000; Bansal et al. 2005). It is

therefore considered appropriate to operationalise the *Conditions* concept in this research by gathering information from survey participants about each of the dimensions of *Conditions* that have been reported to have an effect on customers' decisions to switch service providers. Since the research scope expects to encompass a range of services whose nature varies considerably *Conditions* will be measured in terms of: (1) convenience of the service (2) customer's variety seeking tendency (3) social effects. The wording of the three survey items relating to convenience in this research drew on the work of Bansal, Taylor and St James (2005), East, Lomax and Narain (2001), Ganesh, Arnold and Reynolds (2000), Dabholkar and Walls (1999) and Keaveney (1995), although none of the survey items designed to elicit the effect of convenience on switching were adopted directly from these sources of information. Keaveney's (1995) qualitative research findings, in conjunction with the verbatim transcriptions of the switching customers focus group discussions obtained from the exploratory research, had the strongest influence on the wording of the items designed to gain information from switching customers about whether the extrinsic factors of business location, hours or availability of the provider affected their decision to switch service providers. However, wording was also influenced by items found in the work of other researchers such as Bansal, Taylor and St James (2005), East, Lomax and Narain (2001), Ganesh, Arnold and Reynolds (2000), Dabholkar and Walls (1999). The three items are as follows:

4f. The service provider was not available

4e. The business hours of the service provider were no longer convenient

4g. The location of the previous provider was no longer convenient.

The wording of the four survey items relating to the customer's variety seeking tendency in this research was adapted from Roos and Gustafsson (2007) and it was designed to elicit information from switching customers about whether this extrinsic factor affected their decision to switch service providers. The four items are as follows:

6e. I like to vary my service providers

8f. Experience with switching providers made choosing a new provider easy

8g. I switch providers frequently

8h. I like trying out different service providers.

Social effect was operationalised in items based on the reported findings of East, Lomax and Narain (2001) that in 42% of cases the main reason for switching hairdressers was recommendation. Thus, the wording of the two survey items relating to social effect in this research was designed to elicit information from switching customers about whether the extrinsic factor, recommendations from others, affected their decision to switch service providers. The two items are as follows:

6c. A positive referral caused me to switch service providers

6d. Peer pressure caused me to switch service providers.

Provider Behaviour, in terms of the ethics of sales personnel, did not contribute significantly to customers' perceived relationship satisfaction, according to Bejou, Ennew and Palmer (1998), but other research generally supports the opinion that unethical provider behaviour affects customer switching (Frow et al. 2011; Román 2003; Winsted 2000; Mittal and Baldasare 1996; Bitner 1995; Keaveney 1995; Bitner, Booms and Mohr 1994). The wording of the four survey items relating to provider behaviour in this research was designed to elicit information from switching customers about their perception of lack of ethics in the provider's interaction with the customer and it drew mainly on the list of critical incidents included in the 'ethical problems' category detailed by Keaveney (1995). The items are as follows:

4m. The business practice of the previous provider was unsafe or unhealthy

4h. The behaviour of the previous provider was illegal

4j. The behaviour of the previous provider was immoral

4k. I was encouraged by my previous provider to select a new provider.

Service Quality: The importance of the intangible *Service Quality* attributes associated with core service, knowledgeable/motivated staff and the servicescape is supported in the consumer behaviour research literature (see for example, Perrone 2010b; Newby and Ward 2009; Lam et al. 2004; Kim, Park and Jeong 2004; Johnston 1995; Keaveney 1995). However, there has been much debate about the measurement of service quality (see for example, Parasuraman 2005; Grönroos 2001; Buttle, 1996; Cronin and Taylor 1992). Since the primary purpose of

measuring service quality in this research is to use service quality to explain the decision to switch service providers, it was deemed appropriate to adopt a perceptions-only approach to the operationalization of service quality in the research (Zeithaml, Berry and Parasuraman 1996). Thus, the operationalisation of service quality draws on evidence that customer perceptions of service quality are subjective and that they differ from staff perceptions of the effect of critical incidents on customers' relationships with a business (Grönroos 2001; Edvardsson 1992). Perceived indifference of employees by customers causes customers to switch providers (Keiser 1988). Two important resources, (1) reliable core service, and, (2) knowledgeable and motivated staff, in the creation of service quality were identified through the early research by Edvardsson (1992) who analysed airline company service breakdowns from the point of view expressed in 320 customer interviews. The importance of these intangible attributes associated with core service and knowledgeable/motivated staff is supported, however, by other research (see for example, Lam et al. 2004; Kim, Park and Jeong 2004; Johnston 1995; Keaveney 1995). Consequently, the wording of the six survey items relating to 'service quality' in this research was designed to elicit information from switching customers about whether core service and knowledgeable/motivated staff factors affected their decision to switch service providers. The work of many researchers was drawn upon to develop the service quality items: Bansal, Taylor and St James (2005), Kim, Park and Jeong (2004), Sureshchandar, Rajendran and Anantharaman (2002), Keaveney (1995) Edvardsson (1992), Johnston and Silvestro (1990) and Keiser (1988). The service quality dimensions were operationalized in the following manner:

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4c. The quality of the service did not meet my expectations

6b. Better service attracted me to the new service provider

8a. My last service experience affected the choice of my new provider

4a. I had a bad encounter with the person who served me

4b. The service provider did not deliver the service I wanted

4d. The service provider did not respond appropriately to their service failure.

Price: Unfairness in pricing and suspicion about pricing prompt service switching (Keaveney 1995). Thus it was considered appropriate to include a pricing concept in this research and operationalize it by conducting an enquiry into whether pricing issues and money expenditure impact switching behaviour. Since 'little research addresses customer spending at the individual patron and store level' (Babin and Dardin 1996:201), the definition of expenditure developed by Meyer and Sullivan (2003) for research into poverty (*the outflow of money from a customer*) was adapted for the operationalization of price in this research. Items were developed by the researcher to establish whether better price, cost of service fees, hidden costs, drawback to choosing new provider and identification of changed expenditure behaviour with new provider occurred in a switching situation.

Four items designed to elicit information from switching customers about whether pricing factors affected their switching behaviour are as follows:

6a. A better price attracted me to the new service provider

9e. The cost of their service fees attracted me to the new provider

9f. I enquired about hidden costs and charges

9g. I made enquiries about any drawback to choosing my new provider.

A further three items were developed to measure the rate of expenditure:

10j. I started out spending less money with my new provider than I had with the previous provider

10k. Changing provider has had no effect on the amount of money I spend with my new provider

10l. I buy more service products from my new provider than I used to buy from my previous provider.

4.4.1.2 Switching process

Once the customer has made the decision to switch service providers, the process of identifying a replacement service provider must occur before the switching activity can be completed. A process is 'a sequence of events or activities that describes how things change over time' (Ven 1992:169). Although Keaveney (1995) reported that customers who have made the decision to switch providers utilise different types and sources of information, she also observed that 'the process of customer switching remains unknown'. Subsequent research specific to the *switching process*, nonetheless has continued to be neglected by researchers. The exceptions are articles

by Han and Ryu (2012) and Newby and Medhekar (2011) who proposed that two factors influence the switching process: *Transaction Cost* and *Information Search*.

As a consequence of the paucity of research reported in switching process literature, there is no consensual conceptualisation of the switching process. The two switching process concepts that emerged from the exploratory research in this study were *Transaction Cost* and *Information Search*. A variety of operational definitions and measures of these concepts have been employed in the wider literature (see for example, Mitra Reiss, Capella 1999) but definitions of these concepts for this research were adapted from consumer behaviour and economics literatures. A detailed justification of the adoption of conceptual definitions, operational definitions and measurement items for variables concerned with the switching process is offered below Table 4.3 which provides a synopsis of the discussion.

Table 4.3: Switching Process Measures (Mediating Variables)

Concept	Definition	Operational Definitions	Survey items
Transaction Cost(TC)	This is the behaviour occurring during the service provider exchange process affected by the customer's willingness to pay a cost of losing time, effort, money, resources, opportunity, psychological or emotional comfort, different facets of *Transaction Cost* that occur during the switching information search about the environment and moral hazard (Burnham, Frels and Mahajan 2003; Jones, Mothersbaugh and Beatty 2000; Dyer 1997; Engel, Blackwell and Kollat 1978; Demsetz 1968). It occurs at the 'start a new relationship with a provider and sometimes *it* also includes the cost necessary to terminate an existing relationship' (Chen and Hitt 2002:257).	Resource costs are: 'monetary costs to acquire information or opportunity costs of time in foregone activities' (Smith Venkatraman & Dholakia 1999:286) and relationship and psychological costs (Jones, Mothersbaugh & Beatty 2000;Gwinner, Gremler & Bitner 1998; Dick & Basu 1994; Murray 1991). Can be affected by bounded rationality and opportunism (Williamson 1991, 1985)	Item 9a, Item 9b, Item 9c, Item 9d, Item 9h, Item 9i, Item 9j, Item 9l, Item 9m, Item 9n (adapted from Kim, Park & Jeong 2004; Burnham, Frels & Mahajan 2003)
Information Search	Customer endeavours to seek and take in 'information from various sources, process(*ing*) this information, and then make(*ing*) a selection from among some alternatives' (Bettman 1979:1).	1) Internal information search reflects 'the cognitive effort buyers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations' (Smith, Venkatraman & Dholakia 1999:286)	1) Item 8a, Item 8b, Item 8c, Item 8d, Item 8e, Item 9m (adapted from Kerstetter & Cho 2004)
		2) 'External search depends on the acquisition of information from sources other than memory (Bettman 1979:111), 'obtaining environmental data or information related to the specific purchase under consideration' (Beatty and Smith 1987:85)	2) Item 7a, Item 7b, Item 7c, Item 7d, Item 7e (adapted from Hogan, Lemon & Libai 2003; Mitra, Reiss & Capella 1999; Murray 1991).

Source: Developed for this research from pertinent consumer behaviour and economics literatures

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Information Search is comprised of two dimensions: (1) *Internal Search* and (2) External Search (Bettman 1979).

1. *Internal Search* reflects 'the cognitive effort buyers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations' (Smith, Venkatraman and Dholakia 1999:286). The five internal information search items exploring the influence of the switching customer's prior experience and learning on their information search strategy Kerstetter and Cho's (2004) items were adapted for this research. The items are as follows:

   8a. My last service experience affected the choice of my new provider

   8b. I gained information about the service product from the previous provider

   8c. Service product information gained from the previous provider affected the choice of my new provider

   8d. I gained information about my preferred type of service relationship from the previous provider

   8e. Knowledge about my preferred relationship with a provider affected my choice of new provider

   9k. My experience with the previous provider affected my expectations about the new provider.

2. *External Search* consists of customers seeking information from various

sources in order to obtain 'environmental data or information related to the specific purchase under consideration' (Beatty and Smith 1987:85). 'External search depends on the acquisition of information from sources other than memory' (Bettman 1979:111). The situation and the customer's degree of knowledge influence external search activity (Bettman 1979). The limited number of search activities that a customer can carry out at the same time is important 'because such limitations will affect the kinds of strategies or rules that are feasible for consumers to use in various choice situations' and therefore simple problem solving strategies will be adopted (Bettman 1979:18). Word of mouth and mass media have been identified as the two types of communication delivery channels employed in an external search strategy and items reflecting these sources of information have been developed on the basis of these findings (Hogan, Lemon and Libai 2003; Sheth 1971; Engel, Blackwell, and Kegerreis 1969). Thus the wording of the five survey items relating to external information search in this research was designed to elicit information from switching customers about their sources of information. The items are as follows:

7a. I listened to word-of-mouth advice from relatives about the new provider

7b. I listened to word-of-mouth advice from acquaintances about the new provider

7c. I researched written information, such as advertising material, before I selected the new provider

7d. I accessed electronic information, such as the World Wide Web, to get information about the new provider

7e. I talked to the new provider about the service they provided before deciding to try them out.

Transaction Cost has been defined as: The behaviour occurring during the service provider exchange process affected by the customer's willingness to pay a cost of losing time, effort, money, resources, opportunity, psychological or emotional comfort, different facets of *Transaction Cost* that occur during the switching information search about the environment and moral hazard (Burnham, Frels and Mahajan 2003; Jones, Mothersbaugh and Beatty 2000; Dyer 1997; Engel, Blackwell and Kollat 1978; Demsetz 1968). Four dimensions of *Transaction Cost* specific to customers seeking a replacement provider were chosen to capture the most frequently mentioned costs in the literature reviewed. Dimensions of *Transaction Cost* examined in this research included: 1) the time cost of searching for a service provider who is willing to provide a quality service, 2) the effort cost of information acquisition (about a replacement provider and negotiating a purchase price), 3) relational cost (emotional/psychological/social bonds), and, 4) the nature of the product. The wording of the ten survey items relating to *Transaction Cost* in this research relies heavily on the *Switching Costs Scale* items devised and tested by Burnham, Frels and Mahajan (2003) although the slight adaptations incorporated into their items used in this research was influenced by the work of Kim, Park and Jeong (2004). The items were designed to elicit information from switching customers

about their perception of the cost to them involved in searching for a replacement provider. The items are as follows:

9a. Complex service features made choosing a new provider difficult.

9b. Personal differences between the service people made choosing a new service provider difficult

9c. I was anxious that the service offered by a new service provider wouldn't be as good as I expected

9d. It is difficult to evaluate the service before trying out a new provider

9h. It took me a lot of time to find a new provider

9i. It took me a lot of effort to find a new provider

9j. I was prepared to adapt to a new provider

9l. I want a high level of communication with a provider

9n. I looked for a provider that I could bond with

9p. It took time for me to trust my new provider.

4.4.1.3 Dependent variable: Future behaviour

There are several types of customers' purchase transaction behaviours that are important to the success of a business (Sorce and Edwards 2004). The number of years a customer is retained by a company influences business profitability (Ganesh,

Arnold and Reynolds 2000). Switching customers have higher levels of active and lower levels of reactive loyalty as well as more positive WOM recommendations (Wangenheim and Bayón 2004). Furthermore, the attitudes of stayers, dissatisfied switchers and satisfied switchers differ significantly in terms of their purchase processes toward the service provider (Keaveney 1995). Customers may engage in multiple responses but the exploratory research identified two types of post-switching purchase transaction behaviours: *Oral Communication* and *Commitment*. These two behaviours have been conceptualised as the dependent constructs in this research. There is a small body of literature on post-switching behaviours, mainly in the area of commitment and WOM. However, the broader consumer behaviour and economics literatures were also referenced to fill gaps in the literature specific to post-switching behaviours. A detailed justification of the adoption of conceptual definitions, operational definitions and measurement items for dependent variables concerned with post-switching purchase behaviours is offered below Table 4.4 which provides a synopsis of the discussion.

Table 4.4: Future Behaviour Measures (Dependent Variables)

Concept	Definition	Operational Definitions	Survey items
Oral Communication	Verbal messages delivered by switching customers to either other people in their social network and/or service providers (Keaveney 1995).	Customer telling 'at least one other person, and usually several other people' about their perceptions of a service provider (Keaveney 1995:79)	Item 10a, Item 10b, Item 10c, Item 10d, Item 10e (adapted from Zeithaml, Berry & Parasuraman 1996, developed from Keaveney 1995) Item 10f, Item 10g, Item 10h, Item 10i, (developed from Keaveney 1995)
1) *WOM*	'Informal person to person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service' (Harrison-Walker 2001:63)	Social WOM sends messages to 'family, friends, neighbours, co-workers and other known customers of the service' (Keaveney 1995:79)	Item 10a, Item 10b, Item 10c, Item 10d, Item 10e (adapted from Zeithaml, Berry & Parasuraman 1996, developed from Keaveney 1995)
2) *Pre-emptive Verbal Behaviour*	A communication delivered with the purpose of avoiding a negative experience similar to a previous experience or justifying to the new provider why they have changed service providers (Keaveney 1995).	Negative messages to replacement provider (Keaveney 1995)	Item 10f, Item 10g, Item 10h, Item 10i, (developed from Keaveney 1995)
Commitment	'An implicit or explicit pledge of the continuity of a relationship between exchange partners' (Wetzels, Ruyter & Birgelen 1998:406)	'Commitment is (a) a force that binds an individual to a course of action of relevance to a target and (b) can be accompanied by different mind-sets that play a role in shaping behavior'(Meyer & Herscovitch 2001:299)	Item 10m, Item 10n, Item 10o, Item 10p (developed by researcher after consideration of scale items developed by Gustafsson, Johnson & Roos 2005; Meyer & Herscovitch 2001; Morgan & Hunt 1994)

Source: Developed for this research from pertinent literature

Oral Communication is defined as verbal messages delivered by switching customers to either other people in their social network and/or service providers (Keaveney 1995). It occurs when a customer tells 'at least one other person, and

usually several other people' about their perceptions of a service provider (Keaveney 1995:79). The nine items used in this research are as follows:

10a. I told my friends/family about the critical incident(s) that caused me to switch service provider

10b. I told my friends/family what I liked about my new service provider

10c. I told several people about changing my service provider

10d. I told several people about the reason for leaving my previous service provider

10e. I refer other people to my new service provider *(adapted from Zeithaml, Berry and Parasuraman 1996 and developed from Keaveney 1995)*

10f. I explained to my new service provider why I switched provider for that product

10g. I told my new service provider about my bad experience with the previous provider

10h. I told my new service provider why I chose them

10i. I told my new service provider how I chose them *(developed from Keaveney 1995).*

1) Word-of-mouth (WOM) is 'an important force in the marketplace' (Wagenheim 2005:67). Social, personal WOM was defined operationally as telling 'family,

friends, neighbours, co-workers and other known customers of the service' (Keaveney 1995:79). A definition incorporating a wide range of explanations of *WOM* has stated that:

> *WOM is an informal person to person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service* (Harrison-Walker 2001:63).

WOM may have lasting effects in terms of negative image and reduced sales for the firm (Diener and Greyser 1978; Richins 1983). However, empirical measures of switching WOM have not been developed and validated using a systematic process and the potential richness of the switching WOM construct has not been captured in frequently used measures (Wagenheim and Bayón 2004b: Harrison-Walker 2001).

Keaveney (1995:79) reported that '75% of customers had told at least one other person, and usually several other people, about the service switching incident'. However, only a few researchers have empirically investigated negative word-of-mouth and post-switching WOM (see for example, Jones et al. 2007; Wagenheim 2005; Wagenheim and Bayón 2004b; Bowman and Narayandas 2001; Grace and O'Cass 2001; Anderson 1998; Sundaram, Mitra and Webster 1998; Keaveney 1995; Headley and Miller 1993; Singh 1990, 1988; Richins 1983). An attempt to explain post-switching negative word-of-mouth (PNWOM) was made by Wagenheim (2005) but this investigation considered the effects of product involvement, perceived risk and market mavenism on PNWOM rather than the nature of PNWOM.

WOM items in this research, 10a, 10c and 10d, drew heavily from Keaveney's (1995) findings. These items were designed to elicit information from switching customers about whether they engaged in social PNWOM related to the replacement of their service provider. Items 10b and 10r were adapted from Zeithaml, Berry and Parasuraman's (1996) *Behavioral-Intentions Battery* recommendation items. The five items used in this research are as follows:

10a. I told my friends/family about the critical incident(s) that caused me to switch service provider

10b. I told my friends/family what I liked about my new service provider

10c. I told several people about changing my service provider

10d. I told several people about the reason for leaving my previous service provider

10e. I refer other people to my new service provider.

2) Pre-emptive Verbal Behaviour was defined operationally as negative WOM to the replacement provider to pre-empt a recurrence of the critical incident(s) (Keaveney 1995). *Pre-emptive Verbal Behaviour* items were drawn from findings reported by Keaveney (1995:79) that 'some respondents told the new service provider, in an effort to prevent the problem from occurring again in the future'. The exploratory research findings reported in Stage 1 supported Keaveney's findings. The wording of the four survey items relating to *Pre-emptive Verbal Behaviour* in this research was designed to elicit information from switching customers about whether they were

attempting to pre-empt the problem that caused them to leave their previous provider from occurring again with their replacement service provider. The items are as follows:

10f. I explained to my new service provider why I switched provider for that product

10g. I told my new service provider about my bad experience with the previous provider

10h. I told my new service provider why I chose them

10i. I told my new service provider how I chose them.

Commitment by customers to a business affects the success of the business; research generally supports the notion that customer longevity increases profitability (Fornell 1992). Researchers have defined, with slight variations, the concept of *Commitment* but Wetzels, Ruyter and Birgelen (1998) provided a simple synthesis of earlier commitment definitions so their definition of *Commitment* was adopted by this research: '*An implicit or explicit pledge of the continuity of a relationship between exchange partners*' (Wetzels, Ruyter and Birgelen 1998:406). The literature reports drawn upon to clarify the commitment concept were not useful to the operationalization of the concept in this study since the research reported in the literature was not designed to apply to customer switching. Thus the operational *Commitment* definition adopted in this study was adapted from the discussion of the concept by Meyer and Herscovitch (2001). *Commitment* to a replacement service

provider is a gross, non-verbal behavioural manifestation of thoughts without using words (Sundaram and Webster 2000). The survey items were developed from the operational definition with the intention of identifying the degree of commitment that the switching customer manifests with the replacement service provider. The items are as follows:

9m. I totally changed over to one new provider

9n. I switched to using more than one service provider

9o. I tried out my new service provider before I left the previous provider

9p. I tried out several providers before settling on my current provider.

Item 9n (*I switched to using more than one service provider*) was included to check the reliability of the other responses in this section of the test instrument. This item was dropped from the data set prior to conducting the exploratory factor analysis.

Summary, the measurement process of the constructs started with identifying and defining the concepts, devising their operational definitions, adapting or developing items by which to measure the principal latent factors and then application of the measurement tool. The conceptual and the operational definitions of the research constructs are listed in Tables 4.3, 4.4 and 4.5. The constructs provided the basis for definitions and relevant survey items were adapted or designed to collect the required data. Responses to all questions for each of the switching constructs were measured using a seven-point interval scale. The survey instrument used to collect data for testing the proposed hypotheses is presented in Appendix III.

4.4.2 Step 2: Specify the Type of Survey

The type of information that needs to be collected influenced the choice of test instrument type and design. The advantages and disadvantages of the available survey options, internet online questionnaire, face-to-face interview, direct observation, a telephone interview or mail questionnaire, were researched. The decision was made to use a self-administered questionnaire, and obtain voluntary, self-identified switching customer through a shopping centre intercept to participate in the survey. A self-administered survey was selected based on logistical and financial issues such as available research funds and the availability of research personnel, along with the recommended quantity of data to be collected to meet the overall research objectives (Zikmund et al. 2011). The decision to adopt a self-administered method of gathering information through a structured survey was also justified for the following reasons: data collection speed is fast, appropriate sample accessibility, geographic flexibility (2 sample sites - capital city, Victoria, and, to reduce the potential urban bias, a small regional town, Queensland), moderate respondent co-operation, questions can be extremely versatile, questionnaire length can be moderate to long, item non-response rate is typically in the medium range, and, the possibility for respondent misunderstanding is low (Zikmund et al. 2011). To minimise the effect of interviewer bias, several interviewers were used. These advantages of a self-administered face-to-face survey method outweighed the disadvantages of using this method and it was considered the best method overall when compared to other survey methods (Sekeran and Bougie 2010).

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Self-administered questionnaires were dispensed to visitors at two large shopping centres where the survey took place. Participants were asked to identify themselves as service switching customers before supplying them with the survey documentation. It was the role of interviewers to provide a brief background to the survey, explain the process and hand out the questionnaire with the attached information letter describing the purpose of the research, identification and contact details of the researcher and the unsealed return envelope. The information letter attached in front of the questionnaire included an explanation of the ethical considerations governing the research, including anonymity, confidentiality and voluntary participation and consent agreement. Provision was made for respondents to receive a statement of the research results if they so desired. On receipt of the survey documentation, volunteers were asked to immediately complete the questionnaire containing no identification information and seal it in the envelope supplied, thereby ensuring participant anonymity, before returning it to the survey distributors (Zikmund et al. 2011).

4.4.3 Step 3: Develop Measurement Scale

The process used in the development of the measurement scale was informed by guidelines found in marketing research methods literature; multiple item measurement scales were generated for each of the latent constructs and information about age/gender demographics, type of provider and number of critical incidents triggering switching was also requested (Churchill, Brown and Suter 2009). To ascertain customers' switching behaviours and relationships among their various

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switching behaviours, survey items were designed that answered the study objective. Concepts were operationalized to populate the fields in the test instrument.

Although questions and items were adopted from existing literature or developed for this instrument, all items were specific to the purpose of the research. The items in the survey were designed to answer the study objective; to ascertain customers' switching behaviours and relationships among their various switching behaviours. Exploratory research findings were drawn upon to identify the independent and dependent variables shown in Table 4.1. Four constructs (*Transaction Cost*, *Information Search*, *Oral Communication* and *Commitment*) were identified that may be influenced by the customer's decision to switch service providers.

Avoiding ambiguity, generalisations, assumptions, alternatives, leading or double barrelled statements was considered to be of primary importance in the wording of the items (Hair, Bush and Ortinau 2003). Time was spent on developing carefully phrased items to ensure that a simple vocabulary was used and that the items were simple, short and unambiguous. When possible, items developed by the researcher adopted common phrasing or respondents' verbatim comments identified during the exploratory research interviews and focus groups (Sekeran and Bougie 2010).

The survey instrument was used to collect information that drew on the personal experiences of service switching customers. Items in the test instrument were expressed in clear and succinct sentences reflecting the study objectives (Malhotra 2009). The ordering of questions and items was specifically arranged to motivate respondents to accurately complete the questionnaire. Each aspect of the test

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instrument was constructed to obtain participant cooperation, thereby assisting in the overall process of the data analysis (Behling and Kenneth 2000). The layout and design was aesthetically pleasing, user friendly and motivational (Churchill and Iacobucci 2002).

To ensure participants were able to easily respond to statements through a formalised process that captured complete, accurate and dependable data and kept the test instrument as short and quick to complete as possible, a standard response format was utilised; it also facilitated data processing, data interpretation and presentation of results (Frazer and Lawley 2000). Extensive research has been undertaken on the suitability of types of scales (McCloy, Heggestad and Reeve 2005). The decision was made to follow the widely used trend in social science research of employing interval measurement scales as they provide a high level of measurement precision, allow expression of the level of intensity of feeling to be expressed and are suitable to test hypotheses using SEM software (Zikmund et al. 2011; Sarantakos 2005; Vellis 2003). Thus, a seven-point bipolar semantic differential rating scale was chosen as the means of providing for participants to record responses to items pertaining to five themes in the survey. Each point on the scale was labelled, with labels ranging from *Disagree Very Strongly*, though the mid-point *Neutral* to *Agree Very Strongly* in order to allow respondents to rate how strongly they disagreed or agreed with the carefully constructed statements.

4.4.4 Step 4: Prepare Draft Questionnaire

The survey was presented in the form of a questionnaire. The test instrument organisation included elements such as construction of the information sheet, appearance of the measuring instrument (including the page design), instructions and order of questions.

The information sheet preceded the five pages of test instrument questions. This first page of the survey contained information relating to:

- The researcher's details

- The objective of the research

- The task required of participants

- A statement about the rights of the participants, assurance about anonymity of participants and confidential treatment of the information collected

- Participant consent agreement and contact details in the event of any concerns arising from the conduct of the research

- Information about public disclosure of research and opportunity for registration of interest to receive a summary of these research findings.

It provided a brief synopsis of the purpose of this research and the way the research information would be used. The information sheet confirmed that anonymity and confidentiality were assured and the nature of the participant's consent agreement

and ethical considerations imposed by CQUniversity on the conduct of the research were explained. Participants were advised to contact the university if they had any problems. A copy of the information sheet is available for perusal in Appendix III

The test instrument was printed on white, double-sided, A4 size paper with the university logo in colour on the first page to reinforce the university's sponsorship of the research. Instructions for filling out the survey were provided to participants at the beginning of Section 1, where the demographic questions were placed. Items associated with the latent variables were presented in tabular form using a portrait layout and preceding these items was an example of how to answer each statement attached to Questions 4, 6, 7, 8, 9 and 10. Most items on the same topic were grouped together although some items were placed separately to allow evaluation of response reliability (Kervin 1992). Earlier research had indicated that for 55% of customers the switching reasons were complex (Keaveney 1995). Since it was of interest to see whether there were changes to the findings of this earlier research, numeric information about the number of bad experiences that occurred before the decision to switch providers was collected. Initially this question was placed in Section 1 but, as part of the refinement of the questionnaire, after the pilot test it was moved to Section 2 to separate the question about influences pushing the customer into switching from the question about attracting the customer to a new provider. On page 2 of Appendix III, following on from the information sheet on page 1 of Appendix III, is a copy of the six page questionnaire. The data set resulting from the compilation of participant's responses into SPSS was analysed and the analysis is reported in Chapter 5.

4.4.5 Step 5: Test Instrument Evaluation

To increase the overall reliability and validity of the test instrument, guidance from senior Central Queensland University academicians was sought on the conceptualisation and operationalisation of the key variables in the survey. Advice was also sought from these sources on the survey design, the presentation of the questionnaire and instructions and on issues of survey administration. The first draft of the survey was presented for feedback from senior, expert academics (three associate professors) within the Faculty of Business at Central Queensland University. Marketing experts, other researchers, customers, service providers and colleagues provided input into the development and assessment of the face validity of the draft survey. Advice was also sought about the survey design and administration from the principal of the market research business employed to undertake the data collection process in Victoria. Valuable feedback was gained from these sources.

