Research of Factors Influencing Loyal Customer Switching Behaviour

The paper presents the analysis of switching behaviour and factors involved in the formation of customer switching behaviour in the context of customer loyalty. Knowing customer-specific factors that affect potential switching behaviour of their loyal customers (defined through empirical research), companies could reduce the probability of occurrence of loyal customer switching behaviour, find new ways to prevent customers’ turnover and make better targeted decisions regarding loyalty building.

**Keywords:** switching behaviour, customer loyalty, factors supporting customer switching behaviour, factors repressing customer switching behaviour.

Introduction

In modern competitive business environment it is more and more difficult to gain and retaining competitive advantage. Building relationships with customers often becomes the activity that further guarantees successful competition for the organization in ever-changing business world. Different scientists (Reichheld, Sasser, 1990; Grönroos, 1994; Rust, Oliver, 1994; Anderson et al., 1994; Berry, 1995; Reinartz, Kumar, 2000) acknowledge customer relationship to be of benefit for organizations on a long-term basis by emphasizing economic and non-economic benefits resultant from customer loyalty. However, according to I. Roos (1999) the activity of building customer loyalty becomes problematic due to increasing loyalty costs, while empirical research reveals that customer satis-
faction as such does not guarantee that customers, satisfied with the product or service, will resist from switching to the alternative one (Ganesh et al., 2000). This situation puts the very relationship marketing in trouble: up-to-date research reveals that modern customers are simply not willing to be committed to a single brand or a single company representing that brand (Liu, 2007). However, the importance of customer loyalty for business organizations induces further scientific discussion regarding the topic of customer retention: scientists are constantly searching for new ways enabling companies to control customer switching behaviour. It is no coincidence that customer loyalty studies presented in scientific literature have recently started focusing on the process of ending relationship between the customer and companies with the aim to reveal reasons behind the customer decision to end his/her relationship with the company. The analysis of relationship ending as of the outcome of behavioural disloyalty is assumed to lead to significant insight regarding the issues of customer loyalty management and help to avoid potential loss of customers.

There exist many reasons why the knowing of customer-specific factors that form customer switching behaviour is important for companies. Knowing customer-specific factors (they can differ among business sectors) that affect potential switching behaviour of their loyal customers, and being aware of the significance of their occurrence, companies could reduce the probability of occurrence of loyal customer switching behaviour, find new ways to prevent customers’ turnover and make better targeted decisions regarding loyalty building.

**The object of this paper** is the factors affecting loyal customer switching behaviour.

The underpinning **purpose of this paper** is to define the factors affecting loyal customer switching behaviour.

**The tasks** set in the article are as follows:

- To define preconditions for the occurrence of customer switching behaviour;
- To analyze factors involved in formation of customer switching behaviour;
- To make research of the factors affecting loyal customer switching behaviour while identifying the loyal customer-specific factors affecting the switching behaviour.

**The research methods** used in the article include logical analysis, generalization, interpretation of scientific literature and questionnaire survey as a primary data collection method.

To assess the data obtained through empirical research the methods of descriptive statistics were used.

**Preconditions for the occurrence of customer switching behaviour**

Apart from the continuous desire for better value, another important condition for the development of mutual relationships between the customer and the company is mutual commitment to maintain relationship (Morgan, Hunt, 1994). However, enormous variety of competing brands, and absence of barriers for switching product/service providers allow customers to freely switch companies offering products and services. Customer loyalty programs as the main means for inducing customer loyalty are assumed to sup-
press customers’ willingness to switch to another product/service provider, but they do not build real customer loyalty for companies, especially if they are focussed on the assuring of economic benefits for customers (Capizzi, Ferguson, 2005). According to M.D. Uncles et al. (2003) “few consumers are “monogamous” (100 percent loyal); rather, most people are “polygamous”, i.e. loyal to a portfolio of brands in a product category” (Uncles, 2003). According to J. Ganesh et al. (2000) and B. Mittal and W. M. Lassar (1998) customer satisfaction with the product or service does not guarantee their loyalty for the organization too, and does not prevent from searching for other alternative options. As V. Auruškevičienė and L. Šalčiuvienė (2003) have put it, attracting customers under conditions of fierce competition requires considerable efforts, as customer’s needs and desires tend to change frequently: every time before making a purchase decision the customer can easily switch to another or alternative product/service provider. Scientific research shows that the customer can end his/her relationship with a particular organization at any stage or level of their relationship development, however it is noted that customer switching behaviour usually becomes prominent during the first fives years of collaboration with the company (Halinen, 1997, Rosson, 1986).

