

9th INTERNATIONAL RESEARCH SEMINAR IN SERVICE MANAGEMENT

La Londe les Maures, France May 30 & 31, June 1 & 2, 2006

How to make customers resist switching to another service provider when a critical incident occurs? The complementary roles of trust and relationship commitment

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TRACK: Services Marketing

Abstract: This article examines the effects of trust and relationship commitment on consumers' resistance to switch to another service provider. An empirical study was conducted in the financial service industry on a sample of 1999 consumers. We measured the extent to which consumers resist switching to another service provider when different types of critical incidents occur (Keaveney, 1995). The service provider's perceived reliability, benevolence and fairness and customers' affective and calculative relationship commitment have complementary roles in explaining consumers' switching resistance. These effects depend on the critical incident that is under consideration. Implications for Customer Relationship Management are then presented.

Keywords: relationship marketing, services, trust, relationship commitment, consumer loyalty, switching resistance, critical incidents

INTRODUCTION

How to make customers truly loyal? This question has received a lot of attention from both practitioners and academics, since customer loyalty has been proven to strongly affect service companies' profitability (Reichheld and Sasser, 1990; Rust, Zahorik and Keiningham, 1995). Loyalty has been defined in the literature as « a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior » (Oliver, 1997).

Understanding why consumers resist switching to another service provider is therefore a key issue. What should service companies do to keep their customers even though they have sometimes reasons to switch service provider? How would customers react when they are attracted by competitors, when they face service failures (core service, service encounters, and ethical problems), when the service prices are unfair or too high, or when service recovery by employees is inappropriate? How to make customers absorb those critical incidents and keep doing business with the same service provider? How to explain that, for the same critical incident, some customers leave while others stay? The relationship marketing literature provides a useful answer: trust and relationship commitment are key to maintain relationships over time (Dwyer, Schurr and Oh, 1987; Morgan and Hunt, 1994; Garbarino and Johnson, 1999). However, different gaps in the relationship marketing literature need to be fulfilled.

First, customer loyalty is often measured as an intention to maintain the business relationship and/or to rebuy the provider's products and services. As a result, most studies fail to capture the extent to which consumers are likely to resist switching service provider if a critical incident had to occur. Keaveney (1995) identified eight main categories of critical incidents that lead to switching behavior in service industries: attraction by competitors, inappropriate employees' responses to service failures, pricing problems, core service failures, service encounters failures, lack of convenience, ethical problems or changes in the consumer or service provider situation (involuntary switching). We suggest measuring customer loyalty when consumers face a reason to switch service provider and not when there is no reason or opportunities to do so.

Second, we propose considering consumers' switching resistance according to the eight types of critical incident they are likely to face in their service relationship. In service settings, relatively few studies have focused on consumers' competitive resistance or price tolerance (Parasuraman et al, 1991; Fornell et al, 1996; Reynolds and Arnold, 2000). As a result, most problems (core service failures, ethical problems, etc.) tend to be underestimated when estimating consumers' switching resistance, although they are supposed to be the main drivers of switching behaviors in the service industries (Bitner, Booms, and Tetreault, 1990; Keaveney, 1995).

Third, we assume that trust and relationship commitment do not have the same effects on consumers' switching resistance depending on whether they face a core service failure, a change in their personal situation or a better competitor's offer. Trust might contribute to maintain the relationship in some situations, whereas relationship commitment might lead consumers to resist switching in other critical situations. Their complementary roles have to be empirically tested.

Fourth, several studies do not distinguish the potential effects of the facets of trust and relationship commitment on customer loyalty (Morgan and Hunt, 1994; Garbarino and Johnson, 1999). Indeed, calculative and affective commitment might play different roles in enhancing consumers' switching resistance. The service provider's reliability, benevolence and fairness might also have different effects. Considering the different facets of those two key concepts of relationship marketing could help defining more effective strategies to enhance customer loyalty over time.

Therefore, this article aims at understanding how the facets of trust and relationship commitment affect consumers' resistance to switch to another service provider.

In the first part, we present a conceptual framework that connects trust and relationship commitment with consumers' switching resistance. We will distinguish different facets of consumer's switching resistance according to the critical incidents that are likely to occur.

In the second part, we will test the model in the financial service industry on a sample of 1999 bank customers. Today, European leading banks strive to strengthen their customers' switching resistance since they still stand to lose business when their competitors launch new performing products, when they increase their services' prices or when they do not completely succeed in a zero defects strategy (Datamonitor report, 2003).

1 CONCEPTUAL FRAMEWORK

Trust and relationship commitment are seen as key drivers in relationship maintenance activities (Morgan and Hunt, 1994; Garbarino and Johnson, 1999; De Wulf, Odekerken-Schröder and Iacobucci, 2001; Hennig-Thurau, Gwinner & Gremler, 2002). We will hereafter examine, in a deeper analysis, how trust (reliability, benevolence, fairness) and relationship commitment (calculative, affective) translate into customer loyalty, i.e. switching resistance.

1.1 Customer loyalty as consumer's resistance to switch to another service provider

Brand loyalty has been defined as "the biased (i.e. non random), behavioral response (i.e. purchase), expressed over time by some decision-making unit, with respect to one or more alternatives brands out of a set of such brands, and is a function of psychological (decision making, evaluative) processes" (Jacoby and Kyner, 1973, p 2). Thus, in consumer goods settings, it has often been measured as consumer's switching resistance in the face of competitors' counter persuasion, promotions, price decreases and/or out of stocks problems (Pessemier, 1959; Cunningham, 1967; Jacoby and Kyner, 1973; Jacoby and Chesnut, 1978; Oliver, 1997). We apply the same composite approach to the service industry, especially for contractual services. By switching, we mean doing more business with competitors in the future, as Zeithaml, Parasuraman, and Berry (1996) measured it.

