

Customer Switching Patterns in Competitive and Noncompetitive Service Industries

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This article is about behavioral change in customer relationships. Changes in customer switching behavior are compared in five different service industries. Switching barriers and the competitive industrial situations in the comparison between industries also revealed changes in behavior in an industrial monopoly in which switching to alternative external service providers was not an option. This kind of switching was articulated as internal switching. The behavioral change was therefore assessed in terms not only of frequency but also of type of change. The switching ability to cause change, called configuration energy, even caused a change in behavior at the highest level in a noncompetitive industry in which there was a lack of switching alternatives. Total change was considered to be a result of the higher energy level driving the switching configuration than when the change was partial.

Keywords: *customer switching; external and internal switching; customer relationships; energy level; competitive and noncompetitive service industries*

Customer preferences related to switching behavior differ between service industries. Switching behavior also

differs according to the articulated reasons for the switching. Customers in the telecommunications industry most often only partly switch their telecommunications services to a competitor, whereas those in the insurance industry mainly switch their whole business (Edvardsson, Gustafsson, and Roos 2002b). Customers of the Swedish social insurance system, which is a government-owned monopoly, do not have a competitor to switch to. Instead, they change their behavior toward the service system and the contact persons, thus articulating their perceptions of the service provider. When *external switching* is not an option, the customer may react with a change in behavior, which we label *internal switching*. We thus argue that to understand customer behavior in relationships, we should not only consider switchers, stayers, and service usage levels (Bolton and Lemon 1999; Roos 1999b; Ganesh, Arnold, and Reynolds 2000; Keaveney and Parhasarathy 2001) but also focus on and describe the reasons behind internal switching.

The reasons for switching referred to here have been related to the particular kinds of switching described as total, partial, or internal according to a unique pattern of customer preferences, with behavior as the reference point. This pattern indicates the industry-specific configuration of reasons for customer sensitiveness to switching (Roos

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1999b; Edvardsson, Gustafsson, and Roos 2002a). Consequently, the industry and competition characteristics of the market are significant in terms of the behavioral structure. The combinations of industry- and competition-specific factors related to actual customer switching are called *configurations*, according to the definition of Miller and Mintzberg (1983).

THE PURPOSE

The purpose of this article is to identify, describe, and explain the reasons behind customer switching in terms of configurations of triggers and switching determinants. It is suggested that configurations of switching factors result in a better description and understanding of customers' switching patterns than can be achieved by relying solely on stated switching determinants. Switching behavior is compared in five different service industries with different degrees of competition and customer options. The differences between the industries are evident not only in the different lines of business but also in their differing initial positions, described as their particular competitive situations.

THE CONFIGURATION

We begin the configuration description by introducing the change of behavior the switching configuration caused. We further deepen understanding of the configuration by defining three kinds of triggers, linking them to switching determinants, and by including the trigger function in the energy level required to authorize a change in behavior.

Change in Behavior

Customers may switch either totally or partly to another service provider; however, in this article, we also include the option of changing behavior internally, which we call *internal switching*. The outcome reflects the energy of the trigger. Intuitively, we suggest that a trigger that causes total switching has more energy to cause changes in behavior than one that causes partial switching.

Empirical studies were conducted in different industries, including retailing, banking, insurance, and telecommunications, and in the Swedish social insurance system (Edvardsson and Roos 2001, 2003; Myrhén and Gustafsson 2001). The competitive situation in these industries is very different, and it influences customers' switching behavior. We used a method that has been developed to map relationships and that uses switching behav-

ior as the reference point (Roos 1999b, 2002). Switching Path Analysis (SPAT) covers both the ending of the former relationship and the beginning of a new one. The behavioral consequences of the switching decision are used as the starting point, but the researchers' interest is in the switching process in the former relationship as well as in the initiation of the new one. The analysis of the switching path focuses on the trigger, the process, and the outcome. The outcome stage includes the kind of switching a customer's behavior indicates. The process describes the switching-determinant configuration. The trigger indicates the sensitive factors influencing customer behavior change.

In other words, when customer relationships are analyzed using SPAT, the trigger is characterized by its sensitizing function on the switching paths. This specific function could be said to have catalytic superiority with specific consequences for deepening understanding of company- and context-specific customer relationships. We focus our analysis of the studies reported in this article on certain aspects that differentiate the industries concerned: the kind of changed behavior resulting from the switching path and the preferences related to the change. The sensitizing factors (triggers) and the switching determinants (process) are included in configurations of factors that describe the change in behavior (outcome).

