Marketing Intelligence & Planning

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Received 11 July 2015
Revised 21 November 2015
9 February 2016
Accepted 11 February 2016

Abstract

Purpose – The purpose of this paper is to identify and compare different groups of customers' perceptions (i.e. stayers, switchers, and heavy switchers) of several loyalty antecedents such as satisfaction, trust, service quality, switching costs, marketing communication, and loyalty itself.
Design/methodology/approach – This study was carried out based on data collected through a questionnaire from 353 telecommunication services users in Portugal and using confirmatory factor analysis (CFA) and analysis of variance.
Findings – The three types of customers – stayers, switchers, and heavy switchers – clearly differ among themselves. Stayers differ from switchers regarding their communication efforts perceptions, and from heavy switchers in their loyalty, satisfaction, and trust levels. Switchers differ from heavy switchers in their loyalty levels.
Research limitations/implications – Future research should examine differences between customers taking into account the impact of their personality, price sensitiveness, and orientation toward the adoption of new technologies.
Practical implications – As there are several differences among stayers, switchers, and heavy switchers, companies should not only recognize the heterogeneity of their customer base, but also target their marketing efforts accordingly.
Originality/value – This study is one of the few identifying groups of customers perception's toward service providers. It also complements previous research by splitting them intro three different groups and by analyzing their behaviors across a set of previously unexamined marketing variables.

Keywords Satisfaction, Trust, Service quality, Loyalty, Heavy switchers, Stayers
Paper type Research paper

Introduction

The focus of marketing has recently been changing from customer acquisition to customer retention. There is a growing consciousness that maintaining customer loyalty is becoming more crucial to the success of firms and attracting customers is considerably more expensive than retaining them (Reichheld and Schefter, 2000). As customers have unique needs, their singularities are reflected in their consumption patterns. Customers are becoming harder to please, increasingly sharper, more demanding, and, at the same time, more exposed to unceasing publicity from multiple market players. These trends are especially true in the telecommunications market, but long-term loyalty still remains an elusive dream for telecommunications service providers, despite their extensive investments in enhancing customers' experience (Karjaluoto *et al.*, 2012). In this context, companies are trying to rely on relationship marketing, that is, "all marketing activities directed towards building customer loyalty (keeping and winning customers) by providing value to all the parties involved in the

Marketing Intelligence & Planning
Vol. 34 No. 6, 2016
pp. 843-862

0263-4503
DOI 10.1108/MIP-07-2015-0128

relational exchanges" (Peng and Wang, 2006, p. 26), in order to differentiate themselves from competitors.

As Mittal and Katrichis (2000) note, by defining groups of customers, service providers can assess the unique needs of these customers and adapt the management of products to ensure these clients' satisfaction. The present study, therefore, sought to examine differences regarding the perceived impact levels of loyalty, satisfaction, marketing communication, service quality, trust, and switching costs in three groups of customers: stayers (i.e. those who have never switched service provider), switchers (i.e. customers who have switched service providers once), and heavy switchers (i.e. customers who have switched service providers two or more times).

The main contribution of this research is to complement previous research by analyzing how those six variables affect the three groups. The variables include loyalty and satisfaction, which were studied by Ganesh *et al.* (2000) and Wangenheim and Bayón (2004), marketing communications and service quality, which were studied by Peng and Wang (2006), and trust and switching costs, which have never been tested before from this perspective. Moreover, this type of research is particularly useful in the context of health, telecommunications, and financial services, in which the cost of customer acquisition is relatively high but retention probability low due to intense competition (Mittal and Katrichis, 2000). To answer Mittal and Katrichis's (2000) call for research in highly competitive sectors, this study was conducted in the competitive Portuguese telecommunications market.

The rest of the paper is structured into four parts. First, we present the Portuguese telecommunications context. Second, we examine the existing, relevant literature and develop research hypotheses. Then, the research methodology is described, and, finally, the paper concludes with an analysis of the theoretical and managerial implications, study limitations, and future avenues of research.

Portuguese telecommunications context

Telecommunications services sell themselves as a window to the world. Through a series of rapid technological changes, they have quickly moved from providing one service to offering bundles that include voice, data, and television services, offering customers more choice and fulfilling their information demands. According to the European Commission (2012), telecommunications users believe the two main advantages of acquiring bundled services are the convenience of having just one invoice and the perception that bundles are cheaper than subscribing to each service separately.

The first provider offering bundled services in the Portuguese market appeared in 2001, and, since then, the number of such providers has grown (ANACOM, 2013). Over time, the market has seen profound changes in the technology used (e.g. from cable television to telephone networks, wireless networks, and, more recently, optic fiber). The number of subscribers has also grown (i.e. subscriptions are still increasing, and, in 2010, nearly 41.2 percent of Portuguese households had bundled telecommunications services). In addition, among service providers, market shares have shifted as a consequence of the growing number of customers and fierce rivalry among providers. Furthermore, the emergence of bundles has brought with it a change in consumption behaviors, as customers have become more interested in buying bundles from one provider than individual services from separate companies (Pereira and Vareda, 2013).

In Portugal, the market control of two pioneer providers was also shaken when a third provider entered the market and became its leader through an aggressive and differentiated marketing strategy. Given the aforementioned factors – that is, new consumption patterns due to the emergence of bundled services and customer switching due to innovative marketing strategies and increasingly competitive offerings – it is important to understand these providers' customer base and the variables that lead their clients to change.

