Inclusion of Switching Behaviour into Relationship Marketing Model: A Theoretical Model

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Abstract

Relationship marketing authors have attempted to develop distinct models suitable for investigating relationship marketing in different contexts. However, there is no agreement as yet about the antecedents that best capture the characteristics of the relational exchange that influences relationship marketing. Maintaining a long-term relationship with a customer is one of the fundamental factors determining the value that the customer provides to the company. A serious threat to achieving a long-term relationship is the customer’s switching behaviour. This study develops a theoretical model of relationship marketing, which includes customers’ switching behaviour (switchers and stayers), as a vital construct to understand the relationship development process between customers and service providers. Also, hypotheses to specify the association between the underlying models’ constructs were presented as a basis for further study.
Introduction

Most relationship marketing scholars developed distinct models of relationship marketing by considering customer satisfaction, relationship strength and customer loyalty (e.g. Bove and Johnson, 2000, 2001; Garbarino and Johnson, 1999; Gwinner, Gremler and Bitner, 1998). However, this study is concerned with advancing our understanding of long-term relationships by developing a more complete model of relationship marketing, which includes relational bonds and customers switching behaviour. This goal is consistent with Roos (1999), who argues that even though many scholars have attempted to explain the development of buyer-seller relationships, few have paid explicit attention to the role played by switching behaviour in this process. Consequently, the current study seeks to contribute to the existing literature by investigating the integration of customers’ switching behaviour as an important component in the buyer-seller relationship development. The overall research issue can be defined in the question: ‘What additional value in the explanation of the relationship marketing process is provided through the inclusion of switching behaviour into an extended relationship marketing model?’

Relational Bonds as Antecedent of Loyalty

To achieve sustainable loyalty in a competitive environment, service providers have to identify the antecedence of loyalty. Relationship marketing authors have attempted to develop distinct models suitable to investigate relationship marketing in different contexts. In reviewing these models, it has been found that the most critical variables are customer satisfaction, relationship strength and customer loyalty (Alrubaiiee and Al-Nazer, 2010; Jane and Goutam, 2009; Lin, Weng and Hsieh, 2003; Ndubisi, 2007; Wang and Liang, 2010; Yen, Liu and Tuan, 2009). Within the relationship marketing literature, however, there is no agreement as yet about the antecedents that best capture the characteristics of the relational exchange that influences relationship marketing (Palmatier, Gopalakrishna and Houston, 2006). That is, which antecedents (when they are associated with customer satisfaction, relationship strength and loyalty in one single model) provide a complete understanding of successful relationship marketing? Although there are a number of variables that could be useful as antecedents to customer satisfaction that ultimately maintain customer loyalty, relationship marketing researchers have considered relational bonds - financial, social and structural - as the cornerstone in relational exchange between customers and service providers (e.g. Arantola, 2002; Berry, 1995; Hsieh, Chiu and Chiang, 2005; Palmatier, Gopalakrishna and Houston, 2006; Smith, 1998; Wang, Liang and Wu, 2006). Customer bonding with their service providers is an important element in achieving stable relationship marketing (Smith, 1998). Thus, any relationship trying to develop customer values through partnering activities is likely to build a greater bonding between the customer and the marketer; additionally the customer’s satisfaction may be enhanced through such bonding. As a result, the customer is less likely to switch to another service provider (Sheth and Parvatiyar, 1995). For this reason, the principle of relational bonds is a useful framework for any investigation, and it is clearly necessary in developing such constructs (Smith, 1998). While there is some empirical evidence to suggest that relational bonds are associated with customer satisfaction (e.g. Smith, 1998; Palmatier, Gopalakrishna and Houston, 2006; Wang, Liang and Wu, 2006), a number of critical research gaps remain in regard to which other relational outcomes customer satisfaction could be linked. One of these major gaps is the lack of any systematic investigation into the impact of customer satisfaction on switching behaviour.
Customer’s Switching Behaviours