Situational, Influential, and Reactional Triggers

We used configurations of factors in our comparison of switching-process mapping in five industries. The configurations accordingly include statistically combined factors of dynamic processes. Following the mapping, we combined factors from the trigger, the process, and the outcome parts of the switching path. Three kinds of triggers define the trigger part, whereas switching determinants represent the process and total, partial, or internal switching the outcome parts. The first provides the configuration with three kinds of triggers: situational, influential, and reactional. Situational triggers are defined as changes in the customers' own lives, not necessarily related to the service provider at all. The main justification for the definition is that the customers themselves included the factor in their switching-path descriptions, mentioning demographic changes or changes in the work situation. Influential triggers are factors related to the competitive situation. Competitors' efforts to increase their market share comprise the most common influential trigger. Although other triggers may exist besides the service provider, the reactional trigger is of immediate relevance to it. Critical incidents in interactions between customers and service providers are typical reactional triggers.

Triggers represent the reasons why customers begin to consider switching at all; in other words, why they enter a switching path. What they express on their path as reasons for switching is referred to as switching determinants.

Switching Determinants

The customers' own expressions of their reasons for switching are labeled *switching determinants* and are included in the switching configuration. For example, price is commonly expressed as a switching determinant and frequently combined with an influential trigger. The combination of the influential trigger and price communicates the competitors' influence on the switched-from service provider. The combination of the situational trigger and price indicates nonconformity between the customer's situation and the perceived price level. The reason for switching may lay in the provider's poor knowledge about how customers' changing situations influence their needs. The combination of a trigger and a switching determinant says more about the switching phenomenon than the detached price-switching determinant.

The Energy Level

The configuration characterizes and communicates the energy level, which in this case is an expression of the embedded potential of the switching-factor configuration to cause the behavioral change. In other words, the kinds of changes include (a) a total change of service provider, (b) a partial change of purchasing pattern in the context of monopolistic service provision, and (c) a behavioral change in the pattern of usage of the offered service. The behavioral change determines the effect of the energy when the total is considered to represent a higher level than the partial, whereas in a monopolistic organization, it is considered to embed the highest level of potential energy to cause a change.

The energy level is the particular combination of a certain trigger, a specific switching determinant, in a defined service. Therefore, a trigger that causes total switching in combination with an explicit switching determinant in one service type may in another service type only change the purchase pattern. In a monopolistic industry, the same combination must find other expressions for the potency to change behavior. However, the factor that we label energy is still categorized according to the seriousness of the change it causes in terms of negative consequences for the service provider regarding the loss of customers.

The introduction of the energy-level concept symbolizes and indicates a more dynamic view on loyalty. In other words, we point out existing fluctuations in customers' evaluations of their service providers. Despite its impor-

tance in the theoretical development of loyalty and disloyalty models, we do not focus on satisfaction in our literature review for this article. Still, to position our study, we refer to literature that includes the nature of the approach that is crucial for the development of the link between the concepts of loyalty and disloyalty. We therefore introduce a stream of research in the following section, represented by Johnson and Gustafsson (2000), Johnson (2001), Bolton and Drew (1994), Bolton and Lemon (1999), and Bolton (1998), for example, and focused on service usage in terms of describing customers' reasons for satisfaction changes in relationships and the consequences for loyalty.

LOYALTY AND DISLOYALTY

The approach to literature on loyalty in this article concentrates on the stream of research that strives to find out more about the reasons why customers evaluate their service providers and link that evaluation to loyalty. In other words, it is not only the evaluation of the price level, for example, that affects loyalty but also the reasons why the particular customer makes those evaluations at that time and why the effects on loyalty may differ accordingly.

Johnson's (2001) article reviews the literature and the developments in this kind of thinking, with a focus on satisfaction with the consequences of loyalty. He divides that body of research into (a) transaction-specific and (b) cumulative-satisfaction streams. In our comparison of switching behavior between different industries, we concentrate our attention on satisfaction and loyalty. Moreover, we only explore the view that links dis/satisfaction and actual behavior. Thus, the studies we refer to are exclusive and not comprehensive. We further assess the arguments in light of methodological considerations of loyalty, focusing on customer evaluation of attributes; how they (a) perform and how they (b) affect behavior.