Psychological features of the customer as of an individual person can also constitute a reason of his/her unwillingness to commit and be loyal for a particular company or can even influence his/her switching behaviour. According to S. Fournier et al., (1998) the unwillingness of a person to start a long-term relationship with an organization is influenced by the following personal features:

- The aim to have a diversity of available options to choose from. Since customers are willing to be able to choose from as many different offers and alternatives as possible, the reduced choice of possibilities are treated as a major disadvantage of the customer long-term relationship;
- Seeking for variety. This behaviour is based on the assumption that every human being features are in need of constant stimulation, excitement. If this stimulation happens to be too weak, a person experiences stress, becomes bored, and strives to get rid of this feeling through seeking for variety. One of the easiest ways to do this is to try out a new brand or product/service offered by another company.

The above-mentioned personal features lead to the assumption that every customer, even the one who is treated by a particular organization as loyal and committed, can always switch to another product or service provider and start buying from your competitor.

**Analysis of factors involved in formation of customer switching behaviour**

*The concept of customer switching behaviour.* Customer switching behaviour represents a dynamic process that develops over a particular period of time and finally results in the relationship ending (Bejou, Palmer, 1998; Hocutt, 1998; Stewart, 1998). Scientific literature indicates that when associating customer switching behaviour with customer disloyalty it is necessary to make a distinction between behavioural and attitudinal dimensions – customer switching behaviour can be directly expressed through behavioural but not attitudinal disloyalty. Customer
switching behaviour characterized in terms of retreat and relationship ending represents a decision of a customer not to buy products or services offered by a particular organization. The analysis of scientific literature shows that there exist different factors affecting customer switching behaviour and they are often dependent on industry, individual sector or business specifics (Berry, Parasuraman, 1993; Lovelock, 1983; Zeithaml et al., 1993, Keaveney, 1995). Depending on the effect, the factors that affect customer switching behaviour are divided into those supporting (loyalty repressing factors) and repressing switching behaviour (loyalty supporting factors).

Factors supporting customer switching behaviour. Factors supporting customer switching behaviour represent one of the two groups of factors that have effect on customer switching behaviour. These are the factors that have a devastating effect and enable customers to end a relationship with their organizations, and reduce attitudinal and behavioural customer loyalty.

Works by Ch. Nordman (2004) introduce an original approach towards the factors supporting customer switching behaviour. The author uses the term Loyalty Repressing Factors by defining them as capable of generating attitudinal disloyalty in the first place, and directly influencing behavioural disloyalty afterwards. Behavioural and attitudinal disloyalty stimulates customer switching behaviour. After the customer-specific factors repressing loyalty reduce attitudinal and behavioural loyalty, a customer can come to a decision to end his/her relationship with a particular company. Figure 2 illustrates the influence of factors supporting customer switching behaviour on the occurrence of switching behaviour.

In summary of the ideas suggested by different authors (Nordman, 2004; Keaveney, 1995; Colgate and Hedge, 2001; Finkelman and Goland, 1990; Chakravarty et al.,1997; Jones et al., 2003; Rust and Zahoric, 1993;
Capraro et al., 2003; Sheth, Parvatiyar, 2000; Higie et al., 1993; Bansal, Taylor, 1999; Roos, 1999; Mittal, Lassar, 1998 et al.), the following factors supporting customer switching behaviour can be identified:

- **Price issues.** The problems associated with a recently raised or a continuously growing price of a product or service, misleading price, taxes, charges, etc.

- **Inconveniences.** Incidents when customers are kept waiting, inconvenient working hours of an organization, inconvenient location of the organization providing products or services.

- **Core service failures.** Incidents associated with mistakes or other technical issues when selling a product or providing a service, mistakes in invoicing.

- **Dissatisfactory quality.** Quality of the product or service being unacceptable for the customer.

- **Service encounters failures.** Problems arising during the interaction between a product seller or a service provider and a customer. Rude or disobliger behaviour of a salesperson or a service providing person, lack of knowledge or competency forcing customers to wait.

- **Variety seeking.** It is natural for a person to seek for variety, especially if he/she gets bored or “bellyful” of a particular product or service. Routine and variety-seeking behaviour usually happens cyclically by individual periods replacing each other and gaining dominating features. According to H. C. van Trijp et al. (1996) variety-seeking behaviours can be grouped into the genuine and obtained variety-seeking. The genuine variety-seeking stimulates switching behaviour instinctively for the sake of the very desire or for the aim to experience variety, and obtained variety-seeking is provoked by other persons, competing offers, etc.

- **Response to service failures.** The problems arising when dealing with service failures, conflict situations, responding to complaints (involves negative response, no response or forced response).