Theoretical background and hypotheses

Stayers, switchers, and heavy switchers

Ganesh *et al.* (2000) indicate that not all customers should be targeted with retention or loyalty programs and that even some of the most loyal and satisfied clients can change providers due to reasons beyond their control (Fraering and Minor, 2013). Switching behavior in the telecommunications industry is frequently present even when customers are within continuous contract relationships, so providers have a hard time keeping and retaining their customers (Karjaluoto *et al.*, 2012). Ganesh *et al.* (2000) and Peng and Wang (2006) argue that, fundamentally, a provider's customer base comprises two groups: customers who have switched from another service provider (i.e. "switchers") and those who have never changed (i.e. first-time adopters or "stayers"). Ganesh *et al.* (2000) go a step further and subdivide switchers into "dissatisfied switchers" (i.e. customers who have changed due to dissatisfaction) and "satisfied switchers" (i.e. customers who have changed for other reasons than dissatisfaction).

To date, studies assessing differences between customer groups, such as stayers and switchers, are limited, although with some notable exceptions. For example, Ganesh *et al.* (2000) examined differences between stayers, dissatisfied switchers, and satisfied switchers in terms of their overall satisfaction, commitment, and loyalty behavior in the context of service banking. Mittal and Katrichis (2000) analyzed the importance of attitude and satisfaction in the credit card market, mutual funds management, and automotive industry, among loyal and newly acquired customers. Wangenheim and Bayón (2004) examined differences between switchers, stayers, referral switchers (i.e. customers acquired through word-of-mouth), and other switchers in the German energy market, in terms of their active and reactive loyalty and overall satisfaction. Finally, Peng and Wang (2006) developed a study in the utility services market (i.e. gas and electricity) in the UK, evaluating differences in perceptions of five marketing tactics between stayers and switchers.

Loyalty

The success of a company is related to its ability to retain its customers and keep them loyal (Dekimpe *et al.*, 1997). Customers who feel they have obtained value from a service are more likely to remain with their current provider, which translates into higher corporate profits (Trasorras *et al.*, 2009).

The literature on this topic discusses attitudinal and behavioral dimensions of loyalty (Dick and Basu, 1994). Jacoby and Chestnut (1978) highlight the importance of examining beliefs, affections, and intention structures for a better understanding of customer loyalty, which can be seen as a composite blend of brand attitude and behavior (Pritchard and Howard, 1997). For Kim *et al.* (2004) the concept of customer loyalty is understood as a combination of customers' favorable attitudes and their repurchase behavior. While attitudinal loyalty is related to customers' predisposition and commitment to brands, as well as these clients' intention to repurchase (Mellens *et al.*, 1996), behavioral loyalty is defined by customers' repeated purchasing of brands. These are detectable as patterns of continued patronage and spending behaviors (Hammond *et al.*, 1996).

Oliver (1997, p. 392) offers one of the most accepted definitions of customer loyalty, as it includes both attitudinal and behavioral aspects of loyalty. The cited author defines this as "a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, thereby, causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior." Loyal customers help businesses by buying more, paying premium prices, and providing new referrals through positive word-of-mouth (Keaveney, 1995). A study conducted in the financial services industry has revealed that a 5 percent increase in customer loyalty can lead to profit growth ranging from 25 to 75 percent (Chan *et al.*, 2001). Kursunluoglu (2014) found that loyal customers are gained by maintaining a long-term perspective. He also found that, although most service components are important to gaining customer satisfaction and loyalty, certain service components have a direct effect on turning customers into loyal customers without necessarily satisfying all their needs.

In order to keep their customers loyal, service providers must examine why clients leave, as not only providers may lose future profits but also shared negative experiences may spur additional defections (Trasorras *et al.*, 2009). Ganesh *et al.* (2000) and Wangenheim and Bayón (2004) examined differences between stayers and switchers in terms of their active loyalty, defined as "the proactive behaviors or behavioral intentions that require conscious and deliberate effort to undertake" (Ganesh *et al.*, 2000, p. 83). Ganesh *et al.* (2000) found that dissatisfied switchers have higher active loyalty levels than both stayers and satisfied switchers, whereas Wangenheim and Bayón (2004) verified that switchers displayed higher active loyalty levels than stayers.

In this research, we expected switchers to show loyalty levels close to stayers. On the one hand, customers who have never switched should exhibit higher loyalty toward their providers, and, on the other hand, customers who have only changed once – and did not change again – should feel loyal to their current provider. In contrast, customers who have switched several times should be less loyal than both stayers and switchers. Thus, we proposed:

H1a. Stayers and switchers exhibit similar loyalty levels.

H1b. Heavy switchers exhibit lower loyalty levels than stayers and switchers.

Satisfaction

Customer satisfaction is an important construct in loyalty research. Oliver (1980) defines satisfaction as a post-choice, evaluative judgment in particular purchase decisions. Satisfaction can be seen as judgments based on comparisons between performance and expectations, based on which customers will be satisfied if their expectations regarding services are met or exceeded (Oliver, 1981). This model of expectation disconfirmation has found extensive empirical support (Oliver, 1980; Spreng *et al.*, 1996; Jones and Suh, 2000).

Satisfaction is also an affective construct (Ganesan, 1994; Spreng *et al.*, 1996). For Deng *et al.* (2010), customer satisfaction reflects the level of positive feeling that customers have toward service providers.

There is strong evidence supporting the positive effects of customer satisfaction, which serves as an antecedent of both loyalty intentions and customer behavior (Oliver, 1999). Previous research in customer satisfaction has found that satisfied customers are more likely to repeat purchases of the same products or services, more resistant to offers from competitors, and usually generators of positive word-of-mouth (Cronin and Taylor, 1992; Zeithaml *et al.*, 1996).