The link in the configuration that communicates the energy level is, in our view, what developments on satisfaction and loyalty are all about (Johnson 2001). In essence, the link represents why customers evaluate switching determinants as they do and is referred to as the trigger effect. The development and understanding of the phenomenon transcends research on both transaction-specific satisfaction and cumulative satisfaction (Johnson, Anderson, and Fornell 1995), as well as research that explores the cognitive-psychological antecedents of satisfaction (Oliver 1980), including the positive and negative emotions associated with it (Oliver 1993, 1997). Later the research emphasis focused on cumulative satisfaction and thereby customer evaluation of the whole relationship rather than of separate transactions (Johnson and Gustafsson 2000). In other words, understanding the linking of customer

perceptions of different abstraction levels to loyalty is the main objective here.

Bolton and Lemon (1999) add to the marketing literature by deepening our understanding of the effect of satisfaction on the usage of services, linking it to payment equity. They further relate the current state of the relationship to subsequent behavior (usage). They consequently developed a model that explains the dynamics of the relationship between the service provider and the customer in several important respects. According to their model, customers have ambitions to maintain the relationship, and the dynamism stems from the evaluation of the fairness of the exchange of inputs for outcomes. Comparing that insight with what is described in the SPAT process (Roos 1999b), which involves dividing relationships into different stages and giving the stages different roles, Bolton and Lemon (1999), in fact, describe the sensitiveness of the trigger function. When SPAT (Roos 1999b) is used, this sensitiveness can be more precisely defined using terms such as *situational*, *influential*, and *reactional* triggers.

Disloyalty Described as Switching

When switching behavior is used as a reference point, customers' preferences express the same distance from behavior as their reasons for switching (McFadden 1999, 2000). Recently, Sirdeshmukh, Singh, and Sabol (2002) have pointed out the importance of being able to distinguish between loyalty concepts that support behavior and those that undermine it. They argue further that such a distinction is not only a question of how the concepts are related but also a rejection of the static view on the influencing and influenced concepts connected to loyalty. For example, there are differences between industries and their customers' loyalty behavior. In the same vein as these authors, we will continue our article by presenting findings on switching behavior from five different industries. However, before doing that, we offer a theoretical framework on switching from the marketing literature.

Ganesh, Arnold, and Reynolds (2000) distinguished switching customers of a retail bank in their study based on how satisfied or dissatisfied they were in their current relationships with the switched-to banks. One group of switchers had switched because of dissatisfaction, and the other group had switched for other reasons. It was obvious how the switchers differed from the stayers in the study and also how the two groups of switchers showed clearly differing characteristics. All of the groups were significantly different in terms of their satisfaction or dissatisfaction in their current relationship and also in terms of active and passive loyalty. These two groups were compared with stayers, customers who had not switched from the

service provider. It appears to be almost impossible to prevent customers from switching by listening only to stayers. In other words, it appears to be easier for customers with experience of switching to dissociate their preferences from their behavior. Switchers more easily expressed active loyalty than stayers who, on the other hand, exhibited higher levels of passive loyalty, which may be a sign that attitudes often change when customers actively behave. At least, they frequently behave in a way that is contrary to earlier expressed attitudes. This is a good reason for investigating how loyalty and disloyalty are interrelated.

Keaveney and Parhasarathy (2001) confirmed the results of the study referred to above. Internet users distinctly differed between switchers and stayers. Given that customers are differently influenced by interpersonal and external information, the stayers expressed more proneness to taking risks than the switchers. These are interesting results, indicating that customers are more likely to rank their preferences differently according to how they have experienced the switching. Moreover, although the switchers had significantly lower service usage than the stayers, the two groups seemed more generally to perceive the service quite differently.

The results of the studies referred to imply that preferences differ between customers in different industries. It could be assumed that there are several reasons for this. The character of the industry is clearly one reason, but we suggest in this study that the competitive situation is another. Switching barriers form one component of a defensive strategy (Grønhaug and Gilly 1991; Gwinner, Gremler, and Bitner 1998). Financial, psychological, and social-risk factors, together with different types of cost such as search, learning, and emotional costs, form different types of switching barriers from the customer's point of view. They make it costly in some way to switch service provider. To be able to compare behavior between the industries covered in this article, we introduced a configuration of factors that describes the energy level. This configuration, again, is a result of customer descriptions of switching paths based on actual switching behavior.

