

# **Model to Assess Consumer Switching Behaviour**

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## **Abstract**

Organizations invest considerable resources on consumer acquisition. Therefore, retention of these consumers becomes crucial for them to build their market presence. Consumer switching between competing products that provide standardized services may occur where consumers' personal traits and psychological perceptions play the major role of switching intention rather than the service attributes. In order to counteract this behaviour, it is imperative that organizations understand the switching intentions of consumers. Therefore, there is a need of an accurate model to assess switching behaviour. Although several studies have used different models (i.e. Push-Pull-Mooring migration model) and theories (i.e. Theory of Planned Behaviour, Prospect Theory) to analyze switching behaviour they have not fully explained why switching takes place. Use of personality traits to explain the gaps are limited. Following a systematic review of the literature, the psychological approach of theory of planned behaviour and the Five-factor model of personality was used to develop a conceptual model to assess switching behaviour. The model has been validated through expert opinion.

## **Keywords**

Consumer switching behaviour, Five-Factor Model, Personality traits, Theory of Planned Behaviour

## **1. Introduction**

Organizations in today's competitive world are becoming extremely consumer-oriented, realizing that retention of current consumer base is much more cost effective & feasible than acquiring new consumers. Therefore, retention of these consumers becomes crucial for them to build their market presence. Consumer satisfaction always plays the major role in consumer retention as consumers tends to be loyal to the organizations that satisfied them. It is vital for organizations to prevent consumers from switching towards other competing products or services to maximize the customer retention.

According to Ahmed et al. (2015) consumer switching behaviour is being considered as a complex study of factors which he described as the behaviour of consumers switching their purchase within brands influenced or stimulated by those factors. There are several studies that found that service attributes and elements of customer satisfaction play the major role in switching intention of consumers. They are always looking for and switching towards the products or services may provide comparatively better performance. However, it has been noted that consumers switch even within products or services offering very similar attributes. In these cases where the products or services have the equal chances of being selected, consumers' personal traits and psychological perceptions play the major role in consumer switching. Since all the service providers within some particular product or service category provide standardized services there is no point in spending more on the product or service improvements as they don't make much impact. Therefore, understanding the consumers and preventing them from switching will provide much greater benefits. Consequently, the benefits of consumer retention and the negative impacts of consumer switching drive researchers to address this issue. In order to limit switching, it is mandatory that organizations understand the switching intentions of consumers to counteract this behaviour.

There were several studies have been carried out in the past and models such as: Push-Pull-Mooring migration model and General Systems Theory of Consumer switching models and theories such as:, theory of Planned Behaviour

(Farah, 2017 and Morgan and Dev, 1994) and prospect theory (Marshall et al., 2011) among others have been used to analyze switching behaviour. However, they have not been able to fully explain why switching takes place within the similar products and services where the service is standardized and consumers' personal traits and psychological perceptions play the major role in switching intention rather than service attributes. Use of personality traits to explain the switching behaviour are very limited. Since there was a clear gap found, this study focuses on assessing the consumer switching behaviour within similar product or services and capturing the psychological & personal factors of switching through a combination of the psychological approach of Theory of planned behaviour and Five-Factor (OCEAN) model and developing a conceptual model of switching behaviour.

Theory of planned behaviour was found as the fundamental underlying theory for most of these models through which, effects of psychological beliefs and perceptions on switching was modelled. Five-factor model which was developed based on the idea that a person's behaviour can be understood in terms of individual traits, provides a framework with five underlying trait dimensions such as: extraversion, neuroticism, openness to experience, agreeableness and conscientiousness that are stable across time to explain part of consumer switching through which effects of personality traits on switching was modelled.