To ensure that the survey looked like a professional survey, was easy to read and of a reasonable length, the test instrument was distributed to experienced researchers for proofreading for typographical errors, vague and/or misleading statements, and, neutral phrasing. The questions in Sections 2, 3 and 4 were generally clustered into common themes of similar questions and each theme flowed smoothly onto the next stage of the switching process but within the total of 59 items similar questions were inserted in different places in the survey as a reliability check. The time taken to complete the survey ranged between 10 and 20 minutes. Five research higher degree

colleagues from different cultural and ethnic origins pilot tested the instrument and also provided feedback on the survey structure and format before the survey was finalised.

4.4.6 Step 6: Pilot Test, Refine and Finalise Test Instrument

The test instrument was pilot tested on a small purposive sample of five research higher degree candidates from five different ethnic backgrounds enrolled in the School of Marketing and Commerce at Central Queensland University. Their understanding of the research problem, questions and items in the survey was checked and the initial draft of the survey was refined slightly on their advice (Ghauri and Grønhaug 2005). Statement clarification and tautology assessment was achieved through this process as well as ensuring that the instrument addressed the research question in an appropriate manner (Singh and Smith 2000). The pilot study confirmed that the production of the final questionnaire should include the written instructions and that the presentation of the test instrument, page layout and design were suitable for use in the final draft of the survey. Valuable feedback pertaining to the wording, structure and positioning of the survey items was obtained from these sources.

Following the pilot testing of the survey a few slight modifications were made to the final draft of the survey. The service specification list in Section 1 was modified slightly to reflect a greater range of service involvement in response to colleagues' feedback. In addition, the wording of one item was changed as a result of feedback from both the experts and colleagues. Also, the item concerning the number of

incidents prompting switching behaviour was repositioned within the survey. Comments from the principal of the market research business about the placement of the item concerning the number of incidents prompting the switching behaviour and the use of double sided pagination in the survey provided guidance. The length of the draft survey was not changed in the final version of the survey but it was deemed desirable to require the survey administrators to make an oral request to respondents, in addition to the written instructions in the introductory information letter, to place the completed survey in the sealable envelope attached to the back of the survey to ensure participant anonymity. Upon implementing the changes, 500 test instruments were printed for use in the final data collection stage of the study.

4.5 Sampling Strategy

It was impractical to survey an entire population of service switching customers so a sample of the target population was surveyed. From the sample frame, inferences could be made about the overall population from which it was selected (Jones et al. 2006). To achieve the survey goal of describing the characteristics of an Australian population of service switching customers, the sample frame consisted of two sets of people geographically and socially separated from each other within one nation. One set (1) consisted of visitors to a large regional shopping centre in Central Queensland and the other set (2) consisted of visitors to a large shopping centre in Melbourne.

4.5.1 Study Population

Due to the high density seasonal shopping centre customers in both locations and the ready availability of participant volunteers during the sampling period, an early

attempt at recording the rate of non-response was abandoned since there were few rejections and it quickly became apparent that demographic diversity existed among the volunteer participants so there was adequate representation of the membership of the target population. In order to establish that a potential participant had switched service providers in the previous two years and therefore fitted within the pre-defined target population, a filter question was asked at the time of intercepting potential survey respondents.

4.5.2 Sample Frame

Sampling an entire service switching population was not a feasible option. Since a self-administered interview was selected as the survey method because of time and cost constraints, a decision was made to use the mall intercept technique in public shopping complexes. A two year cut-off time period limitation since switching providers was imposed in an effort to avoid error arising from time dependent memory decay since research has found that longer recall periods are likely to significantly underestimate injury rates (Jenkins, Earle-Richardson, Slingerland and May 2002). Thus, a filter question was asked at the time of intercepting potential survey respondents in order to establish that the potential participant had switched service providers in the previous two years and therefore fitted within the pre-defined target population since determining the segment of the population to target for this research was critical in obtaining the main source of data for this study (Zikmund et al. 2011).

4.5.3 Sampling Technique

The stratified sampling process is regarded as a probability sampling technique that ensures varying subjects of the target market population had an equal probability of being chosen (Zikmund et al. 2011). In order to avoid chance sampling error and to capture a representative group of service switching respondents, the technique of sampling mall shoppers during busy shopping periods was adopted in order to capture a stratified sample of the switching population (Zikmund et al. 2011). Shopping complexes contain heterogeneous patrons related to the research topic. Although both shopping complexes were located in urban areas, one was situated in Melbourne, a capital city in the southern area of Australia while the other, a regional town in central Queensland, serviced a rural and urban population and was distanced from Melbourne by approximately 2000 kilometres. The sampling technique ensured there was a strong probability of all strata in the switching population being represented in the sample (Lehtonen and Pahkinen 2004).

4.5.4 Sample Size

Consideration was given to statistical and non-statistical factors in determining the sample size in this study. Increased risk of sampling error associated with small sample size was balanced against data collection costs. Sample size affects the precision of estimates of the reliability of the sample relative to population estimates. An adequate score range in the constructs under study needed to be tapped and a larger sample (300+ participants) was more likely to promote more score variance among interval measurement scales and therefore greater approximation to the true

range of scores within the population (Ponterotto and Ruckdeschel 2007). It has been estimated that for continuous data (with a margin of error = ±0.03, assuming an alpha level of .01) that a minimum returned sample of 209 surveys represents a population of 10,000 (Bartlett, Kotrlik and Higgins 2001). Research participants returned 645 surveys.

The nature of the research in this stage of the study was predictive. Minimisation of Type I and Type II errors was a factor in the determination to acquire a large sample population (Lin 2010). Since the two types of errors are inversely related, it is not possible to simultaneously eliminate them (Hair, Black, Babin and Anderson 2010) but it was deemed that a relatively large sample size was required to reduce the cumulative effects of sampling errors across a large number of variables and in order to be able to draw inferences based on the findings of the research (Malhotra 2009; Ghauri and Grønhaug 2005).

Despite Arrindell and Ende (1985:165) having concluded that 'neither the observations to variables ratio nor an absolute minimum of observations had any influence on factor stability', discussion still takes place about whether the complexity of factors being estimated in the proposed theoretical model should determine sample size. Varying sample sizes have been used in research studies employing AMOS, with the recommended number of respondents per estimated parameter ranging from five (5) to twenty (20) (Schumacker and Lomax 2004). Schumacker and Lomax found that most of the studies they examined had sample sizes ranging between 250 and 500 respondents. Although only 13% of the reliability

studies for tests constructed for the general population have 400 or more in the sample, in applied situations 400 has been proposed as the minimum desirable number in the sample (Charter 2003). Although guidance on sample size decision was obtained from other studies, the decision was made in this study to err on the side of caution and ensure that the number of respondents was in excess of 20 per factor as the research hypotheses were tested using multivariate techniques and the AMOS 19.0 statistical programme was chosen to analyse the data. After data cleaning, 451 cases were retained for subsequent analysis from the original 645 returned surveys. A sample of this size was deemed to reduce the increased risk of a sampling error associated with small sample size but was still attainable within the research budget allocated to this study

4.6 Data Analysis

This research study sampled the switching population to collect survey data to assist in verifying the hypotheses developed for the research and this section justifies the use Exploratory Factor Analysis and Structural Equation Modelling (SEM) for data analysis. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were conducted as both are considered first step processes prior to analysing the research data using SEM. Data obtained during Stage 2 of the research were separated into two data sets by alternately splitting cases into Data Set 1 and Data Set 2. The separate data sets were used for the EFA and the CFA and testing of competing models developed for this research. The analysis process included assessing the original theoretical and structured models to find the most

parsimonious fit model. During data analysis steps were taken to evaluate and determine which model had the best fit indices. The model that indicated the best fit to the data and the highest R^2 estimates was adopted as the best supported, most predictive and most parsimonious model.

EFA was conducted on one of the split-half data sets to distinguish items for exclusion from the measurement model. The data analysis section therefore begins with an evaluation of the soundness of the measures identified for inclusion in the measurement model; the test instrument's reliability and validity are assessed. It has long been asserted that 'reliability is a necessary but not a sufficient condition for validity' but 'if a measure is valid, it is reliable' (Churchill 1979:65). Section 4.6.1, assessment of test instrument reliability and validity, is followed by a discussion justifying the use of SEM for data analysis in Section 4.6.2.

4.6.1 Assessment of Test Instrument Reliability and Validity

The research literature was consulted to determine the appropriate reliability and validity criteria to be adopted and met in the study. Explanations of reliability and validity have been offered by Zikmund et al. (2011), Kline (2005) and Churchill (1979). The soundness of the measures used to explore the research problem was evaluated by examining the reliability and validity of the scale(s).

Reliability: Several items (4) were placed in different sections of the test instrument to verify the reliability of an individual participant's responses. Since no statistically significant differences exist among various methods for estimating reliability, the method selected to assess internal consistence reliability, the homogeneity of the

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scale, was Cronbach's coefficient α which is based on the average correlation among items and the number of items in the scale (Chau 1999). Since this is preliminary research, a minimum level of reliability of 0.7 for Cronbach's coefficient α was considered to be an acceptable standard, especially as there were eight variables in the theoretical model under investigation so a few low reliabilities among independent variables would not be problematic (Chau 1999).

The degree of reliability was assessed to ensure there was internal consistency within the scale and between multiple measures of the 10 main variables, that is, individual items of the scale measured the same construct and were highly inter-correlated. The overall reliability of the scale was tested using Cronbach's coefficient alpha to evaluate the set of 27 items used to measure the ten factors included in the measurement model. To evaluate the internal coherence of all the latent variables, the internal consistency of the ten constructs measured by the test instrument was analysed also using Cronbach's coefficient alpha (Keen 2009; Tabachnick and Fidell 2007; Chumpitaz and Papariodamis 2004). Scale reliability was a requirement for data being tested using Structural Equation Modelling (SEM).

Validity: Validity in this study was assessed using content and construct validity, with construct validity being measured with the complementary test measures of convergent and discriminant validity. EFA on the split-half data set identified items for exclusion from the measurement model. EFA identified that the independent variables were measured by 11 items, the mediating variables were measured by 7 items and the dependent variables were measured by 9 items, a total of 27 items.

Construct validity was assessed using convergent and discriminant validity (Zikmund et al. 2011). To evaluate discriminant validity, the average variance extracted of the two constructs must exceed the square of their correlation to satisfy the test (Hair et al. 2010). Only valid and reliable items should be used to test if the hypothesised relationships were represented in the conceptual model (Kline 2005).

Table 4.5 outlines and defines the processes administered to test for and measure the reliability and validity of the scale.

Table 4.5: Reliability and Validity

Measurement	Definition	Assessment Strategies
Reliability	'Extent to which a variable or set of variables is consistent in what it is intended to measure' (Zikmund et al. 2011:2)	• Scale development adapted from Zikmund et al. 2011; Pallant 2010; Malhotra 2009; Jones et al. 2006; Boyce 2005; Frazer & Lawley 2000 • Clearly written statements and instructions • Standardised measurement conditions • Multiple indicators
1. Scale reliability	The likelihood of ratings consistency generated by a scale (Vaus 2002)	• Multi-item scales to measure each theoretical construct, thus allowing for the application of the Cronbach's alpha test during EFA (Keen 2009)
2. Predictor reliability	The strength of a single indicator variable (Salgado 2002)	• Each variable assessed during EFA to forecast future probabilities with an acceptable level of reliability
3. Construct reliability	The internal consistency of a set of measures (Zikmund et al. 2011)	• Assessment based on estimated model parameters with composite trait reliability levels to exceed 0.7 (Svari, Slåtten, Svensson & Edvardsson 2011; Chau 1999)
Validity	The degree to which a set of measures correctly represents the concept of study and is free of non-random error (Zikmund et al. 2011)	• Scale development adapted from Zikmund et al. (2011) There will be no changes to the test instrument once it is finalised
1. Content validity	A logical test of the degree which a scale appears to be accurately measuring the research concepts (Vaus 2002)	• Literature review • Stage 1 exploratory research • Survey development supervised by experienced researchers; feedback from marketing experts • Instrument pilot tested
2. Construct validity	Extent to which a set of measured items reflects the theoretical latent construct. Convergent validity complements discriminant validity to form construct validity (Hair et al. 2010:708)	• Literature review • Pilot testing of the test instrument • Guided by the opinion of marketing experts and academics • Implicated through reliability of the instrument (Hair et al. 2010)
3. Convergent validity	Total amount of communality a measured variable has with the construct upon which it loads (Hair et al. 2010) Indicator items of a specific construct share a high proportion of variance (Hair et al. 2010: 709)	• Items load on one factor; no cross-loadings on another construct • Eigenvalue measures of the average variance extracted from the total variance, expressed by the correlation matrix • Convergent validity indicated by reliability coefficient alpha >0.7
4. Discriminant validity	One construct is distinct from other constructs (Zikmund et al. 2011)	• Unrelated items load on different factors.

Source: Developed for this research

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Summary, in this section, key issues of reliability and validity, with reference to the SEM method used in the research, were addressed. The processes outlined in Table 4.5 were incorporated into the research design to establish the reliability and validity of the test instrument. The initial steps taken to ensure the validity and reliability of the instrument involved drawing on the literature and the exploratory study, and, consultation with marketing academics and experts. When the test instrument was developed, further input was sought from academics and it was pilot tested by colleagues. Standardisation of the administration conditions of the data collection process and not altering the finalised test instrument supported the other measures designed to ensure that data collected for the research study were reliable. Reliability and validity were also assessed through the data analysis. Consequently there can be confidence in the reliability and validity of the reported data analysis findings.

4.6.2 Choice of Structural Equation Modelling (SEM) Justified

Over the past several decades, SEM has provided a robust analytical modelling strategy tool for marketers using quantitative methods to conduct research under the aegis of the positivist philosophy (Hair et al. 2010). SEM is appropriate for simultaneously testing statistically an entire system of variables using large samples of data (Byrne 2010; Kline 2005; Hoyle 1995). SEM examines the measurement and structural properties of the theoretical model, taking into account:

- correlation of independent variables

- multiple latent variables measured by multiple indicators

- mediating variables

- modelling of interactions

- measurement errors (Ho 2000).

Verification of the factor structure identified during the EFA was sought. CFA was employed to refine and validate the measurement scales by determining whether the measurement variables adequately represented the latent constructs (Pallant 2010; Schumacker and Lomax 2004). A competing models strategy offers a stronger method of theory testing than assessing a single model in isolation as it provides more insights into the proposed model by comparing the estimated model with alternative models (Hair et al. 2010).

Three aspects of CFA were used: reliability, validity and overall fit of the measurement model. Reliability and validity tests are considered important in standardising measurement scales and demonstrating whether the scales truly measure what they are supposed to measure. The fit of the measurement model is extremely important since it is necessary to demonstrate that all possible factors are nested appropriately within the model but various types of fit indices are affected by sample size, estimators or distributions so designating an acceptable level of model fit does not work equally well for all models and it is advisable to take into account several fit indices when reporting on model fit (Ho 2006; Hu and Bentler 1998). Listed in Table 4.6 are the cut-off values for commonly recommended goodness-of-

fit indices used in this research. A poor fit requires further refinement of the measurement model (Anderson and Gerbing 1988).

AMOS 19.0 software was used to provide a series of statistical fit measures for the proposed model for this research (Arbuckle 2008). The software package, AMOS 19.0, was selected due to its user friendliness, the use of graphics, its graphical user interface and its ability to import data directly from SPSS (Arbuckle 2008).

Summary, this section defined and justified the use of exploratory factor analysis and structural equation modelling as an appropriate quantitative data analysis strategy for this research.

4.7 Ethics

Ethical clearance was obtained from Central Queensland University (CQUniversity) to distribute and collect a set of documents which contained an introduction to the research, informed consent agreement, a survey and envelopes to switching-customer volunteer participants who were visiting two large urban shopping centres. Participants returned the completed anonymous surveys in sealed envelopes to ensure the information remained confidential and unidentifiable. The survey responses were entered into a version 19 PASW database. The information obtained from volunteer research participants was collected, recorded, transcribed, analysed and stored according to the ethical clearance protocols governing research at CQUniversity.

4.8 Conclusion

The research methodology and methods used in the study were detailed in this chapter. The chapter commenced with a brief explanation of the rationale supporting the choice of the Post-Positivism paradigm informing the research methods underpinning the design of the cross-sectional research, explained in Section 4.3, which affected:

- Development and administration of the data collection instrument, the test instrument (Section 4.4). The proposed switching behaviour model consisted of eight dependent and independent theoretical constructs that were operationalized for use in the test instrument. The eight variables consisted of *Conditions, Provider Behaviour, Service Quality, Price, Information Search, Transaction Cost, Oral Communication* and *Commitment*.

- Sampling strategy (Section 4.5)

- Method of analysing data (Section 4.6). Explication of data analysis techniques adopted and used in the study, including model evaluation criteria, occurred in this section of the chapter.

The next chapter, Chapter 5, presents the results of the data analysis.

Chapter 5

Data Analysis

5.1 Introduction

This chapter describes the analysis of the quantitative primary data which was collected using the test instrument devised for this research study and in accordance with the data collection process described in the methodology section of the previous chapter. The survey data collection was comprised of a total sample of 645. Data were analysed in several stages to ensure that various research issues were addressed and a detailed description of the data set preparation, examination and analysis is provided.

Procedures utilised for data coding, cleaning and screening and data rationalisation are described. A descriptive analysis and an assessment of the normality of the distribution for the retained data were undertaken and these evaluations were followed by a reliability analysis. Upon completion of these tests, the data set was split into two parts by allocating alternate cases to two separate data sets. Exploratory Factor Analysis (EFA) was conducted on one data set and the second data set was used in the Confirmatory Factor Analysis (CFA). Structural Equation Modelling (SEM) was used to establish the predictive power of the models and test hypotheses.

Chapter 5 is divided into four sections, summarised in Figure 5.1. The introduction, Section 5.1., begins the chapter while Section 5.2 details the data preparation process, consisting of data coding, cleaning and screening. Section 5.3 explains the details of the Exploratory Factor Analysis procedure and outcomes while Section 5.4 provides information about the application of Confirmatory Factor Analysis to the

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data collected for the research. The Structural Equation Modelling procedure utilised to test the research hypotheses is explained in Section 5.5 and Section 5.4 follows with a summation of the data analysis findings.

Figure 5.1: Chapter 5 Outline
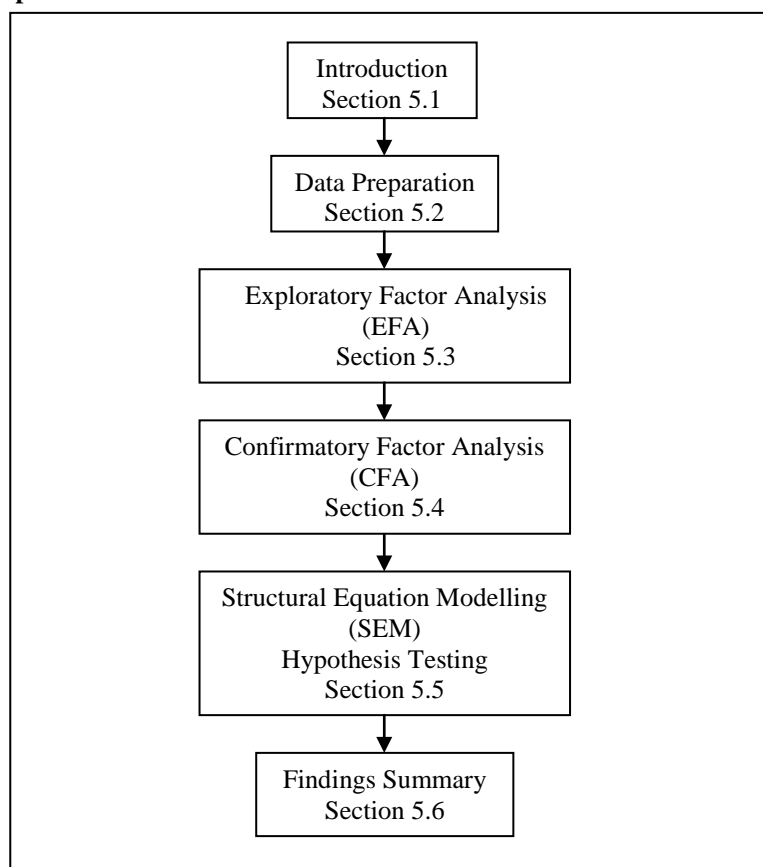
SEM was selected to investigate the proposed research model presented in Chapter 3 because it is able to account for measurement error in the modelling process and it has the advantage over other multivariate statistical methods in allowing the underlying relationships among all variables in a model to be analysed simultaneously (Buhi, Goodson and Neilands 2007). Two software analysis packages, SPSS 19.0 and AMOS^{TM} 19.0, were used to analyse the primary research

data collected during the quantitative research stage of the study. Through the management of complex statistical procedures, SPSS assesses responses and participant characteristics to investigate the multivariate data distribution normality assumption (Pallant 2010; Zikmund et al. 2011). The SPSS statistics program PASW (Predictive Analytics SoftWare) 19 integrates with the SEM software package AMOS^{TM} (Analysis of MOment Structures) program, thereby making it easy to transfer data between each package (Arbuckle 2008). AMOS builds and tests measurement models and structural models by converting survey data from SPSS into covariances and means, both of which are utilised in further analyses designed to test construct relationships and validity while taking into account measurement error in all variables that are not directly observable (MacCallum and Austin 2000). AMOS^{TM} fits data to the specified model to produce model fit statistics and parameter estimates and incorporates graphics for easier modelling and presentation of results (Arbuckle 2008). Analytical statistical justifications and further explanation of the use of AMOS^{TM} are supplied in Section 5.3 of this chapter. Licences held by CQUniversity resulted in both SPSS and AMOS^{TM} programs being readily available to research higher degree students enrolled at CQUniversity.

5.2 Data Preparation

The data preparation process translates the information gathered for the study into a format suitable for analysis (Pallant 2010). The steps in the data preparation process consisted of creating a data file, coding the data, transcribing data into a computer data base, data transformation, accounting for missing responses, all essential

activities in the data preparation process (Malhotra 2009). Descriptive demographic statistics and test results for outliers were reviewed in addition to checking the data file and correcting errors to ensure results could be meaningfully interpreted from the data set (Pallant 2010). To ascertain the suitability of the test instrument an examination of scale validity and reliability was carried out to ensure the accuracy, completeness and adequacy of data (Sekaran and Bougie 2010).

5.2.1 Data Cleaning and Screening

A total of 645 surveys were returned. Each of the surveys was scrutinised to ensure that (1) all respondents followed the instructions at the beginning of the questionnaire, (2) responses were legible and (3) questionnaires had been completed. Responses from compliant surveys were then entered into a SPSS data file, labelled Data Set 1. When all the data had been entered into Data Set 1, an audit of returned surveys was conducted to check for data entry errors.

Data cleaning was used to identify the characteristics of the raw data. Since response failure by participants in the sample causes non-response bias or error, training was provided to research assistants to reduce non-response bias (Zikmund et al. 2011); however, some incomplete or illegible surveys were found in the sample and these surveys were discarded. Unreliable or invalid responses also resulted in surveys being discarded. The probable lack of reliability and/or validity in survey responses was decided on the basis of (1) non-compliance with the survey instructions or (2) response inconsistencies.

(1) Non-compliance with instructions was found in surveys where:

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- responses to blocks of items were not supplied,

- respondents had failed to nominate the type of service provider to whom their responses applied. These surveys were extracted from the data set because there was no guarantee that all the responses were related to one particular type of service provider or that it was service switching (rather than goods switching) situation that evoked the survey responses. Three respondents nominated goods in the list of service providers in Section 1 and these surveys were discarded.

(2) Evidence of response inconsistency was judged according to three different criteria: (a) contradictory responses to items 8g and 8h; (b) internal inconsistency among items 6e, 8g and 8h identified using a *t*-test; (c) patterns in responses. Pattern responses that resulted in the elimination of the survey responses from the data set were as follows:

- all the responses for a block of questions had the same rating,

- two consecutive responses were rated the same then the next two consecutive responses were rated with a different rating but the same rating for both responses etc.,

- responses followed a diagonal or a herringbone-stitch shaped pattern down the page.

After data cleaning, 194 of the 645 returned surveys were deemed to be unacceptable for use in this research. Data Set 2 was created from the remainder of the surveys and contained 451 sets of survey responses to 59 items (69.92% response rate), an acceptable response rate for business research (Neuman 2006).

Data Screening was undertaken on Data Set 2, following the guidelines of Pallant (2010), with each subsequent change to the data set being numbered consecutively as the screening activities progressed. Data were screened to verify that no coding errors had been made. The data screening process was composed of five activities:

(1) Coding error and transcription verification;

(2) Category component and label modification;

(3) Amalgamation of two sub-categories;

(4) Missing values substitution;

(5) Item reduction.

(1) Coding error and transcription verification: To check for data transfer errors, a random sample of ten percent (45) of the surveys was selected to re-check those surveys' responses entered into the data base against the original test instrument responses (Hair et al. 2010). No incorrect data entry points were identified. Transcription accuracy was further verified by examining for missing data due to transcription error, and outliers (Hair et al. 2010). To identify missing data in order to ensure the multivariate requirement of complete data was met, a descriptive test

was run on Data Set 2 (Kline 2005). With the exception of one question, which was subsequently excluded from the analysis, in Data Set 2 there were no missing data values accounted for by transcription error. A search was conducted for values that fell outside the range of possible values for an item by inspecting item frequencies in order that errors could be corrected before calculating total variable scores (Pallant 2010). Univariate detection of outliers was achieved by plotting histograms and boxplots to demonstrate the range of data and eight variables were identified with outliers, although their scores fitted within the range of possible scores for the variable. There were no cases where outliers were detected arising from data errors or unexplainable events (Osborne and Overbay 2004). The decision was made to change the outlier values to a less extreme value, thus including the person in the analysis but not allowing the score to distort the statistics (Tabachnick and Fidell 2007).

An inspection of the histograms produced for each of the 59 survey statements was conducted to ascertain the normality of the continuous variables' response distribution. The histogram inspection revealed that for each of the 59 statements there was a spread of responses across the scale's seven points. It was observed that there was a mixture of positive and negative skewness and kurtosis among variables and this was confirmed by the results of the Kolmogorov-Smirnov test (significant value was .000 for each of the indicator variables), since 'a non-significant result (Sig. value of more than .05) indicates normality' (Pallant 2010:62). However, comments noting that tests evaluating skewness and kurtosis have been considered to be too sensitive with large samples (Tabachnick and Fidell 2007), and, that skewness

and kurtosis is a common outcome of over-reporting by survey participants (Brédart, Razavi, Delvux, Goodman, Farvacques and Van Heer 1998), were taken into account in this study. Only one statement, 'the service provider did not respond appropriately to their service failure', evoked a relatively flat distribution of responses. With the exception of 'disagree strongly', the distribution of responses for this statement across the remainder of the 6 points ranged between a maximum of 17.5% for 'disagree very strongly' and a minimum of 14.2% for 'agree very strongly'. Within this range the remaining distribution was as follows: 15.5% 'disagree', 14.9% 'neutral', 14.9% 'agree', and, 15.7% 'agree strongly'. While underestimation of the variance is a risk posed by kurtosis, this risk was reduced by the study's large sample size (451) since over 200 cases reduce the risk of kurtosis (Tabachnick and Fidell 2007). Although a violation of the assumption of normality is common in large samples, the spreading of responses in this study signified that there were wide interpersonal differences among the respondents (Pallant 2007). Given that large sample sizes often reduce the negative effects of non-normality identified in data and most statistical techniques are reasonably robust and tolerant to the violations of the assumptions of normality (Pallant 2010), deviations from normality in this data were not considered to be a major problem for SEM analysis (Hair et al. 2010; Tabachnick and Fidell 2007). At the multivariate level a goodness-of-fit test rejects deviations from normal but the variables included in the model were not rejected (Green and Salkind 2003).

A linearity test was conducted: data were inspected using normal probability plots (P-P) and scatter plots of all standardised residuals (Pallant 2010). The points were

distributed in a reasonably straight line in the P-P plot, suggesting no major deviations from normality, and on the scatterplot the standardised residuals were distributed in an approximately rectangular pattern, thereby indicating no major violations of the assumption of normality (Pallant 2010).

Multicollinearity was assessed through an examination of the Variance Inflation Factor (VIF) and Tolerance. The multiple regression analysis assessing the independent variables against the mediator and dependent variables indicated that no variables had a VIF index >10 or a tolerance value <0.10 and, therefore, multicollinearity was not statistically significant and there was no violation of the multicollinearity assumption (Pallant 2010; Tabachnick and Fidell 2007).

(2) Category label modification: The choice of category labels within the 'type of provider' variable was determined by the frequency with which a particular type of provider was mentioned during the exploratory focus group field work and the advice of the expert panel. Seven sub-category choices were offered to the respondents in question 3 of the survey: telephone service provider (1), airline (2), plumber (3), internet provider (4), pest controller (5), hairdresser/barber (6), and, other (7). During the perusal of the returned surveys it was noted that a few respondents had identified 'beauty therapist' as their service provider. It was recognised that hairdressers, barbers and beauty therapists are all engaged in offering a personal grooming service. Consequently, when assigning values and labels to the serpro variable in Data Set 2, a decision was made to change the value 6 sub-category label *hairdresser/barber* used on the survey. *Personal grooming* was

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chosen for the new label, thereby broadening the former label to allow accommodation of beauty therapy as well as hair care within this sub-category.

(3) Amalgamation of two sub-categories: To avoid major problems caused by violation of the normality assumptions and allow meaningful subgroup comparisons, a reasonably large number ($n \geq 30$) of respondents in each subgroup was desirable (Pallant 2010; Dowdy, Wearden and Chilko 2004). A visual analysis of the 'serpro' (service provider) variable identified that there were two subgroups, *plumbers* and *pest controllers*, with sample sizes of 18. As both of these groups were providing household maintenance services they were collapsed into a single sub-category labelled '*household maintenance*' and coded with the value 3. Thirteen (13) additional household maintenance providers initially located by respondents in the 'other' type of provider category were re-coded with the value 3 and transferred to the household maintenance sub-category to supplement the 36 cases of plumbers and pest controllers.

