Effects of Switching Behavior on Perceived Service Quality and Switching Intentions

Anuchit Sirikit*

Abstract

Switching behavior has been traditionally studied in the context of consumer behavior and brand loyalty behavior. The goal of this research is to help managers and researcher understand the effect of switching behavior on perceived service quality and service loyalty. This research has main three objectives. First, this research will offer a brief synthesis of the extant literature on switching behavior. Second, this research will present the result of a study on the relationship of perceived service quality, service loyalty and switching behavior as well as attitudes toward switching. Finally, this research also offers potential for significant managerial implications by identifying actions that must be taken by the service provider to reduce switching.

The methodology used to test specific hypotheses regarding differences among three groups in terms of perceived service quality, attitude toward switching, switching intentions, and switching behavior was a cross-sectional survey. Questionnaires were administrated using face-to-face interviews across Thailand. A total of 1,535 responses were received and analyzed. Scale reliabilities were computed for measured perceived service quality, attitude toward switching, and switching intentions, yielding Cronbach alpha of 0.9181, 0.8169, and 0.9137 respectively. Confirmatory factor analysis (CFA) revealed an adequate fit model, with statistically significant chi-square statistic (χ^2 = 20292.3; p< .001) other fit indices computed were GFI (0.541), AGFI (0.451), and RMSR (0.121).

The major findings of the study were (1). It confirmed the presence of the switching behavior. A negative relationship was found between customers' perceived service quality and switching intentions; a positive relationship with customers' attitude toward intentions. This might be explained by the fact that customers' switching intentions are an outcome of service quality dimensions (e.g. tangibility, responsiveness, assurance, empathy, and reliability). This also might be explained by the fact that customers' switching intentions are related attribute of attitude toward switching. (2) The results indicated that customers' perceived service quality was negatively related to customers'

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switching intentions in switching behavior. In addition, customers' attitude toward switching would positively relate to customers' switching intentions.(3) It showed that these three groups i.e., rotated group, switcher, and lapsed group differed significantly in terms of dimensions of switching intentions (such as preference, price indifference, and dissatisfaction response). Customers' perceived service quality was expected to statistically and positively related to dimensions of switch intentions.

Directions for future research were (1) other important variables should be considered as part of the service marketing mix particularly people, physical evidence, and process (Ziethmal and Bitner 2000) in order to determine the service strategies to reduce switching behavior in the near future. (2) future research should also consider relationship marketing variables such as trust and commitment to be key antecedent variables to long-term orientation. Customer satisfaction is a key strategic variable that is important to switching barrier. High levels of customer satisfaction make it harder for competitors to overcome switching barriers by simply offering lower prices or switching inducements (Kolter 2000). Thus, future research shows investigate link between customer satisfaction and switching. (3) The future research should investigate environmental factors, such as politic, economics, and social, particularly economic problem.

Introduction

In some markets, customer churn averages 30% to 45% a year, according to research from Technology Trends, Technology Focus (Eggleston) 1999). These statistics prove that most firms aren't keeping customer happy. Service provider must do better job of building customer loyalty from the outset. Catching customers is just as much about keeping them as getting them. Service organizations when offer superior customer value to customers understand that customers buy the benefits of product or service at the lowest cost or with least sacrifice or both. Customers are not only attracted to value, but in fact reward offers of superior value with loyalty.

A loyal customer not only purchases the same product or service repeatedly, but also has a cognitive commitment (Trijp, Hoyer, and Inman 1996). Switchers tend not to have a high degree of cognitive commitment due to several motivating factors such as novelty, the stimulation involved in desire to try different things, or simply curiosity. Thus variety seeking behavior and derived varied behavior are synonymous with switching behavior.