## **2. Methodology**

A systematic literature review of literature was conducted to ascertain the psychological perceptions, personality traits and other factors that drive consumers to switch within similar products and services and the theories used to analyze the switching behaviour. The reviews also analyzed the models that have been developed in the past to conceptualize the switching behaviour, the different industrial contexts, their methodological approach in conceptualization and the shortcomings of each model. This systematic review was based on the content analysis strategy to gain the broad knowledge on the selected areas of factors that influence consumer switching within similar product and services, previously used theories and conceptual models developed in the past. Initially research papers and journals relevant to the study was searched using the keywords like "consumer behaviour", "consumer switching behaviour", "determinants of switching", "personality traits" etc. A systematic review of the references cited in the articles found was also made. This approach was used since there are several papers published on customer switching behaviour assessed using different theories and models in different industrial contexts in a wide range of journals.

Initially fifty-two articles were selected based on its title and abstract and for further screening thirty-six articles were selected. Each paper was examined carefully and irrelevant articles to this study were eliminated. Finally, twenty-two articles were selected for the analysis by the researchers which were identified as the most relevant for the study. However, the main aim of this comprehensive literature review was to find the actual gap of the knowledge areas uncovered in the previous studies. In this analysis the selected articles were published between the periods of 1990 to 2018 based on the relevancy except one which was published in 1978. However more than half of the articles belong to 2007 to 2018 period as they were more relevant to the study and most of them covered the previous studies & up-to-date. The selection procedure of articles based on relevancy is shown below in Figure 1.

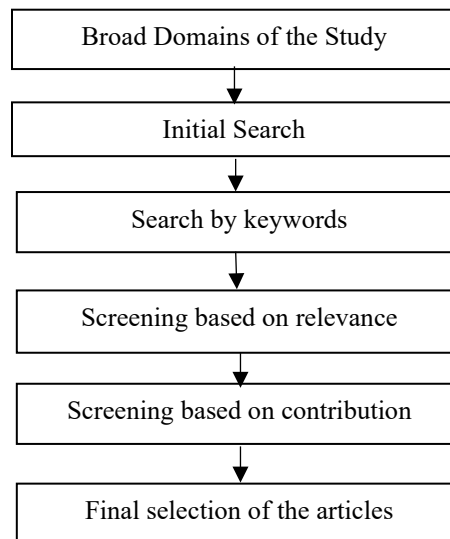


Figure 1: Systematic review of literature

Through the systematic review of literature, the actual gap was found and the relevant theories and frameworks that can be used to model the gap were identified. Following the literature review, a conceptual model was developed incorporating the psychological approach of theory of planned behaviour and the Five-factor model of personality traits to assess switching behaviour within similar products or services. The model has been validated through expert opinion.

### **3. Systematic Review of Literature**

#### **3.1 Consumer Switching Behaviour**

Though in the past organizations were more product or service oriented, organizations now are becoming more customer centric. According to Ahmed et al. (2015) there are several factors influencing the behaviour of consumers by stimulating them either to be loyal to one brand of a product or service which they currently use or to switch to the other ones. Therefore, in addition to spending on marketing campaigns and other PR related activities, organizations show more interest on understanding consumer behaviour. The benefits of understanding the behaviour of consumers attract researchers to research this area.

Calvo-Porrall and Lévy-Mangin (2015) discussed the importance of the evaluation of the services offered by the organizations and the vital need of conducting cost-benefit analysis prior to the release of new value-added services, to retain consumers. Further, he stated the need of improvement in corporate image for the customer retention as it positively influences customer satisfaction. On the other hand Jones and Sasser (1995) divided customers into four groups: 1.Loyalists – those who have high satisfaction and high loyalty; 2.Hostage-those who have low satisfaction but high loyalty; 3.mercenary-those who have high satisfaction but low loyalty; and 4.defector-those who have low satisfaction and low loyalty. Through the examples of hostage and mercenary they explained that level of customer satisfaction may not correspond with customer retention or loyalty. However, consumer retention and consumer switching are two different aspects. However, researches on consumer switching receives more attention among industrialists as it directly answers to the problem of why consumers are not retaining.