The switching behaviour of customers is becoming an area of interest in relationship marketing. Various studies have discussed and investigated potential antecedents of customer switching (Bansal and Taylor, 1999; Chiu, et al., 2005; Ganesh, Arnold and Reynolds, 2000; Keaveney, 1995; Roos, 1999). Furthermore, several studies have indicated that satisfied customers are less likely to display switching intentions (Szymanski and Henard, 2001). Several authors have examined the heterogeneous nature of the companies’ customer base in order to analyse the differences between switchers and stayers (e.g., Chiu et al., 2005; Ganesh, Arnold and Reynolds, 2000; Keaveney and Parthasarathy, 2001; Li, Browne and Wetherbe, 2007). The current study aims to theoretically explain the relationship between customers’ satisfaction and customers’ switching behaviour (distinguishing between switchers and stayers), in relation to customer relationship development. While previous studies provide limited information about a linkage between customer satisfaction and switching behaviour, the current study proposes to extend the relationship marketing model in which customer satisfaction is influenced by relational bonds - financial, social and structural - which in turn influences customer switching behaviour. The work of Ganesh, Arnold and Reynolds (2000) in the financial services sector shows that switchers differ from stayers in their satisfaction and loyalty. They examined what happened to “switching-in customers” in regard to satisfaction and loyalty with the new service provider. Also, they divided the customer base into three main groups: stayers, satisfied and dissatisfied switchers. Interestingly, they found that dissatisfied switchers were more satisfied with their current service provider than the customers from the other two groups. Consequently, the stayers were more satisfied than the satisfied switchers. In relation to loyalty, the authors indicated that dissatisfied switchers were more loyal with their current service provider than the other two groups. In addition, satisfied switchers are less loyal than stayers. Because of the scarcity of the literature about this point, and because of the difficulties in examining the results in other contexts and other countries, there is an urgent need to improve our understanding of these relationships. This also suggests that the link between the differences in switching behaviour between customers (switchers and stayers) and loyalty is another gap in the literature that needs to be examined.

Theoretical Framework and Hypotheses

As discussed previously, the traditional models of relationship marketing have focused on the relationships between customer satisfaction, relationship strength and loyalty. In the following sections, the association between these constructs will be discussed. Then, the impact of relational bonds and switching behaviour will be presented.

Various relationship marketing authors have considered customer satisfaction to be a key determinant of the strength of the relationship between customer and service provider (Garbarino and Johnson, 1999; Hennig-Thurau, Gwinner and Gremler, 2002; Hennig-Thurau and Klee, 1997; Leverin and Liljander, 2006; Morgan and Hunt, 1994; Zineldin and Jonsson, 2000). The current study proposes that the relationship between customers and service providers will be stronger if levels of customer satisfaction are higher, and the following hypothesis is presented:

$H1$: Customer’s satisfaction will positively influence the relationship strength between customers and their service providers.
In addition, there has been some previous evidence in support of a link between relationship strength and loyalty (Bove and Johnson, 2000, 2001; Garbarino and Johnson, 1999; Gwinner, Gremler and Bitner, 1998; Herington and Weaven, 2007). For example, in respect to the linkage between the relationship strength and loyalty, Gwinner, Gremler and Bitner (1998) found that, by obtaining a strong relationship with customers, service providers can achieve greater customer loyalty and retention. Furthermore, Bove and Johnson (2000) demonstrated that the strength of the relationship has a significant effect on customer loyalty. These findings provide support for the linkage between relationship strength and loyalty. Therefore, the following hypothesis is suggested:

\[ H2: \text{Relationship strength positively affects customer loyalty.} \]

Relationship marketing authors empirically link relational bonds (financial, social and structural) with other relational outcomes in their conceptual frameworks. One important outcome frequently studied is customer satisfaction (Smith, 1998; Palmatier, Gopalakrishna and Houston, 2006; Wang, Liang and Wu, 2006). For example, Smith (1998) argued that such relational bonds reduce the risk inherent in voluntary exchange relations and enhance a customer’s satisfaction with the overall relationship. Additionally, various studies have provided empirical evidence supporting the positive relationship between relational bonds and satisfaction (e.g. Garbarino and Johnson, 1999; Palmatier, Gopalakrishna and Houston, 2006; Smith, 1998; Wang, Liang and Wu, 2006). Therefore in the current study being undertaken, it is proposed that service providers will be rewarded more by customers’ satisfaction (high customer’s satisfaction) when relational bonds are perceived to be strong. Thus the first hypothesis of this study is:

\[ H3: \text{The strength of relational bonds will positively affect customer satisfaction.} \]

Various relationship marketing studies have examined the heterogeneous nature of the company’s customer base in order to analyse the differences between the switchers and the stayers (Chiu, et al., 2005; Ganesh, Arnold and Reynolds, 2000; Keaveney and Parthasarathy, 2001; Li, Browne and Wetherbe, 2007; Lopez, Redondo and Olivan, 2006). Despite the attention of Ganesh, Arnold and Reynolds (2000), little information is available about the linkage between customer satisfaction and switching behaviour. Therefore, the current study proposes an extended relationship marketing model in which relational bonds influence customer satisfaction which then influences customer switching behaviour and relationship strength. The model also addresses customer switching behaviour (differences between switchers and stayers), which is hypothesized to be an important variable influencing customer loyalty (i.e. whether a customer stays or not). From a review of the literature it appears that a few studies have investigated the differences in loyalty between switchers and stayers (e.g. Chiu, et al., 2005; Ganesh, Arnold and Reynolds, 2000). As discussed previously and Based on the work of Ganesh, Arnold and Reynolds (2000), the current research proposes the following hypotheses to test these differences:

\[ H4: \text{Stayers will be more satisfied than switchers.} \]
\[ H5: \text{Dissatisfied switchers will be more loyal to their service providers than stayers and satisfied switchers.} \]

