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**Customer Switching Behaviour: An Exploratory Study of  
Predictive Factors in the UK Retail Banking Context**

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**Doctor of Philosophy  
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## **Abstract**

The main inquiry for this research is to identify the reasons that contribute to customer switching intention decisions. In addressing this enquiry, two theories - the theory of migration and theory of planned behaviour - were identified as the theoretical framework underpinning the study. Two main objectives of the study were (i) to identify the push-pull and mooring factors and (ii) to measure the relationship between the push-pull and mooring factors towards switching intention. The investigation focused on the impact of with push-pull-mooring factors on switching intention. Early research into switching behaviour studies focused largely on variables that contribute to the switching intention decision, mainly due to the critical incidents encountered by customers that push them from their origin or pull them to another destination or mooring factors that might inhibit or mitigate their switching decision. In view of this, a combination of push-pull and mooring variables were used to measure the switching intention behaviour. A multiple method approach was used to study the issues in two different stages. In the first stage qualitative data collection was used to support and confirm the identification of factors from the literature. For the main quantitative methods, using a hypothetical deductive testing approach, this study (N=2018) used survey data collected via a self-administered, voluntary online survey, to develop switching intention behaviour model. The results indicated that situational factors, positive attachments, perceived switching benefits, positive attitudes towards switching and positive beliefs of others towards switching emerged as consistent push factor while availability of alternatives emerged as the pull factors. Interestingly poor pricing, poor service incidents, positive ability to switch and switching barriers were not supported in this study indicating that there is no relationship between poor pricing, poor service incidents, positive ability to switch and switching barriers towards switching intention.

### **Declaration**

The author confirmed that the thesis has been composed by her and no portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

.....

(Hanim Misbah)

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# **Chapter 1**

## **Introduction**

### **1.1 Overview**

In the financial services sector, banks and customers often depend on each other. Losing customers to competitors simply means losing profits. Although the concept of bank switching and staying has received considerable attention in customer retention, continuance and marketing psychology literature in the previous research, it is rather scarce to find literature combining both switching, staying and the social psychological factors in a retail banking study. Using the push-pull-mooring theoretical framework, the theories of migration and planned behaviour have been credited with identification of the factors which lead to higher switching intention in the future. This introductory chapter of the thesis discusses the background of this research project including the research questions, objectives, scope, basic framework, contributions of the study and also provides a brief outline of the thesis.

The goals of this chapter are to:

1. Review the concept of competition in a UK retail banking environment from the different perspectives of consumers and the government on switching concepts (Section 1.2)
2. Discuss the research issues along with the background of the research and summary of the problem of research (Section 1.3 and Section 1.4)
3. Specify the research questions and objectives of the study (Section 1.5)

4. Propose a conceptual framework based on the preliminary review (Section 1.6)
5. Focus on the distinct areas covered and justifications of the study which are specified as scope and significance (Section 1.7 and Section 1.8)
6. Provide in brief the research design and analysis (Section 1.9)
7. Indicate the key areas of contribution to the literature and practice (Section 1.10)
8. Provide an outline of this thesis (Section 1.11)

## **1.2 Introduction**

In the year 2000, The Cruickshank report on competition in the UK (Fingleton, 2012) found that banks were making substantial excess profits from their personal and SME customers. The report identified a number of problems with the UK banking market, in particular that:

- The market was highly concentrated, especially for SME banking;
- There was a lack of information provided to personal customers and SMEs and customers perceived significant barriers to switching current accounts, and;
- The banks were effectively in control of the money transmission service, resulting in barriers to entry, poor service levels, high charges and a lack of innovation.

Following the Cruickshank report in 2000, a sector inquiry was conducted and saw a sharp rise in concentration levels between 2008 and 2009 where new entry became more difficult and challengers found it hard to expand their market shares (Fingleton, 2012) resulting in low switching. For that reason, the relevant authorities, for example competitive authorities, consumer bodies, regulators and the Government, are working together to introduce new competition in retail banking promoting dynamic competition.

In 2010, the Independent Commission on Banking (ICB) was set up to examine issues around the promoting of stability and competition in banking. In relation to the new competition in UK retail banking, Maxwell (2012) therefore suggested that the UK retail banks would be: (1) more customer focused, (2) customers would be sufficiently engaged with their banking services to drive competition, (3) competition between banks and from non-banks would be driving providers to operate more efficiently and to innovate, (4) consumers would have a broad choice of provider.

In the latest development, the Office of Fair Trading (OFT, 2013) findings stated that the personal current account in UK retail banking has become even more highly concentrated since 2008 where the four largest providers namely the Lloyds Banking Group, RBS, Barclays and HSBC now have around 75 percent of the market, and the financial crisis and recession have weakened the competitive constraint from the smaller providers. From the regulator's point of view, a highly concentrated market will mean less competition where switching is low and switching barriers are high. With the intention for customers to switch for a better deal, the Government is taking proactive steps to help drive competition in the market. Among the switching objectives by the Government as reported by the OFT (2013) are:

1. Increase levels of consumer awareness of the switching process

Consumers should be aware that they can switch personal current account (PCA's) and that they can find information on switching easily and readily when switching PCA providers. Consumers can either handle the change themselves or they can utilise the switching service of their new PCA provider.

2. Reduce problems encountered by consumers when switching

There should be a reduction in the number of problems encountered by consumers and those problems that are encountered should be resolved swiftly and satisfactorily. Consumers should not incur costs or inconvenience as a result of the mistakes or omissions of others.

### 3. Reduce the fear of the switching process

It was considered that the success of the first two objectives would contribute to this.

The 2008 market study found that nearly six percent of consumers surveyed had never heard of switching services offered by personal current account providers or if they had, knew nothing about them. Hence the Independent Commission on Banking (ICB) recommended the establishment of a current account redirection service in order to 'smooth the process of switching current account'. This system is intended to ensure that a consumer's PCA is switched within seven days and that any potential errors in the process are kept to a minimum OFT (2013). This could provide a more radical stimulus to competition in the UK retail market.

In relations to the competition in the UK market, survey research reveals twenty percent of bank customers are considering switching (Barber, 2013) and about sixty two percent of customers are not aware of the seven day 'new service switching' policy gazetted by the Government. Findings from the same study reported that underlying doubts about risks and hassle remain a barrier to customer switching (resulting in them to staying) while bad customer service experience, better fees and rates, current account needs are not met, better rewards and better offer were among the reasons cited by the respondents.

In the switching behaviour literature, the term switching is often assumed to indicate the migration decision perceived by customers from their current service provider to the provider they desire. The study on understanding the migration decision was based on the migration theory which explains the push-pull-mooring effects. Push factors, relates to negative factors that push migrants to migrate from their current location to a new destination. It could be any reasons related to negative aspects. Meanwhile pull factors, relate to positive attractions that are perceived at the destination. The migration decision is not simple and it is a long process and rather complex. It is not only about what pushes or pulls individuals but also what personal influences that might moderate or inhibit the decision. These are known as mooring factors.

In understanding the switching decision and applying the push-pull-mooring concepts, it is important to first understand the benefits of customer continuence. It was shown that longer lifetime customers have propotionally higher returns than shorter lifetime customers and it appears that a long customer life is sustained by a higher degree of purchasing across departments (Reinartz and Kumar, 2003). Similarly, in measuring customer profitability, it was proven that loyal customers are not only loyal in future periods but also reinforce and grow in firm profits (Kumar, 2000).

Therefore, a study on factors that push and pull customers seems imperative and has received considerable attention in switching behaviour literature. In the past, a list of critical incidents together with socio-psychographic factors that influence the switching intention (known as the individual, attitudinal, contextual and cultural factors that affect customers' switching intentions) were investigated in relation to events that led customers to end their relationship with their service provider. Due to the complexcity of the switching decision, the marketing discipline has emphasised the role of mooring factors that mediate or moderate the switching intention.

### **1.3 Background to the Research**

In competitive and intense markets, companies struggle to find new clients as well as retain their loyal customers in order to stay competitive and maintain their market share. Previous research has concluded that losing customers has an impact on the organization (Poel and Lariviere, 2004) and in return securing new customers costs 10 time higher than retaining existing customers.

Building long term relationships with customers has become a critical strategy for most financial organizations in today's competitive financial markets. The banking industry must develop profitable, long term relationships with its customers in order to survive in the competitive retail banking environment. Some studies reveal that bank profitability is closely associated with customer loyalty and retention (Nikbin et al., 2011) . There are many reasons why it is important to know the customer specific factors that lead to loyalty and retention, not only for companies but also for customers as it affects the way companies deal with their customers. For example,



customer satisfaction, service quality and value interact to influence image assessment and loyalty of customers, which have been shown to be useful insights for formulating competitive strategy (Nguyen and LeBlanc, 1998).

Switching behaviour is important from two perspectives. First 'switching from' a competitor bank to the focal bank and second 'switching to' the competitor bank from the focal bank. From the bank's perspective, 'switching to' means losing customers to competitors unlike 'switching from' which leads to a gain in customers. Obviously the latter scenario is preferred by bankers, but it does not occur without some degree of churn. A study in 2011 (Gibson, 2011) found that 8.7 percent of customers in 2011 indicated they switched from their primary banking institution in the past year to a new provider compared with 7.7 of percent customers who participated in the study the previous year. The report suggests that, the increasing switching rate indicates more consumers are coming into the market, providing more opportunities for banks to acquire new customers.

So banks must understand the behaviour of their customers if they are going to act upon their customers switching decisions. For example, if bank management can develop a thorough understanding of the factors impacting on bank customers' switching behaviour, they can effectively avoid the harmful consequences of consumer defection and enhance long-term relationships with their customers. Moreover, understanding the determinants of a behaviour is an essential first step in the development of successful educational interventions to change that behaviour (Fishbein and Middlestadt, 1987).

Recently, researchers have begun to investigate switching behaviour in UK retail banking services studies (Barber, 2013) including bank switching in the personal current account market (OFT, 2013) and review of barriers to entry and exit (OFT, 2010). The last three studies are interrelated in examining banks' performance in the UK banking sector, the switching pattern among the personal current account holders and the barriers faced by the customers in UK. However, to the author's knowledge no study has particularly looked at both staying or switching in relation to switching decisions. Moreover, "socio-psychological" factors derived from the Theory of Planed Behaviour, such as attitudes, belief of others and the ability to switch, are

included on the premise that people behave in the way that they intend to do. Hence understanding the factors influencing behavioural intention with regards to switching banks is the rationale for inclusion of these dimensions as predictors of switching behaviour. In addition, socio-psychological factors measuring attitudes towards switching have not been examined in relation to retail bank switching behaviour in the UK in previous studies. Previous research has studied customers' bank staying, switching and socio-psychological aspects but in isolation.

Previous research on staying behaviour has focused on factors affecting customers' attachment to the bank, and barriers that deter or prevent customers from switching. Meanwhile studies of switching decisions or changing service providers have mainly looked into the critical incidents or reasons that contribute towards a decision to leave. While switching factors and positive socio-psychological variables tend to be related to switching behaviour, staying variables are negatively associated with switching intention. Hence, staying and switching can be two sides of the same coin where the variables that lead to positive outcomes (such as retention and loyalty) may be asymmetrical to those that lead to negative outcomes (Keaveney, 1995, Bansal and Taylor, 1999). This strengthens the need to include both switching and staying determinants in the same study along with socio-psychological factors that influence switching / staying behaviour using the push-pull-mooring framework.

#### **1.4 Research Problems**

The migration theory (Lee, 1966) has acknowledged the push and pull factors in geographical migration studies. It recognizes the push factors as negative elements that push a population from the origin, whereby pull factors are positive elements that pull populations to the destination. In applying migration theory, push (poor pricing, poor service incidents, situational factors, positive attachments and socio-psychological factor) pull factor (availability of alternatives) and switching barriers as inertia (mooring) are incorporated to the study.

Since push-pull and mooring factors are interrelated, switching behaviour in the banking industries has not drawn on a unified framework of switching behaviour but combining switching decisions based on critical incidents that push customers away,

positive attachments to the service provider and socio-psychological reasons. Consequently, understanding the push-pull-mooring factors towards switching intentions would seem important from both an academic and practical perspective, especially in bank-customer relationship management.

Based on the research background discussed in Section 1.3, the problem of understanding customer push-pull-mooring factors need to be sought and set forth in the specific context of the customer switching behaviour study. Accordingly, pertinent predictors of push-pull, mooring and their impact towards switching intention could be investigated as part of a more coherent and comprehensive understanding of customer switching behaviour study. The next section addresses the research questions and fundamental objectives of this research.

### **1.5 Research Question and Objective**

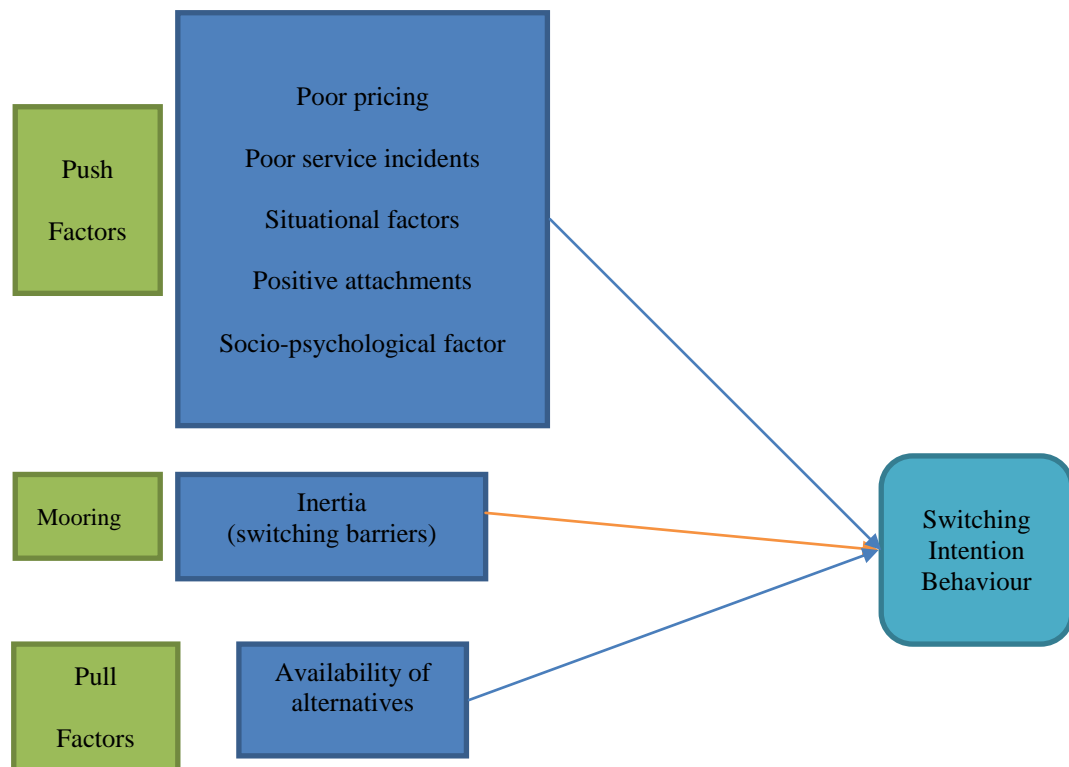
Given the background of the study and overview of the research problem, there seems to be a need and opportunity to understand the bank-customer relationship within the UK retail banking sector and its driving forces to continue or terminate the relationship. Hence, the central research questions to be addressed in this proposed study are:

1. What are the push, pull and mooring factors according to customers patronizing UK retail banks?
2. What is the relationship between push, pull and mooring factors that influence the UK retail bank customers switching intention?

### **1.6 Proposed Conceptual Framework**

The earlier discussion provides an indication of the emerging predictors of customer switching intention. Switching intention can be understood from three angles: push-pull-mooring where the variables discussed not only have a direct influence on switching intention behaviour but also may explain the indirect influence of mooring variables onto the push and pull factors. Accordingly, the Proposed Conceptual Framework in Figure 1 depicts a proposed relationship that forms the basis for the conceptual framework of the thesis.

The extensive review of the relevant conceptual and theoretical literature (outlined fully in Chapter 2) suggested the need to develop a push-pull-mooring framework in understanding the factors that predict future switching. Consequently, the above proposed fundamental framework helps to develop service switching models which is proposed in Chapter 2. The next section explores the scope of the study.



**Figure 1 Proposed Conceptual Framework**

### **1.7 Scope of the Study**

The proposed investigation combines two basic theoretical considerations (discussed in Chapter 2) providing better conceptualisation of bank-customer relationship in the UK retail banking sector. Such an approach is proposed to cover the following:

- The concept of push-pull and mooring is consolidated primarily from different broad views into a specific reason for staying.

- Theoretical arguments, such as the theory of migration, provided the basis as well as a solid foundation towards extending the switching behaviour study such as understanding pull and push factor as reasons for switching.
- While theory of planned behaviour has received considerable attention not only in psychological studies but also in other fields of investigation, this study focuses on the socio-psychological factors that relate to customer switching and retail banks.
- The proposed conceptual switching intention model and the switching behaviour model is tested to verify the predictor variables in the model and their relative explanatory power. Further, the study incorporates conceptual insight based on qualitative data.

### **1.8 Significance of the Study**

The study is significant in a number of ways. This section discusses the significance of the study from the theoretical and practical perspectives.

First, merging streams of research with theoretical developments from migration theory (Lee, 1966) and the theory of planned behaviour (Ajzen, 1991) have been explored to a great extent in switching intention studies. However, the author is not aware of any study that has so far explored any of the above theories to examine the staying, switching and socio-psychological factors holistically in any UK retail banking context. Though most of the factors considered in the relevant studies which explain switching behaviour seem meaningful, such literature appears to have focused to either staying, switching or socio-psychological studies in isolation. This has possibly overlooked potential variables that can be derived from the above theoretical basis. Moreover, potential variables can also be inferred from previous conceptual and empirical literature that deserve investigation in understanding switching in the context of the bank-customer relationship.

From a practical perspective, understanding the predictors of staying and switching is an advantage to practitioners as the bank-customer relationship has proven to be an important aspect in customer retention (Kassim and Souiden, 2007, Cohen et al.,

2007, Chea and Luo, 2006). Therefore, understanding staying is equally important to understanding switching in successful long-term bank-customer relationships.

### **1.9 Research Methods and Analyses**

In order to effectively conduct the proposed research investigation and test the research framework, both qualitative and quantitative data collection approaches have been used as discussed in Chapter 3. In brief, qualitative data collection methods were used to ensure the data collection in stage II is comprehensive. Ten in-depth interviews were conducted. The qualitative findings confirmed the variables identified from the past literature as valid reasons for switching in the banking context.

For quantitative testing of the model, 2892 responses were collected from 10,000 emailed surveys using a self-completion, voluntary online survey for individuals residing in the UK. After elimination of cases with missing data and outlier cases, 2018 cases were used in the final analysis. Initially, Principal Component Analysis (PCA) was conducted to assess the dimensionality of push-pull and mooring staying dimensions resulting in 8 factors representing push, and 1 factor representing pull and 1 factor representing mooring. The results of a modified proposed model are discussed in Chapter 5.

### **1.10 Major Areas of Contributions**

The study contributes in a number of ways to the body of knowledge of the field. The major areas of contribution are:

- From the theoretical perspective, the study examines two basic theories to gain better understanding of factors that push customers away from their current service provider and factors that pull customers to the new destination that is towards their new retail bank, and mooring factors that either moderate or inhibit the switching intention, thereby contributing to an understanding of the nature of generalizability of theories by extending the theories into retail bank switching.

- The conceptual framework proposed in the theoretical model is validated with explanatory statistical methods and achieved acceptable good fit to the data. Therefore the study contributes to the literature by validating most of the explanatory variables in the comprehensive model. Simultaneously, qualitative information provides support for the switching behaviour literature from past studies.
- It is hoped that the findings of this piece of research would contribute to knowledge of the banker or policy makers in the form of understanding the importance of customer switching behaviour in UK retail banking. Even so in this respect the outcome of the study cannot be considered as authoritative, but rather as adding to understanding the importance of customer perceptions in their decision making due to the behaviour of customers.

### 1.11 Thesis Outline

The study proceeds by outlining the broad view of push-pull-mooring factors that leads to the focus of the research issues. This problem identification follows a conceptual framework with support from the theory and literature that is tested empirically. The overall outline as well as an organizational pattern of this thesis is discussed in this section. The thesis comprises five remaining chapters and each of the chapters is introduced as follows

Chapter 2 : **Literature review** focuses on key concepts and theories in support of understanding switching intention behaviours. The chapter specifically focuses on Migration Theory and the Theory of Planned Behaviour. It provides a review of key factors identified from previous studies. The chapter also presents the conceptual framework and hypothesised relationships to explore push-pull-mooring factors. The chapter further proposes a switching intention model to evaluate the influence of the push-pull-mooring factors towards switching intention.

Chapter 3 : **Research Methodology** covers all the relevant issues of the qualitative and quantitative data collection methods and research approaches that were followed in this study. This chapter includes the rationale for the research approaches for this study, research design and research phases involved in this study.

Chapter 4 : **Assessing the Dimensionality of Push-Pull-Mooring** factors focuses on assessing the dimensionality of push-pull-mooring for further analysis. Principal component analysis was conducted to identify push-pull-mooring dimensions and to ascertain the effect of push-pull-mooring factors on switching intention. Poor pricing, poor service incidents, positive attachments, situational factors, socio-psychological factors and perceived switching benefits were identified as the push factors while availability of alternatives as pull factors and switching barriers as inertia is the mooring factor. Construct validity and reliability for each push-pull-mooring dimension have also been reported in this chapter.

Chapter 5 : comprises two major sections which are **qualitative data collection method-preliminary research and quantitative – main research**. Findings from the qualitative data collection method –preliminary research indicated that all factors mentioned by the respondents were in line with literature in the past, so this confirms that all proposed variables are suitable for inclusion and there were no additional new elements for consideration. Finally, the switching intention model is examined and compared with the data and theory. The findings of both are discussed alongside results for hypothesis testing.

Chapter 6 : provides the **discussions and implications of the study**. To consolidate the answer of the research questions and objectives, this chapter synthesises the overall findings and provides the research implications for researchers and practitioners. Detailed contribution to theory, management and methodological implications are also discussed. As directed by the present research findings and background, several future research directions are suggested. Finally the limitations of this research are addressed.

In essence, this chapter of the study has provided the background and overview of this thesis. The background information explicitly specifies the research gap in the literature. The research problems, research questions and objectives and justification of the study clearly signify the importance of this research. This chapter also provides an outline of the investigation including the research framework, methodological approach and areas of contribution. Given the framework of this thesis, the following chapter contains a comprehensive discussion of the relevant



theories which emerged from a detailed review of the literature focusing on specific switching behaviour perspectives.

## **Chapter 2**

### **Literature Review**

#### **2.1 Introduction**

This chapter outlines the foundation for discussing the constructs used in this thesis. It begins by discussing the theoretical background underpinning the switching behavioural concepts (see Section 2.2). The chapter then reviews the theories used in extant literature to demonstrate the development of constructs specific to this thesis (see Section 2.2.1 to Section 2.2.5). In order to provide a better understanding of the proposed theoretical model, it is necessary to critically study the factors that influence customers' switching intention (see Section 2.4). This chapter ends with a description of the proposed theoretical framework developed in this thesis.

#### **2.2 Theoretical Background**

Theories and empirical tests are equally important as each one has a different purpose in this inquiry. An understanding of theory is necessary for an understanding of the model (Weick, 1989).

“ Theories are for working and doing as well as reflection-theories are not only the preserve of academics. Theorizing expresses the meaning and significance of social phenomena, it negotiates peoples' everyday experiences and it generates expectations about the social world. Theory and data are interdependent in social science. The meaning of data cannot be accessed without theory and theories cannot be validated or discounted in any straightforward way through “data” (Llewelyn, 2003).

In this subsection, Theory of Migration, Push-Pull Migration model, and Theory of Planned Behaviour and related constructs are discussed. The model developed in

this work draws from the consumer behaviour and social psychology literatures. Before discussing the key switching behaviour constructs, migration theory (see Subsection 2.2.1), theory of planned behaviour (see Subsection 2.2.4) and the service switching model (see Subsection 2.2.3) are explored to establish their contribution to the knowledge of switching behaviour.

### **2.2.1 Migration theory**

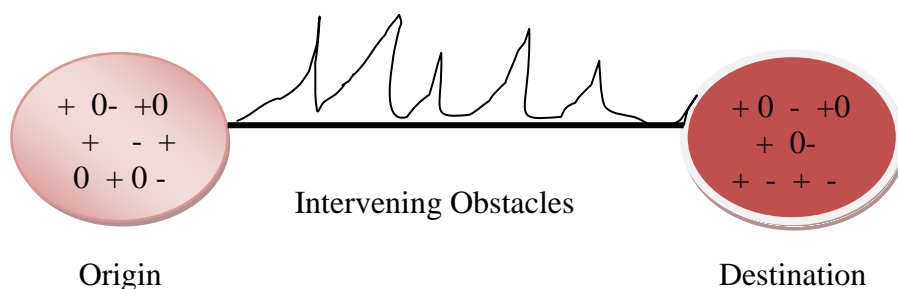
Theory of migration originated in the field of human geography, specifically human demographic migration involving migration among populations in one geographic area. It has been applied in various fields of research including for example the migration of animals during winter (Kaitala et al., 1993), the cyber migration in social networking sites (Zengyan et al., 2009) and also the mobility of health care professionals (Ruggunan and Singh, 2013). This theory has also been applied in understanding banking services. In explaining migration, Lee (1966) defined migration as a permanent or semi permanent change of residence and factors which enter into the decision to migrate and the process of migration. Originally, human migration involves factors associated with origin, destination, intervening obstacles and personal factors. This means that people consider migrating for many reasons for example because of attractions alluring them to the destination, or because of dissatisfaction with the current place (origin) and their decision may also be different among individuals. Lee (1966) summarized the four factors associated with migration as follows:

1. Factors associated with the area of origin.
2. Factors associated with the area of destination.
3. Intervening obstacles.
4. Personal factors.

In applying the Migration Theory, (see Figure 2) factors associated with both the origin and the destination can be positive (+), negative (-) or neutral (0). A positive symbol reflects a positive value associated with the area while a negative symbol represents a negative value associated with the domain. The neutral (0) symbol represents feelings of indifference or neutrality towards the particular field. In the

context of banking, for example, bank location near to place of residence may be seen as a positive factor for some bank users (particularly those who are not disposed towards using internet banking), yet many internet bank customers may be indifferent to bank location. Poor service may be perceived as a negative factor. Clearly the set of positives and negatives at both the origin and the destination is differently defined for every customer who either switches or is likely to switch.

While switching decisions may result from a set of consideration of negative and positive factors, sometimes there are intervening obstacles that either mediate or moderate individuals' decisions. According to this theory, between the origin and destination there are a set of intervening obstacles which may be slight in some instances and insurmountable in others; the decision to migrate is affected by many personal factors which affect individual thresholds and facilitate or inhibit migration (Lee, 1966). For example, the online banking customer who is indifferent to the bank location and the non-online banking customer who perceives bank location as a positive value might act differently in a switching decision based on their personal factors. In banking services, attitudinal factors are considered as intervening obstacles; for example if the customer has a high tendency to switch banks, they may or may not engage in the switching activity.



Source: (Bogue, 1969, Lee, 1966)

**Figure 2** Origin and Destination Factors and Intervening Obstacles on Migration: the “Push-Pull Obstacles” model

Molho (1986), in reviewing migration theory, outlines underlying themes of migration analysis which are seen to be of central significance:

1. The notion of optimality in the individual's decision making, and if individuals' decisions are not optimal the extent to which this is due to lack of information. It is acknowledged in the area of financial services that there are information asymmetries and consumers do not have access to perfect information (Ennew and Waite, 2013) and it impacts on the consumer decision making process.
2. The distinction between "speculative migration" undertaken in the hope of finding a suitable opportunity, and "contracted migration" undertaken after having already secured such an opportunity at the point of destination.
3. The treatment of space as affecting migration decisions in terms of geographical distribution of opportunities, distance costs related to movement and transportation, and spatial elements inherent to the search process necessary for the acquisition of information.
4. The relationship between firstly demand-side processes affecting the number and type of opportunities for movement and the choice set faced by individuals; and secondly the supply-side process as regards individual decisions made in the face of such demand conditions and reflecting individual preferences and sets of constraints; and the interaction between these demand and supply side processes.
5. The underlying motivation for moving, the interaction between workplace and residence place decisions, heterogeneity in migration streams, the modelling of labour market and housing market related moves and the interaction between the two.
6. The temporal dimension in terms of the time spans involved in migration decision making and inaction, lags related to expectations formation and adjustment costs, the relationship between previous and current migration decision and the influence of changes in the national economic climate on individual migration decision and overall levels of mobility.

7. The question of aggregation in terms of relationship between models of individual behaviour and the analysis of aggregate patterns of movement.

Molho (1986) concluded that migration analysis is an important but complex area and the multidisciplinary nature of the field has produced a diversity of theoretical approaches which have tended to develop historically more or less in isolation from one another with little exchange of reference including human capital and utility theory.

Indeed, according to the statement of Lee (1966), no restriction is placed upon the distance of the move or the voluntary or involuntary nature of the act, and no distinction is made between external and internal migration. The movement may be between various service providers within one service organization, such as switching from one branch to another at the same service operator or switching to different operators. Further discussion on Migration theory and how the theory developed related to migration from one service provider to another particularly in retail banking services applied in this study using the Push-pull-mooring model is discussed next.

### **2.2.2 The Push-Pull-Mooring migration model**

Push-pull models dominated much migration thinking during the mid-twentieth century, until the 1960s if not later, and reflect the neoclassical economics paradigm based on principles of utility maximization, rational choice, price differential between regions and countries and labour mobility (King, 2012). Based on the accumulative laws, the Push-Pull-Mooring (PPM) framework is regarded as a dominant paradigm in migration literature (Zengyan et al., 2009). In this framework, push, pull and mooring are factors that affect the migrant's decision to move from one area to another.

This push-pull model can be used to analyse most types of migration behaviour, and it offers a solid theoretical framework to explain population migration (Hou et al., 2011). However, due to the complex nature of migration decisions, push and pull factors alone are not sufficient for explaining the phenomenon (Boyle et al., 1998).

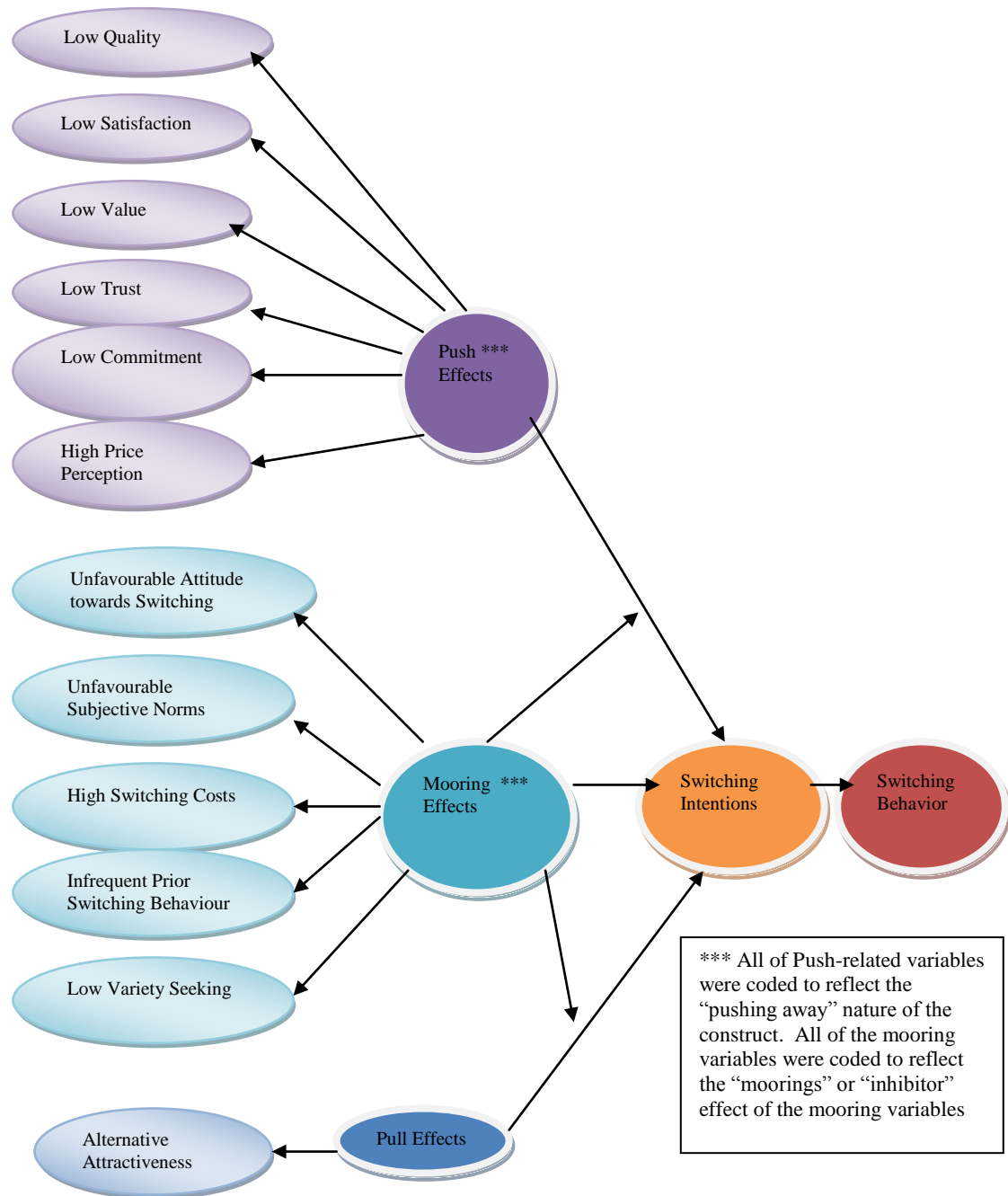
Intervening obstacles or variables are also suggested (Lee, 1966). In this regards, the notion of mooring in introduced and incorporated into the framework (Moon, 1995).

In this push-pull-mooring framework, push effects are defined as the negative factors driving away customers from the original position, while pull factors are positive factors attracting people to the destination (Moon, 1995, Lee, 1966). Mooring effects are the intervening variables which facilitate or inhibit migration and can be personal, social and situational variables (Bansal et al., 2005). These variables are associated with the migration decision, which can either hamper or facilitate the decision.

The pull-push mooring framework provides a clear structure for researchers to understand the migration behaviour with respect to three dimensions (Zhang et al., 2012). The analogy between human migration and consumer service switching has been recognized by some researchers. For instance, Bansal et al. (2005) identified twelve factors for service switching and classified them according to push-pull-mooring framework.

In Bansal et al's (2005) research, quality, satisfaction, value, trust, commitment and price perceptions were identified as the push effects. Negative statements were designed to imply factors that push customers away from the origin (or the customer's current bank). Attractive alternatives represented the pull factors which are considered positive factors that attract customers to move from the origin to the destination. Mooring variables consist of subjective norms, attitude, switching costs, infrequent switching behaviour and variety seeking that either moderate or mediate the push and pull factors.

The research found that service switching is influenced less by customer evaluations of service provider characteristics and service experience than by attractive alternatives as well as personal and social factors. All factors were found to be significant to switching intention.



Source: (Bansal et al., 2005)

**Figure 3 The PPM Migration Model of Service Switching**

In a similar vein, Zhang et al. (2012) applied the framework and further investigated online service switching behaviour, while Hsieh et al. (2012) relied on the framework to understand switching behaviour for online substitutes. In the most recent development on adopting the push-pull-mooring framework, Xu et al. (2014) looked into cyber migration and virtual world migration (Hou et al., 2011, Chang et



al., 2014). Using the theory of migration model as their theoretical foundation model, the researchers has developed the PPM Migration Model of Service Switching. This PPM model provides a useful framework to unify the predictor variables (see Table 1) to see the summary of push-pull-mooring variables previously used.

**Table 1 Selected Research Applying Push-Pull-Mooring Factors in Switching Behaviour Study**

Author	Push	Pull	Mooring
Bansal et al. (2005)	<ul style="list-style-type: none"> <li>• Low quality</li> <li>• Low satisfaction</li> <li>• Low value</li> <li>• Low trust</li> <li>• Low commitment</li> <li>• High price perception</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Unfavourable attitude towards switching</li> <li>• Unfavourable subjective norms</li> <li>• High switching costs</li> <li>• Infrequent prior switching</li> <li>• Low Variety seeking</li> </ul>
Hou et al. (2011)	<ul style="list-style-type: none"> <li>• Low enjoyment</li> <li>• Low service satisfaction</li> <li>• Perception of insufficient participants</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Low switching costs</li> <li>• Weak social relationship</li> <li>• High Need for variety</li> <li>• Successful past switching experience</li> </ul>
Hsieh et al. (2012)	<ul style="list-style-type: none"> <li>• Weak Connection</li> <li>• Writing Anxiety</li> </ul>	<ul style="list-style-type: none"> <li>• Enjoyment</li> <li>• Relative Usefulness</li> <li>• Relative ease of use</li> </ul>	<ul style="list-style-type: none"> <li>• Switching cost</li> <li>• Past experience</li> </ul>
Zhang et al. (2012)	<ul style="list-style-type: none"> <li>• Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Attractive alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• Sunk Costs</li> </ul>
Chang et al. (2014)	<ul style="list-style-type: none"> <li>• Regret</li> <li>• Dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Switching costs</li> </ul>
Xu et al. (2014)	<ul style="list-style-type: none"> <li>• Dissatisfaction-technical quality</li> <li>• Dissatisfaction-information quality</li> <li>• Dissatisfaction-socialization support</li> <li>• Dissatisfaction-member policy</li> </ul>	<ul style="list-style-type: none"> <li>• Alternative attraction</li> </ul>	<ul style="list-style-type: none"> <li>• Switching cost</li> <li>• Continuity cost</li> </ul>

In applying the migration theory to the switching behaviour context, researchers have further developed constructs, dimensions or factors associated with the push-pull-

mooring effects outlined by Lee (1966). This is discussed further in subsection 2.4.1. However, to understand more about the Push-pull- mooring framework, the next subsection will elaborate service switching specifically about factors contributing to switching service providers and the models used in the previous research. The subsection will also discuss the dimensions or constructs developed by other researchers that are widely used in the switching context.

### **2.2.3 Service Switching**

Customer switching is one of the central concepts in relationship marketing field, and it refers to the consumers' migrating between service providers or firms. According to Keaveney and Parthasarathy (2001) the concern of customer service switching is different from customer discontinuance. Customers' discontinuance suggests that customer stop using the service while the former indicates that the customers continue to use the service but switch to another service provider.