Customer loyalty is then viewed as the extent to which the consumer resists switching to another service provider when a critical incident occurs. A critical incident is "any event, combination of events, or series of events between the customer and one or more service firms that causes the customer to switch service providers" (Keaveney, 1995). Using the critical incident method originally developed

for industry use by Flanagan (1954), Bitner, Booms, and Tetreault (1990) classified three major groups of employee behaviors that account for all satisfactory and dissatisfactory incidents: employee response to service delivery system failures, employee response to customer needs and requests, and unprompted and unsolicited employee actions. In 1995, Keaveney completed this classification and considered eight main categories of critical incidents: attraction by competitors, employees' responses to service failures, pricing, core service failures, service encounters failures, involuntary switching, inconvenience, and ethical problems (for a literature review on the critical incident technique in service research, see Gremler, 2004). More recently, Gustafsson, Johnson and Roos (2005) distinguished situational triggers (changes in consumers' lives) from reactional triggers (deterioration in perceived performance of the service provider).

In a consumer goods setting, Susan Fournier (1998) has also considered different kinds of stressors that can lead to the relationship dissolution: situational factors (geographical situation), intrusion of alternatives, change in the consumer's situation, managerial decisions that change the exchange relationship, failure to keep a promise or perception of neglect. She suggests that relationship maintenance is then based on psychological processes, such as accommodation, tolerance/forgiveness, biased partner perceptions, devaluation of alternatives and attribution biases.

We propose to measure consumers' switching resistance (CSR) according to the eight categories of critical incident identified by Keaveney (1995) in service industries. Consumers' resistance to competitors' offers, to pricing problems, to core service failures, etc. will be seen as facets of customer loyalty. The more the consumers resist switching in various situations, the more they are supposed to be truly loyal towards the focal service provider.

Our approach differs from the critical incident methodology used by Bitner, Booms, and Tetreault (1990) and Keaveney (1995) since it captures customer current true loyalty instead of considering past switching behaviours (Gremler, 2004). It also permits to apprehend different switching resistances in isolation depending on the specific event that is likely to occur in the near future. In the relationship marketing literature, most researchers emphasize a global and general intention to maintain the business relationship or to rebuy the provider's products and services (Garbarino & Johnson, 1999). As a result, customers' switching resistance has received a poor attention in service settings. In most cases, researchers only consider resistance to competitors' offers or prices (Parasuraman et al, 1991; Fornell et al, 1996; Reynolds and Arnold, 2000). Thus, the problems (core service failures, ethical problems, etc.) that occur within the established service relationships tend to be underestimated, although they are supposed to be the main drivers of switching behaviors in the service industries (Bitner, Booms, and Tetreault, 1990; Keaveney, 1995).

Thus, we will examine the effects of trust and relationship commitment on the eight facets of the consumer's switching resistance.

1.2 The effects of relationship commitment on consumers' switching resistance

Morgan and Hunt (1994) define commitment to the relationship as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the

relationship is worth working on to ensure that it endures indefinitely". However, thanks to the organization behavior research (Meyer and Allen, 1991), a multidimensional view has been given birth in marketing to emphasize the customers' motivations to maintain a relationship (Gundlach, Achrol and Mentzer, 1995). Customers maintain a business relationship because they want (affective commitment), they need (calculative or continuance commitment) or they ought (normative commitment) to do so.

Affective commitment is defined as the relative intensity of identification and affiliation with the service provider and the involvement in the service relationship (Crosby, Evans and Cowles, 1990; Garbarino and Johnson, 1999; Kelley and Davis, 1994; De Wulf, Odekerken-Schröder and Iacobucci, 2001). As a result, affective commitment is not similar to a positive attitude towards the service provider. It refers to an identification process (congruence of values, affiliation, and belongingness) rather than to an evaluation process.

Calculative commitment refers to an awareness of the costs associated with leaving the service provider (Geykens, Scheer and Steenkamp, 1995; Verhoef, Franses and Hoekstra, 2002). Calculative commitment – called also continuance commitment - results from an accumulation of "side bets" which would be lost if the relationship were discontinued (Meyer and Allen, 1991). The perceived costs can be either monetary or non monetary (time, efforts, risk taking, etc.). As Bendapudi and Berry (1997) note, "a customer that closes bank accounts due to poor service typically would open new accounts with another financial institution; The time, effort, and money required to identify an alternative supplier and establish new accounts illustrate relationship termination costs". Calculative commitment represents an global calculus of the switching costs.

Normative commitment has received much less attention in marketing, except for the examination of membership behaviors in professional associations (Gruen, Summers and Acito, 2000). In most service settings, consumers do not feel a moral obligation to continue the business relationship. In this study, according to Gustafsson, Johnson, and Roos (2005), we will focus only on affective and calculative commitment.

As a result, the concept of relationship commitment (calculative / affective) has to be distinguished from the notion of brand commitment (consumers' switching resistance). Calculative and affective commitment refer to customers' motivations to maintain a relationship (awareness of termination costs versus identification and affiliation), whereas the consumer's switching resistance refers to behavioral intentions. Therefore, it becomes critical to estimate the effects of each relationship commitment facet (calculative / affective) on the consumers' intentions to resist switching to another service provider.

Both affective commitment and calculative commitment should affect customer loyalty and make customers accept efforts and sacrifices on the short term (Pritchard, Havitz and Howard, 1999; Johnson et al, 2001; De Wulf, Odekerken-Schröder and Iacobucci, 2001; Verhoef, Franses and Hoekstra, 2002; Verhoef, 2003; Fullerton, 2005; Gustafsson, Johnson and Roos, 2005). However, the effects of calculative and affective commitment on consumers' switching resistance might be moderated by the type of critical incident. Therefore, we will consider different consumers' switching resistances (CSR) according to the eight categories of critical incident identified by Keaveney (1995). We can then hypothesize (see figure 1):

H1: Calculative commitment has a direct and positive effect on consumer's switching resistance in situations such as a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures, e) service encounters failures, f) involuntary switching, g) inconvenience, and h) ethical problems.

H2: Affective commitment has a direct and positive effect on consumer's switching resistance in situations such as a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures, e) service encounters failures, f) involuntary switching, g) inconvenience, and h) ethical problems.