A number of researchers have indicated that customers who have stronger relationships with their service providers are less likely to switch (e.g. Bove and Johnson, 2000; Morgan and Hunt, 1994; Zineldin and Jonsson, 2000). For example, Morgan and Hunt (1994) found that the consumers’ commitment to, and trust in, a business relationship are the main reasons for
their staying with a business. Li, Browne and Wetherbe (2007) investigated how online consumers’ switching behaviour (switchers and stayers) differs according to five significant relationship factors (commitment, trust, satisfaction, comparison level of the alternatives, and non-retrievable investment). In summary, although some limited studies have argued for a link between relationship strength and customer switching behaviour (switchers and stayers), the theoretical justification supporting this linkage in the proposed model is strong. Further, the current study expands the existing literature by investigating the link between relationship strength and the customer’s switching behaviour. Therefore, the following hypothesis is proposed:

**H6:** Relationship strength will influence customer switching behaviour.

When examining customer switching behaviour in more detail, there are a number of researchers have argued that a customer’s attitude towards switching is a key determinant of their intention to switch (e.g. Bansal and Taylor, 1999; Keaveney, 1995; Keaveney and Parthasarathy, 2001). However, according to Bansal and Taylor (1999), there have been few studies that have explored in any detail this relationship between customer attitude toward switching and switching intention. From reviewing the literature, there is evidence of the strength of such relationships, which can be found in the various applications of Theory of Planned Behaviour (TPB) (e.g. East, 1993). Within TPB, Ajzen (1991) proposed that behaviour is a direct function of behavioural intention and that behavioural intention is formed by the customer’s attitude towards this behaviour. On this basis, Bansal and Taylor (1999) applied the TPB model and claimed that a customer’s attitude towards switching has a significant influence on switching intention. Furthermore, in accordance with the TPB, an individual’s intention is considered a critical factor in predicting a particular type of behaviour (actual switching behaviour) (Bansal and Taylor, 1999). This has been supported by consistent evidence across a number of different contexts (e.g. Ajzen, 2002; Bagozzi, Wong and Bergami, 2000; Bansal and Taylor, 1999). However, this relationship between customer intention and behaviour in regard to the specific context of predicting switching behaviour remains empirically unexplored. Based on this discussion, the following relationships are expected:

**H7:** Customer’s attitude toward switching will positively affect customer’s intention to switch service provider.

**H8:** Customer’s intention to switch will positively affect actual customer’s switching behaviour.

In summary, although various relationship marketing scholars developed relationship marketing models by presenting theoretical and empirical discussion about customer satisfaction, relationship strength and customer loyalty; little attention have been paid to the influence of customer switching behaviour on buyer-seller relationships. Based on the intensive literature review, the proposed model, shown in Figure 1, is presented. This model expands our understanding of relationship marketing by including customers’ switching behaviour into relationship marketing model and forms the basis for further empirical work.
Implications

Research regarding the way of development of relationship marketing between customers and their service providers is an area worthy of academic research. A number of practical and theoretical grounds highlight the importance of this research, justify its focus and emphasise its potential contribution to the domains of relationship marketing. From a theoretical perspective, the knowledge obtained through this research will enhance our understanding of the factors influencing the development of relationship marketing. Although, most of relationship marketing scholars were theoretically and practically focused on the traditional relationship marketing model, the current research explores the significance of including relational bonds and switching behaviour into relationship marketing model. Further, the understanding of the difference of satisfaction and loyalty between the groups of customers’ base is another contribution of the current research as it assists the relationship marketing literature with a clearer picture about the relationship between these two constructs (switching behaviour, switchers and stayers, and loyalty). From a practical perspective, the findings will assist in providing managers with valuable information regarding the importance of employing relational bonds to enhance customer’s satisfaction and the strength of relationship with customers which, consecutively, will influence loyalty. Further, it is important for managers to consider the difference in satisfaction and loyalty between switchers and stayers; such understating can allow them to focus on the more satisfied and loyal customers as they are more valuable for the company.
References