Brassington and Pettitt (2003) described switching behaviour of consumers as “Consumers who are not loyal to any one brand of a particular product and switch between two or more brands within the category”. Hou et al. (2014) classified the studies that took place in the past as an attempt to understand the switching behaviour under three major streams: 1.Using process models to explain consumer switching; 2.emphasizing the different characteristics between the people who switch and those who don't (Keaveney and Parthasarathy, 2001); and 3.assessing the determinants or influencing factors of consumer switching. However, studies have focused more attention on third stream as it directly analyzes the roots (Keaveney, 1995).

There are several factors driving consumers to switch. Keaveney (1995) classified the basic factors of switching into eight main categories. Such as: 1. core service failure 2. service encounter failure 3. employee responses to service failures 4. pricing 5. inconvenience 6. competitor attraction 7. ethical issues and 8. involuntary switching. Keaveney and Parthasarathy (2001) emphasized that though none of the above factors identified by Keaveney (1995) are still applicable, consumers switching due to some individual (i.e. risk aversion) and demographic factors (i.e. age, income) as well. Hence another study of Chenarides & Jaenicke (2017) identified that almost all the consumers prefer to buy for lower prices and from the places with shorter travel distances. Further, he stated that location play a major role in switching intention.

#### **3.2 Models Developed in the Past**

There are several models developed in the past to assess consumer switching behaviour. But they had their own short comings. Morgan and Dev (1994) developed product importance model-based switching model to explain consumer

switching behaviour based on three factor context, control and consumer. But it was limited to hospitality industry as not all the products or services are occasion-driven. After that a model of consumers' service switching behaviour was developed by Keaveney (1995). He constructed the model based on the eight main group of factors he has classified. However, it was a generalized model and it was inadequate which didn't consider the cognitive and affective dimensions.

A switching process model was developed by Colgate and Hedge (2001). They introduced consumer complaint behaviour as a new determinant to the existing literature at that time. However, it was limited to retail banking industry and it only specified the reasons that pushed consumers away from the service provider but didn't specify the factors which pulled them towards the new provider. Three component model of consumer commitment to service provider was constructed by Bansal et al. (2004). Though the model was developed based on the relational perspective, it was limited to auto-repair industry and it only talks about the commitment to the existing service provider not to the new one. However, construction of Push-Pull-Mooring theory is a major contribution in consumer switching behaviour literature (Bansal et al. 2005). It explained consumer switching by push (which switch consumers away from existing service provider) and pull factors (which pull consumers towards others) adding mooring factors (moderating factors). However, it didn't capture all the possible moderating factors such as: cultural factors and personality traits. Another unique theoretical framework was developed by Marshall et al. (2011) using prospect theory which explains consumers' attitude towards the risk of switching from one service provider to another. Though it talks about the effect of a new factor of risk in consumer switching behaviour it needs to be empirically validated in different contexts.

### **3.3 Literature Gap**

Most of these models were developed based on the factors that directly affect consumers to switch within products or services. However, there are some special cases where consumers switch within very similar (standardized) product or services where they have the equal chances of being selected. According to Dholakia (1978) it's increasingly hard to differentiate these similar products or services by real or tangible attributes. Further, she stated that in these cases consumers may tend to purchase randomly without a consistency and tend to switch within alternatives. This is where the psychological factors and personality traits indirectly play the major role. Attention paid to this case is comparatively low in the past. Matzler et al. (2005) also explained the impact of emotional responses on the post-purchase self-satisfaction by demonstrating the relationships between personality traits, consumption-based emotions and consumer satisfaction over the mediating system of emotions. Hence finding of their study confirmed the major role of emotions in satisfaction and explained their dependence on consumers' individual predisposition.

Siddiqui (2011) also pointed this in his study that influence of consumer personality and demographic variables on customer loyalty, satisfaction and switching is limited. Though he attempted to explain the influence of personality factors on consumer switching behaviour on his study, he failed to consider other psychological factors which makes it inadequate. Therefore, a clear gap is established. The study proposes a psychological model which explains the consumer switching where the personality traits and other psychological factors play the major role.