Customer switching has also been defined as customer exit (Poel and Lariviere, 2004, Khan et al., 2010). Previous research identifies a range of factors contributing to the customer's decision to stop purchasing particular services or patronizing service firms (Barone and Quaranta, 2008, Gerrard and Cunningham, 2004b, Clemes et al., 2010). Discussion on models that have sought to depict switching behaviours in services indicate that although defection often involves dissatisfaction in receiving the services, dissolution happened gradually (Roos, 1999). Gradual dissolution occurs along a switching process between when customers encounter a few critical incidents in their switching history (Roos, 1999, Roos et al., 2004). The critical incidents as encountered during the switching process are similar to the critical incident factors recognised as switching reasons by Keaveney (1995).

Using a two stage exploratory study, Naumann et al. (2010), adopted the Push-Pull-Mooring (PPM) model and discovered that a key motive for customers to switch was because of alternative prices offered by other vendors. The PPM model provided a unifying framework in integrating factors that prompted switching or migration between banks and their study is based on service switching categories that was proposed by Keaveney (1995).

In applying the migration theory into the bank switching context, a study on customer service switching provides some insight into the actual reasons for switching in services. (Keaveney, 1995) was among the first researchers who studied service switching. The study employed the grounded theory approach that allows patterns to emerge from the data in contrast to the hypothetical-deductive approach in which a primary theory is superimposed on the data.

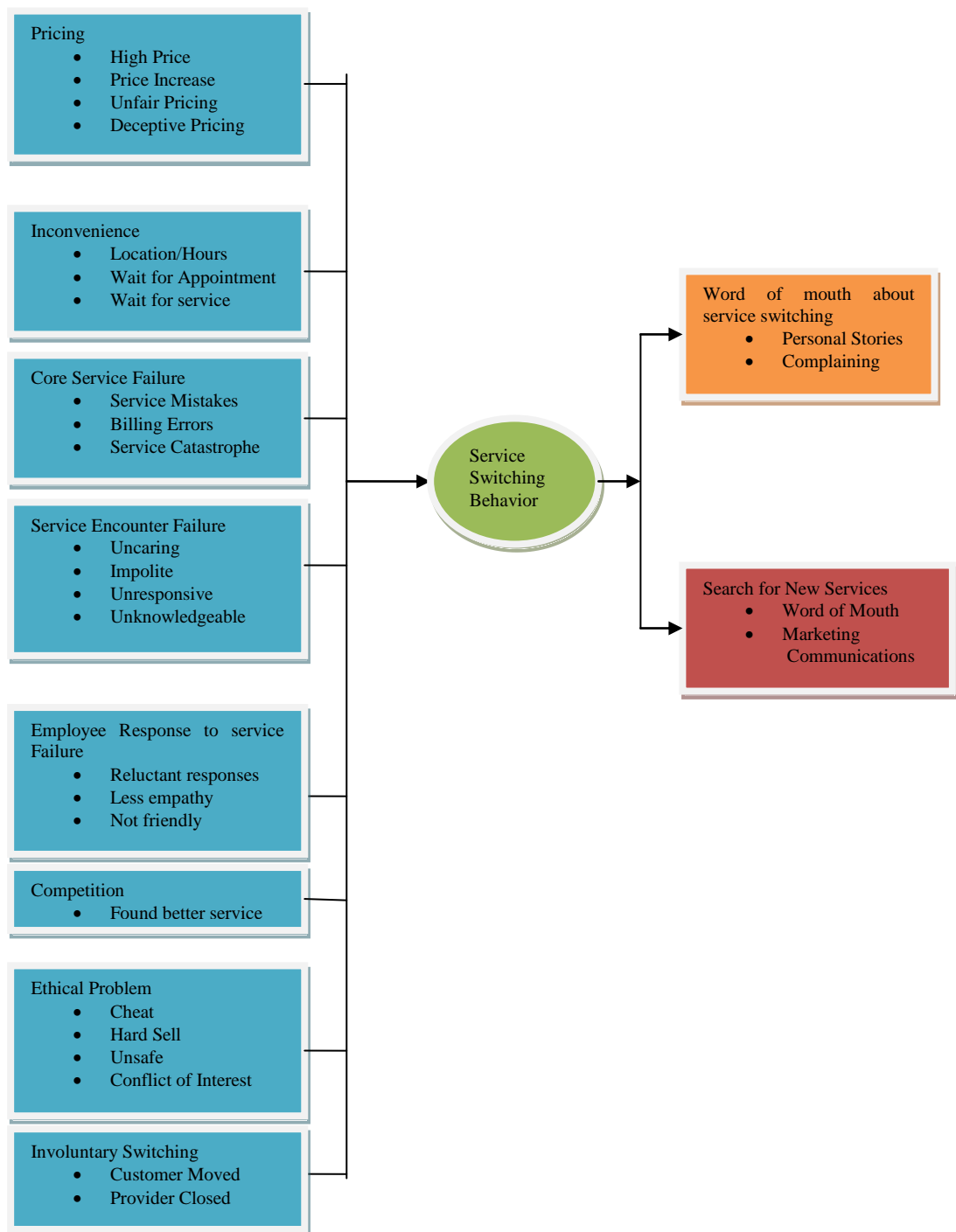
Keaveney's (1995) exploratory research explores three main questions: what are the determinants of the customers' decision to switch service providers? What incidents lead to the switching, and what roles do service encounters and technical service quality play relative to other parts of the service firm? Using the Critical Incident Technique (CIT), customers were asked about what the incidents are that lead them to switch service providers. Keaveney (1995) collected data on actual incidents that caused customers to switch service providers. The incidents were then analysed to reveal broader patterns using grounded theory.

Based on a total of 526 responses, Keaveney (1995) developed a model of customer switching behaviour in services industries with eight service switching categories. The categories of pricing, inconvenience, core service failure, service employee failure, response to service failure, competition, ethical factors and involuntary switching are outlined in Figure 4 Model of Customers' Service Switching Model. Various researchers have adopted Keaveney's model either in part or whole. For example, (N'Goala, 2007) adopted the framework in his research on why or why not customers resist switching when critical incidents occurs in the context of the France financial services industry. In the research, factors were regrouped using factor analysis into seven factors predicting switching namely: attraction, employee response to service failure, pricing, core service failure, service encounter failure and involuntary switching.

Lees et al. (2007) use Keaveney's service switching categories in understanding the reasons why a customer switches in the banking industry. The authors use the repertoire market typology to group the reasons into relevant categories which are utility maximization (UM), expectation disconfirmation (ED) and stochastic (S). Utility maximization (consisting of pricing and competition) presumes that

consumers are consistently searching for a better utility and when they succeed they will switch brands (for example if another financial service provider is offering lower fees and charges than their current service provider then a switch may take place. Expectation disconfirmation (represented by core service failure, failed service encounter and response to failed service), has been proffered as a substantial cause of brand switching. Consumers evaluate consumption experiences and make satisfaction decisions by comparing perceived performance with some consumption standard (for example if the levels of service provided by their bank branch do not meet their expectations than a brand switch may take place). Lastly for Stochastic reasons, (represented by involuntary switching, ethical problems, inconvenience and other reasons) occur 'as-if-by-random' and are beyond the control of the service provider.

Adopting Keaveney's model, research by Grace and O'Cass (2001) in a study on consumers' and providers' perceptions of child care services identified a number of practical implications for child care managers grouped into four categories: service delivery, recovery, staffing, consumer segmentation and marketing.



Source: (Keaveney, 1995)

**Figure 4 Model of Customers' Service Switching Behaviour**

The early studies on customer switching focused on understanding critical incidents that prompted customers to switch. This was pioneered by Keaveney (1995) followed by Bansal and Taylor (1999) and the most recent study is on discovering motives for customer switching (Naumann et al. 2010). Later, Bansal and Taylor (1999) started to incorporate the TPB construct which includes the attitudinal, factors and determinants. In a later development, Colgate and Lang (2001) started to investigate switching barriers which looked at reasons that inhibit the switching decision. While Patterson and Smith (2003) studied the propensity to stay in the travel, medical and hairdressing sectors, Bansal et al. (2004) looked into switching focused on customer commitment in the auto repair industry and studies on switching continued to be conducted in isolation (White Yanamandram 2004; Panther and Farquhar 2004; Gerrard and Cunningham 2004). Bansal, Taylor et al (2005) started to combine constructs from both staying and switching in one model called the push-pull framework that suggests negative factors that push individuals away from the origin and positive factors that pull people towards the destination. However, the study was conducted in the hair stylist industry, thus there is a lack of research combining both staying and switching factors in one study in an attempt to understand the comprehensive factors contributing to switching.

In summary, it is evident that the PPM model represents a useful and adequate tool for clarifying a person's switching intentions. It is also argued that migrants' attitudes toward migration influence the migration decision where a person holding a favourable attitude migrating will be more likely to migrate (Bansal et al., 2005) . Bansal et al. (2005) also included subjective norms as factors that facilitate migration decisions arguing for subjective norms as referring to a person's perception of social pressure placed on him or her to engage in a certain behaviour. Because, a person's migration intention is complex, consisting of not only of dissatisfactory reasons but also behavioural, it is therefore important to discuss the theory underlying this behavioural intention, therefore the theory of planned behaviour is discussed next.

#### **2.2.4 Theory of Planned Behaviour**

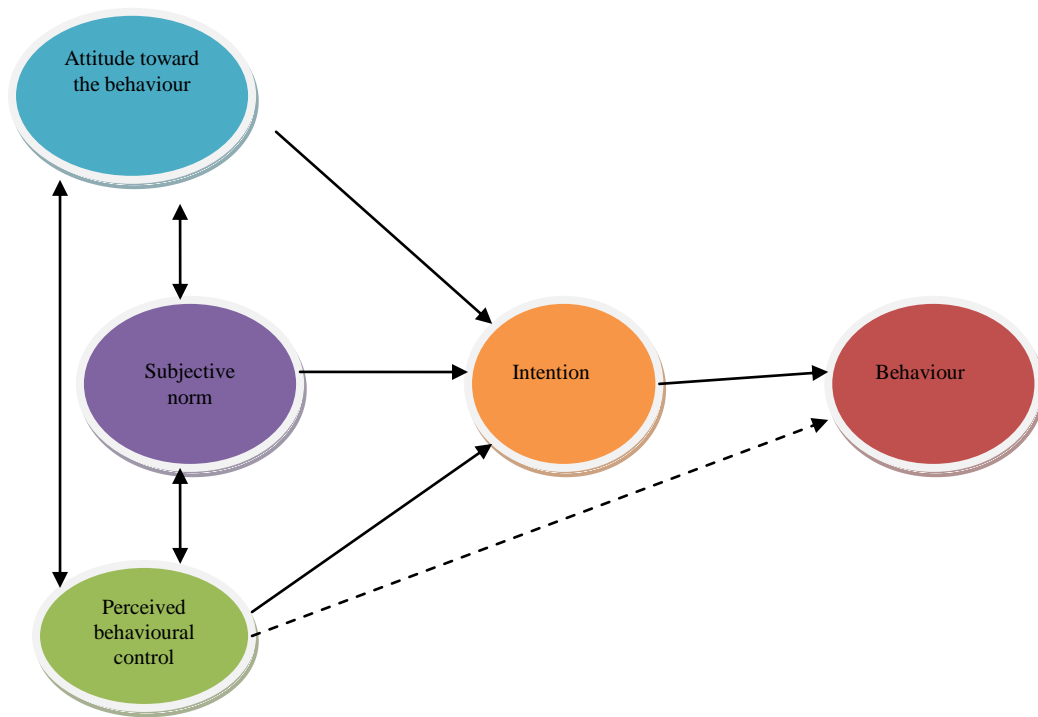
To further understand the underlying reasons of behavioural intention, the theory of planned behaviour (TPB) extends the understanding of the consumer decision

making process by considering how the concepts of attitude, perceived behavioural control, subjective norms and intention influence specific behaviours (Ajzen, 1991). TPB provides a framework to examine the influence of attitudes on behaviours. For example, if an individual believes that the outcome of the behaviour is positive, she / he will possess a positive attitude toward performing it. In applying TPB in this field, if a customer believes that the final result of the switching action is positive, she / he will have a positive attitude towards switching. The central factor in the TPB model is the individual's intention to perform a given behaviour (Ajzen, 1991). (See Figure 5).

The theory of planned behaviour is an extension of the theory of reasoned action, suggested by Fishbein & Ajzen (1980) cited in (Ajzen, 1991). The theory of reasoned action states that the immediate antecedent of behaviour is the behavioural intention to perform the behaviour. The intention to perform the specific behaviour is affected by the belief that performing the specific behaviour will lead to a certain outcome (Madden, 1992). The beliefs are affected by the attitude towards the behaviour and subjective norms. While attitude is considered as a function of the sum of the perceived values of expected outcomes of the behaviour; subjective norms (SN) are a function of the sum of perceived social pressures or beliefs of others and perceived behavioural control (PBC) represents the collective effects of individuals' perceptions of both internal and external enabling factors (time, money, knowledge etc.) that determine the ability to actually perform the behaviour.

According to Ajzen (1991), the attitude towards the behaviour concerns the degree to which an individual possess a generally favourable or unfavourable evaluation of the specific behaviour in question. Beliefs about a specific behaviour are formed by associating them with certain attributes that are either positive or negative values. The consequence of this assessment will be the formation of an attitude towards the behaviour. Subjective norms relate to whether or not an individual is under strong social pressure. If the societal pressure is strong the individual may need approval from important social peers to perform the given behaviour, for example family and friends. Lastly, perceived behavioural control refers to whether an individual perceives it as easy or difficult to execute the specific behaviour for example,

whether the individual perceives they have sufficient control to perform the behaviour. Additionally, perceived behavioural control relates to having confidence in performing the specific behaviour successfully; if the individual believes he / she is unable to perform the behaviour, perceived behavioural control will be low. All three factors are positively related to behavioural intentions, whereas the intention is positively related to performing the specific behaviour.



Source: (Ajzen, 1991)

**Figure 5 Theory of planned Behaviour**

While a model of behavioural intention can be valuable under some circumstances, the results of a study by Baumann et al. (2005) indicated that intentions are poorly correlated with actual behaviour. In the interim, investigation from a customer satisfaction and loyalty study by Keiningham et al. (2007) found that recommended intention does provide insight into customer future recommended behaviour.

### **2.2.5 Concept of Loyalty**

Loyalty appears to be a key in strategy for most firms because businesses understand the profit impact of having a loyal customer base (Oliver, 1999). A study conducted by Bain & Co. cited that increasing customer retention rates by 5 percent increases



profits by 25 to 95 percent (Falletta, 2014). Loyal customers are more likely to be retained.

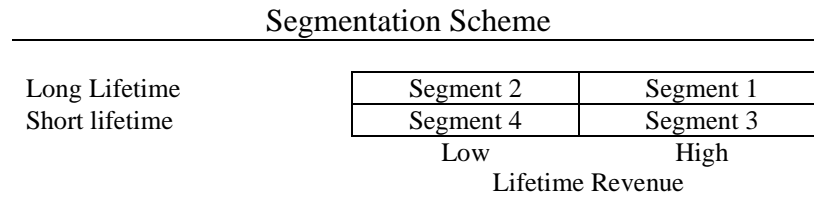
Customer loyalty has been widely researched and received many definition and interpretations. The most comprehensive definition of customer loyalty defined by Oliver (1999) refers to a deeply held commitment to rebuy or repatronize a preferred product / service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.

The development of loyalty has become an important focus for marketing strategy due to benefits associated with retaining existing customers. Customer loyalty is complex, comprising many decisions and its conceptualisation has been dominated by the behavioural and attitudinal approaches; where behavioural definitions are based on aspects of repeat purchases, frequency of purchase and amount of brand switching, and attitudinal approach which incorporate consumer attitudes, preferences and disposition towards brands and allows greater insights into loyal behaviour (Lewis and Soureli, 2006). The distinction between customer loyalty and customer retention is an important one-the former can be seen as an attitudinal construct, the latter as primarily a behavioural construct (Ennew and Binks, 1996).

Loyalty in financial services has been viewed in relation to the length of time a customer has been with a provider, the number of services used and frequency of service use including long-term intentional repurchase of services, high degree of customer preference, customers' recommendations and advocacy, customers' price indifference, low likelihood of switching and high potential of increasing volume of product use. Research in the past suggests that loyalty prevents "exit" limiting bank mobility. (Berg, 2008) and is positively associated with customer retention.

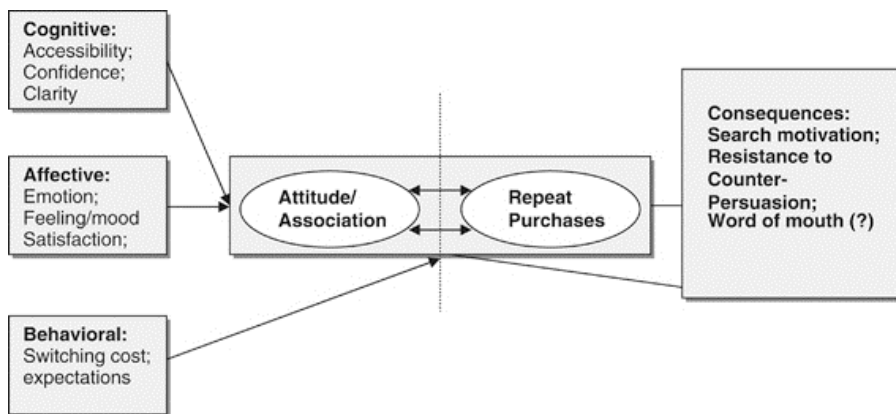
However, lifetime duration alone does not explain overall lifetime profitability well (Kumar, 2000) and lifetime profitability is best understood based on segmentation where the most profitable is segment 1 who generates high revenue and represents most valuable to the firm followed by customers in Segment 3. While Segment 1 represents the loyalty effect and segments 1 and 2 are highly valuable to the firm,

segment 4 is suspected to occur due to dissatisfaction where customers spend the lowest amount.



**Figure 6 Segmentation Scheme**

In reality, loyalty changes over time and it is widely acknowledged in the literature as the cause of customer switching behaviour (Zikiene, 2012). Thus, in conceptualizing loyalty, both a favourable attitude that is high compared to potential alternatives and repeated patronage are required. In the Customer loyalty framework (see Figure 7), it is suggested that one's loyalty relationship begins with relative attitude (Dick and Basu, 1994).



**Figure 7 A Framework for Customer Loyalty**

In relative attitude behaviour relationship, the hybrid construct suggests that loyalty is the result of the interaction between a customer's relative attitude to a brand, or store and their repeat purchase behaviour for that brand. The typology divides customers into four loyalty groups (see Figure 8), described customer with high attitudinal and behavioural loyalty as 'true loyals', those with high behavioural loyalty but low attitudinal loyalty as 'spurious loyals', those with high attitudinal loyalty but low behavioural loyalty as 'latent loyals' and those with low attitudinal and behavioural loyals as 'no loyals'. This typology was tested and the analysis shows that the most loyal customers have the fewest banks, the highest likelihood of

increasing business with their main bank and the lowest probability of defection from the bank (Garland and Gendall, 2004).

		Repeat Patronage	
		High	Low
Relative Attitude	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Source: Dick and Basu, 1994

**Figure 8 Relative attitude behaviour relationship**

In relation to the relative attitude behaviour relationship, previous research has identified a number of reasons why individuals remain as customers of the same company, including both positive and negative reasons. Customers who stay with the service provider may portray loyalty, but might stay due to other salient reasons. Research by White and Yanamandram (2004) specifically focusing on inertia concluded that there were three types of inert groups:

1. Happily inert customers - this group is aware but unconcerned that they have chosen to remain with a business that they consider to be less than ideal.
2. Unwittingly inert - this group of people does not even think consciously about their behavioural loyalty.
3. Concerned inert - this group of people is worried that they should be moving their business elsewhere, yet for various reasons are not prepared to do so.

Switching is a thoughtful cognitive process which embraces evaluations of service quality based on direct evaluations of certain attributes of the service itself, the service process, the service personnel and the service environment (Roos and Gustafsson, 2011). If this thoughtful cognitive process is applied to the customer relationship, decisions on staying or leaving are assumed to be based on the evaluations done by customers. It is also known as exit or defection.

### **2.2.6 Research Gaps in Switching Behaviour Study**

Switching decisions may be due to different reasons for different people. In understanding switching behaviour studies in the past, there is a generalised model of consumer switching of service providers. The switching behaviour models in general are based on The Migration theory where the underlying motives for switching are due to negative elements at the origin, positive elements at the destination and also elements that might inhibit or moot the switching decision (see 2.2.1). Within the application of migration theory, theoretical models have been developed that focus specifically on the reasons for service switching, (see 2.2.3), understanding of specific behavioural aspects (see 2.2.4) and retention and loyalty associated with the switching action (see 2.2.5).

With the exception of the generalised model of consumer switching, few theoretical models in the extensive literature focus specifically on the phenomenon of consumer switching specific to an industry context. Switching behaviour studies in the past were conducted in general services, retail banking and also telecommunications where much of the consumer switching behaviour literature focuses on the phenomenon in the United States, Canada, Asia and little is known about consumer switching behaviour in the UK context (see Table 2. Considering that each country context is significantly different in many respects, it is critically important to examine consumer switching behaviour from a UK context to better conceptualize the phenomenon.

Initially, studies in the past have investigated switching from an organizational point of view where understanding switching reasons (critical incidents ) was conducted mainly to understand the reasons why people switch (Keaveney, 1995). This study has established a set of switching reasons and was replicated multiple times by others either in their original form or with modifications (Khan et al., 2010, Gerrard and Cunningham, 2004a, N'Goala, 2007, Clemes et al., 2010). Identifying critical incident factors has led to a better understanding of switching determinant factors. Although switching determinants was seen as important from the organizational point of view, other researchers have looked at switching from the loyalty point of view. Authors argued that not only dissatisfied customers switch and satisfied

customers should not be excluded from research. This has been explored by Panther and Farquhar (2004) in relation to the true spurious loyalty group of consumers. In another development of loyalty studies, White and Yanamandram (2004) investigated why dissatisfied consumers stay with service providers and have found that inertia has played its part as a barrier in the switching decision.

It is also noticed that studies in the past have either focused on switching factors or factors determining the switching decision action or studies on switching decision based on behavioural intention. Research looking at the switching decision in the past focused more into looking at the underlying intention where the theories underpinning the decision were based on the Theory of Planned Behaviour. The main understanding of this theory is consumers behaved the way they wanted or based on their intention (for example, customers who switch usually behave as such because they have the intention to do so). This behavioural concept is also known as socio-psychological factors.

In switching behaviour studies, both switching from and switching to a competitor occurs and even though it is not common, it has an impact on the service provider as they are losing customers. From the bank's perspective, 'switching to' means losing customers to competitors and 'switching from' leads to a gain in customers. So banks must understand the behaviour of their customers if they are going to act upon their customers switching decisions. For example, if a bank can understand switching factors, they can effectively anticipate and avoid consumer defection and improve long-term relationships with their customers. Therefore, understanding the determinants of switching behaviour seems important for banks in developing tools or mechanisms to prevent that behaviour.

Recently, researchers have begun to investigate switching behaviour in the UK retail banking services studies (Barber, 2013) which include bank switching in the personal current account market (OFT, 2013) and review of barriers to entry and exit (OFT, 2010). The three studies are interrelated in examining banks' performance in the UK banking sector, identifying, the switching patterns among the personal current account holders and the barriers faced by the customers in UK.

As studies on retention and competition were seen as important, switching behaviour has become the centre of attention. Research on understanding switching factors has increased especially in the absence of a complete switching model combining both switching factors determinants from critical incidents point of view and the behavioural intention aspect. In line with that, this proposed work will try to meet this gap by developing an empirically validated push-pull-mooring conceptual model of consumer switching behaviour in the context of retail banking in the UK. It will utilise constructs in existing marketing literature as well as draw on the existing model and exploratory critical incident technique to develop context-specific variables towards a unified model that explains consumer switching in the retail banking industry in the UK.

The conceptual framework, will include push, pull and mooring factors adopted from the push-pull-mooring model in conceptualising the antecedents and moderators of switching intention and behaviour. It will extend the push-pull-mooring model by including the socio psychological factors as behavioural factors that could influence consumer switching behaviour as suggested by theories. This has reinforced the decision to include the theories in the proposed theoretical framework (see Section 2.4).

**Table 2 Selected Prior Research on Service Provider Switching According to Sectors**

Author(s)	Description	Switching Related Constructs	Sector	Theories / Model
(Lee, 1966)	Decision to migrate based on factors associated with the area of origin, destination, intervening obstacles and personal	<ul style="list-style-type: none"> <li>• Negative factors from the area of origin</li> <li>• Low Intervening obstacles</li> <li>• Personal factors</li> <li>• Negative factors from the area of destination</li> <li>• High Intervening obstacles</li> </ul>	Human migration	Migration theory
(Ajzen, 1991)	Behavioural achievement depends jointly on motivation and ability	<ul style="list-style-type: none"> <li>• Switching Behaviour</li> <li>• Attitude toward behaviour</li> <li>• Subjective Norms</li> <li>• Perceived behavioural control</li> <li>• Intention</li> </ul>	Human migration	Theory of planned behaviour
(Keaveney, 1995)	This model suggested eight categories of switching determinants in service industries	<ul style="list-style-type: none"> <li>• Pricing</li> <li>• Inconvenience</li> <li>• Core Service Failure</li> <li>• Service Encounter Failure</li> <li>• Response to Service Failure</li> <li>• Competitiveness</li> <li>• Ethical Problems</li> </ul>	General Service Industries -Services contexts in United States	Service switching model
(Bansal and Taylor, 1999)	Model based on TPB framework with additional construct to predict complex service switching behaviour	<ul style="list-style-type: none"> <li>• Involuntary Switching</li> <li>• Switching Behaviour</li> <li>• Switching Intentions</li> <li>• Satisfaction</li> <li>• Attitude toward Switching</li> <li>• Subjective Norms</li> <li>• Perceived Switching Costs</li> <li>• Service quality</li> <li>• Perceive Relevance</li> </ul>	Retail Banking -Canadian financial institution	Theory of planned behaviour , Service switching model

(Colgate and Lang, 2001)	Suggested four switching barrier categories	<ul style="list-style-type: none"> <li>• Combine Service Quality and Perceived Relevance</li> <li>• Relational Investment</li> <li>• Switching Costs</li> <li>• Service Recovery</li> <li>• Attractiveness of Alternatives</li> </ul>	Retail Banking -New Zealand	Service switching model
(Bansal et al., 2004)	A model suggesting three customer commitment and relationship with the service providers.	<ul style="list-style-type: none"> <li>• Switching Intentions</li> <li>• Normative Commitment</li> <li>• Affective Commitment</li> <li>• Continuous Commitment</li> <li>• Affective x Continuance</li> <li>• Subjective norms</li> <li>• Satisfaction</li> <li>• Trust</li> <li>• Switching Costs</li> <li>• Alternative Attractiveness</li> </ul>	Auto repair -Canadian auto repair customers	Service switching model
(White and Yanamandram, 2004)	Investigate the determinants of behavioural brand loyalty amongst dissatisfied customers in the b2b service sector	<ul style="list-style-type: none"> <li>• Impact of alternative providers</li> <li>• Switching costs</li> <li>• Inertia</li> <li>• Investment in relationship</li> <li>• Service recovery</li> </ul>	Retail Banking -Australian retail banks customers	Loyalty and Service switching model
(Panther and Farquhar, 2004)	Explored dissatisfying experiences and consumer decisions to switch or stay with the same service provider	<ul style="list-style-type: none"> <li>• Perceived Cost in switching</li> <li>• Loyalty</li> <li>• True Spurious Loyalty</li> <li>• Dissatisfaction</li> </ul>	Retail Banking -Uk retail bank customers	Loyalty and Service switching model
(Gerrard and Cunningham, 2004a)	Type of incidents which cause consumers to switch between banks	<ul style="list-style-type: none"> <li>• Service failures</li> <li>• Pricing</li> <li>• Inconvenience</li> <li>• Promotions</li> <li>• Reputations</li> <li>• Involuntary</li> </ul>	Retail Banking -Asian banking market	Service switching model



(Bansal et al., 2005)	The Push-pull framework with extension to include intervening or mooring variable. This paradigm suggests that negative factors at the origin push people away while positive factors at the destination pull people towards them; with mooring variables – personal and social factors that can either pull or push them to new destination	<ul style="list-style-type: none"> <li>• recommendations</li> <li>• Low quality</li> <li>• Low Satisfaction</li> <li>• Low Value</li> <li>• Low Commitment</li> <li>• High Price Perception</li> <li>• Alternative Attractiveness</li> </ul>	Hair Stylist -Canadian customers	Service switching model
(Vasquez-Carasco and Foxall, 2006)	Switching barrier as retaining customers in the relationship with a provider	<ul style="list-style-type: none"> <li>• Satisfaction</li> <li>• Availability of attractiveness</li> <li>• Switching costs</li> <li>• Need for variety</li> </ul>	Hair dressers -Spain	Service switching model
(N'Goala, 2007)	Why or why not resist switching when a critical incident occurs	<ul style="list-style-type: none"> <li>• Customer retention</li> <li>• Attraction</li> <li>• Employee responses to service failures</li> <li>• Pricing</li> <li>• Core service failures</li> <li>• Service encounter failures</li> <li>• Involuntary switching</li> <li>• Inconvenience</li> <li>• Ethical problems</li> </ul>	Retail Banking -European bank customers	Service switching model
(Barone and Quaranta, 2008)	Analyse the factors on the current account holder's decision to switch from their own principal bank.	<ul style="list-style-type: none"> <li>• Location</li> <li>• Interest rate</li> </ul>	Retail Banking -	Service switching model
(Zikiene and Bakanauskas, 2009).	Customer switching behaviour represents a dynamic process that develop over a particular period of time and results in relationship ending	<ul style="list-style-type: none"> <li>• Dissatisfactory quality</li> <li>• Response to service failure</li> <li>• New value</li> <li>• Core service failures</li> <li>• Service encounter failures</li> <li>• Price issues</li> </ul>	General services -Republic of Lithuania	Service switching model

(Naumann et al., 2010)	Motives for customer switching	<ul style="list-style-type: none"> <li>• Better value</li> <li>• Nothing would make me switch</li> <li>• Better price</li> <li>• Better service</li> <li>• System characteristics</li> <li>• Reputation</li> <li>• Better relationship</li> <li>• Communication</li> <li>• Loyalty to brand</li> <li>• Not involves in decision making</li> <li>• Corporate partnership</li> <li>• Self-maintenance</li> <li>• Contract issue</li> <li>• The system isn't running</li> <li>• Other</li> </ul>	B2B service provider -Undisclosed facilities management customers	Service switching model
(Wen-hua et al., 2010)	The influencing factors of users switching intention in the context of one way MNP in Korea	<ul style="list-style-type: none"> <li>• Call quality</li> <li>• Mobile device</li> <li>• Customer complement</li> <li>• Switching costs</li> <li>• Attractiveness of alternatives</li> <li>• Customer satisfaction</li> </ul>	Telecommunication -China mobile fon customers	Service switching model
(Clemes et al., 2010)	To identify and analyses the factor that influence bank customer switching behaviour in the Chinese retail banking industry	<ul style="list-style-type: none"> <li>• Reputation</li> <li>• Service quality</li> <li>• Effective advertising competition</li> <li>• Involuntary switching</li> <li>• Distance</li> <li>• Switching costs</li> <li>• Demographic characteristics</li> </ul>	Retail Banking -Chinese retail banking customers	Service switching model

(Khan et al.,  
2010)

Switching behaviour defines an early  
chapter that defection or customer exit

- Price
- Reputation
- Service quality
- Effective advertising competition
- Involuntary switching
- Distance
- Switching cost

Retail Banking

-Retail banks customers  
in Pakistan

Service switching  
model

## **2.4 Applying the Push-Pull-Mooring concept in Understanding Switching Behaviour in a Services Setting**

In the light of the Migration theory (see Section 2.2.1), push-pull, mooring concepts are adopted in explaining the factors affecting switching intention. The constructs discussed in this section involved are Push, Pull and Mooring which describe factors that push customers from the origin, pull them to the new destination and intervening factors that make them stay. Hence, the predictors are explored.

### **2.4.1 Push Factors as Predictors of Switching Intention Behaviour**

Switching behaviour is defined as representing a dynamic process that develops over a particular period of time and results in the relationship ending (Zikiene and Bakanauskas, 2009). While service switching is termed as replacing or exchanging the current service provider with another service provider (Bansal and Taylor, 1999), it is also referred to as defection or customer exit (Stewart, 1998). Previous researchers have put considerable attention into exploring customer defection (Colgate et al., 1996, Garland, 2002, Gerrard and Cunningham, 2004a, Keaveney, 1995, Stewart, 1998, Trubik and Smith, 2000, Grace and O'Cass, 2001, Kiser, 2002) and investigated ways to predict defectors.

The switching terminology used in this study refers to customers who have switched banks. There are various types of switching, defection or exit in consumers' daily lives. Switching can be full or partial (Poel and Lariviere, 2004) from their service providers (Bansal and Taylor, 1999). Differing from full exit, customers may switch part of their merchandise from one service provider. Hence, partial switching would mean that some of the product are held with the current provider but other products may be moved to another provider. Consumers exhibiting this partial exit are referred to in the literature as "dwellers" because they are a group of people who open new accounts but do not close their old ones (White and Yanamandram, 2004). Stewart (1998) defined defection as active and passive exit. However, previous research agrees that both types of defection have an impact on the organization. Poel and Lariviere (2004) identify the reasons for customer retention:

- Successful customer retention lowers the need for seeking new and potentially risky customers and allows organizations to focus more accurately on the needs of their existing customers by building relationships.
- Long-term customers buy more and, if satisfied, may provide new referrals through positive word-of mouth for the company.
- Long term clients become less costly to attend to due to the bank's greater knowledge of the existing customer and to decrease servicing costs.
- They tend to be less sensitive to competitive marketing activities.
- Losing customers not only leads to opportunity costs because of reduced sales, but also to an increased need for attracting new customers which is five to six times more expensive than customer retention.

#### ***2.4.1.1 Push Factors***

This subsection discusses the literature on push factors or effects which influence the customer switching intention. The development of push factors is based on the migration theory where it includes negative factors that push customers from the origin (see 2.2.1) and based on the proposed list of dissatisfactory critical incidents developed by Keaveney (1995). It is therefore proposed that push factors are 1) poor pricing, 2) poor service incidents 3) situational factors, 4) positive attachments and 5) perception on socio-psychological aspects.

##### ***1) Poor pricing***

**Pricing** - Pricing is one of the key factors often discussed in the previous literature in relation to switching. Keaveney (1995) concluded that pricing includes all critical switching behaviours that involved prices, rates, charges, surcharges, service charges, penalties, price deals, coupons or price promotions. For example, customers might switch service provider in the case of an increase in the interest rate for loans or a decrease in the interest deposits. Research conducted by Colgate and Hedge (2001) supported Keaveney's categorization for pricing as it is related to the general concept of fees and charges (fees, unfair charges), interest rates (saving and borrowing), or information regarding them. Meanwhile, Kiser (2002) reported that

prices relate to interest rates, maintenance fees or minimum balance requirements. The sub categories for pricing outlined by the authors were more or less similar.

In past studies, price sensitivity has been shown to have a weak relationship with customer defection in banking services research (Santonen, 2007) while an intention to switch is positively affected by a price fairness factor which represents customer certainty that the price is currently favourable (Lymperopoulos et al., 2013). In addition, the relationship between unfair price perceptions and switching intention has been shown to be fully mediated by emotions and trust (Santos and Basso, 2012). By contrast, (Manrai and Manrai, 2007) showed that earning and interest payment have no significant relationship with switching intention. Research in Southern Italy bank switching responses however found low fees and high interest rates were not significantly linked to duration of customer relationship with the bank (Barone and Quaranta, 2008). Therefore, it is hypothesised that poor pricing is one of the reasons for switching.

*H1: Poor pricing are positively related to switching intention*

## **2) Poor Service Incidents**

**a) Core Service Failure** - According to Keaveney (1995), core service failures include all critical incidents due to mistakes or other technical problems with the service itself. Three subcategories of core service failure are: mistakes, billing problems and service catastrophes. Billing problems are usually issues of incorrect billing and failures to correct billing in a timely manner. Service catastrophes refer not only to failure to provide the appropriate service but also to actually causing harm to the customer's person, family, pets or belongings, to the customer losing time or money. On the other hand, Colgate and Hedge (2001) categorized mistakes and correction as the core service failures, but mistakes were less prominent in decisions to switch firms (Anthanassopoulos, 2000).

Core service failure has no relationship with customer switching resistance in a study measuring the effects of perceived equity, trust and relationship commitment (N'Goala, 2007). On the contrary, service failure appears to be the dominant type of

incident which influences consumers in bank switching decisions (Gerrard and Cunningham, 2004b).

Though service failure is one of the reasons why customers exit (Colgate and Norris, 2001), a study in the UK retail banking system found that relatively minor service failures have an effect on customers' intended loyalty behaviour (Jones and Farquhar, 2007). However, the degree of attrition or defection is coupled with other factors such as failed recovery which is discussed next.

***b) Service Recovery Failure*** - Service encounter failure is defined as the personal interactions between the customer and employees of service firms (Keaveney, 1995). It comprises uncaring, unresponsive, impolite and unknowledgeable behaviours. According to Colgate and Hedge (2001), service encounter failures can be categorized as rude, inflexible, inaccessible, and unprofessional. However, employee responses to service failure includes critical switching incidents in which customers switched, not because of a service failure but because the service provider failed to handle the situation appropriately (Keaveney, 1995). Keaveney (1995) identifies three subcategories: firstly, reluctant responses; secondly, failure to respond and thirdly, patently negative responses. Keaveney (1995) concludes that just over 17 percent of all service switching incidents are caused in part by unsatisfactory employee responses to service failures.

Colgate and Hedge (2001), in their research, reported the importance of the customer's evaluation of service recovery on the switching decision. They reveal that 64.9 percent of respondents who had complained indicated that they were dissatisfied or very dissatisfied with the outcome of their complaint. Due to their service recovery, 46.2 percent of respondents indicated that this was the primary reason for leaving their bank. Customers in any of the eight service failure and recovery categories had decreased their repurchase intention compared to those who had not reported a service failure (Lin et al., 2011).

Lower levels of explanations and distributive justice and higher levels of dissatisfaction with service recovery increase the probability of complaint and exit (Casado et al., 2011). In addition, poor service recovery led to more ambivalent post

- failure irrespective of the degree of commitment between the customer and service provider (Mattila, 2004).

In the hotel industry, those indicating they will not return were significantly more likely to perceive the failure as a major one (Mack et al., 2000) while half of those guests who were dissatisfied with problem resolution had no intention of revisiting the hotel; this represents a lost market opportunity (Lewis and McCann, 2004).