- **Change of service personnel.** Change of service personnel can affect customer switching behaviour especially if service personnel (depending on the nature of a product/service) are closely related to customers or have close relationship developed with them.

- **Refusal to modify service/product (if technologically it is possible) or to provide an exceptional service.** Refusal of product/service modifications or particular service improvement or failure to provide added value can motivate a customer to look for alternative solutions of this problem.

- **Change of the place of residence of the customer.** Change of the place of residence can affect customer switching behaviour if services or products of a particular provider are unavailable for the customer’s new place of residence. Change of the place of residence can also mean a change in living circumstances and occurrence of customer’s new needs.

- **New value.** Appearance of a totally new product or service in the market, capable to offer an added value for the customer, can also encourage him/her to switch to another product/service provider.

Following the analysis of factors supporting customer switching behaviour, and aiming to reveal the formation of customer switching behaviour in more detail, it is also necessary to analyze factors repressing customer switching behaviour that play a major role in decision making that determine customer switching behaviour.

**Factors repressing customer switching behaviour.** Factors repressing customer
switching behaviour can be treated as obstacles purposely created by organizations or naturally formed, while establishing conditions for customers to patronize as long as possible and preventing them from searching for any other available alternatives. Apart from basic loyalty concepts such as commitment, satisfaction, loyalty, etc., that are purposely encouraged by organizations and used as a basis for their activities in pursuit of true (attitudinal and behavioural) customer loyalty, some barriers repressing customer switching behaviour also exist and are used by organizations, and they are often identified with the factors repressing customer switching behaviour or supporting customer loyalty. Factors supporting customer loyalty are considered as ones that help to maintain and increase behavioural customer loyalty.

N. Bendapudi and L. L. Berry (1997) state that factors supporting customer loyalty can be perceived and treated by customers as constraint-based factors intended to form loyalty. Constraint-based loyalty influences positively behavioural but not attitudinal loyalty. Therefore it’s not true to say that all the factors repressing customer switching behaviour will affect constraint-based loyalty, however it’s worth noting that certain constraints imposed on customers (i.e. using contracts) will determine only the existence of relationship between the organization and the customer, but not the growth and development of this relationship. Figure 3 presents the influence of factors repressing customer switching behaviour on switching behaviour occurrence.

The main feature of constraint-based loyalty is that it is caused by other reasons than customer’s willingness to be loyal. When the relationship between an organization and a client are maintained only because of formal commitments and bonds, they usually tend to continue only until the benefits obtained by the customer from the current relationship exceed the benefits potentially available

![Figure 3. The influence of factors repressing customer switching behaviour on switching behaviour occurrence](image-url)
after switching to another organization and becoming its client. The customer’s decision to switch to another product or service provider “costs” – customer incurs particular costs that are identified as “switching costs” (Jones et al., 2003; Nordman, 2004). Another term found in literature is “switching barriers” (Colgate, Lang, 2001). It is also used for the definition of the same factors repressing customer switching behaviour that are formed purposely with pursuit to retain customer patronage as long as possible, or form naturally on their own.

M. Porter (1998) defines switching costs as costs incurred by customers once switching to another product/service provider. Switching costs are comprised of different components, and the emphasis given to each of them differs among authors. In summary of the ideas suggested by different authors the following main components of switching costs can be identified:

- **Economic costs.** Economic costs are usually treated as costs that can occur when switching to another product/service provider an admission fee must be paid or some benefits available from the former product/service provider are lost (Johnson, 1982; Bendapudi, Berry, 1997; Arantola, 2003). Similarly, M. Colgate and B. Lang (2001) introduce a concept of economic costs as of the component of total switching costs. The authors suggest that economic costs represent a sum of incurred costs of ending (when leaving a particular organization) and costs of joining in (when starting relationship with a new one). Customers undertake to build, develop and maintain relationship with a particular organization while getting added value and additional benefits in return. In this case, customer loyalty programs used by organizations represent a good example that illustrates particular obligations by customers to their organizations and obligations of organization to give its customers an added value. Efforts made by customers when developing and maintaining relationship with the organization can be treated as investment which is lost in case this relationship ends (Colgate, Lang, 2001). Once “investment” is made in relationship with the organization, customer switching behaviour becomes constrained due to the invested time, money and efforts intended for development of the relationship with the organization (Gwinner et al., 1998).

- **Search and evaluation costs.** Decision to switch to another product/service provider always requires additional information, search and evaluation of this information. The customer invests his/her time and efforts in information gathering about competing organizations, its evaluation and making final decision (Jones et al, 2003). Search and evaluation costs differ depending on the type of products/services being sold. Evaluation costs of services are said to differ depending on their features such as intangibility, heterogeneity, inseparability, and they are usually higher in service than products markets. If products/services are highly differentiated or few alternatives exist in the market that can be compared, evaluation costs of such products/services happen to be high and significant.