## **4. Conceptual Model**

A conceptual model was developed following a systematic review of literature by incorporating the psychological approach of Theory of planned behaviour and the Five-factor model of personality to assess switching behaviour. The conceptual model developed is shown in Figure 2 below.

Through systematic review of literature, several models those were developed in the past to assess switching behaviour were examined and it was recognized that theory of planned behaviour was the fundamental underlying theory for most of these models which discusses the effect of peoples' attitude towards behaviour, subjective norms and perceived behaviour control on behavioural intention and behaviour. On the other hand, it was identified that previous studies that used personality traits to explain the switching behaviour are very limited. Therefore, the conceptual model was developed by adding personality traits element to the elements of theory of planned behaviour.

The framework was developed based on the psychological & personal factors identified from the literature review. Ajzen (1991) recognized four constructs such as: attitudes toward the behaviour, subjective norms with respect to the behaviour, and perceived behavioural control for the prediction of behavioural intentions with a high degree of accuracy. Further he stated that these "behavioural intentions, combined with perceived behavioural control, can

account for a considerable proportion of variance in behaviour”. Based on these behavioural constructs were identified. In addition to that personality trait construct was added to those identified constructs.

The psychological factors influencing consumers to switch, identified in the conceptual model are discussed below.

**Attitudes towards switching:** A person’s intention of switching may differ based on the positive or negative impact of outcome of switching on him. According to Zoellner (2012) attitudes are made up of beliefs or expectations about the results of performing a behaviour and the intention to perform these behaviours will be affected by the relevance of these outcomes. For example, someone who is very much obsessed of purchasing the best quality goods or services may tend to switch if he thinks the quality of particular product or service is inadequate. Therefore, attitude influence the tendency to evaluate the impact of switching. (Lim and Ting 2014).

**Subjective norms:** Most of the times humans are motivated to or tend to perform actions which are approved by the society. Li et al. (2009) addressed normative beliefs as the expectations about the likelihood of performing a particular action will be approved or disapproved by important referent individuals or groups of society. On the other hand Ajzen (1991) obtained a global measure of subjective norm by asking respondents to rate the extent of importance of others’ approval or disapproval of performing the respective behaviour. Therefore, normative beliefs and subjective norms influence the tendency to evaluate the approval of the switching behaviour by the society.

**Perceived behavioural control:** Perceived behavioural control is defined as “the perceived ease or difficulty of performing the behaviour” (Ajzen 1991). Further he stated it is established based on the assumption that it will reflect the past experience and the anticipation of future impediments and obstacles that may occur. For example, a billing error, a consumer experienced in the past can lead him to switch since he assumes it may happen in future as well. Hence, he stated that even though perceived behavioural control directly predicts the behavioural intention perceived behavioural control is directly used along with behavioural intention to predict behaviour as well.

**Behavioural intention:** According to Ajzen (1991) intentions are based on the assumption to capture the motivational factors that influence a behaviour and they indicate how hard people are willing to try, how much of an effort they are planning to exert, in order to perform the certain behaviour. Further, he addressed attitude towards behaviour, subjective norms and perceived behavioural control as the determinants of behaviour. According to Fanning and Ricks (2016) by addressing these determinants of behavioural intention it’s highly likely to evaluate the effects of interventions (facilitators and barriers) on the behaviour.

**Personality traits:** It was identified that five-factor model of personality can be used to study the influence of personality traits in consumer switching behaviour (Siddiqui 2011) According to Costa and McCrae (2012) most of the personality traits shown by humans can be covered under five broad personality traits using proposed by Five-factor model of personality (OCEAN) model. Those five personality traits: Neuroticism or Emotional Instability, Extraversion, Openness to Experience, Agreeableness versus Antagonism, and Conscientiousness.