Customers' evaluation of banking failures and associated recovery strategies are significantly different (Lewis and Spyropoulos, 2001) and below are several service recovery strategies suggested by Cranage (2004):

- Prevent service failure - in other words plan to get it right the first time;
- Service recovery - planning to get it right if a service failure occurs
- Other strategies - to offset the negative effects of service failure to both customers and employees as well as improve future service delivery.

Customer satisfaction has a significant relationship with service recovery (Komunda and Osarenkhoe, 2012). However, failure attributions play a moderating role in the relationship between firm reputation and behavioural intentions; hence when customers feel the cause of the failure is not controllable, they attribute less blame to the service provider (Nikbin et al., 2011).

**c) *Employee Response Failure*** - Employee response failure in this thesis refers to employees failing to respond accordingly when critical incidents occur (Jones and Farquhar, 2007, N'Goala, 2007). In a study among Ugandan banking customers examining the relationship between service recovery, consumer satisfaction and loyalty, findings show that service recovery communication has a positive effect on customer loyalty (Komunda and Osarenkhoe, 2012). Kaur et al. (2011), in a study of the extent of customer bank switching intention, found that employee responses to service failure, significantly influenced switching intention.

Service recovery procedures appear to have greater impact on employees and process improvement than on customers. This work supports the emerging view that service



recovery is not simply about recovering the customer but suggests that many organizations have a long way to go to develop the management and execution of service recovery (Johnston and Michael, 2008). Customers' negative word of mouth intentions and perceptions of the organization's trustworthiness are influenced by the severity of the initial failure and the way in which employees respond to complaints (McQuilken, 2010). Literature has associated employee response failure with service switching (Keaveney, 1995, Zikiene and Bakanauskas, 2009) but findings in past research have shown that employee response to service failure has a positive relationship with switching resistance in the case of customers who have an affective and calculative commitment. This means that customer switching decisions are affected by the extent of perceived commitment. The core service failure, service recovery failure and employee response failure is therefore grouped as poor service incidents and hypothesised as below:

*H2: Poor service incidents are positively related to switching intention*

### **3) Situational factors**

This refers to decisions to switch that customers do not take voluntarily. Customers may not want to switch voluntarily, but they have to switch due to several reasons that is beyond their control.

**a) Involuntary switching** – According to Keaveney (1995), involuntary switching occurs because of factors beyond the control of either the customer or the service provider. The sub categories for involuntary switching relate to the service provider, customer or the third party company. In relation to Keaveney's subcategories, Kiser (2002) added moving town, relocation and merger of institutions as involuntary switching factors. She reported that about 495 out of 964 households' most recent bank changes were caused by a move.

**b) Inconvenience** - This relates to all critical incidents in which the customer feels inconvenienced by the service provider. This could include inconvenience caused by location, hours of operation, waiting time for service or waiting time to get an appointment (Keaveney, 1995). Inconvenience has been identified as a key switching

reason in various studies ((Lees et al., 2007); Gerrard and Cunningham (2004a). Location has been cited as one of the key factors causing inconvenience and leading to switching (Gerrard and Cunningham, 2004b); (Barone and Quaranta, 2008, Kiser, 2002). In this research, location refers to the location of the bank in relation to the customer's house or office while inflexibility of operating hours refers to hours that are not suitable for the customer: for example, only operating during office hours. For customers who are working, they might find it difficult as they have to rush to the bank during their lunch hour. By contrast, Anthanassopoulos (2000) found that for business customers, convenience has no relationship with customer loyalty. This highlights that individual customers value convenience more as they are dealing with personal finances of their own. Interestingly, N'Goala (2007) found a positive relationship between inconvenience and attitude to stay, but inconvenience was found to be negatively related to continuance commitment. The above involuntary, ethical and inconvenience are termed as situational factors and hypothesised as

*H3: Situational factors are positively related to switching intention*

Table 3 Major Findings on Push Factors

Researchers	Description	Independent Variables	Impact on Variables
(Keaveney, 1995)	Exploring switching reasons	Pricing Inconvenience Core service failure Service Encounter Failure Response to service failure Competition Ethical problems Involuntary switching	Switching reasons
(Urbany et al., 1989)	Prediction that unjustified price increase are perceived unfair	Price Fairness	Behavioral Intentions
(Barone and Quaranta, 2008)	Analyse the factors in the current account holder's decision to switch from their own principal bank.	Location (+) Fees-Not significant High rates-Not significant Convenience of branch –Not ignificant Low cost-Not significant Previous relationship-Not significant	Customers who switched
(Gerrard and Cunningham, 2004a)	Type of incidents which cause consumers to switch between banks	Pricing	Switching Intention
(Lymperopoulos et al., 2013)	Deeper insights into the direct effect of price satisfaction	Price satisfaction (+) Price fairness (+) Relative price (+)	Intention to switch
(Naumann et al., 2010)	Motives for customer switching	Better price (+)	Switching
(Santos and Basso, 2012)	Consequence of price unfairness	Price unfairness-Not significant	Switching Intention
(Massoud et al., 2009)	Impat of surcharges on banks	Surchages (+) Surchages(-)	Market share bigger bank Market share smaller bank

Gerrard and Cunningham (2004b)	Identifies the critical incidents that explain bank switching	Service failure (+)	
(N'Goala, 2007)	To understand why-or why not- customers resist switching service providers when a critical incident occurs	<u>Calculative commitment</u> Attraction by competitors (+) Inappropriate employee responses to service firms (+) Pricing problems (+) Core service failures (+) Service encounter failures-Not significant Involuntary switching (-) Inconvenience (-) <u>Affective commitment</u> Attraction by competitors- Not significant Inappropriate employee responses to service firms (+) Pricing problems (+) Core service failures (+) Service encounter failures (+) Involuntary switching (+) Inconvenience (+)	Switching resistance
(Kiser, 2002)	Predicting household switching behaviour	Too much trouble (+) Convenient Location (+) Price (+)	Stay decision
(East et al., 2001)	Customer tenure and recommendation and switching	Compulsory and choice reasons	Switching reasons
(Howorth et al., 2003)	Factor associated with banks switching	Alternative sources	Switching reasons

(Anthanassopoulos, 2000)	Factors associated with switching behaviour	<u>Business customers</u> Price-Not significant Physical and staff service-(Not significant) Convenient-not available Corporate (+) <u>Individual customers</u> Price-(-) Physical and staff service-(-) Convenience(+) Corporate(+)	Customer loyalty
(Manrai and Manrai, 2007)	Switching behaviour for bank services	Satisfaction with Staff(-) Satisfaction with Interest earnings(-) Satisfaction with Interest payment(-)	Likelihood of switching
(Lees et al., 2007)	Switching reasons	Pricing Competition Core service failure Failed service encounter Response to failed service Involuntary switching Inconvenience	Switching reasons
(Narteh, 2013)	Retail bank switching	Service encounter failures Pricing Electronic banking Servicer recovery failures Core service failure	Key switching determinant factors
(Zhang et al., 2012)	Online service switching behaviour	Attractive alternatives(+)	Intention to switch
(Lu et al., 2011)	Switching barriers and behavioural intention	Attractive alternatives(-) Switching cost(+)	Behavioural intention
(Yudhitya, 2012)	Factors influencing switching intention	Price fairness-Not significant Anger Incident (+)	Switching intention

(N'Goala, 2007)	Why or why not resist switching when a critical incident occurs	Attraction Employee response to service Failure Pricing Core service failure Involuntary switching Inconvenience	Switching reasons
(Jones et al., 2003)	Influence of location and satisfaction on repurchase intention	<u>Standardised services</u> Location-no direct influence <u>Less standardized services</u> Location-Not significant	Repurchase intention
(Khan et al., 2010)	Reasons for customer defection	Unfavourable Price (+) Unfavourable Reputation (+) Unfavourable Service quality Unfavourable Effective advertising competition (+) Involuntary switching (+) Unfavourable Distance(+) Switching cost (-)	Bank switching
(Gerrard and Cunningham, 2004b)	The types of incidents which cause consumers to switch between banks	Services failures Pricing Inconvenience	Switching
(Clemes et al., 2010)	To identify and analyses the factor that influence bank customer switching behavior in the Chinese retail banking industry	Unfavourable Price(+) Unfavourable Reputation(+) Service quality(+) Ineffective Effective advertising competition(-) Involuntary switching(+)	Customer switching banks
(Jones and Farquhar, 2007)	Impact that satisfaction with service recovery has on customer intentions to continue	Service failure Service recovery	Intention to continue

(Ram et al., 2011)	Ethics may be define as an individual's personal believe about whether a behaviour, action or decision is right or wrong	Influencing the customers to divert the loans in other purposes Delay in sanctioning loan Sending the legal notice after due date Fixing up payment schedule without considering surplus generation capacity of the borrower	Unethical action
(Mattila, 2004)	To investigate the negative impact of service failures on customers loyalty	Poor service recovery is expected to result in significantly more ambivalent post-failure attitudes than successful recovery-Not significant	Customer loyalty
(Chakravarty et al., 2004)	Examine the role of relationships between individuals and their banks in determining bank switching behaviour		Propensity to switch
(Wen-hua et al., 2010)	The influencing factors of users switching intention	Switching costs(+) Attractiveness of alternatives-Not significant	Switching intention
(Kaur et al., 2011)	Investigate the extent of customer switching and the reasons that underlie customer-swathing intentions	Switching costs(+) Switching barriers(-)	Switching intentions
(Zikiene and Bakanauskas, 2009).	Customer switching behaviour represents a dynamic process that develop over a particular period of time and results in relationship ending	<u>Factors supporting switching behaviour</u> Dissatisfactory quality Response to service failure New value Core service failures Service encounter failures Price issues  <u>Factors surpressing switching behaviour</u> Perceived available or attractive alternative Perceived risk and uncertainty Economic costs Search costs Search and evaluation costs	Behavioural intention

(Bansal et al., 2005)	Migration involves “the movement of a person (a migrant) between two places for a certain period of time”	Price perceptions(+) Alternative attractions(+) Switching costs(-)	Switching intention Switching behaviour
(Anton et al., 2007)	Evidence of customer switching intentions as a complex phenomenon involving a series of firm actions	Unfair price (+) Anger incident (+)	the intention to switch suppliers
(Shin and Kim, 2008)	Investigates switching barriers mobile number portability in us mobile market.	Switching cost Subscriber lock-in Perceived price Switching barrier(-) Subscriber lock-in	Switching intention
(Han et al., 2011)	Relationship among core service failure and service encounter failure performances, customer satisfaction and switching barriers and switching intention	Core service failure Service encounter performance Customer satisfaction Switching costs Lack of alternative attractiveness Relational investment	Switching intention
(Baumann et al., 2005)	Predicting short term switching intention	Fees and interest rates(+)	Switching intention
(Santonen, 2007)	Price sensitivity as a measure to defection	Price sensitivity is weakly negatively correlate to total defection	Total defection
(Lin, 2012b)	Explores on impact of service failures on intention	Service failures(+)	Switching intention



#### **4) Positive Attachments**

Customers can become attached to service providers for a number of reasons including faith in the organisational competence, mutually aligned and congruent values and relational values experienced from interpersonal dynamics of their service encounters (Aldlaigan, 2005). In measuring attachment, confidence is one of the aspects that was found to be positively related to customer satisfaction, which means the higher the confidence a customer has with the provider, the more satisfied the customer becomes. Attachment to the current service provider can arise from a number of factors including relationship investment, customer loyalty, and positive corporate image.

**a) Relationship investment** - In a bank-customer relationship, the motivation for commitment is essentially economic (profits, switching costs or other financial benefits / costs) and has been shown to have a positive effect on the maintenance of the long term relationship (Hur et al., 2010). In addition, investment commitment is also known as an economic form of commitment (Wu, 2011a).

Colgate and Lang (2001) indicated that investment into a relationship maybe one reason customers stay with their service provider. This is supported by Gwinner et al. (1998) who argued that consumers will commit themselves to establishing, developing and maintaining relationships with a service provider that provides superior valued benefits. They also found that even if the consumer perceives that the core service attributes as being less than optimal, they may remain in a relationship if they are receiving important relational benefits.

Findings from a study on measuring customer retention also found out that relationship approach relates to customer retention (Suryani and Chaniago, 2011) and in return will lead to building a bigger customer base which is critical for achieving market growth and market share and helps the bank in future planning and enhancing competitive position of the bank (Alnsour, 2013).

**b) Loyalty** - Loyalty in financial services has been viewed in relation to the length of time a customer has been with a provider, the number of services used and the

frequency of service use (Lewis and Soureli, 2006). Drawing on concepts from Jacoby and Chestnut (1978), Solomon (1992) and Dick and Basu (1994), Beerli et al. (2004b) distinguished two types of customer loyalty:

1. Loyalty based on inertia (behavioural loyalty), where a brand is bought out of habit merely because this takes less effort and the consumer will not hesitate to switch to another brand if there is some convenient reason to do so.
2. True brand loyalty (affective loyalty), which is a form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand and it must be accompanied by an underlying positive attitude and a high degree of commitment toward the brand.

Satisfaction has a positive relationship towards loyalty (Bloemer et al., 1998) and loyal customers are important to organizations (Reichheld and Sasser, 1990). In addition, loyalty has been shown to have a significant relationship to customer retention (Trasorras, 2009), therefore, it is important to satisfy customers as a first step towards securing customer loyalty (Ehigie, 2006).

**c) Corporate Image** - The marketing literature reveals that research on the concept of corporate image has been undertaken on goods and services firms (Kassim and Souiden, 2007, Bravo et al., 2012, Walsh and Dinnie, 2006). In the retail banking industry, corporate reputation was found to be negatively related to bank switching (Clemes et al., 2010, Khan et al., 2010). This means that corporate reputation has an impact on the customers switching behaviour which suggests the higher consumers perceive a positive corporate reputation, the lower the switching intention is.

In another study, the impact of corporate reputation on switching tendency is fully mediated by customer satisfaction, indicating that corporate reputation appears to inhibit tendency indirectly via customer satisfaction (Walsh and Dinnie, 2006), hence corporate image in relation to reputation of the individual organization influences (organization) survival (Rao, 1994).

Previous research reveals that corporate image will play an important role in both attracting and maintaining customers (Andreassen and Lindestad, 1998) and a better

understanding of the components of image promises to help management improve the competitive performance of the firm (Nguyen and LeBlanc, 1998).

Past studies have used corporate reputation as one of the independent variables in measuring switching intention, intention to use, loyalty and customer retention. Findings in the past studies have been consistent among the dependent and independent variables. In one study, corporate reputation was negatively related to switching intention (Yudhitya, 2012) and similarly, Cohen et al. (2007) found a positive impact of perceived corporate image on retention decision (Nguyen and LeBlanc, 1998, Trasorras et al., 2009, Nikbin et al., 2011), implying that the higher the corporate image or reputation, the higher the customer retention (lower customers' intention to switch).

Past studies also suggest that corporate image is positively related to intention to use (Bravo et al., 2012) implying that image will directly increase intention to use. While in measuring loyalty, overall image (Eskildsen et al., 2004) and corporate image (Wang, 2010, Chea and Luo, 2006, Andreassen and Lindestad, 1998) have a positive relationship with loyalty. The implication of corporate image on loyalty will have a positive effect towards the staying decision. Therefore positive attachments are proposed to be negatively related to switching intention.

*H4: Positive attachment are negatively related to switching intention*

**Table 4 Major Findings on Attachment to the Current Service Provider**

Researchers	Description	Independent Variables	Impact on Variables
(Yudhitya, 2012)	Factors influencing switching intention	Perceived commitment (+) Reputation (+)	Switching intention
(Aldlaigan, 2005)	Different types of attachment that customers develop towards retail banks	Reasons 1. Faith in organisational competence, 2. Mutually aligned and congruent values	Customers attached to service providers
(Kokkiadi and Blomme, 2013) (Harrison et al., 2012)	Addresses factors affecting consumers intentions to stay with a brand Lock-in to a service provider involves a customer who feels bound to a relationship or to a service provider and feels that he or she is unable or unwilling to leave that service provider	Brand commitment Relational benefits and satisfaction Obligatory factors	Staying intention Conceptualizing lock-in Staying versus switching
(Colgate and Lang, 2001)	Switching barriers in consumer market	Relationship investment	Decision for not switch
(Han et al., 2011)	Relationship among core service failure and service encounter failure performances, customer satisfaction and switching barriers and switching intention	Relational investment(-)	Switching intention
(White and Yanamandram, 2004) (Panther and Farquhar, 2004)	Investigate why dissatisfies customers in the b2b service sector stay with the service providers Explore dissatisfying experiences and consumer decision to switch or to stay with current provider.	Investment in relationship History /longevity of the relationship with the provider	Reasons for stay decision Common cited reasons for staying
(Yanamandram and White, 2010)	Examine the extent inertia as reason for staying	Calculative commitment	Attitudinal propensity to maintain status quo with a service provider
(Chea and Luo, 2006)	The antecedents of consumer loyalty	Commitment-Not significant Corporate Image(+)	Loyalty
(Vasquez-Carasco and Foxall, 2006)	Positive and negative switching barriers	Relational benefits(+)	Customer retention

(Nikbin et al., 2011)	The impact of firm reputation on customers responses to service failure: the role of failure attributions	Firm reputation(+)	Repurchase intention
(Walsh et al., 2006)	Analyse whether perceived corporate reputation and customer satisfaction are directly associated with customer intention	Corporate reputation	Switching intention
(Nguyen and LeBlanc, 1998)	Role of corporate image and retention decision	Corporate image(+)	Retention decision
(Andreassen and Lindestad, 1998)	Impact of corporate image on loyalty	Corporate image (+)	Loyalty
(Walsh and Dinnie, 2006)	To analysed whether perceived corporate reputation and customer satisfaction are directly associated with customer intention	Corporate reputation(-) Customer satisfaction(+)	Switching intention
(Bravo et al., 2012)	Corporate image and behavioural intention	Corporate image(+)	Intention to use
(Trasorras et al., 2009)	Assessed customers' perceived value of corporate image	Corporate image(+)	Customer retention
(Eskildsen et al., 2004)	Customer satisfaction and loyalty drives	Overall Image(+)	Customer loyalty
(Cohen et al., 2007)	Impact of several retention –relevant construct to behavioural intention	Perceived corporate image	Behavioural intention
(Wang, 2010)	Important factors that influence customer's decision to stay with a service provider	Corporate image(+)	Customer loyalty
(Martin-Consuegra et al., 2006)	Relational benefits factors perceived by customers	Confidence Social Special treatment	Relational benefits
(Molina et al., 2007)	Impact on relational benefits on satisfaction	Confidence(+) Social(+) Special treatment(-)	Customer Satisfaction
(Dimitriadis, 2010)	Perceived relational benefits and satisfaction	Confidence-Not significant Social-Not significant Special treatment-Not significant	Satisfaction with the bank
(Suryani and Chaniago, 2011)	Switching barriers as reasons for not switching	Relationship approach Compliance to Islamic principles	Customer retention

## **5) Perceptions on Socio-Psychological Aspects**

Switching intention is defined as understanding or investigating the underlying reasons for switching. It is important to study switching intention because according to Ajzen (1991) if a customer believes that the outcome from the switching activity will be positive, she / he will have a positive attitude towards switching. An important theoretical contribution (Bansal et al., 2005, Bansal et al., 2004, Bansal and Taylor, 1999, Bansal and Taylor, 2002) in switching behaviour studies originated from the Theory of Planned Behaviour (TPB). (See 2.2.1 for further details on the theory and its application).

The theory of planned behaviour extends the understandings of the consumer decision-making process by considering how attitudes, ability to switch (perceived behavioural control) and belief of others (subjective norms) and intention influence specific behaviours, including switching behaviours. In relation to this thesis, the impact of these concepts on the switching behaviour of bank customers is examined.

**a) Positive attitudes towards switching-** Attitudes towards switching reflects the behavioural attitude a person carries. This attitudinal characteristic influences their decision upon staying or switching. A positive attitudes towards switching was found to be positively related to switching intention in most findings in the past. A noticeable proportion of findings from past studies suggest that attitudes (Chen and Chao, 2011, Leong and Wang, 2006, Bansal and Taylor, 2002) are positively related to switching intention. Therefore, it is hypothesised that:

*H5a: Positive attitudes towards switching are positively related to switching intention*

**b) Belief of Others (Subjective Norms)** – The belief of others is known as subjective norms, i.e influence customers' switching decisions or intentions. Positive subjective norms means that positive approval from significant others was found to be positively related to switching intention. Although some research has suggested a positive relationship between subjective norms and switching intention (Beaulieu and Godin, 2011, Bentler and Speckart, 1981, Fredericks and Dosett, 1983), many studies

have found that subjective norms are not significant or there is no relationship with switching intention (Bansal and Taylor, 2002, Hsu et al., 2006, Wang et al., 2007, Mansor et al., 2013). Considering subjective norms have an impact on switching intention, it is hypothesised that

*H5b: Positive beliefs of others towards switching are positively related to switching intention*

**c) The ability to switch (Perceived Behavioural Control)** – Perceived behavioural control (PBC) carries the perception of the amount of control consumers perceive they have about the switching decision. It is also known as ability to switch where positive PBC implies that the more customers perceive they have control over the switching decision, the more they are likely to switch. For PBC, the majority of findings suggest a positive relationship related to switching intention (Beaulieu and Godin, 2011, Rhodes and Courneya, 2003, Hsu et al., 2006, Sapp et al., 1994, Chen and Chao, 2011, Kidwell and Jewell, 2003).

Considering the importance of believe of others in shaping customers' switching intention decisions, it is therefore hypothesised that:

*H5c: Positive ability to switch is positively related to switching intention*

**Table 5 Major Findings on Socio-psychological Factors**

Researchers	Description	Variables	Impact on behaviour
Kidwell and Jewell (2003)	Study on relationship between internal and external PCB	External PBC (+) Internal PBC (+)	Purchase Intention
Chen and Chao (2011)	Study on habitual behaviour of private vehicle user to switch to public transit	Attitude (+) PBC (+) Subjective Norms (+)	Switching Intention
Leong and Wang (2006)	Marketing variables that best predict customer switching attitude and intention	Attitude (+)	Switching intentions
Pookulangara et al. (2011)	Examined channel switching behaviour using theory of planned behaviour	<u>Bricks and mortar</u> Attitude (+) Subjective norms (+) PBC (-) <u>Catalogues</u> Attitude(+) Subjective norms(+) PBC (+ ) <u>Internet</u> Attitude (+) Subjective norms (+) PBC (-)	Channel switching intention
Fu et al. (2010)	Relative influence of attitude, subjective norms and self-efficacy	Attitude (+) Subjective Norms (+) Self-efficacy (+)	Selling intention
Sapp et al. (1994)	Measuring the effect of subjective norms –behaviour consistency	Attitude (+) Subjective Norms (+)	Behavioural intention
Wang et al. (2007)	Online shopping intention from planned behaviour perspectives	Attitude (+) PBC (+) SN-not significant	Online shopping intention
Mansor et al. (2013)	Factors influencing resistance to change	Attitude (+) SN-not significant	Behaviour intention



(Bansal and Taylor, 2002)	Effects of theory of planned behaviour in service switching context	PBC (+) Attitude (+) SN-not significant	Switching Intention
Hsu et al. (2006)	Analysing consumer intention toward mobile text message coupons	Attitude (+) SN-not significant PBC (+)	Behavioural intention in using m-coupons
Rhodes and Courneya (2003)	Examine the optimal conceptualisation of either two subcomponents or a general common factor for each TPB concept	Attitude (+) SN (+) PBC (+) Intention (+) Attitude-not significant SN (+) PBC (+)	Intention Exercise behaviour Intention Exercise behaviour
(Bansal et al., 2005)	Explores the applicability of the model of migration in understanding service provider switching	Unfavourable attitude (+) Unfavourable SN (+)	Switching intention
Fredericks and Dosett (1983)	Comparing 2 models	Model 1: SN (+) Model 2 SN-not significant	Intention (Reasons for the differences is supplied)
Bentler and Speckart (1981)	Explore causal predominance of attitudes over behaves	SN (+) Attitude (+)	Intention
(Beaulieu and Godin, 2011)	Predicting staying	Attitude (+) SN (+) PBC (+)	Intention

\*Perceived behavioural control (PBC) /ability to switch

\*\*Subjective norms (SN) /belief of others

#### ***2.4.1.2 Pull Factors as predictors of Switching Intention***

Alternative attractiveness provides comfort to customers as they have another option should they not be satisfied with their current service provider. It can also be in the form of attractive pricing as customers switch because of alternative prices offered by another vendor (Naumann et al., 2010). Moreover, the additional benefits offered by another supplier impact the buyer's likelihood of switching suppliers (Friend et al., 2011).

Pull factors in this thesis refer to migration theory related factors that pull migrators from the origin to the destination. There are therefore considered to be positive attributes that attract immigrants to migrate. In this switching intention study, pull factors reflects the availability of alternatives to the customer.

##### ***1) Availability of Alternatives***

According to Wu (2011b) alternative attractiveness can be characterized by four dimensions as follows:

1. The number of available alternatives
2. The degree of differences among them
3. The degree of difficulty in understanding them
4. The degree of difficulty in comparing them

Findings in past research show that attractive alternatives is positively related to switching intention (Zhang et al., 2012, Lu et al., 2011, Bansal et al., 2005). Interestingly, Wen-hua et al. (2010) and N'Goala (2007) in their research found that there is no relationship between attractive alternatives and switching intentions and attitude to continuance commitment respectively. However, in the same study by N'Goala (2007), attractive alternatives were found to be positively related to attitude to stay. Studies exploring switching reasons in general noted attractive alternatives

as one of the key factors in their findings (Keaveney, 1995, Howorth et al., 2003, Lees et al., 2007, Han et al., 2011). In view of the importance of the availability of alternatives, it is therefore hypothesised that

*H6: Availability of alternatives are positively related to switching intention*

#### **2.4.1.3 The Influence of Mooring Factors on Switching Intention**

With regards to migration theory, mooring effects are the intervening variables which facilitate or inhibit migration. In this subsection, the key findings (see Table 4) from the literature which facilitate or inhibit customers switching is discussed. Mooring factors are influenced by cultural values that are perceived as important in motivating people to stay in their current location or to move to a new place. Therefore it is necessary for existing service providers to build mooring factors in order to reduce consumer migration.

**Concept of Inertia** - Greenfield (2005) suggested that inertia describes the situation in which the consumer continues staying with the same service provider in resistance to change. Past studies on inertia were wide across industries; travel, technology and the electricity market. In travel behaviour, inertia is closely related to reluctance to change or break car habits (Cantillo et al., 2007), while in technology markets, households generally exhibit inertia on the personal computer market where inertia exists for personal computers and is increasing with experience on the market (Prince, 2011). Likewise, existence of switching inertia was also found in the electricity markets (Garling et al., 2008). A study by White and Yanamandram (2004) on reasons why some stay and why some switch, found out that inertia is one of the reason why dissatisfied customers stayed with the same service provider.

To some extent, inertia was found to be among the reasons for customers to remain with their service providers (Colgate et al., 2003) and has a positive relationship with customer loyalty (Wu, 2011b). Inertia has acted as a barrier preventing customers from leaving. The strategy may be beneficial to service providers but it may imply that customers may develop a negative cognitive attachment to the service provider (White and Yanamandram, 2004).

Length of time that customers have held a current account, the number of financial institutions which they have belonged to in the past and the consideration a customer has given to changing their financial institutions in the past 12 months were identified as signals of inertia (White and Yanamandram, 2004).

Panther and Farquhar (2004) explore dissatisfying experiences and consumer decisions to switch and stay and found out in financial services where switching costs are high, the loyalty response to dissatisfaction was much more common than exit. Similarly, when inertia is low with high switching barriers, customers grudgingly remain and retaliate with negative word of mouth (Lee and Neale, 2012).

*a) Locked in* - In understanding and predicting the desire to stay with the same retail bank, being locked in to the relationship has been found to be significant. Locked in relates to the idea that customers may not move or may find it very difficult to move if they want to (Colgate et al., 2003). Harrison et al. (2012) refer to locked in as a situation in which the customer feels bound to their relationship (sometimes self-imposed) with the service provider. Locked in value has been used as a strategy to prevent customers from switching. A study in business services suggested that for suppliers attempting to lock in their customers for the long haul, that introducing relationship-oriented activities and practices may be an effective strategy (Liu, 2006).

Though locked in feelings might prevent customers from switching, there are potential negative consequences (Colgate and Lang, 2001). Negative consequences may be psychological feelings of regret, distrust and also dissatisfaction. Because switching factors are widely considered as the barriers that stop customers from switching, organizations have to pay attention to what are the factors that are perceived as reasons for customers to switch the service provider. Service providers need to create barriers for consumers (Listyarini, 2009). It could be in the form of high switching costs or being locked in and creating the feeling of apathy to the relationship which is discussed next.

**b) *Switching Costs*** - There are generally two kinds of consumer switching costs: transaction costs and learning costs (Nilssen, 1992) and several subtypes of switching costs such as psychological costs, procedural costs and loss costs (Kim and Gupta, 2012). Switching costs are (perceived as) onetime costs that customers associate with the process of switching from one provider to another (Burham et al., 2003). They are widely perceived as barriers that prevent customers from switching (Colgate and Lang, 2001, Yanamandram and White, 2010, Wen-hua et al., 2010, Khan et al., 2010) and indicate the ease or difficulty a customer has in replacing his existing supplier (Liu, 2006). Studies on the relationship between switching costs and staying behaviour have sought to help companies understand what factors consumers consider when facing switching barriers. Similarly, switching barriers should also be considered as switching costs (Hu and Hwang, 2006).

Retail customers' tendency to switch or not switch has been examined in the traditional (offline) context, both conceptually and empirically and in the fields of marketing, economics and psychology (Ghazali et al., 2011). Past studies have found that when switching costs increase, satisfaction has a reduced effect on customer loyalty (Dagger and David, 2012). Similarly, the impact of customer perceived value and corporate image on customer loyalty are reduced when customers perceive high switching costs (Wang, 2010).

Empirical literature concerning the relationship between switching costs and switching intention has provided inconsistent results. It is noted that high switching costs influence client behaviour by seeking to harmonize their relationships thereby extending longevity, consistent with agency theory (Davies and Prince, 2011). This means that high switching costs to a certain extent influence customers to stay and have a significant positive effect on customer retention (Edward and Sahadev, 2012). On the other hand, the relationship between perceived switching costs and the likelihood that customer satisfaction leads to greater customer continuance intention was not found to be significant in a study of e-service customer retention (Chea and Luo, 2006). Similarly, Jones et al. (2000) found that there is no relationship between switching costs and customer retention. This is justified because the online brokerage industry is not similar to retail banking services. Meanwhile, in a

technology market, the presence of high switching costs tends to buffer consumers from information about competing technologies and shows continuous commitment to incumbent technologies (Hyun and Pae, 2005).

Past research shows mixed findings between switching costs and intention. In some studies, switching costs have been shown to have a positive impact on switching intention (Wen-hua et al., 2010, Kaur et al., 2011, Lu et al., 2011, Baumann et al., 2005) and customer retention (Lees et al., 2007, Vasquez-Carasco and Foxall, 2006, Edward and Sahadev, 2012), implying that the higher the switching cost, the higher the switching intention. In contrast, switching costs have been shown to have a negative impact on switching intention (Bansal et al., 2005, Han et al., 2011, Hu and Hwang, 2006) and continuance or staying reasons Chea and Luo (2006). Thus switching costs are negatively related to switching intention.

### ***c) Apathy***

Apathy is most commonly defined as a lack of feeling, emotion, interest, or concern. It is a state of indifference (McManamy, n.d). It was found to be the main reason cited by customers who did consider switching but chose not to, and the most commonly cited reasons were: “I didn’t think it would be financially worthwhile” and “I would not get any better service at the new bank” (Committee, 2011). These suggest that many customers still view banks as all the same (Colgate and Lang, 2001).

Reflecting on what has been discussed, it seems feeling locked in, switching costs and apathy are potential explanations of inertia and have acted as barriers that deter customers from switching. Therefore it is proposed that

*H7: Switching barriers are negatively related to switching intention*

**Table 6 Major Findings on Switching Barriers as Inertia and Impact on Switching Intention**

Researchers	Description	Independent Variables	Impact on Variables
(Harrison et al., 2012)	Lock-in to a service provider involves a customer who feels bound to a relationship or to a service provider and feels that he or she is unable or unwilling to leave that service provider	Switching barriers	Conceptualizing lock-in Staying versus switching
(Kaur et al., 2011)	Investigate the extent of customer switching and the reasons that underlie customer-switching intentions	Switching barriers (-)	Switching intentions
(Shin and Kim, 2008)	Investigates switching barriers mobile number portability in us mobile market.	Subscriber lock-in Switching barrier (-) Subscriber lock-in	Switching intention
(Ranaweera and Prabhu, 2003)	Influence of satisfaction and switching barriers on retention	Switching barriers (-)	Retention
(Valenzuela, 2010)	Uncover the dimensions that form the construct of switching barriers for retail banking customers in the Chilean banking industry	Switching barriers factor labels Switching barriers behaviour by types of bank Switching barriers behaviour by gender Switching barriers behaviour by education	
(Boohene et al., 2013)	Impact of retention factors that influence consumer decision to stay	Switching barriers (+)	Customer retention
(Cohen et al., 2007)	Impact of several retention –relevant construct to behavioural intention	Perceived switching barriers	Behavioural intention
(Vasquez-Carasco and Foxall, 2006)	Positive and negative switching barriers		Customer retention
(Danesh, 2012)	Examine the direct relationship between customer satisfaction, trust and switching barriers	Switching barriers (+)	Customer retention

(Kaur et al., 2011)	Investigate the extent of customer switching and the reasons that underlie customer-switching intentions	Switching costs (+)	Switching intentions
(Wen-hua et al., 2010)	The determining factors of users switching intention	Switching costs (+)	Switching intention
(Zikiene and Bakanauskas, 2009).	Customer switching behaviour represents a dynamic process that develop over a particular period of time and results in relationship ending	<u>Factors repressing switching behaviour</u> Economic costs Search costs Search and evaluation costs	Behavioural intention
(Bansal et al., 2005)	Migration involves “the motion of a person (a migrant) between two places for a certain period of time”	Switching costs (-)	Switching intention
(Shin and Kim, 2008)	Investigates switching barriers mobile number portability in us mobile market.	Switching cost Subscriber lock-in Switching barrier (-) Subscriber lock-in	Switching intention
(Han et al., 2011)	Relationship among core service failure and service encounter failure performances, customer satisfaction and switching barriers and switching intention	Switching costs (-)	Switching intention
(White and Yanamandram, 2004)	Investigate why dissatisfies customers in the b2b service sector stay with the service providers	Switching costs	Reasons for staying decision
(Jen et al., 2011)	Customer behavioural intention	Switching cost(+)	Switching intention
(Jones et al., 2000)	Switching barriers as important factors impacting the customer decision to remain with a service provider	Switching cost-Not significant	Repurchase intention
(Beerli et al., 2004a)	Personal switching cost as antecedent to loyalty	Switching cost (+)	Customer loyalty
(Baumann et al., 2005)	Predicting short term behavioural intention	Switching costs (+)	Switching intention



(Lee and Neale, 2012)	Switching cost and customer retention	Switching cost (+)	Customer retention
(Vasquez-Carasco and Foxall, 2006)	Positive and negative switching barriers	Switching costs(+)	Customer retention
(Wang, 2010)	Important factors that influence the customer's decision to stay with a service provider	Switching costs (+)	Customer loyalty
(Dagger and David, 2012)	Examining the moderating effect of involvement, switching costs and relationship benefits	Switching costs (-)	Customer loyalty
(Chea and Luo, 2006)	Role of perceived switching cost on e-service customer retention	Perceived switching costs (-)	Continuance intention
(Edward and Sahadev, 2012)	To validate an integrated model of customer retention	Switching costs(+)	Customer retention
(Hu and Hwang, 2006)	Testing the relationship between switching costs and intention to switch	Procedural switching costs (-) Relational switching costs (-)	Intention to switch
(White and Yanamandram, 2004)	Investigate why dissatisfies customers in the b2b service sector stay with the service providers	Inertia	Reasons for staying decision
(Panther and Farquhar, 2004)	Explore dissatisfying experiences and consumer decision to alternate or to stay with current provider.		Commonly cited reasons for staying
(Wu, 2011b)	Investigate antecedents of customer loyalty focusing on satisfaction. To develop and test models of the antecedents of customer loyalty including satisfaction and inertia	Inertia	Customer loyalty
(Yanamandram and White, 2010)	Examine the extent inertia as a reason for staying	Inertia	Attitudinal propensity to maintain status quo with a service provider
(Colgate and Lang, 2001)	Switching barriers in the consumer market	Apathy	Decision for not switching
(Kiser, 2002)	Predicting household switching behaviour	Too much trouble (+) Convenient Location (+) Price (+)	Stay decision

## **2.5 Positioning of the Research Study**

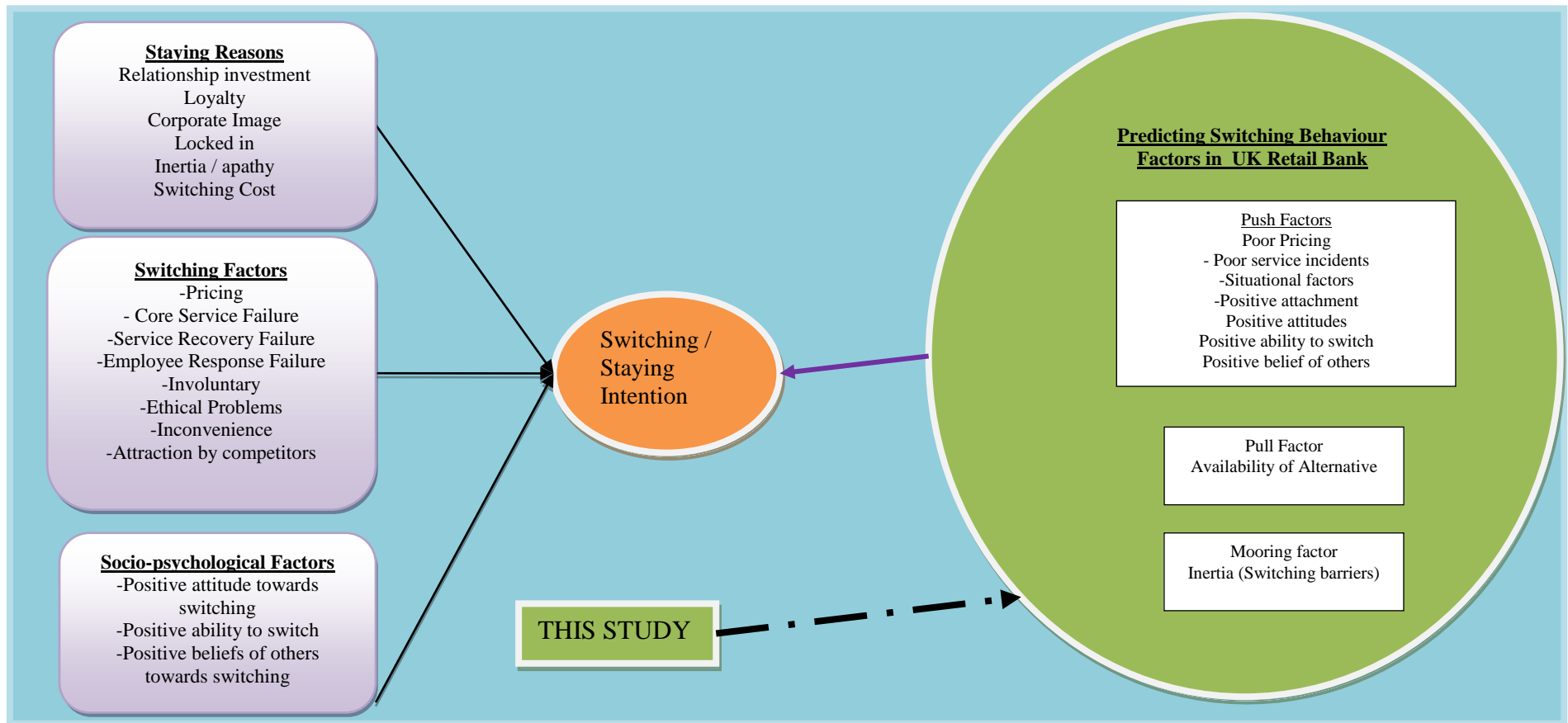
An initial review of the literature (see Section 2.2) indicated migration theory as a suitable theory by which to understand switching behaviour. Switching can be viewed as migration behaviour where customers migrate from one provider to another. In migration theory (Lee, 1966), decisions to migrate are based on factors associated with the area of origin, the destination, intervening obstacles and personal circumstances. The factors influencing staying behaviour comprise both positive elements associated with the origin while switching factors are influenced by negative elements associated with the origin.