Satisfaction can influence customer loyalty and, thus, switching intentions. When customers feel dissatisfied with their service provider due to low quality or other factors, they will probably switch to another brand. Anderson and Srinivasan (2003, p. 125) argue that "a dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than a satisfied customer." Zeithaml *et al.* (1996) observed that customers satisfied with services are more prone to show continuous intentions and recommend providers to their friends or relatives. If a service provider satisfies the needs of its customers better than its competitors do, it will then be easier to create loyalty (Oliver, 1999).

Mittal and Katrichis (2000) found that newly acquired customers base their judgments on different factors as compared to loyal customers. Ganesh *et al.* (2000) observed that stayers display higher satisfaction levels than satisfied switchers. However, dissatisfied switchers have the highest satisfaction levels of the three groups. Wangenheim and Bayón (2004) verified that stayers' overall satisfaction is slightly higher than switchers' overall satisfaction, although this was not a statistically significant difference. In the cited research, the causes for switching behavior were not questioned, and, as such, customers may or may not have changed their provider because of dissatisfaction. Overall, satisfaction is widely recognized as one of the most important antecedents. Thus, we expected satisfaction levels of stayers and switchers to be similar and a reason for their loyalty. Heavy switchers were expected to have lower satisfaction levels than stayers and switchers, providing an explanation for their repeated switching behavior. We, therefore, propose that:

H2a. Stayers and switchers exhibit similar satisfaction levels.

H2b. Heavy switchers exhibit lower satisfaction levels than stayers and switchers.

Trust

Researchers have suggested that sometimes service suppliers are unable to keep customers even when they are satisfied (Fraering and Minor, 2013). Thus, satisfaction alone might not be enough to ensure long-term customer commitment to service suppliers. Therefore, there are other variables that strengthen retention, such as trust, that mediates the relationship between service quality and loyalty (Hart and Johnson, 1999; Moreira and Silva, 2015).

Hart and Saunders (1997) claim that trust is the confidence that the other party will behave as expected, combined with expectations of the other party's good will. Schurr and Ozanne (1985, p. 940) define trust as the "belief that a party's word or promise is reliable and that a party will fulfil his/her obligations in an exchange relationship." Trust can be seen as a critical aspect in commercial exchanges (Anderson and Narus, 1990; Reichheld and Schefter, 2000) and a cornerstone of long-term relationships (Karjaluoto *et al.*, 2012).

Companies usually try to develop customers' trust in order to assure long-term business relationships (Morgan and Hunt, 1994), a pattern stemming from the assumption that, when relationships are based on trust, the likelihood of either party ending the relationship decreases (Ranaweera and Prabhu, 2003). Trust helps protect relationship investments by stimulating cooperation between parties and by increasing short-term resistance to alternatives. The latter is due to the expected long-term benefits of staying with a current partner and the belief that the other party will not act opportunistically (Morgan and Hunt, 1994).

Trust also affects credibility, which, in turn, affects the long-term behavior of customers by reducing the uncertainty generated by companies' opportunistic behavior (Ganesan, 1994). Ranaweera and Prabhu (2003) tested the positive impact of building trust, developing customer satisfaction, and strengthening barriers to switching on customer retention among landline telephone users in the UK. In a different vein, Poon *et al.* (2012) found that, of cognitive, generalized, and affective trust, only the latter influences repurchase intentions. Karjaluoto *et al.* (2012) studied Finnish telecommunications services, finding that trust mediates the relationship between value and loyalty.

Differences in trust levels between customer groups have not been examined in previous research. However, as trust helps reduce uncertainty in relationships, we expected stayers and switchers to show higher levels of trust toward their providers than heavy switchers. Trust was thus hypothesized to be important for stayers and switchers in building loyalty, whereas heavy switchers were not expected to trust their providers fully. Based on these expectations, the following hypotheses are formulated:

H3a. Stayers and switchers exhibit similar trust levels.

H3b. Heavy switchers exhibit lower trust levels than stayers and switchers.

Switching costs

Customers are sometimes loyal to their suppliers because changing to a different brand or company is somehow difficult (Blut *et al.*, 2007). Porter (1998, p. 10) defines switching costs as "one-time costs facing the buyer when switching from one supplier's product to another's." These costs can often be objectively measurable, such as monetary costs, but also more subjectively determined, such as the time and psychological effort involved in facing the uncertainty of dealing with a new service or supplier (Klemperer, 1987). Aydin *et al.* (2005) indicate that procedural switching costs are an outcome of the process of buyers' decision-making and customers' implementation of decisions (i.e. recognition of opportunities, information search, evaluation of alternatives, purchase decision, and post-purchase behavior). Switching costs can be an obstacle to changing suppliers and a mechanism for improving customer retention (Dick and Basu, 1994).

Switching costs have a direct impact on loyalty levels (Aydin *et al.*, 2005; Biedenbach *et al.*, 2015) and on customer satisfaction (Biedenbach *et al.*, 2015), generating advantages for service suppliers, as these costs weaken customers' sensitivity to price and satisfaction with competing product brands (Fornell, 1992). Moreover, playing on customers' perceptions of switching costs will increase the probability that consumers will keep their current supplier. These pressure points include the risk involved in switching suppliers, trouble of setting up a new contract, and complexity of using an alternative service (Deng *et al.*, 2010). For that reason, many service providers spend much of their effort and resources in building switching costs into their marketing strategies (Fornell, 1992; Heskett *et al.*, 1990). Kim *et al.* (2004) state that, the higher switching barriers are, the more customers are forced to remain with their current provider.

Ranaweera and Prabhu (2003) found evidence that switching barriers influence satisfaction and customer retention. They concluded that switching barriers act as restrictions, limiting dissatisfied consumers from changing their service supplier.

Kim *et al.* (2004) also examined the effects of switching barriers – which include switching costs – in the mobile telecommunications service industry, finding that they enhance customer loyalty. Aydin and Özer (2005) concluded that switching costs have an impact on customer loyalty and a moderating effect on trust and satisfaction (Aydin *et al.*, 2005).