(4) Missing values substitution: Although missing data values of greater than ten percent pose problems (Malhotra 2009), the few cases (0.59%) with missing values in the retained surveys were deemed to pose less serious problems than those rejected during data cleaning so these cases were retained in the data set. Furthermore, it was not considered appropriate to utilise list-wise deletion because a considerable number of cases had already been removed during data cleaning. Since the Mean Substitution Method does not change the mean for the overall distribution

of the data, this method was deemed the most appropriate method for dealing with missing data (Tabachnick and Fidell 2007; Raaijmakers 1999).

(5) Item reduction (factor analysis). The data set was split by separating alternate cases recorded in the data set into two separate data sets. The Principal Component Analysis (PCA) factor extraction method available in PASW was applied to one of the split data sets to obtain an empirical summary of the data set (Tabachnik and Fidell 2007). This process reduced the original variables but maintained all of the variance in the variables (Pallant 2010). There was no theoretical reason to favour one rotation method over another so the Oblimin Rotation Method with Kaiser Normalization was employed in the data analysis (Ho 2006).

Two conventional strategies were adopted to deal with items loading on more than one component: the number of factors to be extracted was limited using a cut-off based on a total of 60+% of the variance, and, items were assigned to the factors of which they were most representative on the basis of the face validity of the wording and the loading values of the item on each component (Ho 2006). Inspection of the pattern matrices for the independent variables, mediating variables and dependent variables identified items with negative values that were removed from the factors before testing the reliability of the scales. In reporting the reliability statistics for the measures, the terms 'component' and 'factor' have been used interchangeably (Pallant 2010).

Summary, examination of the internal consistency of data (data cleaning, screening, missing data, outliers, normality of data distribution, linearity and multicollinearity) established that data met the assumptions required for using SEM.

5.2.2 Respondent Profile

A respondent profile was developed using the descriptive analysis tool in the PASW Statistics 19 program in order to examine the characteristics of the data sample. Variables were checked for any violation of the assumptions underlying the multivariate statistical techniques used to address the research question. Three categorical variables for which response frequencies were obtained were: (1) age, presented in Table 5.1 (2) gender, presented in Table 5.2 and (3) type of service provider involved in the switching situation, presented in Table 5.3. The nominated service providers were separated into categories to determine if there were sufficient numbers of responses within categories to suggest that it would be feasible for future research to investigate specific-industry responses. The descriptive statistics for the continuous variables included the mean, standard deviation, range of scores, skewness and kurtosis are presented in Table 5.4.

Sampling visitors to shopping centres located in Rockhampton and Melbourne, Australia, resulted in a total of 645 surveys being collected. The Rockhampton shopping centre visitors provided responses to 120 surveys during the second week of December 2008. The remainder of the returned surveys (525) was collected from visitors to various shopping centres in Melbourne during February 2009. No incentives to participate in the survey were offered and participation in the survey

was voluntary. In order that the effect of data cleaning on the respondent profile can be observed, the demographic distribution of the survey respondents before and after data cleaning is reported by age groups in Table 5.1 and gender in Table 5.2.

Table 5.1: Demographic Distribution by Age of Survey Respondents

	18-25	26-35	36-45	46-55	56-65	Over 65	Age unspecified	Total
Returned surveys	113	100	184	114	66	52	16	645
Returned percentages	17.5	15.5	28.5	17.7	10.2	8.1	2.5	
Rejected surveys	44	23	48	29	19	17	14	194
Rejection percentages	22.7	11.9	24.7	14.9	9.8	8.8	7.2	
Retained surveys	69	77	136	85	47	35	2	451
Retained percentages	15.3	17.1	30.2	18.9	10.4	7.8	0.4	

Source: Survey data

While there were differences among the percentages of people represented within the age groups in the returned survey sample (Data Set 1), after data cleaning there were only a few changes to the original age distribution percentages in Data Set 2 among the retained survey distribution percentages. In the age-unspecified group, the age unspecified category changed its representation in Data Set 1 from 2.5% to .4% in Data Set 2. The rank ordering of the age categories in Data Set 2 remained the same as in Data Set 1, with the exception of the 18-25 and 26-35 age categories which exchanged their third and fourth rankings in Data Set 2. Data Set 2 followed the distributions in Data Set 1 with the largest number of respondents (30.2%) being located in the 36-45 age group while the over 65 age group contained the smallest number of respondents (7.8%).

Table 5.2: Demographic Distribution by Gender of Survey Respondents

	Males	Females	Unspecified	Total
Returned surveys	253	358	34	645
Returned percentages	39	56	5	
Rejected surveys	90	88	16	194
Rejection percentages	36	25	47	
Retained surveys	163	270	18	451
Retention percentages	64	75	53	

Source: Survey data

Data Set 1 was comprised of survey responses from 358 females and 253 males but similar numbers of male (90) and female surveys (88) were rejected during data cleaning. Thus, not only was there a larger percentage of females than males represented in both data sets but there was also a slight increase in the proportional representation of females to males from Data Set 1 to Data Set 2, with females representing 60% of the retained survey population while males represented 36% of the retained survey population. In addition, in Data Set 2 there was a very slight reduction in the gender unspecified group from 5% to 4%. With only a few percentage point changes in the composition of the three gender sub-categories after data cleaning, and, considering the number of cases in the data set used for the analysis, the impact of gender distribution changes in the sample population was deemed to be of little concern.

Profile of services: At the conclusion of the data screening process, where category components and labels were modified and a new subcategory was created by

amalgamating two subgroups, the frequency and percentage of respondent selection of service providers was collated in Table 5.3.

Table 5.3: Service Providers

Type of provider	Frequency	Percent
Telephone service provider	115	25.5
Airline company	52	11.5
Household maintenance	49	10.9
Internet provider	58	12.9
Personal grooming	103	22.8
Other	74	16.4
Total	451	100.0

Source: Survey data

Within each of the six categories of service providers there was a sufficiently large sample ($n \geq 30$) to expect that probabilities could be approximated from non-normal distributions (Dowdy, Wearden and Chilko 2004). Considering that a non-probability sampling method was used, the diversity of service providers reflected in the descriptive statistics suggested that it was likely that a reasonably diverse pool of responses had been elicited.

After three verification items were eliminated during the data preparation process there were 56 indicator variables retained; the summary statistics for these variables are presented in Table 5.4. All 56 items are grouped by the latent variables they reflect. Survey responses (451) on a seven-point bipolar semantic differential scale were used to establish the means and standard deviations for each of the 56

antecedents of the variables. There was a tendency towards large deviations from the mean, with 19 negatively skewed distributions (disagreed with the statement) and 10 positively skewed distributions (agreed with the statement). The remaining distributions indicated that there was symmetry among the responses. The standard deviations for the variables indicated dispersion among responses.

Table 5.4: Variable Antecedents Summary Statistics
(*denotes legend used in the labelling of these variables in the Measurement and Structural Models)

Switching Causes	Mean	SD
Service not delivered, V9*	4.62	1.95
Expectations not met, V10*	4.54	2.00
Response to service failure, V11*	4.06	2.02
Bad encounter	3.34	2.00
Inconvenient business hours, V2*	2.94	1.73
Location inconvenient, V3*	2.85	1.83
Service provider unavailable, V1*	2.81	1.84
Unsafe or unhealthy practices, V4*	2.52	1.58
Provider behaviour immoral, V6*	2.34	1.50
Provider encouraged switch	2.31	1.50
Provider behaviour illegal, V5*	2.19	1.33
Better service	5.15	1.61
Better price, V12*	4.63	1.90
Positive referral	4.43	1.79
Peer pressure	2.63	1.53
Information Search	Mean	SD
Talked to provider	4.64	1.70
W-O-M advice from friends	4.33	1.72
Researched electronic information, V20*	3.89	1.83
W-O-M advice from relatives	3.83	1.70
Researched written information, V19*	3.82	1.74
Last experience affected choice	4.51	1.73
Knowledge about preferred service relationship affected choice	4.03	1.70
Switching experience made choice easy	3.99	1.63
Product knowledge gained from previous provider affected choice, V23*	3.66	1.65
Had learnt about preferred service relationship, V25*	3.56	1.66
Product knowledge affected choice, V24*	3.24	1.61

Transaction Cost	Mean	SD
Communication important	5.01	1.50
Evaluation requires trial	4.79	1.51
Experience affected expectations	4.63	1.58
Fees influenced choice of provider, V34*	4.62	1.84
Prepared to adapt to provider	4.55	1.43
Bonding with provider important	4.40	1.71
Slow to trust new provider	4.39	1.60
Enquired about hidden costs	4.29	1.78
Anxious about new service	4.07	1.62
Enquired about drawbacks to change	3.92	1.71
Took effort to choose provider, V38*	3.46	1.53
Took time to choose provider, V37*	3.38	1.49
Complex features make choice difficult	3.18	1.48
Provider diffs complicate choice	3.06	1.45
Future Behaviour	Mean	SD
One new provider chosen	5.13	1.49
Told people about liking new provider, V45*	4.80	1.52
Refer people to new provider, V48*	4.71	1.57
Told several people about switch, V46*	4.67	1.55
Started out spending less	4.61	1.74
Told several people about reason(s), V47*	4.60	1.64
Told provider why I switched	4.35	1.68
Told people about critical incident	4.25	1.69
Told provider about why chosen, V51*	4.20	1.73
Told provider about how chosen, V52*	4.06	1.70
Told provider about bad experience	3.93	1.77
Buy more products now	3.77	1.60
Change had no effect on expenditure	3.59	1.70
Chose more than one provider, V57*	2.90	1.60
Overlapped providers while trialling, V58*	2.89	1.56
Trialled many new providers, V59*	2.82	1.51

Source: Source: Analysis of test instrument data

As shown in Table 5.4 there was a large spread in mean scores for *Switching Causes* antecedents (2.18 to 5.15), with all variables reporting standard deviations greater than 1.0 (1.33 to 2.02). The variables 'Provider behaviour immoral', 'Provider encouraged switch' and 'Provider behaviour illegal' were the only variables reporting standard deviations less than 1.5. *Transaction Cost* antecedents reported moderate means (3.06 to 5.01), but all variables reported standard deviations greater than 1.0 (1.43 to 1.84). The spread of mean scores for *Information Search* antecedents ranged from 3.24 to 4.63 with all variables reporting standard deviations greater than 1.5 (1.61 to 1.83). *Future Behaviour* antecedents were spread across a wide range of means (2.82 to 5.13). With the exception of the item 'one provider chosen' (1.49), standard deviations for *Future Behaviour* were all in excess of 1.5 (1.51 to 1.77). The 56 indicator variables presented in Table 5.4 were subjected to further data analysis and their factorial composition using Exploratory Factor Analysis (EFA) was determined.

5.3 Exploratory Factor Analysis

To support theory development, Exploratory Factor Analysis (EFA) was undertaken to provide statistical information to determine the factors best representing the data. The factor structure was examined to ensure that the questionnaire items measured the variables they were designed to measure before Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM) to test the study's hypotheses was embarked upon. The initial sample of 451 participants was divided into two data sets to control for possible confounding of the findings of the EFA and the CFA through

use of the same data set in the two different types of factor analysis. The EFA data set consisted of responses of 226 survey participants and the CFA data set consisted of responses of 225 survey participants. Both sets of data were consistent with the knowledge that large sample sets, greater than 200, provide the best possible results for complex models (Hair et al. 2010; Kline 2005; Nunnally and Bernstein 1994).

Initial assessment of the validity of the test instrument occurred during the exploratory factor analysis using the SPSS. Further assessment of the validity of the test was undertaken using AMOS^{TM} 19 during the confirmatory factor analysis. Revisions to the original theoretical model were implemented on the basis of theory and statistics and the preparation of the measurement models was the immediate outcome of the EFA. A comparison of Figure 5.2, the original theoretical model with Figure 5.3, the modified theoretical model, demonstrates the changes to the model implemented as a consequence of the EFA findings.

5.3.1 Factor Identification

Variables were assigned to constructs initially on the basis of theory and the exploratory research. However, PASW Statistics 19 supported the EFA stage of the research by summarising the underlying patterns of correlations among the 56 bipolar semantic differential scale survey items to reveal the structure of the variables in the data set (Pallant 2010). Groups of closely related items were identified and the underlying structure of the scale was revealed, thereby providing an overview of the factor structure.

The suitability of the data for factor analysis was assessed and then factors were extracted on the basis of eigenvalues, communality and component matrix values, and, the Cattell Screeplot. The Principal Components (PC) method of analysis, with co-efficients less than 0.33 being suppressed, was employed in the initial factor extraction to explore different numbers of factors and this was followed by Direct Oblimin (oblique) factor rotation with a delta parameter of zero to determine the number of iterations (Hair et al. 2010). Ten factors accounted for a significant amount (64.46%) of the variance.

Three criteria were used as the basis for identifying indicator items for deletion: (1) a non-significant loading; (2) cross loading; (3) misplaced items according to theory (Keen 2009). The significance of Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) were examined. To ensure the scale remained reliable after item deletion, the Cronbach alpha test was used to evaluate the internal coherence of all the latent variables (Tabachnick and Fidell 2007; Chumpitaz and Papariodamis 2004).

Suitability of the data for factor analysis: The sample size (226) in this study exceeded the minimum recommended sample size (150) when solutions have several high loading marker variables (above 0.8); 11 items loaded above 0.8 (Pallant 2010). Items with low factor loadings (initially <0.33) were rejected. Further determination of the suitability of the variables for factor analysis was established on the basis of the results of Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy and the Bartlett's Test of Sphericity. A KMO value of 0.78 (>0.6) and a significant Bartlett's

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Test of Sphericity (p = 0.000) indicated that the EFA factorability solution was acceptable (Pallant 2010). Since criteria for measures of suitability were met, indicating that there were significant correlations among some of the variables, data were considered suitable for factor analysis.

Factor extraction, rotation and interpretation: Factors were expected to be correlated in this study so factor extraction was applied to the data. Initially it was decided to set the eigenvalue to one and this resulted in 15 factors emerging from the data. The *Total Variance Explained Table* showed that the first 15 components recorded eigenvalues of 1 or greater than 1. These components explained a total of 73.42% of the variance. However, dependence on the Kaiser criterion to identify the factorial components of the scale may result in the extraction of too many components so, prior to finalising a decision about the optimal number of factors to be retained, information situated in the *Communalities Table*, *Component Matrix Table* and the *Cattell Screeplot* was examined (Pallant 2010).

The *Communalities Table* revealed that the proportion of variance in each item accounted for by the common factor in the majority of items was high, with the exception of five items: 'better service' (0.60), 'peer pressure' (0.58), 'switching experience made choice easy' (0.48), 'change had no effect on expenditure' (0.43) and 'buy more products now' (0.54). The unrotated loadings shown in the *Component Matrix Table* indicated that most of the items loaded quite strongly (above 0.4) on the first four factors. The *Screeplot* indicated that there were changes

after the sixth and tenth components with the sixth component explaining 49.62% of the variance and the tenth component explaining 62.26% of the variance.

Coefficients less than 0.33 were suppressed and the *Pattern Matrix Table*, which evolved in 27 iterations, showed that the majority of items loaded above 0.4 across 15 factors. However, the loading of three items in factor 12 ranged between 0.60 and -0.54. The mix of positive and negative loadings within factor 12 suggested that items not correlating with other items in the factor should be deleted. An ideal solution of three or more items loading on each component was not met in every factor; factors nine and ten each contained two items, although each of the item loadings on their components was above 0.7. While most items loaded strongly on only one factor, there were two items loading on more than one factor.

On the basis of Screeplot indicators and after item deletion justified by low loadings or cross loading, six and ten factor solutions were explored. Interpretation of the items clustering together was assisted by an oblique rotation of the factors using Direct Oblimin (Pallant 2010). A ten factor solution offered the most satisfactory explanation of the total variance. To eliminate cross-loading items on the ten factor solution, an iterative process raising the initial value from 0.33 to 0.47 was undertaken, resulting in the deletion of items that did not load above 0.47.

Next, items in each of the ten factors were inspected for cohesiveness from a theoretical perspective and this process lead to three items being deleted from the data set. One item was deleted from component 1, *Oral Communication* - ('Told people about the critical incident', loading at 0.71) as communication about a

specific critical incident was not included in the *Oral Communication* definition adopted for this research: 'Informal person to person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service' (Harrison-Walker 2001:63). In component 4 (*Price*), an item was recognised to be different from the other items in the component because it required an action whereas other items were questions related to the amount of expenditure. In component 7 (*Internal Search*), three items were concerned with prior learning, whereas one item was about the effect of the service relationship on the choice of new provider, so the atypical item was deleted.

At the conclusion of the procedures concerned with factor extraction, rotation and interpretation, 10 factors containing 27 items with no cross-loadings were identified in 10 iterations. Following the item deletion processes, the test instrument's internal consistency and validity were assessed.

5.3.2 Reliability

The internal coherence of all latent variables was evaluated to ensure the scale was reliable (Tabachnick and Fidell 2007; Chumpitaz and Papariodamis 2004; Green and Salkind 2003). A Cronbach alpha coefficient analysis of the 27 retained items was implemented to measure the independent constructs (11 items), mediating constructs (7 items) and dependent constructs (9 items). PASW reliability analysis produced a Cronbach alpha of 0.82, indicating that the overall scale reliability statistic was in the preferred range (>0.7) and there was internal consistency within the scale (Pallant 2010). After examining all component items emerging through rotation to ensure

that each item was measuring a specific variable, an overview of the factor structure was obtained by measuring the reliability of each pool of items. A detailed explanation of the results of the reliability testing for each of the eight constructs in the study follows:

(1) *Conditions (CON)*, with an eigenvalue of 2.5, emerged to explain 10 percent of the variance. A KMO of 0.71 and a significant Bartlett's test result indicated that the factorisability of the variables was acceptable (Pallant 2010). A Cronbach Alpha co-efficient of 0.82 indicated that the scale was reliable and the internal consistency of the scale was acceptable. Presented in Table 5.5 are the indicator variable loadings for the five survey items, Item 1, Item 2, Item 3, Item 17, Item 18, in this factor.

Table 5.5: *Conditions*

Variable	Factor loading	Cronbach Alpha	KMO	Bartlett's Sig.
provmissing	0.89			
bushours	0.86	0.82	0.71	0.000
loc	0.83			

Source: Analysis of test instrument data

(2) *Provider Behaviour (PB)* emerged with an eigenvalue of 2.89, explaining 11.4% of the variance, so scale items accurately measured the variable. A Cronbach alpha of 0.87 indicated that scale reliability and internal consistency were acceptable. A significant Bartlett's test and KMO of 0.91 indicated that the factorisability of the variables were acceptable (Pallant 2010; Thomas, Souter and Ryan 2001; Hair et al.

2010). The loadings of each indicator variable for Provider Behaviour, Item 4, Item 5, Item 6, Item 7, are presented in Table 5.6.

Table 5.6: *Provider Behaviour*

Variable	Factor loading	Cronbach Alpha	KMO	Bartlett's Sig.
unsafe	0.86			
illegal	0.93	0.87	0.79	0.000
immoral	0.85			
encouraged	0.76			

Source: Analysis of test instrument data

(3) *Service Quality (SQ)* emerged with an eigenvalue of 3.42, explaining 8 percent of the variance. A Cronbach Alpha co-efficient of 0.85 indicated that the scale was reliable and the internal consistency was acceptable. A KMO of 0.82 and a significant Bartlett's test result showed that the factorisability of the variables was acceptable (Pallant 2010). The loadings of each indicator variable (Item 8, Item 9, Item 10, Item 11, Item 13, Item 22) are presented in Table 5.7.

Table 5.7: *Service Quality*

Variable	Factor loading	Cronbach Alpha	KMO	Bartlett's Sig.
badenc	0.64			
notdel	0.81			
qual	0.86	0.85	0.82	0.000
failresponse	0.85			
service	0.69			
lastexp	0.65			

Source: Analysis of test instrument data

(4) *Price (PRICE)* emerged with an eigenvalue of 2.95 explaining 7 percent of the variance. A Cronbach alpha co-efficient of 0.86 indicated the scale was reliable and the internal consistency of the scale was acceptable. However, despite good scale reliability, a significant Bartlett's test and a KMO of 0.60 indicating that the

factorisability of the variables was acceptable, the minimum KMO value for a good factor analysis intimated that inclusion of this variable in the measurement model may not be appropriate (Pallant 2010). An empirical research study (Newby and Ward 2009), where Price accounted for only approximately 12% of critical behaviour causing customer switching, added weight to the intimations of the KMO value information so it was considered to be advisable to exclude Price from the revised theoretical model and Measurement Model 1. The reported loadings of the indicator variables (Item 12, Item 34, Item 35, Item 36) are presented in Table 5.8.

Table 5.8: *Price*

Variable	Factor loading	**Cronbach Alpha**	**KMO**	**Bartlett's Sig.**
price	0.77			
fees	0.73	0.86	0.60	0.000
hidcosts	0.74			
drawbacks	0.65			

Source: Analysis of test **instrument data**

(5) *Transaction Cost (TC)* emerged with an eigenvalue of 2.23 explaining 5 percent of the variance. A Cronbach alpha co-efficient of 0.72 indicated that the scale was reliable and the internal consistency of the items was acceptable. A KMO of 0.69 and a significant Bartlett's test suggested that the factorisability of the variables was acceptable (Pallant 2010). The reported loadings of each indicator variable (Item 30, Item 31, Item 32, Item 37) are presented in Table 5.9.

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Table 5.9: *Transaction Cost*

Variable	Factor loading	Cronbach Alpha	KMO	Bartlett's Sig.
comfeat	0.85			
diffproviders	0.86	0.72	0.69	0.000
anxious	0.64			
time	0.61			

Source: Analysis of test instrument data

(6) *Information Search (Info Search)* emerged with two factors. Factor one had an eigenvalue of 1.45 and explained 5.4 percent of the variance and the second factor had an eigenvalue of 1.28, explaining 4.2 percent of the variance. The first factor was based on product knowledge and provider relationship preferences so this factor was defined as *Internal Search*. The second factor was based on items such as written information, electronic information and information from the provider so this factor was defined as *External Search*. A Cronbach alpha co-efficient of 0.85 for Internal Search and 0.74 for External Search indicated that both scales were reliable and the internal consistency of the items in each scale was acceptable. The reported loadings of the indicator variables (Item 19, Item 20, Item 21, Item 23, Item 24, Item 25, Item 26) are presented in Table 5.10.

Table 5.10: *Information Search*

Variable	Factor 1 loading **Internal Search**	Factor 2 loading **External Search**	Cronbach Alpha	KMO	Bartlett's Sig.
prodknow	0.86				
prodknowchoice	0.81		0.85		
prevservrel	0.85				
newservrel	0.79			0.77	0.000
writteninfor		0.86			
electinfor		0.80	0.74		
providinfo		0.76			

Source: Analysis of test instrument data

(7) *Oral Communication (Oral Com)*, emerged as two factors: (1) *Word-of-Mouth (WOM)* – to acquaintances, and, (2) *Pre-emptive Verbal Behaviour (PVB)* – words spoken to the new service provider. The WOM factor had an eigenvalue of 3.67 and explained 73.45 percent of the variance. The PVB factor had an eigenvalue of 2.96 and explained 3.25 percent of the variance. A Cronbach alpha co-efficient of 0.908 was reported for WOM, indicating the scale was reliable and the internal consistency of the items was acceptable. A KMO of 0.84 and a significant Bartlett's test indicated that the factorisability of the variables was acceptable (Pallant 2010). A Cronbach alpha co-efficient of 0.88 was reported for PVB, indicating the scale was reliable and the internal consistency of the items was acceptable. A KMO of 0.76 and a significant Bartlett's test indicated that the factorisability of the variables was acceptable (Pallant 2010). The loadings of the indicator variables (Item 44, Item 45, Item 46, Item 47, Item 48 Item 49, Item 50, Item 51, Item 52) are reported in Table 5.11.

Table 5.11: *Oral Communication*

Variable	Factor 1 Word-of-Mouth loading	Factor 2 Pre-emptive Verbal Behaviour loading	Cronbach Alpha	KMO	Bartlett's Sig.
womcritincid	0.79				
womlike	0.85				
womseveral	0.92		0.91	0.84	0.000
womreason	0.90				
refer	0.81				
whyswitch		0.86			
badexp		0.80			
whychose		0.93	0.88	0.76	0.000
howchose		0.85			

Source: Analysis of test instrument data

(8) *Commitment (CT)* was tested with three items in the survey. One factor emerged for *Commitment* with an eigenvalue of 1.99 and explained 5.72 percent of the variance. The Cronbach alpha co-efficient of 0.74 was reported, indicating the scale was reliable and the internal consistency of the items was acceptable. A KMO of 0.66 and a significant Bartlett's test indicated that the factorisability of the variables was acceptable (Pallant 2010). Loadings of each indicator variable (Item 57, Item 58 and Item 59) are presented in Table 5.12.

Table 5.12: *Commitment*

Variable	Factor loading	Cronbach Alpha	KMO	Bartlett's Sig.
moreproviders	0.75			
overlap	0.85	0.74	0.66	0.000
triedmany	0.85			

Source: Analysis of test instrument data

Statistics summarising the data analysed by EFA are reported in Table 5.13.

Table 5.13: Ten Factor Summary Statistics

	CON	PB	SQ	PRICE	IS	ES	TC	WOM	PVB	CT
Mean	2.86	2.36	4.43	4.51	3.41	3.84	3.43	4.62	4.09	2.88
Std. Deviation	1.54	1.37	1.74	1.50	1.40	1.65	1.45	1.40	1.69	1.27
Cronbach Alpha	0.82	0.88	0.87	0.84	0.81	0.76	0.85	0.91	0.90	0.74

Source: Analysis of test instrument data (n=226)

The reliability of each of the ten factorial scales identified during the EFA was tested. Cronbach alpha coefficients, ranging from 0.91 to 0.74, are summarised in Table 5.13, as well as the mean and standard deviations for each of the ten factors. The reliability statistic for each one of the ten scales fell in the preferred range. Thus, the internal consistency of all variables was acceptable, indicating that the scales were unidimensional. As shown in Table 5.13, the mean scores for the constructs ranged between 2.36 (*Provider Behaviour*) to 4.62 (*Word of Mouth*). The standard deviations reported for variables were acceptable (1.74 to 1.27), indicating that there was response dispersion for all constructs. Both statistical results and theory suggested that the *Price* variable should be excluded from the measurement model while the statistical results indicated that *Information Search* and *Oral Communication* should both be represented by two separate variables for each construct. The *Information Search* construct was represented by *Internal Search* and *External Search*. *Oral Communication* was represented by *Word-of-Mouth* and *Pre-emptive Verbal Behaviour*.

5.3.3 Validity

Initially the validity of the test instrument was assessed during the EFA stage of the research using the SPSS assessment tools. However, CFA and AMOS[TM] assessment tools were also accessed during the evaluation of the test instruments validity. Measures of (1) convergent validity, (2) discriminant (divergent) validity and (3) predictive validity were examined (Hair et al. 2010). The convergent validity and discriminant validity test results show that there is a substantial degree of unidimensionality within and between the constructs. Exclusion of the *Price* construct improved the predictive validity of the model; the predictive validity of the remaining constructs was acceptable.

(1) *Convergent validity* was assessed and all items retained were found to uniquely measure their respective constructs since the standardised loadings, presented in Table 5.14, were greater than 0.7, the acceptable loading range (Hair et al. 2010).

Table 5.14: Convergent Validity

Construct	Standardised Loading		
CON	0.87	0.83	0.81
PB	0.90	0.90	0.84
SQ	0.92	0.86	0.85
Price	0.95	0.89	
TC	0.93	0.90	
IS	0.89	0.86	0.74
ES	0.87	0.83	
WOM	0.96	0.85	0.83
PVB	0.95	0.91	
CT	0.87	0.82	0.72

Source: Analysis of test instrument data

When the critical ratio (CR) values were examined, the CFA findings for each of the items of their respective constructs show that the critical ratio values were greater than 1.96 but the value of one item was not significant at the 0.05 level (Wong and Merrilees 2007b). A third measure of convergent validity was examined, the average variance extracted (AVE). The square root of total variance explained, obtained from the CFA results, was used to compute the AVE for each of the latent constructs. The results showed that the AVE was greater than 50% (or 0.5) in every construct, with the lowest being 64% (or 0.64) suggesting that in each of the constructs there was good convergent validity (Hair et al. 2010). The fourth measure of convergent validity required an examination of Cronbach's Alpha coefficients; these values ranged from 0.74 to 0.91, suggesting that the convergent validity for each latent construct was adequate. On the basis of the results obtained for the four measurements of convergent validity, it was concluded that items were uniquely measuring their constructs.

(2) *Discriminant validity* was assessed by comparing the squared correlation estimate with the AVE estimate. The lower diagonal in Table 1.15 represents the squared correlation estimate while the upper diagonal represents the AVE. Results show that the estimated AVE for each pair of constructs is greater than the squared correlation estimate between pairs of factors; therefore the discriminant validity of the items retained in the test instrument has been confirmed (Hair et al. 2010; Wong and Merrilees, 2007b).