The positive and negative reasons why customers defects are various relating to particular critical incidents. However, in some instances, there are dissatisfied customers (due to some incidents) who do not switch because of a number of factors inhibiting them from switching.

Research into switching behaviours before 1991 largely focused on what motivates customers to switch (Ajzen, 1991). Keaveney's (1995) work has become a significant study in switching behaviour in services because she provided a comprehensive overview of eight categories of switching determinants in service industries. The study has been adopted in later studies, for example N'Goala (2007) replicated the study using all categories while others have adopted the study in part rather than in whole (Bansal and Taylor, 1999, Bansal et al., 2004, Bansal et al., 2005, Gerrard and Cunningham, 2004b, Clemes et al., 2010, Naumann et al., 2010). The eight categories identified were price, core service failure, and service encounter failure, employee response to service failure, involuntary switching, inconvenience, ethical issues and attraction of alternatives. Past studies on switching behaviour have contributed to service industries in understanding the reasons for exit or defection.

However, the reasons for staying are equally important in studies of staying behaviour. The reasons are closely related to switching barriers (Colgate and Lang, 2001), switching costs (Lee and Neale, 2012) and customer retention (Danesh, 2012). Most studies on switching behaviour focused on either staying or switching, thus staying and switching behaviours have tended to be studies in isolation. A small

number of studies have combined both staying and switching (Panther and Farquhar, 2004, Zikiene and Bakanauskas, 2009) in one single study, but these studies are incomplete. For example, Panther and Farquhar (2004) explored dissatisfying experiences focusing only on perceived costs in switching, loyalty and spurious loyalty and dissatisfaction in retail banking while Zikiene and Bakanauskas (2009) focused on customer switching behaviour looking into the perceived alternatives, perceived risk, economic cost, search cost and evaluation cost, dissatisfaction, response to service failures, new value, core service failures, service encounter failures and price issues. In addition, research has also provided sufficient evidence that attitudes, perceived behavioural control and subjective norms have an impact on switching intention. Though many studies have been conducted covering a range of factors, there is a lack of holistic studies. Hence, this thesis is positioned as a holistic model incorporating switching, staying and other socio-psychological influences on switching intention and switching behaviour using the push-pull-mooring framework. See Figure 9 for the illustration of the positioning of the research in relation to the literature.



**Figure 9 Positioning of the research study in relation to the literature**

## **2.6 Conceptual Framework of Bank Switching Intention**

This section provides an overview of the proposed framework, which has been developed in subsection 2.2, 2.3 and 2.4. Figure 10 depicts the proposed factors contributing to switching intention from the customer's perspective. The antecedents are grouped into three sets of construct: push-pull and mooring factors towards switching intention. The effects of these antecedent variables on switching intention are measured through direct and indirect relationship.

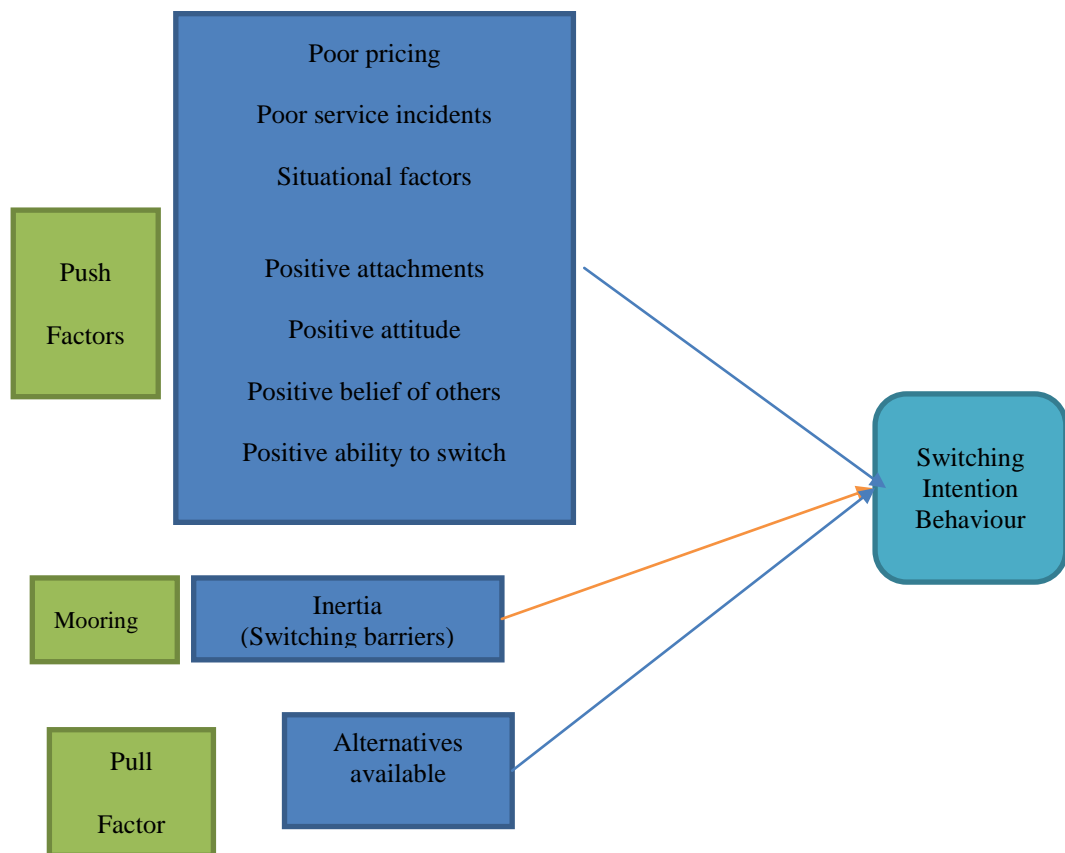
### **2.6.1 Overview of The Proposed Theoretical Framework**

As discussed in Section 2.5, this thesis is concerned with advancing the understanding of customer switching behaviour in retail banking services using the push-pull and mooring framework that predicts staying intentions and those that act as a trigger for switching and deter customers from switching. Utilising migration theory, push factors are negative factors that push customers from their current provider to the new service provider, therefore it is proposed poor pricing, poor service incidents, positive attachment and perception on socio-psychological aspects have an impact towards switching intention.

From the theory of planned behaviour, it was established that behavioural intention affects actual behaviour (Ajzen, 1991). While subjective norms have been tested against switching intentions, no direct relationship has been found (Bansal and Taylor, 2002), switching intention was additionally described to be affected by the attitudes towards switching and switching costs (Bansal and Taylor, 1999). However Taylor and Tod's (1995) findings showed that subjective norms do affect behavioural intentions. The model explores how attitudes towards switching, subjective norms and staying reasons are related to switching intention and switching behaviour.

All these factors will thus be examined, with the aim of finding out which factors are the greatest predictors of switching intention. Furthermore, as previously has been mentioned, the factors that affect switching intentions are not completely independent, but may affect each other to some extent, e.g mooring factors may moderate or inhibit the switching intention. Therefore, this thesis will examine if

there are any noteworthy relationships between the push-pull predictor variables controlling for mooring factors towards switching intention (see Figure 10).



**Figure 10 The proposed Theoretical Bank Switching Behaviour Model**

This chapter has reviewed the extant literature pertaining to push, pull and mooring effects that affects switching intention behaviours. The literature review has shown that despite the wealth of studies into switching intention behaviours there has been a lack of research that has attempted to holistically examine switching that takes into account both push factors, pull and mooring reasons that exert an influence on these decisions. Guided by migration theory and The Theory of Planned Behaviour this chapter has proposed a conceptual for understanding switching intentions in the context of financial services. The following chapter will now consider the research strategy and methods of research to address the research questions and test the hypothesised relationships in the conceptual model.

## Chapter 3

### Research Methodology

#### 3.1 Introduction

Chapter 2 reviewed the literature and the underlying theories and models for switching behaviour. This chapter explains and justifies the research methodology used to test the proposed theoretical model, instrument development and data collection methods used. This chapter is divided into two sections. Section I, discusses the philosophical orientation of the thesis and how this influenced the choice of research strategy. It also presents an overview of the stages of data collection. Section II details the conduct of research: Discussion in this section focuses on: data collection procedures, sampling strategy, research instrument development and data analysis techniques. The chapter concludes with a consideration of the overall research approach and its limitations.

#### 3.2 Different World Views That Explain Research Approaches

Discussion on worldviews is important as the researcher's world view has a profound influence on the paradigm, research approach and philosophical foundation that underpins his or her enquiry. Goduka (2012b) identifies three world views: objectivist, constructivist and contextualist.

1. **Objectivist** - A characteristic of an objectivist world view is the existence of objective, absolute and unconditional truth that exists independent of the

enquirer. Objectivism is the epistemological view that things exist as meaningful entities independently of consciousness and experience, that they have truth and meaning residing in them as objects and that scientific research can attain that objective truth and meaning.

2. **Constructivist** - Proponents of this view argue that knowledge does not exist independently of the learner or researcher, rather it is socially constructed. The three traits that are central to this paradigm are that realities are local and specific in the sense that they vary between groups and individuals; the reality has actively constructed meaning. The constructed meaning and the construction process involves other social and cultural artefacts and therefore inevitably becomes social.
3. **Contextualist** - Contextualists believe that there are no universal laws for understanding social phenomena such as human development, therefore there is no universal truth. Contextualists base their non-universal argument on two reasons: one empirical and one conceptual. From an empirical perspective, they argue that there is more than enough variability in the data comparing individuals and groups from different settings to raise serious questions about the assumptions that human development reflects the same universal sets of variables. From the conceptual perspective, they argue that since it is impossible to have an objective (for example context-free) perspective on human development, it is also impossible to make judgements that are not culturally and contextually based.

The world views clearly underpin the different research paradigms, as the next section illustrates.

### **3.2.1 Research Paradigms and How They Influence the Research Process**

The Encyclopedia of qualitative research (Goduka, 2012b) describes a paradigm as a set of assumptions and perceptual orientations shared by members of a research community support legitimate inquiry and provide researchers with a conceptual framework for seeing and making sense of the social world. Four key research paradigms are recognised in social science research namely positivist, post-positivist



(realist), constructivist and advocacy / participatory research. In the context of this thesis, the discussion on positivist and post positivist paradigm combined with an objectivist world view, is central since the research emerges from established theoretical perspectives and is underpinned by objectivist philosophical foundations or assumptions.

### ***3.2.1.1 The Positivist Position***

The term positivism describes a complex reality with crucial historical and intellectual functions (Ferrarotti, 1999). Positivism is the epistemological position that advocates working with an observable social reality. The emphasis is on highly structured methodology to facilitate replication, the end product of which can be law-like generalisations similar to those produced by the physical and natural scientists (Saunders et al., 2012). Goduka (2012b) suggests positivism entails the following principles:

1. Only phenomena and hence knowledge confirmed by the senses can be genuinely warranted as knowledge (the principle of phenomenalism)
2. The purpose of the theory is to generate hypotheses that can be tested and that will thereby allow explanation of laws to be assessed (the principle of deductivism)
3. Knowledge is arrived at through the gathering of facts that provide the basis for laws (the principle of inductivism)
4. Science must be conducted in a way that is value free (the principle of objectivism)
5. There is a clear distinction between scientific statements and normative statements and a belief that the former are the true domain of the scientist. (the scientific principle)

Positivist epistemology restricts the conception of valid warranted knowledge to what is taken to be unproblematic observable “sense –data” (Gill and Johnson, 1997)

namely the nature of empirical knowledge, consistent with the nature of science (Hughes and Sharrock, 2007). Thus, the hallmark of the positivist paradigm is that the world is viewed as having a single reality that can be independently observed and measured by objective means, preferably under experimental conditions where all variables can be controlled and manipulated to determine causal connections (Goduka, 2012b). In terms of research techniques, positivist researchers have made extensive use of quantitative techniques of data collection and analysis (Goduka, 2012b).

In terms of research techniques, positivist researchers have made extensive use of quantitative techniques of data collection and analysis (Goduka, 2012b)

### ***3.2.1.2 The Constructivist / Interpretivist Position***

In the constructivist view, meaning is not discovered but constructed, meaning is not inherent to the object, merely waiting for someone to come upon it (Crotty, 1998, Sandu et al., 2012). They claimed that meanings are constructed by human beings as they engage with the world they are interpreting.

According to Denzin and Lincoln (2003), this paradigm, is seen as important to discover and understand these meanings and the contextual factors that influence, determine and affect the interpretations reached by different individuals

Epistemologically, knowledge is mediated reflectively through the perspective of both the researcher and participants, as both are linked to construct knowledge together (Goduka, 2012b). Thus how things appear to people and individual judgement truth are relative to particular paradigms or frames of reference. Research is written and reported from the perspective of an involved researcher.

In terms of research techniques, constructivists have made extensive use of qualitative techniques of data collection and analysis. The constructivist position is primarily identified with an inductive rather than deductive research strategy.

### ***3.2.1.3 The Post-positivist Position***

Post positivism challenges the traditional notion of the absolute truth of knowledge and recognizes that social scientists cannot be 'positive' about the claims of knowledge when studying the behaviour and actions of humans. Ontologically, post positivism represents a critical realist perspective where there is real objective reality, but humans cannot know it for sure (Goduka, 2012a), and we need to recognize that different people may inhabit quite a different world (Crotty, 1998).

Epistemologically, post positivism is a modified objectivist approach where the goal is objectivity (but pure objectivity is impossible) (Goduka, 2012a), even so the results are probably true. The post positivist researcher assumes a scientific approach of social knowledge focusing on logical analysis of empirical data where data will be collected and interpreted through rigorous methods which include the use of information technology, using multiple levels of analysis of data collected through various techniques used in order to ensure rigour (Sandu et al., 2012).

### ***3.2.1.4 The Advocacy / Participatory (PAR) Position***

Goduka (2012b) argue that the advocacy / participatory research paradigm as is part of post-positivism and came about as a wholesale rejection of the central tenets of positivism. Gaduka defines PAR as collaborative, critical, participatory and contextualist focusing on enabling key community members who are stakeholders to address problems they see as important.

According to Goduka (2012b) : ontologically, researcher / participants as less interested in what the truth is and more interested in what works and how problems are solved. Epistemologically, this position accepts many different viewpoints and works to reconcile those perspectives through pluralismatic means. Methodologically the researcher collaborates with participants on issues that matter to them and on empowerment.

### 3.2.2 Justification of Research Philosophy Adoption in the Research

Epistemology, theoretical perspective, methodology and methods are four important elements in explaining and understanding the research philosophy. Each paradigm differs according to each element which is interrelated with other elements. The following sections provide a brief definition of each element and a discussion of the key differences in relation to the positivism and interpretivism paradigms as examples of two competing paradigms.

**Epistemology** - refers to “the claims or assumptions made about the ways in which it is possible to gain knowledge of this reality, wherever it is understood to be; claims about how what exists may be known.” (Blaikie, 1993). In positivism knowledge is assumed to be time free, context-independent and real causes exist. With interpretivism, however, knowledge is assumed to be time-bound, context-dependent, simultaneously shaped and interactive (Ozanne and Hudson, 1989) .

**Theoretical perspective** - is the philosophical stance that lies behind a chosen methodology and attempts to explain how it provides a context for the process and grounds its logic criteria (Crotty, 1998).

**Methodology** - is the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of the methods of the desired outcomes (Crotty, 1998). A positivist methodology adopts experimentation and verification of hypotheses - primarily quantitative methods – while interpretism uses hermeneutical / dialectical approaches and is characterised by researcher immersion - primarily qualitative methods.

**Methods** - refers to techniques and procedures used to obtain and analyse data (Saunders et al., 2012), the techniques or procedures used to gather and analyse data related to the same research questions or hypothesis (Crotty, 1998).

Methodologies based on hypotheses testing and experimentation tend to make use of quantitative methods, whereas methodologies based on interpretative approaches tend to make use of qualitative methods. However, it is not just the method that is important but the way in which the data is used, analysed and interpreted from the

method. For example, qualitative methods, such as interviews and surveys when used in a highly structured way can lean more towards positivist approaches, whereas used in an unstructured way that is led by research participants can lean more towards interpretive approaches; the dividing line between qualitative and quantitative research is not so clear cut.

To achieve the research objective outlined in this study, which is explaining and predicting switching behaviours and isolating push, pull and mooring determinants, Table 7 explains the philosophical stance adopted in this thesis.

**Table 7 List of Representative Sampling for the Basic elements**

Epistemology	Theoretical perspective	Methodology	Methods
Objectivism	→ Positivism (and post positivism)	→ Survey research	→ Questionnaire

Source: Adapted from Crotty (1998)

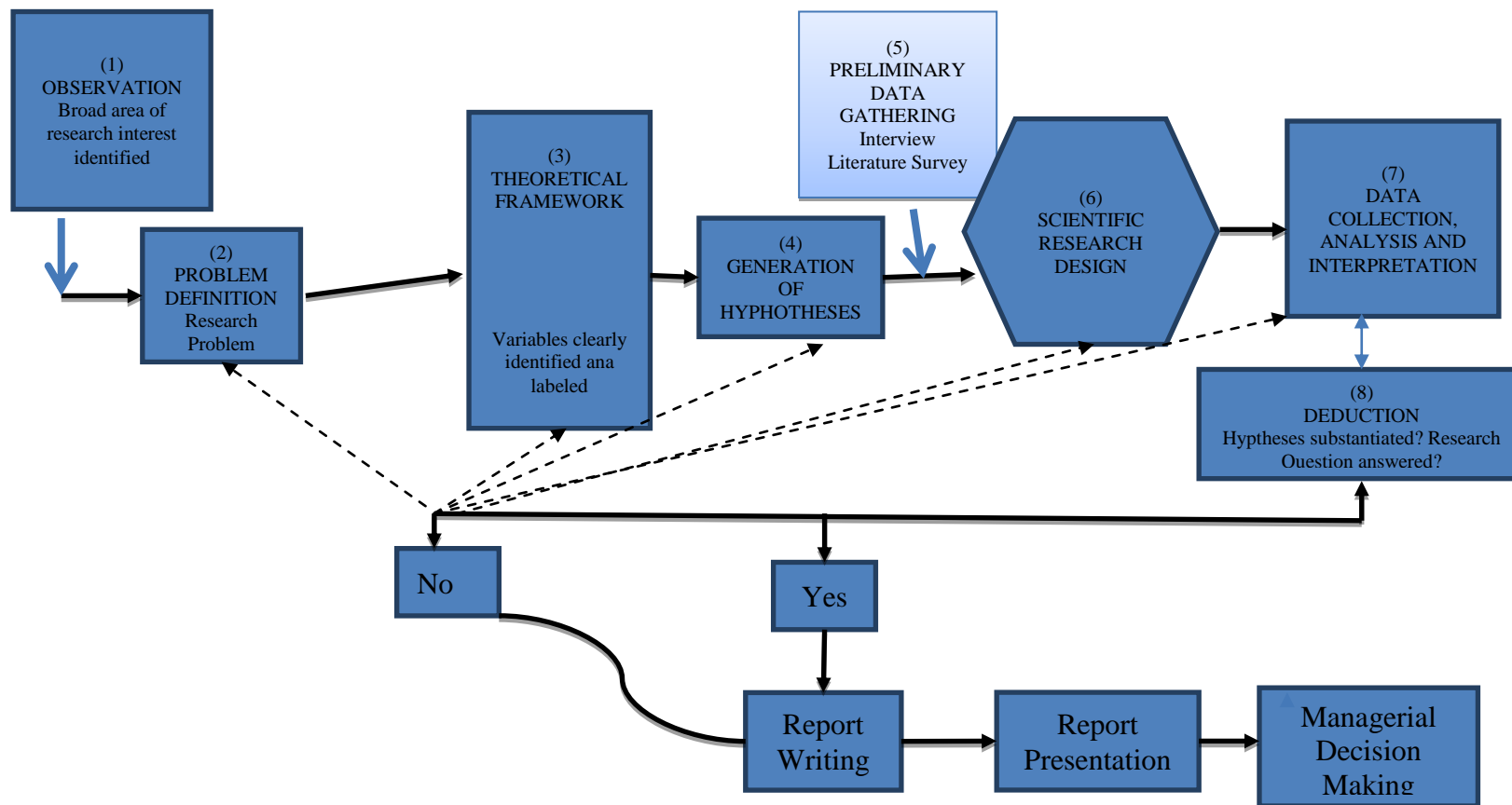
This research employs an objectivism epistemology (positivism). From an objectivist viewpoint, positivism and post positivism theoretical perspectives underpin the research where the emphasis is on a highly structured methodology to facilitate replication.

On the other hand, due to the mixed method strategy used (see Section 3.5.2), the data collected in stage I identifies a range of determinants via qualitative methods to be tested and verified in stage II using quantitative methods. Figure 11 illustrates the methods used in the research process. To explain more on the qualitative and quantitative characteristics, Deshpande (1983) describes the characteristics of quantitative and qualitative paradigms (see Table 8).

**Table 8 Characteristics of Qualitative and Quantitative paradigm**

Quantitative	Qualitative
<ul style="list-style-type: none"> <li>• Seeks facts or causes phenomena without advocating subjective interpretation</li> <li>• Logical-positivist approach</li> <li>• Obtrusive, controlled measurement</li> <li>• Objective: “outsider’s perspective : distance from the data</li> <li>• Ungrounded, verification-oriented, confirmatory, reductionist, inferential, hypothetico-deductive</li> <li>• Outcome-oriented</li> <li>• Reliability is critical; hard and replicable data</li> <li>• Particularistic-attempts to analyse</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding human behaviour from the actor’s frame of reference</li> <li>• Phenomenological approach</li> <li>• Uncontrolled naturalistic, observational measurement</li> <li>• Subjective; “insider’s perspective; close to the data</li> <li>• Grounded, discovery-oriented exploratory, expansionist, descriptive, inductive</li> <li>• Process-oriented</li> <li>• Validity is critical; “real”, ‘rich” and “deep” data.</li> <li>• Holistic-attempts to synthesize</li> </ul>

Details of data collection, the qualitative or quantitative nature and rationale for selection are discussed in detail in the next section (see Section 3.3).



Source: (Sekaran, 2003)  
**Figure 11 The Modified Research Process**

## **Section I Research Design**

### **3.3 Introduction**

This section outlines the research stages taken and the method chosen for each phase of the research and its rationale.

### **3.4 Overview of Research Stages**

The empirical work for this thesis was conducted in two stages. Figure 12 shows the aims and objectives for stage I and stage II of this thesis while Figure 13 shows the links between the research objectives, the research questions and each research stage. Stage I aims to gain some insights on consumer switching in retail banking services. Meanwhile Stage II aims to explore the push-pull, mooring factors and their relationship with switching intention. Hence discussion on methodology adopted and rationale of each strategy employed are discussed next.

#### **3.4.1 Combining Qualitative and Quantitative data Collection Method**

Basing itself within the post-positivist paradigm, this research takes the view that each data collection technique is complementary to the other in its attempts to capture reality. A survey of ten years of academic research in marketing reveals the continuing dominance of quantitative methods (Hanson and Grimmer, 2007). However, it is acknowledged that qualitative research does play a major role in orienting quantitative studies (Hanson and Grimmer, 2007). Thus qualitative data collection method in Stage I of this research was used to compliment the quantitative data collection method conducted in Stage II.

#### **3.4.2 Rationale for Combining Data Collection Method**

In this design, the researcher first collects and analyses the qualitative data (text) and was compared with the literature and help in the development of questionnaire in the second stage. The rationale for this approach is that the qualitative data and their subsequent analysis provide general understanding of variables included in the research.

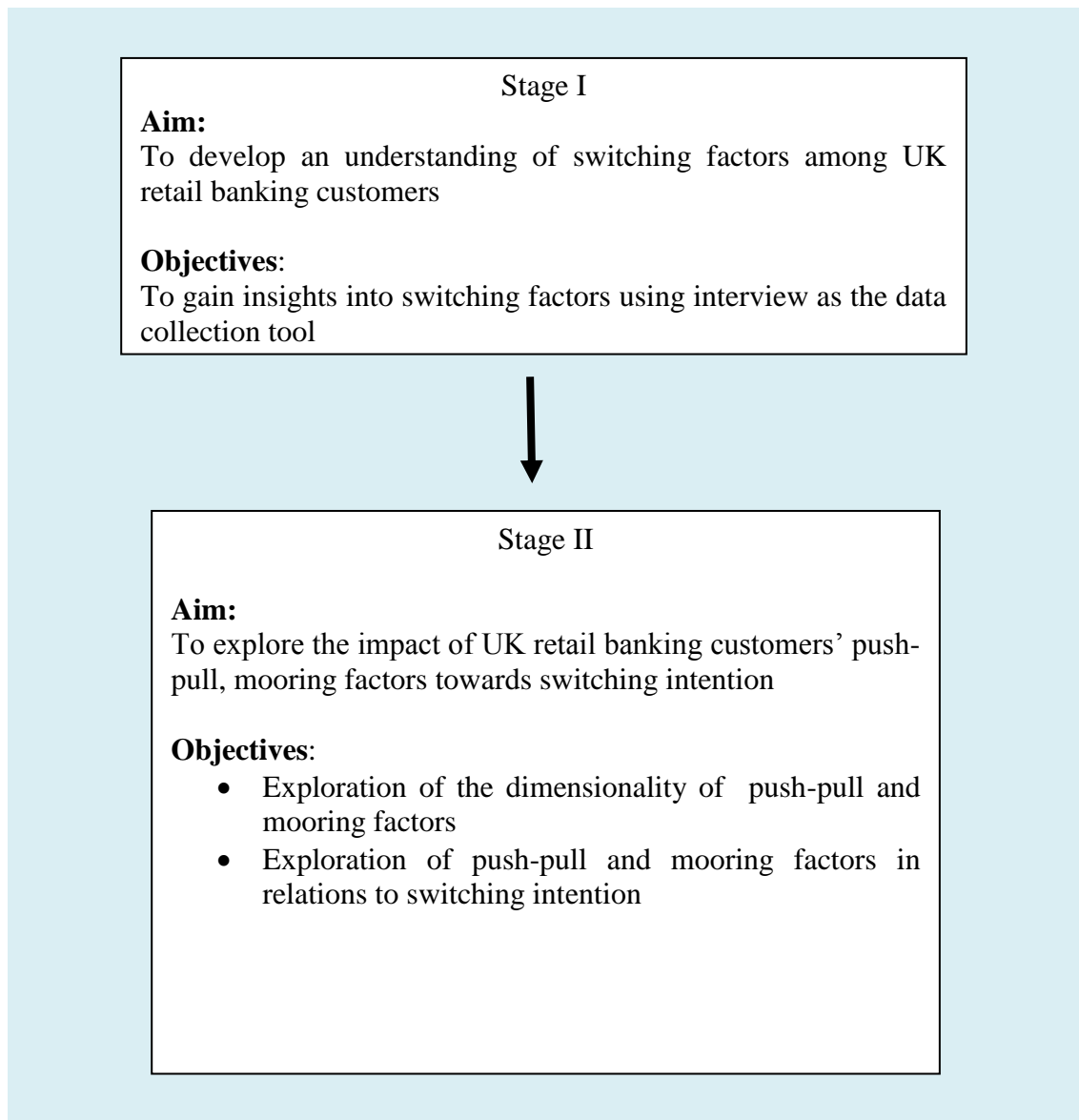


Among the reasons for using qualitative data collection methods in Stage I is first, qualitative methods have proven to be able to gain an understanding of the underlying reasons or motivations and allow the researcher to develop an initial understanding (Malhotra, 2004). Qualitative research does not measure, it provides insight (Ruyter and Scholl, 1998). In this exploratory study, the researcher wanted to gain as much insight into the actual reasons for bank switching or staying and possible reasons that could influence customers' decisions to leave the bank in future and at the same time, compare with the past literature to ensure that the second data collection using survey is conclusive. Moreover, according to Shah and Corley (2006), the primary benefits of qualitative data collection methods are that they allow the researcher to discover new variables and relationships, to reveal and understand complex processes and to illustrate the influence of the social context. In the absence of a comprehensive set of push-pull and mooring factors, qualitative data collection was first used, alongside the literature review, to surface a number of key factors for subsequent testing.

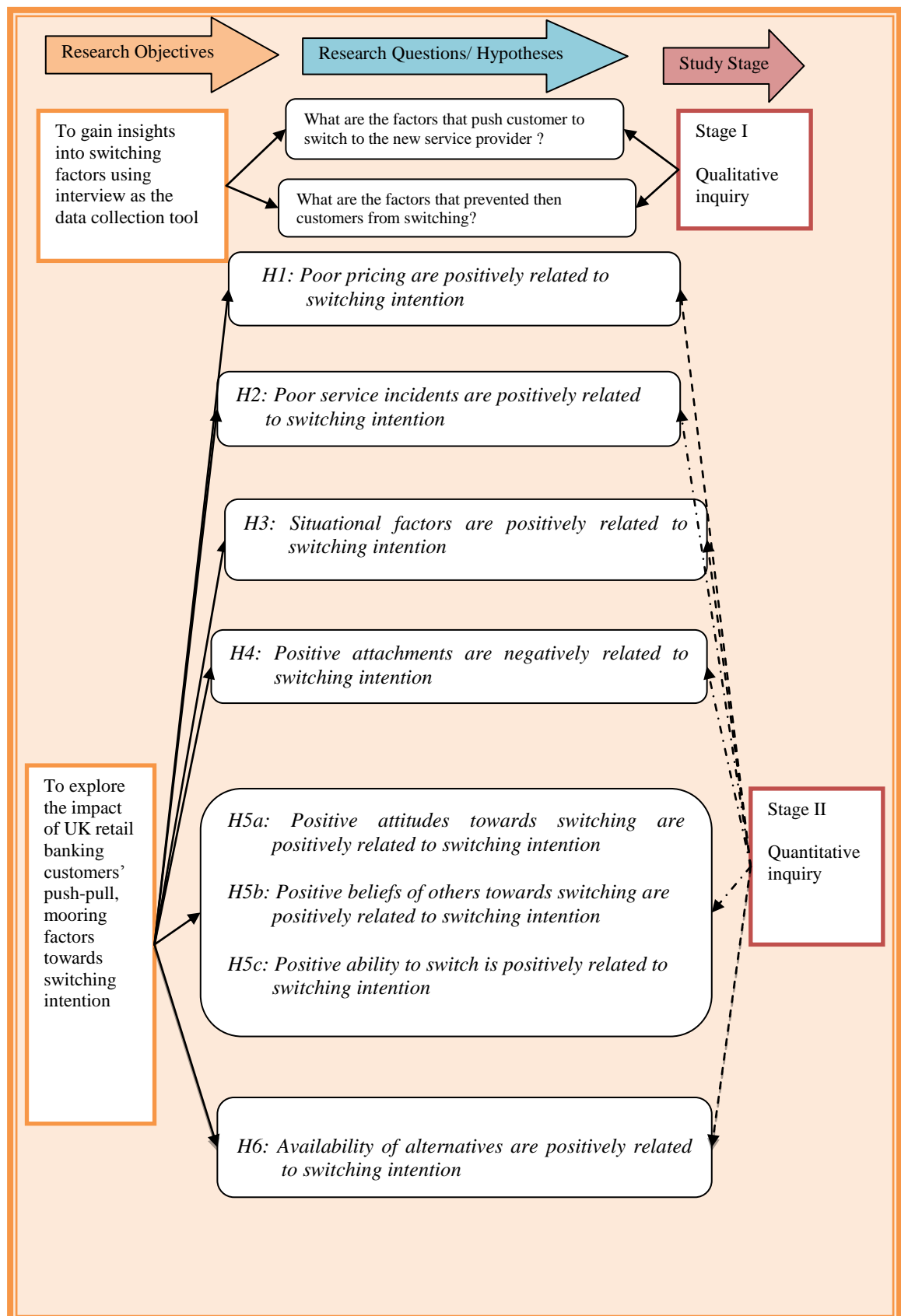
### **3.5 Research Strategy**

#### ***3.5.1 Research Strategy for Stage I***

The data collection method used in Stage I is in-depth interviews. See Section II Research Phases for the details on the topic guide, instrumentation, sample and data analysis conducted in Stage I.



**Figure 12 Aims and Objectives of The Research**



**Figure 13 Links Between The Research Objectives, The Research Questions and Each Research Stage**

### ***3.5.2 Research Strategy for Stage II***

The research strategy in Stage II aims to assess push-pull and mooring factors. First, it explores the dimensionality of each factor followed by measuring the relationship between each push-pull and mooring factor towards switching intention. To be able to achieve the aims stated in Stage II – to identify broad trends in the population, (Creswell and Clark, 2007), this stage of the research extends the findings of Stage I by gathering data from a broader sample of UK retail banking users and explores links between response and factors identified from past literature. With the use of survey research, the qualitative data gathered in Stage I were incorporated into a questionnaire and distributed to the target population.

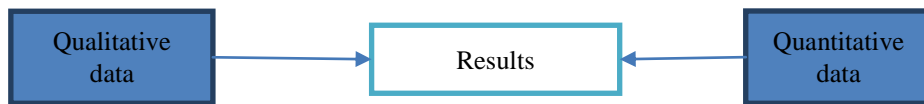
For the purpose of Stage II data collection, this research employs sequential data collection and according to Creswell and Clark (2007), there are several sequential data collection issues and guidelines to be considered:

1. Sequential data collection involves collecting the data in stages: One data collection method is followed by a second data collection method. These procedures are included in the explanatory and exploratory designs, as well as sequential forms of embedded design.
2. In this type of data collection one type of data may be weighted more heavily and the top priority data collection may be either qualitative or quantitative, it depends on the research problem and the approach the investigator wants to emphasize.
3. Sequential data collection is conceptualized as having three stages. In the first stage, the data collection and analysis are either qualitative or quantitative. Either approach could be used in an embedded design. Decisions are made in stage 2 about how the results will be used to influence the stage 3 data collection and analysis. In this approach, the final stage 3 data collection and results build on the initial stage 1 result, thus stage 2 is inserted into the process between the two data collections.

This study adopted the use of multiple methods to study a single problem in two different stages and is illustrated in Figure 14 as “connect the data”. Using more than one data collection approach permits the evaluator to combine strengths and minimize the impact of any deficiencies of any single source of data (Patton, 1987) and has been defined as methodological triangulation. According to Denzin (1978), as quoted by Patton (1987), four basic types of triangulation can be identified: (1) data triangulation-the use of a variety of data sources in a study, for example interviewing people in different status positions or with different points of view; (2) investigator triangulation-the use of several different evaluators or social scientists; (3) theory triangulation-the use of multiple perspectives to interpret a single set of data; and (4) methodological triangulation-the use of multiple methods to study a single problem or program such as interviews, observations, questionnaires and documents. The fourth type, methodological triangulation is the most widely understood and applied approach and has been frequently cited as a rationale for mixing qualitative and quantitative methods in studies (Seale, 1999).

Qualitative and quantitative methods are often used in a complimentary fashion, applied in different phases of the same research project and often in a diagnostic exploratory nature (Ruyter and Scholl, 1998). Literature from previous research has provided valuable constructs and variables for measures but little is known about how relevant they are to the current situation of bank switching behaviour. Hence, in this study, the data gathered from the interview are transcribed, analysed and incorporated into Stage II of the study to develop a more comprehensive conceptual model. The process of data collection and analysis in both stages is outlined in Figure 15.