1.3 The effects of trust on consumers' switching resistance

As Reichheld and Scheffer (2000,p. 107) suggest, "to gain the loyalty of customers, you must first gain their trust". Trust is defined as the service provider's perceived reliability, benevolence and fairness.

Reliability concerns the service provider's perceived ability to perform a service that conforms to the consumer's expectations over time. It is related to the service provider's competence, expertise, know how and general reputation.

Benevolence is designating its perceived willingness to consistently meet consumers' expectations and to avoid doing anything that might be detrimental to customers (Ganesan, 1994; Ganesan and Hess, 1997). It is inversely related to the partner's opportunistic behavior.

Fairness concerns the extent to which the consumer evaluates that there is fair distribution of outcomes received between the service provider and himself (or herself) (Dwyer, Schurr and Oh, 1987; Anderson and Weitz, 1989). In this study, it refers more to a distributive fairness than to a procedural fairness, that is, fairness of process.

Trust is supposed to reinforce affective commitment (Morgan and Hunt, 1994; Garbarino and Johnson, 1999; Hennig-Thurau, Gwinner and Gremler, 2002). Gwinner, Gremler and Bitner (1998) show that trust affects the consumer's perception of congruence in values with the provider (identification / affiliation). Consumers will be reluctant to commit themselves to a business relationship unless they have confidence in the service provider's ability to meet constantly their expectations in the future (reliability) and in its willingness to avoid any opportunistic behavior that could be detrimental to them (benevolence) (Morgan and Hunt, 1994). Moreover, fairness is said to have a positive effect on affective commitment (Dwyer, Schurr and Oh, 1987; Tax, Brown and Chandrashekar, 1998): consumers should be more involved in the service relationship if the relational exchange is perceived to be fair (Gundlach and Murphy, 1993).

We can hypothesize (see figure 1):

H3: The service provider's perceived reliability has a direct and positive effect on affective commitment

H4: The service provider's perceived benevolence has a direct and positive effect on affective commitment

H5: Perceived fairness has a direct and positive effect on affective commitment

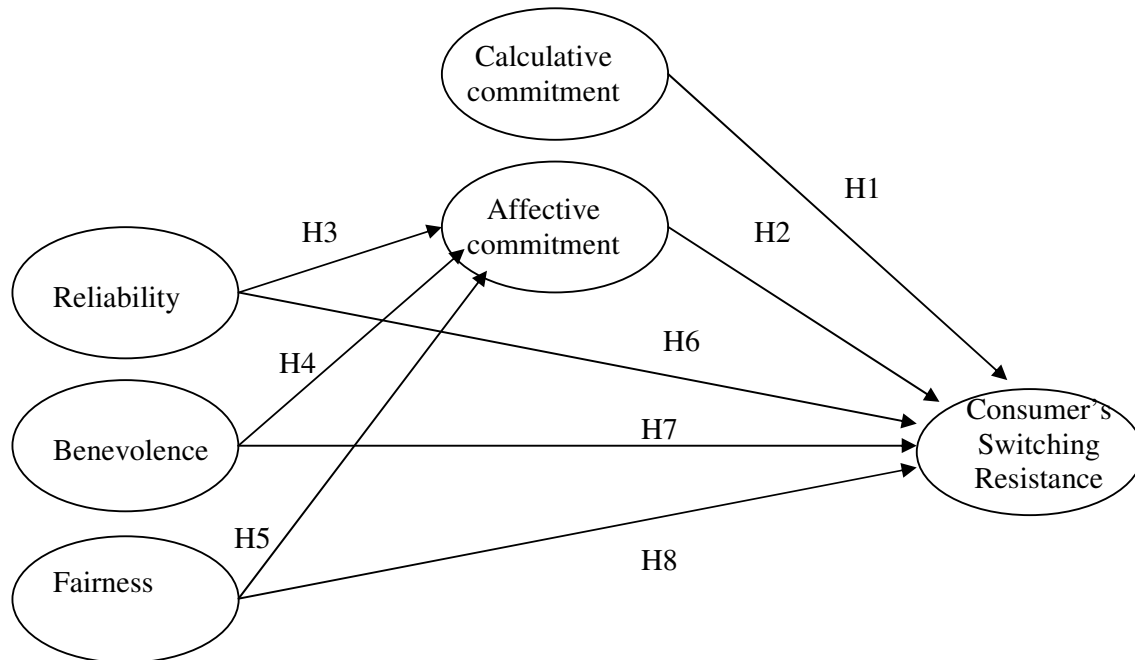
Trust should also have a direct effect on consumers' resistance to switch to another service provider when a critical incident occurs (Garbarino & Johnson, 1999; Singh and Sirdesmukh, 2000; Sirdesmukh, Singh and Sabol, 2002; Harris and Goode, 2004). Trust implies uncertainty and vulnerability, and as such, is critical when services are intangible, difficult to evaluate, complex and technical (financial and insurance products for instance). Therefore, once a critical incident occurs, consumer's responses should depend on the level of confidence the customer has in the service provider. If (s)he perceives a deterioration in the service provider's performance, (s)he would believe that the service provider has the ability, the willingness and is fair enough to solve the problem in both partners' interests (Ganesan, 1994; Morgan and Hunt, 1994). The customer would expect a compensation or a recovery from his(her) service provider over time and then would be reluctant to switch to another service provider once a critical incident occurs. In contrast, if (s)he does not trust his(her) service provider, (s)he would be more sensitive to the critical incidents and would strive to decrease its vulnerability to the service provider. Moreover, the consumers expect confidence benefits from a long lasting relationship: maintaining a business relationship permits to consumers to decrease the perceived risk associated with each specific transaction (Bitner, Gwinner and Gremler, 1998). When a critical incident occurs, trust enables the consumer to make confident predictions about the provider's future behaviors (Morgan and Hunt 1994; Sirdesmukh, Singh and Sabol, 2002). Nevertheless, the effects of trust on consumers' switching resistance might be moderated by the type of critical incident. Thus, we can hypothesize:

H6: Perceived reliability has a direct and positive effect on consumer's switching resistance in situations such as a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures; e) service encounters failures, f) involuntary switching, g) inconvenience, and h) ethical problems.