Since switching costs may be a factor that generates loyalty behavior and prevents changing behavior, we expected that stayers personally perceive such costs as higher than both switchers and heavy switchers, thereby helping to explain why stayers have never switched providers before. We thus postulate that:

H4a. Stayers perceive higher switching costs than switchers and heavy switchers.

H4b. Switchers and heavy switchers perceive similar switching cost levels.

Communication

Communication is a vital aspect of relationship development, and a large part of companies' marketing is focussed on communicating with customers. We adopted Ndubisi's (2007) conceptualization, in which communication refers to the ability to provide timely and trustworthy information. For Duncan and Moriarty (1998), communication is considered a necessary condition for the existence of relationships. Andersen (2001, p. 169) argues that "communication plays a major role in providing an understanding of the exchange partner's intentions and capabilities," whereas Anderson and Narus (1990) emphasize interactive dialogues between companies and their customers, which take place during all stages of relationships (i.e. pre-selling, selling, consuming, and post-consuming).

The relationship marketing approach emphasizes communication as information exchanges, conversations, and dialogues in the development and management of marketing relationships (Andersen, 2001). In relationship marketing, communication means keeping in touch with customers, acting proactively, and providing timely and trustworthy information about services and service changes (Ndubisi, 2007). Despite the relevance of communication in the relationship marketing process, the attention paid to this issue is still negligible, as most studies have not included any aspect of communication.

In the field of relationship marketing, the creation, and maintenance of contexts that enable trust building and the development of credibility have been discussed. According to Mohr and Nevin (1990), communication has a direct impact on important aspects of relationships, such as trust. Anderson and Narus (1990) claim communication is a prerequisite for building trust between exchange partners. Relationship marketing, in general, and communication, in particular, seeks to decrease exchange uncertainty and create commitment (Andersen, 2001).

Mohr and Nevin (1990) found marketing communication has a direct impact on trust. Spreng *et al.* (1996) also found a positive link between marketing communication and customer satisfaction. Harridge-March (2006) proposed that marketing communications activities are essential to building trust, lessening the effects of performance and financial risks, and avoiding adverse publicity. As such, marketing communication is an important variable when seeking to maximize trust.

Peng and Wang (2006) tested differences between stayers and switchers in terms of their perceptions of a specific company's marketing communications (i.e. advertising or providing information), observing that stayers' perceptions are more favorable – although no statistically significant difference was found. We assumed both stayers and switchers are satisfied with the communication initiatives of their current providers, whereas heavy switchers are more likely to perceive these efforts as insufficient. Therefore, we propose the follow hypotheses:

H5a. Stayers and switchers perceive similar marketing communication levels.

H5b. Heavy switchers perceive lower marketing communication levels than stayers and switchers.

Service quality

Service quality is a critical factor in firms' profitability and success (Aydin and Özer, 2005). Parasuraman *et al.* (1988, p. 15) define service quality as "the consumer's judgment about a firm's overall excellence or superiority." There is, however, still some controversy regarding how to measure service quality. Two approaches were considered for the present study. Cronin and Taylor (1992) favor the use of complaint ratios to measure service quality, while others, such as Parasuraman *et al.* (1988), favor the use of "difference scores," of which the SERVQUAL scale is an example.

Notably, Stafford and Wells (1996) observed that service quality is the most important differentiator and the only way that insurers can distinguish between services – due to state-mandated standardized products. Venetis and Ghauri (2000) also concluded that service quality is one of the few factors that drive service differentiation and competitive advantage, helping attract new customers and contributing to a larger market share. Service quality, thus enhancing customers' intention to repeat purchases, buy more, buy other services, become less price-sensitive, and practice positive word-of-mouth behavior (Venetis and Ghauri, 2000).

Although they are distinct concepts, customer satisfaction and service quality are at the same time related to each other (Cronin and Taylor, 1992; Spreng and Singh, 1993). Expectations that lead to satisfaction are motivated by what is likely to happen during transactions, while expectations that lead to service quality are motivated by what consumers think service suppliers should offer (Parasuraman *et al.*, 1988).

Moreira and Silva (2015) found that service quality stimulates favorable customer satisfaction and leads to customer retention. Rod *et al.* (2009) found that it is imperative to look beyond simply providing good services. The cited authors measured service quality, including all aspects of specific services, and found that service quality is a key issue in ensuring enduring relationships with customers. Peng and Wang (2006) found stayers' perceptions of service quality are more positive than that of switchers. We expected service quality to be an important variable regarding switching behavior. Nevertheless, as switchers have only changed once, stayers and switchers' current perceptions of service quality should be closely related. Heavy switchers have changed at least twice. Thus, it follows that they should perceive service quality as poor or insufficient, as compared to the other two groups. The following hypotheses, therefore, is formulated as:

H6a. Stayers and switchers perceive similar service quality levels.

H6b. Heavy switchers perceive lower service quality levels than stayers and switchers.

Research methodology

In recent years, the Portuguese telecommunications market has undergone profound changes, in which some providers were able to increase both their market share and customer base. Providers offer electronic communication services in bundles (i.e. a commercial offer from a single provider including two or more services with an integrated tariff and single invoice), combining voice, internet, and television. This sector is a highly competitive environment due to fast technological changes, customers' continually evolving desire for more complete services, fierce rivalry, and the role played by marketing in switching behavior.

A questionnaire survey was used to collect data on telecommunication subscribers. All constructs were measured using a multiple-item measurement scale with a seven-point Likert-type response format, with "totally disagree" and "totally agree" as the anchors. The instruments and scales used to measure the constructs were adapted from previous studies in order to ensure content validity.