- **Learning costs and knowledge bonds.** Another component of switching costs – learning costs and knowledge bonds – becomes a factor repressing customer switching behaviour if customer realizes that learning how to use new services or products (obtained from a new provider) will be difficult and will require
considerable efforts (Arantola, 2003; Nordman, 2004). According to N. J. Sheth and A. Parvatiyar (2000), if customer learns or is taught a particular behaviour during relationship with the organization (for example, how to make banking operations in a web site), he/she will be inclined to continue this relationship with the organization as he knows that switching to another one means learning costs and knowledge bonds for him/her.

- **Perceived risk and uncertainty costs.** Customer behaviour is based on the wish to reduce risk, and different strategies are used to achieve this (Sheth, Parvatiyar, 2000). One of the ways to reduce risk is to become loyal for a particular product, service, organization or brand by reducing choice as well. Becoming a loyal client reduces uncertainty costs (Storbacka et al., 1994; Sheth, Parvatiyar, 2000). N. J. Sheth and A. Parvatiyar (2000) state that need for information, knowledge and competencies when making decisions (for example, when choosing a new product/service) is directly proportional to customer’s inclination to retain close relationships with the organization. C. B. Bhattacharya and R. N. Bolton (2003) note that customers have a prominent inclination to retain close relationships with those organizations that operate in markets of heterogeneous and highly differentiated products/services as uncertainty existing in such markets and risk of evaluation of products’ or services’ features serves as a barrier for easy switching to another product/service provider.

- **Lack of perceived available or attractive alternatives.** Some nonessential factors influencing relationships between organizations and customers such as market structure or insufficient number of available alternatives can serve as a limitation for customer switching behaviour, and it is particularly likely that if the customer does not notice, or simply other alternatives do not exist in the market, he/she will tend to continue his/her relationship with the current organization (Storbacka et al., 1994; Bendapudi, Berry, 1997; Colgate, Lang, 2001). K. Storbacka et al. (1994), M. Colgate and B. Lang (2001) note that it is necessary to draw a distinction between the real situation in the market (current number of product/service providers) and that perceived by customers. Customers usually recall only those organizations that have generated some feelings in them – awaken memories, aroused admiration, etc. (Storbacka et al., 1994; Colgate, Lang, 2001; Nordman, 2004). Absence of differentiation among the purchased products/services can be identified as one of the potential reasons, capable of explaining a situation perceived by customers that there’s a lack of available alternatives. Even if a customer is informed about the competing alternatives, the low differentiation level of a particular product can lead to the following: the customer will not perceive essential differences among the organizations representing those products/services as well, at the same time leaving unnoticed the new benefits which he could receive if he had switched to another product/service provider (Bejou, Palmer, 1998; Colgate, Lang, 2001).

- **Legal (contractual) obligations.** Contracts made between organizations and customers limit possibilities of the latter to easily and promptly end their relationship with the organization (Nordman, 2004; Arantola, 2003). Depending on the nature of organization activity, terms of contracts and provided conditions and responsibilities, contracts made between organizations and customers serve as a
factor that tie customer to organization for a particular period of time.

- **Structural bonds.** Structural bonds emerge when customer by maintaining relationships with the organization deserves an exceptional treatment regarding him or a particular level of communication with him, attainment of which could take quite a long time in another organization (Berry, Parasuraman, 1991; Arantola, 2003). Structural bonds integrate time, knowledge and economic efforts incurred by customer while pursuing an exceptional status. For example, customer loyalty programs for a number of gathered bonuses (or a spent amount of money, duration of membership, etc.) widely used by organizations ensure an exceptional status for the customer in the organization, which would be lost, if customer chose to switch to another product/service provider.

- **Geographical bonds.** Geographical bonds emerge when localization of the organization “ties” customer to the product/service provider (Liljander, Strandvik, 1995; Arantola, 2003). K. Storbacka et al. (1994) notes that geographical location of the organization can serve as one of the factors that represses customer switching behaviour and ensures development of a long-term relationship with the organization.

- **Social costs.** Social costs are perceived by customers as costs that can be incurred when switching to another organization given the social interaction with the organization to be abandoned or with its personnel with whom close relationships have been developed (Johnson, 1982).

- **Psychological costs (customer’s apathy, passiveness, inertia, behaviour formed by habits, lack of motivation).** These character features of customers build particular psychological barriers that prevent switching behaviour. Apathy, passiveness, and inertia are even considered to be characteristic features of loyal customers (Nordman, 2004; Colgate et al., 1996). Inertia involves customers in a long-term relationship with the organization due to their lack of motivation or low involvement in purchase process. Lack of time, lack of interest, habitude and even laziness become those features that form fake loyalty and prevent customer switching behaviour.

