

Customer Switching Behaviour: Identifying major contributing factors

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ABSTRACT

Customer is the main element of marketing considering which all the activities are being performed. As, it is the customer who demands and his/her demands. A customer is the foundation of the success of all the marketing activities. To retain the customers a marketer has to formulate different kinds of strategies. If a marketer fails to do so, the customers would switch to another brands/organization. Customer switching has become an attractive and popular topic in consumer behaviour. Customer satisfaction and loyalty makes the organizations ensure business and profitability repeat. The main objective of customer satisfaction programme is to increase customer retention rates. Explaining the relationship between customer satisfaction and integrity, switching cost play an important role and provide useful insights. Customer switching is a common problem for all the companies. Because the growth in the market is slow or the markets become more competitive, the firm there is more chance of trying to maintain your market share by focusing maintaining existing customers. The process of switching from one of the regular uses of the product switching is product/brand for the steady use of a different but similar product. There are many reason due to which a customer makes the decision to switch like cost; quality; promptness. The objective of this study would be to identify the reasons why do customers switch.

1. Introduction

In today competitive market, customer is king. In today's dynamic market there are trade organizations feeling fast customer oriented the importance of keeping customers in the long term relations. Although customer retention is important, it is equally important to detect and test those factors customers can become the reason for switching from one to another product. It just is because it is important for firms to keep existing customers to understand why the customer switches. There are many change in market place to pay attention to marketers, especially competitiveness and new preference of customers have increased. Marketers are more and as a result of equality is more concerned about serious competition and the large number of competitive product/brand in the same market. Increasing intensity of competition encourages companies to study their competitors, and most importantly understand your customers, including both current and potential. Factor affecting customer switching behaviour (fig.1). factors supporting customer switching behaviour represent one of two group of factor that have effect on customer switching behaviour. Those factors have a divesting effect enables customers to end the relationship with their organizations, and less attitudinal and practical customer loyalty factor pressing customer switching behaviour can be considered as obstacles purposely created by organization or naturally formed, while establishing conditions as long as the possible and stopping them from search for any other available options. Factors that support customer loyalty is considered to help maintain and increase practical customer loyalty. Perhaps, during recent years, changes in one of the most related behaviours customers have a growing desire to try new product (bates, 1998). Conceptual, customer retention and customer switching behaviour two different marketing structure that are unique theoretical and managerial effects. The subject of customer switching behaviour has been received have taken

great care since the last decade marketing literature include scholars and practitioners, perhaps, due to its possible impact on survival profitability and growth of business organization. Several attempt have been made to be present in the past principal on customer switching behaviour (CSB) in various context. However, in more principals have been developed in CSBs in recent times literature.

2. Review of literature

Customer attraction and retention is two main goal in marketing (Kotler & Keller, 2011). And to maintain the customer in the present situation, a big challenge for marketers. Because the customers switch due to various reason like, lower price, more benefit, attractive offer. At the same time, competitors look for customer to face competition . Therefore many scholars have addressed this issue of customer switching and the marketing literature is rich with studies in customer switching.

Keaveney (1995), has conducted on exploratory study on customer switching. Keaveney has to identified some variable which causes customer switching. According to Keaveney, core service failure is largest reason for customer switching. Core service failure include mistake, billing error and service catastrophes. The second largest reason for switching is failure of the service encounter. Service encounter failure include uncaring, impoliteness, unresponsiveness and unknowledgeability. Pricing has the third largest reason for customer switching. The inconvenience is another important factor which cause customer switching. All this element have an impact on customer behaviour.

Kurt Salmon Associates (2000), has conduct a survey on customer behaviour and identified ten factor which effect the

customer behaviour. Because of which the customer switch from one product to another. It has become a suspicious topic in marketing. He has identified ten factor such as cannot find the quality item, cannot find an appealing style, cannot find the right size, the item is out of stock, nothing fits, no sales help is available, cannot get in out of the store easily, prices are too – high, in store experience is stressful, cannot find a good value, store is not merchandised conveniently, seasonality is off which effect on customer behaviour. And then customer shifts from one product to another product. According to Bitner (1990), key factor are time or money constraints, lack of alternatives, switching cost and habit are reason for customer switching.