In other words, switching is the reference point (McFadden 1999, 2000) that customers have used when describing their behavior. In contrast to most of the studies on loyalty referred to here, we use actual customer behavior as well as their preferences. This makes comparison between the results of the five studies easier than if some of them had focused on behavioral intentions. We argue that it is particularly by understanding disloyalty, and specifically disloyalty articulated through actual behavior, that our understanding of customer relationships increases (Dey 1993; Rust et al. 1999; Srinivasan 1987).

THE ANALYSIS PROCEDURE

This article is based on a range of empirical studies that were carried out in 1997-2001 and were based on switching-path mapping using SPAT (Roos 1999b). A reanalysis of the data was conducted for this article, not only to find specific results for a given industry but also to see patterns of similarities and dissimilarities between the studies. To compare the five different kinds of industries regarding customers' switching behavior, we reanalyzed some of the studies that have been published in recent years (Edvardsson, Gustafsson, and Roos 2002a, 2002b; Edvardsson and Roos 2003; Myrhén and Gustafsson 2001; Roos 1999b). All of these give results on switching-behavior mapping for the industry concerned, with a thorough analysis of the SPAT procedure as well as of the implications of the findings in that context.

We claim, however, that comparison of these industries with a view to discovering further reasons for the possible differences is a new approach that increases the motivation to conduct further analysis. For the reanalysis, we drew up a convenience sample of factors and characteristics to be compared.

We concentrated our analysis on the configuration that communicates the energy level and switching behavior of the particular industry. We included a table for all industries that summarizes the competitive situation and customer-perceived switching barriers in an effort to increase understanding of the particular situation in each industry. The industry analysis focuses on a total of seven characteristics of switching-path factors: industry, competitive situation, customer-perceived switching barriers, sample size, trigger distribution, switching determinants, and change in behavior.

Industry

We included five different industries in our analysis:

1. Retailing
2. Retail banking
3. Telecommunications
4. Insurance
5. The Swedish social insurance system

Competitive Situation

Industry characteristics cover a wide range of differences, including products, customer-visit frequency, technical dominance, contact with personnel, and convenience in terms of closeness to customers. Nevertheless, the competitive situation was the most contradictory. Whereas banks and telecommunications companies have been experiencing the keenest competition ever for several years,

insurance companies have only recently encountered the same need to adjust to the competition. The Swedish social insurance system has no clear competitor, being totally government owned. The retail industry is represented here by supermarkets and could be considered to have been in a competitive situation for many years. This has changed the nature of the industry, which has become a fast-moving self-service business, effective and driven in terms of opening hours and supply systems. The competitive situation is considered at three levels in this article; keen, normal, and modest. The level of competition was decided between the researchers and the authors of the respective articles that are included in the convenience sample.

Customer-Perceived Switching Barriers

The category of switching barrier was defined and decided according to the perceived ease with which the customers switched service provider. The categories were the following: no switching barriers; switching barriers in the form of agreements regarding terms of loans in banks; a predetermined switching possibility, as in telecommunications where the product is divided between network and traffic (no switching barrier for traffic); differing switching barriers depending on the product, as in insurance companies (i.e., insurances tied to trade unions); and no switching possibility.

Sample Size

The sample size in the reanalysis was the same as in the original studies that were used as the basis of this one.

Trigger Distribution, Switching Determinants, and Change in Behavior

These three categories were accepted in the same way as they were reported in the original studies. The triggers were transferred from the original studies in detail into the reanalysis. However, not all of the switching determinants were repeated; only the four most frequent ones. The change in behavior was likewise transferred directly to the reanalysis.