The four items measuring customer loyalty were adapted from Chiou (2004) and Lin and Wang's (2006) scales examining resistance to change and attitudinal loyalty. Satisfaction was measured using three items taken from Chiou's (2004) scales testing for the confirmation or disconfirmation of expectations. The five items measuring trust were adapted from Gefen *et al.* (2003) and Lin and Wang's (2006) scales evaluating integrity and benevolence. Switching costs were measured using five items taken from Aydin and Özer's (2005) scales concerning monetary costs, psychological costs, evaluation of alternative costs, purchase decision costs, and post-purchase decision learning costs. The four items used for communication were adapted from Peng and Wang's (2006) scales measuring satisfaction with information provided about service costs, new products, invoice clarity, and overall information. Service quality was measured using three items adapted from Stafford *et al.*'s (1998) scales examining service reliability.

Respondents were categorized into the stayers or switchers group by how many times they had switched providers, a similar approach to that used by Peng and Wang (2006). A "never" answer was categorized as belonging to the stayers group, whereas a "once or more" answer signified the respondents belonged to the switchers or heavy switchers group. Respondents who had switched were then categorized as heavy switchers when they had changed provider two or more times or as switchers if they had switched only once. The questionnaire was pretested on a sample of ten respondents, who helped improve the readability and clarity of the scales, and AMOS and SPSS 20.0 statistics software were used to analyze the data, validate the scales, and test the hypotheses. The following techniques were applied: reliability analysis to verify the scales' consistency, confirmatory factor analysis (CFA) to estimate measurement properties, and analysis of variance (ANOVA) to evaluate differences between stayers, switchers, and heavy switchers.

Results and analysis

The target population of this study is composed of users of telecommunication services (i.e. television, internet, or telephone), and a total number of 500 questionnaires were distributed, of which 358 were returned answered. Five of these were incomplete and discarded. The final data set contained 353 sets of responses, of which 63.2 percent were identified as stayers, 24.9 percent as switchers, and 11.9 percent as heavy switchers. According to Ganesh *et al.* (2000), differences in sample sizes may indicate different attributes associated with various types of respondents. Therefore, no attempt was made or technique performed to balance sample sizes to avoid distorting these possible differences. The respondent demographics measured were gender, age, education, and employment status. Overall, 38.4 percent of the sample was male, and 61.6 percent were female. The majority of respondents (88.3 percent) had an education level equal to or above high school, with the percentage of employed respondents being 82.9 percent.

Scale consistency and the scale purification process were examined using basic descriptive analysis (i.e. mean, standard deviation, kurtosis, and skewness). The results confirm the reliability of the scales used. For all items, the skewness and kurtosis values are below the absolute values of 2.0 and 7.0, respectively, as recommended by Curran *et al.* (1996). Cronbach's α values for all the constructs are greater than the lower limit of acceptability of 0.60 (Hair *et al.*, 1998). Thus, the scales exhibit good measurement attributes, as shown in Table I.

The scales used were subjected to CFA using AMOS 20.0, with maximum likelihood estimation to assess measurement properties. Based on current research using CFA, the following fit indices were examined: χ^2, and degrees of freedom (df), Tucker-Lewis index (TLI), comparative fit index (CFI), standardized root mean square residual (SRMR), and root mean squared error of approximation (RMSEA). The six-factor structure was confirmed with first-order CFA. The findings demonstrate the good fit of the measurement model to the data through the χ^2 results (χ^2/df = 585.284/179, $p < 0.001$). All the other indices also are within acceptable ranges (TLI = 0.888, CFI = 0.904, SRMR = 0.0550, and RMSEA = 0.080), which further confirm the measurement model's goodness of fit.

Table II shows that loyalty, satisfaction, trust, switching costs, communication, and service quality have positive correlations at a level of significance of 1 percent. No multicollinearity issues were found, as every variance inflation factor score is below the recommended threshold of 10 (Hair *et al.*, 1998).

Hypotheses testing

To compare differences between stayers, switchers, and heavy switchers, an ANOVA analysis was performed, in line with the research conducted by Ganesh *et al.* (2000), Wangenheim and Bayón (2004), and Peng and Wang (2006), who also examined differences between groups of customers. Differences between the three groups were compared for the six examined variables. Levene's test of equality of variance was used to demonstrate that the homogeneity of variance assumption was not violated for any of the variables (see Table III), as the population variance for each group is approximately similar for all examined variables (p-value > 0.05).

After validating the homogeneity of variance, we proceeded to test differences between the three groups of customers using an ANOVA model. The results show that there are differences between the groups that are significant at the 5 percent level in terms of loyalty, satisfaction, trust, and communication. These results validate *H1a*, *H1b*, *H2a*, and *H3a* and partially validate *H2b* and *H3b*. Table IV shows the detailed results of the ANOVA.

Overall, statistically significant differences appear between stayers and switchers regarding communication and between stayers and heavy switchers concerning loyalty, satisfaction, and trust levels. Switchers and heavy switchers reveal statistically significant differences in their loyalty levels. Figure 1 shows the statistically significant differences, to allow comparisons between the three groups.