Pric (2006), has conducted an empirical study on customer switching. Pric admits that understanding customer propensity is necessary in competitor marketing. By understanding the attitude of the customer, relationship can be created and the customer can be kept loyal. When a competitor comes with some new offer, the customer shows his\her positive reaction on it. And impressed by that offer, he starts buying that product. When a customer left a product it would not be easy to turn him back in. Hence customer propensity is a reason for customer switching.

Simon Nimako (2012), According to Nimako, currently, business organisation are becoming customer –oriented, who have come to know the role of the customer and the fact the keeping the customer for a long time. But presently the customer is very crucial to maintain and also to know what are the reason for which customer switch. He said, it is necessary for firms to understand why customer switches. He tells some factors and their sub factor which affect the customer behaviour. Because of which the customer shift from one product to another product. The following factors are pricing, inconvenience, core service failure, service encounter failure, competition, ethical problems, and involuntary switching. He also told that the effect of customer switching on business enterprise growth and profitability.

Kristina ZIKIENE (2012), has to conduct an empirical research on loyal customer switching behaviour. Customer loyalty is required for firm to face increasing competition. Companies measures customer satisfaction, and hope if the satisfaction scores are high, the customer will stay with the firm (Mittal, Lassar, 1998). But in practice it is seen that a satisfied and loyal customer is also influence by the competitor's offer and switches. He told both type of factors that supporting switches behaviour and factor repressing switches behaviour. There are some factors like dissatisfactory quality, response to service failure, new value, price issue, service encounter failure and core services failure which influence customer behaviour. On the basis of empirical research lead to conclusion that factors that support customer switching behaviour also effect the behaviour of loyal customer significantly higher influence. Consequently, the probability of occurrence of switching behaviour among loyal customers may be quite high.

A C Karunaratna (2015), has conducted an empirical study on customer switching. Customer switching has become an attractive and popular topic in consumer behaviour. A C Karunaratna has to identified five major factors such as

unavailability, service failure, stressful environment, inferior quality and high price as major factor which influence customer behavior. He adopted the survey method in his research. And see what impact these five factors have on the customers behaviour.

Zeeshan Ahmed (2015), has conducted an empirical research on customer switching. The consumer behaviour is studied on the basis of customer psychology, like when, how, why and people buy and use the products for satisfying their needs. On the same way the customer switching behaviour is basically the behaviour of customer in alteration their attitude from one product to another product. He found that there are four categories of factor that play an important role in influencing the behaviour of the customer. The factors are Culture factors, Social factors, Personal factors and Psychological factor. Culture factor are the major factor which include the culture, sub-culture and social class which affect the customer behaviour. Social factor include social norms, values, sagas which affect the customer behaviour. Personal factor include age, life cycle, occupation, income, lifestyle and personality. Psychological factor are the person's motivation, perception, learning, belief, attitude and thinking effect the customer behaviour.

3. Purpose of study

- The broad objective of the study would be to identify the different reasons why do customers switch?
- The specific objective of the study would be to find out the preferences of customers and the reasons of switching behaviour of the customer.

4. Research methodology

This study is in the form of descriptive research. The study uses data from secondary sources. Different books, journal and relevant websites have been consulted in order to make the study effective one.

5. Why do customer switches from one to another product

Consumer are those who goods or services for the individual or household consumption purpose. In consumer behaviour, it is seen that when the buyer buys what he buys, why he buys what he buy for whom. The major factor including service quality, price, switching costs, technological advancement, advertising, reference group and involuntary switching, that are mainly responsible for customer switching behaviour. It is often seen that the consumer is immediately attracted from one product to another product. The following factor that affects the behaviour of the customer, which causes the customer to switch.