However, switching behavior also occurs when customer don't perceive satisfaction of their needs. Service switching involves replacing or exchanging the current service provider with another service provider (Bucklin and Srinivasan, 1991; Keaveney, 1995). Bansal and Taylor (1999) noted that the phenomenon of switching service providers is related to the terms of customer loyalty and customer retention. Whereas loyalty and retention refer to positive outcomes (satisfaction) for the firm, switching refers to a negative outcome (dissatisfaction). Insights from research on loyalty and retention can be gleaned to help better understand switching behavior (Keaveney 1995). Prior research has also related switching behavior and switching intentions to perceptions of quality (Rust and Zahorik 1993), dissatisfaction (Crosby and Stephens 1987), and service encounter failures (Kelly, Hoffman, and Davis 1993).

The goal of this research is to help managers and researcher understand the effect of switching behavior on perceived service quality and service loyalty. This research has main three objectives. First, this research will offer a brief synthesis of the extant literature on key conceptual issues. Second, this research will discuss the results of this study on the relationship between perceived service quality, service loyalty and switching behavior as well as attitudes toward switching. Finally, this research also offers managerial implications by identifying actions that must be taken by the service providers to reduce switching.

Switching Behavior Framework

Accordingly, the literature on perceived service quality and switching behavior, no research has yet examined whether or not these variables are likely to differ among the three customer groups-rotated customers, switchers, and lapsed customers. Drawing on the theoretical foundation in this area, in the current study we attempt to formulate and test specific hypotheses regarding differences among the three groups in terms of perceived service quality, attitude toward switching, switching intentions, and switching behavior.

A Model of the Effect of Switching Behavior

Building on the service provider switching model (SPSM) and using related studies from the service switching behavior (Bansal and Tayor, 1999; Ruyter, Wetzel and Bloemer 1998; Keaveney 1995). Figure 1 presents a framework for studying the effect of switching behavior on perceived service quality and switching intentions. Switching intentions and switch behavior are the ultimate dependent variables. Meanwhile, perceived service quality and attitude toward switching suggests as predictor variables.

Perceived Service Quality.

Service quality has received a significant amount of attention by both researchers and practitioners. It has been defined as a form of an attitude, related but not equivalent to satisfaction, that results from the comparison of expected service levels with perceived performance (Bolton and Drew 1991; Parasuraman, Zeithaml, and Berry 1988; Cronin and Taylor 1992). In other words, consumers enter a consumption experience Serv

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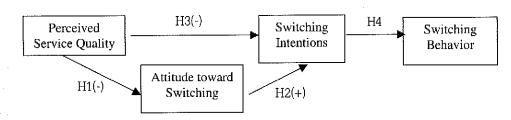
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Figure 1 A framework for studying the effect of switching behavior



Bansal and Tayor, (1999) The Service Provider Switching Model (SPSM): A Model of Consumer Switching Behavior in the Service Industry. <u>Journal of Service Research, 2,</u> 2 (November), 200-218.; Ruyter, Wetzel and Bloemer (1998) On the Relationship between Perceived Service Quaility, Service Loyalty and Switching Costs. International Journal of Service Industry Management, 9, 5, 436-453; Keaveney (1995). Customer Switching Behavior in Service Industries: An Exploratory Study. Journal of Marketing, 59 (April), 71-82.

expecting a certain level of service. During that consumption experience they observe actual service performance. The consumer's subjective evaluation of how well (or poorly) that actual performance compares to expected performance results in a level of perceived service quality (Woodruff, Cadotte, and Jenkins, 1983; Parasuraman, Zeithaml, and Berry, 1988; Cronin and Taylor, 1992).

There is considerable evidence that service quality functions as an antecedent to customer satisfaction (Reidenbach and Sandifer-Smallwood, 1990; Woodside, Frey, and Daly, 1989; Cronin and Taylor, 1992, Reichheld and Sasser, 1990. Furthermore, (Reichheld and Sasser (1990) propose that high levels of satisfaction lead to increased customer loyalty. They also indicate that increased customer loyalty is the single most important driver of long-term financial. Recent studies also affirm that customer satisfaction leads to customer retention (Hallowell, 1996). With the evidence that service quality leads to satisfaction which leads to customer loyalty, considerable practitioner interest has focused on programs to improve service quality (Farber and Wycoff, 1991; Schlesinger and Heskett, 1991). One of the key elements in many of these service quality improvement programs has been the measurement of service quality. Service quality measurement is important as it has the potential to offer insights into areas of service quality strengths and weaknesses.