H7: Perceived benevolence has a direct and positive effect on consumer's switching resistance in situations such as a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures, e) service encounters failures, f) involuntary switching, g) inconvenience, and h) ethical problems.

H8: Perceived fairness has a direct and positive effect on consumer's switching resistance in situations such as a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures, e) service encounters failures, f) involuntary switching, g) inconvenience, and h) ethical problems.

Figure 1: The effects of trust and relationship commitment dimensions on consumers' resistance to switch to another service provider



2 AN EMPIRICAL STUDY IN THE FINANCIAL SERVICE INDUSTRY

The financial service industry is an interesting field for studying the service provider-consumer relationship (Berry, 1995; Verhoef, 2003; Ryals, 2005). Today, leading banks need to prevent switching behavior and enhance short term tolerance, given that all critical incidents cannot always be stopped before they happen. Determining the drivers of consumers' switching resistance is then a key issue.

2.1 Methodology

In the summer of 2003, 30,000 questionnaires were sent by mail in France to a convenience sample comprised of respondents in the age group of 18 to 75. The sample was randomly drawn from a general list of people. The questionnaires were mailed by the university. A total of 1999 completed questionnaires were returned. They were asked to reply about their main bank in terms of turnover. More than 12 European banks were considered by the respondents. On average, the length of the banking relationship was of 22 years (11% less than 5 years; 1,6% less than 1 year).

First respondents indicated their level of trust and relationship commitment towards their main bank. The rating scales used were borrowed or adapted from the literature on reliability and benevolence (Ganesan and Hess, 1997) and fairness (Tax, Brown and Chandrashekar, 1998). In this study, we focused only on the distributive fairness (fair distribution of exchanges outcomes). For affective commitment, we used the scale developed by Garbarino and Johnson (1999). For calculative commitment, we used the scale of Gruen, Summers and Acito (2000). All scales had

been adapted and validated previously in a French context. We used five points Likert scales (strongly disagree to strongly agree).

Then, later in the questionnaire, the respondents were asked to estimate their likelihood to switch to another bank if they face a specific critical incident in the near future. In the financial service industry, most customers tend to avoid breaking the service relationship (retention rate = 95% on average in France). They prefer to patronize different suppliers and allocate their resources to other service providers. It leads to a drop in the customer share for the bank of concern (Verhoef, 2003). As a consequence, in our study, by switching, we indicate “doing more business with competitors in the future” (Zeithaml, Parasuraman & Berry, 1996) instead of considering the immediate service relationship dissolution (contrary to Gustafsson, Johnson and Roos, 2005).

The respondents were then proposed a list of 40 critical incidents that was elaborated from the previous work of Bitner, Booms, and Tretreault (1990) and Keaveney (1995). They refer to the eight categories of critical incident identified by Keaveney (1995) in service industries. The respondent’s propensity to switch to another service provider was assessed on five points Likert scales, which go from very unlikely (1) to very likely (5). As a consequence, we used the reverse score to estimate the consumers’ switching resistance.

2.2 Exploratory and Confirmatory Factor Analysis

Cronbach's alpha coefficients range between .76 and .92, which can be considered satisfactory. We tested the unidimensionality (in the sense defined by Anderson, Gerbing, and Hunter, 1987) of each construct separately, then two by two, three by three, etc., and finally for all constructs taken together. The exploratory factor analysis gave the results we expected. However, we found out that consumers’ switching resistance, when ethical problems occur and when employees’ responses to service failures are inappropriate, collapse together in the exploratory factor analysis. Those items apprehend consumers’ switching resistance (CSR) when the employees appear not to be benevolent and fair with their customers, especially when they complain. Finally, after purification, we decided to keep seven components: 1 CSR - Attraction by competitors, 2 CSR - Employees’ responses to service failures, 3 CSR - Pricing, 4 CSR - Core service failures, 5 CSR - Service encounters failures, 6 CSR - Involuntary switching, 7 CSR - Inconvenience. The items we use are indicated in the appendix 1.

The confirmatory factor analysis was performed with Amos 4 software. The estimation was performed using the maximum likelihood method because of its robustness for large sample sizes (N=1999). According to our conceptual framework, trust was divided into three constructs (reliability, benevolence and fairness). We tested a one-dimensional (trust) and a two-dimensional (reliability + benevolence versus fairness) model of trust that did not fit the data (one dimensional: RMSEA = 0.166; two-dimensional: RMSEA= 0.133). Therefore, we tested a model with three distinct dimensions, as expected, which exhibited an acceptable fit (RMSEA = 0.049). We did the same for relationship commitment dimensions (calculative and affective commitment). The one dimensional model obtained a bad fit (RMSEA = 0.266), whereas the bi-dimensional model exhibited a satisfactory fit (RMSEA = 0.044). According to the exploratory factor analysis results, seven facets were considered for measuring the consumers’ switching resistance. The seven components’ model

exhibits a satisfactory fit (RMSEA = 0.05). We noted an unacceptable fit when we consider together some of the most correlated constructs.

Taken together, the constructs demonstrated a satisfying degree of reliability and convergent validity (Table 1). The reliability coefficients are between 0.76 and 0.92 (ρ coefficients). The average variances extracted are between 0.52 and 0.85, which can be considered satisfactory.