Table 5.15: Discriminant Validity Estimation

Constructs	CON	PB	SQ	PRICE	ES	IS	TC	WOM	PVB	CT
CON	—	0.88	0.89	0.88	0.87	0.87	0.9	0.86	0.9	0.85
PB	0.10	—	0.89	0.89	0.88	0.88	0.9	0.87	0.9	0.85
SQ	0.01	0.12	—	0.89	0.89	0.89	0.92	0.88	0.92	0.86
PRICE	0.00	0.00	0.0	—	0.88	0.88	0.92	0.87	0.91	0.85
ES	0.00	0.00	0.04	0.05	—	0.87	0.91	0.87	0.91	0.84
IS	0.05	0.01	0.03	0.00	0.07	—	0.9	0.87	0.9	0.85
TC	0.07	0.02	0.02	0.00	0.08	0.07	—	0.89	0.94	0.87
WOM	0.03	0.00	0.1	0.00	0.01	0.04	0.06	—	0.89	0.84
PVB	0.06	0.00	0.02	0.00	0.02	0.01	0.04	0.12	—	0.87
CT	0.00	0.04	0.03	0.03	0.08	0.06	0.06	0.00	0.00	—

Source: Analysis of test instrument data

(3) *Predictive validity* investigation excluded the constructs *Oral Communication* and *Commitment* because these constructs do not predict the occurrence of any other construct. With the exception of the Price construct, the results of the predictive validity tests show that the remaining constructs predict moderately well the occurrence of other constructs. The unstandardised estimates vary between 0.15 and 0.40. While the *p*–values for six construct relationships are significant (*p*=0.000, denoted by *** in Table 5.16), the p-value for one construct relationship, Service Quality → *Transaction Cost* is significant at the 0.05 level (*p*<0.05, denoted by ** in Table 5.16). The findings indicate that *Conditions, Provider Behaviour, Service Quality, Transaction Cost* and *Information Search* each predict, as specified in Model 1, the occurrence of at least one other construct. Model 1 achieves a modest degree of predictive ability. The standard error estimates vary between 0.05 and 0.09, while all of the critical ratios are above 1.96.

Table 5.16: Predictive Validity of the Latent Constructs

Direction of Relationships	Estimate	S.E.	C.R.	P
Transaction Cost ← Conditions	0.29	0.07	4.41	***
Transaction Cost ← Service Quality	0.15	0.06	2.70	**
Information Search ← Transaction Cost	0.40	0.09	4.74	***
Commitment ←Information Search	0.30	0.07	4.20	***
Oral Communication ← Conditions	0.34	0.07	4.84	***
Oral Communication ← Provider Behaviour	-0.36	0.08	-4.20	***
Oral Communication ← Service Quality	0.38	0.06	6.24	***

* = significant at p<.05; ** = significant at p =0.000
Source: Analysis of test instrument data

Summation of EFA, reliability and validity testing: EFA revealed the factorial structure of the test instrument items designed to examine switching causes, switching processes and future behaviours. EFA identified items loading significantly on factors to ensure that the factors included in the structural equation model corresponded with the constructs that had been proposed on the basis of the theory and exploratory research (Chumpitaz and Papariodamis 2004; Green and Salkind 2003). Most of the theoretically proposed constructs aligned with indicator variables. However, *Information Search* was represented by two factors, *Internal Search* and *External Search*. Likewise, two factors, *Word-of-Mouth (WOM)* and *Pre-emptive Verbal Behaviour (PVB)* represented the *Oral Communication* construct. Factor loadings and theory considerations influenced the separation of both *Information Search* and *Oral Communication* into two constructs. Factorial pools of items emerging through rotation were assessed to ensure that items were consistently measuring a specific variable. It was noted that the removal of *Price* in the revised

theoretical model was likely to improve the model. The EFA procedures resulted in the identification of the measurement variables representing the latent constructs.

To guarantee consistency in the identification and removal of inappropriate indicators, five guidelines were adhered to and items were removed according to the following criteria: (1) statistically non-significant factor loadings; (2) standardised regression weights considerably below 0.5; (3) loading on more than one latent construct, as indicated by high modification indices; (4) the explanatory power of the item, and; (5) theoretical considerations pertaining to the item. However, there was a sufficient pool of items remaining after item deletion for analysis of each of the factors using SEM.

To ascertain whether theoretically proposed constructs were supported by the research data, the internal consistency of all measurement scales was assessed and found to be satisfactory (Green and Salkind 2003). Satisfactory results were obtained for each of the three measures used to assess validity. However, an overview of the test results indicated that one construct, Price, should not have been included in the theoretical model and this conclusion was supported by theory (Newby and Ward 2009). The original theoretical model proposed on the basis of literature review theory and the exploratory research findings is shown in Figure 5.2.

Figure 5.2: Original Theoretical Model
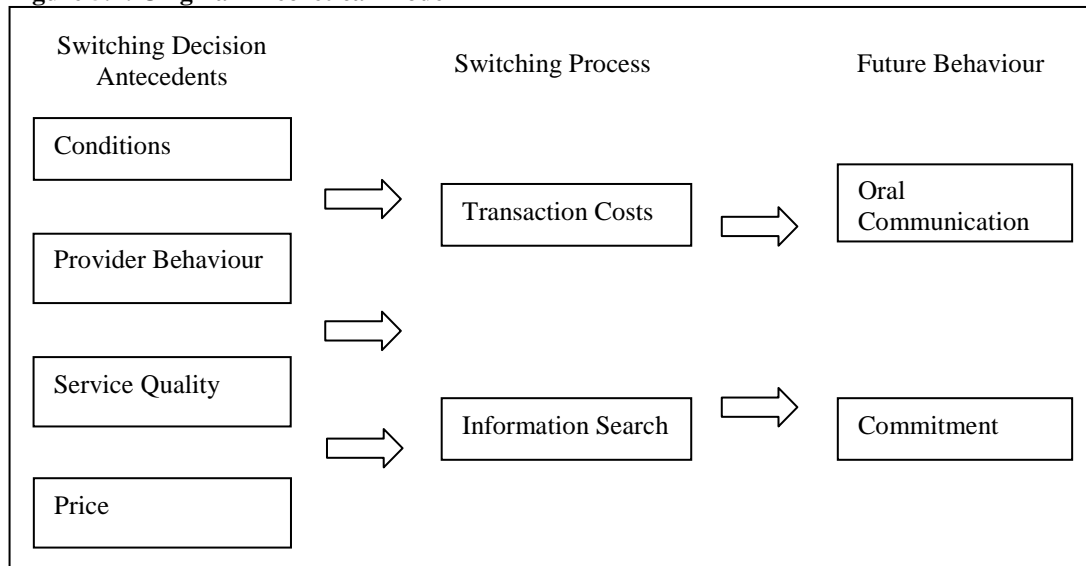
Source: Developed for this research

With *Price* eliminated from the original proposed theoretical model, the Revised Model 1 contained seven constructs.

Figure 5.3: Model 1 (Revised Theoretical Model)
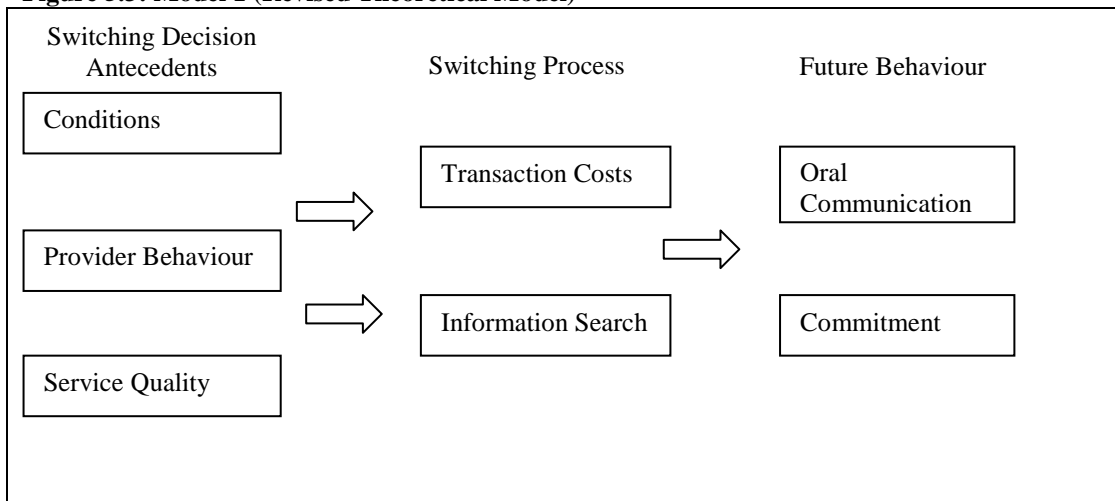
Source: Developed for this research

Modifications indicated by the EFA data analysis suggested that further changes should be applied to Model 1. The modifications, indicated during the EFA consisted

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of splitting *Information Search* into two factors (*Internal Search* and *External Search*), splitting *Oral Communication* into two factors (*Word-of mouth* and *Pre-emptive Verbal Behaviour*) and removing the *Price* variable, were incorporated into Model 2 (as shown in Figure 5.4); the outcome of applying these modifications was a nine factor model. The nine factor model was comprised of three independent variables, *Conditions, Provider Behaviour and Service Quality*, three mediating variables, *Transaction Cost, Internal Search and External Search*, and, three dependent variables, *Word-of-Mouth, Pre-emptive Verbal Behaviour and Commitment*. All variables' results on the Bartlett's test of sphericity indicated that the data was able to be factorised. All of the values for the KMO measure of sampling adequacy were met.

In Model 2, the items used to measure factors varied between four and two. Table 5.17 describes the construct and the number of items used to measure the construct.

Table 5.17: Items Measuring Constructs

Construct	Number of items
Word-of-mouth	4 items
Conditions, Provider Behaviour, Service Quality, Internal Search, Commitment	3 items
*Transaction Cost, External Search, Pre-emptive Verbal Behaviou*r	2 items

Source: Analysis of test instrument data

The internal coherence of all the latent variables in the revised theoretical model was evaluated using the Cronbach alpha test of reliability and results for all of the variables fell within the preferred range, that is, greater than 0.7. The Cronbach alpha values for *Commitment* (0.742) and *External Search* (0.760) were the lowest, with

the remainder of the other variables' values falling above 0.8. Thus, a nine factor model, Model 2, was proposed for comparison with other models. The revised theoretical model's amendments were implemented in order to facilitate theory development. Model revision preceded the assessment of the hypotheses.

Figure 5.4: Model 2 (Nine Factor Model)
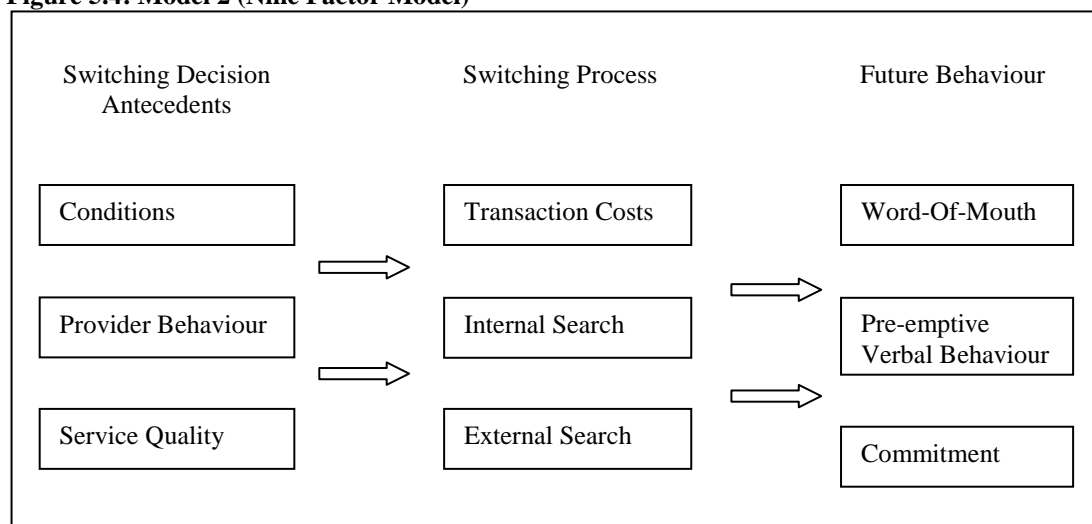
Source: Developed for this research

5.4 Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) was used to substantiate parameter estimation (Tabachnick and Fidell 2007). Models were evaluated using a simultaneous test of hypothesised measures of all latent constructs since this approach has been found to be more robust in terms of improving the psychometric properties of measures. The search for a powerful and parsimonious measurement model was guided by two principles: (1) parameters were of practical significance, and, (2) parameters with substantive theoretical meaning were maintained (Schumacker and Lomax 2004). Modifications to achieve an improved model fit were carried out one indicator at a

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time during the model evaluation process (Cheng 2001). Items were deleted if they did not perform well with regard to model integrity, model fit, or construct validity (Hair et al. 2010). A five-step process, summarised in Figure 5.5, was used to establish the model fit to the data collected for this study, thereby allowing for comparison of competing models and an evaluation of the research propositions and hypotheses (Byrne 2010).

Figure 5.5: Application of SEM Process to this Research

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                    ┌─────────────────────────┐
                    │         Step 1          │
                    │  Model Conceptualisation│
                    │      Section 5.4.1      │
                    └─────────────────────────┘
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                    ┌─────────────────────────┐
                    │         Step 2          │
                    │    Model Estimation     │
                    │      Section 5.4.2      │
                    └─────────────────────────┘
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                    ┌─────────────────────────┐
                    │         Step 3          │
                    │    Application of CFA   │
                    │      Section 5.4.3      │
                    └─────────────────────────┘
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                    │         Step 4          │
                    │Structural Equation Modelling│
                    │     Hypothesis Testing  │
                    │       Section 5.5       │
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                    │         Step 5          │
                    │     Findings Summary    │
                    │       Section 5.6       │
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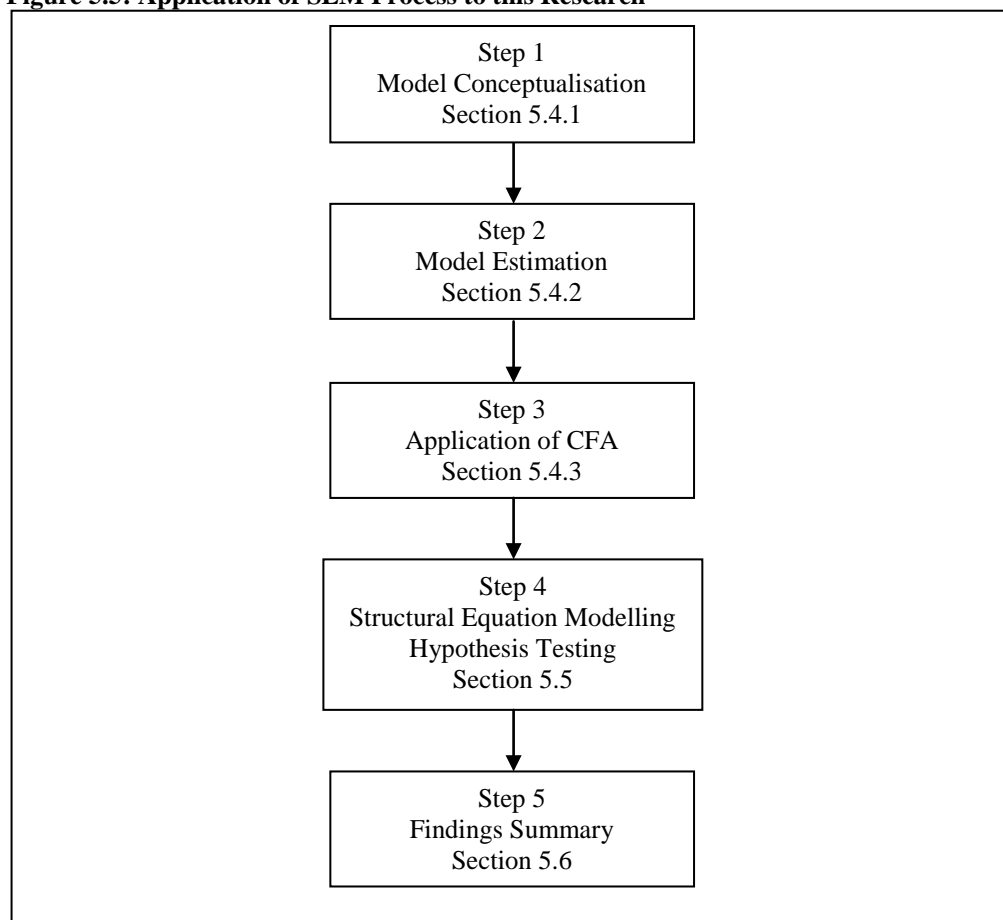
Source: Adapted from Hair, Black, Babin and Anderson (2010); Tabachnick and Fidell (2007); Green and Salkind (2003).

5.4.1 Step 1: Model Conceptualisation

In Chapter 4, the development of indicator variables used to measure model constructs was described. The inclusion of latent variables in the structural model was supported in the EFA section of this chapter, Section 5.3. Model conceptualisation involved formulating models showing the relationships among the latent variables and two measurement models, Measurement Model 1 and Measurement Model 2, derived from the findings of the EFA section of this chapter (Byrne 2010). A competing five factor model, Model 3 (Figure 5.6), was proposed to assess whether the relationship between the independent variables, the causes of service provider switching, and the dependent future behaviours variables (*Oral Communication* and *Commitment*) was affected by the exclusion of the mediating variables, *Transaction Cost* and *Information Search*.

Figure 5.6: Model 3 (Five Factor Model)
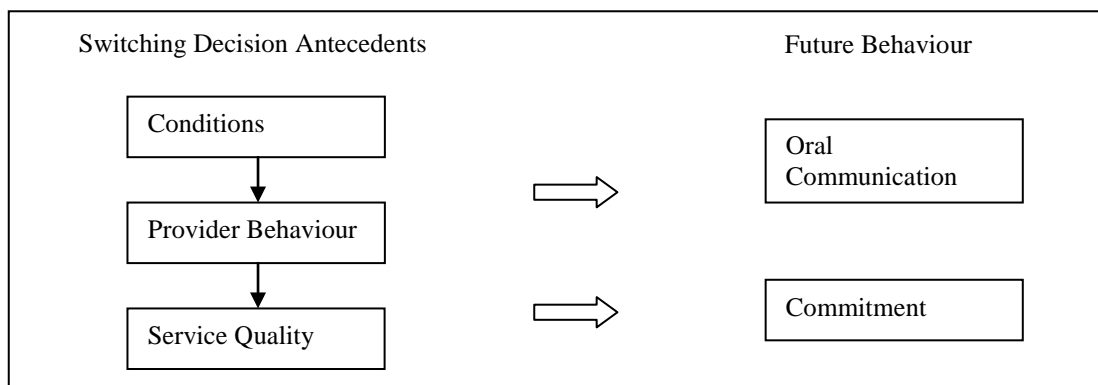
Source: Developed for this research

Model 4 (Figure 5.7), a six factor model, was developed to assess whether the relationship in Model 2 between the independent variables, the causes of service provider switching, and future behaviours dependent variables was affected by the

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exclusion of the mediating variables, *Transaction Cost*, *Internal Search* and *External Search*.

Figure 5.7: Model 4 (Six Factor Model)
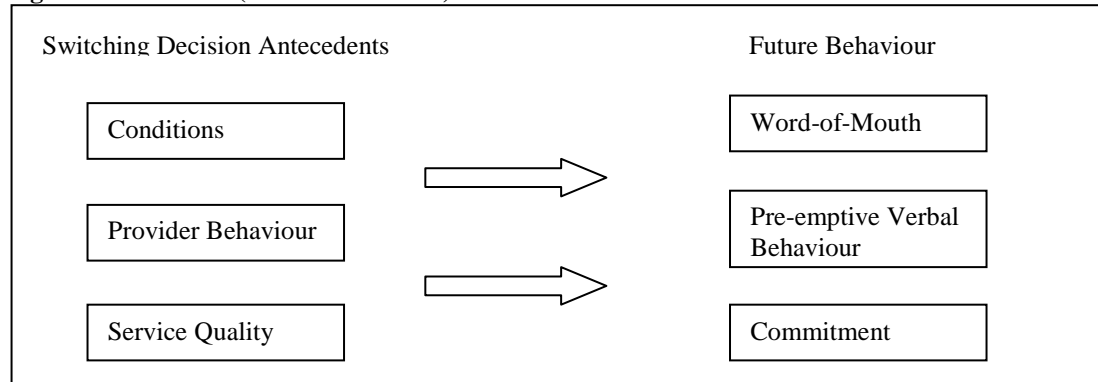
Source: Developed for this research

Confirmatory factor analysis was employed to compare the four measurement models (Byrne 2010; Kline 2005; Hulland, Chow and Lam 1996). In order to see whether model complexity was justified by an improved model fit, a strategy of eliminating constructs from Model 1 and Model 2 to create competing models with theoretically or statistically plausible structural relationships to be compared and then comparing the goodness of fit measures among these models supported investigation into the power of models with different numbers of factors presenting theoretically or statistically plausible structural relationships. To allow an admissible solution for during the confirmatory factor analysis, *Pre-emptive Verbal Behaviour* was eliminated from Model 4.

A set of observed (operationalized) variables was defined for each of the latent variables (Keen 2009). Precise domain specification permitted the selection of a small number of indicators yielding valid and unbiased estimates of the relations

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between constructs (Little, Lindenberger and Nesselroade 1999). EFA indicated that the number of indicators for the latent variables ranged from two to four, depending on the reliability and construct validity of the items, and the small range of items facilitated the avoidance of accumulated measurement errors and high levels of random error (Tabachnick and Fidell 2007; Thomas, Soutar and Ryan 2001; Dabholkar, Thorpe and Rentz 1996); in avoiding the potential problem of large numbers of measurement indicators causing a poor fit, the creation of a parsimonious model was also supported (Mulaik, James, Alstine, Bennett, Lind and Stilwell 1989). The number of items for each variable was restricted to four or fewer indicator items, Initially EFA, and then subsequently, CFA was used to reduce the number of items for each of the latent variables included in the structural models.

Through the application of CFA to the data using AMOS^{TM} 19.0 software, standardized residuals and variances for the measurement variables were determined, as well as the degree of model fit and the adequacy of the factor loadings, all of which were useful for ascertaining whether the measurement variables adequately represented the latent constructs (Arbuckle 2008; Ho 2006; Schumacker and Lomax 2004). By statistically testing theory pertaining to the structure underpinning the set of variables, CFA investigated whether the sample data confirmed the proposed models (Pallant 2010).

5.4.2 Step 2: Model Estimation

Following the development of the four models, the models were prepared for estimation. This stage of the SEM process involved the consideration of several

issues: (1) nature of the data; (2) sample size; (3) input data and model identification. These issues were considered prior to the estimation of parameters.

(1) The nature of the study data was identified, as discussed in Section 5.2: data was screened for outliers, missing data, linearity, normality and response errors. Results of the data screening and the large sample size indicated that selection of the Maximum Likelihood (ML) estimation method was appropriate (Arbuckle 2008; Kline 2005; Schumacker and Lomax 2004; Enders and Bandalos 2001; Anderson and Gerbing 1988). The scale used in the survey questionnaire had six intervals and the sample size (451) in this study was large when compared with the number of items (30) being estimated (West, Finch and Curran 1995).

(2) To obtain stable and meaningful SEM estimates, in any research study the heuristic of obtaining as much data as possible, with at least a sample size of 200 for complex models, was followed since sampling error estimation is determined by sample size, obtaining a sample size of more than 200 is recommended for complex models such as those in this study (Hair et al. 2010; Tabachnick and Fidell 2007). The study sample size of 451 respondents was appropriate for the complexity of the models being tested (Baumgartner and Homburg 1996). Responses from 226 survey questionnaires were used for EFA and the responses from 225 survey questionnaires were used for CFA to ensure that there would not be any confounding of data and accurate results would be provided.

(3) Model identification was used to enquire whether it was theoretically possible to calculate at least one solution for every free parameter (Ho 2006). Identification of

measurement and structural models required that: (1) all latent variables have been assigned a scale (Bollen 2002) and (2) there are as many observations as free parameters (Kline 2005). Crucial parameters were included in the model and since there was a unique set of parameters consistent with the data, the models were deemed to be identified. The models were over-identified as the number of estimable parameters (60) was less than the number of data points (325), a requirement for rejection of a model in structural equation modelling (Byrne 2010; Ho 2006; Kline 2005; Bryant and Yarnold 1995) and thus, the requirements for model identification were met in the study's proposed models. Model identification instigated a search for the most parsimonious model using AMOS^{TM} 19 to test the models (Schumaker and Lomax 2004).

Model estimation summary, issues relating to the estimation of the proposed models were reviewed and the sample size and the data screening results indicated that it was appropriate to select the Maximum Likelihood (ML) estimation method to test proposed theory; ML generates more precise sample regression weights for the independent predictor variables by defaulting to the covariance data input matrix. Each of the models estimated was over-identified.

5.4.3 Step 3: Application of CFA

CFA was conducted on four measurement models to confirm the factor structure and identification of the underlying factors produced by the EFA (Bollen 1989; Anderson and Gerbing 1988). The theoretical model developed in Chapter 3 proposed that the behaviour of switching customers is comprised of eight primary

variables, *Conditions, Provider Behaviour, Service Quality, Price, Transaction Cost, Information Search, Oral Communications* and *Commitment*. However, after *Price* was eliminated from the proposed theoretical model on the basis of recent theory and the initial statistical analytical results, the specified Measurement Model 1 was comprised of seven primary variables. Twenty five indicator variables were used to measure the latent variables in the Measurement Models, and the overall scale reliability was deemed satisfactory with Cronbach alpha of 0.83. CFA was used to evaluate the overall statistical fit, goodness-of-fit criteria and the subsequent assessment of fit of the model to the Data Set comprised of 225 cases.

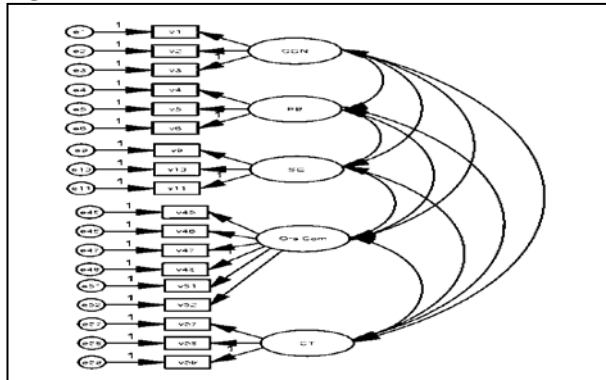### 5.4.3.1 Measurement Models

The four measurement models, displayed in Figures 5.8, 5.9, 5.10 and 5.11, were constructed.

Figure 5.8: Measurement Model 1 (Modified Theoretical Model)
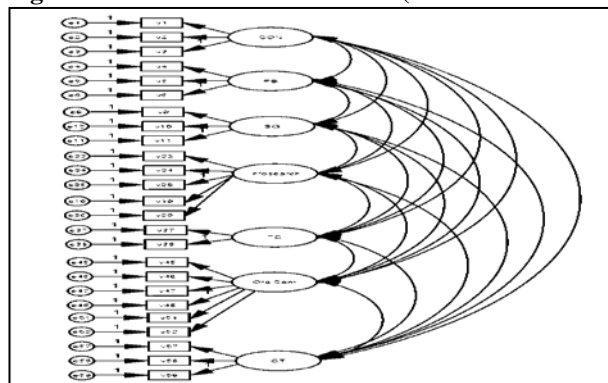
Legend for labels is found in Table 5.4
Source: Developed for this research

Seven constructs were included in Measurement Model 1: *Conditions* (CON), *Provider Behaviour* (PB), *Service Quality* (SQ), *Transaction Cost* (TC), *Information Search* (Info Search), *Oral Communication* (Oral Com) and *Commitment* (CT).

On the basis of the EFA results, Model 1 was amended to include nine constructs in Measurement Model 2: *Information Search* was split into *Internal Search* and *External Search* and *Oral Communication* was split into *Word-of-Mouth* and *Pre-emptive Verbal Behaviour*. The nine constructs in Model 2 were: *Conditions (CON), Provider Behaviour (PB), Service Quality (SQ), Transaction Cost (TC), Internal Search (IS), External Search (ES), Word-of-Mouth (WOM), Pre-emptive Verbal Behaviour (PVB),* and, *Commitment (CT).*

Figure 5.9: Measurement Model 2 (Amended Model)

Source: Developed for this research. Legend for labels found in Table 5.4

Model 3 was developed from the modified theoretical model to determine whether removing the mediating variables, *Transaction Cost* and Information *Search*, would improve the modified theoretical model. The five constructs included in Model 3 were: *Conditions (CON), Provider Behaviour (PB), Service Quality (SQ), Oral Communication (Oral Com)* and *Commitment (CT).*

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Figure 5.10: Measurement Model 3 (Measurement Model 1 Mediating Variables Removed)

Source: Developed for this research. Labels are found in Table 5.4

In Measurement Model 4 the mediating variables, *Transaction Cost*, *Internal Search* and *External Search*, were eliminated from the amended theoretical model, Model 2, to determine whether removal of the mediating variables would improve Model 2. The six constructs included in Model 4 were: *Conditions (CON), Provider Behaviour (PB), Service Quality (SQ), Word-of-Mouth (WOM), Pre-emptive Verbal Behaviour (PVB)* and *Commitment (CT)*.