Perceived Service Quality and Attitude toward Switching

According to the attitude-behavior relationship, perceived service quality has conceptualized as a general attitude, and the attitude toward behavior has been expressed as attitude toward switching. Syder (1982) proposed

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a related principle of relevance, which posited that before one could act on one's (active/available) attitudes, one must define those attitudes as relevant and appropriate guides to the behavioral choices at hand. Thus, an activated attitude may not effect a seemingly relevant behavior if one did not perceive its relevance for the particular behavior (Eagly and Chaiken 1993). Their assertion that a subject assessment of relevance is required to link attitude toward targets to attitude toward behavior. The relationship between perceived service quality and one's attitude toward switching is consistent with the external variable argument of Fishbein and Ajzen (1975) as well as Egly and Chaiken's (1993). This leads to the Hypothesis one which is stated as follows:

H1: Perceived service quality is related negatively to customers' attitude toward switching

Switching Behavior Intentions and Attitude toward Intentions

The studies on effect of intentions to switch on switching behavior have not distinguished between consumers at different levels of loyalty, treating them all as if they are similar. For example, Kasper(1988) found that TV owners who have had no problems with their set intended to buy the same TV brand in 96 percent of the cases; for those who have had problems, the figure dropped to 72 percent. While these data are interesting, the study is limited to inferences at the cognitive (problems) and cognitive (intention) levels. In yet another type of study, Mazursky and

colleagues (1987) conducted an experiment to determine if intrinsic switching (say, for the sake of novelty) or extrinsic switching (e.g., for a price reduction or coupons) would result in greater intention to purchase the new brand again. (Mazursky, LaBarbera, and Aiello 1987) They found that extrinsic incentives induced more switching, but resulted in lower intentions suggesting that the effect of extrinsic motivations will be short-lived. Unfortunately, the subjects' stages of loyalty induced by the experiment were not known. Thus. one is unable to pinpoint where the observed effect is most pronounced and where it is diminished. Cheong (1993) reported a conceptually similar finding. He noted that coupon redemption affected repeat buying of a new brand only as a function of the coupon's value and not as a function of frequency of coupon use. He concluded that the effect of a coupon is largely economic and not "psychological." But, again, it is impossible to determine at what loyalty stages this conclusion is most pertinent.

In an important paper by Tellis (1988) scanner data were used to determine the relative effects of advertising, coupons, brand on display, features (special promotions), price, and long-term loyalty on the purchase of 12 brands of toilet tissue. Here, loyalty was measured as volume loyalty---the percentage of focal brand volume to total volume-over a 20-week interval.

The model coefficient values (indicating the strength of the effect) were as follows:

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(indicating as follows: advertising, 2.2; coupons, 3.2; display, 6.3; features, 7.7; price, -4.0; and loyalty, 43.6 The results show that loyalty dominated all other potential brand vulnerabilities, including price (where the negative coefficient implies that higher prices lead to less brand purchasing). Tellis concluded "Without question, loyalty is the strongest determinant of purchase behavior" (p. 142). In this study, one can be more confident that the results address the action phase of loyalty since a 20-week purchase interval was used to define the loyalty exhibited toward any one brand. Clearly, loyalty at this stage is quite resistant to competitive switching efforts.

Switching intentions can be viewed as indicators that signal whether customers will remain with or defect from the company (Zeithaml, Berry and Parasuraman, 1996). For ease of exposition, the dependent construct is split broadly into favorable and unfavorable behavioral intentions. Specific indicators of unfavorable behavioral intentions suggested by the preceding discussion include different types of complaining (e.g., complaining to friends or external agencies) and contemplation of switching to competitors. Switching intenions dimensions consisted of preference, price indifference, and dissatisfaction response (Ruyter, Wetzels & Bloemer. 1998). Another indicator of eventual defection is a decrease in the amount of business a customer does with a company. Maute and Forrester (1993) find strong support for a three-way classification

of dissatisfaction responses based on Hirshman's (1970) exit, voice, and loyalty response (loyalty being the decision to remain with the company despite dissatisfaction). Solnick and Hemenway (1992) observe that voice and exit (in their view the two main behavioral manifestations of dissatisfaction) can be substitutes for each other. as they often occur together. In the context of a health maintenance organization, they find that complaining customers were four and one-half times more likely to leave the plan voluntarily than non-complaining customers. Given the evidence above, this study hypothesized the following:

H2: Switching intentions are expected to be influenced positively by the customers' attitude toward switching.