Commonly observed reason of switching:

1. **Price:-** Price is a reward that is given in lieu of a product. price has immediate effect on consumer behaviour. The effect of the price falls in two ways. Goes quickly towards the product whose quality is good and the price is low. While some consumers do not like low priced item. Thus price is a factor which

has double impact on business. Generally, consumer are attracted to the product in the same type of item, which are priced less.

2. **Lifestyle:-** Lifestyle is a factor that affect the customer switching behaviour. Lifestyle term proposed by Austrian psychologist Alfered Adler in 1920. An individual life style is something to do with his style, attitude, perception, his social relations and immediate surroundings. If a person brings change in his life style, he will also make change to his liking because of that, it shifts from one product to another product. for example, an individual are really not brand conscious if he staying in a posh locality needs to maintain his status and image.
3. **Income:-** Income means purchasing power. When we talk of income in marketing sense, we are more concerned with disposable income and discretionary income. Disposable income is the amount of money that a consumer has at his disposal for spending or saving. Discretionary income changes have their own implications. it is generally seen that income also has a lot of impact on customer switching behaviour. Consumer shift from one product to the another by changing income. When the income is low, he buys low price item and when the income is high, he gets attracted towards the more expensive items.
4. **Lack of features:-** It is a reason for switching. If the facilities available from one product are less than the from the other products, then the customer switch one product from another product. customer may switch carriers for features not provide by their current services provider. This might include the inability of a particular carrier to be the "one stop shop" for all the customer's need.
5. **New competitors enter the market:-** The mere existence of viable competitors to the incumbent carrier may cause certain disloyal customers to churn. Further, as competitors enter new market, they often offer short or long term incentives to new customer to build market share.
6. **Personality:-** Personality change from person to person, time to time and place to place. Therefore it can affect customer's purchasing behaviour very much. Actually, no one has the personality, but in different circumstances the person is a person's body of conduct. There are various features like dominance, aggression, confidence, etc. that can be useful for determining the behaviour of customer of the product or service.
7. **Switching cost:-** Switching cost as 'the onetime costs that customers associate with the process of switching from one service provider to another' switching cost include transaction costs, search cost, learning cost, loyal customer discount, customer habit, emotional cost, cognitive effort and psychological risk. Many researcher investigate the between switching cost and customer switching behaviour. It can be implied that

switching cost is very low and customer can easily afford to switch.

8. **New technology or product introduced by competitors:-** As technology is advancing at a rapid pace, cellular service providers are scrambling to keep up with customer needs and in the process trying to distinguish themselves from the competitors. The companies which do not offer services in keeping with the technological trend ultimately end up with loosing the customer to the competitor that does offer the services. if the core services providing firm ignore this fact, then the customers may prefer switching to another service provider due to the unavailability of value added service despite the availability of core service which leads the company to lose its potential customer and may bear potential losses for the firm in terms of revenue, market share etc.
9. **Advertising:-** Advertising is a paid, non-personal form of communication about the organization and its product that is transmitted to the target audience through mass media such as television, radio, newspaper, magazines, direct mails, outdoor display. The main objectives of advertising is to inform the potential customer about the features of product. Advertising as the activities undertaken to increase sales or enhance the image of the organization. Effective advertising may help organization to communicate to the target customers more easily, effectively and successfully.
10. **Reference group:-** A reference group include individuals or group that influence our opinion, belief, attitude and behaviours. Reference group influence what types of products you will purchase and which brand if product you choose. Reference groups are basically small in size and differ from one individual to another. Family member, relative, friends, colleagues and other close acquaintance are usually referred to as reference group.

6. Customer switching behaviour and customer buying behaviour

The buyer decision process consists of five stage: need recognition, information search, evaluation of alternatives, purchase decision and post purchase behaviour. Consumers go through all five steps with every purchase. But in more regular purchase, consumer offer abandon or reverse some of these steps. However, five steps the purchase shows all ideas when the consumer has a new and complicated purchasing decision. The larger gap between the expectations and the performance, the greater the customer dissatisfaction. Satisfied customers buy a product again talk favorably to others about the product. A dissatisfied customer shares his/her reason of dissatisfaction with many other. Another major disadvantage to the company is that losing their customer. such dissatisfied customers switch to other competing product/brand.