	Mean	SD	Skewness	Kurtosis	Cronbach's α if item deleted	Cronbach's α
Loyalty						
L1 – my preference for this supplier would not willingly change	4.95	1.361	−0.833	0.427	0.877	*0.898*
L2 – even if close friends recommend me another supplier, my preference for this supplier would not change	4.71	1.495	−0.590	−0.209	0.862	
L3 – I consider myself loyal to this supplier	4.72	1.552	−0.786	0.046	0.869	
L4 – if I had to do it again, I would choose the same supplier	4.83	1.469	−0.791	0.200	0.863	
Satisfaction						
S1 – I am happy with the decision to choose this supplier	5.44	1.228	−1.537	2.587	0.905	*0.939*
S2 – I believe I did the right thing when I chose this supplier	5.41	1.211	−1.313	1.688	0.901	
S3 – I am satisfied with this supplier	5.37	1.285	−1.347	1.752	0.917	
Trust						
T1 – based on my experience, I know this supplier is honest	4.86	1.315	−0.787	0.446	0.788	*0.845*
T2 – based on my experience, I know this supplier is not opportunistic	4.62	1.409	−0.633	0.197	0.817	
T3 – based on my experience, I know this supplier cares about its customers	4.80	1.346	−0.827	0.393	0.802	
T4 – based on my experience, I know this supplier knows its market	5.46	1.160	−0.948	0.753	0.833	
T5 – based on my experience, I know this supplier is predictable	5.00	1.209	−0.799	0.734	0.824	
Switching costs						
SC1 – switching to a new supplier causes monetary costs	4.69	1.503	−0.519	−0.383	0.617	*0.630*
SC2 – if I switched to a new supplier, the service offered by the new supplier might not work as well as expected	4.73	1.409	−0.634	0.002	0.571	
SC3 – to switch to a new supplier, I should compare all suppliers first	5.89	1.245	−1.508	2.460	0.599	
SC4 – even if I have enough information, comparing the suppliers with each other takes a lot of time, energy and effort	5.44	1.324	−1.373	2.184	0.555	
SC5 – if I switched to a new supplier, I could not use some services until I learn	4.55	1.527	−0.627	−0.431	0.537	
Communication						
C1 – this supplier provides information about the costs of its services	5.03	1.351	−1.068	0.917	0.815	*0.860*

(*continued*)

Table I.
Scale reliability analysis

	Mean	SD	Skewness	Kurtosis	Cronbach's α if item deleted	Cronbach's α
C2 – this supplier provides regular updates on new products and services	5.17	1.328	−1.012	0.807	0.855	
C3 – the billing information of this supplier is accurate	5.03	1.435	−1.056	0.873	0.821	
C4 – overall, I am satisfied with the information provided by this supplier	5.14	1.296	−1.077	0.882	0.796	
Service quality						
SQ1 – this supplier fulfils its promises	4.74	1.325	−0.671	0.268	0.846	*0.874*
SQ2 – this supplier is sympathetic and supportive when I have a problem	4.95	1.317	−0.830	0.713	0.797	
SQ3 – this supplier service is dependable and has quality	5.10	1.281	−0.929	0.648	0.822	

Table I.

Table II.
Mean, standard deviation, Pearson's correlation matrix, and VIF scores

Construct	Mean	SD	1.	2.	3.	4.	5.	VIF
1. Loyalty	4.804	1.287						3.143
2. Satisfaction	5.404	1.169	0.638**					2.921
3. Trust	4.949	1.015	0.657**	0.703**				2.456
4. Switching costs	5.060	0.890	0.497**	0.441**	0.500**			3.127
5. Communication	5.094	1.135	0.598**	0.613**	0.691**	0.503**		2.992
6. Service quality	4.928	1.168	0.676**	0.657**	0.750**	0.428**	0.658**	2.750

Note: **Correlation is significant at the 0.01 level

Table III.
Test of homogeneity of variances between stayers, switchers, and heavy switchers

	Levene statistic	df1	df2	p-value
Loyalty	2.290	2	350	0.103
Satisfaction	0.999	2	350	0.369
Trust	2.783	2	350	0.063
Switching costs	0.326	2	350	0.722
Communication	1.029	2	350	0.358
Service quality	1.582	2	350	0.207

Note: Tests the null hypothesis that the error variance of the dependent variable is equal across groups

Discussion and implications

This study sought to examine differences regarding the perceived impact levels of loyalty and other variables for three groups of customers: stayers, switchers, and heavy switchers. The results clearly indicate non-random differences between the three

Construct	Groups	Mean scores	Difference between means	
Loyalty	Stayers ($n = 223$)	4.998	Stayers vs switchers	0.342
	Switchers ($n = 88$)	4.656	Stayers vs heavy switchers	*0.915**
	Heavy switchers ($n = 42$)	4.083	Switchers vs heavy switchers	*0.573**
Satisfaction	Stayers ($n = 223$)	5.473	Stayers vs switchers	0.034
	Switchers ($n = 88$)	5.439	Stayers vs heavy switchers	*0.513**
	Heavy switchers ($n = 42$)	4.960	Switchers vs heavy switchers	0.480
Trust	Stayers ($n = 223$)	5.067	Stayers vs switchers	0.226
	Switchers ($n = 88$)	4.842	Stayers vs heavy switchers	*0.520**
	Heavy switchers ($n = 42$)	4.548	Switchers vs heavy switchers	0.294
Switching costs	Stayers ($n = 223$)	5.115	Stayers vs switchers	0.065
	Switchers ($n = 88$)	5.050	Stayers vs heavy switchers	0.330
	Heavy switchers ($n = 42$)	4.786	Switchers vs heavy switchers	0.264
Communication	Stayers ($n = 223$)	5.208	Stayers vs switchers	*0.350**
	Switchers ($n = 88$)	4.858	Stayers vs heavy switchers	0.226
	Heavy switchers ($n = 42$)	4.982	Switchers vs heavy switchers	−0.124
Service quality	Stayers ($n = 223$)	5.043	Stayers vs switchers	0.259
	Switchers ($n = 88$)	4.784	Stayers vs heavy switchers	0.424
	Heavy switchers ($n = 42$)	4.619	Switchers vs heavy switchers	0.165