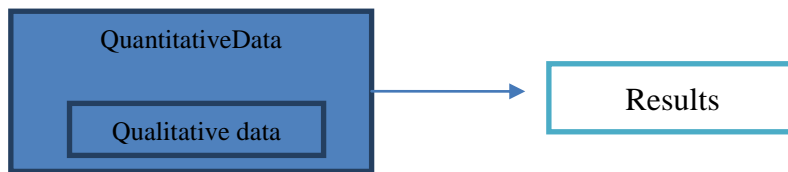
Merge the data:



Connect the data:

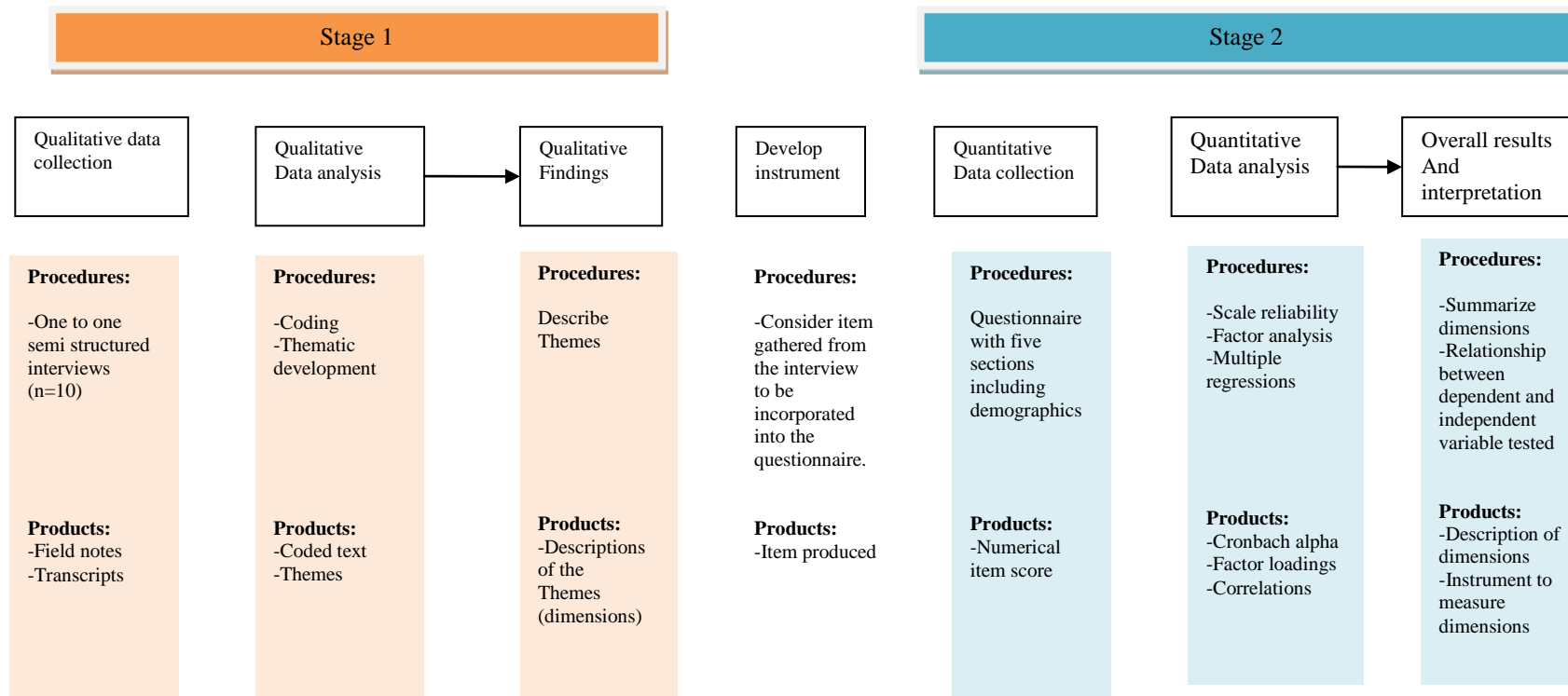


Embed the data:



Source (Creswell and Clark, 2007)

**Figure 14 Three Ways of Mixing Quantitative and Qualitative Data**



Adapted from Creswell and Clark (2007)

**Figure 15 Visual Design of The Procedures Used To Measure Exploratory Research In This Study**

## **Section II Research Phases**

### **3.6 Stage I**

This section outlines the detailed conduct of the research. The aim and scope of stage I, the composition of the topic guide, instrument administration, unit of analysis, sample, sample size and data analysis are discussed.

#### **3.6.1 Aim and Scope of Stage I**

The objective of the first stage of the study is twofold: first to provide additional support for the theory that exists relating various constructs to switching behaviour and second to identify other factors influencing switching behaviour that may not have been included in previous research.

Interviews provide in - depth information pertaining to participants' experiences and viewpoints of a particular topic (Turner, 2010) and interviewing provides a deeper understanding of the issues, structures, processes and policies that permeate participants' stories (Granot et al., 2012). The purpose of interviewing is to find out what is in and on someone else's mind (Patton, 1990). In this first stage a general interview guide approach was employed.

The main reason for choosing in - depth interviews is because interviews have been used extensively to gain preliminary insights in the decision problem (White and Yanamandram, 2004) and have been used widely in similar research interest (Keaveney, 1995, Ganesh et al., 2000, Roos et al., 2004, Cahill, 1996, Colgate et al., 2003, White and Yanamandram, 2004) and complimented the survey method used in this research.

#### **3.6.2 Composition and Development of Topic Guide**

The general interview guide approach was used in this research. The rationale for providing guidelines was because in qualitative interviews the same topics must be covered for all respondents in order that key themes can emerge; every effort should be made to explore in similar detail, each occurrence of significant phenomena (Allan and Skinner, 1991). On top of that, by preparing conversational guides, written outlines, protocols or checklist, researchers set up an overall framework for



the interview to keep the interview on course yet allow sufficient flexibility for exploring uncharted paths (Rubin and Rubin, 1995). Table 9 includes the list of questions used as a guideline in the interviews.

**Table 9 List of Main Themes and Questions Used as Guidelines in Customer Interviews**

Themes	Questions
Theme One: Introduction / banking activities	Name bank/s that you are currently using What banking products do you currently have?
Theme Two: Identifying the main bank	Which one is considered as your main bank? Reasons for having many bank/s or just focusing only on a few institutions
Theme Three: Duration with the bank	Length of time with the bank
Theme Four: Personal Experiences	Could you please tell me about your experience with your main bank? Explain more on your satisfaction level with your current bank Have you switched / stayed? For Switchers: What could be the main reason for switching? Who makes the decision? What could be the main attraction for you to switch How do you see banks in general? Are there any other reasons apart from what you have mentioned? For non-switcher: Why do you remain with the same bank? What are the main reasons for staying? Who makes the decision to stay? Have you ever considered switching in future? How would you describe yourself for remaining with the bank-loyalty or for any other reasons?

### 3.6.3 Instrument Administration

Interviews were conducted over a two-month period from December 2007 to January 2008. Each interview lasted between 30 minutes to maximum of one hour and

mostly were conducted at respondents' homes in Edinburgh. There are three key questions in defining the populations of study which are: what is the group of central interest to the subject matter?; what are the subsets of the central population that should be excluded and what are additional groups or subpopulations that should be included?; (Ritchie et al., 2003). These questions were addressed before proceeding with the interview. The central group of interest of this research comprises the switchers and stayers of UK retail banking customers. In addition to addressing these key questions the key purpose of the interviews is to assist in the development of the instrument.

The interviews started with a brief explanation of the objective of the study followed by asking permission from the respondents to tape record the conversation and verbally assuring them about the confidentiality of the conversation. Slightly different questions were developed for switchers and stayers, although attempts were made to keep the broad themes the same across the two groups. For example, some of the respondents had some switching experiences though not involving switching their main accounts. Therefore, questions on reasons for switching were asked to understand the switching determinants. Similarly, some of the switchers had been loyal to their previous bank before switching and questions on staying were also asked to gather reasons for staying.

The interviewer began with opening statements followed by introductory questions to explore customer banking activities and behaviours. These were asked of both groups, switchers and stayers, before following up with more specific questions and probes.

#### **3.6.4 Unit of Analysis**

The unit of analysis in the case of UK customers' bank switching and staying are retail banking customers residing in the UK. The most logical reasons for this were based on the objectives of the study itself which is to uncover the factors related to switching intention. Samples, sample size and sampling strategies are constructed upon identifying the units of analysis.

### **3.6.5 Sample**

A sample is some part or portion of the population (Sedlack and Stanley, 1992) or subgroup of the population selected for participation in the study (Malhotra, 2004). Previous researchers argue that there should be reasons behind choosing a sample (Sedlack and Stanley, 1992, Patton, 1987, Creswell, 1994). In this study, the researcher has designed a sample that first, includes the sample subgroup and second aims to be representative of the population as a whole and uses a non-probability purposive sample for selecting the population for the study where units of analysis are deliberately selected to reflect particular features or groups within the sampled population (Ritchie et al., 2003). In this research, UK retail banking customers are the sample and the subgroups are customers who had previous switching experience and those who have stayed with their current bank for more than six months. For those who stayed, the interviewer asked the reasons for staying and their intention to switch in future and the possible reasons contributing to the decision. Meanwhile for switchers, they were asked about the reasons for switching and possible reasons if they were to stay with their current bank.

### **3.6.6 Sampling Design**

A convenience and snowballing sampling method was chosen with reference to the exploratory research nature. The ease of access, low cost, accessibility, ease of measurement and cooperation are among the advantages of the convenience sampling method (Malhotra, 2004). In snowballing technique the respondents are purposively chosen to meet specific criteria and are asked to identify others who they think might belong to the target group of interest. The reason for choosing this technique was due to the ability to draw on personal networks to identify individuals at low sampling cost and with low sampling variance. It also increases the likelihood of locating the desired characteristics in the population (Malhotra, 2004).

### **3.6.7 Sample Size and Sample Matrix**

Qualitative research can first of all be characterised by the use of small samples (Ruyter and Scholl, 1998, Ritchie et al., 2003). What matters in qualitative research is careful target group selection (Ruyter and Scholl, 1998) and sample size depends

on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility and what can be done with available time and resources (Patton, 1990). The size of the sample varies depending on the research objectives and issues addressed. Ritchie et al. (2003) explained one of the reasons for the small sample size was due to the point of diminishing return whereby increasing the sample size no longer contributes new evidence.

As a very general rule of thumb, qualitative samples for a single study involving individual interviews often lie under 50 (Ritchie et al., 2003). Previous research deliberately interviewed 8 (Devlin, 2003), 20 (White and Yanamandram, 2004) and 24 (Colgate et al., 2003) respondents for their study. With careful thought and considerations of the first stage qualitative data collection method to compliment the second stage quantitative research, the number of selection criteria and budget and resources available, the researcher decided to start with 10 individual interviews (Table 10). Taking a theoretical sampling approach, the number of individuals interviewed was reviewed after the 10 interviews to determine whether more were necessary based on the similarity of a variety of themes emerging from the interview.

**Table 10 List of Respondents**

No	Initials	Age	Gender	Occupation
1	Z	58	Male	Unemployed
2	DH	61	Female	Secretary
3	JS	25	Female	Personal Assistant
4	HH	35	Female	Lecturer
5	T	33	Female	Unemployed
6	MD	58	Female	Personal Assistant
7	TG	30	Male	Plumber
8	AS	30	Female	Bank officer
9	MA	55	Male	Shop owner
10	NAG	32	Female	Medical Doctor

### **3.6.8 Data Analysis**

Before starting with data analysis in stage I, the interview transcripts were read and transcribed word by word and reread many times to avoid any errors in data transcription. The data collected were then regrouped according to the themes that emerged from the responses given by the participants.

## **3.7 Stage II**

This section outlines the detailed conduct of the research, the aim and scope of stage II, instrument administration, breakdown of sample and instrument development process.

### **3.7.1 Aim and Scope of Stage II**

The purpose of this section is to elaborate on the survey method, survey instrument development, identification of factors from previous literature, first stage data collection and the questionnaire content. The details of the survey method for this research are explained.

### **3.7.2 Instrument Administration**

Due to the speed, production of more usable data, effective format for asking respondents about sensitive questions and reaching large numbers of potential respondents (Rhodes et al., 2003), the internet has considerable benefit for researchers. The web questionnaire is also proven to achieve a comparable response rate to mail hard copy questionnaire when both were preceded by advance mail notification (Kaplowitz et al., 2004). Web survey are now widely used in now widely used (Evans and Mathur, 2005) and global online services are offered by large research firms (Albaum et al., 2011) that make using questionnaires the most effective data collection tool for this research.

In order to obtain a higher response rate, it was necessary to have the respondents start with the most important questions and finish with demographics or sensitive questions (Dane, 2011). If demographic questions appear early in the questionnaire, potential respondents may become too disaffected to continue resulting in no response (Cooper and Schindler, 2011). For example questions related to age or

income can be embarrassing or threatening to respondents at the beginning of a survey.

The web survey was sent out to the respondents via Avongate Ltd online marketing services and was distributed to 10,000 email records. The voluntary members are able to collect points and later to redeem the points for discounts in future purchases. The use of incentives has proven to be effective in achieving high response rates and are considered as ethical in this context because the incentives are not so valuable in price that respondents answer the survey merely to stand a chance of winning the prize (Cobanoglu and Cobanoglu, 2003). In addition, the incentive acts as a small token of appreciation for the time that respondents give to completing the survey.

### **3.7.3 Breakdown of Sample**

The survey yielded a response rate of 20.8 percent amounting to 2018 usable completed questionnaires. In terms of gender, the sample comprises of 60.1 percent female and 39.9 percent males which represents a higher proportion of females than the target population of the UK population which consists of 50 percent females and 49percent males in the year of the survey (ONS, 2009).

In terms of the population distribution according to geographic area lived in, Table 11 shows that the majority (82.9 percent) lived in England. The geographic distribution of the sample was consistent with the UK estimated population distribution at the time of the survey which showed that 82.9 percent of the target UK population lived in England (51.8 million), 10.4 percent lived in Scotland (5.19 million) and 4.7 percent in Wales (1.48 million) and 1.6 percent in Northern Ireland (ONS,2009). With regards to marital status, the majority of respondents (65 percent) were married, followed by single individuals and separated/divorced individuals. Partnered but not living together comprised the smallest percentage in this study. The distribution compares similarly to that of the target UK population, although the actual populations are slightly different: 52 percent of the UK population were married at the time of the survey (ONS, 2009).

The age distribution in this study covered a range of groups from 18 years to 65 years old. Apart from smaller numbers of respondents in the age groups, 18-24 (121)

and 59-65 (162), the majority of the respondents are almost evenly distributed between the other age groups of 24 to 34 (515), 34 to 44 (537) and 44 to 59 (683). The mean for this group of respondents is 41 which is very close to the average age in the target population of 40 in 2009.

Table 11 Demographic Variables

Demographic variables	Description	Frequency	Valid percent
Gender	Male	802	39.9
	Female	1209	60.1
Age	18 to 24	121	5.9
	>24 to 34	515	25.5
	>34 to 44	537	26.6
	>44 to 59	683	33.84
	>59 to 65	162	8.02
Marital Status	Single	518	25.7
	Married	1316	65.4
	Separated / divorced /widowed	170	8.4
	Partnered but not living together	9	0.4
Employment status	Full time employee	1049	52.2
	Part time employee	276	13.7
	Self employed	142	7.1
	Home maker	207	10.3
	Unemployed	96	4.8
	Student	50	2.5
	Retired	157	7.8
	Disabled	28	1.4
	Others: medically retired/volunteer/carers	5	0.2
Annual income	Below £ 15,000	620	30.7
	More than £15,000 but less than £40,000	1054	52.2
		261	12.9
	More than £40,000 but less than £65,000	83	4.1
	£65,000 or more		
Residence	England	1668	82.9
	Scotland	216	10.7
	Wales	95	4.7
	Northern Ireland	32	1.6
Number of children	1	308	46
	2	266	39.8
	3	75	11.2
	4	16	2.4
	5	2	0.3
	6 or more	2	0.3

### 3.7.4 Instrument Development process

This subsection explains how the instrument was refined to assess the dimensionality of staying and switching factors. These include instrument development process,

total items used in this thesis, the description of items that form a factor, and explanation on each of the dependent and independent variables.

#### ***3.7.4.1 Step 1: Identify Factors from the Proposed Theoretical Framework***

This thesis consists of 48 items used to measure the constructs. The summary of constructs comprised of switching items and staying items and switching intention as independent variable as shown in Table 12 below:

**Table 12: Total of Items Used in this Thesis**

Construct	Number of Items
<b>Switching Intention</b> (Independent Variable)	3 items
<b>Push factors</b> (Dependant variable)	Total :45 items
<b>1. Poor pricing</b>	2 items
<b>2. Poor service incidents</b>	
Core Service Failure	6 items
Service Encounter Failure	4 items
Employee Response Failure	4 items
<b>3. Situational factors</b>	
Involuntary	2 items
Ethical Problems	2 items
Inconvenience	3 items
<b>4.Positive attachments</b>	
Relationship Investment	4 items
Loyalty	3 items
Corporate Image	2 items
<b>5. Perception on socio-psychological factors</b>	
Positive Attitude	6 items
Positive ability to switch	4 items
Positive believe of others	2 items
<b>Pull factor</b> (Dependant variable)	Total : 4 items
<b>6. Availability of alternatives</b>	4 items
<b>Mooring factor</b> (Dependant variable)	Total : 9 items
<b>7. Inertia</b>	
Locked in	4 items
Switching Cost	2 items
Apathy	3 items

Table 12 shows a summary of the number and source of the item used to test each construct. These are further discussed later in this section.



### ***3.7.4.2 Step 2: Discussion of Constructs Included in the Thesis***

#### ***3.7.4.2.1 Switching Intention***

As discussed in Chapter Two, the literature of switching intention proposes that customer behaviour is influenced in accordance with the Theory of Planned Behaviour. Switching intention have been empirically tested and used as the main focus in previous research (Bansal and Taylor, 1999, Bansal et al., 2004, Bansal et al., 2005) and are incorporated in the proposed theoretical model of this thesis.

To measure switching intention, three items were used (see Table 13) for the following reasons. Firstly, the item have been adapted by other authors such (Bansal et al., 2004, Bansal et al., 2005, Bansal and Taylor, 1999) as representative of the switching intention domain. Second, the previous researchers developed their scale items based on a well-established range of previous studies including Ajzen (1991). Such studies have provided a foundation for subsequent research in understanding the role that switching intention plays in the switching behaviour context. Third previous research reported high reliability scores for the construct (Bansal et al., 2004) 0.94, (Bansal and Taylor, 1999) 0.962, .9342 (Bansal et al., 2005). Fourth, these scale item are consistent with the concept of switching intention used within this thesis because it measures three important elements of likelihood, probability and chance of customers switching in a specified time frame. According to Ajzen and Driver (1995), it is important to provide a time frame for the intention because it is difficult to express an intention without a time frame.

Research by Wen-hua et al. (2010) measuring switching intention in the telecommunication industry in Beijing reported reliability of the switching intention items to be high at 0.865. Similarly, Lin (2012a) in research into the impact of service failure on switching - measuring customer intentions to switch to another service provider due to dissatisfaction, slow service, harsh requirement and slow response – reported a Cronbach alpha for this construct of 0.8425.

In the latest development, Han et al. (2011) in their research in the hotel industry measuring switching intention using a similar scale to this research, also reported a high alpha coefficient for items of .97(probability), .98(likelihood) and .92(chance). Hence, these item are deemed suitable for inclusion in this study.

**Table 13 Switching Intention Scale Items**

Original Item	Modified Items
Rate the probability that you would switch your current bank to another bank.-	Rate the probability that you would switch your current bank to another bank <b>in the next 6 months</b> .-
Unlikely 1.....7 Likely	Unlikely 1.....7 Likely
Improbable 1.....7 Probable	Improbable 1.....7 Probable
No chance 1.....7 Certain	No chance 1.....7 Certain

#### **3.7.4.2.2 Push-Pull and Mooring Factor Items**

The push-pull, mooring factor items used in this thesis were developed based on the questions previously used in past research. Some questions were retained in their original form while some were modified to reflect the objective and context of this research. The push factors are summarised as (1) poor pricing (2) poor service incidents 3) situational factors, 4) positive attachments and 5) perceptions on socio-psychological factors. While the pull and mooring factors are availability of alternatives and switching barriers respectively. The explanation for push factors is based on the migration and theory of planned behaviour from previous literature discussed in Chapter2. A total of 37 items were used based on Keaveney's (1995) categorisation and the interviews. These items have been widely used and adapted by other authors such as Grace and O'Cass (2001), Garland (2002), Lees et al. (2007), N'Goala (2007), Zikiene and Bakanauskas (2009), Clemes et al. (2010). In one case, Clemes, Gan et al. (2010) adopted all questions and conducted reliability analysis and logistic regression analysis in the Chinese retail banking industry. Meanwhile Grace and O'Cass (2001) in child care management and N'Goala (2007) conducted an exploratory factor analysis for data reduction in retail banking services.

As Keaveney's (1995) switching determinants items were widely used either fully or partially adopted. This thesis adopted all constructs found in Keaveney's model to predict switching determinant factors (see Table 14). With some modifications, the items used to measure these dimensions are discussed below:

The push and pull factors were adopted from numerous sources. Poor pricing, poor services incidents and availability of alternatives were adopted from Keaveney (1995) who pioneered the study on factors contributing to customer switching behaviour. Meanwhile positive attachments and socio-psychological factors to current services provider were adopted from retention study and theory of planned behaviour (see Table 14).

For the purpose of a survey, the items identified as predictors to switching intention decisions were analysed in terms of their suitability and modified accordingly to suit the research aims which are to measure the switching determinants. The description of items and their arrangement as push factors are explained in the next section.

### **Push Factors**

#### ***1. Poor Pricing***

**Pricing** - The dimension of pricing in this thesis is defined as all critical switching behaviour that involved price, rates, fees charges, surcharges, penalties, price deals, coupons or price promotions (Keaveney, 1995). This construct is used to measure pricing as one of the factor that contribute to switching behaviour. Past research has included pricing as one of the factor that influence bank switching. Interest rates, maintenance fees or minimum balance are among the reasons for switching (Clemes et al., 2010, Khan et al., 2010, Bansal et al., 2005, Kiser, 2002, Shin and Kim, 2008) hence this construct is deemed suitable for inclusion in this thesis.

#### ***2. Poor Service Incidents***

**a) Core Service Failure** - Core service failure is defined as all critical incidents that were due to mistakes or other technical problems with the service itself. Often these problems are so severe that the service failure cannot be recovered.

**b) Service Encounter Failure** - This factor is so - called because it that looks at personal interactions between customers and employees of the service firms. It relates to failure in the process of service delivery.

**c) Employee Response to Service Failure** - Keaveney (1995) defined employee response to service failure as a construct that describes incidents in which customers switch not because of service failure but because service providers failed to handle the situation appropriately.

### **3. Situational Factors**

**a) Involuntary switching** - This includes stories that described switching because of factors largely beyond the control of either the customers or the service provider (Keaveney 1995). Involuntary switching has been shown to have an effect on customers switching banks (Khan et al., 2010).

**b) Ethical Problems** - Critical incidents that described illegal, immoral, unsafe and unhealthy or others behaviour that deviated widely form social norms (Keaveney 1995).

**c) Inconvenience** - The inconvenience and involuntary dimension in this thesis was defined as all critical incidents in which customers felt inconvenienced by the service provider's location, hours of operations waiting time or waiting to get appointment and stories that described switching because of factors largely beyond the control of either the customers or the service provider (Keaveney, 1995). The inconvenience dimension was widely used in past researches (Jones et al., 2003, Gerrard and Cunningham, 2004b, N'Goala, 2007) in banking services mainly to incidents leading to bank switching. One aspect of inconvenience is location that has been identified as one of the factors contributing to switching (Barone and Quaranta, 2008).

### **4. Positive Attachments to the current Service Provider**

**a) Relationship Investment** - Review of relevant literature combined with findings from the interviews suggested a number of items that demonstrate a commitment to the ongoing relationship with the bank. These include a sense of loyalty to the

current bank (Colgate and Lang, 2001), having a large financial commitment with the bank (interview), and feeling obliged to stay (Harrison et al., 2012) are among the appropriate item to measure relationship investment previously.

**b) *Loyalty*** - This factor represents customer loyalty towards the bank. It is a positive dimension that suggests that customers are likely to stay and less likely to switch because they feel a sense of loyalty to the bank. Two items from Beerli et al. (2004b) loyalty and value items, were adapted. Additional input from the interviews is also included to measure reasons for staying with the current bank.

**c) *Corporate Image***- Customer who formed a positive overall impression of the image of the financial institution such as good corporate image and reputation (Nguyen and LeBlanc, 1998), have been found to exhibit high loyalty that leads to likelihood to recommend their current bank to others and to value their current bank (Beerli et al., 2004b). Question S3Q6-17 was modified to imply that corporate image has an impact on staying behaviour.

## ***5. Socio-psychological Factors***

Three socio-psychological factors adapted from the Theory of Planned Behaviour were used as factors predicting switching intention. The factors are positive attitudes towards switching, positive ability to switch (perceived behavioural control) and positive beliefs of others towards switching (subjective norms). Table 15 provides the description of the original items, the modifications and where the items are cited from.

**1. *Positive Attitudes towards switching*** - Attitude towards switching is a construct measuring the customer attitude towards their switching intention. Customers are asked to rate their answers based on their perceptions. Six items measuring this dimension consist of 'bad idea-good idea', 'useless-useful', 'harmful-beneficial', 'foolish-wise', 'unpleasant-pleasant', 'undesirable-desirable' and 'dislike-like' using a seven bi-polar Likert scale adapted from (Zaichkowsky, 1985).

**2. *Positive Ability to Switch*** - Is measuring how much control does a person believe he or she has over switching from one bank to another. Four items were adapted. These are: control over switching, number of events outside control that prevents switching, belief over having resources and ability to switch. The control over switching and events outside control that prevent switching, used a seven-point Likert scale, while a five-point Likert scale was used to measure belief over having resources and ability.

**3. *Positive Beliefs of Others towards Switching*** - This construct measures the influence of significant others in swaying the customer's switching decision. It contains two items which are "Most people who are important to me would approve of me switching from my current bank to another" and "People I care about would approve of me switching from my current bank to another bank". Both items were measured using a five-point Likert scale.

**Table 14 Push Factor Items**

Original Item	No of Item	Modified Items	Sources
1. Poor Pricing			
Include all critical switching behaviour that involved price, rates, fees charges, surcharges, penalties, price deals, coupons or price promotions	1	S5Q14-3 I am required to keep a high minimum balance in my account.	(Keaveney 1995)
	2	S5Q14-4 I am treated unfairly in terms of the prices/rates offered to me compared to new customers.	(Keaveney 1995)
	3	S5q14-1The interest rate/rate of return I received on my savings is low.	(Keaveney 1995)
	4	S5q14-2I am charged a high interest rate/management fee on my loans/borrowing.	(Keaveney 1995)
2. Poor service incidents			
a) Core Service Failure			
All critical incidents that were due to mistakes or other technical problems with the service itself	1	S5Q14-5The bank makes frequent mistakes with my account.	(Keaveney 1995)
	2	S5Q14-6 I experienced billing problem(s) or statement error.	(Keaveney 1995)
	3	S5Q14-7 The bank fails to provide the appropriate level of services to me.	(Keaveney 1995)
b) Service Encounter Failure			
This factor looks at personal interactions between customers and employees of the service firms	1	S5Q14-13The bank personnel are reluctant to respond to service failure.	gathered from face to face interview

	2	S5Q14-15 The bank personnel are unfriendly to me.	(Keaveney 1995)
	3	S5Q14-14 The bank personnel do not empathize with my problem/situation.	gathered form face to face interview
	4	S5Q14-11 The bank personnel showed insufficient knowledge and / or experience of the products / services on offer.	(Keaveney 1995)
c) Employee Response to Service Failure			
Incidents in which customers switched not because of service failure but because service providers failed to handle the situation appropriately	1	S5Q14-10 The bank personnel refuse to accommodate my complaint(s).	(Keaveney 1995)
	2	S5Q14-9 The bank personnel are impolite to me when handling my complaint(s).	(Keaveney 1995)
	3	S5Q14-12 The bank do not resolve my complaints in a reasonable time frame.	(Keaveney 1995)
	4	S5Q14-8 The bank personnel do not listen or act promptly when I had problem/complaint(s).	(Keaveney 1995)
3. Situational factors			
a) Ethical Problems			
Critical incidents that described illegal, immoral, unsafe and unhealthy or others behaviour that deviated widely form social norms	1	S5Q14-20 I am charged for services that I do not use.	(Keaveney 1995)
	2	S5Q14-21 The bank personnel use overly aggressive selling behaviour.	(Keaveney 1995)
b) Involuntary switching			
Includes stories that described switching because of	1	S5Q14-18 I changed my job / place of	(Keaveney 1995)



factors largely beyond the control either the customers or the service provider			work.	
		2	S5Q14-16 I move house	(Keaveney 1995)
		3	S5Q14-17 My current bank / branch closes down	(Keaveney 1995)
		4	S5Q14-19 My current bank merges with or is taken over by another bank	(Keaveney 1995)
c) Inconvenience				
All critical incidents in which customers felt inconvenienced by the service provider's location, hours of operations waiting time or waiting to get appointment.		1	S5Q14-23 The bank does not have enough branches in convenient locations	(Keaveney 1995)
		2	S5Q14-22 The bank location is not easily accessible.	(Keaveney 1995)
		3	S5Q14-24 I am denied a loan /access to other services	gathered from face to face interview
		4	S5Q14-25 Application process for new product takes too long	(Keaveney 1995)
4. Attachment to the current bank				
a) Relationship Investment				
1	I don't feel a sense of loyalty to my main bank because of my investment	S3Q6-1	I feel a sense of loyalty to my current bank.	(Colgate et al., 2003)
2	I don't have confidence that my main bank provides the best deal for my investment	S3Q6-2	I have confidence that my bank provides the best deal for me.	(Colgate et al., 2003)
3	Obligatory factors; need to help the service providers stay in business	S3Q6-3	I feel an obligation to my current bank.	(Harrison et al., 2012)

4	-	S3Q6-4 I have a large financial commitment with my current bank	Input from interview
<hr/>			
b) Loyalty			
<hr/>			
1	I like to change to another bank because I don't value my main bank	S36-12 I do not like to change to another bank because I value my current bank.	(Beerli et al., 2004a)
2	I would not always recommend my bank to someone who seeks my advice	S36-13 I would always recommend my current bank to relatives/ friends.	(Beerli et al., 2004a)
3	There has enough bad incident to make me switch from my current bank	S36-14 There have not been enough bad incidents to make me switch from my current bank.	Input from interview
<hr/>			
c) Corporate Image			
<hr/>			
1	I don't like the form of corporate image that my bank adheres to	S36-15 I like the corporate image of my current bank.	(Nguyen and LeBlanc, 1998)
2	My new bank's corporate image convey a high reputation bank	S36-16 I like the reputation of my current bank.	(Nguyen and LeBlanc, 1998)
<hr/>			

**Table 15 Behavioural Items**

Original Item										No of items										Modified Items										Sources									
Attitudes towards switching																																							
										6										S4Q7-1-7To me switching my current bank to another bank would be:										(Bansal and Taylor, 1999)									
For me, switching from my bank to a new bank would be:																																							
A bad idea	1	2	3	4	5	6	7	good idea																															
Useless	1	2	3	4	5	6	7	useful																															
Harmful	1	2	3	4	5	6	7	beneficial																															
Foolish	1	2	3	4	5	6	7	wise																															
Unpleasant	1	2	3	4	5	6	7	pleasant																															
																				(1) (2) (3) (4) (5) (6) (7)																			
																				A bad idea										□ □ □ □ □ □ A good idea									
																				Useless										□ □ □ □ □ □ Useful									
																				Foolish										□ □ □ □ □ □ Wise									
																				Unpleasant										□ □ □ □ □ □ Pleasant									
																				Undesirable										□ □ □ □ □ □ Desirable									
																				Dislike										□ □ □ □ □ □ Like									
Perceived behavioural control																																							
1 How much control do you have over switching from current bank to new bank?										4										S6Q15How much control do you feel you have over switching from one bank to another										(Bansal and Taylor, 1999)									
Absolutely no control 1 2 3 4 5 6 7 complete control																				(1) (2) (3) (4) (5) (6) (7)																			
																				Absolutely no control										□ □ □ □ □ □ Complete control									
2 The numbers of event outside my control which prevent me from switching from my current bank to new bank are:																				S6Q16The numbers of events outside my control which prevents me from switching banks are																			
Very few 1 2 3 4 5 6 7 numerous																				(1) (2) (3) (4) (5) (6) (7)																			
																				Very few										□ □ □ □ □ □ Numerous									
3 I believed that I have resources and the ability to switch from my current bank to new bank;																				Please rate the following questions according to the scale provided:																			
Strongly disagree 1 2 3 4 5 6 7 strongly agree																				Strongly Disagree Disagree Neither Agree nor Disagree Agree Strongly Agree																			
																				S6Q17-1I believe that I have the resources to switch from my current bank to another bank.										□ □ □ □ □ □									
																				S6Q17-2I believe that I have the ability to switch from my current bank to another bank.										□ □ □ □ □ □									
																														□ □ □ □ □ □									
Subjective norms																																							
1 People who influence my behaviour would approve of my switching from my current bank to new bank:										2										Please rate the following questions according to the scale provided:										Strongly Disagree Disagree Neither Agree nor Disagree Agree Strongly Agree (S.Bansal et al., 2004)									
Extremely unlikely 1 2 3 4 5 6 7 extreme likely																														□ □ □ □ □ □									
2 Most people who are important in my life would approve of switching from my current bank to new bank:																				S7Q18-1Most people who are important to me would approve of me switching from my current bank to another										□ □ □ □ □ □									
Extremely unlikely 1 2 3 4 5 6 7 extreme likely																				S7Q18-2People I care about would approve of me switching from my current bank to another bank.										□ □ □ □ □ □									
																														□ □ □ □ □ □									

## **Pull Factors**

### ***Availability of Alternatives***

**Alternative Available** - This refers to critical incidents in which customer told stories about switching to a better service provider rather than from an unsatisfactory provider (Keaveney; 1995). According to migration theory, people are likely to migrate if the destination offers better quality of life than their original home. For example better development and work opportunities, higher incomes, better educational system and or more comfortable climate (Lee, 1966). Similarly, previous research about the service switching found that customers are more likely to migrate to a new provider if the new one offers better core services, fairer prices and or has friendlier staff than the old one (Keaveney, 1995).

**Table 16 Pull Factor**

Original Item		No of Item	Sources
Attraction by competitors			
Critical incidents in which customers told stories about switching to a better service provider rather than from unsatisfactory provider	1	S5Q14-26 I perceived better alternatives available elsewhere.	(Keaveney 1995)
	2	S5Q14-27 I know where to move my accounts to.	(Keaveney 1995)
	3	S5Q14-28 Another bank offers better products and services	(Keaveney 1995)
	4	S5Q14-29 Another bank offers alternatives that meet my needs.	(Keaveney 1995)

## **Mooring Factor**

### ***Concepts of Inertia-Switching Barriers***

Inertia is the resistance of any physical object to change in its state to motion, including changes to its speed and direction (Inertia, n.a) and the push-pull-mooring conceptualises switching barriers as a mooring factor that prevents customers from switching. It is because of the nature of the barrier which makes it difficult for switching. Reasons for not switching, to a certain extend is widely considered as

inertia that stop customers from switching, therefore, organizations have to pay attention to what are the factors that are perceived as reasons for customers to switch the service provider. In this study, locked in, switching cost and apathy are among those that was proposed as the barriers.

*a) Locked in* - These items are based on a set of both positive and negative factors that make customers feels as though they cannot switch. These include positive aspects of convenience and negative aspects of feeling tied to the financial institution and worries over losing future benefits (Colgate et al., 2003). S3Q6-5 is modified to reflect this variable as predicting staying and answering the objective of this study, while S3Q6-7 'locked in' (Colgate and Lang, 2001) is replaced with tied into.

*b) Switching costs* - Switching costs are perceived as real or perceived costs that act as barriers that prevent customers from switching. Questions in this construct relate to two key aspects: the personal cost in terms of the time and effort required to learn about a new provider and products in order to switch and the real monetary costs of switching.

*c) Apathy* - Apathy relates to reasons deterring customers from switching based on the perception that there is no benefit in moving and that all other providers are no different. Colgate and Lang (2001) use the term apathy to reflect perceptions of similarity among products and services offered by providers. While inertia refers to the customers perception of indifference upon banks products and services in this study, White and Yanamandram (2004) used apathy to measure reasons for inertia in their research in the financial services industry.

**Table 17 Mooring Factor Items**

No of Item	Original Item	Modified Items	Sources
2. Switching Barriers			
a) Locked In			
1	My bank where I have my retail banking services is not convenient	S3Q6-5 My current bank is very convenient to use.	(Colgate et al., 2003)
2	Possible problems caused by moving to another service provider	S3Q6-6 I am concerned over possible problems caused by moving my current banking services from my current bank to another bank.	(Colgate et al., 2003)
3	I feel locked in because of the products I have with the bank/insurance company	S3Q6-7 I am tied into my current bank at present and cannot switch	(Colgate and Lang, 2001)
4	Future benefits of staying	S3Q6-8 I have worries over losing some of the future benefits with my current bank if I switch to another bank.	(Colgate et al., 2003)
b) Switching Costs			
1	Generally speaking, the cost in time, money effort and grief in to switch would not be high	S3Q6-17 I am concerned about the time needed to learn about another bank's products and services if I switch.	(Bansal et al., 2005)
2	Generally speaking, the cost in time, money effort and grief in to switch would not be high	S3Q6-18 I feel that the cost in money to switch would be high.	(Bansal et al., 2005)
c) Apathy			
1	I felt it is not too much bother in terms of time and effort	S3Q6-9 It is too much bother to switch from my current bank to another bank.	(Colgate and Lang, 2001)
2	All companies are the same	S3Q6-10 Most of the banks in the United Kingdom are the same, hence I do not see any point in switching.	(Panther and Farquhar, 2004)
3	All banks /insurance companies the same	S3Q6-11 Most of the banks in the United Kingdom offer similar products and services.	(Colgate and Lang, 2001)

### **3.8 Questionnaire Design**

#### **3.8.1 Questions Order**

The questionnaire used was divided into five sections. Section one to four covered the behavioural aspect while section five covered aspects of demographics. These are presented in the questionnaire as follows:

Section 1: You and your financial institutions

Section 2: Reasons for staying with your current bank

Section 3: Factors prompting switching

Section 4: Attitudes towards switching

Section 5: Ability to switch

Section 6: Belief of others

Section 7: Switching intention

Section 8: Personal details

The next subsections will elaborate more on the details of the questionnaire contents.

#### **3.8.2 Questionnaire Content**

The questionnaire has five sections. Section One contained questions on respondents' financial background in terms of banking products, duration and previous switching experience and frequency. The arrangement of questions may differ from questions that appear in the survey questionnaire to ensure the consistency and validity of its content. Please refer to Appendix 1 for further details of the survey questionnaire.

##### ***3.8.2.1 Section One: You and Your Financial Institution***

The purpose of this section is to gather data on the respondent's financial background in terms of financial products used, their duration with the bank, have they ever switched and the frequency: item code S1Q1 to S1Q4.

Questions on respondents' banking products allowed multiple answers and open ended questions to allow customers to include products that are not on the list. There are ten options from which customers can choose products and an open option that allows respondents to specify products that are not in the list.

**Table 18 Banking Products (S1Q1)**

---

Which of the following financial products do you currently have with your main bank? (Please choose as many as apply)

- ☐ Current Account
  - ☐ Savings Account
  - ☐ Credit Card
  - ☐ Personal Loans
  - ☐ *Mortgage*
  - ☐ General Insurance (i.e car or household)
  - ☐ Life Insurance
  - ☐ Pensions
  - ☐ ISA investor stakeholder option
  - ☐ Personal investment plan
  - Other (Please specify)
- 

Duration with the bank is one of the questions that has been used widely in previous research. Duration has proven to be one of the main reasons for not switching in the past: item code S1Q2-1 to S1Q2-5.