Figure 5.11: Measurement Model 4 (Measurement Model 2 Mediating Variables Removed)
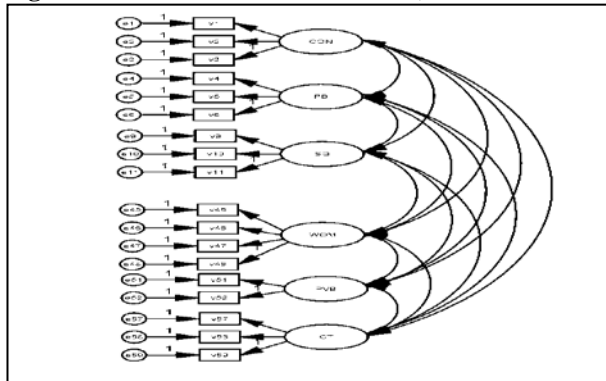
Source: Developed for this research. Labels are found in Table 5.4

5.4.3.2 Measurement model evaluation

Measurement model evaluation begins with the selection of appropriate goodness of fit criteria. Several different pragmatic statistical fit measures were used to evaluate the proposed models because the indices are not analogous and there are conflicting conclusions about the extent to which different values explain the fit of observed sample data (Sivo, Fan, Witta and Willse 2006; Marsh, Hau and Wen 2004; Cheung and Rensvold 2002; Hu and Bentler 1998). Absolute fit indices [(χ^2/degrees of freedom ratio (CMIN/DF); root mean square error of approximation (RMSEA); goodness of fit index (GFI)] were selected to assess how well theory fitted the observed sample data (Byrne 2010; Hair et al. 2010; Tabachnick and Fidell 2007; Ho 2006; Schumacker and Lomax 2004; Hu and Bentler 1998; Browne and Cudeck 1993). Incremental fit measures (IFI, Incremental Fit Index; CFI, Comparative Fit Index) provided useful measures of model fit against an established base model (Byrne 2010; Hair et al. 2010; Tabachnick and Fidell 2007; Schumacker and Lewis 2004; Hu and Bentler 1998; Baumgartner and Homburg 1996), while parsimony adjusted measures (PNFI, parsimonious normed fit index) provided information about the model's fit relative to its complexity (Byrne 2010; Hair et al. 2010; Schumacker and Lomax 2004). The six goodness-of-fit indices employed to address different aspects of model appropriateness are listed in Table 5.18, along with their cut-off ranges and model evaluation criterion (Sivo et al. 2006).

Table 5.18: Goodness-of-fit Evaluation Statistics

Goodness-of-fit Indices	Suggested Cut-off Point Range	Model Evaluation Criterion
Chi-square over degrees of freedom (CMIN/DF)[a]	<5	<3
Root-mean-square error of approximation (RMSEA)[b]	>0.10 = poor fit <0.10 – 0.08 = mediocre <0.08 – 0.051 = acceptable	<0.08
Goodness-of-Fit Index[c]	Between 0 – 1.0	
Incremental Fit Index (IFI)[d]	>0.80 – 0.95	>0.80
Comparative Fit Index (CFI)[e]	>0.80 – 0.95	>0.80
Parsimonious Normed Fit index (PNFI)[f]	>0.5 –1 Values are primarily influenced by degrees of freedom so optimal values may not apply	>0.5

Sources:
a.   **Tabachnick and Fidell (2007)**
b.   **Ho (2006); Browne and Cudeck (1993)**
c.   **Hair et al. (2010); Schumacker and Lomax (2004)**
d.   **Tabachnick and Fidell (2007); Ho (2006); Baumgartner and Homburg (1996)**
e.   **Byrne (2010); Hair et al. (2010); Sivo et al. (2006)**
f.   **Byrne (2010); Schumacker and Lomax (2004)**

Measurement model fit was tested using standardised regression weights to measure and then evaluate item loadings. Acceptable Cronbach alpha values were met since all values were above 0.7, with the exception of External Search (0.69) which still had an acceptable value greater than 0.5. The literature review and the exploratory research findings provided a basis for explaining the inter-correlations between the measurement variables (Sureshchandar, Rajendran and Anantharaman 2002). A summary of Measurement Model fit statistics, presented in Table 5.19, indicates that Measurement Model 2 has the best fit. Measurement Model 1 values fall within the specified criteria in all indices, except for RMSEA, but Measurement Model 3, where the mediating variables are removed from Measurement Model 1, has a poorer

data fit than Measurement Model 1; the Model 3 CMIN/DF (3.58) and RMSEA (0.11) values suggest that this model should not be included among the Structural Models. Although the model fit indices for Measurement Model 4 fall within the specified criteria for an acceptable model fit, the goodness-of-fit indices suggest that Model 4, solely from a 'fit' perspective, is not an improvement on Measurement Model 2.

Table 5.19: Measurement Model Fit Statistics

Goodness-of-fit indices	Measurement Model 1	Measurement Model 2	Measurement Model 3	Measurement Model 4
CMIN/DF	2.80	1.78	3.58	2.16
RMSEA	0.09	0.06	0.11	0.07
GFI	0.81	0.87	0.84	0.89
IFI	0.84	0.94	0.85	0.93
CFI	0.84	0.93	0.85	0.93
PNFI	0.65	0.69	0.65	0.69

Source: Analysis of test instrument data

Summary, CFA was used to test four measurement models using the 225 case Data Set. Different models were tested to see which set of variables provided the best fit. The process started with proposing a theoretical framework which was tested using EFA. Several factorial models were evaluated before Measurement Model 1 (Figure 5.3) was proposed (Section 5.3). Measurement Model 1 provided the foundation for the development of the other three proposed models with varying combinations of construct splits and exclusions for testing using CFA. Measurement Model 2, a nine factor model, split *Information Search* into *External Search* and *Internal Search* while *Oral Communication* was split into *Word-of-Mouth* and *Pre-emptive Verbal*

Behaviour. A seven-factor Measurement Model 1, a five-factor Measurement Model 3 (without TC and Info Search mediating variables), and, a six-factor Measurement Model 4 (without the *TC, Internal Search* and *External Search* mediating variables) were tested in addition to testing Measurement Model 2. Measurement Model 2 provided a better fit to the data than the other three models that were tested.

5.4.4 Step 4: Structural Equation Modelling and Hypothesis Testing

This section and the remainder of the chapter discuss the analysis and hypothesis testing of the theoretical service switching model framework using Structural Equation Modelling (SEM). Three structural models were formulated. Deliberation on Measurement Models' 1, 2, 3 and 4 statistical values indicated that Measurement Model 3 should not be developed into a structural model; Structural Model 3 was developed from Measurement Model 4. The structural model evaluation process involved the comparison of hierarchical and non-hierarchical models (Kline 2005). SEM measured the relationship among the observed and latent variables by estimating regression equations simultaneously to test the overall fit of the models (Pallant 2010; and Hair et al. 2010). To determine which of the SEM models was the most parsimonious, non-significant pathways and variables were eliminated from the models. SEM allowed for the comparison of alternative models, accommodated the large sample size (451) of this study, and, the use of an interval/numerical scale to measure the study's main constructs while the maximum likelihood discrepancy

function suited the normal distribution of the variables (Hair et al 2010; Baumgartner and Homburg 1996; Bentler 1990; Anderson and Gerbing 1988).

5.4.4.1 Structural model evaluations

SEM was used to test the three structural models devised after deliberation on the statistical values established after testing Measurement Model 1, Measurement Model 2, Measurement Model 3 and Measurement Model 4. To assess the predictive power of the structural models, the coefficient of determination, R^2, was examined and Structural Model 2 was identified as the model with the highest predictive power, in addition to being the most parsimonious of the three models. However, modest R^2 statistical predictability values for each of the models suggested that the fit between the regression line and the data was not particularly good (Ho 2006). Several possible explanations for the models not accounting for a high proportion of variability in the data set will be considered in the discussion of the limitations of the research in Chapter 6, Section 6.6. Table 5.20 presents the R^2 for the three structural models, Structural Models 1, 2 and 3. Although R^2 values above 0.1 explain some unique variance in each of the models, Structural Model 2 is the only model where a fairly large amount of variance is accounted for ($>R^2= 0.30$) (Bartel and Jackson 1989). Moderate R^2 values in each of the three models reflect the complexity of the switching construct.

Table 5.20: Three Proposed Models Summary of R^2

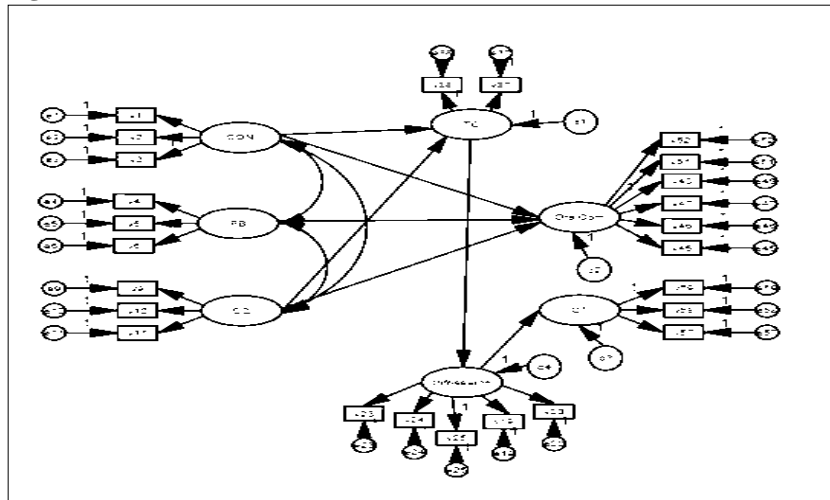| Constructs	R^2 Structural Model 1	R^2 Structural Model 2	R^2 Structural Model 3
TC*	0.14	0.15	
Info Search*	0.14		
IS*		0.11	
ES*		0.31	
Oral Com**	0.29		
WOM**		0.31	0.27
PVB**		0.21	
CT**	0.12	0.24	0.05

Analysis of test instrument
* Mediating variables, **Dependent variables

- Structural Model 1 – the R^2 for Structural Model 1 constructs were: *TC* (0.14); *Info Search* (0.14); *Oral Com* (0.29); *CT* (0.12). The R^2 results were modestly significant and, as shown in Table 5.17 below, most of the fit indices were acceptable: CMIN/DF (2.84), RMSEA (0.09), GFI (0.80), IFI (0.83, CFI (0.83), PNFI (0.67).

- Structural Model 2 – the R^2 for Structural Model 2 constructs were: *TC* (0.15); *IS* (0.11); ES (0.31); *WOM* (0.31); *PVB* (0.21); *CT* (0.24). The R^2 results were significant and, as shown in Table 5.17 below, the fit indices were acceptable: CMIN/DF (1.83), RMSEA (0.06), GFI (0.86), IFI (0.93, CFI (0.92), PNFI (0.79).

- Structural Model 3 – there was some theoretical support, based on Keaveney's (1995) suggestion that *Information Search* was a dependent variable, for developing Structural Model 3 with the mediating variables

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removed from Structural Model 2. *PVB* was eliminated from the model.

during the removal of non-significant pathways. Structural Model 3 R^2 test

values were lower than the Structural Model 2 R^2 test values. While the R^2

Structural Model 3 values were significant for WOM (0.27) and CT (0.05),

CT was located close to the non-significant end of the 0 – 1 scale of

significance. The value for CMIN/DF (2.28) was higher in Structural Model

3 than for Structural Model 2 (CMIN/DF = 1.83), but lower than for

Structural Model 1 (CMIN/DF = 2.84), indicating that the fit of Structural

Model 3 to the data was not as good as the fit of Structural Model 2 but better

than Structural Model 1. As shown in Table 5.17 below, the fit indices were

acceptable, with the exception of RMSEA (0.08): CMIN/DF (2.28), GFI

(0.89), IFI (0.93), CFI (0.93), PNFI (0.72). By analysing data from across

multiple service industries, Structural Model 2, depicted in Figure 5.17, was

found to be the most powerful in terms of prediction than Models 1 and 3.

Structural models examined in this study are presented in Figures 5.12, 5.13 and 5.14

after the removal of non-significant pathways. The statistical values resulting from

conducting SEM on each of the structural models are summarised in Table 5.2.

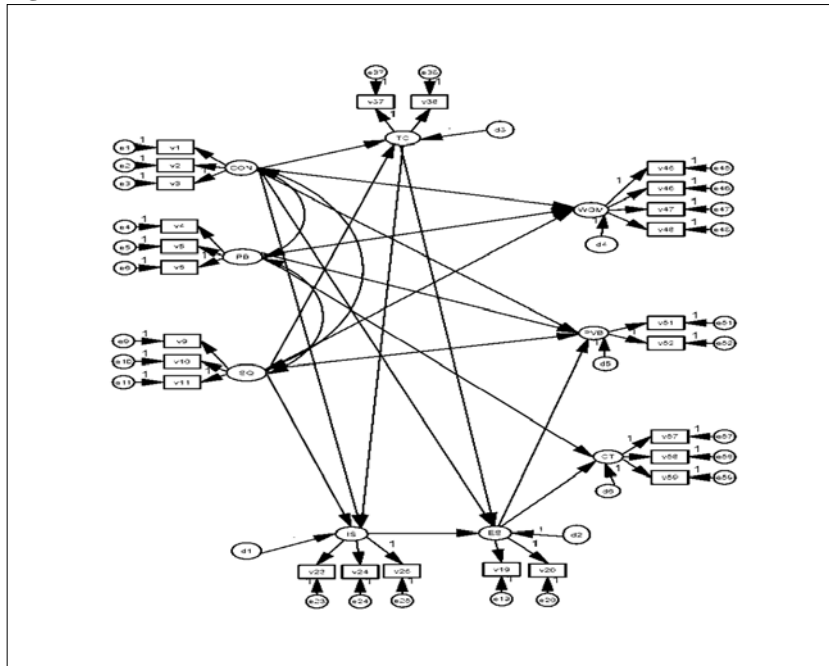**Figure 5.12: Structural Model (Seven Factor Model)**

Source: Developed for this research.
Refer to Table 5.4 for label legends

Figure 5.12 illustrates the configuration of Structural Model 1. The seven constructs included in the model were: *Conditions* (CON), *Provider Behaviour* (PB), *Service Quality* (SQ), *Transaction Cost* (TC), *Information Search* (Info Search), *Oral Communication* (Oral Com) and *Commitment* (CT). Pathways were removed unless significant at the $p<.05$ level. Values provided by the goodness-of-fit indices indicated that acceptable ranges of the fit criteria established for this research were all met, with the exception of the RMSEA (0.09) value (Ho 2006). The SEM statistics for Structural Model 1, devised from the revised theoretical model, provide a baseline comparison for the other structural models.

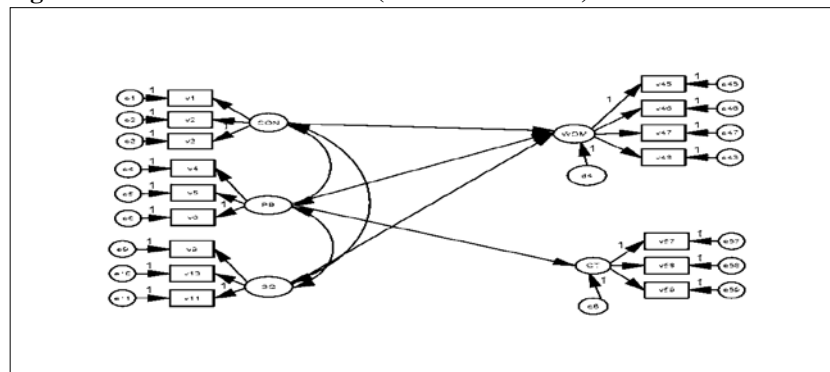**Figure 5.13: Structural Model 2 (Nine Factor Model)**

Source: Developed for this research. Refer to Table 5.4 for label legends

Structural Model 2 accommodates the structural modifications to Structural Model 1 suggested by the EFA and CFA. The configuration of Structural Model 2, the nine factor model, is presented in Figure 5.13. The nine constructs included in the model were: *Conditions* (CON), *Provider Behaviour* (PB), *Service Quality* (SQ), *Transaction Cost* (TC), *Internal Search* (IS), *External Search* (ES), *Word-of-Mouth* (WOM), *Pre-emptive Verbal Behaviour* (PVB) and *Commitment* (CT). The nine factor model separated *Information Search* into *Internal Search* and *External Search* and *Oral Communications* into *Word-of-Mouth* and *Pre-emptive Verbal Behaviour*. Pathways were removed unless significant at the p<.05 level. The goodness-of-fit criteria were satisfactory and the data fit of the model was acceptable. The indices revealed that splitting the *Information Search* and *Oral Communication* constructs provided an improvement on the model fit of Structural Model 1.

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Structural Model 3 consisted of an amended Structural Model 2. Structural Model 3 was used to determine whether the exclusion of the mediating variables in Structural Model 2 improved the model. Structural Model 3, presented in Figure 5.14, was comprised of six factors: *Conditions* (CON), *Provider Behaviour* (PB), *Service Quality* (SQ), *Word-of-Mouth* (WOM), *Pre-emptive Verbal Behaviour* (PVB) and *Commitment* (CT). Initially a solution was not admissible but the notes for the model indicated that removing the *Pre-emptive Verbal Behaviour* (PVB) construct would permit an admissable solution. After the removal of PVB, pathways were removed unless significant at the p<.05 level. Values for the selected goodness-of-fit indices indicated that the model in which the mediating variables and PVB were removed was an acceptable fit of the data but Structural Model 3 was not an improvement on Structural Model 2. It is therefore evident that mediating variables have an effect on the relationship between the independent variables and the dependent variables.

Figure 5.14: Structural Model 3 (Six Factor Model)

Source: Developed for this research.
Refer to Table 5.4 for label legends

The goodness-of-fit results for the three structural models, summarised in Table 5.21 indicate that the majority of the goodness-of-fit indices for Structural Models 1, 2

and 3 satisfied the fit criteria adopted in the study; that is, these models were an acceptable fit for the data. A comparison of the highlighted Structural Model 2 SEM results column (Column 3, Table 5.21) with Structural Model 1(Column 2, Table 5.21) and Structural Model 3 (Column 4, Table 5.21) suggests that Structural Model 2 is the model that provided the best fit for the data. From the comparison of the results of Structural Model 2 and Structural Model 3 SEM results, the relationship between causes of the decision to switch service providers (*Conditions/Provider Behaviour/Service Quality*) and future behaviour (*Word of Mouth/Commitment*) are affected by mediating variables (*Transaction Cost, Internal Search and External Search*).

Table 5.21: Structural Model Fit Statistics Summary

Goodness-of-fit indices	Structural Model 1	Structural Model 2*	Structural Model 3
CMIN/DF	2.84	1.83	2.28
RMSEA	0.09	0.06	0.08
GFI	0.80	0.86	0.89
IFI	0.83	0.93	0.93
CFI	0.83	0.92	0.93
PNFI	0.67	0.79	0.72

Source: Analysis of test instrument data
*Best fitting model

Although this study's findings indicate that Structural Model 2 is the most powerful in terms of prediction, further testing of this model with data collected in a different context, using a different sampling design, sampling technique and sampling frame may arrive at different findings; the study's limitations are discussed in more detail in Section 6.6.

Structural Model Evaluation Summary, three factorial models, consisting of fifteen, six and ten factors, were examined using EFA. Measurement items associated with the variables in the proposed theoretical framework aligned with the eight constructs included in the framework but test results and research reported by Newby and Ward (2009) suggested that the removal of the Price variable from the proposed theoretical was indicated. Thus, upon completion of the EFA, the original proposed theoretical model (Model 1, Figure 5.2) was revised and a modified proposed theoretical model was put forward for testing as Measurement Model 1 in the CFA stage of the research. Three further competing measurement models were developed to explore the nature of relationships among different switching behaviour variables. Measurement Model 2, a nine factor model accommodating the split of Information Search and Oral Communication into two factors each, was tested and found to be a better fitting model than Measurement Model 1. The statistical goodness-of-fit results indicated that neither Measurement Model 3 nor Measurement Model 4, designed to test whether the removal of mediating variables from Measurement Model 1 and Measurement Model 2, improved relationships between the independent and dependent variables in these models. Measurement Model 4 provided an adequate fit to the data but Measurement Model 3 did not provide an adequate fit to the data. Of the four models tested, Measurement Model 2 had the best goodness-of-fit statistics. Measurement Model 2 was therefore identified as the model with the highest predictive power.

Subsequent to testing and evaluating the four measurement models, three structural models, Structural Model 1, 2 and 3 were devised for SEM testing. Structural Model

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1 consisted of seven variables, Structural Model 2 consisted of nine variables and Structural Model 3 consisted of five variables, although removal of *Pre-emptive Verbal Behaviour* (PVB) variable was necessary to achieve an admissible SEM solution. While the goodness-of-fit indices for Structural Models 1, 2 and 3 (without *PVB*) satisfied most of the fit criteria adopted in the study, Structural Model 2 was deemed to be the most powerful in terms of prediction.

Figure 5.15: Structural Model 2
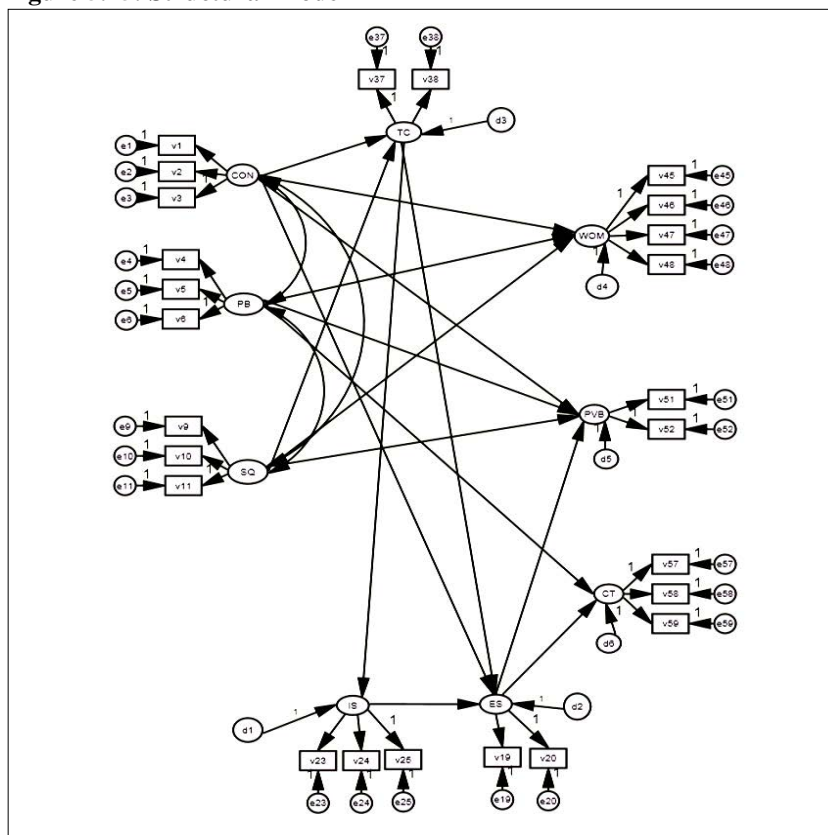
Source: Developed from analysis

5.4.4.2 Hypothesis testing

Hypotheses developed for this research were evaluated in this section of Chapter 5. The research question, issues and hypotheses, Section 3.4.2, Chapter 3, were devised

at the conclusion of the literature review and exploratory research. The hypotheses were developed prior to the revision of the theoretical model. The hypotheses were concerned with the relationships between the original theoretical model constructs and these relationships were tested using SEM. Path coefficients and significance levels between the constructs included in the final structural equation model were examined in the hypothesis assessment process. Table 5.22 presents the standard regression weights, path significance and R^2 for Structural Model 2.

Table 5.22: Standardised Regression Weights and Path Significance Levels

Relationship between constructs	Standardised regressions weights	Significance level path coefficients	R^2
CON→TC	0.35**	0.000	TC (0.15)
CON→ES	-0.26*	0.003	ES (0.31)
SQ→TC	0.21*	0.004	
CON→WOM	0.42**	0.000	WOM (0.31)
CON→PVB	0.41**	0.000	PVB (0.21)
PB→WOM	-0.39**	0.000	
SQ→WOM	0.54**	0.000	
PB→PVB	-0.18*	0.037	
PB→CT	0.20*	0.009	CT (O.24)
SQ→PVB	0.33**	0.000	
TC→IS	0.39**	0.000	
TC→ES	0.38**	0.000	
IS→ES	0.31**	0.000	
ES→PVB	-0.15*	0.047	
ES→CT	0.44**	0.000	
TC→IS	0.34**	0.000	IS (0.11)

* = significant at p<.05; ** = significant at p =0.000
Source: Analysis of test instrument data

In the original proposed theoretical model the *Information Search* construct was presented as one variable by reason of the perspective provided by the literature reviewed in Chapter 2. Similarly, the decision to present *Oral Communication* as one variable was also based on a perspective derived from the literature reviewed in Chapter 2. Single constructs for both *Information Search* and *Oral Communication* were employed in the development of the hypotheses. However, both of these variables were subsequently split into two components (Section 5.3.2): (1) *Internal Search* and (2) *External Search*; (1) *Word-of-Mouth* and (2) *Pre-emptive Verbal Behaviour*.

Table 5.23 provides a summary of the research question and related hypotheses, in addition to test results arrived at using SEM. The data for the hypotheses presented for *Information Search* and its two components are represented by: Info = *Information Search*; IS = *Internal Search*; ES = *External Search*. The data for the hypotheses presented for oral communication and its two components are represented by: OC = *Oral Communications*; WOM = *Word-of-Mouth*; PVB = *Pre-emptive Verbal Behaviour*.

Table 5.23: Hypotheses Testing Results

| Research question and hypotheses		SEM results	Standarised Regression Weights
RQ	*How do switching decision antecedents, switching processes and future behaviour relate to each other?*		
H1	*Conditions* is related to *Transaction Cost*	Supported	CON→TC=0.35**
H2	*Conditions* is related to *Information Search*	Inf S Unsupported IS Unsupported ES Supported	CON→ES=-0.26*
H3	*Provider Behaviour* is related to *Transaction Cost*	Unsupported	
H4	*Provider Behaviour* is related to *Information Search*	Inf SUnsupported IS Unsupported ES Unsupported	
H5	*Service Quality* is related to *Transaction Cost*	Supported	SQ→TC=0.21*
H6	*Service Quality* is related to *Information Search*	Inf- Unsupported IS-Unsupported ES-Unsupported	
H7	*Price* is related to *Transaction Cost*	Not tested	
H8	*Price* is related to *Information Search*	Not tested	
H9	*Conditions* is related to *Oral Communication*	OC-Supported WOM-Supported PVB-Supported	CON→OC=0.41** CON→WOM=0.42** CON→PVB=0.41**
H10	*Conditions* is related to *Commitment*	Unsupported	
H11	*Provider Behaviour* is related to *Oral Communication*	OC-Supported WOM Supported PVB Supported	PB→OC=-0.37** PB→WOM=-0.39** PB→PVB=-0.18*
H12	*Provider Behaviour* is related to *Commitment*	Supported	PB →CT = 0.20*
H13	*Service Quality* is related to *Oral Communication*	OC Supported WOM Supported PVB Supported	SQ→OC=0.52** SQ→WOM=0.54** SQ→PVB=0.33**
H14	*Service Quality* is related to *Commitment*	Unsupported	
H15	*Price* is related to *Oral Communication*	Not tested	
H16	*Price* is related to *Commitment*	Not tested	
H17	*Transaction Cost* is related to *Information Search*	Inf S Supported IS Supported ES Supported	TC→Inf S=0.37** TC→IS=0.34** TC→ES=0.38**
H18	*Transaction Cost* is related to *Oral Communication)*	Unsupported WOMUnsupported PVB Supported (through ES)	
H19	*Transaction Cost* is related to *Commitment*	Supported (through ES)	
H20	*Information Search* is related to *Oral Communication*	Unsupported WOM Unsupported PVB Supported	ES→PVB=-0.15*
H21	*Information Search* is related to *Commitment*	Supported	ES→CT=0.44**
Q1	The addition of *Transaction Cost* and *Information Search* improve the model	Supported	Comparison results Tables 5.20 and 5.22

Information Search = **Inf S**; *Internal Search* = **IS**; *External Search* = **ES**;
Oral Communication = **0C**; *Word-of-Mouth* = **WOM**; *Pre-emptive Verbal Behaviour* = **PVB**
*= significant at p<.05; ** = significant at p = 0.000

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Figure 5.16 shows the original hypothesised theoretical model.

**Figure 5.16: Theoretical Model with Related Hypotheses**
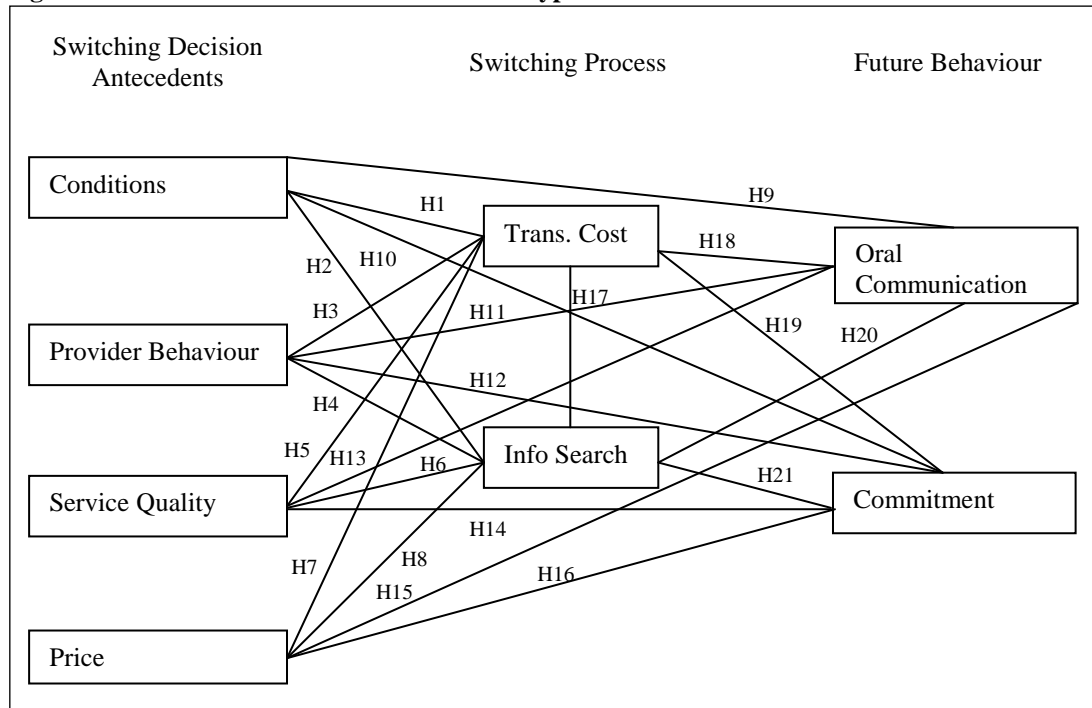
As presented in Table 5.24, twenty one hypotheses were developed. With the removal of *Price* from the revised theoretical model and splitting *Information Search* and *Oral Communication* into two factors (Section 5.3.2), four hypotheses were not tested but an additional 18 hypotheses were tested. Of the 21 hypotheses, 10 were supported, 11 were not supported. Although Hypothesis 2 (*Conditions* is related to *Information Search*) was supported, when *Information Search* was split into its two factors *Internal Search* and *External Search*, it was found that the hypothesis that

Conditions was related to *Internal Search* was not supported. Although Hypothesis 18 was not supported, when *Oral Communication* was split into its two factors *WOM* and *PVB*, it was found that the hypothesis *Transaction Cost* is related to *PVB* was supported. Although Hypothesis 20 was not supported, when *Oral Communication* was split into its two factors *WOM* and *PVB*, it was found that the hypothesis *Information Search* is related to *PVB* was supported. Based on the information in Tables 5.20 and 5.23, it was concluded that there was a positive response to the question of whether the addition of *Transaction Cost* and *Information Search* improved the model. Figure 5.17 shows Model 2 with the supported hypotheses of the modified theoretical model.