While some of the components of the above-mentioned switching costs occur naturally (geographical bonds, psychological costs, lack of perceived available or attractive alternatives, perceived risk and uncertainty costs), others are purposely formed by organizations. It’s worth noting that organizations are interested in possibly highest switching costs because in that case probability of a customer switching to another organization is lower. Theoretical analysis of customer switching behaviour also leads to conclusion that switching barriers build by organizations impact time for how long customers stay with their organizations. When switching costs are high, organizations are able to retain their customers even if they are not fully satisfied with purchased products/services. When switching costs are high, customers become less sensitive to satisfaction obtained from purchased products/services or brands (Hauser et al., 1994). Constraint-based or fake loyalty can, of course, cease to exist when loyalty supporting factors or switching barriers are gone. Consequently it’s true to say that although certain restrictions have some positive effects on customer behavioural loyalty, in a long-term undoubtedly negative effect on attitudinal loyalty can nega-
tively affect both behavioural loyalty and customer loyalty in general terms.

**Research methodology.** The method of a descriptive study was used to examine probable future behaviour of respondents in particular situations with the aim to identify the customer-specific factors affecting customer switching behaviour. Empirical research was performed using data gathering method, namely the written survey. In our case, the selected research sample was comprised of loyal customers of private limited liability company *JSC Omnitel* operating in the Republic of Lithuania. This organization was selected not at random: customer loyalty gains exclusive importance in the markets that undergo the stage of saturation when no further growth potential is practically left (Griffin, 2002; Zikiénė, Klebanskaja, 2005; Zikiénė, Bakanauskas, 2007). According to the Communications Regulatory Authority as of 2008, in Lithuania the change in number of active mobile telecommunications users (i.e. active SIM cards in use) was insignificant during the 4th quarter (increased by 1 per cent) and amounted for 4.92 mln. on 31 December, 2007. With reference to the data of Communications Regulatory Authority the conclusion can be made that Lithuanian market of mobile communications is already saturated, and no evidence of potential further growth is observed.

*JSC Omnitel* had 15,000 loyal customers as of March, 2008. Since identification data of all the elements in the selected sample was unknown, and the sample selected for the research (golden customers of *Omnitel*) satisfied criterion for customer loyalty, method of non-random sampling was considered the most appropriate. In this case sample size was 105 golden customers of *Omnitel*.

Another reason behind purposefulness of performing a research aimed at identification of loyal customer-specific factors affecting switching behaviour based on the case of *JSC Omnitel* was the fact that segmentation of customer database is performed by the company itself, by grouping them into Golden (10 and more years in *Omnitel* network), Silver (5 to 10 years in *Omnitel* network), and New Customers (less then 5 years in *Omnitel* network). Golden customers are treated as loyal by the company by taking the period spent in *JSC Omnitel* network as a loyalty criterion. The aforesaid circumstances allowed to instantly identify loyal customer-specific factors affecting customer switching behaviour, by allowing to dissociate from customer loyalty measurement, and the segment of loyal customer pre-defined by the company itself increased the representativity of the research since the selected research sample was known and has satisfied requirements.

To identify loyal customer-specific factors affecting customer switching behaviour the questionnaire was prepared. In the scientific literature, 11 factors supporting customer switching behaviour and 10 factors repressing customer switching behaviour are distinguished. In order to find out which of them are specific (relevant) for loyal customers, every factor affecting customer switching behaviour was “converted” into a specific situation or example, directly associated with the selected research sample and company concerned. The questionnaire used the questions-statements, answers to which have been evaluated using Likert scale. Every question-statement was formulated taking into consideration the nature of the research: as empirical research was used to find out those factors affecting customer switching
behaviour that may determine (“form”) probable customer switching behaviour, it’s true to say that questions used for survey can be attributable to the forecasting type of research questions. According to H. F. Weisberg et al. (1996), formulating questions on the basis of future forecasts is appropriate when it is necessary to evaluate attitude of respondents with regard to how important and relevant particular situation is to them. The questionnaire intended for golden customers of JSC Omnitel has presented typical situations that usually are or can be faced by customers when using services of this company. Every question-statement reflected a particular factor affecting customer switching behaviour. When formulating every question-statement, expression possibilities of factors affecting customer switching behaviour presented in literature were taken into consideration.