Table 1: Confirmatory Factor Analysis: Trust, Relationship Commitment dimensions and Consumers' Switching Resistance (CSR)

| | Number of items | Reliability (ρ) (CFA) ¹ | Average Variance Extracted (AVE) ² | Root AVE (\sqrt{AVE}) |
|--|-----------------|---|---|---------------------------|
| Reliability | 4 | 0.91 | 0.71 | 0.84 |
| Benevolence | 4 | 0.89 | 0.68 | 0.83 |
| Perceived fairness | 3 | 0.80 | 0.58 | 0.77 |
| Affective commitment | 3 | 0.78 | 0.54 | 0.74 |
| Calculative commitment | 3 | 0.76 | 0.52 | 0.72 |
| CSR - Attraction by competitors | 4 | 0.90 | 0.70 | 0.84 |
| CSR - Employees' responses to service failures | 4 | 0.90 | 0.69 | 0.83 |
| CSR - Pricing | 4 | 0.86 | 0.61 | 0.78 |
| CSR - Core service failures | 4 | 0.81 | 0.52 | 0.71 |
| CSR - Service encounters failures | 3 | 0.86 | 0.67 | 0.82 |
| CSR - Involuntary switching | 2 | 0.79 | 0.65 | 0.80 |
| CSR - Inconvenience | 2 | 0.92 | 0.85 | 0.92 |

Moreover, latent variables' discriminant validity was checked using the Fornell and Larcker (1981) criterion. As shown in Table 2 and Table 3, the square root of the average variance extracted (AVE) exceeds the correlations between every pair of latent variables. This indicates a satisfactory level of discriminant validity. The respondents were able to clearly dissociate their intentions to switch to another service provider according to the critical incidents that are likely to occur in the near future.

Table 2: Correlation matrix between trust and relationship commitment dimensions (standardized correlation coefficients)

| | 1 | 2 | 3 | 4 | 5 |
|--------------------------|---------------|-------------|-------------|-------------|-------------|
| 1 Reliability | 0.84** | | | | |
| 2 Benevolence | 0.78* | 0.83 | | | |
| 3 Perceived fairness | 0.63 | 0.69 | 0.77 | | |
| 4 Affective commitment | 0.52 | 0.55 | 0.66 | 0.74 | |
| 5 Calculative commitment | 0.09 | 0.07 | 0.18 | 0.35 | 0.72 |

$p < 0.001$; **Root AVE

¹ Werts, Linn and Jöreskog (1974) : $\rho = (\sum \lambda_{yi})^2 / [(\sum \lambda_{yi})^2 + \sum \text{Var}(\epsilon_i)]$, with $\text{Var}(\epsilon_i) = 1 - \lambda_{yi}^2$

² Fornell and Larcker, 1981 : $AVE = \sum \lambda_{yi}^2 / [\sum \lambda_{yi}^2 + \sum \text{Var}(\epsilon_i)]$

Table 3: Correlation matrix between the consumers' Switching Resistance (CSR)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 Attraction by competitors | 0.84** | | | | | | |
| 2 Employees' responses to service failures | 0,39* | 0.83 | | | | | |
| 3 Pricing | 0,61 | 0,64 | 0.78 | | | | |
| 4 Core service failures | 0,45 | 0,66 | 0,62 | 0.71 | | | |
| 5 Service encounters failures | 0,17 | 0,57 | 0,33 | 0,43 | 0.82 | | |
| 6 Involuntary switching | 0,24 | 0,30 | 0,25 | 0,27 | 0,17 | 0.80 | |
| 7 Inconvenience | 0,37 | 0,25 | 0,36 | 0,33 | 0,10 | 0,42 | 0.92 |

* $p < 0.001$; **Root AVE

2.3 Results of the model

Structural equations modeling was used to test the model (see figure 1). We examined successively the effects of trust (direct and indirect) and relationship commitment (direct) for each of the seven types of critical incident: a) attraction by competitors, b) inappropriate employees' responses to service failures, c) pricing problems, d) core service failures, e) service encounters failures, f) involuntary switching, g) and inconvenience. All the seven models fit the data well, since we obtained a RMSEA ranking between 0.038 and 0.053 and fit indexes (NFI, RFI, CFI) were all higher than 0.99 (Bollen and Scott, 1993). The path coefficients are indicated below (Table 4).

Table 4: The effects of trust and relationship commitment dimensions on consumers' switching resistance (Standardized Regression Weights)

| Antecedents | Consequences | Path coefficients |
|------------------------|---|--------------------------|
| Perceived Fairness | Affective commitment | 0,551 |
| Benevolence | Affective commitment | 0,094 |
| Reliability | Affective commitment | 0,094 |
| | CSR - Attraction by competitors | |
| Reliability | Attraction by competitors | 0,098 |
| Benevolence | Attraction by competitors | ns |
| Perceived Fairness | Attraction by competitors | 0,127 |
| Affective commitment | Attraction by competitors | 0,126 |
| Calculative commitment | Attraction by competitors | ns |
| | CSR - Employees' responses to service failures | |
| Reliability | Employees responses to service failures | ns |
| Benevolence | Employees responses to service failures | ns |
| Perceived Fairness | Employees responses to service failures | 0,143 |
| Affective commitment | Employees responses to service failures | 0,099 |
| Calculative commitment | Employees responses to service failures | 0,118 |
| | CSR - Pricing | |
| Reliability | Pricing | ns |
| Benevolence | Pricing | ns |
| Perceived Fairness | Pricing | 0,124 |
| Affective commitment | Pricing | 0,237 |
| Calculative commitment | Pricing | 0,075 |
| | CSR - Core service failures | |
| Reliability | Core service_ failures | ns |
| Benevolence | Core service_ failures | ns |
| Perceived Fairness | Core service_ failures | ns |
| Affective commitment | Core service_ failures | 0,217 |
| Calculative commitment | Core service_ failures | ns |
| | CSR - Service encounters failures | |
| Reliability | Service encounters failures | ns |
| Benevolence | Service encounters failures | ns |
| Perceived Fairness | Service encounters failures | ns |
| Affective commitment | Service encounters failures | ns |
| Calculative commitment | Service encounters failures | 0,139 |
| | CSR - Involuntary switching | |
| Reliability | Involuntary switching | 0,096 |
| Benevolence | Involuntary switching | ns |
| Perceived Fairness | Involuntary switching | ns |
| Affective commitment | Involuntary switching | 0,143 |
| Calculative commitment | Involuntary switching | - 0,093 |
| | CSR - Inconvenience | |
| Reliability | Inconvenience | ns |
| Benevolence | Inconvenience | ns |
| Perceived Fairness | Inconvenience | 0,109 |
| Affective commitment | Inconvenience | 0,117 |
| Calculative commitment | Inconvenience | - 0,110 |

Affective commitment has a positive, direct and significant effect on Consumers' Switching Resistance. According to our H1 (a, b, c, d, f, g) hypotheses, the more the consumer is affectively committed, the more he (or she) will resist switching when a reason to change occur. However, contrary to our H1e hypothesis, affective commitment does not lead the consumer to resist switching when he (or she) faces a service encounter failure. Contrary to calculative commitment, affective commitment is insufficient to moderate the effects of bank employees' impoliteness, incompetence or lack of attention on switching intentions.