Figure 5.17: Model 2 with Supported Hypotheses

Source: Developed for this research

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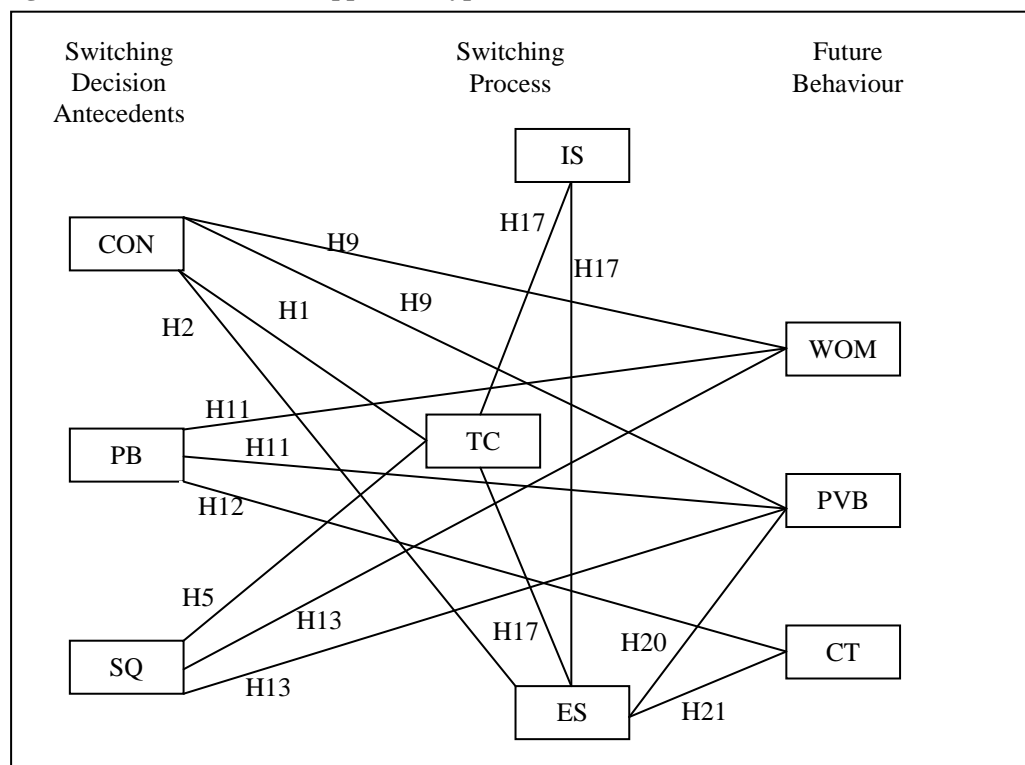
Summary, Model 2 was found to be the best fitting and most powerful model. In Figure 5.17, fifteen Model 2 hypotheses are presented. Five hypotheses were not supported by the SEM results derived from the data collected for this study. Four hypotheses were not tested because, prior to testing the data using SEM, the *Price* construct was removed from the theoretical model. The regression paths for Model 2 are presented in Figure 5.18.

Figure 5.18: Model 2 Regression Paths
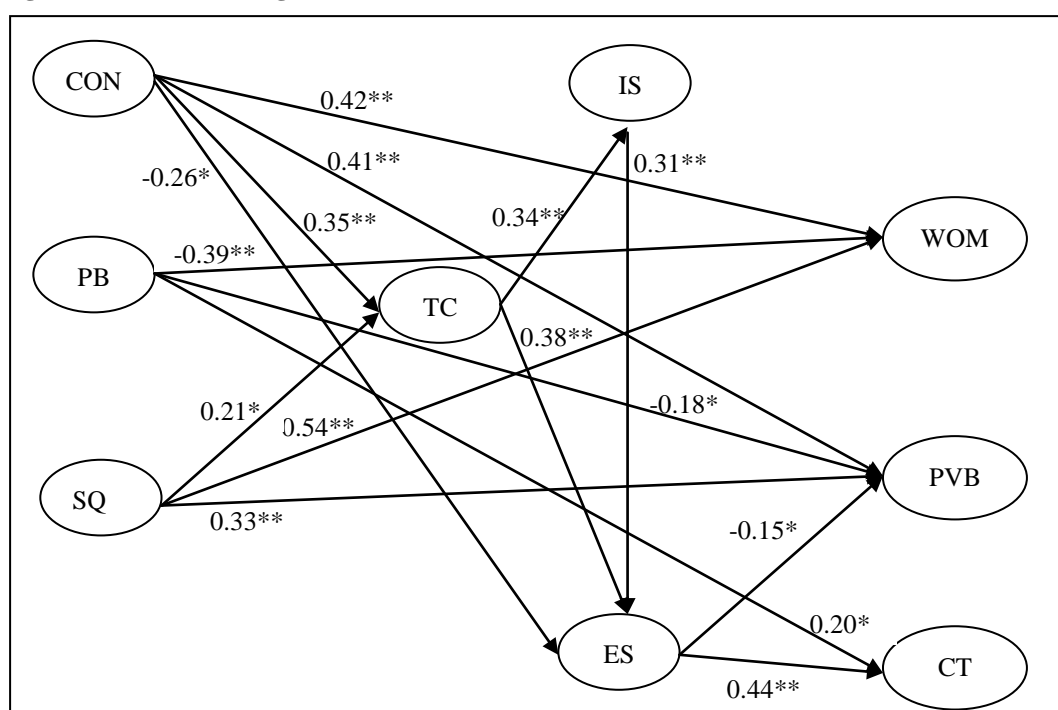
* = significant at p<.05; ** = significant at p = 0.000
Source: SEM results

5.6 Summary

Details of the research study's data analysis and results are presented in this chapter. The purpose of the chapter was to test the research question and its related hypotheses. Data were screened, cleaned and coded. Data preparation consisted of

data cleaning, screening and coding, and, a review of the demographic information. Assessment of the sample found that the sample was representative of switching customers of a range of services (Section 5.2). Exploratory Factor Analysis (EFA), conducted on approximately half of the sample data (N= 226), identified items loading significantly on components and progressed through the data reduction process (Section 5.3). Confirmatory Factor Analysis (CFA), conducted on the other half of the sample data (N= 225), was utilized to validate and refine the data employed for the structural equation modelling (Section 5.4). While the variables were accurately and reliably represented within the models, removal of the *Price* variable, with its borderline Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO = 0.604), was indicated. Structural Equation Modelling (SEM) examined the structural models. Consideration of model fit indices supported the conclusion that Model 2 was the best fitting and most parsimonious model and this model was used to test the validity of the hypotheses (Section 5.5). Of the original 21 hypotheses proposed for this research study, ten were supported, five were not significantly supported, two were not tested and there was partial support for two more of the hypotheses where one of the factors in the construct was supported while the other factor in the construct was not supported. The findings derived from the SEM analysis and their implications are discussed in Chapter 6, the final chapter of the study's report.

Chapter 6

Findings and Implications

6.1 Introduction

The research question (RQ) provides the foundation for the research.

RQ: *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*

This broad research question was subdivided to form three research issues. The purpose of the study was to design a research investigation that addressed this question and its associated issues. Chapter 6 examines the findings generated in response the investigation of this research question and discusses the implications of these findings.

Chapter 1 provided the research study's background. In Chapter 1 the study domain was outlined, the research question was defined and the research issues were explained. The lack of prior research pertaining to the topic was referred to in order to establish the value of this research.

Chapter 2 provided a review of the extant consumer switching behaviour literature. Gaps in switching theory that suggested there was an opportunity to undertake further exploratory research and theory development in the switching domain were identified. Consumer switching behaviour is located primarily within the parent discipline of consumer behaviour but a narrow aspect of economic parent theory, *Transaction Cost*, was touched upon briefly to address the limitations of consumer behaviour theory in regard to transaction cost theory. Consumer behaviour switching research has focused heavily on the antecedents of switching and there is considerable depth in this area of research. However, the availability of

comprehensive research supporting the development of a holistic service switching behaviour model is constrained. Further research into the behaviours that occur after the service customer has made a decision to switch providers was deemed desirable to complement existing switching behaviour domain knowledge and develop switching theory. The theoretical foundations for this research were established on the basis of the literature review.

Chapter 3 reported on the overall design and methodology of the first, theory building stage of this research. The chapter began with a justification for undertaking qualitative research based on Roos and Gustafsson's (2007:94) comment concerned with the lack of knowledge about 'how and why customers act'. The foundation premises adopted for the exploratory research were: (1) individuals are goal directed and (2) switching customers will attempt to fulfil their needs for a specific product by transferring to a replacement service provider once the switching antecedents prompt a switching decision (Vogt and Fesenmaier 1998). Exploratory methodologies consisted of collecting information from (1) focus groups, comprised of switching customers, and, (2) service provider interviews. The function of the exploratory research was to develop a theoretical model and a research question that could be used in the main confirmatory study whose central purpose was the investigation of customer switching behaviour (Zikmund et al. 2011). A preliminary theoretical framework was proposed in Figure 3.7, Section 3.4.2 of Chapter 3 and the research issues developed as a result of the literature review and the exploratory research are shown in Table 6.1.

Table 6.1: Research Issues

| Research Issue Number	Research Issue
1	Relationship between switching decision antecedents and the switching process
2	Relationship between switching decision antecedents and future behaviour
3	Relationship between the switching process and future behaviour

Source: Developed for this research

Chapter 4 described and justified the quantitative research methodology of the second, theory testing, stage of the research. The adoption of the Post-Positivism research paradigm determined the survey data collection methodology, thereby informing the processes of the survey development reported in Section 4.4, sampling strategy reported in Section 4.5 and data analysis strategy reported in Section 4.6. Ethical considerations taken into account during the research were explained in Section 4.7.

Chapter 5 presented information about the analysis of the quantitative primary data which was collected using the test instrument devised for this research study and in accordance with the data collection process described in the methodology section of Chapter 4. The survey data collection was comprised of a total sample of 645. Data were analysed in several stages to ensure that various research analysis issues were addressed. The chapter provided a detailed description of the data set preparation, examination and analysis employed to address the research question. Preliminary analyses were conducted using Exploratory and Confirmatory Factor Analyses on split halves of the prepared data set to avoid a potential confounding results problem arising from using a single data set for both types of analysis. The Structural

Equation Modelling technique was used to test the revised model hypotheses, and a model which best represented the findings of the study was presented and described.

In this final chapter, findings are offered about each of the research issues. This chapter compares and contrasts the research findings with information reported in the literature, highlighting similarities and differences between the research outcomes and the extant literature, to show how the research has advanced the existing literature and contributed to service switching theory. The chapter draws toward its conclusion with the theoretical, practical and policy implications of the findings (Section 6.4 and Section 6.5). The research limitations (Section 6.6) and future directions for switching domain research are mentioned in Section 6.7. An outline of Chapter 6 is provided in Figure 6.1.

Figure 6.1: Chapter 6 Outline
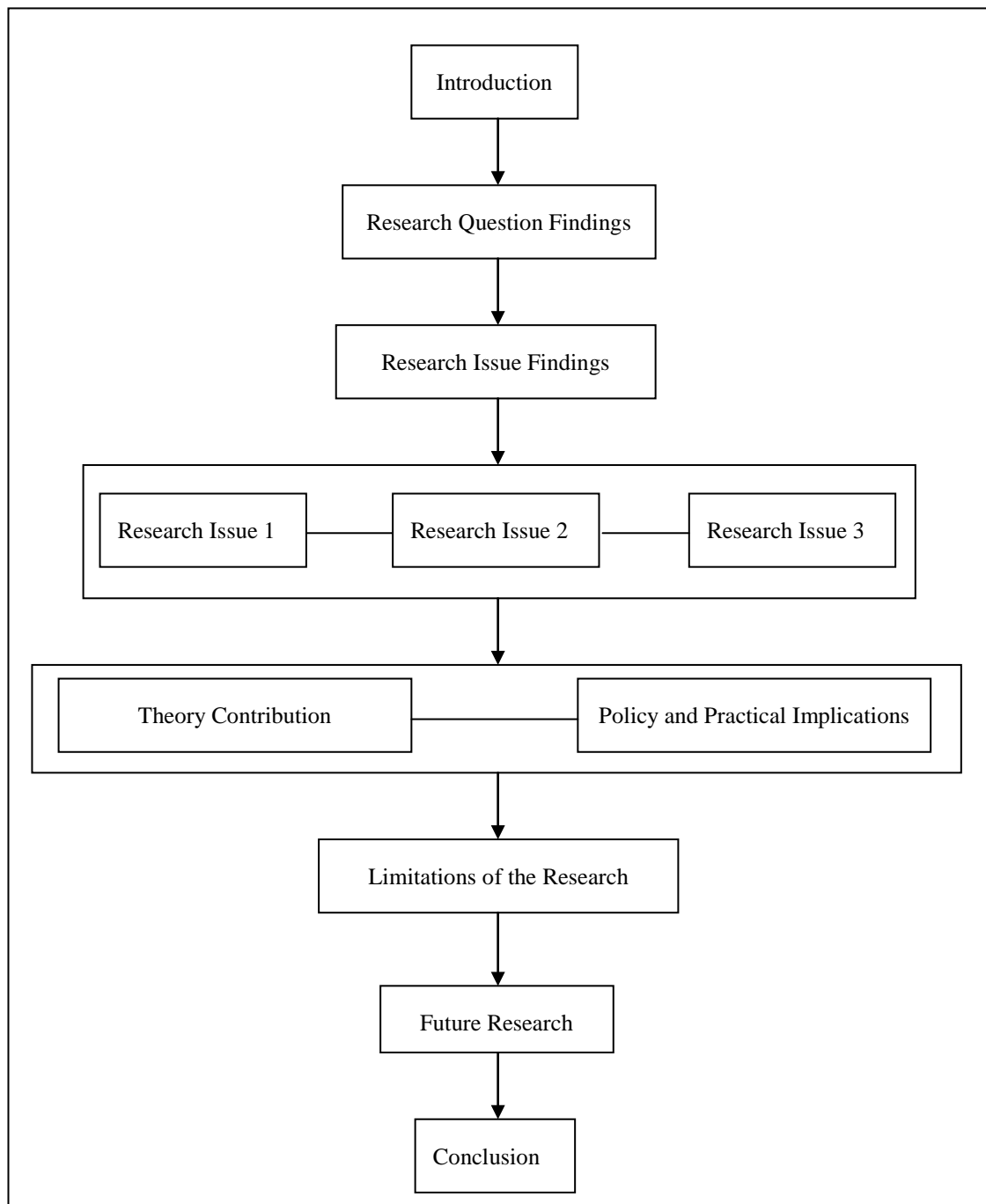
Source: Developed for this research

6.2 Research Question Findings

Research Question (RQ): How do switching decision antecedents, switching processes and future behaviour relate to each other?

At the conclusion of Chapter 3, an initial theoretical framework was proposed to underpin this research study: Figure 3.3, Section 3.4.3. A synthesis of information obtained from the literature review and exploratory research supported the development of three research issues. The refined theoretical Customer Service Switching Behaviour Model is presented in Section 6.2 and provides a basis for a discussion of the findings of the research question and research issues; future behaviour in a switching context is related to the switching process and switching decision antecedents. Expectations arising from some of the speculation found in the literature were confirmed while a few other expectations were disconfirmed. Additional information was contributed to extant switching domain knowledge as a consequence of investigating issues mentioned or implicated in the literature and switching domain knowledge was advanced as a result of the study's findings.

The final model presents a suite of switching behaviours investigated in this research. In the context of customers switching service providers, some switching antecedents are related to future behaviour and the switching process impacts on this relationship. Thus this research confirmed speculation in the literature reporting that: (1) the *Conditions* service switching antecedent has a positive relationship with the *External Search* switching process and *Oral Communication* future behaviour; (2) the *Provider Behaviour* service switching antecedent has a positive relationship with

Commitment future behaviour and a negative relationship with *Oral Communication*; (3) the *Service Quality* service switching antecedent has a positive relationship with *Oral Communication* future behaviour (4) *Transaction Cost* through *Information search*, the switching process, has a positive relationship with *Commitment*. However, the research did not support speculation in other parts of the literature that: (1) the *Conditions* service switching antecedent is related to the *Internal Search* switching process; (2) the *Provider Behaviour* service switching antecedent is related to the *Information Search* switching process; (3) the *Service Quality* service switching antecedent is related to *Commitment* (4) the *Price* service switching antecedent is related to the *Information Search* process, and, *Commitment* and *Oral Communication* future behaviours.

Figure 6.2: Customer Service Switching Behaviour Model
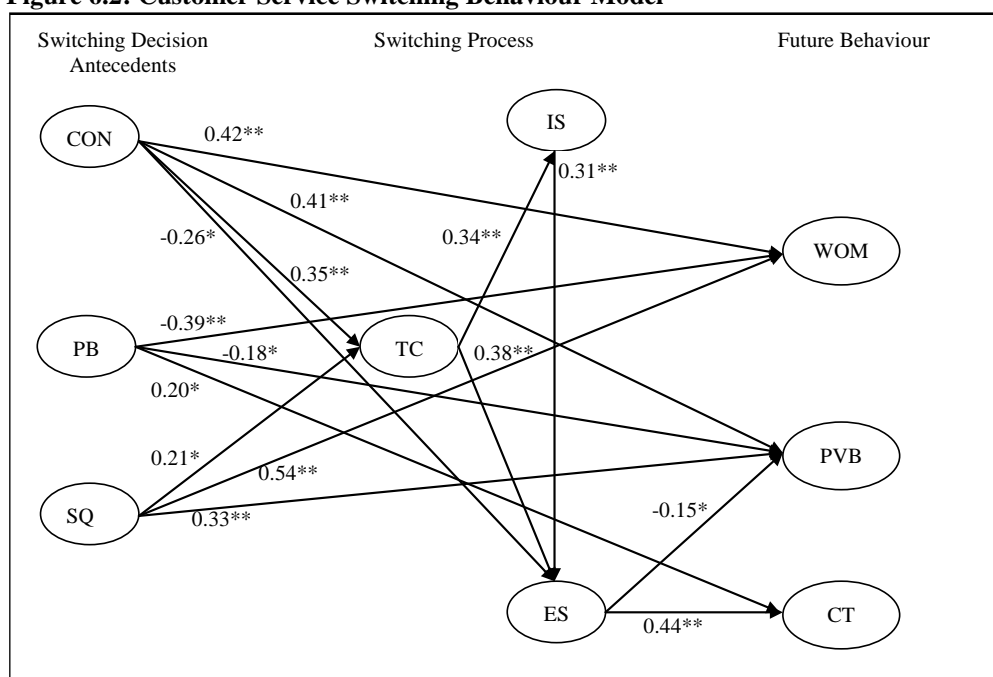
→ **Relationship exists, * = significant at p<.05; ** = significant at p =0.000**
CON = *Conditions*   **TC =** *Transaction Cost*   **WOM =** *Word-of-Mouth*
PB = *Provider Behaviour* **IS =** *Internal Search*   **PVB =** *Pre-emptive Verbal Behaviour*
SQ = *Service Quality*   **ES =** *External Search*   **CT =** *Commitment*
WOM R^2 = 0.31   **PVB R^2 = 0.21**   **CT R^2 = 0.24 Source: SEM results**

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6.3 Research Issue Findings

In this section findings are offered about each of the research issues. The research findings are compared and contrasted with information reported in the literature. Similarities and differences between the research outcomes and the literature are identified in order to show how the research has advanced existing literature and contributed to customer switching theory. Tables 6.2, 6.3 and 6.4 summarise the research contributions in respect to the literature reviewed.

In Tables 6.2, 6.3 and 6.4 Column 2, *Speculation* (S), *Implication* (I), *Mention of the issue* (M), and, *No Prior Research* (NPR) explain the acronyms used to position the research issues in relation to the reported literature. The *Speculation* comment is recorded where the issue has not been directly investigated in other research but previous research has generated some indications about an issue in this research without directly investigating it. In-depth research in the generic consumer behaviour or economics discipline literature pertaining to an issue, but no research into the issue in the switching context, evokes an *implication* comment. When the customer switching literature reports on research specifically gathering information about and testing an issue the *mention* comment is recorded. When there has been *no prior research* pertaining specifically to a research issue, the research in this study has made an important contribution to theory.

Comments in Tables 6.2, 6.3 and 6.4 Column 3 related the service switching behaviour knowledge contribution made by issues investigated in this research project in relation to previous research reported in the literature. The

Confirmation/Disconfirmation of expectations decision applies to a phenomenon already under investigation in some depth in the domain literature. Where there has been only speculation or limited empirical investigation in the literature, then the findings of this research *adds* to knowledge. Where only minor research or no research has been previously reported in the literature, this study *advances* knowledge by reporting on the findings pertaining to a research issue.

Table 6.2: Research Contribution of RI 1

RQ: *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*

RI 1: Relationship between switching decision antecedents and the switching process

Findings	Status of research in literature	Contribution to knowledge of this research
Finding 1.1 (H1): *Conditions* is related to *Transaction Cost*	NPR	1.1 (H1) Advances knowledge (TC $R^2 = 0.15$)
Finding 1.2 (H2): *Conditions* is related to *Information Search* Finding 1.3 (H2): *Conditions* is related to *Internal Search* (IS) Finding 1.4 (H2): *Conditions* is related to *External Search* (ES)	S	1.2 (H2) Disconfirmation 1.3 (H2) Disconfirmation 1.4 (H2) Confirmation (ES $R^2 = 0.31$)
Finding 1.5 (H3): *Provider Behaviour* is related to *Transaction Cost*	NPR	1.5 (H3) Advances knowledge
Finding 1.6 (H4): *Provider Behaviour* is related to *Information Search* Finding 1.7 (H4): *Provider Behaviour* is related to *Internal Search* Finding 1.8 (H4): *Provider Behaviour* is related to *External Search*	S	1.6 (H4) Disconfirmation 1.7 (H4) Disconfirmation 1.8 (H4) Disconfirmation
Finding 1.9 (H5): *Service Quality* is related to *Transaction Cost*	NPR	1.9 (H5) Advances knowledge
Finding 1.10 (H6): *Service Quality* is related to Information Search Finding 1.11 (H6): *Service Quality* is related to *Internal Search* Finding 1.12 (H6): *Service Quality* is related to *External Search*	S	1.10 (H6) Disconfirmation 1.11 (H6) Disconfirmation 1.12 (H6) Disconfirmation,
Finding 1.13 (H7): *Price* is related to *Transaction Cost*	NPR	1.13 (H7) Not tested
Finding 1.14 (H8): *Price* is related to *Information Search*	S	1.14 (H8) Not tested

Note:

S = Speculation	**Confirmation/disconfirmation of expectations**
I = Implication	**Adds to knowledge**
M = Mention of the issue	**Adds to knowledge**
NPR = No prior research	**Advances knowledge**

Table 6.3: Research Contribution of RI 2

RQ: *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*		
RI 2: Relationship between switching decision antecedents and future behaviour		
Findings	Status of research in literature	Contribution to knowledge of this research
Finding 2.1 (H9): *Conditions* is related to *Oral Communication* Finding 2.2 (H9): *Conditions* is related to *Word of Mouth* Finding 2.3 (H9): *Conditions* is related to *Pre-emptive Verbal Behaviour*	S	2.1(H9) Confirmation (OC $R^2 = 0.29$) 2.2 (H9) Confirmation (WOM $R^2 = 0.31$ 2.3 (H9)Confirmation (PVB $R^2 = 0.21$)
Finding 2.4 (H10): *Conditions* is related to *Commitment*	I	2.4 (H10) Adds to knowledge (CT $R^2 = 0.24$)
Finding 2.5 (H11): *Provider Behaviour* is related to *Oral Communication* Finding 2.6 (H11): *Provider Behaviour* is related to *Word of Mouth* Finding 2.7 (H11): *Provider Behaviour* is related to *Pre-emptive Verbal Behaviour*	S	2.5 (H11) Confirmation 2.6 (H11) Confirmation 2.7 (H11) Confirmation
Finding 2.8 (H12): *Provider Behaviour* is related to *Commitment*	S	2.8 (H12)Confirmation
Finding 2.9 (H13): *Service Quality* is related to *Oral Communication* Finding 2.10 (H13): *Service Quality* is related to *Word of Mouth* Finding 2.11 (H13): *Service Quality* is related to *Pre-emptive Verbal Behaviour*	S	2.9 (H13) Confirmation 2.10 (H13) Confirmation 2.11 (H13)Confirmation
Finding 2.12 (H14): *Service Quality* is related to *Commitment*	S	2.12 (H14) Disconfirmation
Finding 2.13 (H15): *Price* is related to *Oral Communication*	S	2.13 (H15) Not tested
Finding 2.14 (H16): *Price* is related to *Commitment*	S	2.14 (16) Not tested

Note: **S = Speculation**   **Confirmation/disconfirmation of expectations**
        I =Implication   **Adds to knowledge**
        M = Mention of the issue   **Adds to knowledge**
        NPR = No prior research   **Advances knowledge**

Table 6.4: Research Contribution of RI 3

RQ: *How do switching decision antecedents relate to customers' switching decision process behaviour and future behaviour in a service industry context?*		
RI 3: Relationship between the switching process and future behaviour		
Findings	Status of research in literature	Contribution to knowledge of this research
Finding 3.1 (H17): *Transaction Cost* is related to *Information Search* Finding 3.2 (H17): *Transaction Cost* is related to *Internal Search* Finding 3.3 (H17): *Transaction Cost* is related to *External Search*	**NPR**	**3.1 (H 17) Confirmed** 3.2 (H 17) Confirmed (IS R^2 = 0.11) **3.3 (H 17) Confirmed (ES R^2 = 0.31)**
Finding 3.4 (H18): *Transaction Cost* through *Information Search* is related to *Oral Communication* Finding 3.5 (H18): *Transaction Cost* through *Information Search* is related to *Word of Mouth* Finding 3.6 (H18): *Transaction Cost* through *Information Search* is related to *Pre-emptive Verbal Behaviour*	I	**3.4 (H18) Disconfirmed** **3.5 (H18) Disconfirmed** **3.6 (H18)Confirmed**
Finding 3.7 (H19): *Transaction Cost* through *Information Search* is related to *Commitment*	I	**3.7 (H19) Confirmed**
Finding 3.8 (H20): *Information Search* is related to *Oral Communication* Finding 3.9 (H20): *Internal Search* is related to *Word of Mouth* Finding 3.10 (H20): *Internal Search* is related to *Pre-emptive Verbal Behaviour* Finding 3.11 (H20): *External Search* is related to *Word of Mouth* Finding 3.12 (H20): *External Search* is related to *Pre-emptive Verbal Behaviour*	**NPR**	**3.8 (H 20) Disconfirmed** 3.9 (H 20) Disconfirmed 3.10 (H20) Disconfirmed 3.11 (H20) Disconfirmed 3.12 (H20) Confirmed
Finding 3.13 (H21): *Information Search* is related to *Commitment* Finding 3.14 (H20): *Internal Search* is related to *Commitment* Finding 3.15 (H20): *External Search* is related to *Commitment*	**NPR**	**3.13 (H21) Confirmed** **3.14 (H21) Disconfirmed** **3.15 (H21) Confirmed**
Finding 3.16 (Q1): The addition of *Transaction Cost* and *Information Search* improves the model	**NPR**	**3.16 (Q1) Confirmed**

Note: **S = Speculation**   **Confirmation/disconfirmation of expectations**
       I = Implication   **Adds to knowledge**
       M = Mention of the issue **Adds to knowledge**
       NPR = No prior research   **Advances knowledge**

6.3.1 Research Issue 1: Relationship between switching decision antecedents and the switching process

The first research issue identified was concerned with the relationship between switching decision antecedents and *Transaction Cost* and *Information Search*. During the literature review and the exploratory research, (1) *Transaction Cost (TC)* and (2) *Information Search (Info Search)* were identified as constructs that were likely to have a relationship with the switching decision antecedents. SEM results, reported in Section 5.5.2, were evaluated and fourteen findings pertaining to eight Research Issue 1 hypotheses were taken into consideration when outlining the impact of switching decision antecedents on the switching process variables *Transaction Cost* and *Information Search*.