H3: There will be a negative relationship between perceived service quality and customers' switching intentions

Switching Behavior

According to McCarthy, Kannan, Chandrasekharan, and Wright (1992), potential switchers or shoppers refer to all the customers who are not loyal in a particular product market. These customers may be influenced by various factors to switching. It is also possible that potential switchers will make repeat purchases of the some product and service.

A basic assumption of this research is that, at its most fundamental level, a firm's customer base can be thought to comprise three

groups of switchers: (1) customers who have switched within service providers (whom we refer to as "rotated customers"), (2) customers who have switched to other service providers (whom we refer to as "switchers"), (3) customers who have switched off (whom we refer to as "lapsed customers"). An understanding how these customer groups differ in their attitude and behavior toward the firm might provide crucial insight for designing and implementing effective customer acquisition and retention strategies. Therefore, this study hypothesized the following:

H4: In different type of switching behavior, the degree of switching intentions will have a negative effect on the relationship between perceive service quality and attitude toward switching

Research Method and Procedure

Instrument Design and Data Collection

To test hypotheses, this study designed an instrument to collect information on (1) Consumers' use mobile phone experience; the respondents will be asked for their type of switching behavior and their personal data. (2) To measure the relationship between each independent variable and their switching behavior; as well as the relationship between customer switching behavior and three independent variables (perceived service quality, attitude toward switching, switching intentions).

According to the research topic which

concerning to the customer switching behavior of mobile phone customers in Thailand. The study consists of two phases:(1) A preliminary survey was used to determine the basic sets of variables that are important to the customer-switching behavior. The results of preliminary survey were used to identify the qualifying variables and provide additional scale items. (2) Field survey is conducted to determine the particular switching variables used by the target respondents. The questionnaire was administered by conducting face-to-face interviews across Thailand. This study will collect samples from downtown area in six regions of Thailand. The downtown areas include department stores, educational areas and central business areas. Research area will be classified into 6 clusters which consists of (1) Bangkok and territory, (2) Central region-Nakompathom and Saraburi, (3) Northern part of Thailand-Chiang Mai,(4) Eastern part of Thailand-Chonburi, (5) Northeastern part of Thailand-Nakornrachasrima, and (6) Southern part of Thailand-Songkla. A total of 1,535 respondents were obtained and subsequently analyzed.

Measures of Constructs

The measurements used in this study concept involved a combination of scales. Perceived service quality was adapted from service quality by Parasuraman, Zeithaml, and Berry (1988). A fourteen-item scale has been developed and tested resulting in a fairly robust measure of service quality. Perceived service quality was assessed using a 5-point scale range

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from "strongly agree" (5) to "strongly disagree" (1), all five dimensions of service quality were greater than average score.

The scale for attitude toward switching was adapted from the attitude toward the act scale using by Ajzen and Driver (1992). A seven-item scale consisting of bipolar adjectives which were considered pertinent to pervious research to the present context were used. Switching intention scale was developed from customer behavior intentions (Parasuraman, Zeithaml, and Berry 1996; Ruyter, Wetzels & Bloemer. 1998). The switching intentions dimensions were operationalized on the basis of thirteen items, seven-point scale ranging from (1) "not at all likely" to (5) "extremely likely".

Results from the pretest showed that the reliability of all scales meter exceeded Nunnally and Bernstein's (1994) threshold of 0.70. Three variables were measured using scales consisted of perceived service quality, attitude toward switching, and switching intentions. The perceived service quality scale exhibited high reliability, with a coefficient alpha value of 0.9181. Secondly, the attitude toward switching scale also showed strong reliability, with coefficient alpha value of 0.8169. Finally, the switching intentions scale reliability reported a coefficient alpha value of 0.9137 again demonstrating high internal consistency.