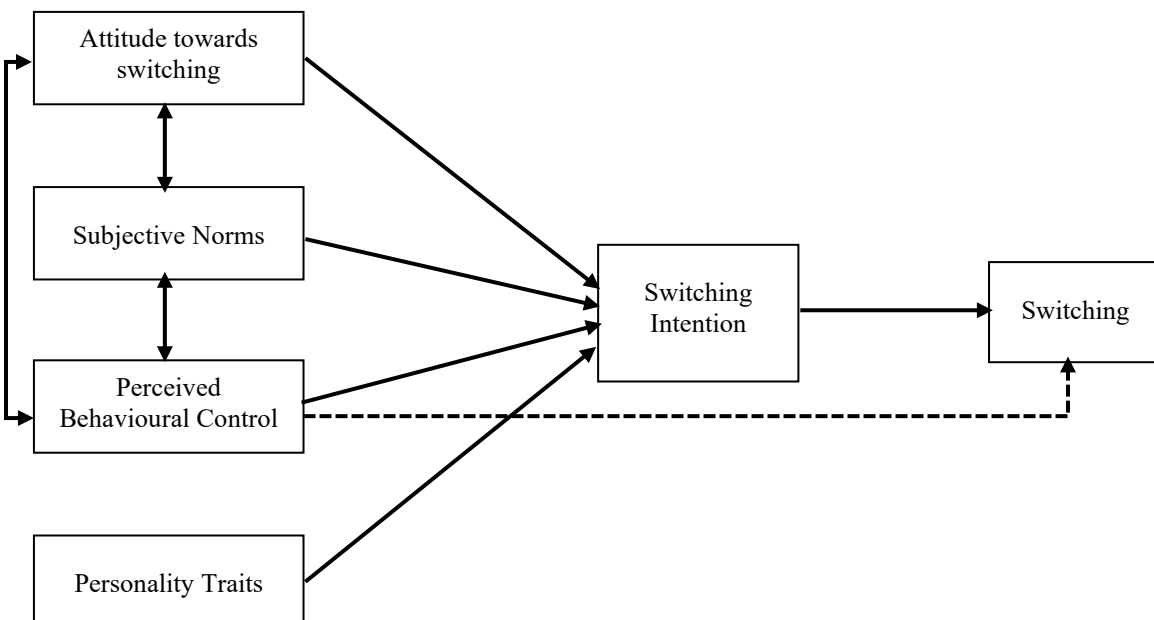


Figure 2: Conceptual model for switching behaviour

## 5. Conclusion

Consumers switching between very similar product and services are majorly driven by the personality traits and other psychological factors. This study focused on developing a psychological model to assess the psychological perspective of consumer switching behaviour. A gap was established from existing literature as the models which explained consumer switching behaviour from a psychological approach did not use personality traits. It is believed the theoretical model developed following a systematic review of literature will be able to better explain consumer switching behaviour among similar products and services by conceptualizing one of the special cases where emotions play the major role than service attributes. The proposed model should be empirically validated in different contexts and can be developed further with different constructs to explain consumer switching behaviour for different contexts in the future.

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## **Biographies**

**Suren Peter** is a senior lecturer in the Department of Industrial Management, University of Kelaniya, Sri Lanka. He earned his doctorate and the Master of Philosophy degree from Maastricht School of Management, The Netherlands. A Fulbright scholar, he also obtained a Master of Science in Management from Georgia Institute of Technology in the USA. His first degree was in Industrial Management, graduating with first class honours from the University of Kelaniya, Sri Lanka. As a university academic, he has over 18 years of teaching, research and consulting experience and currently serving as the Head of the Department of Industrial Management. He has served as a National Consultant on a number of projects for UNIDO and UNDP and been involved in consulting with a number of international development organizations, government and local private sector companies. He also serves on the Board of Directors of a couple of private companies. His area of interest in teaching, research and consulting are in portfolio management, capital markets, corporate finance and corporate restructuring

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