(1) Although economic **transaction-cost** theory has long recognised that consumers sustain transaction costs when engaged in decision making (Liang and Huang 1998; Dyer 1997; Williamson 1981), negligible consideration is given to *Transaction Cost* in the consumer behaviour literature. For example, research has established that costs can act as effective barriers to consumer switching (Jones and Sasser 1995), and, that there are costs specific to the information acquisition process (Kim Park and Jeong 2004; Kuksov 2004; Colgate and Lang 2001; Smith, Venkatraman and Dholakia 1999; Schmidt and Spreng 1996; Bettman 1979). The impact of mobile phone service switching costs on the customer satisfaction-loyalty link also has been investigated (Lee, Lee and Feick 2001). However, integrating switching costs into theory has been neglected.

Associated transaction costs are (1) information asymmetry (accessibility of information, opportunism) (Coulter and Coulter 2002; Gallouj 1997; Williamson 1985; Bettman 1979; Akerlof 1970) and (2) individual characteristics – (i) risk aversion (ii) bounded rationality) (Fodness and Murray 1999; Schmidt and Spreng 1996; Murray 1991; Locander and Hermann 1979; Williamson 1973; Radner 1968, 1970; Arrow 1963). However, although it has been reported that three higher order (procedural, financial, relational) switching costs exist (Burnham, Frels and Mahajan 2003), there is a paucity of research reporting on the mediating relationship of *Transaction Cost* between the antecedents of service switching and future behaviour.

(2) Analysis of data collected for the current study found that *Information Search (Info Search)* was composed of two factors, (i) *Internal Search* and (ii) *External Search* (Section 5.3.2). *Internal Search* reflects 'the cognitive effort buyers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations' (Smith, Venkatraman and Dholakia 1999: 286), while *External Search* has been defined as 'the acquisition of information from sources other than memory' (Bettman1979:111). Cost/benefit models (Hauser and Wernerfelt 1990; Ratchford 1982) incorporate the equation that the optimum amount of search occurs when the marginal cost of the search is equal to the expected marginal return on the search (Stigler 1961).

Finding 1.1 (H1): Conditions is positively related to Transaction Cost The first finding pertains to the relationship between *Conditions*, a switching decision antecedent, and *Transaction Cost*. *Conditions* have been found to be an antecedent of

the switching decision (Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Keaveney 1995). Choice limitations related to location have been established as a cause of the decision to switch service providers (Roos and Gustafsson 2007; East, Lomax and Narain 2001; Ganesh, Arnold and Reynolds 2000; Dabholkar and Walls 1999; Keaveney 1995). However, there was no research in the extant literature about the *Conditions* variable and its relationship with *Transaction Cost*. The findings of this research support the hypothesis that *Conditions* are positively, though weakly, related to *Transaction Cost,* (R^2=0.15), thereby advancing switching domain knowledge.

Finding 1.2 (H2): Conditions is (not significantly) related to Information Search

The second finding for Research Issue 1 pertained to the relationship between *Conditions*, a switching decision antecedent, and *Information Search.* Keaveney (1995) speculated, on the basis of incidental interview information collected during qualitative research into the causes of switching, that *Information Search* was likely to occur once the decision to switch service providers had been made. Therefore, it was reasonable to state that there has been speculation concerning a positive relationship between *Conditions* and *Information Search*. The research found that there was no significant relationship between *Conditions* and *Information Search;* there was disconfirmation of the hypothesis that Conditions is related to *Information Search*.

Finding 1.3 (H2): Conditions is (not significantly) related to Internal Search

The third finding for Research Issue 1 pertained to the relationship between *Conditions*, a switching decision antecedent, and *Internal Search. Conditions* have been found to be one of the antecedents of the switching decision but there is a paucity of specific research into the relationship between *Conditions* and *Internal Search.* However, since *Internal Search* is one of the two factors of which *Information Search* is comprised and there has been speculation (Keaveney 1995) about the relationship between switching decision antecedents and *Information Search*, then it is not unreasonable to suggest that there has been speculation about the relationship between *Conditions* and *Internal Search.* This research found that *Conditions* has *no significant* relationship with *Internal Search.* The findings of the research *disconfirm* the expectations advanced in the research literature.

Finding 1.4 (H2): Conditions is (positively) related to External Search.

The fourth finding for Research Issue 1 pertained to the relationship between *Conditions*, a switching decision antecedent, and *External Search.* As mentioned above (Finding 1.3 H2), *Conditions* has been found to be one of the antecedents of the switching decision but there is a paucity of specific research into the relationship between *Conditions* and *External Search.* However, since *External Search* is one of the two factors of which *Information Search* is comprised and there has been speculation (Keaveney 1995) about the relationship between switching decision antecedents and *Information Search*, then it is not unreasonable to suggest that there has been speculation about the relationship between *Conditions* and *External Search.*

The findings of this research confirm the speculation in the research literature that there is a relationship between *Conditions* and *External search*. However, prior speculative research did not anticipate the negative direction of the relationship between *Conditions* and *External Search* and this research found that *Conditions* has a significant, but negative relationship, with *External Search* ($R^2 = 31$).

Finding 1.5 (H3): Provider Behaviour is (not significantly) related to Transaction Cost.

The fifth conclusion pertains to the relationship between *Provider Behaviour*, a switching decision antecedent, and *Transaction Cost*. Since it has long been recognised that service providers' attitudes and behaviours influence the customer's evaluation of the service encounter (Mittal and Baldasare 1996; Bitner, Booms and Mohr 1994; Bitner 1990), the literature reporting *Provider Behaviour* as an antecedent of the switching decision was not unexpected (Newby and Ward 2009; Swanson, Frankel and Sagan 2007; Grace and O'Cass 2003; Román 2003; Keaveney 1995). However, there was a paucity of research in the extant literature reporting on *Provider Behaviour* and its relationship with *Transaction Cost*. The findings of this research do not support the hypothesis that *Provider Behaviour* is related to *Transaction Cost* but switching domain knowledge has been advanced by this study.

Finding 1.6 (H4): Provider Behaviour is (not significantly) related to Information Search,

Finding 1.7 (H4): Provider Behaviour is (not significantly) related to Internal Search, and,

Finding 1.8 (H4): Provider Behaviour is (not significantly) related to External Search

The sixth, seventh and eighth findings for Research Issue 1 pertained to the relationship between *Provider Behaviour* and (1) *Information Search* (2) *Internal Search* and (3) *External Search*, respectively. As mentioned in the literature review, there have been reports that *Provider Behaviour* is an antecedent of the switching decision. Speculation has occurred in the literature (Keaveney 1995) that *Information Search* was likely to occur once the decision to switch service providers had been made. Therefore it was reasonable to hypothesise that there would be relationships between *Provider Behaviour* and *Information Search,* and, between *Provider Behaviour* and *Information Search's* factorial components*, Internal Search* and *External Search*.

The findings of this research disconfirm the speculation in the research literature concerning Hypothesis 4. This research found that *Provider Behaviour* had no relationship with *Information Search*, *Internal Search* or *External Search* but the research contributed, to some extent, to knowledge about the relationship between *Provider Behaviour*, *Information Search*, *Internal Search* and *External Search*.

Finding 1.9 (H5): Service Quality is (positively) related to Transaction Cost

The ninth finding pertains to the relationship between *Service Quality*, a switching decision antecedent, and *Transaction Cost*. There is a considerable body of consumer behaviour literature investigating *Service Quality* but the preponderance of the research has been concerned with the nature of service quality; for example, despite a lapse in time between the research of Grönroos (1982), Aldlaigan and Buttle (2002) and Golder, Mitra and Moorman (2012) these studies all discussed the nature of the service quality construct; meanwhile, Cronin and Taylor (1994:131) argued that it was sufficient to restrict the domain of service quality to transaction-specific judgments when investigating consumer decision-making processes. However, notwithstanding the ongoing discussions of the nature of service quality, it has also been established that perceived product quality and perceived price fairness have a direct effect on the customer's retention/switching decision (Bei and Chiao 2001) and a few studies have identified clearly that *Service Quality* is one of the antecedents of the decision to switch service providers (Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Keaveney 1995). As mentioned in finding 1.1, economic transaction-cost theory has long recognised that *Transaction Cost* is incurred by the consumer when engaged in decision making (Liang and Huang 1998; Dyer 1997; Williamson 1981; Coase 1937). However, there is a scarcity of research investigating whether there is a relationship between *Service Quality* and *Transaction Cost*. The findings of this research support the hypothesis that *Service Quality* is related to *Transaction Cost*.

Finding 1.10 (H6): Service Quality is (not significantly) related to Information Search,

Finding 1.11 (H6): Service Quality is (not significantly) related to Internal Search, and,

Finding 1.12 (H6): Service Quality is (not significantly) related to External Search

 The tenth eleventh and twelfth findings pertain to the relationship between *Service Quality* and *Information Search*, with the latter construct splitting into an *Internal Search* factor and an *External Search* factor. As explained in the discussion of Hypothesis 5, perceived product quality and perceived price fairness have a direct effect on the customer's retention/switching decision (Bei and Chiao 2001) and other studies have identified that *Service Quality* is one of the antecedents of the decision to switch service providers (Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Keaveney 1995). As mentioned in the earlier discussions of *Information Search*, analysis of data collected for the current study found that *Information Search* was composed of two factors, one of which was *Internal Search* and the other of which was *External Search* (Section 5.3.2). Keaveney (1995) speculated that *Information Search* was likely to occur once the decision to switch service providers had been made. Therefore, the research findings disconfirming the relationship between (1) *Service Quality* and *Information Search* (2) *Service Quality* and *Internal Search,* and, (3) a S*ervice Quality* and *External Search* were not expected. Although the expectations based on the literature were disconfirmed, this research makes a

contribution to the current knowledge about the relationship between *Service Quality*, *Information Search, Internal* and *External Search.*

Finding 1.13 (H7): Price is related to Transaction Cost

Despite the many varied definitions of the *Price* construct, their common denominator is that customers are concerned with market transactions (Fetter 1912). Prices, monetary expenditure and value, a customer's cognition of a meaningful price, are associated with satisfying customer's needs, an issue of long-standing interest to service providers and researchers (see for example, Day 2002; Ganesh, Arnold and Reynolds 2000; Narasmimhan, Ghosh and Mendez 1993; Rao and Monroe 1989; Lichtenstein, Bloch and Black 1988). Price communicates information to customers through the pricing structure and billing policies of the company (Docters, Reopel, Sun and Tanny 2003), and, a lack of attention to pricing results in customers receiving incorrect messages which may affect customers' decisions to switch providers. Four main price-related causes of switching emerged from customers comments about pricing effects on switching in Keaveney's (1995:74) study: '(1) high prices, (2) price increases, (3) unfair pricing practices, and (4) deceptive pricing practices'. There is some disagreement in the literature, however on the effect of prices on switching. While Dabholkar and Walls (1999), reported that the most likely reason for switching hairdressing services were perceived high prices and that switching male customers were significantly affected by price, other research has reported that only a small proportion of voluntarily switching supermarket and hairdresser customers replaced their service provider to

avoid higher prices (East, Lomax and Narain 2001). As mentioned in finding 1.1, economic transaction-cost theory recognises that *Transaction Cost* is incurred by the consumer when engaged in decision making. Mixed findings in the literature about the importance of *Price* on switching decisions, when combined with the statistical results of the EFA, resulted in the decision to eliminate *Price* from the theoretical model and not to test the relationship between *Price* and *Transaction Cost* in this research. Consequently, there was no support in the research findings for Hypothesis 7 that *Price* is related to *Transaction Cost*.

Finding 1.14 (H8): Price is related to Information Search

As mentioned in finding 1.13, there were differences in the findings of research reported in the literature regarding the impact of *Price* on the switching decision. Information gathered by Keaveney (1995) during switching customer interviews led to speculation that *Information Search* was likely to occur once the decision to switch service providers had been made. Mixed findings in the literature about the importance of *Price* on switching decisions, when combined with the statistical results of the EFA, resulted in the decision to eliminate *Price* from the theoretical model and not to test the relationship between *Price* and *Information Search* in this research. Consequently, there was no support in the research findings for Hypothesis 8 that *Price* is related to *Information Search*.

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Summary of findings pertaining to Research Issue 1: *Relationship of switching decision antecedents with the switching process?*

Findings pertaining to the first research issue showed that two switching decision antecedents, *Conditions* and *Service Quality* were related directly, significantly and positively with the *Transaction Cost* variable of the switching process ($R^2 = 0.28$; $R^2 = 0.15$), and indirectly with *Information Search* ($R^2 = 0.14$), represented by *Internal Search* ($R^2 = 0.11$) and *External Search* ($R^2 = 0.31$). *Conditions* also had a weak, negative direct relationship with *External Search*.

6.3.2 Research Issue 2: Relationship between switching decision antecedents and future behaviour

The second research issue identified was concerned with the relationship between antecedents of the switching decision and the switching customer's future behaviour. During the literature review and the exploratory research, (1) *Oral Communication (OC)* and (2) *Commitment (CT)* were identified as constructs that were likely to have a relationship with the switching decision antecedents. SEM results, reported in Section 5.5.2, were evaluated and fourteen findings pertaining to eight Research Issue 2 hypotheses were taken into consideration when outlining the relationship of switching decision antecedents to future behaviour variables *Oral Communication* and *Commitment*.

The *Commitment* definition adopted in this study was: 'an implicit or explicit pledge of the continuity of a relationship between exchange partners' (Wetzels, Ruyter and Birgelen (1998:406). Measuring (1) relationship strength and (2) commitment to

continue the relationship, two commitment dimensions have been identified: affective commitment and calculative commitment (Gustafsson, Johnson and Roos 2005). Since at least 70% of information is communicated between people by the use of non-verbal means of communication (Barnum and Wolniansky 1989), there is little doubt about the importance of a replacement service provider of *Commitment*, manifested as gross non-verbal behaviours indicative of customers' thoughts, from their customers (Sundaram and Webster 2000). With *Commitment* among exchange partners being a key to achieving valuable outcomes for each partner in the exchange, establishing whether switching customers have made a commitment to the replacement service provider is important to service providers (Morgan and Hunt 1994).

The *Oral Communication* definition adopted in this research slightly modified the definition proposed by Harrison-Walker (2001:63). The study's definition of *Oral Communication* included all aspects of communication found across other definitions of this type of behaviour: an informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organisation or a service. Verbal behaviours manifest in different types of oral communications and the exploratory research and EFA in this study established that two dimensions of *Oral Communication* were relevant to future behaviour in this study: *Word-of-Mouth (WOM)* and *Pre-emptive Verbal Behaviour (PVB)*.

Word-of-Mouth (WOM), both positive and negative, about a service provider or product, can influence other potential purchasers. Future customer acquisition is affected by social affects (Hogan, Lemon and Libai 2003; DeBruyn et al. 2003; File and Prince 1992; Herr, Kardes and Kim 1991). Early research established that, although favourable *WOM* was eight times more likely to occur than unfavourable *WOM*, unfavourable *WOM* had a greater effect than favourable *WOM* (Arndt 1967). After customers leave a service provider, there is evidence that they engage in negative word-of-mouth (Wagenheim 2005; Keaveney 1995).

Strong ties between sender and receiver results in the sender's *WOM* information having a significant influence on the receiver's purchase decision (Bansal and Voyer 2000; File, Cermak and Prince 1994). There is a positive relationship with post-switching *WOM* and the education and employment status of parents using childcare centres (Grace and O'Cass 2001). There is a negative relationship between *WOM* and the duration of customer tenure with supermarket and hairdressing providers (East, Lomax and Narain 2001). *WOM* from referral customers switching to a new provider was different from *WOM* in customers gained through advertising or direct mail (Wangenheim and Bayón 2004). Although there is not always agreement about the relationship of different types of WOM with the antecedents of switching, nonetheless, investigation of WOM as a future behaviour is indicated by the research reported in the literature.

Pre-emptive Verbal Behaviour (PVB) may take place with the intention of preventing a re-occurrence of a problem with a different provider; some respondents

offered negative word-of-mouth about their previous experiences to their replacement service provider (Keaveney 1995). In this instance, recipients of word-of-mouth may be found outside the customer's social networks, indicating that *Pre-emptive Verbal Behaviour* should be investigated as a distinctly separate variable from *Word-of-Mouth,* even though they are both *Oral Communication* factors.

Finding 2.1 (H9): Conditions is related (positively) to Oral Communication

Finding 2.2 (H9): Conditions is related (positively) to Word-of-Mouth, and,

Finding 2.3 (H9): Conditions is related (positively) to Pre-emptive Verbal Behaviour

The first hypothesis (H9) associated with Research Issue 2 pertaied to the relationship between *Conditions*, a switching decision antecedent (refer finding 1.1), and *Oral Communication*, identified during the EFA stage of the research as being comprised of two factors, *Word-of-Mouth* (*WOM*) and *Pre-emptive Verbal Behaviour* (*PVB*). There has been speculation in the literature that *Conditions* has a relationship with one of the factors in *Oral Communication*. The findings of this research support Hypothesis 9: (1) *Conditions* is (positively) related to *Oral Communication* ($R^2 = 0.29$), (2) *Conditions* is (positively) related to *Word-of-Mouth* ($R^2 = 0.31$), and, (3) *Conditions* is (positively) associated with *Pre-emptive Verbal Behaviour* ($R^2 = 0.21$), thereby confirming expectations expressed in the switching domain literature.

*Finding 2.4 (H10)**: Conditions is (not significantly) related to Commitment*

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The fourth finding associated with Research Issue 2 concerns the relationship between *Conditions* and *Commitment*. *Conditions*, as explained in finding 2.1, have been found to be an antecedent of the switching decision. However, there was no research in the extant literature about the *Conditions* variable and its relationship with *Commitment*. The finding of this research does not support the hypothesis that *Conditions* is related to *Commitment*, but nonetheless, the finding adds to switching domain knowledge.

Findings 2.5 (H11): Provider Behaviour is related (negatively) to Oral Communication (OC)

Findings 2.6 (H11): Provider Behaviour is related (negatively) to Word-of-Mouth (WOM),

Findings 2.7 (H11): Provider Behaviour is related (negatively) to Pre-emptive Verbal Behaviour (PVB)

The fifth, sixth and seventh findings associated with Research Issue 2 pertained to the relationship between *Provider Behaviour* and *Oral Communication* (comprised of two factors, *WOM* and *PVB*). As mentioned in finding 1.5, Provider Behaviour has been found to be an antecedent of the switching decision. There has been speculation in the literature that *Provider Behaviour* may have a relationship with one of the *Oral Communication* factors (*WOM*). The findings of this research support Hypothesis 11: (1) *Provider Behaviour* is related (positively) to *Oral Communication* ($R^2 = 0.29$), (2) *Provider Behaviour* is related (positively) to *Word-*

of-Mouth ($R^2 = 0.31$), and, (3) *Provider Behaviour* is related (positively) to *Pre-emptive Verbal Behaviour* ($R^2 = 0.21$), thereby confirming expectations expressed in the switching domain literature.

Finding 2.8 (H12): Provider Behaviour is related (positively) to Commitment

The eighth finding associated with Research Issue 2 concerned the relationship between *Provider Behaviour*, a switching decision antecedent, and *Commitment*. Switching domain literature reported that *Provider Behaviour* is a switching decision antecedent, as explained in Finding 1.5. However, although the extant literature about *Provider Behaviour* and its relationship with *Commitment* is scarce, there were implications to be drawn from a small body of research into the influence of *Provider Behaviour* on customer evaluations of the service encounter (Mittal and Baldasare 1996; Bitner 1995; Bitner, Booms and Mohr 1994). Therefore, Hypothesis 12 in this study proposes that *Provider Behaviour* is related to *Commitment* ($R^2 = 0.24$) and this hypothesis was supported.

Finding 2.9 (H13): Service Quality is (positively) related to Oral Communication,

Finding 2.10 (H13): Service Quality is (positively) related to Word-of-Mouth, and,

Finding 2.11 (H13): Service Quality is (positively) related to Pre-emptive Verbal Behaviour

The ninth, tenth and eleventh findings associated with Research Issue 2 pertained to the relationship between *Service Quality*, a switching decision antecedent (refer finding 1.9), and *Oral Communication* (comprised of two factors, *WOM* and *PVB*). Keaveney (1995) speculated that *Word-of-Mouth* would be related to switching decision antecedents. The findings of this study confirm expectations about Hypothesis 13: (1) *Service Quality* is (positively) related to *Oral Communication* (R^2

= 0.29), (2) *Service Quality* is (positively) related to *Word-of-Mouth* ($R^2 = 0.31$), (3) *Service Quality* is (positively) related to *Pre-emptive Verbal Behaviour* ($R^2 = 0.21$).

Finding 2.12 (H14): Service Quality is (not significantly) related to Commitment

The twelfth finding concerned with Research Issue 2 pertained to the relationship between *Service Quality*, a switching decision antecedent (refer finding 1.9), and *Commitment*. Perceived product quality and perceived price fairness have a direct effect on the customer's retention/switching decision (Bei and Chiao 2001), while both technical product quality (the quality of the work performed) and functional product quality (the quality of the service) are important at the early stages of an evolving relationship between the exchange partners as both play a role in determining a customer's switching inclination (Mittal and Lassar 1998). The findings of various studies indicate that switching customer *Commitment* and retained customer *Commitment* to a service provider are different (Li, Browne and Wetherbe 2007; Wangenheim and Bayón 2004; Ganesh, Arnold and Reynolds 2000; Keaveney 1995). Speculation is strong in the literature about the relationship between *Service Quality* and *Commitment*. However, the findings of this research do not support Hypothesis 12, that *Service Quality* is related to *Commitment*. The research disconfirms expectations in the consumer behaviour literature.

Finding 2.13 (H15): Price is related to Oral Communication

The thirteenth finding associated with Research Issue 2 pertained to the relationship between *Price*, a switching decision antecedent (refer to Finding 1.13), and *Oral*

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Communication. There was speculation in the literature that there is a relationship between *Price* and *Word-of-Mouth* (Keaveney 1995). Since the exploratory factor analysis of the study data indicated that *Price* should be removed from the model, the study findings did not confirm the expectations arising from the speculation in the literature.

Finding 2.14 (H16): Price is related to Commitment

The fourteenth finding associated with Research Issue 2 pertained to the relationship between *Price,* a switching decision antecedent (refer to Finding 1.13), and *Commitment*. Although four main price-related causes of switching emerged from customers' comments about pricing effects on switching in Keaveney's (1995:74) study, there is some disagreement in other research reported in the literature on the effect of prices on switching, as explained in Finding 1.13. Therefore, although there is some speculation in the literature pertaining to the relationship between *Price* and *Commitment*, there is no consensus among these studies on the nature of the relationship between *Price* and *Commitment*. Since the exploratory factor analysis of the study data indicated that *Price* should be removed from the model, the study findings neither confirmed the speculation arising from the study findings of Dabholkar and Walls (1999) nor the speculation of East, Lomax and Narain (2001).

Summary of findings pertaining to Research Issue 2*: Relationship of switching decision antecedents with future behaviours?*

Findings pertaining to the Research Issue 2 indicated that three switching decision antecedents - *Conditions*, *Provider Behaviour* and *Service Quality* - are related to future *Oral Communication* behaviour, *Word-of-Mouth* behaviour and *Pre-emptive Verbal Behaviour*. The negative relationship between (1) *Provider Behaviour* and *Oral Communication* (2) *Provider Behaviour* and *Word-of-Mouth* and (3) *Provider Behaviour* and *Pre-emptive Verbal Behaviour* was anticipated on the basis of the findings of prior research investigating negative word-of-mouth. The Provider Behaviour switching decision antecedent is moderately related to future Commitment behaviour.

6.3.3 Research Issue 3: Relationship between the switching process and future behaviour

Research Issue 3 was concerned with the relationship between the switching process and the switching customer's future behaviour. The *switching process* constructs investigated in this study were *Transaction Cost* and *Information Search* which EFA indicated was comprised of two factors, *Internal Search* and *External Search*. The relationship of the switching process variables with commitment and oral communication was investigated. No prior research investigating this relationship was reported in the literature. Two conclusions about this research issue were arrived at based on the findings reported in Section 5.5.2.

Finding 3.1 (H17): Transaction Cost is related to Information Search

Finding 3.2 (H17): Transaction Cost is related to Internal Search

Finding 3.3 (H17): Transaction Cost is related to External Search

No prior research that pertained to the relationship between *Transaction Cost* and *Information Search* and its constituent variables, *Internal Search* and *External Search* was located during the literature review. *Since Transaction Cost* was significantly and positively related to (1) *Information Search* ($R^2 = 0.14$), (2) *Internal Search* ($R^2 = 0.39$), and, (3) *External Search* ($R^2 = 0.39$), the findings of this research have advanced switching domain knowledge.

Finding 3.4 (H18): Transaction Cost through Information Search is related to Oral Communication

Finding 3.5 (H18): Transaction Cost through Information Search is related to WOM

Finding 3.6 (H18): Transaction Cost through Information Search is related to PVB

The fourth, fifth and sixth findings associated with Research Issue 3 pertained to the relationship between the *Transaction Cost* variable (through *Information Search*) with *Oral Communication* and its constituent factors, *WOM* and *PVB*. There were some implications in the research literature that *Transaction Cost* may be related through *Information Search* to *Oral Communication*, *WOM* and *PVB*. Although *Transaction Cost* was related positively to *Information Search*, *Information Search* was not related to *Oral Communication*. *Transaction Cost* was related positively to *Internal Search* and *External Search*, and, *Internal Search* was positively related to *External Search*. There was no significant relationship between *External Search* and

WOM, although there was a negatively significant relationship between *External Search* and *PVB* ($R^2 = 0.21$). These findings added to switching domain knowledge.

Finding 3.7 (H19): Transaction Cost through Information Search is related to Commitment

The seventh finding associated with Research Issue 3 pertained to the relationship between the *Transaction Cost* variable (through *Information Search*) with *Commitment*. There were some implications in the research literature that *Transaction Cost* may be related through *Information Search* to *Commitment*. The study findings indicated that there was a positive relationship existing between *Transaction Cost*, through *Information Search* to *Commitment* ($R^2 = 0.12$); there was also a positive relationship existing between *Transaction Cost*, through *Internal Search* and *External Search*, to *Commitment* ($R^2 = 0.35$). This finding added to switching domain knowledge.

Finding 3.8 (H20): Information Search is related to Oral Communication

Finding 3.9 (H20): Internal Search is related to WOM

Finding 3.10 (H20): External Search is related to WOM

Finding 3.11 (H20): Internal Search is related to PVB

Finding 3.12 (H20): External Search is related to PVB

The eighth, ninth, tenth, eleventh and twelfth findings associated with Research Issue 3 pertained to the relationship between the *Information Search* with *Oral Communication*, the constituent factors of *Information Search*, *Internal Search* and *External Search*, and their relationship with the constituent factors of *Oral*

Communication, *WOM* and *PVB*. There was no significant relationship between *Information Search* and *Oral Communication*. Likewise, there was no significant relationship between (1) *Internal Search* and *WOM* (2) *External Search* and *WOM,* and, (3) *Internal Search* and *PVB*. However, there was a weak but significant, negative relationship between *External Search* and *PVB*. These findings have advanced switching domain knowledge.

Summary of findings pertaining to Research Issue 3: *Relationship of switching process to future behaviours?*

Findings pertaining to the third and last research issue were concerned with the relationship between future behaviours and the switching process. *Transaction Cost* was significantly and positively related to both *Internal Search* ($R^2 = 0.11$) and *External Search* ($R^2 = 0.31$), the constituent variables of *Information Search* ($R^2 = 0.14$). *Internal Search* was related significantly and positively to *External search* ($R^2 = 0.27$). The switching process had a significant positive effect on future behaviour when future behaviour was represented by the *Commitment* construct ($R^2 = 0.24$). However, the switching process was negatively related to future behaviour represented by the *Pre-emptive Verbal Behaviour* construct ($R^2 = 0.21$) and there was no relationship between the switching process and *Word-of-Mouth*.

6.3.4 Summary of Research Issues Findings

The results for the first research issue showed that two switching decision antecedents, *Conditions* and *Service Quality*, related to the switching process

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behaviour, *Transaction Cost*. *Conditions* also related directly to *External Search*. *Provider Behaviour* did not relate to *Transaction Cost*, *Internal Search* or *External Search*, that is, none of the switching process variables. The results for the second research issue showed that three switching decision antecedents, *Conditions*, *Provider Behaviour* and *Service Quality*, all related directly to future *Oral Communication* behaviour, *Word-of-Mouth* behaviour and *Pre-Emptive Verbal Behaviour*, while Provider Behaviour was the only switching antecedent variable that also related directly to future *Commitment* behaviour. The results for the third research issue showed that the switching processes, *Transaction Cost* through *Information Search*, related *Commitment*. *Transaction Cost*, both through *Internal Search* and *External Search* and also through *Internal Search* related to *External Search*, related to *Pre-emptive Verbal Behaviour* and Commitment. *Transaction Cost* was not significantly related to *Word-of-Mouth*. The addition of *Transaction Cost*, *Internal Search* and *External Search* to the model was an improvement on the model where these mediating variables had been removed.

6.4 Theory Contribution

There are several ways in which the research findings contribute to marketing theory, and more specifically to services marketing theory and switching domain theory within consumer behaviour theory. An innovative perspective was obtained by integrating consumer switching behaviour and services marketing subjects to identify and then bring together varying complex constructs for this study drawn from a multidisciplinary literature. However, the major contribution of the research

is that the conceptual customer switching behaviour theoretical framework is the first known model concerned with the interaction and grouping of constructs presented in this manner. The switching behaviour model presented in Figure 6.2 resulted from empirically testing and improving the original framework.