Calculative commitment has a contrasted influence. According to our H2 (b, c, e) hypotheses, calculative commitment leads the consumers to resist switching when there is an inappropriate employee's responses to service failures (0.12), a pricing problem (.075) or a service encounter failure (.14). But it has no significant effect on their switching resistance when competitors offer performing products or when the core service fails. When the deterioration in perceived performance concerns the core service or product (technical quality), calculative commitment has no more influence on consumers' switching resistance. But it slows down the switching process when employees' attitudes and behaviors are seen as sources of failures or when pricing policy does not meet their expectations. Furthermore, a surprising result appears: calculative commitment tends to lower consumers' switching resistance when an event apart from the service relationship occurs: involuntary switching and inconvenience. A change in the bank (closing) or customer (move) situation or the opening of competitors' new branches closer to customers' homes or workplaces seem to be seen as opportunities to switch to another service provider and to recover more freedom and independence, as it was previously demonstrated in the resource dependence theory (Pfeffer and Salancik, 1978).

As expected, trust has a direct and positive effect on affective commitment. Perceived fairness has the strongest impact on affective commitment (.55), while perceived reliability and benevolence have a slight but significant positive influence (.09). Our H3, H4 and H5 hypotheses have not to be rejected. According to previous relationship marketing literature, affective commitment is a key mediating construct between trust and behavioral intentions (Morgan and Hunt, 1994; Garbarino and Johnson, 1999). Most effects of trust on consumers' switching resistance are mediated by affective commitment.

Reliability has only an indirect and positive effect on consumers' switching resistance when they face inappropriate employees' responses to service failures, pricing problems, core service failures, service encounters failures and inconvenience problems. As a result, our H6 (b, c, d, e, g) hypotheses are rejected. But, according to our H6 (a, f) hypotheses, reliability has a direct and positive effect on consumers' switching resistance when they are exposed to competitors' offers. Banking products are quite complex, difficult to evaluate and risky. Thus, consumers tend to resist switching if their focal service provider is credible and competent enough to deliver similar products and services (.10). Perceptions of service provider's reliability also lead the consumer to resist switching when there is a change in the customer or bank situation (.10). Consumers will strive to maintain the service relationship if they are dealing with a competent financial advisor.

Benevolence has no direct effect on consumers' switching resistance. All its effects are mediated by affective commitment. Our H7 (a, b, c, d, e, f, g) hypotheses have to be rejected. This result is surprising because benevolence has always been

described as a key concept when a critical incident occurs (Ganesan, 1994; Ganesan and Hess, 1997).

Fairness has a stronger effect on consumers' switching resistance. It strongly affects affective commitment (.55) and thus indirectly consumers' resistance to switch to another service provider in several critical situations (6 out of 7 critical incident situations). According to our H 8 (a, b, c, g), it also has a direct influence on consumers' switching resistance in the face of attraction by competitors (.13), employees' responses to service failures (.14), pricing problems (0.12) and inconvenience (0.11). Perceived fairness is a key process that affects strongly the consumers' responses to critical incidents. Fairness does not mean equality of treatment. The consumers evaluate to what extent they obtain a fair return on their investment (time, efforts, money, etc.). Bitner, Gwinner and Gremler (1998) show that consumers expect special treatment benefits – in comparison to others – if they consider themselves as more loyal and/or profitable customers.

DISCUSSION

This research allows determining what the drivers of consumers' switching resistance are. As such, it enables managers to maintain customer retention and customer share (% of business) even though they face difficulties in applying a zero defects strategy or if new entrants come up in the market with new performing products and low prices. It is quite impossible to prevent any critical incident during all the customers' lifetime. But we show managers can slow down the switching process by managing the service provider's perceived reliability, benevolence and fairness and by developing affective and/or calculative commitment. It strongly depends on the type of critical incident that is likely to occur.

Some events are more critical than others, i.e. they are more likely to cause the customer to switch service providers. We hereafter range the consumers' switching resistances according to their means in appendix 1 (from the lowest to the strongest switching resistance³).

1 CSR - Service encounters failures (mean = 0,89)

It represents the most critical incident in the financial service industry (i.e. lowest consumers' switching resistance). If contact persons (financial advisors, branches' employees, etc.) are incompetent or impolite or do not pay a sufficient attention to customers, only calculative commitment could help keeping the customers. As a result, if a service organization is unable to train and control its employees so that they become customer-oriented, they will be obliged to implement high switching costs. However, as Bendapudi and Berry (1997, p 28) note, "when customers stay in relationships because of the constraints against leaving, the relationship tends to last only as long as the constraints do; When the constraints no longer apply, the customer feels no compelling reason to continue in the relationship".

2 CSR - Employees' responses to service failures (mean = 1,09)

If a service provider does not succeed in managing the customers' complaints, it should pay attention to perceived fairness as Tax, Brown & Chandrashekar (2002) have already demonstrated. Affective commitment has also a positive influence

³ Reverse score: five points: from 0 "very likely to switch" to 4 "very unlikely to switch" to another service provider.

(0.10): affectively committed customers would probably attribute their dissatisfaction to the employees' personality or incompetence instead of switching to another service provider. If they perceive high switching costs, they would also accommodate with the situation (0.12).

3 CSR – Pricing (mean = 1,25)

If the provider had to increase its service prices, the affectively committed customers are less likely to switch to a competitor. They would probably devalue the alternatives considering that lower prices are signals of bad quality. Or they would re-evaluate the service quality delivered by his (her) favorite supplier (biased partner perception). If they perceive that the exchange relationship is fair, they would also be more tolerant and accept to pay more. In the reverse situation, they would have a higher propensity to switch to another service provider. Calculative commitment has also a slight but significant effect in this situation (0.07). Switching costs lead customers to accept to pay a price premium.