Note: *The difference between groups was significant at $p < 0.05$

Table IV. ANOVA – differences between stayers, switchers, and heavy switchers

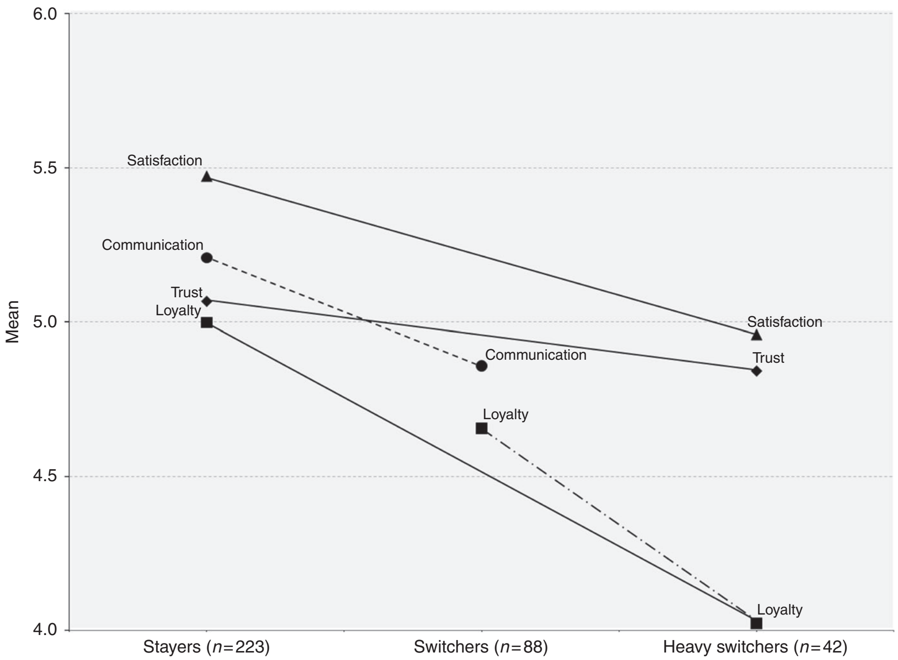

Figure 1. Variables showing statistically significant differences between the three groups

groups in four of the six examined variables, with stayers showing more favorable perceptions than switchers and heavy switchers for all variables. Keaveney (1995) similarly tested several factors encouraging switching, such as pricing, inconvenience, core service failures, service encounter failures, employee responses to failures, attraction by competitors, and ethical problems. The cited author found that no single factor was responsible for defection but, instead, various combinations of variables. Our results partially corroborate her findings.

Specifically for marketing communication, heavy switchers have a more favorable perception than switchers do. The obtained results also partially validate previous research by Wangenheim and Bayón (2004), who found stayers exhibit higher overall satisfaction and passive loyalty levels (i.e. behavioral intentions such as reactions to price changes or increases in competitiveness) than switchers. Peng and Wang (2006) also concluded that stayers have more positive perceptions than switchers for all variables except price.

Stayers and switchers do not differ regarding loyalty, as proposed in the present study's hypotheses. However, both groups show a statistically significant difference compared to heavy switchers in this variable. Stayers are customers who have not switched providers to date, so, as such, they are deeply loyal to their providers and remain loyal. While switchers have changed, they only change once, and, to some extent, they can be considered loyal toward their current provider. Heavy switchers have low loyalty levels, meaning they do not feel loyal to their provider in the way stayers or switcher do, and, therefore, they are highly prone to switching behavior. The present study's results do not fully support the research by Wangenheim and Bayón (2004), who found switchers' loyalty levels to be higher than stayers'. Our study shows that customers who have never switched exhibit higher levels of loyalty than do other customers who, having changed at least once, demonstrate thereby a lower level of commitment.

While we did not find differences between stayers and switchers, we, nonetheless, found statistically significant differences between stayers and heavy switchers. Ganesh *et al.* (2000) note that customers who have switched due to dissatisfaction exhibit higher levels of satisfaction with their providers than stayers do. However, stayers were more satisfied than those customers who switched for reasons other than dissatisfaction (i.e. customers who were satisfied switchers). Wangenheim and Bayón (2004) also observed stayers' satisfaction levels to be higher than that of switchers, but the difference was not statistically significant. In the present research, we did not directly examine the causes of switching, so we can only assume that both switchers and heavy switchers may have changed provider due to any number of reasons, including dissatisfaction. Switchers and stayers' satisfaction levels are identical, confirming the expected similar behavior in both loyalty and satisfaction, as satisfaction is one of the most studied loyalty antecedents. If dissatisfaction were the only reason behind the switching behavior of switchers and heavy switchers, we would expect both groups' satisfaction levels to be higher than that of stayers' due to confirmation or disconfirmation of expectations. As this was not verified by our results, causes other than dissatisfaction need to be considered as a justification for switching behavior.

Trust is a well-known loyalty antecedent, and we confirmed this with statistically significant differences between stayers and heavy switchers. The results for trust match the ones previously obtained for satisfaction, since stayers have higher trust levels in their providers than heavy switchers do. This factor, therefore, can be a source of change. Karjaluoto *et al.* (2012) highlight that, due to the unique characteristics of the highly competitive telecommunications sector, loyalty does not provide companies with payback without strategies that value long-term customers and build trust with new customers.

We found statistically significant differences between stayers and switchers regarding communication. Peng and Wang (2006) also checked for differences between stayers and switchers for this variable. However, they did not find differences between the two groups. Among the three groups, we verified switchers' perceptions of marketing campaigns to be the least positive. Stayers are satisfied with the level of communication with their providers, but switchers may have different expectations regarding their new providers' efforts to communicate. This might indicate that, when switching providers, these customers expect the information supplied to be regular and clear, as these communication efforts are a way to nurture customers, and they, in turn, can lead to loyalty. Concerning heavy switchers, either they can be satisfied with the level of communication developed by their current providers or they simply do not pay enough attention to this variable to trigger/prevent their switching behavior.