**Table 19 Duration with the bank (S1Q2)**

---

How long have you been with a customer of this bank?

- ☐ Less than a year
  - ☐ More than 1 year but less than 2 years
  - ☐ More than 2 years but less than 10 years
  - ☐ More than 10 years but less than 18 years
  - ☐ 18 years or more
- 

**Table 20 Bank switch (S1Q3)**

---

Have you ever switched or changed bank in the last 5 years?

- ☐ Yes
  - ☐ No
- 

**Table 21 Switching frequency (S1Q4)**

---

If yes, how many times have you switched banks in the last five years?

---



### 3.8.2.2 Section Two: Reasons for staying with your current bank

Section Two gathered information on the degree to which respondents agree with the reasons for staying with their current bank. This section employs a five-point Likert scale measuring staying reason gathered from previous literature combined with input from the first phase of qualitative research. Questions relate to item code S3Q6-1 to S3Q6-18.

**Table 22 Reasons for Staying with your current bank**

Please indicate, the extent to which you agree or disagree with each of the following statements using the following scale:					
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
S3Q6-1 I feel a sense of loyalty to my current bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-2 I have confidence that my bank provides the best deal for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-3 I feel an obligation to my current bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-4 I have a large financial commitment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-5 My current bank is very convenient to use.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-6 I am concerned over possible problems caused by moving my current banking services to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-7 I am tied into my current bank at present and cannot switch.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-8 I have worries over losing some of future benefits with my current bank if I switch to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-9 It is too much bother to switch from my current bank to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-10 Most of the banks in the United Kingdom are the same; hence I do not see any point in switching.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-11 Most of the banks in United Kingdom offer similar products and services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-12 I do not like to change to another bank because I value my current bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-13 I would always recommend my current bank to relatives/friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-14 There have not been enough bad incidents to make me switch from my current bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-15 I like the corporate image of my bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-16 I like the reputation of my current bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-17 I am concerned about the time needed to learn about another bank's products and services if I switch.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3Q6-18 I feel that the cost in money to switch would be high.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 3.8.2.3 Section Three: Factors Prompting Switching

Section Three gathered information on the degree to which respondents agree with the reasons for switching. This section employs a 5-point Likert scale measuring staying reason gathered from the previous literature combined with input from the first phase of the qualitative research. Questions refer to item code S5Q14-1 to S5Q14-29.

**Table 23 Reasons for Switching**

I would consider switching from my current bank to another bank if:						
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	
S5Q14-1 The interest rate/rate of return I receive on my savings is low	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-2 I am charged a high interest rate/ management fee on my loans/borrowings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-3 I am required to keep a high minimum balance in my account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-4 I am treated unfairly in terms of the prices/rates offered to me compared to new customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-5 The bank makes frequent mistakes with my account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-6 I experience billing problems or statement error.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-7 The bank fails to provide the appropriate level of services to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-8 The bank personnel do not listen or act promptly when I have problem/complaint(s).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-9 The bank personnel refuse to accommodate my complaints(s).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-10 The bank personnel show insufficient knowledge and/or experience of the products services on offer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-11 The bank does not resolve my complaints in a reasonable time frame.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-12 The bank personnel are reluctant to respond to service failure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-13 The bank personnel do not empathize with my problem/situation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-14 The bank personnel are unfriendly to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-15 I move house.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-16 My current bank/branch closes down.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-17 I change my job/place of work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-18 My current bank merges with or is taken over by other bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-19 I am charged for services that I do not use.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-20 The bank personnel use overly aggressive selling behaviour.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-21 The bank location is not easily accessible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-22 The bank does not have enough branches in convenience locations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-23 The application process for new products takes too long.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-24 I am denied a loan/access to other services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-25 I perceived better alternative available elsewhere.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-26 I know where to move my accounts to.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-27 Another bank offers better products and services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S5Q14-28 Another bank offers better alternatives that met my needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### 3.8.2.4 Section Four: General Attitudes/Belief towards Switching

Section Four requested information on general attitudes or beliefs towards switching. This section adopted the scale asking respondents to rate their switching perceptions based on a seven-point bipolar scale.

**Table 24 Attitude towards Switching**

S4Q7-1-7 To me switching my current bank to another bank would be:						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A bad idea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A good idea
Useless	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Useful

Foolish	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wise
Unpleasant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pleasant
Undesirable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Desirable
Dislike	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Like

### 3.8.2.5 Section Five: Ability to Switch/Control over Switching

Section five captures information on the ability to switch or control over switching. Similarly, this section adopts the seven-point bipolar scale used in section Four.

**Table 25 Perceived Behavioural Control over switching decision**

S6Q15How much control do you feel you have over switching from one bank to another						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Absolutely no control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Complete control
S6Q16The numbers of events outside my control which prevents me from switching banks are						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very few	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Numerous
Please rate the following questions according to the scale provided:						
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	
S6Q17-1I believe that I have the resources to switch from my current bank to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
S6Q17-2I believe that I have the ability to switch from my current bank to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### 3.8.2.6 Section Six: Belief of Others about Switching

Section six measures belief of others about switching in terms of how they see important people and people they behaved towards the switching decision.

**Table 26 Subjective Norms**

Please rate the following questions according to the scale provided:					
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
S7Q18-1Most people who are important to me would approve of me switching from my current bank to another	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S7Q18-2People I care about would approve of me switching from my current bank to another bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 3.8.2.7 Section Seven: Switching Intention

Section seven requests information on the probability of switching according to the likelihood, probability and chance of this happening in the next 6 months using a seven-point bipolar scale.

**Table 27 Switching Intention**

Rate the probability that you would switch your current bank to another bank in the next 6 months						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Unlikely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Likely
Improbable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Probable
No chance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Certain

### 3.8.2.8 Section Eight: Demographics

Finally section eight gathered data on the respondent characteristics in terms of socio demographic details including gender, age, marital status, number of children under 18, employment status, annual income and dwelling.

**Table 28 Gender**

Are you a male or female?

- ☐ Male  
☐ Female

**Table 29 Age**

How old are you on your last birthday?

\_\_\_\_\_

**Table 30 Marital Status**

Your marital status

- ☐ Single  
☐ Married/Cohabiting  
☐ Separated/Divorced/Widowed  
☐ Partnered but Not Living Together

**Table 31 Number of Children**

How many children under 18 do you have?

- ☐ 1  
☐ 2  
☐ 3  
☐ 4

- 
- ☐ 5
  - ☐ 6 or more
- 

**Table 32 Employment Status**

- 
- What is your employment status?
- ☐ Full-time employee
  - ☐ Part-time employee
  - ☐ Self employed
  - ☐ Home maker
  - ☐ Unemployed
  - ☐ Student
  - ☐ Retired
  - ☐ Unemployed due to disability
  - ☐ Others
- 

**Table 33 Annual Income**

- 
- What is your annual income before tax?
- ☐ Below £ 15,000
  - ☐ More than £15,000 but less than £40,000
  - ☐ More than £40,000but less than £65,000
  - ☐ £65,000 or more
- 

**Table 34 Residential area**

- 
- What is your annual income before tax?
- ☐ England
  - ☐ Scotland
  - ☐ Wales
  - ☐ Northern Ireland
- 

### **3.9 Data analysis process**

Data analysis was undertaken in two stages. The result of this analysis is reported in chapter 5. In an approach consistent with Stage II, the reliability of the items was examined within this Stage. The composition of the sample was examined in terms of socio-demographic characteristics, past switching behaviour, satisfaction, duration and the bank staying and switching behaviour.

In addressing the research question (see Figure 13), stage II assesses the dimensionality of the staying and switching factors using factor analysis (PCA). PCA is generally used when the research purpose is data reduction (to reduce the information in many measured variables into a smaller set of components). PFA is

generally used when the research purpose is to identify latent variables which contribute to the common variance of the set of measured variables, excluding variable-specific (unique) variance. (Garson, 2006)

In addressing factors predicting switching intention push-pull-mooring factors will be regressed using multiple regression to assess the relationship between the predictors and switching intention.

### **3.10 Limitations**

Although the research has reached its aims, there were some unavoidable limitations. First, because of the qualitative data collection nature of the research conducted in Stage I, this means that the findings cannot be generalised to the larger population. However, because the purpose of the qualitative research in Stage I was to compliment the research objectives set in Stage II, this has actually helped to overcome the limitations of generalizability in Stage I.

The instrument used in this research is an online survey where the nature of self-reporting is used here. The web survey was conducted as a self-administered and voluntary survey, hence there was no face to face interaction between the researcher and respondents and there might be cases where respondents might inflate or deflate the answer. The population chosen were online users residing in the UK hence the generalization of findings to other countries is limited. The respondents were bank customers registered with Avongate Company, a permission-based mailing list used for surveys.

The delimitations of the study are; 1) this study focuses only on predicting push-pull and mooring factor and their relationship with intentions to switch. The actual switching actions were measured based on their past switching experience and not the actual switcher due to the difficulties in getting data on switchers from retail banks in the UK. 2) The literature review only selected socio - psychological factors in predicting switching intention because of the time constraint and if it included all it will involve a cross discipline and a broad - base study and be time consuming.

## **Chapter 4**

### **Assessing the Dimensionality of Push-Pull and Mooring Factors**

#### **4.1 Introduction**

This chapter concentrates on assessing the dimensionality of push-pull and mooring for further analysis. The aim of the research is to identify push, pull and mooring factors and to determine the effect of push-pull and mooring towards switching intention. To be able to do this, the items were divided into three groups where positive attachments, switching barriers and switching benefits in group 1, (see Section 4.2), poor service incidents, situational factors and poor pricing in group 2 (see Section 4.3) and positive attitudes towards switching, positive beliefs of others and positive ability to switch in group 3 (see Section 4.4). The purpose of dividing the items into three groups was mainly to enable more inclusive dimensions. All items were checked for internal consistency using reliability analysis. The set of items was then subjected to factor analysis using Principal Component Analysis (PCA) to assess the dimensionality. The details of the dimensionality is discussed in the next subsections.

#### **4.2 Dimensionality of Positive Attachments, Switching Barriers and Perceived Switching Benefits Factors**

##### **4.2.1 Assessment of the Suitability of Data for PCA**

Before commencing PCA, there are a number of issues to consider in deciding whether the data set is suitable for PCA such as the sample size (in particular ratio of cases to items) and the strength of relationship or internal consistency among the

items. In terms of sample size, Tabachnick and Fidell (2001) suggest an absolute sample size of 300 cases is required: this sample exceeds this at 2018 respondents. Other authors argue that it is not just sample size that is important but the proportion of cases: items that is the key consideration. The recommended ratio of cases: items varies in the literature from 5:1 (Tabachnick and Fidell, 2001) to 10:1 (Nunally, 1978). With 18 items in set 1 and a sample size of 2018, the ratio cases for items in this study is 112:1 which far exceeds the recommended proportions.

The next issue to consider is the strength of relationships among the variables or intercorrelations among the items. Inspection of the correlation matrix showed evidence of the many correlations at .3 and above as recommended by Tabachnick and Fidell (2001). As shown in Table 29, the Kiser-Meyer-Olkin (KMO) value of .872 exceeds the recommended value of .6 (Kaiser, 1979,1974) and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, confirming the suitability of the data for PCA.

**Table 35 KMO and Bartlett's test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.8725
Bartlett's Test of Sphericity	Approx. Chi-Square	16632.196
	df	153
	Sig.	.000

Additionally the items were also checked for internal consistency using Cronbach's alpha coefficient, Cronbach's alpha reliability coefficient normally ranges between 0 and 1. According to George and Mallery (2003), as a general rule of thumb, alpha coefficients can be interpreted as follows:  $\geq 0.9$ -Excellent,  $\geq 0.8$ -Good,  $\geq 0.6$ -Questionable,  $\geq 0.5$ -Poor and  $> 0.5$ - Unacceptable. The alpha coefficient for the 18 staying items was 0.843 (Table 36).

**Table 36 Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.843	.844	18



Items were then checked for their impact on the overall alpha coefficient.

Table 37 shows that none of the items were candidates for removal since they did not result in the notable improvement of the overall alpha coefficient. Hence, all 18 items were retained for further investigation using PCA.

**Table 37 Item-Total Statistics**

Item	Description	Cronbach's Alpha if Item Deleted
1	F1S3Q6- I feel a sense of loyalty to my current bank	.827
2	F1S3Q6-2 I have confidence that my bank provides the best deal for me	.833
3	F1S3Q6-3 I feel an obligation to my current bank	.827
4	F1S3Q6-4 I have a large financial commitment	.838
5	F1S3Q6-5 My current bank is very convenient to use	.842
6	F2S3Q6-6 I am concerned over possible problems caused by moving my current banking services to another bank	.839
7	F3S3Q6-7 I am tied into my current bank at present and cannot switch	.842
8	F3S3Q6-8 I have worries over losing some of future benefits with my current bank if I switch to another bank	.835
9	F2S3Q6-9 It is too much bother to switch from my current bank to another bank	.838
10	S3Q6-10 Most of the banks in the United Kingdom are the same; hence I do not see any point in switching	.844
11	S3Q6-11 Most of the banks in United Kingdom offer similar products and services	.844
12	F1S3Q6-12 I do not like to change to another bank because I value my current bank	.826
13	F1S3Q6-13 I would always recommend my current bank to relatives/friends	.833
14	F1S3Q6-14 There have not been enough bad incidents to make me switch from my current bank	.838
15	F1S3Q6-15 I like the corporate image of my bank	.832
16	F1S3Q6-15 I like the reputation of my current bank	.833
17	F2S3Q6-17 I am concerned about the time needed to learn about another bank's products and services if I switch	.835
18	F2S3Q6-18 I feel that the cost in money to switch would be high	.836

#### **4.2.2 Dimensionality of Positive Attachments, Switching Barriers and Perceived Switching Benefits Factors**

The next stage of the analysis used PCA to explore the dimensionality of the push, pull and mooring determinants construct. The literature and qualitative research highlighted the potential for 3 dimensions. The 18 items of the push-pull, mooring factor determinants construct were subjected to PCA using SPSS Version 16. PCA

revealed the presence of three components with eigenvalues exceeding 1. The scree plot also suggested a clear break after three components.

**Table 38 Total Variance Explained**

Component	Initial Eigenvalues		
	Total	% of variance	Cumulative%
1	5.305	29.472	29.472
2	3.431	19.063	48.535
3	1.865	10.363	58.898

To aid in the interpretation of these three components a varimax rotation was performed. The three components explained 29 percent, 19 percent and 10 percent of the variance respectively, a total of 58.8 percent variance (see Table 38). The rotated solution (shown in table Table 39) revealed the presence of a number of strong loadings and a clear component to item loading.

**Table 39 Positive Attachments, Switching Barriers and Perceived Switching Benefits Factors Criterion Factor Analysis**

	<i>Component Rotated Score*</i>		
	1	2	3
<b>Factor 1: Positive attachments</b>			
F1S3Q6-13 I would always recommend my current bank to relatives/friends	.853		
F1S3Q6-16 Like the reputation of the current bank	.815		
F1S3Q6-2 Confidence bank provides the best deal	.792		
F1S3Q6-12 I value my current bank	.782		
F1S3Q6-15 Like the corporate image of the current bank	.763		
F1S3Q6-1 Sense of loyalty to current bank	.753		
F1S3Q6-14 Not enough bad incidents to make me switch	.657		
F1S3Q6-5 Current bank is convenient to use	.590		
<b>Factor 2: Switching barriers</b>			
S3Q6-7 Tied to my current bank and cannot move		.762	
S3Q6-8 Worries over losing future benefits		.722	
S3Q6-18 Switching cost		.669	
S3Q6-4 Have large financial commitment		.637	
S3Q6-3 Feel obliged to current bank		.612	
<b>Factor 3: Perceived switching benefits</b>			
S3Q6-17 Time consuming to learn about new product			.519

S3Q6-10 Most of the banks are the same			.827
S3Q6-11 Most of the banks offer similar products			.789
F2S3Q6-9 Too much bother to switch			.696
F2S3Q6-6 Concerned over possible problem if moved			.509
<b><i>Eigenvalues</i></b>	<b>5.26</b>	<b>3.2</b>	<b>1.31</b>
<b><i>Variance Explained</i></b>	<b>32.87</b>	<b>20.02</b>	<b>8.20</b>
<b><i>Cronbach's Alpha</i></b>	<b>.868</b>	<b>.787</b>	<b>.738</b>

---

\*Coefficients > 0.500

Each component was given a “short title that captures the content of that particular set of items” (Blaikie, 2003). The components were labeled according to the higher loadings and with consideration of the interview responses to reflect the dimensions of this technique. A description of each component follows.

#### ***4.2.2.1 Factor 1 Positive Attachments***

Eight of the items loaded onto this component that accounts for 32.87 percent of total variance, the largest amount of variance. Many of the items in this factor refer to the positive values that customer perceive towards their current bank and the strong attachment to the bank.

The expectation is that customers in retail banking wish to remain with their current bank for positive reasons. The motivations for staying relate to the relational benefits to be derived. Previous literature has identified relational benefits, confidence and special treatment benefits that can act as factors leading to customer retention (Vasquez-Carasco and Foxall 2006).

Sense of loyalty and confidence of the deal toward the service provider are also among the positive perceptions that grouped under this factor. In addition, previous research has also indicated that loyalty may be a reason why people stay with their current bank. Loyalty in this study was captured directly through individuals' loyalty attitudes and the degree to which they would recommend the bank that they use (Beerli, Maretin et al.2004). Previous research also suggest that customers who form a positive overall impression towards their financial institutions are more likely to recommend their bank to others (Nguyen and LeBlanc 1998). Two items that loaded

less highly on this component relate to convenience and lack of negative incidents. Whilst these are important the overall ranking of these items suggest that the real reasons underlying this component are based on positive attitudes and attachment towards the institution. This would seem to accord with previous research that finds that customers may stay with their provider even if they perceive the core service to be less than optimal as long as they are receiving important relational benefits (Gwinner, Gremler et al.1998). In summary, this component has been labeled as ‘positive attachment’ because it reflects a set of positive affective statements referring to likeability, loyalty and value. It reflects individuals’ positive motivations for wanting to stay with the bank based on attitudinal and emotional factors.

#### ***4.2.2.2 Factor 2 Switching Barriers***

This construct is conceptualised as inertia in the literature and is named as a switching barrier due to the possibility that it could moderate or mediate switching decisions. This component contains 5 of the 18 items and accounts for 20 percent of the total variance explained. The set of items relates to feelings or perceptions that it is difficult, costly or not possible to switch. It also suggests that switching may result in a loss of benefits which may be linked to having a large financial commitment with the bank.

This grouping of item is consistent with the findings from the interviews in Phase I where hassle to switch has acted as a barrier for customers to switch from one bank to another. Previous literature also finds that customers were concerned that they might encounter problems if they moved to a new service provider (Colgate and Hedge, 2001, Colgate, Nguyen et al. 2003). This component is labelled “switching barriers” because it contains a set of items that relate to real or perceived barriers that prevent customers from believing that they can switch from one bank to another.

#### ***4.2.2.3 Factor 3 Perceived Switching Benefits***

This final component contains the remaining 5 of the 18 items and accounts for 8.2 percent of the total variance explained. The items that load the highest relate to the perceived differentiation between banks. Compared with the items in the first

component this suggest a distinct lack of benefit in switching and lack of a positive pull. The other items relate to the effort involved in switching and seem to suggest that the effort outweighs the value.

Research by Bansal et al. (2005) also identified that customers were worried about the switching costs incurred in terms of the time required to learn about new products and suppliers. Also the interviews in Phase I revealed that a key reason for not switching was the feeling that it was too much bother to switch. For this reason, the component was labelled “perceived switching benefits”.

The expectations are for customers who felt locked in with their current bank. This factor concluded that the following items make up this component: feeling tied to their current bank, having a large financial commitment, feeling obliged to the current bank and worries over losing future benefits.

### **4.3 Dimensionality of Poor Service Incidents, Availability of Alternatives, Situational Factors and Poor Pricing**

#### **4.3.1 Assessment of the Suitability of Data for PCA**

As for the push-pull factors group 2, the construct data were analyzed for their suitability for PCA. The same sample size of 2018 applies, which exceeds the recommended minimum of 300 suggested by Tabachnick and Fidell (2001). The total number of items is 29 resulting in a ratio of cases: items of 69.5:1 which is far exceeds the recommended ratios already outlined.

Inspection of the correlation matrix showed that evidence of many correlations at .3 and above as recommended by Tabachnick and Fidell (2001) . As shown in Table 40, the Kaiser-Meyer-Olkin (KMO) value of .967 exceeds the recommended value of .6 (Kaiser, 1974) and the Bartlett’s Test of Sphericity (Bartlett, 1954) reached statistical significance, supporting the suitability of the data for PCA.

**Table 40 KMO and Bartlett’s Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.967
Bartlett's Test of Sphericity	Approx. Chi-Square	600009.636

df	406
Sig.	.000

The item were also checked for internal consistency using Cronbach's alpha coefficient. The alpha for the 29 switching determinant item were .965 (see Table 41) which is deemed to be excellent according to George and Mallory (2003). Items were then checked for their impact on the overall alpha coefficient. 29 items were retained for further investigation using PCA.

**Table 41 Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.965	.963	29

#### **4.3.2 Dimensionality of Poor Service Incidents, Availability of Alternatives, Situational Factors and Poor Pricing**

The 29 items were subject to PCA. The earlier qualitative analysis literature review suggested 8 switching determinants construct: pricing, core service failure, and service recovery failure, employee response to service failure, inconvenience, involuntary switching, ethical issues and availability of alternatives. PCA revealed the presence of four components with eigenvalues exceeding 1, explaining 52.6 percent, 10.52 percent, 5.78 percent and 3.64 percent (Table 43) of variance respectively and a total of 72.55 percent variance explained. An inspection of the scree plot revealed a clear break after the fourth component, so it was decided to retain four components for further investigation.

**Table 42 Item-Total Statistics**

Item	Description	Cronbach's Alpha if Item Deleted
1	S5Q14-3 High minimum balance in account	.964
2	S5Q14-4 Treated unfairly compared to new customers	.963
3	S5Q14-5 Frequent mistakes with account	.962
4	S5Q14-6 Experienced billing problems	.962
5	S5Q14-7 Bank fails to provide appropriate services	.962
6	S5Q14-8 Personnel do not listen when making complaints	.962
7	S5Q14-9 Impolite bank personnel	.962
8	S5Q14-10 Personnel refused to accommodate complaints	.962
9	S5Q14-11 Personnel show insufficient knowledge	.962

10	S5Q14-12 Bank do not resolve complaints in time	.962
11	S5Q14-13 Personnel reluctant to respond to service failure	.962
12	S5Q14-14 Personnel do not empathize with the problem	.962
13	S5Q14-15 Personnel are unfriendly	.962
14	S5Q14-20 Charged for services that I do not use	.963
15	S5Q14-21 Overly aggressive selling behaviour	.963
16	S5Q14-26 Perceive better alternative elsewhere	.963
17	S5Q14-27 Know where to move my accounts to	.964
18	S5Q14-28 Another bank offers better products and services	.963
19	S5Q14-29 Another bank offers alternatives that meet my needs	.963
20	S5Q14-16 Move house	.966
21	S5Q14-17 Current bank closes down	.965
22	S5Q14-18 Change job	.966
23	S5Q14-19 Current bank merges with other bank	.965
24	S5Q14-22 Bank location not easily accessible	.964
25	S5Q14-23 Bank does not have enough location at convenient location	.964
26	S5Q14-1 Low interest rate on savings	.966
27	S5Q14-2 High interest rate on loans	.964
28	S5Q14-24 Application process for new product takes too long	.964
29	S5Q14-25 Denied services	.964

**Table 43 Total Variance Explained**

Component	Initial Eigenvalues		
	Total	% of variance	Cumulative%
1	15.254	52.601	52.601
2	3.053	10.526	63.127
3	1.678	5.787	68.914
4	1.056	3.642	72.556

Varimax rotation was used to aid in the interpretation of the four components. The rotated solution (Table 44) reveals clear and strong loadings between items and components. Cronbach alpha coefficients for each of the components were 0.977, 0.914, 0.862 and 0.480 respectively. Three of the alpha coefficients would be deemed to be good or excellent, whereas the final coefficient would be deemed by George and Mallory (2003) as unacceptable. This low coefficient is not surprising since the component comprises only two items and Cronbach's alpha is sensitive to the number of items in the scale. Pallant (2005) notes that with the short scales (e.g. those with less than 10 items), it is quite common to find low Cronbach alpha values (e.g. .5). In this case Briggs and Cheek (1986) recommend reporting the mean inter-item correlation for the items ranging between .2 to .4. (The mean reported for S5Q14-1 is 3.57 and S5Q14-2 is 3.47). Despite the low values, it was decided to retain the component because it contains a distinct set of items relating to price

which has been identified in the literature (Keaveney, 2005) and in the interviews as key reason for switching.

**Table 44 Push and pull, gorup 2 Criterion Factor Analysis**

	<i>Rotated Score*</i>			
	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>
<b>Factor 1 Poor Service Incidents</b>				
F4S5Q14-10 Personnel refused to accommodate complaints	.902			
F4S5Q14-9 Impolite bank personnel	.892			
F4S5Q14-12 Bank do not resolve complaints in time	.877			
F4S5Q14-8 Personnel do not listen when making complaints	.876			
F4S5Q14-5 Frequent mistakes with account	.871			
F4S5Q14-13 Personnel reluctant to respond to service failure	.871			
F4S5Q14-6 Experienced billing problems	.865			
F4S5Q14-7 Bank fails to provide appropriate services	.852			
F4S5Q14-15 Personnel are unfriendly	.842			
F4S5Q14-14 Personnel do not empathize with the problem	.811			
F4S5Q14-11 Personnel show insufficient knowledge	.803			
F4S5Q14-3 High minimum balance in account	.718			
F4S5Q14-4 Treated unfairly compared to new customers	.690			
F4S5Q14-20 Charged for services that I do not use	.664			
F4S5Q14-21 Overly aggressive selling behaviour	.603			
<b>Factor 2 Availability of Alternatives</b>				
F5S5Q14-28 Another bank offers better products and services	.800			
F5S5Q14-29 Another bank offers alternatives that meet my needs	.781			
F5S5Q14-26 Perceive better alternative elsewhere	.731			
F5S5Q14-27 Know where to move my accounts to	.703			
S5Q14-25 Denied services	.542			
S5Q14-24 Application process for new product takes too long	.508			
<b>Factor 3 Situational Factors</b>				
F6S5Q14-18 Change job			.842	
F6S5Q14-16 Move house			.830	
F6S5Q14-17 Current bank closes down			.739	
F6S5Q14-23 Bank does not have enough location at convenient location			.654	
F6S5Q14-22 Bank location not easily accessible			.640	
F6S5Q14-19 Current bank merges with other bank			.631	
<b>Factor 4 Poor Pricing</b>				
F7S5Q14-1 Low interest rate on savings				.794
F7S5Q14-2 High interest rate on loans				.586



<i>Eigenvalues</i>	15.25	3.05	1.67	1.05
<i>Variance Explained</i>	52.60	10.52	5.78	3.64
<i>Cronbach's Alpha</i>	0.977	0.899	0.862	0.480

\*Coefficients >0.500

#### ***4.3.2.1 Factor 1 Poor Service Incidents***

This component is the largest in terms of the number of items (15 of 29 items) and accounts for the largest amount of variance (52.6 percent). It includes a range of items that broadly refer to some aspect of poor service incident covering such areas as core service failure, service encounter failure and response to service failure. The earlier discussion based on the literature review and the interviews conceptualised this area as comprising 3 dimensions. It is perhaps not surprising that this represents the largest area because of experiential and interactive nature of the service experience.

#### ***4.3.2.2 Factor 2 Availability of alternatives***

This component is the second largest in terms of the number of items (6 of 29 items) and accounts for 10.52 percent of variance. It includes a range of items that refer to particular aspect of availability of alternatives covering such areas as knowledge of where to move, better alternatives by competitors, being denied services and due to long process for new product application. The earlier discussion based on the literature review and the interviews conceptualised this area comprising 2 dimensions: alternatives and inconvenience. It is perhaps not surprising that being denied services and long application process are perceived by the respondents as a push factor for them to look at what competitors can offer.

#### ***4.3.2.3 Factor 3 Situational Factors***

This group consists of 6 items out of total 29 items and accounts for 5.78 percent of variance. It includes a range of items that refer to situational factors contributing to the switching decision. Most of the item represent uncontrollable events such as a change job, moving house, few branches, not being accessible and merger between

two banks. The literature and qualitative research conceptualised this area as comprising 2 dimensions: involuntary and inconvenience. The item relating to bank not having enough branches at convenient locations and the bank location not being easily accessible were originally grouped under the inconvenience dimension. However, these and the other factors are perceived as factors that are beyond the control of the individual, hence they were regrouped under the label situational factors. On top of that, it is anticipated that uncontrollable situation such as bank mergers, moving house or changing job and current bank closed is related to bank switching decision and services and long application process are perceived by the respondents as a push factor for them to look at what competitors can offer.

#### ***4.3.2. 4 Factor 4 Poor Pricing***

This factor contains the least items compared to the other three factors discussed above. Poor pricing consists of 2 items out of a total 29 items and accounts for 3.64 percent of total variance. It includes items related to low interest rates on savings and high interest rates on loans that simply refer to pricing issues leading to switching decisions. Keaveney (1995) states that pricing issues may lead to customer exit decision.

### **4.4 Dimensionality of Positive Attitudes towards switching, Positive Ability to Switch and Positive Belief of Others towards Switching**

#### **4.4.1 Assessment of The Suitability of Data For PCA**

The ratio of cases for this set of items in this study is 2018:13 which exceeds the recommended ratio of 10:1 and the inspection of correlation matrix showed evidence of the KMO exceeds the recommended value of .6 and test of Sphericity reached statistical significance, confirming the suitability of the data for PCA (seeTable 45).

**Table 45 KMO and Bartlett's test**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.871
Bartlett's Test of Sphericity	Approx. Chi-Square	2.155E4
	df	78

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.871
Bartlett's Test of Sphericity	Approx. Chi-Square		2.155E4
	df		78
	Sig.		.000

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.965	.963	12

Additionally, the items were also checked for internal consistency using cronbach's alpha coefficient and the Alpha coefficient for the 12 items was .963 and all items were retained for further investigation using PCA.

#### 4.4.2 Dimensionality of Positive Attitudes towards Switching, Positive Ability to Switch and Positive Belief of Others towards Switching

The items were subjected to PCA and this exercise revealed the presence of three components with eigenvalues exceeding 1, explaining 44.98 percent and 20.75 percent and 11.17 percent (Table 46) of variance respectively. An inspection of the scree plot revealed a clear break after the third component, so it was decided to retain three component for further analysis.

**Table 46 Items Set 3 -Total Statistics**

Item	Description	Cronbach's Alpha if Item Deleted
1	S4Q7 To me switching my current bank would be	.810
2	S4Q8 Useless or useful	.813
3	S4Q9 Harmful or beneficial	.814
4	S4Q10 Foolish or wise	.812
5	S4Q11 Unpleasant or pleasant	.821
6	S4Q12 Undesirable or desirable	.811
7	S4Q13 Dislike or like	.813
8	S6Q15 Absolutely no control or complete control	.856
9	S6Q16 Numerous or few	.873
10	S6Q17-1 Believe that I have the resources	.842
11	S6Q17-2 Believe that I have the ability to switch	.843
12	S7Q18-1 Most people who are important to me would approve the switching decision	.835
13	S7Q18-2 People I care would approve my swiching decision	.834

**Table 47 Push-pull, Mooring Factor Set 3 Factor Analysis**

	<i>Rotated Score*</i>		
	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>
<b>Factor 1 Positive Attitudes towards switching</b>			
S4Q12 Undesirable or desirable	.895		
S4Q10 Foolish or wise	.886		
S4Q7 To me switching my current bank would be	.871		
S4Q8 Useless or useful	.869		
S4Q13 Dislike or like	.862		
S4Q9 Harmful or beneficial	.846		
S4Q11 Unpleasant or pleasant	.748		
<b>Factor 2 Positive Ability to Switch</b>			
S6Q17-1 Believe that I have the resources		.885	
S6Q17-2 Believe that I have the ability to switch		.875	
S6Q15 Absolutely no control or complete control		.798	
S6Q16 Numerous or few		.693	
<b>Factor 3 Positive Belief of Others towards Switching</b>			
S7Q18-1 Most people who are important to me would approve the switching decision			.948
S7Q18-2 People I care would approve my switching decision			.944
<i>Eigenvalues</i>	<b>5.84</b>	<b>2.69</b>	<b>1.45</b>
<i>Variance Explained</i>	<b>44.98</b>	<b>20.75</b>	<b>11.17</b>
<i>Cronbach's Alpha</i>	<b>0.946</b>	<b>0.788</b>	<b>0.963</b>

\*Coefficients >0.500

#### **4.4.2.1 Factor 1 Positive attitudes towards switching**

This component is the largest in terms of number of items and accounts for the largest amount of variance (44.98% )percent. It refers to the aspect of perceptual attitudes that customers held. This factor is consistent with the findings found in the past literature.

#### **4.4.2.2 Factor 2 Positive ability to switch**

This component is the second largest which accounts for 20.75 percent of variance and it includes a range of items that refer to the positive ability to switch over their

switching decision. This dimension is consistent with the earlier discussion in the past literature.

#### **4.4.2.3 Factor 3 Positive belief of others towards switching**

This dimension represents the belief customers have over how the significant others such as family members and close friends approved over their decision to switch. The component accounts for 11.17 percent variance and this grouping is also consistent with the past literature.

### **4.5 Summary of Push-pull, Mooring Dimensionality (All items)**

The assessment on push-pull, mooring dimension on all 47 items conducted in subsections 4.2, 4.3 and 4.4 has identified 8 dimensions namely 1) poor pricing, 2) poor service incidents, 3) situational factors, 4) positive attachments, 5) lack of perceived switching benefits, 6) switching barriers and 7) and socio-psychological factors.

With reference to the research first research objective which to identify push-pull and mooring dimensions, the assessment on the dimensionality has grouped poor pricing, poor service incidents, situational factors and positive attachments and perceived switching benefits as push factors. While pull factor is represented by availability of alternatives and mooring is represented by switching barriers see Table 48.

**Table 48 Summary of Push-pull, Mooring Dimensions**

Dimensions	Factors
Push	<ol style="list-style-type: none"> <li>1. Poor pricing</li> <li>2. Poor service incidents</li> <li>3. Situational factors</li> <li>4. Positive attachments</li> <li>5. Perceived switching benefits</li> <li>6. Positive attitudes towards switching</li> <li>7. Positive ability to switch</li> <li>8. Positive belief of others</li> </ol>
Pull	<ol style="list-style-type: none"> <li>1. Availability of alternatives</li> </ol>
Mooring	<ol style="list-style-type: none"> <li>1. Switching barriers</li> </ol>

## **Chapter 5**

### **Data Analysis-Part 1**

#### **Qualitative Data Collection Method: Preliminary Research**

##### **5.1 Introduction**

This chapter starts with a discussion of the methodology employed in the qualitative data collection in this subject area. The main themes resulting from the analysis of the interviews are then given. The chapter concludes with an abbreviated literature review related to themes discovered in the qualitative data analysis that are not discussed in chapter 2.

##### **5.2 Data Analysis**

Analysis is the process of bringing order to the data, organizing what is there into patterns, categories and basic descriptive units. Interpretations involve attaching meaning and significance to the analysis, explaining descriptive patterns and looking for relationships and linkages among descriptive dimensions (Patton, 1987). To ensure the quality of the qualitative data collected, data analysis for this study follows several procedures as outlined by Creswell (1994).

##### **5.3 Data Analysis Procedure**

The plan for data analysis will be conducted simultaneously with data collection, data interpretation and narrative report writing. Variations exist in this process, but considering the processes mentioned above, the data were first collected and sorted into categories before writing the qualitative text. The data were then grouped into

certain patterns, for example reasons for switching or staying. For a better understanding, the reduced data can be presented in table format which show responses according to themes or categories.

In analysing the interview data, all the transcriptions were re-read carefully for several times and jotting down some important key words were noted as they emerged. After completing such tasks, the process involved making a list of all key words, clustering similar topics, going back to the data and organizing it again. After several iterations through the data, the topics were later reduced from the total list of categories by re-grouping into similar themes or categories. The details of the factors will be addressed in the Qualitative Results section.

#### **5.4 Verification Steps**

In ensuring internal validity, the factors from the interviews were taken back to the informants and they were asked whether the conclusions were accurate. Upon agreement, the findings were available for further analysis by the researcher.

#### **5.5 Qualitative Data Collection Result: Discussions on Major Constructs / Factors**

This section presents the findings from analysis of the data collected via the interviews. The discussions on major constructs or factors is divided into two subsections; (1) reasons for switching to other banks and (2) reasons for staying with the current bank.

The analysis of the data is subject to the researcher's interpretation and most quotes are assigned to just one category in order to keep repetition of respondents' quotes to a minimum. However, several quotes may be used to provide support for more than one of the constructs in this chapter or illustrate more than one of these factors.

#### **5.6 Reasons for Switching to Other Banks**

Analysis of the data suggested eight constructs or factors that contributed to consumers' decision for switching from their current bank. These constructs include (1) bank charges, (2) low satisfaction (3) inefficient staff, (4) denied services, (5)

joint decision (6) unfairness and (7) good financial facilities. Table 49 contains illustrative comments on each of the factors discussed.

**Table 49 Reasons for Switching to other Banks**

<i>High Bank Charges</i>	<p><i>Z; xx, female, unemployed</i> Yes I stop using but not because I am not happy but because I am on benefit and the CU can keep us just one day, the bank charges are not so high.</p> <p><i>DH; 58, female, personal assistant</i> I just felt at every opportunity, they were making a bank charge on our account and a lot of time, it was incorrect and not justified and always refunded it but I just felt I was constantly over a period of time, on the phone to them trying to battle with them to get my account put in order.</p> <p><i>Z; xx, female, unemployed</i> But the transaction failed and I got charged 175 GBP for each failed transactions.</p>
<i>Low Satisfaction</i>	<p><i>DH; 58, female, personal assistant</i> I was not happy with the CB bank; I didn't think we were getting good services.</p>
<i>Inefficient Staff</i>	<p><i>DH; 58, female, personal assistant</i> I didn't feel the staff was very efficient. Went away haven't got the services. So we decided we will shift bank at that point and I went with the BS now for 34 years.</p>
<i>Denied services</i>	<p><i>JS, 23, female, personal assistant</i> Yes I was not satisfied because they couldn't give me a student account as foreigners. It is quite difficult to do. By that time I have moved the country by two years.</p> <p><i>HH, 36, female, university lecturer currently on study leave doing PhD</i> I wanted to have a direct debit card easy for me to do online transaction but they told me to wait for two years to get my account stable and make sure I have enough money. That is why I went to BS.</p>
<i>Joint Decision</i>	<p><i>T, 28, female, unemployed</i> I switched accounts because I needed a joint account after getting married</p> <p>Well my husband decides and I just tell him after I think but if I go against it, he definitely won't go for that. He is the one who gets this and that. But he has all the information about what he likes to do and he tells me that and we take it from there.</p>
<i>Loyalty was not appreciated</i>	<p><i>MD, 58, female, university staff</i> When new customers get better deals and I still didn't get the same good offer. It makes me angry because I perceived unfairness of being loyal.</p>

As indicated by the respondents, dissatisfaction with the bank charges were among the factors that contributed to customers switching decision. The factor includes



high bank charges, incorrect bank charges and high bank charges on failed transactions. Three customers provide their reasons for switching because of this factor:

*Z; xx, female, unemployed*

Yes, I stop using but not because I am not happy but because I am on benefit and the CU can keep us just one day, the bank charges are not so high.