Respondents were asked to evaluate every question-statement in range of 0 to 5 by expressing their agreement or disagreement, respectively. On the basis of evaluations reported by respondents, an arithmetic average (mean score) has been calculated for every question-statement. Since every question-statement described a particular, single factor affecting customer switching behaviour, a conclusion was made that questions-statements with the highest acquired numerical values coin-

<table>
<thead>
<tr>
<th>No.</th>
<th>Factors affecting switching behaviour</th>
<th>N</th>
<th>Average</th>
<th>Standard deviation</th>
<th>Dispersion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>DISSATISFACTORY QUALITY</td>
<td>105</td>
<td>4.56</td>
<td>.92</td>
<td>.845</td>
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<td>2.</td>
<td>RESPONSE TO SERVICE FAILURES</td>
<td>105</td>
<td>4.17</td>
<td>.97</td>
<td>.932</td>
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<td>3.</td>
<td>NEW VALUE</td>
<td>105</td>
<td>3.74</td>
<td>1.19</td>
<td>1.424</td>
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<td>4.</td>
<td>CORE SERVICE FAILURES</td>
<td>105</td>
<td>3.41</td>
<td>1.40</td>
<td>1.956</td>
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<tr>
<td>5.</td>
<td>SERVICE ENCOUNTER FAILURES</td>
<td>105</td>
<td>3.40</td>
<td>1.40</td>
<td>1.954</td>
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<td>6.</td>
<td>PRICE ISSUES</td>
<td>105</td>
<td>3.36</td>
<td>1.55</td>
<td>2.406</td>
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<tr>
<td>7.</td>
<td>LACK OF PERCEIVED AVAILABLE OR ATTRACTIVE ALTERNATIVES</td>
<td>105</td>
<td>3.28</td>
<td>1.45</td>
<td>2.106</td>
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<td>8.</td>
<td>PERCEIVED RISK AND UNCERTAINTY COSTS</td>
<td>105</td>
<td>3.22</td>
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<td>9.</td>
<td>ECONOMIC COSTS</td>
<td>105</td>
<td>3.16</td>
<td>1.50</td>
<td>2.252</td>
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<tr>
<td>10.</td>
<td>SEARCH AND EVALUATION COSTS</td>
<td>105</td>
<td>3.01</td>
<td>1.44</td>
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<td>11.</td>
<td>SOCIAL COSTS</td>
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<td>2.84</td>
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<td>1.579</td>
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<td>STRUCTURAL BONDS</td>
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<td>2.83</td>
<td>1.63</td>
<td>2.663</td>
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<tr>
<td>13.</td>
<td>REFUSAL TO MODIFY SERVICE/PRODUCT</td>
<td>105</td>
<td>2.55</td>
<td>1.45</td>
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<td>14.</td>
<td>LEGAL (CONTRACTUAL) OBLIGATIONS</td>
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<td>2.33</td>
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<td>LEARNING COSTS AND KNOWLEDGE BONDS</td>
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<td>19.</td>
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<td>105</td>
<td>1.09</td>
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<td>20.</td>
<td>VARIETY SEEKING</td>
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<td>.96</td>
<td>1.07</td>
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<td>21.</td>
<td>CHANGE OF THE PLACE OF RESIDENCE OF THE CUSTOMER</td>
<td>105</td>
<td>.87</td>
<td>1.26</td>
<td>1.597</td>
</tr>
</tbody>
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Table 1: Statistical evaluations of factors affecting potential customer switching behaviour
decided with the loyal customer-specific factors affecting customer switching behaviour. The scale used for survey allowed respondents to select one answer out of six options, consequently when calculating arithmetic average for every question-statement, all the acquired values below 3 were treated as being too low, and the factors with such values were considered to be irrelevant for loyal customers.

**Research findings.** Research findings have been processed and obtained data have been analyzed using statistics processing software SPSS®. Empirical research findings showed that numerical values of 3 and higher have been acquired by 10 factors affecting customer switching behaviour. Consequently a conclusion was made that 10 factors affecting occurrence of customer switching behaviour are relevant for loyal customers. Table 1 presents evaluations of all the factors affecting potential customer switching behaviour, including arithmetic averages, standard deviations, and dispersion.

Table 2 presents loyal customer-specific factors supporting and repressing customer switching behaviour while taking into consideration the statistical evaluations of the factors affecting potential customer switching behaviour.