6.4.1 Theoretical Framework

Theory building in the switching domain has been hindered by the lack of consideration by researchers of the transitive nature of the switching behaviour activity. By definition, service switching only occurs when a customer replaces or exchanges one service provider with another service provider (Bansal and Taylor 1999). There has been speculation in previous literature about the relationships of switching decision antecedents and some subsequent behaviours (Von Wagenheim 2005; Hogan, Lemon and Libai 2003; DeBruyn et al. 2003; Grace and OCass 2001; Sundaram and Webster 2000; Keaveney 1995; Morgan and Hunt 1994; File and Prince 1992; Herr, Kardes and Kim 1991). However, there had been no consensus about what constituted key customer switching behaviour constructs or their relationships prior to this study.

The proposed customer switching behaviour model was developed after empirically testing a framework devised on the basis of a combination of theory drawn from the literature review and exploratory research which gathered information from switching customers and service providers prior to the main stage of the research study. The original framework included eight variables that were intended to parsimoniously encompass customer service switching behaviour. The conception of

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a customer service switching behaviour framework was a significant advance on previous switching theory since previous research had tended to focus on the relationships between or within constrained component behaviours rather than adopting a holistic perspective of the behaviours related to the service switching activity. The conceptual framework offered marketers a better understanding of the strength of the relationships between customer switching decision antecedents, the switching process and future customer behaviours.

6.4.2 Complexity of Service Switching Construct

Insight into the complexity of the customer switching behaviour construct was provided through the two stage research design. Three sets of customer switching behaviours and their constituent variables were identified from the extant literature and exploratory research. Testing the reliability of each variable within the three sets of behaviours and then considering the findings of the exploratory factor analysis contributed to an enhanced understanding of the complexity of the factors constituting each of the three sets of behaviours. By testing the hypotheses built around the relationships of each of these variables the complexity of the switching behaviour construct was also revealed more holistically. The addition to knowledge provided through the development and testing of various switching constructs resulted in a better understanding of the constructs involved in the process of switching from one service provider to another and the future behaviour of customers who had switched service providers.

Previously there had been sound and extensive research into customer switching decision antecedents. Some researchers attempted to build switching decision antecedent theory by investigating multiple services (Newby and Ward 2009; East, Grandcolas and O'Riley 2007; Swanson, Frankel and Sagan 2007; East, Lomax and Narain 2001; Keaveney 1995). By contrast, other researchers focused on a specific type of service (see for example, Roos and Gustafsson 2007; Roos, Gustafsson and Edvardsson 2006; Grace and O'Cass 2003; Román 2003; Ganesh, Arnold and Reynolds 2000; Dabholkar and Walls 1999). However, research positioning this switching antecedent knowledge in relation to other switching behaviours was limited.

A relationship between customer service switching antecedents and information search had been proposed on the basis of material obtained during qualitative exploratory research investigating customer service switching antecedents (Keaveney 1995). The *Information Search* construct, identified as a dependent switching behaviour variable, was tested using data collected for the main stage of the study and the exploratory factor analysis results indicated that this construct was complex, being comprised of two factors, *Internal Search* and *External Search* (Section 5.3.2). The opinion that the nature of *Information Search* was complex was supported by a plethora of early, multidisciplinary, theoretical consumer *Information Search* studies, referred to in the literature review in Section 2.4.1.

There had been speculation, also, about future *Word-of-Mouth* behaviour consequent upon a customer's decision to switch service providers (Keaveney 1995). The

speculation about the relationship between customer service switching antecedents and *Word-of-Mouth* behaviour was supported by other research (Wagenheim 2005; Grace and O'Cass 2001). However, the exploratory research identified other aspects of verbal communication behaviour associated with service switching so *Word-of-Mouth* was broadened to become the *Oral Communication* construct, a potential dependent switching behaviour. The *Oral Communication* construct examined during the EFA stage of the research on the basis of the test results arrived at using data collected for the main stage of the study. The exploratory factor analysis results indicated that the *Oral Communication* construct was complex, being comprised of two factors, *Word-of-Mouth* and *Pre-emptive Verbal Behaviour* (Section 5.3.2).

Thorough qualitative exploratory research had established that *Service Quality* was one of the switching decision antecedents (Keaveney 1995). Other research had observed that the constituents of *Service Quality*, *Technical Product Quality* and *Functional Product Quality*, play a role in determining a customer's switching inclination (Mittal and Lassar 1998) and loyalty (Lewis and Soureli 2006). However, attitudinal measures, such as intentions, satisfaction and loyalty, are not always good indicators of actual behaviour, so although they gave forewarning of the complexity of this construct, when *Service Quality* was tested during the EFA it emerged as a single factor. The paucity of research confirming the relationship of *Service Quality* to *Commitment* added weight to the expectation that *Commitment* was likely to be a complex construct. These expectations were confirmed by the data analysis in this research study which revealed that, although *Service Quality* was linked both directly and indirectly to *Word-of-Mouth* and *Pre-emptive Verbal Behaviour*, the relationship

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between *Service Quality* and *Commitment* was mediated by the switching process and there was no direct link between *Service Quality* and *Commitment*.

Drawing on the research literature and finding only limited examples, such as those cited above, of links between many potential switching behaviour variables lead to the surmise that not only was the switching construct complex but that the construct's component constituents were also complex. The results of statistical analyses of the data collected for this study, particularly the high standard deviations (reported in Table 5.4) and the low R^2 statistics (reported in Table 5.20), sustained this viewpoint.

Evidence of the complexity of the *Price* construct emerged during the construct reliability analysis. The items measuring *Price*, a construct identified previously in other research as a switching decision antecedent, did not provide a reliable measurement of the *Price* construct. This finding was supported by a preliminary analysis of the main stage data ranking the importance to the switching decision of the four antecedents investigated in this research which established that only 12% of customers switched because of the *Price* antecedent (Newby and Ward 2009). Further data analysis during the EFA stage of the study indicated that *Price* should be excluded from the list of switching decision antecedents included in the model proposed to explain customer service switching behaviour.

Summary, testing the hypotheses built around the relationships between each of the variables included in the proposed customer switching behaviour model revealed the complexity of the switching behaviour construct.

6.4.3 Implications for Methodology

Conducting four focus groups consisting of 29 switching customers allowed the researcher to access people's opinions and ideas based on their first-hand experience of the switching phenomenon. Reflecting on the transcribed focus group conversations, light was cast on the complexity of the switching behaviour construct and the relationship of service switching decision antecedents to subsequent behaviours. The semi-structured questions employed in the service provider interviews were developed on the basis of these deliberations. The convergent interviews allowed marketing practitioners to elaborate on their ideas and opinions about the behaviours of switching customers and these interviews provided the researcher with the opportunity to explore and draw upon their wealth of industry experience in an under-researched area (Rao and Perry 2003). The insights and opinions of the focus group participants were triangulated with the insights and opinions offered by the service providers and with the research available in the extant literature. The conceptual framework, upon which the second, confirmatory stage data collection was based, evolved in response to an integration and synthesis of information from these three sources. Marketing theorists, marketing practitioners and switching customer experts all contributed towards building a strong foundation for this research.

6.5 Implications for Practice and Policy

The previous section, Section 6.4, discussed the implications arising for this study of service switching behaviours for theory. However, as well as the research

contributing to building theory, findings arrived at in this research also make a contribution to practice and policy.

6.5.1 Relationship of Switching Decision Antecedents to the Switching Process

By focusing on specific aspects of switching rather than considering the switching activity in its entirety, switching researchers have followed a common tendency among developers of early-stage theory. This study examined the relationship of switching decision antecedents to switching process variables. On the basis of the data analysis it was established that in the context of this study, both the *Conditions* and *Service Quality* switching antecedents had a positive relationship with *Transaction Cost*. These antecedents also had an indirect (through *Transaction Cost*) but positive relationship with *Internal Search* and *External Search* behaviours. Furthermore, *Conditions* also had a direct but negative relationship with *External Search*. This explication of the relationship of switching decision antecedents to the process that a service switching customer goes through affords providers within service industries with the opportunity to increase their sensitivity in influencing and managing switching customers.

6.5.2 Relationship of Switching Decision Antecedents to Future Behaviour

Consideration of the future behaviour that a switching customer engages in after the decision is made to exchange a service provider has largely been overlooked by switching researchers, with the exception of Keaveney (1995), and to some extent,

by Lewis and Soureli (2006), Wagenheim 2005, Grace and O'Cass (2001) and Mittal and Lassar (1998). Three service switching decision antecedents, *Conditions*, *Provider Behaviour* and Service *Quality*, were observed to be related to future *Word-of-Mouth* behaviour *and Pre-emptive Verbal Behaviour*, while *Provider Behaviour* was related also to future *Commitment* behaviour. Neither *Conditions* nor *Service Quality* was demonstrated to be directly related to *Commitment*. Clarification of the relationship of service switching decision antecedents to future behaviour also presents service industry providers with the opportunity to increase their understanding of how to manage switching customers.

6.5.3 Relationship of Transcription Cost and Information Search to Future Behaviour

Little consideration, again with the notable exception of Keaveney (1995), has been given by switching researchers to the relationship between the process that a switching customer engages in after making a decision to exchange a service provider and its relationship to future behaviour. The findings of this study suggested that the switching process variables, *Transaction Cost* and *Information Search*, and its constituent factors of *Internal Search* and External *Search*, are related to future *Pre-emptive Verbal Behaviour* and *Commitment* behaviour. An explanation of the relationship of the switching process to future behaviour offers service industry providers an additional opportunity to increase their understanding of how to deal with switching customers.

6.5.4 Implications for Service Industry Policy Planners

The research reported in this study provides a useful reference for business owners and providers engaged in service industries who can see the value of understanding and anticipating the likely behaviours of switching customers, thereby allowing them to minimise the impact of these switching customers' behaviours on the profitability of their businesses. The organisation of the findings in this chapter provided a logical and detailed breakdown of material designed to respond to the needs of business owners engaged in the preparing, customising or updating of training manuals for their individual service businesses. Since responses transcribed into the data collection used for analysis and from which the findings were derived were obtained from switching customers of multiple service industries, policy planners can have confidence that the study findings can be applied across a wide-spread range of service industries. Therefore this study's summaries can be readily utilised as a source of practical information since findings reported in this chapter can have a practical application.

6.6 Research Limitations and Further Research Implications

Prior to embarking on this study, there was a paucity of research applying a holistic perspective to the examination of the phenomenon of customers' service switching behaviours. Despite the transitive nature of the switching activity being acknowledged (Bansal and Taylor 1999; Keaveney 1995), little recognition had been given to the activities involved in exchanging or replacing one service provider with another in empirical research conducted into customer service switching behaviour.

In particular, research into the process of replacing a service provider and the behaviours manifested by customers who had made the decision to switch service providers in retail service industries was sparse. The desirability of developing a holistic switching behaviour model explaining service switching activities was apparent. However, although the research attempted to address this gap in the research literature, it would be well to be mindful of the following limitations affecting the research findings.

6.6.1 Context

Since the research report records that the investigation was carried out on study data collected at the beginning of the twenty first century in urban areas of Australia, the research findings reported in this study are constrained by the data collection context; it is readily acknowledged that the report presents a contextualised analysis of consumer switching behaviours. As a consequence, expectations related to switching customer behaviours identified in the study can only be applied confidently to service industries operating within Australia. It would be well to substantiate the theory proposed by testing customer service switching behaviours in other geographical contexts.

6.6.2 Study Design

The design of the study introduced theory development limitations. There was a single test across multiple service industries of customer switching behaviours. Large standard deviations in some of the distributions suggest that there may be variability in respondents' outcome behaviours specific to a particular type of service

industry. Also, survey respondents' behaviours were not necessarily consistent in the circumstances surrounding their switch from one provider to another so, separating data for specific services from each other, and then testing and comparing the results obtained for the data for specific service industries may provide a possible explanation for the models not accounting for a high proportion of variability in the data set. Having identified this factor as a potential limitation of the research, it remains likely that the high standard deviations measured are indicative of the complexity of the constructs measured. It is recommended, therefore, that future research should be carried out to test the proposed theory within specified service sectors to determine if the theory is applicable to every type of service industry.

6.6.3 Sampling Frame

Another limitation may also have occurred as a consequence of the sampling frame employed in the study. Although the sample size was sufficient to satisfy SEM requirements, the use of the mall intercept sampling technique is likely to have had an impact on the sampling frame. Study participants were, in effect, self selecting. Although there was no incentive offered to induce participation in the study, neither was there any attempt to obtain a representative sample of the service switching customer population. Using a representative sampling technique in future research would eliminate any pre-conditioned emotional approach or avoidance responses that may have biased the study sample (Donovan, Rossiter, Marcoolyn and Nesdale 1994).

6.7 Future Research Opportunities

The significant results of this study have provided an indication of the various activities service customers engage in once they have made a decision to switch service providers. These results provide a foundation for future similar studies testing service switching theory.

In Section 6.6, some recommendations were made for future research. For example, further research needs to be undertaken to validate the study findings and generalise them to a broader setting. Investigating the objectives of this study in relation to a specific service industry would contribute to the confirmation or disconfirmation of expectations arising from the literature and the findings reported in this study. Large samples representing service switching customers for each specified service sector should be utilized in future research. Alternative qualitative methods (such as case studies) to those employed in this study may provide complementary information to that obtained in this study. A different sample frame and sampling techniques such as administering the questionnaire by mail, telephone or email, may improve on the study methodology. Applying similar study objectives to research undertaken in a different geographical context would also advance this preliminary development of switching theory.

The study developed theory based largely on a customer perspective of service switching behaviour. However, the service provider interviews hinted at the possibility that there may be additional constructs involved in explaining customer service switching behaviours that were not acknowledged by customers. Empirical

testing of whether service providers perceptions of variables involved in customer switching are similar to those identified by switching customers would advance switching theory. Conducting additional interviews with service providers and switching customers should, therefore, be considered. As a consequence of these additional interviews, supplementary variables and variations on relationship patterns may be introduced into the switching model.

The effects of personal characteristics on switching behaviours would be a topic worthy of investigation in future switching behaviour research. Emerging from the focus groups transcriptions were slight indications that gender, age and country of birth may influence future switching behaviours. Contradictory findings pertaining to switching customers' personal characteristics have been reported (Lopez, Redondo and Olivan 2006; Ndubisi 2006; Roos, Gustafsson and Edvardsson 2006; Gerrard and Cunningham 2000; Dabholkar and Walls 1999). A review of these studies suggested that both age and gender variables may affect customers' service switching behaviour. These studies support the earlier findings arrived at by Leszczyc and Timmermans (1997) that there may be sociodemographic segments differing in shopping behaviour in several important ways. There was sufficient existing research reported in the literature signifying, along with the hints in the focus group transcriptions, that it may be worthwhile for future research to include an examination of service switching customers' demographic characteristics in parallel with an investigation into their future behaviour. Although some demographic information was provided by study participants, the magnitude of the theory development being reported in this study precluded following through on an

investigation of the effect of demographic characteristics on service switching behaviour.

Establishing which relational characteristics influence a switching customer's willingness to provide referrals and the quality and volume of these referrals are topics that could develop future service switching behaviour theory further. Despite a customer having made the decision to switch service providers, it would be interesting to explore whether the length of time with a service provider is related to future behaviours.

It has been reported that there are varying degrees of interaction among the different information sources employed by customers engaged in searching for information (Bettman 1979). The early-stage research reported in this study has provided support for the observation that customers' information search strategies are complex and varied when they are confronted by excessive marketplace information (Leeflang and Wittink 2000). Information search strategies usually include intrinsic and extrinsic factors (Fodness and Murray 1999), so the dynamics revolving around the use of various types and amounts of information sources may impact on future behaviours. Mourali, Laroche and Pons (2005) concluded that customers only engage in a limited amount of external search. Examining whether the extent of the external search affects future behaviour is another area for future research. Investigation of whether the switching customers' information search strategy impacts on future behaviour would expand on the switching theory proposed in this study.

Not only does information search strategy affect final judgement but an analysis of the relationship between a believably reliable information source and an individual's knowledge suggested that the process of information search is sequential (Sacchi and Burigo 2008). Future research examining whether information search is sequential would inform theory about the service switching process.

Research has been undertaken into developing customer lifetime value models (for a review see, Gupta, Hanssens, Hardie, Kahn, Kumar, Lin, Ravishanker and Sriram 2006). However, although there is research into managing the customer as an asset of the firm, there is little evidence in the research literature of investigations of the operationalization of a firm's profitability being related directly to service switching behaviours. Future research is required to explore further links between service switching customers' future behaviours to business profitability.

The positive relationship between customer retention and business profitability has been established so considerable importance should be placed on future research into switching behaviour constructs and their relationships to each other since switching behaviours are located on the opposite end of the retention behaviour continuum. However, switching behaviour theory is still at an early stage of development, despite research into certain aspects of switching behaviour having been under investigation for some time. Further research into switching behaviour is therefore indicated. The next section of this chapter summarises the research in this study and provides the conclusion to the chapter.

6.8 Conclusion

This customer service switching behaviour research investigated whether there were relationships between the *switching decision antecedents,* the *switching process* and *future behaviours* dimensions of switching behaviour. Multi-linear regression statistics were examined in the evaluation of the hypothesised independent and the dependent variable relationships and the best predictive customer service switching behaviour model was identified using correlation coefficient statistics. It was concluded that the best predictive model, Model 2, was comprised of three independent variables, *Conditions*, *Provider Behaviour* and *Service Quality*, three mediating variables, *Transaction Cost*, *Internal Search* and *External Search* and three dependent variables, *Word-of-Mouth*, *Pre-emptive Verbal Behaviour* and *Commitment*.

The research provided a structure for understanding customer service switching behaviour. The model, built on a theoretical and empirical research foundation, provided a rigorously researched step towards understanding the complex and dynamic customer service switching behaviour construct. However, although the conceptualisation and testing of this model was a major advance on extant research, there are still numerous opportunities available for future service switching behaviour research, itemised in Section 6.7 of this chapter.

This research about service switching behaviour had value because it added weight to previous researchers' implications that customer switching behaviour is a dynamic, multidimensional behaviour. The research supported the notion that

switching behaviour consists of a suite of behaviours, initiated by one or more antecedents of the service switching decision prompting related behavioural outcomes. Since there is some evidence to confirm that a set of behaviours is associated with service switching, the customer service switching behaviour model, Structural Model 2, derived from the research study provides a solid foundation upon which to build future customer switching behaviour research.

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Appendix I

Focus Group Questions

Q1: How did you behave with your new provider after you switched to using their service?

Q2: Do you think that your cultural background has influenced your post switching behaviour?

There is also research to supporting the view that age and gender may influence people's behaviour.

Q3: Do you think that either of these factors (age/gender) has influenced your post switching behaviour?

Q4: Are there variables (such as information source for adoption of new provider, personal switching costs) that will impact on your post switching behaviour?

Appendix II

Interview Questions

1. As a service provider can you identify switching and non-switching customers:
    -   by what they say to you?
    -   by their non-verbal body language?
    -   by how much money they spend?
    -   by how frequently they purchase goods?
    -   any other way?

2. Can switching customers of your service be categorised into two categories (occasional/promiscuous):
    -   using statistical records of 'share-of-wallet'?
    -   any other way?

3. Do you notice any difference in the way that switching and non-switching customers make purchasing decisions?

4. Do switching customers have particular socio-demographic characteristics?

5. Do you actively monitor the behaviour of your customers?

6. Do you actively monitor the behaviour of your customers?

    -   reason for switching,

    -   source of referral to business,

    -   switching customers purchasing related behaviour

7. Do you see any changes in the customer's behaviour since they started using your service?

8. Do you think that the provider's personal characteristics impact on the future behaviour of the switching customer and if so how and what are they?

9. Do you monitor your customer database record for:
    -   How long the customer has been using your service?
    -   With what frequency the customer uses your retail service over a year?
    -   What is the customer's expenditure over a year?

10. Can you tell me anything else you have observed about switching customer which I have not covered in my questions?

Appendix III

Switching your service provider

Introduction
My name is **Leonce Newby** and I am a PhD student at CQUniversity, Australia.
I am collecting data on how customers behave after they have decided to switch from one service provider to another in the last two years: for example, a telephone service provider OR a tradesperson OR an airline company. Switching is defined as replacing or exchanging the current service provider with another service provider.

Task
Please complete this survey based on your most recent experience of switching a service provider such as a telephone provider OR a tradesperson OR an airline company. The survey will take approximately 10-15 minutes,

Participant Anonymity and Confidentiality
The identity of all participants will be anonymous through-out the course of this study. Your name is not required. Data will be stored for 5 years in accordance with the Code of Conduct of CQUniversity Australia. The findings of the research will primarily be used in a PhD thesis and aggregate data may later be published in the form of conference papers and journal articles. No individual participant will be identifiable from any of these formats.

Participant Consent
You must be 18 years or older to participate. You may withdraw your participation at any time before you return the sealed envelope containing your completed survey. Any participant experiencing distress arising from the completion of the survey is encouraged to seek counseling from any free counseling service that the participant deems appropriate for their needs.

Research Findings
The aggregated findings of this research will be published. If you would like a summary of these research findings please register your interest with:

Leonce Newby
CQUniversity Australia
Faculty of Arts, Business, Informatics and Education
Rockhampton, QLD 4702
l.newby@cqu.edu.au

Thank you. Your participation in this survey is valuable and highly appreciated.

Switching your service provider

Section 1: Participant information

Please circle the number representing your response to the following:

1. What is your gender?

   1. Female   2. Male

2. To which age group do you belong?

   1. 18 – 25   2. 26 – 35   3. 36 – 45   4. 46 – 55   5. 56 – 65

6. Over 65

3. What type of service provider did you switch?

Provider	Circle only <u>one</u> of the numbers
Telephone service provider	1
Airline company	2
Plumber	3
Internet provider	4
Pest controller	5
Hairdresser/barber	6
Other (specify)_____	7

INSTRUCTIONS FOR COMPLETING THE SURVEY

You will be asked to respond to a series of statements about switching your service provider. There are no right or wrong answers; however, it is important that you to try to provide a response to all the statements in all the sections. Simply <u>circle the number</u> that corresponds to your response to the statement, as in the example below:

If you DISagree with the following statement circle either 1 (DISagree very strongly), 2 (DISagree strongly), or, 3 (DISagree).

If you are Neutral (neither disagree nor agree with the statement) circle 4.

If you Agree with a statement circle either 5 (Agree), 6 (Agree strongly) or 7 (Agree very strongly).

	DISagree Very Strongly	DISagree Strongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
A price rise was the main reason I switched providers	(1)	2	3	4	5	6	7

In this example, one has been circled, indicating that you very strongly disagree that your reason for changing service providers was because your previous provider put put up the price of the service i.e you had other reasons for changing your service provider.

Section 2: The causes of you deciding to change your service provider

Please respond to the statements below in relation to the specific provider **that you** selected in section 1 **(telephone service provider, plumber, internet provider, pest controller, hairdresser/barber, airline company or other type of service provider).**

Focus on the same specific situation **when responding to all the statements in the survey.**

Circle one number only in each row **to show how much you agree or disagree with each statement.**

Question 4: This question is concerned with why you decided to leave your service provider.

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Cause of leaving the previous service provider	DISagreeVery Strongly	DISagreeStrongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
The service provider was not available.	1	2	3	4	5	6	7
The business hours of the service provider were no longer convenient.	1	2	3	4	5	6	7
The location of the previous provider was no longer convenient.	1	2	3	4	5	6	7
The business practice of the previous provider was unsafe or unhealthy.	1	2	3	4	5	6	7
The behaviour of the previous provider was illegal.	1	2	3	4	5	6	7
The behaviour of the previous provider was immoral	1	2	3	4	5	6	7
I was encouraged by my previous provider to select a new provider.	1	2	3	4	5	6	7

	DISagree Very Strongly	DISagreeStrongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
I had a bad encounter with the person who served me.	1	2	3	4	5	6	7
The service provider did not deliver the service I wanted.	1	2	3	4	5	6	7
The quality of the service did not meet my expectations.	1	2	3	4	5	6	7
The service provider did not respond appropriately to their service failure.	1	2	3	4	5	6	7

Question 5: How many bad experiences occurred before you decided to change that provider?

0   1   2   3   4   5   6   7   More than seven

Question 6: This question is concerned with what attracted you to a new service provider

Reasons for moving to a new provider	DISagree Very Strongly	DISagreeStrongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
A better price attracted me to the new service provider.	1	2	3	4	5	6	7
Better service attracted me to the new service provider.	1	2	3	4	5	6	7
A positive	1	2	3	4	5	6	7

	DISagree Very Strongly	DISagree Strongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
referral caused me to switch service providers.							
Peer pressure caused me to switch service providers.	1	2	3	4	5	6	7
I like to vary my service providers.	1	2	3	4	5	6	7

Section 3: The influences on your choice of a new service provider

Please respond to the statements below in relation to the specific provider that you selected in section 1 (telephone service provider, plumber, internet provider, pest controller, hairdresser/barber, airline company or other type of service provider).

Focus on the same specific situation when responding to all the statements in the survey.

Circle one number only in each row to show how much you agree or disagree with each statement.

Question 7: This question is concerned with establishing the part played by sources of information on the choice of your new service provider.

Sources of Information	DISagree Very Strongly	DISagree Strongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
I listened to word-of-mouth advice from relatives about the new provider.	1	2	3	4	5	6	7
I listened to word-of-mouth advice from friends or acquaintances about the new provider.	1	2	3	4	5	6	7
I researched written information, such as advertising material, before I selected the new provider.	1	2	3	4	5	6	7
I accessed	1	2	3	4	5	6	7

electronic information, such as the World Wide Web, to get information about the new provider.							
I talked to the new provider about the service they provided before deciding to try them out.	1	2	3	4	5	6	7

Question 8: This question is concerned with establishing the part played by your service product knowledge and experience in switching on the choice of your new service provider.

Service & Switching Knowledge	DISagree Very Strongly	DISagree Strongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
My last service experience affected the choice of my new provider.	1	2	3	4	5	6	7
I gained information about the **service product** from the previous provider.	1	2	3	4	5	6	7
Service product information gained from the previous provider affected the choice of my new provider.	1	2	3	4	5	6	7
I gained information about my **preferred type of service relationship** from the previous provider.	1	2	3	4	5	6	7
Knowledge about my preferred relationship with a provider affected my choice of new provider.	1	2	3	4	5	6	7
Experience with switching providers made choosing a new provider easy.	1	2	3	4	5	6	7
I switch providers	1	2	3	4	5	6	7

frequently.							
I like trying out different service providers.	1	2	3	4	5	6	7

Question 9: This question is concerned with establishing whether personal costs affected the choice of your new service provider.

Personal Costs	DISagree Very Strongly	DISagree Strongly	DISagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
Complex service features made choosing a new provider difficult.	1	2	3	4	5	6	7
Personal differences between the service people made choosing a new service provider difficult.	1	2	3	4	5	6	7
I was anxious that the service offered by a new service provider wouldn't be as good as I expected.	1	2	3	4	5	6	7
It is difficult to evaluate the service before trying out a new provider.	1	2	3	4	5	6	7
The cost of their service fees influenced my choice of new provider.	1	2	3	4	5	6	7
I enquired about hidden costs and charges	1	2	3	4	5	6	7
I made enquiries about any drawback to choosing my new provider.	1	2	3	4	5	6	7
It took me a lot of time to find a new provider.	1	2	3	4	5	6	7
It took me a lot of effort to find a new provider.	1	2	3	4	5	6	7
I was prepared to adapt to the new	1	2	3	4	5	6	7

provider.							
My experience with the previous provider affected my expectations about the new provider.	1	2	3	4	5	6	7
I want a high level of communication with a provider.	1	2	3	4	5	6	7
I looked for a provider that I could bond with.	1	2	3	4	5	6	7
It took time for me to trust my new provider.	1	2	3	4	5	6	7

One more question to go!

Please turn over the page.

Section 4: Your behaviour after you have selected your new service provider

Please respond to the statements below in relation to the specific provider that you selected in section 1 (telephone service provider, plumber, internet provider, pest controller, hairdresser/barber, airline company or other type of service provider).

Focus on the same specific situation when responding to all the statements in the survey.

Circle one number only in each row **to show how much you agree or disagree with each statement.**

Question 10: These statements concern your behaviour after selecting your new service provider.

Future Behaviour	Disagree Very Strongly	Disagree Strongly	Disagree	Neutral	Agree	Agree Strongly	Agree Very Strongly
I told my friends/family about **the critical incident(s)** that caused me to switch service provider.	1	2	3	4	5	6	7
I told friends/family **what I liked** about my new service provider.	1	2	3	4	5	6	7
I told several people about changing my service provider.	1	2	3	4	5	6	7
I told several people about the reason for leaving my previous service provider.	1	2	3	4	5	6	7
I refer other people to my new service provider.	1	2	3	4	5	6	7
I explained to my new service provider why I switched provider for that product.	1	2	3	4	5	6	7
I told my new service provider about my bad experience with the previous provider.	1	2	3	4	5	6	7
I told my new service provider **why** I chose them.	1	2	3	4	5	6	7

I told my new service provider **how** I chose them.	1	2	3	4	5	6	7
I started out spending less money with my new provider than I had with the previous provider.	1	2	3	4	5	6	7
Changing providers has had no effect on the amount of money I spend with my new provider.	1	2	3	4	5	6	7
I buy more service products from my new provider than I used to buy from my previous provider.	1	2	3	4	5	6	7
I totally changed over to one new provider.	1	2	3	4	5	6	7
I switched to using more than one service provider.	1	2	3	4	5	6	7
I tried out my new service provider before I left the previous provider.	1	2	3	4	5	6	7
I tried out several providers before settling on my current provider.	1	2	3	4	5	6	7

Please place your questionnaire in the envelope provided and return the sealed envelope to the person who gave you the questionnaire.

Thank you for participating in the survey.