Regarding switching costs, no statistically significant differences were found among the three groups. Although this variable can be used to increase retention rates, it is not enough to prevent customers from switching to other service providers.

Finally, no statistically significant differences were found between stayers, switchers, and heavy switchers regarding service quality, unlike Peng and Wang (2006), who observed that stayers perceive the quality of their service as better than switchers do. An explanation for this difference in findings might be the quality of services in the contexts studied. That is, the services provided in Portugal might not be sufficiently distinctive, and, consequently, they are perceived as similar by all three customer groups. In fact, in the Portuguese telecommunications market, providers try to match their bundle offers in both price, number of services, and service characteristics (e.g. internet speed or number of channels). Pereira and Vareda (2013, p. 531) found that "bundling may also be used because it increases product quality or because it allows reducing heterogeneity in consumer valuations." Therefore, service quality differences among providers may not be distinctive.

The results of the present study have several implications. First, it is important that service providers recognize the heterogeneity of their customer base and rethink their segmentation strategies accordingly. Market segmentation is a way to subdivide the market into sets of customers in order to target these and implement marketing plans appropriately. Some traditional segments encompass geographic, demographic, or cultural differentiations. The results find support for the relevance of taking behavioral segmentation into account, either alone or as part of multi-variable segmentation approaches. Furthermore, customers must also be evaluated for their risk of switching, enabling effective strategies to be developed in order to win back customers or to retain them. Previous research has shown that contractual length with a provider has an impact on levels of satisfaction and loyalty, although varying across sectors (Ganesh *et al.*, 2000; Mittal and Katrichis, 2000).

In this study, the time spent with a provider was not examined as a factor. Instead, we focussed on the number of switches between providers by considering three groups: stayers (i.e. customers who have never switched service providers), switchers (i.e. customers who have switched service provider once), and heavy switchers (i.e. customers who have switched service providers at least twice).

For all the examined variables, stayers showed clearly favorable attitudes. As such, they represent a steady and valuable base for companies, and they, paradoxically, may require less marketing to ensure their retention. However, providers must keep in mind that loyal customers represent their most valuable asset while, nonetheless, carefully evaluating their customer base in terms of retention worthiness. This research found that heavy switchers will most likely change regardless of their providers' efforts. Therefore, the profits generated from retaining these customers might not compensate the costs incurred by trying to keep them.

While switchers' perceptions are close to that of stayers, the former are less favorable. This is the group of customers that may require more attention by marketing managers, since the payoff will be ensuring their retention and increasing loyalty. Switchers can be assumed to be customers who have switched once but who are, in general, satisfied with their new provider. We found significant differences between stayers and switchers in their perception of communication efforts, which indicates that switchers have high expectations of their relationships with new providers. Companies must enhance their relationships with these customers through clear, periodic communication, deepening relationships, increasing changing costs, and exceeding customers' expectations in order to retain them.

Finally, heavy switchers represent the greatest challenge, as this group of customers clearly shows low levels of loyalty, satisfaction, and trust. Their switching behavior cannot be explained due to one variable alone, but some explanations can be highlighted. The first concerns price sensitiveness, even though telecommunications providers offer bundled services that usually matches their competitors in price. Peng and Wang (2006) found differences between stayers and switchers regarding this variable. This could indicate that even slight price discrepancies for similar services may be enough for switching behavior to increase among these customers. Likewise, occasional promotions, special offers, or aggressive marketing campaigns could be responsible for these customers' switching behaviors. A third explanation might be the personality traits of these customers, which may make them more prone to switching. The desire to search out novelties and to be first-time adopters of new technologies, as well as particular bundle characteristics (e.g. television channels), may also play an important role in helping explain this behavior.

Overall, the findings lead to the reasonable conclusion that there is no single way to segment switchers, heavy switchers, and stayers, as their behavior varies among the studies referred to throughout this paper. In order to succeed in the area of services provision, relationship marketing must take into account the importance of both the type of customer and the main variables that influence these different consumers. This may include bundled services, rivalry among market players, and type of services as important factors that can influence variables such as service quality, loyalty, satisfaction, marketing communications, trust, and switching costs. In this context, it is important that service providers be aware of the importance of how each type of customer may influence companies' strategic outcomes, as well as how marketing tactics can leverage strategies.

Limitations and future research

This study presents some limitations. As data were collected only in the telecommunications sector, drawing generalized conclusions about relationship marketing from these results should be done with caution. However, the results are quite likely applicable to other services sectors, particularly financial or health services.

Another limitation concerns the number of variables examined. This study targeted differences among customers regarding behavior toward their service providers. Nonetheless, we did not examine the characteristics of these customers in regard to those behaviors. Customers were split up into groups based on the number of provider changes, but other approaches based on relationship length or satisfaction levels also need to be considered in future research, in order to provide matching or contrasting results. Furthermore, future studies should examine other differences between customer groups, taking into account the impact of personality, price sensitivity, orientation toward the adoption of new technologies, and sensitivity to promotions and offers. Studies comparing industries can also reveal differences among customers throughout different sectors. For example, Mittal and Katrichis (2000) found loyal customers to differ from recently acquired customers according to the relationship length, sector, and variables examined. Thus, longitudinal studies could assess changes over time in customers' perceptions of their providers and the impact of companies' marketing strategies – which has rarely been done before, to the best of our knowledge. This could provide further insights and help establish a deeper understanding of action-reaction processes.

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