4 CSR - Core service failures (mean = 1,51)

If a service provider faces some problems in delivering its core services, affective commitment will be the only “shock absorber” from the customer's point of view. Some customers identify themselves with the service provider (identification and affiliation) and will tend to tolerate a core service failure on the short term. As Dwyer, Schurr and Oh (1987) or Morgan and Hunt (1994) demonstrated in other business settings, affective commitment leads customers to accept sacrifices on the short run.

5 CSR - Attraction by competitors (mean = 1,53)

Whereas most studies focus on consumers' competitive resistance (Parasuraman et al, 1991; Fornell et al, 1996; Reynolds and Arnold, 2000), we demonstrate that attraction by competitors is not the most critical factor of switching in the financial service industry (rank: 5). Nevertheless, if a competitor had to launch a new offer, the service provider can prevent customer defection by improving the competence of their personnel (recruitment, training, incentives, etc.). Financial services are often intangible and difficult to evaluate. Thus, if the customers rely on their financial advisor, they will strive to avoid the risks associated with dealing with another exchange partner. Perceived fairness has also a positive effect (0.13): the customers will accept opportunity costs (“miss a good deal”) because they believe that his (her) partner will find a fair solution on the long run (reciprocity in the exchange). Affective commitment will also lead customer to accept sacrifices (opportunity costs) on the short run because they expect more benefits from their supplier on the long term (Gwinner, Gremler & Bitner, 1998).

6 CSR - Involuntary switching (mean = 1,66)

If there is a change in the consumer (move) or the bank (closure) situation, the competence of the bank personnel will directly slow down the switching process (0.09). Nevertheless, affective commitment is once again the main factor in enhancing consumers' switching resistance (0.14). Calculative commitment has the opposite effect (-0.09): when consumers have to move to another country or when a bank closes its branches, it represents a good opportunity for consumers to recover more freedom (Pfeffer and Salancik, 1978).

7 CSR – Inconvenience (mean = 2,46)

If consumers face some convenience problems (distance from homes or workplaces), calculative commitment has also the same negative effect: consumers will be likely to switch to another service provider to recover their independence. Affective commitment has a more positive effect on consumers' switching resistance. The feeling of belonging to a specific bank community leads the consumers to make efforts (time, distance, money) in order to maintain the relationship. Perceived fairness has also a positive influence (0.11). Reciprocity within the exchange relationship will lead individuals to make efforts in return of what they obtain from the service provider.

CONCLUSION

This research has three main contributions:

First, we measure customer loyalty when consumers face a reason to switch service provider and not when there is no reason or opportunities to do so. As Jacoby and Kyner (1973) and Jacoby and Chesnut (1978) note, the composite measurements of loyalty are supposed to have a better trait validity than behavioral indicators and a better predictive validity than attitudinal indicators. Most studies tend to estimate customers' attitudes and intentions (Zeithaml, Parasuraman, and Berry, 1996) or to capture behavioral loyalty (Verhoef, 2003; Gustafsson, Johnson & Roos, 2005). We propose a composite approach that aims at considering customers' true loyalty. The more the customers resist switching, the more they are supposed to be loyal towards their service provider.

Second, we consider consumers' switching resistance according to the eight types of critical incident they are likely to face in their service relationship (Bitner, Booms, and Tetreault, 1990; Keaveney, 1995; Gremler, 2004). To our knowledge, no research in the service industry has examined seven facets of consumers' switching resistance. Most studies focus on consumers' competitive resistance or price tolerance (Parasuraman et al, 1991; Fornell et al, 1996; Reynolds and Arnold, 2000), although they do not represent the main drivers of switching intentions - especially in the financial service industry. The critical incidents that occur within the established service relationship (service encounter failure, employees' responses to service failures ...) are more likely to cause the customer to switch service providers (Keaveney, 1995; Bitner, Booms, and Tetreault, 1990; Gremler, 2004).

Third, we examine the facets of trust and relationship commitment and their direct and indirect effects on consumers' switching resistance. We demonstrate that their respective effects on consumers' switching resistance are moderated by the type of critical incident that is likely to occur. To sum up, affective commitment and perceived fairness have the strongest impacts on consumers' switching resistance; the service provider's perceived reliability and benevolence have a slight and mainly indirect effect on the consumers' switching resistance; and calculative commitment (perception of termination costs) tends to enhance switching behaviors in some situations (inconvenience, involuntary switching) or to strengthen consumers' switching resistance in others (service encounters failures, employees' responses to service failures, pricing problems).

LIMITS

This research has several limitations:

Firstly, this research concerns a contractual service setting: the long term relationship between a bank and its customers. It will be necessary to explore other industries which are usually not contractual, such as transportation, restaurant or health services. Moreover, the financial service industry delivers an essentially “utilitarian” service and it will be interesting to test the model for more hedonic consumption experiences, such as sports, leisure activities, or artistic pursuits. Further research has to be done to strengthen the external validity of our results.

Secondly, the effects of both trust and relationship commitment might be moderated by the relationship phase (awareness, exploration, expansion, commitment and dissolution), (Dwyer, Schurr & Oh, 1987). For example, as shown by Verhoef, Franses and Hoekstra (2002), the role of trust could be stronger in the relationship’s first stage, when clients have not enough experience or expertise. Future research should also take into consideration the characteristics of the service relationship (length, breadth and depth) and of the individuals (age, occupation, lifetime value, etc.).

Thirdly, we just measure behavioral intentions and not actual behaviors. As a consequence, we cannot check the predictive validity of the consumers’ switching resistance’s indicators. Gustafsson, Johnson and Roos (2005) have examined the role of a few “reactional and situational triggers” on customer churn during nine months in the telecommunication industry. And they did not find any impact on customer churn. However, Gustafsson, Johnson and Roos (2005) suggest doing more research on the switching path (length, immediate or progressive dissolution of the relationship) and to consider several critical incidents that occur within a relationship (change in the consumer situation, competitors’ offers, core service failures ...).