Factor analysis. A scale validation procedure was accomplished using (1) exploratory factor analysis (EFA), and (2) confirmatory factor analysis

(CFA). The purpose of this stage of the analysis was to identify and eliminate poorly performing items for reflective measures. It also analyzed that the model presented in Figure 1 resulted in a goodness of fit to the data. According to EFA, predictors of perceived service quality explained 68.01% of the variance in the construct (eigenvalues = 9.522), predictors of attitude toward switching explained 74.88% of the variance in the construct (eigenvalues = 5.242), and predictors of switching intentions explained 56.36% of the variance in the construct (eigenvalues = 7.327). CFA provided an adequate fit model, chi-square statistic was statistically significant ($\chi^2 = 20292.3$; p< .001) with 527 degree of freedom, the goodness of fit index (GFI) = 0.541, the average goodness of fit index (AGFI) = 0.451, and root mean square residual (RMSR) = 0.121.

Data Analysis

Descriptive statistics.

A preliminary analysis of the data revealed that the respondents were almost evenly split by gender (47.2% male and 52.8% female). Approximate 62.9% of respondents were 18-30 years of age, and approximately 73.6% were single. Almost 75.9% of the respondents live in Bangkok and metropolitan area, while the average monthly income of the approximately 74.1% of the respondents was least at 25,000 baht. Approximate 48.8% was private companies' employees and approximate 22.7% was students. Approximate 62.7% of the samples had earned at least a bachelor degree. Of the 1,535

Table I Res

Variables

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negatively relate to attitude toward switching. The statistically significant parameter estimation at .001 level suggested support for Hypothesis1. Hypothesis 2 was that attitude toward switching would be positively related with switching intentions. The results indicated support for this hypothesis with parameter estimate at statistically

1, perceived service quality was expected to

respondents, 54.7% were rotated customers, 36.9% were switchers, and the remaining 8.4% were lapsed customers. Descriptive statistics for the main study variables were also obtained the following mean score: perceived service quality 2.78 (S.D. 0.64), attitude toward switching 1.36 (S.D. 0.37) and switching intention 2.39 (S.D. 0.57). The mean scores for each of customer groups were shown significant level.001. in Table 1.

Testing the Hypothesized Relationships.

Table 1 shows mean difference testing, results revealed that significant at the 0.001 level differences between mean perceived service quality score occur (F = 8.39; p<0.001). These scores were indicated of significance at the 0.05 level differences in attitude toward switching (F= 3.14, p<0.05) across switching behavior. Results revealed that was not significant at the 0.05 level differences between mean switching intentions score occur (F= 2.418, p> 0.05)

This study examined the relationship among the variables shown in Figure 1 and specified as in the studies hypotheses. Table 2 shows the hypotheses results testing (Hypothesis 1-4) by switching behavior such as rotated customers, switchers, and lapsed customers. In Hypothesis

Hypothesis 3 suggested that perceived service quality would be negatively related with customers' switching intentions. The results indicated support for this relationship. The parameter estimate was statistically significant at .001 levels. Hypotheses 4 addressed relationship among dimensions of customers' switching intentions as dependent variable and the independent variables such as perceived service quality and customers' attitude toward switching. These results suggested support for these hypotheses, except in lapsed customers in Hypotheses 4 at statistically significant .001 levels. In addition, customers' attitude toward switching would positively relate to customers' switching intentions in Hypotheses 4, except rotated customers, with statistically significant .001 levels.