THE FIVE CASES

This section presents the findings of the five different empirical studies as they were analyzed for this article. In line with the purpose of the article, we focus on the reasons the customers expressed for their changed behavior in their relationships with the focal organization. Additional

TABLE 1
Switching Configurations in Five Industries

Industry	Competitive Situation	Customer-Perceived Switching Barriers	Sample Size	Trigger Distribution	Switching Determinants	Change in Behavior			
Supermarket	Normal	No switching barriers	84	Influential	36	Range of goods Price Service policy	35 30 26	Partial Total	61 23
				Situational	27				
				Reactional	21				
				Location	20				
				Personnel	9				
Banking	Keen	Switching barriers constituted by the product (i.e., loans)	27	Situational	20	Loan conditions Service Location of branches Loan negotiations Money transfer time	8 5 4 3 3	Total Partial	16 11
				Reactional	4				
				Influential	3				
				Price	46				
				Customer support	21				
Telecommunications	Keen	Customer-perceived lack of a total-switch possibility	69 + 27 = 96	Influential	59	Change in product use System failure	10 9	Partial + excessive price focus on using the company as a comparison standard	57 23
				Situational	25				
				Reactional	12				
Insurance	Keen	Differ between insurance types. 1. No switching barriers 2. High switching barriers formed as insurance-specific terms	80	Situational	39	Price Effortless negotiations Insurance bunching	44 8 10 5	Total Partial	57 23
				Influential	21				
				Reactional	20				
The Swedish social insurance system	Monopoly, government owned	The competitor-switching option is lacking	100	Reactional	21	Rules and bureaucracy Form design Routines of the social insurance bureau Unfriendly treatment Waiting time	Changes in customer behavior not supportive of but with implication for stipulated routines		

categories are included in Table 1, which depicts all of the industries concerned. The categories for each industry are the competitive situation, customer-perceived switching barriers, the size of the sample in the study on which the case was based, the trigger distribution, the most frequently expressed switching determinants, and the kind of change in behavior that was the outcome of the switching path.

First, we present the industries separately and conclude this section by focusing on similarities and dissimilarities in the comparison between them. The comparison is viewed as the energy-level perspective.

External Switching

When SPAT (Roos 1999b, 2002) is used to map switching paths, the dynamism of the path appears in the form of influencing or influenced factors. Trigger factors sensitize the customers to an increased concentration on later reasons for switching. Different triggers may influence different switching determinants. Situational triggers

indicate how well a company succeeds in responding to its customers' changing values, often based on changes in their own situations. Influential triggers reflect the competitive situation, and reactional triggers reflect the inside ability the company has to handle critical incidents and complaint situations, for example.

The trigger distribution, in combination with the switching determinants, gives the switching-path character its ultimate personality, which in turn communicates a lot about how the company is seen by the customer when related to the context. *In supermarkets*, for example, it seems as if certain triggers are interrelated with specific kinds of behavior. Influential triggers dominate (36), followed by situational (27), and finally reactional triggers (21). Supermarkets characteristically offer low-priced products and present no switching barriers (Day and Bodur 1978; Gwinner, Gremler, and Bitner 1998). Most customers switch partially (61), although here 23 of 84 made a total change.

The specific configurations of factors include typical switching determinants. Three kinds of configurations are observable:

1. Influential trigger—Price—Partial change
2. Situational trigger—Range of goods—Partial change
3. Reactional trigger—Service policy—Total change

It is obvious that a configuration of factors describes customer-switching patterns in a better way than separate factors do. *Configuration 1* typically depicts a market with no switching barriers in a low-involvement business (Roos 1999a). Customers are influenced by competitors' actions in a market characterized by heavy advertising. Because of the low degree of involvement, customers mostly make partial switches to other service providers.

Configuration 2, with a relatively high level of situational triggers, explains how well supermarkets are able to adjust to their customers' situations. The set of factors shows how the range of goods, from the customers' point of view, was perceived as too narrow, was wrongly labeled, or in some other way did not meet their needs. The customers made partial changes, and it is obvious that they had to buy some of their products from a competitor while they were still customers of the switched-from supermarket. *Configuration 3* shows that critical incidents made the customers sensitive to service and did not persuade them to continue their relationships with the supermarket they had patronized. A reactional trigger most commonly caused a total switch of business to another service provider.

The banking study was carried out close to the time when banks were released from competitive regulations in Finland. In other words, it happened to occur in quite different competitive conditions. From the customers' point of view, the situation was also new, and it appears from the results that they needed some time to get used to it. Although they were free to switch between banks, they still seemed to perceive switching barriers.