*DH; 58, female, personal assistant*

I just felt at every opportunity, they were making a bank charge on our account and a lot of time, it was incorrect and not justified and always refunded it but I just felt I was constantly over period of time, on the phone to them trying to battle with them to get my account put in order.

*Z; xx, female, unemployed*

But the transaction failed and I got charged 175 GBP for each failed transactions.

In general, satisfaction level has shown some impact on customers switching behaviour. However, it was not entirely because of satisfaction. Respondents indicated that they switched their main banks for various reasons. Some switched not because of their satisfaction, but due to other reasons.

*Z; xx, female, unemployed*

Yes, I stop using but not because I am not happy but because I am on benefit and the CU can keep us just one day, the bank charges are not so high

However, one respondent did mention clearly that she is not happy with the bank because she didn't get the services she needed:

*DH; 58, female, personal assistant*

I was not happy with the CB bank; I didn't think we were getting good services.

During the interviews, discussions on the satisfaction level seemed to be based on prior incidents. Usually, negative experiences will contribute to low satisfaction. Due to this, the satisfaction level is deemed to be caused by other factors.

Another factor that leads to switching was inefficient staff. One customer provides her opinion of the staff at the bank:

*DH; 58, female, personal assistant*

I didn't feel the staff was very efficient and went away haven't got the services. So we decided we will shift bank at that point and I went with the BS now for 34 years.

As mentioned previously, customer satisfaction is usually derived from other factors. Denied services as indicated by two customers seemingly were the reasons for switching:

*JS, 23, female, personal assistant*

Yes I was not satisfied because they couldn't give me a student account as a foreigner it is quite difficult to do. By that time I have moved the country by two years.

*HH, 36, female, university lecturer currently on study leave doing a PhD*

I wanted to have a direct debit card easy for me to do online transaction but they told me to wait for two years to get my account stable and make sure I have enough money. That is why I went to BS.

Another reason such as a joint decision was suggested by one respondent. This category was mentioned by one respondent where she stated that she has to switch due to the new account opened after getting married. In the conversation, she also mentioned that it was a joint decision between her and her husband:

*T, 28, female, unemployed*

I switch accounts because need joint account after getting married. Well my husband decides and I just tell him after I think but if I go against it, he definitely won't go for that. He is the one who gets this and that, he is he. But he has all the information about what he likes to do and he tells me that and we take it from there.

Finally, the last factor perceived as the reason for switching was unfairness. This includes the feelings that loyalty was not appreciated or rewarded, leading to the feeling of unfairness or injustice:

*MD, 58, female, university staff*

When new customers get better deal and I still didn't get the same good offer. It makes me angry because I perceived unfairness of being loyal.

Respondents who have not switched in the past were asked about potential future reasons for switching: high interest rates and good financial facilities are among the answers given by the respondents. Table 50 provides an illustration of the replies from the participants.

**Table 50 Possible Reasons for Switching to Other Banks in Future**

<i>High interest rate</i>	<i>Z; xx, female, unemployed</i> Well probably to be honest, I can't see myself switching until I work maybe full time at that time, I may find an interest of the current account. I might have switched to BS as they offer 60% more interest on current account
	<i>JS, 23, female, personal assistant</i> Because we want a joint account, and we heard that they gave good interest rates for that account.
<i>Good financial facilities</i>	<i>AS, 31, female, Bank officer currently on study leave doing Masters Degree</i> I would consider the facility, accessibility, whether I can set the limit for the withdrawal, credit card limit. Because I have checked with the BS, the limit is about 200 GBP and it is very low.
	<i>DH; 58, female, personal assistant</i> We were looking for a mortgage and we get a quote from them and which was a good quote and we decided from that point that might be the point for us to change banks and take the mortgage and change from the CB bank and for that reason more than anything else.

High interest rates and good financial facilities were among the reasons stated. Two customers shared the same opinion on high interest rates:

*Z; xx, female, unemployed*

Well probably to be honest, I can't see myself switching until I worked maybe full time at that time, I may find an interest of the current account. I might have switched to BS as they offer 60 percent more interest on current account

*JS, 23, female, personal assistant*

Because we want a joint account, and we heard that they gave good interest rates for that account.

Meanwhile one respondent suggested that she will consider switching if the bank offers good financial services:

*AS, 31, female, Bank officer currently on study leave doing Master's Degree*

I would consider the facility, accessibility, whether I can set the limit for the withdrawal, credit card limit. Because I have checked with the BS, the limit is about 200 GBP and it is very low.

Similarly, good offers were another factor suggested by one customer as the main attraction that pulls customers to competitors:

*DH; 58, female, personal assistant*

We were looking for a mortgage and we get a quote from them and which was a good quote and we decided for that point that might be the point for us to change banks and take the mortgage and change from the CB bank and for that reason more than anything else.

To conclude, there were seven factors identified by respondents as factors contributing to the switching decision namely high bank charges, low satisfaction, inefficient staff, denied services, joint decision, loyalty was not appreciated and good financial facilities offered by a competitor.

In summary, joint decisions as suggested by the respondents, were considered as a new factor emerging in this study. However, the factor is not included as a variable on its own because it could be considered as a form of involuntary switching caused by a change in marital status; but the likelihood of people switching specifically due to joint accounts is very limited, hence is not included in the proposed theoretical model. The findings of these interviews confirm that all factors extracted from the past literature are very much similar and still exist as reasons for switching.

## 5.7 Reasons for Not Switching

This subsection attempts to gather feedback from respondents regarding their reasons for staying with their current bank. Eight factors were suggested by the respondents namely (1) relationship with the bank, (2) practicality, (3) hassle to switch, (4) fear of things going wrong (5) convenient location (6) satisfaction and (7) familiarity. Table 51 contains answers from the participants.

**Table 51 Reasons for Staying with the Current Mainstream Banks**

<i>Relationship with the bank</i>	<i>Z, xx, female, unemployed</i> I saw them a year ago and opened up a current account just a few months ago and by that time, they have Christmas savings, holiday savings club, lower charges, so I came to decide, but I mean they work on the member basis interest rather than you know what I mean ( ) making a profit rather than...
<i>Practicality</i>	<i>Z, xx, female, unemployed</i> To me it is because it is practical for me in terms of charges, you don't feel ripped off.  <i>MD, 58, female, university staff</i> It works for me. I don't need anything high level with the bank. I just need money and take it out again.  <i>AS, 31, female, Bank officer currently on study leave doing Master's degree</i> I am using current account and savings account, so there is not much transactions done, so far is so good because debit credit transaction to that

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	<p>account. I am going to be here for one year, so I don't think I am going to switch banks.</p>
<i>Hassle to switch</i>	<p><i>JS, 23, female, personal assistant</i>  Anything that involves change particularly with banking is difficult. I will stick to it if possible.</p> <p><i>TG, 65, male, plumber</i>  Too much hassle to switch</p> <p><i>NAG, 33, female, medical doctor</i>  I guest to properly switch means to get all your salary to the new account will require filling up forms and give it to finance and I guessed it is light hassle but at the same time it is necessary to be done properly.</p> <p><i>T, 28, female, unemployed</i>  It would be inconvenient, you have all the direct debit being set up, if you try to contact everything is less hassle, you have to go through, especially with the time and everything, to take children to the bank, to get all done, it is not worth it.</p>
<i>Fear of things going wrong</i>	<p><i>MD, 58, female, university staff</i>  I don't switch because you don't want things come unusual to you.</p>
<i>Location/ Convenient</i>	<p><i>HH, 36, female, university lecturer currently on study leave doing PhD</i>  The reason why I choose LB was because it is near to my university, so that was the main reason.</p> <p><i>MA, xx, male, shop owner</i>  The reason why I have been with the BS is because it is near to my business and that is the main reason.</p> <p><i>NAG, 33, female, medical doctor</i>  Back in England, NW are everywhere</p> <p><i>JS, 23 female, personal assistant</i>  Yes, having a branch 5 minutes from my office is very important and they have a lot of branches along the street. And I have a branch at the ( ) going up and it was a very small branch and only has three cashier but more convenient.</p> <p><i>T, 28, female, unemployed</i>  We went for the BS because it is easy access. I don't need to use anywhere in the world. It is located at every corner in here, wider coverage.</p>
<i>Satisfaction</i>	<p><i>DH, 58, female, personal assistant</i>  I always get good customer care from them; I get my statement on a regular basis. When we need to go to them for a personal loan, we never had any problems, so I would say yes I get good services</p> <p><i>TG, 65, male, plumber</i>  I have been quite happy with LTSB. I have most of my accounts with the LTSB, I have my insurance, my direct debit and I never have any problem with them so that is why I stay with them.</p> <p><i>NAG, 33, female, medical doctor</i></p>

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	I generally have been quite happy with their services.
<i>Familiarity</i>	<i>NAG, 33, female, medical doctor</i> I have pretty much memorized my account number and sort codes and everything else. But the main reason is I know the account in and outside, numbers compared to the others getting to know account again.

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The first factor is that the respondent felt that she has a relationship with the bank compared to other banks:

*Z, xx, female, unemployed*

I saw them a year ago and opened up a current account just a few months ago and by that time, they have Christmas savings, holiday savings club, lower charges, so I came to decide, but I mean they work on the member basis interest rather than you know what I mean ( ) making a profit rather than...

Practicality was one of the staying reasons suggested by three respondents. One customer highlighted practicality because she is on benefits:

*Z, xx, female, unemployed*

To me it is because it is practical for me in terms of charges, you don't feel ripped off.

The same respondent also mentioned that she switched to the other bank because the bank charges were lower. So, the practicality factor refers to own use:

*Z; xx, female, unemployed*

Yes, I stop using but not because I am not happy but because I am on benefit and the CU can keep us just one day, the bank charges are not so high

The other two respondents just felt that it works and suits their need:

*MD, 58, female, university staff*

It works for me. I don't need anything high level with the bank. I just need money and take it out again.

*AS, 31, female, Bank officer currently on study leave doing Master's Degree*

I am using current account and savings account, so there is not much transactions done, so far is so good because debit credit transaction to that account. I am going to be here for one year, so I don't think I am going to switch banks.

However, the illustration from the last respondent above indicates that she stayed because she is not going to be long in the UK before returning back home, so it was practical to stay. Her response leads to the further findings that she might switch if she were to stay longer or for a long term commitment:

*AS, 31, female, Bank officer currently on study leave doing Master's Degree*

Let say to have a housing loan or whatsoever, you are going to be connected to the bank for such a long time so you might consider the Islamic factors better we take a housing loan with the bank you are going to pay interest that is prohibited in Islam.

Five respondents suggested that the hassle of switching was among the reasons for staying. Being difficult or inconvenient to switch, or worrying that things might not turn out as you expect were key reasons cited:

*JS, 23, female, personal assistant*

Anything that involves change particularly with banking is **difficult**. I will stick to it if possible.

*T, 28, female, unemployed*

It would be **inconvenient**, you have all the direct debit being set up, if you try to contact everything is less hassle, you have to go through, especially with the time and everything, to take children to the bank, to get all done, it is not worth it.

*MD, 58, female, university staff*

I don't switch because you **don't want things come unusual** to you.

*TG, 65, male, plumber*

**Too much hassle** to switch

*NAG, 33, female, medical doctor*

I guess to properly switch means to get all your salary to the new account will require filling up forms and give it to finance and I guess it is **light hassle** but at the same time it is necessary to be done properly.

Bank location and convenient access to the bank were among the factors stated by five respondents for their staying reasons:

*HH, 36, female, university lecturer currently on study leave doing PhD*

The reason why I choose LB was because it is near to my university, so that was the main reason.

*MA, xx, male, shop owner*

The reason why I have been with the BS is because it is near to my business and that is the main reason.

*NAG, 33, female, medical doctor*

Back in England, NW is everywhere.

*JS, 23 female, personal assistant*

Yes, having a branch 5 minutes from my office is very important and they have a lot of branches along the street. And I have a branch at the ( ) going up and it was a very small branch and only has three cashiers but more convenient.

*T, 28, female, unemployed*

We went for the BS because it is easy to access. I don't need to use anywhere in the world. It is located at every corner in here, wider coverage.

Apart from location, satisfaction was seen as an important role in the loyalty of customers. While two respondents' satisfaction level was shared with each other, another respondent responded that they get good services implying that they are satisfied with the services they get. All stated they were quite happy with the services:

*TG, 65, male, plumber*

I have been quite happy with LTSB. I have most of my accounts with the LTSB, I have my insurance, my direct debit and I never have any problem with them so that is why I stay with them.

*NAG, 33, female, medical doctor*

I generally have been quite happy with their services.

*DH, 58, female, personal assistant*

I always get good customer care from them; I get my statement on a regular basis. When we need to go to them for a personal loan, we never had any problems, so I would say yes I get good services.

Finally, the last factor quoted by one respondent was familiarity. She refers to it as being able to almost memorize and know well all the accounts she currently has:

*NAG, 33, female, medical doctor*

I have pretty much memorized my account number and sort codes and everything else. But the main reason is I know the account inside and outside, numbers compared to the others getting to know account again.



To summarise, there were seven factors that were identified as reasons for staying which are: relationship with the bank, practicality, hassle to switch, and fear of things going wrong, convenient location, satisfaction and familiarity. According to the respondents, all these were found to influence customers staying decisions with the current bank.

All factors mentioned by the respondents were in line with literature in the past (see Table 52), hence this confirms that all proposed variables are suitable for inclusion and there are no additional new factors for consideration.

**Table 52 Links between Factors in the Qualitative Analysis and Factors from Past Literature**

	Findings from Stage 1- Interviews	Construct from past literature	Author/s
Reasons for switching	High bank charge	Pricing	Keaveney (1995) Gerrard and Cunningham (2004a)
	Low satisfaction	Core service failure	Keaveney (1995) Bansal et al. (2005)
	Inefficient staff	Employee response to service failure	Keaveney (1995)
	Denied services	Inconvenience	Keaveney (1995) Gerrard and Cunningham (2004a)
	Joint decision	Involuntary	Bansal and Taylor (1999)
	Loyalty was not appreciated	Loyalty(reversed)	Keaveney (1995)
	Good financial facilities	Alternative available	Keaveney (1995) Patterson and Smith (2003) Bansal et al. (2004)
Reasons for not switching	Relationship with the bank	Relationship investment	Colgate and Lang (2001)
	Practicality	Loyalty (based on inertia)	Beerli et al. (2004b)
	Hassle to switch	Locked in	Colgate et al. (2003) Harrison et al. (2012)
	Fear of things going wrong	Locked in	Colgate et al. (2003) Harrison et al. (2012)
	Convenient location	Inconvenience (reversed)	Keaveney (1995)
	Satisfaction	Loyalty	Panther and Farquhar (2004)
	Familiarity	Inertia	White and Yanamandram (2004)

## **Data Analysis and Interpretation of Data -Part II**

### **Quantitative: Main Research**

#### **5.8 Introduction**

This chapter presents the analysis and findings of the main quantitative phase of the study. It builds on the analysis presented in the preceding chapter and explores the specific relationships between the independent and dependent variables to test the hypotheses. The chapter is organised into three key sections. The first section provides a brief overview of the banking behaviour of the sample, the demographic characteristics of the sample having been presented in the Methodology chapter. The second section explores the relationship between intention to switch and push-pull, mooring factors, whereas the third section explores the relationship between actual push and pull factors towards switching intention controlling for mooring that is switching barriers.

#### **5.9 Consumer Banking Behaviour**

This section provides an overview of the banking behaviour of the sample based on the questions asked in the section of the questionnaire “you and your financial institutions”. The section provides an overview of the range and type of financial services products owned, the duration of the relationship with the current bank and past switching experiences.

##### **5.9.1 Ownership of Financial Services Products**

Twelve financial services were selected for inclusion in the survey: current account, savings account, credit card, personal loan, mortgage, general insurance, life insurance, pensions, stockholder option and personal investment plan. Almost all respondents (96.1 percent) have a current account. This finding provides further support for the current account as the main financial product for the majority of consumers followed by a savings account and credit card. The remaining products accounted for between 1-15 percent ownership (see Table 53).

**Table 53 Percentage of Ownership of Different Products**

Type of product	N	Percentage	Ever switch bank			
			No	%	Yes	%
Current Account	1934	96.1	1440	74	494	26
Savings Account	1277	63.4	936	73	341	27
Credit Card	821	40.7	640	78	181	22
Personal Loan	193	9.6	151	78	42	22
Mortgage	286	14.2	220	77	66	23
General Insurance	228	11.3	182	80	46	20
Life Insurance	122	6	92	76	30	24
Pensions	105	5.2	81	77	24	23
ISA-stockholder option	214	10.6	152	71	62	29
Personal Investment Plan	30	1.5	19	63	11	37

### 5.9.2 Length of Relationship with Current Bank

In terms of relationship duration, 35.9 percent of respondents' have been with their current bank for 18 years or more. A further 30.9 percent was with their current bank for more than 2 years but less than 10 years, whereas less than 5 percent have been with their current bank for less than one year or between 1 to 2 years respectively.

### 5.9.3 Switching Experience

When asked about respondents' switching experience, 26 percent of respondents have switched from their main bank to another bank in the last five years, whereas 74 percent have not.

Of the 26 percent that have switched banks in the last five years, the majority (77.2 percent) has switched once, whereas only 14.7 percent have switched twice. Less than 5 percent have switched more than three times and only one respondent reported having switched six times in the last five years (see Table 54).

**Table 54 Number of Times Switched in the last five years**

	Frequency	Valid Percent
1	335	77.2
2	64	14.7
3	23	5.3
4	7	1.6
5	4	.9
6	1	.2
Total	434	100

**Table 55 Past Switching Experience and Number of Products Owned**

Bank switching * Product owned Crosstabulation												
			Number of products owned									
			1	2	3	4	5	6	7	8	10	Total
Switch bank	No	Expected Count	337.4	472.5	394.1	160.5	52.2	44.0	20.9	11.9	1.5	1495.0
		% within S1Q3 ever switch bank	22.7%	30.8%	26.1%	11.2%	3.7%	3.2%	1.4%	.8%	.0%	100.0%
	Yes	Expected Count	114.6	160.5	133.9	54.5	17.8	15.0	7.1	4.1	.5	508.0
		% within S1Q3 ever switch bank	22.0%	34.1%	27.2%	9.3%	2.8%	2.2%	1.4%	.8%	.4%	100.0%
Total	Expected Count		452.0	633.0	528.0	215.0	70.0	59.0	28.0	16.0	2.0	2003.0
	Have you ever switch bank		22.6%	31.6%	26.4%	10.7%	3.5%	2.9%	1.4%	.8%	.1%	100.0%

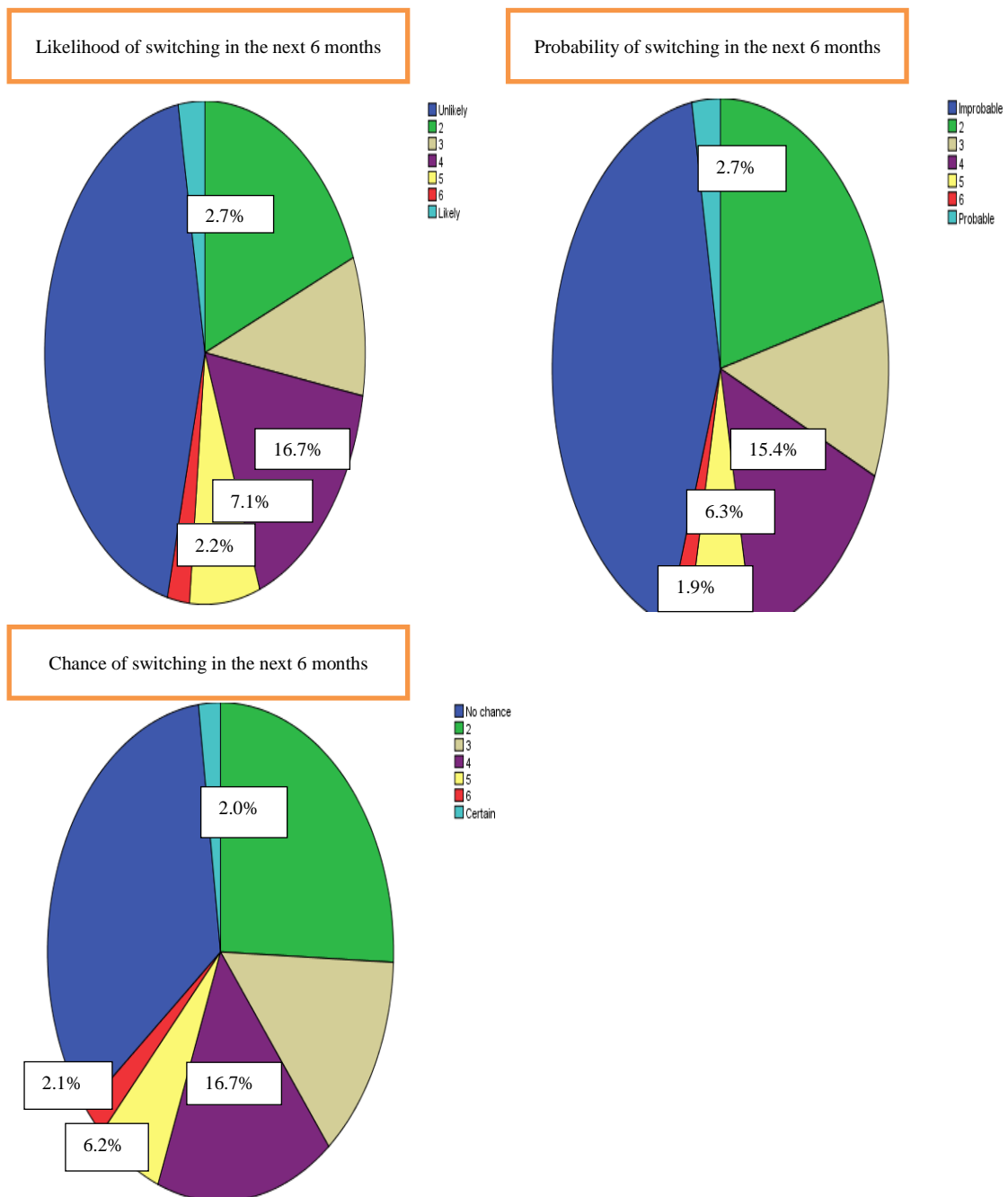
Table 55 shows the proportions that switched / stayed according to the number of products held. Overall, there is very little difference in switchers/stayers according to the number of products with the exception of a slightly higher tendency for customers to switch when they have fewer financial products. For example, 80 percent of stayers had 3 or fewer products compared with 83 percent of switchers with 3 or fewer products, whereas 20 percent of stayers had 4 or more products compared with 17 percent of switchers who had 4 or more products.

Table 47 shows that customers with the Personal Investment Plans exhibit the highest percentage of switching (37 percent), followed by customers with the ISA - stockholder option (29 percent) and savings accounts (27 percent). Although the current account is the product most widely held by customers, customers of current accounts ranked fourth (26 percent) in terms of switching. On all remaining products, 20-24 percent switched.

**Table 56 Crosstab between Switching Intention and Past Switching Experience**

Scale	Unlikely		Improbable		No chance	
	No %	Yes %	No %	Yes %	No %	Yes %
1	46.3	35.4	44.5	35.5	35.8	27.6
2	19.7	18.8	21.6	19.2	27	22.1
3	8.3	8.9	10.7	10.0	13.5	13.9
4	16.3	17.6	15	16.2	16.2	17.8
5	6	10.4	4.7	11	4.3	11.5
6	1.2	5.3	1.1	4.5	1.5	4.1
7	2.2	4.1	2.3	4.1	1.7	2.9
		Likely	Probable		Certain	
Total						
Using seven bi-polar Likert scale :						
1=Unlikely, 7=Likely						
1=Improbable, 7=Probable						
1=No Chance, 7=Certain						

Respondents were asked three separate questions about their intention to switch in the next 6 months. Responses were consistent and showed a lack of tendency to switch (see figure 12). 28.7, 26.3 and 27 percent respectively (an average of 27 percent) indicated a likelihood, probability or chance of switching in the next six months (based on the combined responses to scores 4-7 of the scale). This finding is fairly consistent with Barber (2013) who reported 20 percent of customers consider switching in future.



**Figure 16 Percentage of Potential Switchers in Future**

This subsection reveals that the majority of respondents has not switched their bank and represent stayers rather than switchers. The majority of respondents who have past switching experience have at least switched once while 14 percent have switched twice and approximately 7 percent have switched more than two times. On average, 27 percent of respondents indicated an intention to switch in the future. Approximately 23-25 percent of respondents who have switched in the past indicate the tendency to switch again in the future.

## **5.10 Measuring the Relationship between Predicting Factors (IV) and Switching Behaviour (DV)**

This section elaborates on the statistical tool used to analyse the relationship between the independent variables (push-pull and mooring) and the dependent variable switching intention. In this study, multiple regression is used to predict switching intention behaviour. First, the use of bivariate correlation is discussed as a means of assessing multicollinearity among the variables.

### **5.10.1 Assessing multicollinearity**

An important step in multiple regression analysis is to ensure that the assumption of no multicollinearity has been met (Field, 2000). Correlation analysis was used to assess the degree of multicollinearity among the 10 independent variables. The 10 variables comprise of positive attachment, switching barriers, perceived switching benefits, poor service incidents, perceived alternatives available, situational factors, poor pricing, positive attitudes towards switching, positive beliefs of others towards switching and positive ability to switch. Ten factors were derived from three sets of PCA using regression factor scores which were computed from the mean scores of the items within each scale.

The correlation matrix in Table 57 shows that while some of the correlations are significant, out of 45 correlations analysed only two variables (the regression factor score for poor service incidents and perceived alternatives available) were highly correlated at .704 with other correlations ranging from -.049 to -.453. However, according to Pallant (2007), multicollinearity exists when independent variables are highly correlated ( $r=0.9$  or above), which means that they are measuring quite similar constructs and correlations around 0.8 or 0.9 are the reason of concern for removing one of them. Therefore it was decided to retain both variables for further analysis.. The subsequent analysis was conducted on the ten independent variables and the testable hypothesis are as shown in Table 58..

**Table 57 Pearson Correlation matrix of the independent variables**

Variables	1	2	3	4	5	6	7	8	9	10
1	1									
2	.270**	1								
3	.083**	.425**	1							
4	-.084**	-.165**	-.044*	1						
5	-.211**	-.133**	-.048*	.705**	1					
6	-.192**	.117**	.092**	.429**	.541**	1				
7	-.145**	-.095**	.034	.454**	.466**	.216**	1			
8	-.556**	-.098**	-.060**	.133**	.306**	.248**	.260**	1		
9	.199**	-.422**	-.342**	.144**	.090**	-.143**	.084**	.084**	1	
10	-.295**	-.047*	-.018	.174**	.273**	.187**	.206**	.426**	-.013	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Variable legend

1. Positive attachments
2. Switching barriers
3. Perceived switching benefits
4. Poor service incidents
5. Availability of alternatives
6. Situational factors
7. Poor pricing
8. Positive attitudes towards switching
9. Positive ability to switch
10. Positive beliefs of others towards switching



**Table 58 Testable Hypotheses**

<b>Variables</b>		<b>Hypotheses</b>
1) Poor pricing	H1:	<i>Poor pricing are positively related to switching intention</i>
2) Poor service incidents	H2:	<i>Poor service incidents are positively related to switching intention</i>
3) Situational factors	H3:	<i>Situational factors are positively related to switching intention</i>
4) Positive attachments	H4:	<i>Positive attachments are negatively related to switching intention</i>
5) Perceived switching benefits	H5:	<i>Perceived switching benefits are negatively related to switching intention</i>
6) Positive attitudes towards switching	H6:	<i>Positive attitudes towards switching are positively related to switching intention</i>
7)Positive beliefs of others towards switching	H7:	<i>Positive beliefs of others towards switching are positively related to switching intention</i>
8) Positive ability to switch	H8:	<i>Poitive ability to switch is positively related to switching intention</i>
9) Availability of alternatives	H9:	<i>Availability of alternatives are positively related to switching intention</i>
10) Switching barriers	H10:	<i>Switching barriers are negatively related to switching intention</i>

### 5.10.2 Multiple Regression Analysis

This section provides an overview of the research question and examines the results of the analysis. Using the multiple regression procedure in SPSS (Release 16) the data regressed using the Enter and Stepwise method has produced similar result and the discussion for data analysis is based on Enter method. Table 59 summarizes the regression results of the switching intention behaviour model generated from linear regression. The significance score plus the direction of the sign of each variable will be used as the means by which to answer the hypotheses. In Table 59 the  $R^2$  of .536 indicates that the variables in the model explain 53.6 percent of the variation of the dependent variable switching intention. This is acceptable in explaining the model because  $R^2$  values must be judged rather subjectively; it judges the performance of the model (Rosenshein et al., 2011).

Table 60 shows that all the predictor variables (except for poor pricing) are significant at the 95 percent level. The switching / staying model is as follows:

$$\text{Customer switching intention} = .053 - .019X1 - .105X2 + .079X3 - .098X4 - .076X5 + .594X6a + .074X7a - .049X8a + .054X9 + .125X10 + E$$

Where

- X1: poor pricing
- X2: poor service incidents
- X3: situational factors
- X4: positive attachments
- X5: perceived switching benefits
- X6: positive attitude towards switching
- X7: positive beliefs of others
- X8: low perceived ability to switch
- X9: availability of alternatives
- X10 switching barriers

E: error terms

**Table 59 Model Summary**

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.733 <sup>a</sup>	.538	.536	1.05179	.538	233.634	10	2007	.000	

**Table 60 Regression Equation Coefficient of the model-Equation 1**

Coefficients <sup>a</sup>												
Model	Unstandardized Coefficients		Standardized Coefficients	95% Confidence Interval for B				Correlations			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	.053	.283		.187	.852	-.501	.607					
(M) Poor pricing	.037	.035	.019	1.056	.291	-.032	.106	.179	.024	.016	.715	1.398
(M) Poor service incidents	-.162	.035	-.105	-4.651	.000	-.230	-.094	.051	-.103	-.071	.453	2.207
(M) Situational factors	.152	.037	.079	4.104	.000	.079	.225	.262	.091	.062	.628	1.591
(M) Positive attachments	-.214	.044	-.098	-4.845	.000	-.301	-.127	-.453	-.108	-.074	.559	1.790
(M) Perceived switching benefits	-.164	.037	-.076	-4.404	.000	-.237	-.091	-.041	-.098	-.067	.774	1.292
(M) Positive attitudes towards switching	.776	.026	.594	29.685	.000	.725	.827	.704	.552	.450	.575	1.739
(M) Positive beliefs of others	.142	.033	.074	4.348	.000	.078	.206	.367	.097	.066	.788	1.268
(M) Positive ability to switch	-.078	.029	-.049	-2.657	.008	-.136	-.020	-.167	-.059	-.040	.666	1.501
(M) Availability of alternatives	.108	.049	.054	2.200	.028	.012	.203	.237	.049	.033	.384	2.604
(M) Switching barriers	.258	.040	.125	6.408	.000	.179	.337	.043	.142	.097	.600	1.666

a. Dependent Variable: (M) Switching intention

p\* $<0.1$ , p\*\* $<0.05$ , p\*\*\* $<0.01$

### 5.10.2.1 The significance of the model

The significance of the model is assessed based on two factors: 1) goodness of fit - whether the model fits the observed data well - and 2) generalization of the model. These two factors are discussed in the following paragraphs.

#### 1) Goodness of Fit-Residuals Analysis

If the model fits the sample data well then all residuals will be small. Conversely, if the model fits the data poorly then the residuals will be large. Standardised residuals with an absolute value greater than 3 are cause for concern because it is evidence that the model is a poor representation of the actual data (Field, 2000). Table 61 shows any case that has a standardized residual less than -3 or greater than 3. In an ordinary sample, it is expected that 95 percent of cases will have standardized residuals within + or -2. In this case, the casewise diagnostics show only 8 cases (0.3 percent) were considered as outliers. With a sample of 2018, it is reasonable to accept about 5 percent of cases with standardized residuals outside of these limits (Field, 2000). Thus, the sample appears to conform to what is expected for a fairly accurate model. These diagnostics give no real concern to investigate further.

**Table 61 Casewise Diagnostics**

Casewise Diagnostics <sup>a</sup>				
Case Number	Std. Residual	(M) Switching intention	Predicted Value	Residual
66	3.722	6.67	2.7520	3.91466
99	5.167	7.00	1.5650	5.43500
313	-3.201	1.67	5.0333	-3.36664
1282	3.877	6.00	1.9227	4.07728
1676	3.315	4.67	1.1805	3.48619
1815	-3.059	2.00	5.2179	-3.21787
1872	3.155	6.67	3.3484	3.31825
1943	-3.999	1.67	5.8733	-4.20659

a. Dependent Variable: (M) Switching intention

Table 61 shows the normal distribution of the standardised residuals of the model which were within the range of -4 to +5. It provides the normal P-P Regression Standardised Residuals which were reasonably close to the regression line, indicating that outliers were not a serious problem for the model. These two figures suggest that the model fits the data reasonably well.

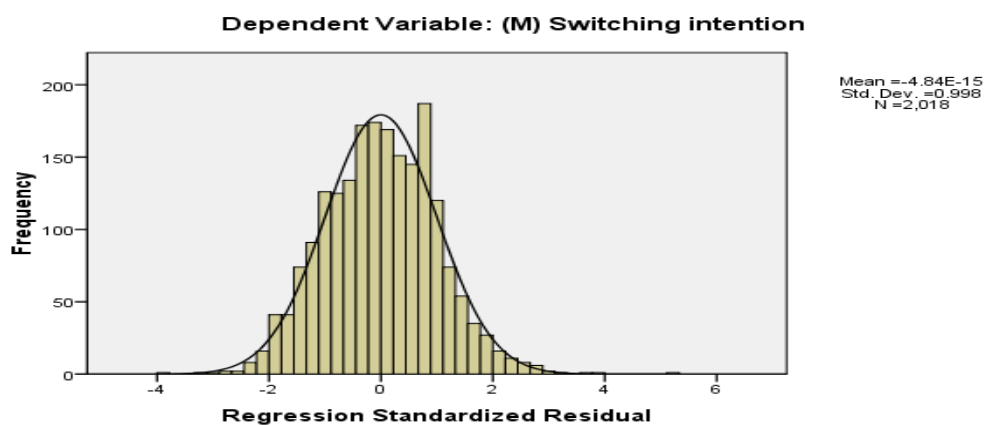


Figure 17 Normal Distribution of the Model Standardised Residuals

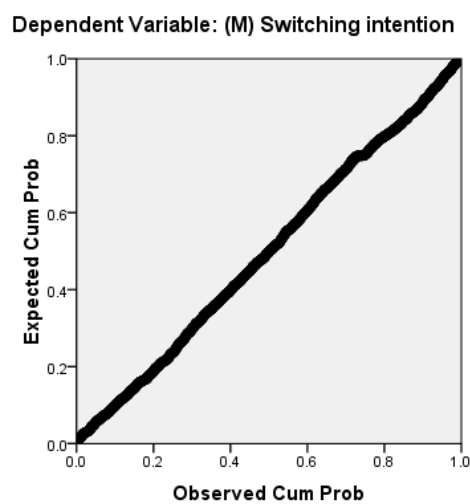


Figure 18 Normally Distributed Residuals

Cooks distance statistics were used as a statistical test to determine whether the regression model was stable across the sample or whether it was biased by a few influential cases. It is a measure of the overall influence of a case on the model.

Cook and Weisberg (1982) suggested that a value greater than 1 may be cause for concern and fortunately, all samples in this study reveal a Cook's distance of less than 1.

The leverage value that gauges the influence of a particular case on the predictor variable lies between 0 and 1. A zero value indicates that the case has no influence whatsoever, while 1 indicates that the case has complete influence over the prediction. Mahalanobis distance is another measure of residual statistics. It measures the distance of cases from the means of the predictor variables. For larger samples (N=500), and 5 predictors, values above 25 are cause for concern (Field, 2000). In this study, N=2018, predictive variables are 10, the Mahalanobis mean value is almost 8 (sd=7.342) which is considered reasonably acceptable. Table 62 summarises the residual statistics of the model.

**Table 62 Summary of Residuals Statistics of the Model**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-.5258	6.5041	2.4402	1.13199	2018
Std. Predicted Value	-2.620	3.590	.000	1.000	2018
Standard Error of Predicted Value	.032	.184	.074	.023	2018
Adjusted Predicted Value	-.5422	6.4968	2.4399	1.13222	2018
Residual	-4.20659	5.43500	.00000	1.04918	2018
Std. Residual	-3.999	5.167	.000	.998	2018
Stud. Residual	-4.020	5.209	.000	1.001	2018
Deleted Residual	-4.24912	5.52331	.00035	1.05547	2018
Stud. Deleted Residual	-4.035	5.243	.000	1.001	2018
Mahal. Distance	.896	60.544	9.995	7.342	2018
Cook's Distance	.000	.040	.001	.001	2018
Centered Leverage Value	.000	.030	.005	.004	2018

a. Dependent Variable: (M) Switching intention

From Table 62 above, it can be observed that the diagnostic statistics for model goodness of fit were within the range of acceptable values. Standardised residuals

were less than 3, except for only 0.3% of the cases which were outliers, and normally distributed (Figure 17), the probability plot of residuals is closely spread along the regression line, Cook's distance mean was less than the 1 cut-off point that might cause concern and the leverage mean value was far below 1, the Mahalanobis distance was reasonably small. All these statistics are evidence that the model fits the sample data reasonably well.

#### ***5.10.2.2 Cross validation of the model***

Cross-validation is a technique assessing the accuracy of a model across different samples. If a model can be generalised, it must possess the capabilities of predicting the same outcome variable from the same set of predictors in a different group of people.