Discussion

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Table 1 Results the difference mean score of each variable among switching behaviors

Variables	Switching behavior	Mean	SD	F-score	p-value (sig)
Perceived Service Quality	Rotated customers	2.81	0.66		
	Switcher	2.71	0.56	8.389	<.001
	Lapsed customers	2.94	0.76		
	Total	2.78	0.64		
Attitude toward Switching	Rotated customers	1.35	0.36		
	Switcher	1.39	0.37	3.139	>.05
	Lapsed customers	1.32	0.38		
	Total	1.36	0.37		
Switching Intentions	Rotated customers	2.36	0.56		
	Switcher	2.42	0.52	2.418	<. 05
· :	Lapsed customers	2.41	0.73		
	Total	2.39	0.57		

Discussion

The objective of this study was aimed at developing a better understanding of why customers switch service providers as related to switching factors such as perceived service quality, attitude toward switching and switching intentions. The findings and contribution of this research include the following. (1). It confirmed the presence of the a priori hypothesized groups classified by switching behavior. Our results showed a negative relationship between customers' perceived service quality and switching intentions, and a positive relationship with customers' attitude toward intentions. This might be explained by the fact that customers' switching intentions are related attribute of service quality (e.g. tangibility, responsiveness, assurance, empathy, and reliability). Keaveney (1995) studied more than 500 service

customers from 45 different service businesses on quality of service performance (i.e., core service failure, service encounter failure, response to service failure and ethical problems). Moreover, service switching involves replacing or exchanging the current service provider with another service provider (Bucklin and Srinivasan, 1991). This also might be explained by the fact that customers' switching intentions are related attribute of attitude toward switching. Those who switched mostly found new service provider through wordof-mouth communication, references and referrals (Kaeveney 1995). (2) Our results indicated that customers' perceived service quality was negatively related to customers' switching intentions in two switching groups. In addition, customers' attitude toward switching was positively related to customers' switching intentions, ex-

Table 2 Hypotheses Testing Result

	Result of Hypothesis							
Hypotheses	Roused Customers		Switchers		Lapsed Customers		Overall	
	Coefficient	F-Value	Coefficient	F-Value	Coefficien	t: F-Value	Coefficient	F-Value
H1: Perceived service quality is related negatively to customers 'attitude toward switching	546	-18 887**	309	-7.711**	682	-10-505**	483	-21.800**
H2: Switching intentions expects to be influenced positively by the customers 'attitude toward switching.	.308	9.373**	.342	8.640**	.496	6.442**	.341	14.194**
H3 There will be a negative relationship between perceived service quality and customers 's witching intentions	484	-16.02**	488	-13-263**	-458	-5.961**	462	-21.563**
114: In different type of switching behavior, the degree of switching intentions will have a negative effect on the relationship between perceive service quality and attitude toward switching.								
Perceived Service Quality	-451	-12.5**	-422	-11-217**	241	-2.333	415	-16.380**
Attitude toward Switching	62	1.716	-211	5.618**	.332	3.203*	.141	5.555**
Note: ** (p<.000, * (p<.05)	-!				<u>;</u>	:		

cept for rotated customers. It may be that lapse customer steal perceived service quality. Moreover, the rotated customers still switched within same service provider but changed other service usage or system. (3) It showed that these three groups differed significantly in terms of dimensions of switching intentions (such as preference, price indifference, and dissatisfaction response). Customers' perceived service quality was expected to statistically positive related to dimensions of switch intentions. The lapsed customers did not perceive price indifference with their needless reason or unaffordable spending.

Direction of Future Research.

There are several other potentially fruitful avenues thru which additional research and theory can be developed. Based on the findings of this study, a foundation has been laid for a program of research to further explore the intricacies of the model of switch behavior. Some important

streams for future research which flow from this study are as follows: First, selected variables should be considered as part of the service marketing mix particularly people, physical evidence, and process (Ziethmal and Bitner 2000) in order to determine the service strategies to reduce switching behavior in the near future. Secondly, future research should consider the relationship marketing variable such as trust and commitment. Customer satisfaction is a key strategic variable that is important to switching barrier. High levels of customer satisfaction make it harder for competitors to overcome switching barriers by simply offering lower prices or switching inducements (Kolter 2000). Finally, the future research should investigate the environment factor such as politic, economics, and social, particularly economic problem. Lapsed customers have been investigated the real reason to switchoff behavior, mostly was financial constraint. O

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