Product switching is the process of choosing to switch from routine use of one product to steady usage of a different but similar product.

Consumer buying behaviour	Customer switching behaviour
1. Need recognition 2. Information search 3. Evaluation of alternatives 4. Purchase action 5. Post - purchase evaluation	1. Need recognition 2. Information search 3. Evaluation of motives for/ barriers to switching 4. Switching action 5. Post - switching evaluation

The process of switching behaviour include need recognition, information search, evaluation of motives for/barriers to switching, the switching action and post-

switching evaluation are mainly the genuine responsibility of the product switcher.

Factors supporting Switching Behaviour

Factor affecting switching behaviour

Factors repressing switching behaviour

7. Analysis of customer specific factors supporting switching behaviour

According to the finding received through empirical research, it is seen that unsatisfactory quality, response to service fails and new values in context, economic crisis main aspect towards affect the incidence of switching behaviour. Quality product/service facility based on assessment which loyal customers decide whether frequently buy or not. Reaction for service failure negative interaction is still very good the ability to influence the occurrence of customer switching behaviour. It is conclusion, loyal customer can a solution to leave the relationship with one the current service provider will soon be service failure, without the possibility of fixing it. many factors include in supporting switching behaviour like, **price issue (growing price, misleading price, taxes, charge etc.), inconveniences, core service failure, dissatisfactory quality, service encounter failure, variety seeking (dominating features), response to service failure, new value, change of service** personnel, refusal to modify service/product, change of the place of residence of the customer. Relevance of this factor supporting switching behaviour for customers confirm the previously made conclusion that customer are not willing to forgive product providers for their failure.

8. Analysis of customer factors repressing switching behaviour

When analyzing customer specific factors repressing switching behaviour and comparing customer specific factors defining switching abuse in control the survey conducted in 2008, was a conclusion made in the process of making loyal customers switching behaviour repressing less important than those who supported this. A weak effect of factors repressing on customer switching behaviour the process of formation of potential switching behaviour of customer shows that In telecommunication sector, switching obstacles are less or too short for the faithful customer segment. Search comparison things with empirical findings empirical research based on loyal customer the specific factors affecting the customer switching behaviour made in 2008 should be said, loyal customer specific factor with the customer switching behaviour I am the same, but

their influence and the importance to influencing the loyal customer switching behaviour are different. Those factor involve in factors repressing switching behaviour are **Economic cost, search and evaluation cost, learning cost and knowledge bonds, perceived risk and uncertainty costs, lack of perceived available or attractive alternatives, lehal (contractual) obligations, structural bonds, geographical bonds, social cost, psychological costs (customer's apathy, passiveness, inertia, behaviour formed by habits, lack of motivation).**

9. Conclusion

This paper present a comprehensive review of key factors of customer switching behaviour.. this research indicates that there are many factors play an important role in switching consumer. The customer prefer to switch when competitors offer additional service provider might increase the consumer involvement and increase the product loyalty. Price, quality, product features, competitive offer, after sale service and change in income level were influence customer switching behaviour. We found that every firm/organization should focus on these factors otherwise they will lose their customer switching behaviour is a dynamic process that develops on a particular duration of time and result in relationship ending. Customer switching behaviour forms and the effect of supporting and repressing switching behaviour. Factor supporting is customer switching behaviour considered as potentially divesting factors enabling customer to end the relationship with their companies. Factors to repressing the customer switching behaviour (i.e. loyalty support factors) are considered as obstacles that are purposely made by companies or form naturally and setting up situation for customers to patronize as long as possible and prevent them from searching any other available alternatives. Consequently, the conclusion follows that overall evaluation of factors affecting customer switching behaviour (CSB) determines resolution by customer to maintain or to end relationship with the particular company. The firm can keep the customer for a long time by paying attention to all these element.

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