Finally, in consumer goods settings, Fournier (1998) suggest that consumers’ switching resistance depends on psychological processes, such as accommodation, tolerance/forgiveness, biased partner perceptions, devaluation of alternatives and attribution biases. In the service industry, we need also to develop a deeper analysis of how consumers resist switching to another service provider. How do they really cope with the critical incidents that occur? What happens in consumers’ minds?

MANAGERIAL IMPLICATIONS

While 60% up to 80% of Customer Relationship Management projects are considered as failures (Gartner group), it is important to better understand why customers are doing even more business with competitors. The critical incidents we considered in this research can be seen as precipitating events which have to be effectively managed by managers. Of course, managers can prevent service performance deteriorations from occurring (service quality programs). They can also develop procedures to solve the problems (service recovery management).

However, several critical incidents cannot be neither predicted nor avoided. Therefore, managers have to anticipate several critical incidents that will come from the company (pricing policy, complaint management, service quality management, core service production and delivery), from its environment (competitors’ products and new branches) or from its customers (change in his (her) personal situation).

To sum up, affective commitment has the strongest impact on consumers' switching resistance with one exception: it does not slow down the switching process only when a service encounter failure occurs. Thus, financial service companies should enhance an identification and affiliation processes, the communication on their corporate and brand values, as well as their identity and personality in order to develop customers' feelings of belonging to the service organization. Customer clubs or brand communities represent solutions for strengthening the relationships with the customers (Roos, Gustafsson & Evrardsson, 2005).

On the other hand, calculative commitment, which refers to an evaluation of the termination costs, has three positive influences on consumers' switching resistance (service encounters failures, employees' responses to service failures, pricing problems) and two negative effects (inconvenience, involuntary switching). As a consequence, on the long run, companies cannot count on calculative commitment and termination costs to keep their customers. Once consumers have an opportunity to switch to another service provider, they will tend to do so (Bendapudi & Berry, 1997). In the financial service industry for instance, the customers will often tend to do more business with competitors: on the short term, there will be no effect on the customer retention rate but on the long run, it will result in a drop in the customer share and in the companies' profits.

Trust (reliability, benevolence, fairness) has mainly an indirect effect on consumers' switching resistance – via affective commitment. Benevolence and reliability are key components of trust in the marketing literature (Ganesan & Hess, 1997; Sirdesmukh, Singh and Sabol, 2002). However, their respective influence – both direct and indirect - on consumers' switching resistance is rather low. On the other hand, perceived fairness is a key factor of affective commitment (.55) and of consumers' switching resistance in four situations: attraction by competitors (.13), employees' responses to service failures (.14), pricing problems (.12), and inconvenience (.11). Companies should measure and manage the perceived fairness of the relationships from the customers' point of view. An unfair exchange relationship will lead customers to switch to another service provider once a critical incident occurs. As different authors have already postulated (Dwyer, Schurr & Oh, 1987; Gundlach & Murphy, 1993; Sirdesmukh, Singh and Sabol, 2002), reciprocity is important in developing enduring relationships.

If companies want their customers to be truly loyal and their Customer Relationship Management to be effective, they should get back to basics: consumers will resist to switch to another service provider, if they obtain a fair return on their sacrifices and efforts (Mac Neil, 1978; Dwyer, Schurr & Oh, 1987; Bitner, Gwinner & Gremler, 1998).

However, the type of critical incident matters. The effects of trust and relationship commitment dimensions are moderated by the type of critical incident. Thus, managers should better:

- 1 Anticipate the critical incidents that are likely to occur (core service failures, inconvenience problems, competitors' offers, price increases, etc.);
- 2 Identify the customers who will be the more likely to switch to another service provider in such a situation (age, occupation, lifetime value);
- 3 and then develop specific "shock absorbers": reliability, benevolence, fairness, calculative commitment and/or affective commitment.

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Appendix 1. Consumers' Switching Resistance Rating Scales

| | Mean | Standard Deviation |
|--|-------------|--------------------|
| CSR - Attraction by competitors | 1,53 | ,90 |
| More productive competitor open-end investment trust | 1,75 | 1,036 |
| A more effective competitor banking investment | 1,45 | 1,042 |
| A more effective competitor investment or saving product | 1,45 | 1,038 |
| A better competitor property management | 1,45 | 1,014 |
| CSR - Employees' responses to service failures | 1,09 | ,84 |
| The bank personnel inflexibility face to my requests | 1,07 | ,961 |
| The bad willingness of banking employees in case of claim | 1,01 | ,942 |
| The kindness lack of the bank towards me | 1,12 | ,968 |
| The banking personnel refusal to favourably respond at my claim | 1,15 | ,952 |
| CSR - Pricing | 1,25 | ,80 |
| More competitive rates for everyday transactions (check-book, credit card) | 1,34 | 1,032 |
| High prices in comparison with those of competitors | 1,16 | ,964 |
| A disappointing services prices in comparison with my expectations | 1,4 | ,909 |
| A unjustified variation of practiced banking prices | 1,06 | ,916 |
| CSR - Core service failures | 1,51 | ,78 |
| The impoliteness of banking personnel towards me | 1,1 | 1,115 |
| Banking personnel lack of concern towards my requests | 0,88 | ,910 |
| The incompetence of banking personnel | 0,67 | ,963 |
| CSR - Service encounters failures | 0,89 | ,88 |
| Bank oversight to carry out a transaction | 1,57 | 1,021 |
| The slow response of the bank in case of credit request | 1,51 | ,933 |
| A bad management service of my account | 1,21 | ,955 |
| A mistake in banking services prices | 1,74 | 1,024 |
| CSR - Involuntary switching | 1,66 | 1,12 |
| Moving toward another country | 1,76 | 1,215 |
| The closure of my banking agency | 1,56 | 1,242 |
| CSR - Inconvenience | 2,46 | 1,02 |
| The agency opening of another bank nearer my workplace | 2,46 | 1,054 |
| The agency creation of another bank nearer my home | 2,45 | 1,070 |