Based on the findings obtained through empirical research a conclusion was made that in the process of formation of loyal customer switching behaviour, factors supporting customer switching behaviour were more important than those repressing it, since the first six factors affecting customer switching behaviour that have been distinguished by loyal customers belonged to the category of the factors supporting customer switching behaviour and acquired highest values (arithmetic average ranged from 4.56 to 3.36). The factors repressing customer switching behaviour acquired lower values (arithmetic average ranged from 3.28 to 3.01) therefore they were treated as less important factors affecting loyal customers’ potential switching behaviour. According to the findings presented here, a conclusion can be made that decisions of loyal customers to switch to another company are influenced by loyalty repressing factors, and loyalty supporting factors have less influence. Research findings regarding loyal customer-specific factors affecting customer switching behaviour allow suggesting the following:

- Customers involved in the research correspond to the features characteristic to the category of a long-term loyalty

<table>
<thead>
<tr>
<th>Factors supporting switching behaviour</th>
<th>Factors repressing switching behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissatisfactory Quality (4.56)</td>
<td>Lack of Perceived Available or Attractive Alternatives (3.28)</td>
</tr>
<tr>
<td>Response to Service Failures (4.17)</td>
<td>Perceived Risk and Uncertainty Costs (3.22)</td>
</tr>
<tr>
<td>New Value (3.74)</td>
<td>Economic Costs (3.16)</td>
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<tr>
<td>Core Service Failures (3.41)</td>
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(high behavioural and attitudinal loyalty), as weaker influence of factors repressing customer switching behaviour on the process of formation of potential switching behaviour of loyal customers shows that factors generating a constraint-based loyalty are not important for loyal customers. Higher influence of factors supporting customer switching behaviour on the process of formation of potential switching behaviour of loyal customers can be explained by the fact that customers are loyal for the company because of the exceptional value they receive but not because of the high switching barriers or formal obligations;

- A weaker influence of factors repressing customer switching behaviour on the process of formation of potential switching behaviour of loyal customers shows that in a telecommunications sector, switching barriers are low or too low for the segment of loyal customers;

- Higher influence of factors supporting customer switching behaviour or repressing customer loyalty on the process of formation of potential switching behaviour of loyal customers shows that positive interaction between the customer and company is more relevant for loyal customers than potential switching costs;

- Switching costs associated with the factors repressing customer switching behaviour are not high or not relevant for loyal customers – when making a decision whether to switch to another product/service provider or to remain a client of the current one, loyal customers focus on reasons that evoke their dissatisfaction with the company but not on outcomes of the switching;

- Telecommunications market is perceived by loyal customers as a market of weakly differentiated services where little risk of evaluation of service features exists or the same benefits are seen by loyal customers regarding products/services in case they switch to an alternative provider.

Different loyal customer-specific factors affecting customer switching behaviour have different effects on occurrence of switching behaviour. The highest numerical value is acquired by the factor supporting customer switching behaviour Dissatisfactory Quality. Quality of the product or service can be said to remain that characteristic feature of the product/service, evaluation of which determines customer’s decision to buy repeatedly or not. Empirically widely examined and considered especially important by many scientists the quality of a product/service as the factor supporting customer loyalty is one of the most important loyalty affecting factors for loyal customers, too. Findings allow to suggest that absence of positive interaction between the company and customer encourages loyal customer to switch to another product and service provider. Service encounter failures and response to service failures as a result of negative interaction determine occurrence of switching behaviour (and behavioural disloyalty as well) among loyal customers. Loyal customers are not willing to forgive product/service providers for their failures, and consider negative interaction to be a sufficiently significant reason to encouraging them to switch to an alternative company. New value as a factor supporting customer switching behaviour is also significant for the formation of potential switching behaviour among loyal customers, and can be attributed to the request of higher quality of the service. In a scientific literature, core service failures are interpreted as incidents related to failures or any other
technical issues arising when selling the product, providing service and/or invoicing. Relevance of this factor supporting switching behaviour for loyal customers confirms the previously made conclusion that loyal customers are not willing to forgive product/service providers for their failures. Price issues as the factor supporting customer switching behaviour is also relevant for loyal customers. High or growing prices, higher charges and other price-related issues can affect occurrence of loyal customer switching behaviour. Relevance of the lack of perceived available or attractive alternatives as of the factor repressing customer switching behaviour for loyal customers can be explained by the fact that loyal customers consider that there are very few companies representing a mobile communications market. Based on the theoretical approaches, when number of competing alternatives is low, customers’ choice is limited – customers become dependent on companies that provide products/services they use. In this case loyal customers can be said discern no differentiation between the services provided by companies representing the same sector, and at the same time they do not see new values that they could possibly receive after switching to an alternative product/service supplier. Perceived risk and uncertainty costs, and search and evaluation costs are also relevant factors affecting customer switching behaviour for loyal customers indicating that loyal customers tend to treat process of information search and evaluation as a task requiring significant time and efforts. As customer buying behaviour is based on their wish to reduce risk, a conclusion can be made that loyal customers see mobile communications service as a service of increased risk, and consequently they are afraid to be disappointed in case they choose to buy from another operator. Evaluation of perceived high-risk products/services requires specific knowledge therefore it is true to say that loyal customers are not those customers that are isolated from any problems due to the lack of knowledge and time or any other subjective reasons. Economic costs were identified as another factor repressing customer switching behaviour and were considered relevant for loyal customers thus showing that companies invest a lot in development of relationship with their customers. When companies invest in relationships with customers, customers receive additional benefits and added value. Unwillingness to loose exceptional terms and higher value prevents customer switching behaviour. Economic costs potentially incurred by loyal customers are perceived to be high enough: loyal customers highly value additional benefits received in return for their loyalty. However, when assessed in the context of overall influence of all the factors repressing loyal customer switching behaviour, economic costs are not sufficiently significant to highly affect the process of formation of potential switching behaviour among loyal customers.