As a first rule of thumb in social science, to obtain a reliable regression model, one predictor should have at least 15 subjects (Field, 2000). For instance, 10 predictors would have needed at least 100 observations. As this study has 2018 observations with 10 predictors, splitting the sample did not violate the rule of thumb.

The data were validated using split sample validation (split=0 and split=1). The two sets of data were then separately computed for a regression equation model. The results of the first split=0 is summarised in Table 63 named Equation 2. The results for the second split=1 is summarised in Table 66 named Equation 3.

Both results were then computed and were found to be consistent with the full sample (N=2018) model as depicted in Equation 1. In both split-sample validation analyses, the relationship between the independent variables and the dependent variables was statistically significant, therefore validation verifies the existence of the relationship between the dependent variable and the independent variable.

The proportion of variance in the relationship utilizing the full data set was 53.6 percent compared to 53.6 percent for the first split sample validation and 53.5 percent for the second split sample validation. In both split-sample validation analyses, the proportion of variance in the dependent variable explained by the

dependent variables was within 5 percent of the variance explained in the model using full data set (53.6%).

The strength of the relationship between the independent variable is supported by the indicating that the explanatory variables have consistently explained the dependant variables in the models.

	Full data set	Split=0	Split=1
ANOVA	<=0.001	<=0.001	<=0.001
significance(sig<=0.05)			
R <sup>2</sup>	0.536	0.536	0.535

The direction and significance of all parameters are consistent in all three equations, except for the parameters X5 - Poor pricing and X8 – Positive ability to switch which are consistently not significant. Poor pricing and ability to switch may have a non linear relationship to switching intention or perhaps the measures used were not appropriate to the theory underpinning the hypothesis. Also consistently shown are the coefficient values of all the explanatory variables in the three models, which are within the range of acceptable values when standard errors are included.

From the evidence presented it seems that the predictor variables in the model are stable in explaining the model's outcome, i.e switching intentions. It is therefore reasonable to assume that model generalisability has been achieved.



**Table 63 Model Summary Equation 2**

Model Summary				
Model	R split = .00 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 <sup>a</sup>	.540	.536	1.05899

a. Predictors: (Constant), (M) Switching barriers, (M) Positive beliefs of others , (M) Poor pricing, (M) Situational factors, (M) Positive attachments, (M) Perceived switching benefits, (M) Positive ability to switch, (M) Poor service incidents, (M) Positive attitudes towards switching, (M) High perceived availability of alternative

**Table 64 Regression Equation Coefficient of the Switching Intention Model ( Data split =0) Equation 2**

ANOVA <sup>b,c</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1291.269	10	129.127	115.141	.000 <sup>a</sup>
	Residual	1097.914	979	1.121		
	Total	2389.183	989			

a. Predictors: (Constant), (M) Switching barriers, (M) Positive beliefs of others , (M) Poor pricing, (M) Situational factors, (M) Positive attachments, (M) Perceived switching benefits, (M) Positive ability to switch, (M) Poor service incidents, (M) Positive attitudes towards switching, (M) High perceived availability of alternative

b. Dependent Variable: (M) Switching intention

c. Selecting only cases for which split = .00

**Table 65 Model Summary Equation 3**

Model Summary				
Model	R split = 1.00 (Selected)	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734 <sup>a</sup>	.539	.535	1.04516

a. Predictors: (Constant), (M) Switching barriers, (M) Positive beliefs of others , (M) Poor service incidents, (M) Positive ability to switch, (M) Positive attitudes towards switching, (M) Perceived switching benefits, (M) Poor pricing, (M) Situational factors, (M) Positive attachments, (M) High perceived availability of alternative

**Table 66 Regression Equation Coefficient of the Switching Intention Model (Data split =1) Equation 3**

ANOVA <sup>b,c</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1299.872	10	129.987	118.998	.000 <sup>a</sup>
	Residual	1110.920	1017	1.092		
	Total	2410.792	1027			

a. Predictors: (Constant), (M) Switching barriers, (M) Positive beliefs of others , (M) Poor service incidents, (M) Positive ability to switch, (M) Positive attitudes towards switching, (M) Perceived switching benefits, (M) Poor pricing, (M) Situational factors, (M) Positive attachments, (M) High perceived availability of alternative

b. Dependent Variable: (M) Switching intention

c. Selecting only cases for which split = 1.00

### ***5.10.2.3 Testing the Hypotheses***

The direction of each variable's relationship with switching intention was used as the basis for addressing the hypotheses. The regression equation coefficients of the switching intention model in equation 1 provided in Table 60 were used as the reference for testing the hypotheses. The results and discussion on each variable are presented in the following sections.

#### ***X1 - Poor Pricing***

The beta value for X1 is .019 indicating that poor pricing is positively associated with switching intention. Hypothesis H1, which stated that poor pricing (i.e. low rates on savings and high rates on loans) is positively related to switching intention, is not supported.

#### ***X2 - Poor Service Incidents***

The beta value for X2 is -.105 indicating that poor service incidents is negatively associated with switching intention. Hypothesis H2, which stated that poor service incidents are positively related to switching intention, is not supported.

#### ***X3 - Situational Factors***

Situational factors (such as changing job, moving house, the bank closing down) was hypothesised to be positively related to switching intention. The beta value of .079 is significant at the 0.01 level with  $p=0.000$  and provides statistical evidence to suggest that customers with high situational factors are more likely to have a high switching intention.

#### ***X4 – Positive Attachments***

It was found that beta values were -.098 and were negatively related to switching intention significantly at the 0.01 level ( $p=0.000$ ), as depicted in Table 49. Thus hypothesis H4 is supported implying that retail banking customers who perceived a high positive attachment (including recommending the bank to relatives, liking the reputation of the bank, being loyal to the bank and finding it convenient to use)

towards their current bank are most likely to have a low switching intention, hence they are more likely to stay with their current bank.

#### ***X5 - Perceived Switching Benefits***

Hypothesis H5 proposed that customers who perceive lack of switching benefits will have a low switching intention. The beta values were  $-.076$  for X5, negatively related to switching intention and significant at the 0.01 level with  $p=0.000$  implying that customers who perceive a lack of switching benefits (e.g. do not perceive there to be beneficial in switching) have a low intention to switch their current service provider and are more likely to stay.

#### ***X6 – Positive Attitudes towards Switching***

Positive attitudes towards switching were hypothesised to be positively related to customer intention to switch. The beta value for this study showed  $.594$ , and is positively correlated to switching intention at the 0.01 level  $p=0.000$ . This hypothesis is therefore supported.

#### ***X7 – Positive Beliefs of Others towards Switching***

Hypothesis H7 predicted that low positive beliefs of others towards switching is positively related to switching intention. The beta value for X7 is  $0.74$  suggesting that higher positive beliefs of others (e.g. the extent to which customers perceive that others approve of their decision to switch) will lead to a higher switching intention. Thus, H7 is supported.

#### ***X8 – Positive ability to switch***

Positive ability to switch was used as a measure of the voluntary actions of consumers with regards to switching, i.e. do consumers feel they are in control of decisions to switch or not. Hypothetically, the positive ability to switch are positively related to switching intention. The beta value for X8 is  $-.049$ , and is negatively related to switching intention suggesting that the higher the positive ability to switch the lower will be the switching intention. Therefore, this result is not supported.

### ***X9 – Availability of Alternatives***

Hypothesis H9 predicted that availability of alternatives are positively related to switching intention. The beta value for X9 is 0.054 and significant at 0.05 level percent ( $p=0.028$ ) suggesting that higher perceived alternatives available will lead to a higher switching intention. This hypothesis is supported.

### ***X10 - Switching Barriers***

Hypothesis H10 suggests that switching barriers are negatively related to switching intentions; thus the higher the perceived switching barriers, the lower the switching intention. However, the beta values for X10 were .125 and positively related to switching intention, significant at the 0.01 level ( $p=0.000$ ). Hence the hypothesis is not supported; switching barriers (such as being tied to the current bank, feeling worried over losing future benefits, experiencing switching costs and having a large financial commitment to the bank) do not seem to reduce switching intention.

#### ***5.10.2.4 Summary of Hypotheses Test Results***

Table 67 provides a summary overview of the results of the hypotheses posited in this study. The hypotheses were presented in the form of alternative hypotheses, because they were easier to interpret than the null hypotheses especially in this study context. Furthermore, Null hypothesis significance tests do not provide estimates of the actual value of a parameter, only what the parameter is unlikely to be and could lead to the conclusion that the group differs when they do not actually differ (Aberson, 2002). Therefore the alternative hypotheses is used.

**Table 67 Results of the Hypotheses Tests**

	Hypotheses	Result
H1:	<i>Poor pricing are positively related to switching intention</i>	Not Supported
H2:	<i>Poor service incidents are positively related to switching intention</i>	Not Supported
H3:	<i>Situational factors are positively related to switching intention</i>	Supported
H4:	<i>Positive attachments are negatively related to switching intention</i>	Supported
H5:	<i>Perceived switching benefits are negatively related to switching intention</i>	Supported
H6:	<i>Positive attitudes towards switching are positively related to switching intention</i>	Supported
H7:	<i>Positive beliefs of others towards switching are positively related to switching intention</i>	Supported

H8:	<i>Positive ability to switch is positively related to switching intention</i>	Not Supported
H9	<i>Availability of alternatives are positively related to switching intention</i>	Supported
H10	<i>Switching barriers are negatively related to switching intention</i>	Not supported

Six of the ten hypotheses were supported meanwhile four hypotheses were not supported: H1 – poor pricing, H2 – poor service incidents, H8 – positive ability to switch and H10 - switching barriers. Past literature has found a positive relationship between switching barriers and retention meaning that the higher the switching barriers, the higher the retention rate (Danesh, 2012, Vasquez-Carasco and Foxall, 2006). However, retention refers to the number of customers currently under contract and the percentage retained when the contract period runs out; customer retention therefore can be viewed as a measure of relationship continuation (Alnsour, 2013). In this case, it looks as if higher switching barriers do not help in preventing customers from switching.

Customer retention brings benefits such as employee retention and satisfaction, better service, lower cost, less price sensitivity, positive word-of-mouth, higher market share, higher efficiency and higher productivity (Boohene et al., 2013). The more customers that stay, the higher the retention rate is. However, it would seem that switching barriers in this study are not leading to a lower intention to switch.

There are several possible explanations for this finding. One explanation may be that switching barriers is not a one-dimensional construct. There are at least two distinct dimensions noted in the literature; positive and negative barriers (Shin and Kim, 2008). A study by Julander and Soderlund (2003) suggests that negative and positive switching barriers have different effects on repurchase intentions, and that negative switching barriers tend to attenuate the effect of customer satisfaction (if they are high) and that the effect of satisfaction is reinforced by high positive switching barriers. The results confirm those found by Jones et al. (2000) in that switching barriers are found to have a positive effect on customer retention. The proposed distinction between positive and negative barriers seems to be important where negative switching barriers have a negative relationship with customer satisfaction and attitudinal loyalty while positive switching barriers show a positive relationship.

Another explanation could be that a number of banks in the UK are actively promoting switching behaviour and have made it easier for customers to switch.

For H2, that is poor service incidents, is not supported in this study possibly due to the customers do not experience the services failure themselves therefore questions asked were more focused on views rather than capturing the actual critical incidents that lead to the switching behaviour.

With regards to H1 - poor pricing, findings from Shin and Kim (2008) indicate that perceived price is not a significant factor affecting customer satisfaction. This study that tests for the effect of poor pricing on switching intention suggests that there is no relationship between poor pricing and switching intention. One possible explanation for this contradictory finding in relation to previous literature may be that customers do not view interest rates as the main factors contributing to poor pricing and thus switching intention. Although there is a significant negative relationship between the fair price of the bank and customer intentions to switch, results from Murad (2011) suggest that price is an insignificant predictor of customer switching intentions in the presence of service quality, bank commitment and anger incidents. Another explanation might be that customers find it hard to determine what the price of a financial product is (Eriksson and Estelami, 2013), hence questions of price perceptions may be unreliable in the context of financial services.

For H8 - positive ability to switch, the result from this study shows that there is no relationship between positive ability to switch and switching intention, hence it is not supported. One possible reason contributing to this is because positive ability to switch is measuring the amount of control that the customer perceives they have over their switching decision and this means if a customer perceives he or she has less control over the decision, this factor is not significant to them in shaping their switching intention. Another possible explanation is that the environmental effects relative to the ease or difficulty of performing a focal behaviour may influence perceptions or ability and confidence in that ability to perform the behaviour (Kidwell and Jewell, 2003). This means that the conceptualisation of the theory of planned behaviour may be incomplete when perceived behavioural control (PBC) or

ability to switch is not dimensionalised into internal and external components and when external control is not viewed as a causal influence on internal control.

#### ***5.10.2.5 Summary of Key Findings, and their Importance in Relations to***

##### ***Switching Intention***

Findings for this “**Switching Intention**” study shows that six factors were found to have a significant contribution towards switching intention: X3 – Situational factors, X4 – Positive attachments, X5 - Perceived switching benefits X6 – Positive attitudes towards switching X7 – Positive belief of others towards switching and X9 – Availability of alternatives. Meanwhile X1 - Poor pricing and X2 – poor service incidents, X8 –Positive ability to switch and X10 - Switching barriers were found not to be supported. This study also found that X6 – Positive attitudes towards switching were found to be the largest unique contribution towards switching intention, followed by X4 – Positive attachments, X3 – Situational factors, X5 – Perceived switching benefits , X7 – Positive belief of others towards switching. X9 - Availability of alternatives were found to be the least contributing to switching intention.



## **Chapter 6**

### **Conclusions, Discussions and Implications**

#### **6.1 Introduction**

The study aimed (i) to explore the push-pull-mooring factors that predict customers' switching intentions, (ii) to explore the relationship between push-pull-mooring factors towards switching intention in the UK retail banking sector. Two separate studies were conducted employing variables that have been discussed in the past staying and switching behaviour literature. Underpinned by migration theory, theory of planned behaviour and the switching behaviour model, one regression model, namely switching intention model were generated to explain the switching intention behaviour in the sample.

The chapter presents a summary of the findings, contributions and implications and limitations of the research and provides suggestions for future research. Generalizability of the model developed in this research is also reported.

#### **6.2 Summary of Findings**

Three main components were involved in understanding the factors that influence the switching behaviour study. Push-pull and mooring variables were identified from past literature. The qualitative research was undertaken to gain insights into switching reasons and to ensure that the findings from the qualitative research supported and confirmed the variables from the literature.

In assessing the dimensionality of the push-pull-mooring predictors, PCA was conducted and found eight (8) push factors which are: (1) poor pricing, (2) poor service incidents, (3) situational factors, (4) positive attachments, (5) perceived

switching benefits, (6) positive attitudes towards switching, (7) positive beliefs of others towards switching and (8) positive ability to switch. PCA for the pull factor identified availability of alternatives as the key pull factor and switching barriers (inertia) were identified as key mooring factor.

All ten factors (8 push, 1 pull and 1 mooring) were included in the analysis. From the switching intention behaviour model, constructed in this study (see subsection 5.10.2), it is found that five (5) out of eight push factors are most likely to influence switching intention. The five push factors are: situational factors, positive attachments, perceived switching benefits, positive attitudes towards switching, and availability of alternatives

On the contrary, the other three *push factors* that influence switching intention are, situational factors, positive attitude towards switching and positive beliefs of others towards switching are positively related to switching intentions. This implies that customers who perceive they have to switch due to situations that are not within their control, are most likely to switch. This is also termed involuntary switching. In addition, customers with high positive attitudes towards switching are more likely to switch simply because they are highly receptive to the idea of changing banks.

The last factor that influences switching intention is the positive beliefs of others towards the switching decision that customers are about to take. In explaining this, belief of others was found to be positively related to switching intentions which means that individuals whose close friends and family members have a positive attitude towards their switching decision are themselves more likely to engage in switching intention.

Interestingly, for the *pull factor*, availability of alternatives was found to be positively related to switching intention implying that customer who perceived they have more choice to choose will have a higher intention to switch.

As for the *mooring factor*, switching barriers was found not to be related to the switching intention indicating that there is no relationship between switching barriers

and switching intention. This may be due to the fact that banks have made it easier to switch and are actively encouraging it.

### **6.3 Summary of Hypotheses Testing**

#### **6.3.1 Switching Intention Behaviour Model**

The push-pull-mooring model was used to test ten dimensions drawn from migration theory and the theory of planned behaviour that influence customers switching intention. A total of ten factors including eight push factors (1) H1 poor pricing, (2) H2 poor service incidents, (3) H3 situational factors, (4) H4 positive attachments, (5) H5 perceived switching benefits; (6) H6 positive attitudes towards switching (7) H7 positive beliefs of others towards switching (8) H8 positive ability to switch; one pull factor (9) H9 availability of alternatives; and one mooring factor H10 switching barriers were tested against switching intention.

Hypothetically, the underlying assumption of migration theory in relation to switching intention is that *push factors* are factors that push customers from the destination. It is associated with all negative feelings or experiences customers encountered. While *pull factors* are the attraction that pull customers to the new destination, *mooring factors* are factors that mediate or moderate customers' decisions towards their switching intention decision. As depicted in Table 68, hypotheses testing for all *push-pull-mooring* factors shows poor pricing, poor service incidents, ability to switch and switching barriers are not supported implying that customers are not affected by pricing, poor services, the amount of control they have over switching and the barriers they faced to be insurmountable.

Meanwhile positive attachments and perceived switching benefits have a positive relationship with switching intention which means the more customers are attached to their current bank and perceive a lack of switching benefits, the lower the switching intention, resulting customers staying or remaining with their bank.

With regard to the push-pull-mooring variable that are supported and related to switching intention, the hypothesis tests indicated that situational factors, positive attitudes towards switching, positive beliefs of others towards switching and

availability of alternatives are significant and positively associated with switching intention.

**Table 68 Results of the Test Hypotheses**

Underpinning Theories	Variable		Hypotheses	Result
Migration Theory and Switching behaviour model	Poor pricing	H1:	<i>Poor pricing are positively related to switching intention</i>	Not Supported
	Poor service incidents	H2:	<i>Poor service incidents are positively related to switching intention</i>	Not Supported
	Situational factors	H3:	<i>Situational factors are positively related to switching intention</i>	Supported
	Positive attachments	H4:	<i>Positive attachments are negatively related to switching intention</i>	Supported
	Perceived switching benefits	H5:	<i>Perceived switching benefits are positively related to switching intention</i>	Supported
Theory of planned behaviour	Positive attitudes towards switching	H6:	<i>Positive attitudes towards switching are positively related to switching intention</i>	Supported
	Positive beliefs of others towards switching	H7:	<i>Positive beliefs of others towards switching are positively related to switching intention</i>	Supported
	Positive ability to switch	H8:	<i>Positive ability to switch is positively related to switching intention</i>	Not Supported
	Availability of alternatives	H9:	<i>Availability of alternatives are positively related to switching intention</i>	Supported
Switching behaviour model	Switching barriers	H10	<i>Switching barriers are negatively related to switching intention</i>	Not supported

## **6.4 Contributions of the Research Findings**

Firstly, this study contributes to the additional knowledge of the switching behaviour literature. Secondly this study is comprehensive in the range of variables used to explain switching intentions. The strength of this study is its approach, which combines all the three key components of push, pull and mooring factors in one model to explain switching intention. Other studies have not been so comprehensive in the range of variables used in the model. To name a few, Patterson and Smith (2003), Panther and Farquhar (2004) and Colgate and Lang (2001) investigated staying factors while Keaveney (1995) and Gerrard and Cunningham (2004a) explored switching, and (Bansal and Taylor, 1999) combined both switching and socio-psychological factors but excluded staying variables, and Naumann et al. (2010) looked into understanding motives for customer switching. Thirdly, this study is possibly the first study exploring switching intention behaviour using the push-pull-mooring model in UK retail banks and indeed one of the few in Europe.

### **6.4.1 Theoretical and Managerial Contributions**

The findings of the study as reported in Chapters 4 and 5 and summarised in the previous section have several theoretical and managerial implications.

**Implications for theory:** In essence, the ten factors employed in the study are based on the Theory of Migration where factors associated with negativity will push customers from the origin; positive factors associated with the destination will pull customers from the origin and mooring factors mediate or moderate the customer's decision. Meanwhile the inclusion of Theory of planned behaviour in this study is equally important in understanding the socio-psychological factors where customers are predicted to behave according to their intention. By combining the theoretical approach from extant theories, a new theoretical model has been tested. The following sections discuss the findings of this particular study based on the variables employed and their contributions to the literature and implications for related theories. In this discussion switching behaviour is conceptualised as switching intention.

### **Poor pricing**

Pricing was found to be among the factors that trigger switching (Keaveney, 1995). It was found that poor pricing was not significantly correlated with switching intention. This implies that there is no relationship between poor pricing and switching intention. One possible reason could be that customers value other benefits more rather than pricing alone, hence the result.

### **Poor service incidents**

There is no relationship between poor service incidents and switching intentions. Dissatisfaction towards the current services was not related to customers switching intention, therefore was not found to be significant.

### **Situational factors**

In applying the push and pull migration theory the situational factors concept, represented by involuntary and inconvenience (Keaveney, 1995), reflects the uncontrolled factors associated with the current service provider. Merger, moved house or workplace are among those reasons cited and will act as a push factor for customers' switching decisions. The involuntary switching decision in this study is reflected as something that is not deemed by customers and can act as negative factors associated to origin and this finding supports the migration theory where the negativity from the origin acts as a push factor towards the switching decision.

### **Positive attachments**

Positive attachments postulates the attachment customers develop towards their service provider. Relationship investment (Colgate and Lang, 2001), loyalty (Trasorras, 2009) and corporate image (Walsh et al., 2006) were among the variables grouped under this factor. In the migration theory, attachments refers to the positive factors that hold customers to the origin. This also applies to loyalty and corporate image variables. Findings in this study shows that positive attachment is supported in this study which means customers who have a high positive attachment towards their current service provider are most likely not to switch, hence they stay.

### **Perceived switching benefits**

The findings suggested that perceived switching benefits represented by apathy and locked in no doubt act as factors that deter customers from switching (Colgate et al., 2003, Colgate and Lang, 2001). From a customer's perspective, this study makes a contribution to the literature. The result and analysis further imply that all of the identified variables extended the directions of the use of pull and push in the migration theory where the higher the perceived switching benefits, the higher the customers' switching intention.

### **Positive attitudes towards switching**

The theory of planned behaviour suggest customers' intentions will shape customers' behaviour. The results in this study support the theory in terms of positive attitudes towards switching which measure the extent to which customers perceived the switching activity itself to be positively related to switching. A number of authors, such as Sapp et al. (1994), Leong and Wang (2006), Chen and Chao (2011); Mansor et al. (2013), through their findings, support the theory of planned behaviour.

### **Positive beliefs of others towards switching**

As suggested by the theory of planned behaviour, positive beliefs of others towards switching or subjective norms is positively related to switching intention. The majority of the findings suggest a positive relationship between positive beliefs of others and switching intention (Sapp et al., 1994, Bentler and Speckart, 1981, Chen and Chao, 2011, Fu et al., 2010). Findings from this study support the notion that the positive beliefs of others on the customers' switching decision would lead to positive switching intention. Similarly, customers who have switched in the past have positive beliefs of others towards their switching decision.

### **Positive ability to switch**

In measuring socio-psychological factors, customers' belief over how much control they have over switching will shape their switching decision. Positive ability to



switch was not supported in this study implying that there is no relationship between ability to switch and switching intention.

### **Availability of alternatives**

This study found out that there is a significant positive relationship between perceived availability of alternative and switching intention. This is consistent with the push-pull-migration theory where customer who perceived high availability of alternative will have a high switching intention.

### **Switching barriers**

Findings for this study suggest that there is no relationship between switching barriers and switching intention. The underlying assumptions is that high switching barriers would deter switching is not supported.

**Managerial Implications for UK Retail Banks:** The switching intention model and post switching behaviour model confirmed the importance of situational factors, positive attachments, perceived switching benefits, positive attitudes towards switching, positive beliefs of others and availability of alternatives as an influential factor. Therefore, to effectively retain customers from switching, the bank should design the system towards providing best services and maintaining customers to remain with them.

### **Situational factors**

With regards to the involuntary switching and inconvenience that reflects the negative factors associating with the current bank and act as a push factor of customers' switching decisions, it is important to bankers to avoid at any cost the event that could lead to situational factors. It is best to communicate that if it happens, then all corrective measure are outlines in advance to avoid switching

### **Positive Attachments**

To a certain extent, attachment means customers are tied into the bank that they patronise and, without commitment, customers are free to jump from one service

provider to another. One marketing implication of this is bankers should encourage customers to treat the bank as a one stop centre. One way of promoting this is through cross selling. The more products or services customers have with the bank, the more they are attached to.

### **Perceived switching benefits**

An important managerial implication, especially in retaining customers in UK retail banks, is that effects on behavioural customer response to switching are not bound to products directly. This research suggests that it is imperative to communicate the benefits that will be lost if they switch. The results suggested the perceived switching benefits represented by inertia, apathy and locked in no doubt act as factors that deter customers from switching (Colgate et al., 2003, Colgate and Lang, 2001). Hence, from a banker's perspective the marketing program should highlight the benefits customers enjoy during their patronage with the bank and that they are better off compared to competitors.

### **Positive attitudes towards switching**

As customer attitudes shape their behavioural intention, it is important for banks to provide a customer database containing their behavioural profile. It could be done in just a simple question to see the customer's tendency towards switching.

### **Positive beliefs of others towards switching**

Based on the theory of planned behaviour, positive beliefs of others towards switching has an impact on the customers switching decision, hence bankers should plan a marketing program that focuses on communicating to customers that friends and family members would approve if they switch to the bank. One way of doing this is through the member-sponsor programme where a person gets a reward if their family member or friends join the programme that is promoted to them.

### **Availability of alternatives**

Based on the push-pull-mooring model, this study found out that there is a significant positive relationship between perceived availability of alternative and switching

intention. Therefore, bank must communicate their existence in the market to the potential customers and convey the message that there is always a better choice exist in the market for the customers to choose.

### **Poor pricing**

One important implication of pricing is poor pricing will always lead to dissatisfaction. However, the finding in this study shows that poor pricing was found as not significant with switching intention. This has some implications implying banks should not depend solely on pricing when communicating about the product and services they offer.

### **Positive ability to switch**

An important managerial implication for bankers to tackle this issue is to delay the switching process. Customers who have a high ability will definitely switch somehow, but those who have less or moderate ability would always consider their switching decision.

### **Switching Barriers**

This factor was found as not significant with the switching intention and switching decision hence, it is not appropriate to aggressively highlight the barriers but to do it rather explicitly by communicating loss of benefits, and the relationship investment they have with the bank.

**Summary of Contributions of the Study:** The study strived to fill the contextual gap in the literature. As outlined in the theoretical and managerial implications above, these contributions are briefly summarized in Table 69.

**Table 69 Contributions of the Study**

A. Theoretical contributions		
To	Use of variables	Comments
Migration Theory	<u>Push –pull and mooring</u> Poor pricing, poor service incidents, situational factors, positive attachment, perceived switching benefits and switching barriers	Extending the push-pull-mooring model as predictors of switching intention in UK retail banking context. According to the knowledge of the researcher, this is done for the first time.
Theory of Planned Behaviour	<u>Socio-Psychological</u> (Attitudes towards switching, ability to switch and belief of others)	
B. Contribution to the Body of Knowledge: Qualitative		
Relationships between		Comments
Pricing, poor service incidents, situational factors and alternative available as reasons for switching		There are no new findings from the qualitative research, but the research confirms that the variables identified in the past literature are still valid and are suitable for inclusion.
Positive attachment, switching barriers as reasons for staying		
C. Contributions to the Body of Knowledge: Quantitative		
Relationships between		Comments
Situational factors; perceived switching benefits; positive attachments; positive attitudes towards switching; positive beliefs of others towards switching and switching intention		This validates the extant findings from switching intention behaviour experience in a UK retail banking context.
Poor pricing; poor service incidents, switching barriers; ability to switch and switching intention		<u>Additional insights:</u> There is no relationship between poor pricing, poor service incidents, switching barriers and ability to switch and switching intention indicates that customers do switch regardless of the barriers their encounter, customers also do not value difference in pricing and dissatisfaction with services.
D. Methodological Contributions		
Construct Measure		Comments
Positive attachment; switching barriers and perceived switching benefits; situational factors and poor pricing		New dimensions were developed for these variables using PCA which are reliable and valid as push-pull and mooring dimensions. The qualitative method has proven to be complimentary to the quantitative method adopted.

### **6.4.3 Methodological Implications and Suggestions for Future Research**

This research employs sequential data collection Creswell and Clark (2007), and adopted the use of multiple data collection methods to study a single problem in two different stages to connect the data. Using more than one data collection approach permits the evaluator to combine strengths and minimize the impact of any deficiencies of any single source of data (Patton, 1987) and has been defined as methodological triangulation. This study employed a quantitative hypothetic-deductive approach to put forward hypotheses from which testable propositions could be deduced. This approach to research is often termed “theory driven research”.

Future research should attempt to investigate other factors as to why people stay and why people switch. Researchers also may want to consider longitudinal qualitative studies to understand why customers join the current bank and if they are leaving, why they are leaving. Employing a qualitative approach in understanding critical incidents that trigger the switching decision in the UK may further enrich the results of the study because the results will be drawn towards a richer scope of findings.

### **6.4.5 Limitations of the Research**

Although the research has reached its aims, there were some unavoidable limitations. First, because of the qualitative data collection nature of the research conducted in Stage I, this means that the findings cannot be generalised to the larger population.

The instrument used in this research is an online survey where the nature of self-reporting is used here. The web survey was conducted as a self-administered and voluntary survey, hence there was no face to face interaction between the researcher and respondents and there might be cases where respondents might inflate or deflate the answer.

This study focuses only on predicting staying and switching factors and their relationship with intentions to switch and past switching action. The actual switching actions were measured based on their past switching experience and not

the actual switcher due to the difficulties in getting data on switchers from retail banks in UK.

The literature review only selected socio-psychological factors in predicting switching or staying behaviour because of the time constraint and if included all it will involve a cross discipline and a broad-base study and be time consuming.

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# Appendix 1

## Cover Letter

Dear Friends,

At the University of Edinburgh, we are conducting independent research to understand customers' switching behaviour, particularly why people switch from one financial institution to another. You have been selected at random from the i-points database to participate in this survey.

We are interested in people's attitudes, not their financial details. Your cooperation in completing the questionnaire would be greatly appreciated. Most of the questions can be completed by choosing the most appropriate answers.

This questionnaire should take about 15 minutes to complete. Please answer the questions on the basis of your personal experience. Your responses will be treated with the utmost confidence and will only be reported in aggregate; no individual responses will be identified.

We appreciate your willingness to help us in our research effort. Thank you again for your cooperation.

Sincerely,

Hanim Misbah  
PhD student  
The University of Edinburgh  
Business School

Dr. Tina Harrison  
Senior Lecturer  
The University of Edinburgh  
Business School

## SECTION 1: YOU AND YOUR FINANCIAL INSTITUTION

Please answer the following questions in relation to your main bank (i.e the bank you either have your salary paid into or that you use for most of your financial transactions).

### 1. Which of the following financial products do you currently have with your main bank?(Please choose as many as apply)

- ☐ Current Account
- ☐ Savings Account
- ☐ Credit Card
- ☐ Personal Loans
- ☐ Mortgage
- ☐ General Insurance (i.e car or household)
- ☐ Life insurance
- ☐ Pensions
- ☐ ISA investor-stakeholder option
- ☐ Personal investment plan

Other (please specify)

### 2. How long have you been a customer of this bank?

- ☐ Less than a year
- ☐ More than 1 year but less than 2 years
- ☐ More than 2 years but less than 10 years
- ☐ More than 10 years but less than 18 years
- ☐ 18 years or more

### 3. Have you ever switched or changed bank in the last 5 years?

- ☐ Yes
- ☐ No

**4. If yes, how many times have you switched banks in the last five years?**

## Section 2: Your satisfaction with your current bank services

**5. Please indicate, how satisfied are you with each of the following provided by your current bank:**

	Very dissatisfied	Dissatisfied	Neither dissatisfied nor satisfied	Satisfied	Very satisfied
The bank's physical facilities and equipment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel appearance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank's ability to perform the promised services dependably and accurately.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank's willingness to help customers and provide prompt services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank staff knowledge and courtesy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank staff ability to convey trust and confidence.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The caring, individualised attention the bank provides to it's customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your overall satisfaction with this bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



### Section 3: Attitudes towards your current bank

**6. Please indicate, the extent to which you agree or disagree with each of the following statements using the following scale:**

	Strongly disagree	Disagree	Neither Agree nor disagree	Agree	Strongly agree
I feel a sense of loyalty to my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have confidence that my bank provides the best deal for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel an obligation to my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a large financial commitment with my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My current bank is very convenient to use.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am concerned over possible problems caused by moving my current banking services to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am tied into my current bank at present and cannot switch.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have worries over losing some of the future benefits with my current bank if I switch to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is too much bother to switch from my current bank to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Most of the banks in the United Kingdom are the same, hence I do not see any point in switching.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Most of the banks in the United Kingdom offer similar products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not like to change to another bank because I value my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would always recommend my current bank to relatives/friends.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There have not been enough bad incidents to make me switch from my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like the corporate image of my bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like the reputation of my current bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am concerned about the time needed to learn about another bank's products and services if I switch.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that the cost in money to switch would be high.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Section 4: General attitudes / belief towards switching**

**7. On a scale of 1-7, where 1= A bad idea and 7= A Good idea,**

	A bad idea (1)	(2)	(3)	(4)	(5)	(6)	A Good idea (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**8. On a scale of 1-7, where 1=Useless and 7=Useful,**

	Useless (1)	(2)	(3)	(4)	(5)	(6)	Useful (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**9. On a scale of 1-7, where 1=Harmful and 7=Beneficial,**

	Harmful(1)	(2)	(3)	(4)	(5)	(6)	Beneficial (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**10. On a scale of 1-7, where 1=Foolish and 7=Wise,**

	Foolish (1)	(2)	(3)	(4)	(5)	(6)	Wise (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11. On the scale of 1-7, where 1=Unpleasant and 7=Pleasant,**

	Unpleasant (1)	(2)	(3)	(4)	(5)	(6)	Pleasant (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**12. On the scale of 1-7, where 1= Undesirable and 7= Desirable,**

	Undesirable (1)	(2)	(3)	(4)	(5)	(6)	Desirable (7)
To me, switching my current bank to another bank would be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**13. On the scale of 1-7, where 1= Dislike and 7= Like,**

To me, switching my current bank to another bank is an idea that I

Dislike (1)	(2)	(3)	(4)	(5)	(6)	Like (7)
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## Section 5 : Factors Prompting Switching

### 14. I would consider switching from my current bank to another bank if

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
The interest rate/ rate of return I receive on my savings is low.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am charged a high interest rate/ management fee on my loans/ borrowing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am required to keep a high minimum balance in my account.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am treated unfairly in terms of the prices/ rates offered to me compared to new customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank makes frequent mistakes with my account.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I experience billing problems or statement error.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank fails to provide the appropriate level of services to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel do not listen or act promptly when I have problem/complaint(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel are impolite to me when handling my complaint(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel refuse to accommodate my complaint(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel show insufficient knowledge and / or experience of the products/services on offer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank do not resolve my complaints in a reasonable time frame.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel are reluctant to respond to service failure.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel do not empathize with my problem / situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel are unfriendly to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I move house.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My current bank/ branch closes down.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I change my job / place of work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My current bank merges with or is taken over by another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am charged for services that I do not use.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank personnel use overly aggressive selling behaviour.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank location is not easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The bank does not have enough branches in convenient locations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The application process for new products takes too long.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am denied a loan/ access to other services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I perceive better alternatives available elsewhere.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know where to move my accounts to.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another bank offers better products and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Another bank offers alternatives that meet my needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If there are any factors that might prompt you to switch from your bank that have not already been mentioned, please state them here:

## Section 6: Ability to switch / control over switching

**15. On the scale of 1-7 where 1= Absolutely no control and 7= Complete control,**

	Absolutely no control (1)	(2)	(3)	(4)	(5)	(6)	Complete control (7)
How much control do you feel you have over switching from one bank to another	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**16. On the scale of 1-7, where 1= Very few and 7= Numerous,**

	Very few (1)	(2)	(3)	(4)	(5)	(6)	Numerous (7)
The numbers of events outside my control which prevent me from switching banks are	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**17. Please rate the following questions according to the scale provided:**

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
I believe that I have the resources to switch from my current bank to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that I have the ability to switch from my current bank to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I face very high barriers to switch from my current bank to another bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 7: Beliefs of others about switching

**18. Please rate the following questions according to the scale provided:**

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
Most people who are important to me would approve of me switching from my current bank to another.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People I care about would approve of me switching from my current bank to another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 8: Likelihood of switching

**19. Please rate the following questions according to the scale provided:**

	Strongly Disagree	Disagree	Neither agree Nor Disagree	Agree	Strongly Agree
I tend to look at what other banks offer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would switch from my current bank to try another bank that I am not sure of.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am very cautious about trying out new services at another bank.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**20. On the scale of 1-7, where 1= Unlikely and 7= Likely,**

	Unlikely (1)	(2)	(3)	(4)	(5)	(6)	Likely (7)
Rate the probability that you would switch your current bank to another bank in the next 6 months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**21. On the scale of 1-7, where 1= Improbable and 7= Probable,**

	Improbable (1)	(2)	(3)	(4)	(5)	(6)	Probable (7)
Rate the probability that you would switch your current bank to another bank in the next 6 months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**22. On the scale of 1-7, where 1= No chance and 7= Certain,**

	No chance (1)	(2)	(3)	(4)	(5)	(6)	Certain (7)
Rate the probability that you would switch your current bank to another bank in the next 6 months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section 9: Personal details

### 23. Are you a male or female?

- ☐ Male  
☐ Female

### 24. How old were you on your last birthday?

### 25. Your Marital Status

- ☐ Single  
☐ Married / Cohabiting  
☐ Separated / Divorced / Widowed

Other (please specify)

### 26. Do you have any children under the age of 18?

- ☐ Yes  
☐ No

**27. What is your employment status?**

- ☐ Full-time employee
- ☐ Part-time employee
- ☐ Self employed
- ☐ Home-maker
- ☐ Unemployed
- ☐ Student
- ☐ Retired

Other (please specify)

**28. what is your annual income (before tax)?**

- ☐ Below £15,000
- ☐ More than £15,000 but less than £40,000
- ☐ More than £40,000 but less than £65,000
- ☐ £65,000 or more

**29. Where do you live?**

- ☐ England
- ☐ Scotland
- ☐ Wales
- ☐ Northern Ireland

**30. How many children under the age of 18 do you have?**

- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ 6 or more

**End of survey.**