Conclusions

1. Theoretical analysis of customer switching behaviour reveals that retention of loyal customers under conditions of fierce competition requires considerable efforts from companies since desires and needs of customers are never constant: every time before making a purchase decision customer can easily switch to another alternative product/service provider. Preconditions for the occurr
rence of customer switching behaviour are determined by vast variety of competing brands, active competitors, absence of barriers for switching to alternative product/service provider, psychological features of the customer as of the individual person, etc. Statement that customer loyalty is not static and is subject to changes in a long-term perspective leads to the conclusion that customer switching behaviour as a consequence of customer behavioural disloyalty can also be found among the customers that are treated by the company as loyal.

2. Customer switching behaviour is a dynamic process that develops over a particular period of time and results in relationship ending. Customer switching behaviour forms under the influence of factors supporting and repressing switching behaviour. Factors supporting customer switching behaviour are treated as the devastating factors enabling customers to end relationship with their companies. Factors repressing customer switching behaviour (i.e. loyalty supporting factors) are treated as obstacles that are purposely made by companies or form naturally and establish conditions for customers to patronize as long as possible and prevent them from searching for any available alternatives. Consequently, the conclusion follows that overall evaluation of factors affecting customer switching behaviour determines resolution by customer to maintain or to end relationship with the particular company.

3. As findings of the empirical research showed, factors supporting customer switching behaviour are by far more relevant for loyal customers than factors repressing customer switching behaviour. The following factors supporting customer switching behaviour are also relevant for loyal customers: lack of perceived available or attractive alternatives, perceived risk and uncertainty costs, economic costs, and search and evaluation costs. Evaluations of loyal-customer specific factors affecting customer switching behaviour found on the basis of empirical research lead to conclusion that in the process of formation of loyal customers’ switching behaviour, factors supporting customer switching behaviour may have significantly higher influence. Consequently, the probability of occurrence of switching behaviour among loyal customers may be sufficiently high.

References


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Vartotojų apsisprendimas keisti organizacijas, kaip prekių ar paslaugų teikėjus, yra įtakojamas daugelio veiksnų. Vartotojų pakeitimo elgėnų formuojantys veiksniai skirstomi į pakeitimo elgėnų įsiblauziančius ir pakeitimo elgėnų stabdantys veiksniai, kurie daro skirtinę poveikį tiek galimam vartotojo elgsenos atsiradimui, tiek vartotojų lojalumui. Lojalių vartotojų segmentas skiriasi nuo kitų organizacijos klientų savo požiūriu ir elgsena į objektą, tai ir jų pakeitimo elgsena formuojasi specifinių priežasčių ar veiksnų įtakos.

Lojalių vartotojų segmento išlaikymas organizacijoms ypač svarbus, nes lojalių vartotojai garantuoja organizacijoms pastovias pajamas, didesnį pelningumą ir padidina augimo galimybes. Dėl šių priežasčių ypač svarbus ir aktualus tampa aktualių pakeitimo elgėnų formuojančių veiksnų žinojimas. Žinodamos aktualių savo lojalių vartotojų pakeitimo elgėnų formuojančius veiksnius (kurie gali skirtis skirtiniuose versluose) bei tų veiksnų pasireiškimo svarbą vartotojui, organizacijos gali sumažinti lojalių vartotojų pakeitimo elgėnų atsiradimo galimybę, atrasti naujus būdus sustabdyti vartotojų kaitą bei priimti tikslsnesius sprendimus susijusius su lojalumo formavimu.

Šio straipsnio autoriai teorinių bei empirinių tyrimų pagrindu nustato aktualius veiksniai galinčius įtakoti lojalių vartotojų pakeitimo elgsenos formavimą; apibendrina nustatytų veiksnų įtaką tiek vartotojų lojalumui, tiek pakeitimo elgsenos atsiradimui.