The dominance of the situational trigger (2) is not surprising considering the specific industry characteristics (Table 1). The lack of influential-trigger (3) dominance, on the other hand, is unexpected. The influential trigger is commonly related to partial switching, and partial changes of business to competitors are therefore less advantageous than total change. Reactional-trigger paucity (4) indicates well-managed critical incidents. The characteristics of the switching-path configurations in banking were as follows:

1. (a) Situational trigger—Loan conditions—Total change
1. (b) Situational trigger—Location of branches—Partial change
2. Influential trigger—Loan negotiations—Partial change
3. Reactional trigger—Service—Total change

Configuration 1 depicts the importance of the ability of banks to follow and respond to the situations of their customers. The customers apparently reacted with total change if they perceived that their needs and problems were being neglected. *Configuration 2* indicates the dawn of awareness among customers of the new competitive situation of banks. They seemingly went to many banks and compared offers during the loan-negotiation process. *Configuration 3* describes a traditional reactional switching process. Only some customers perceived a critical incident that was obviously so poorly handled as to cause a total switch to a competitor.

The telecommunications case includes two different switching studies carried out during the same year. There were differences in results between the two studies, but the findings used as indications for the purpose of this article lead in the same direction. In other words, the switching-path factors were the same in both studies, but the configurations differed. The telecommunications industry has faced really keen competition in recent years because it has had to adjust to, and enter, an unregulated market. Telecommunications companies in the Nordic countries were traditionally government owned. They differ from banks, however, in that they still use a common network. The customers therefore did not perceive similar difficulties in exercising free choice, which is reflected in the expressed switching-path configurations. Frustration is discernible through a focus on the company that holds the first position in terms of market share and is the owner of the network. The focus is visible in the use of the company as a comparison standard in customer expressions of preferences.

The sample size of the study and other factors that are deemed to add to our understanding of their significance for changed behavior are displayed in Table 1. Traditional telecom companies offer a wide range of products. The new competitors, however, have narrowed their offerings and concentrate mainly on the mobile-phone market. The telecom market turned turbulent and unpredictable because of new competitors' efforts to achieve a decent market share. At first glance, the price-switching determinant seems totally to dominate the reasons for switching. Comparing the switching-path configurations highlights other reasons.

The special situation in the telecommunications industry in Northern European countries is that it is only possible to switch the traffic to a competitor. The network still remains in the relationships from which the customer has switched. The most frequently occurring configurations in the telecommunications study were the following:

1. Influential trigger—Price—Partial change
2. Situational trigger—Price—Partial change

3. Reactional trigger—Customer support—Partial change

The dominant position of the influential trigger (59) in *Configuration 1* is typical. Competitors' constant low-price strategies attract a certain segment of customers and cause frequent switching among them. The situational trigger (25) in *Configuration 2*, however, in combination with the price focus, communicates doubt concerning the company's ability to supply the best alternatives. This may be seen as an expression of behavior in a situation in which, in reality, the alternatives are few. Customers focus more keenly on price instead of switching totally but unsuccessfully. The proportion of reactional triggers (12) in *Configuration 3* is relatively small, although the effect is considerable. Reaction-triggered customers are often very dissatisfied, and as soon as they get the opportunity, they make a total switch.

The competitive situation of *insurance companies* has changed radically in recent years, at least from the companies' point of view. From the customers' point of view, the situation is acknowledged as being easier, with more switching alternatives as a result of more aggressive marketing from competitors.

The characteristics of the factors focused on in this article are given in Table 1. They are both important to and typical of the switching-process mapping of customer relationships in the insurance industry. It seems obvious that different types of insurances included in the insurance product cause different kinds of switching behavior. A low-involvement product such as car insurance is not perceived to have switching barriers to the same extent as life insurance, for example.

Situational (39) and reactional triggers (29) mostly caused a total change in behavior. Customers switched totally to another insurance company. Influential triggers (21), on the other hand, only caused a change in purchase pattern. Customers may have switched only one of their insurances, for example, and may have left one or more with their former insurance company. Typical switching-path expressions in the insurance business were the following:

1. Situational trigger—Price—Total change
2. Influential trigger—Price—Partial change
3. (a) Reactional trigger—Effortless negotiations—Total change
3. (b) Reactional trigger—Insurance—Stipulated terms—Total change

The nature of the insurance industry is such that *Configuration 1* naturally dominates due to the situations in which customers need insurance. When people's circumstances change, their insurances often follow that change.

The excessive price focus, however, is an indication of the difficulties experienced by customers in dealing with a complex product. The insurance product often includes, from the customers' point of view, several insurances. Inherent in each one is an expiry date in terms of its ability to serve its purpose. This is difficult to judge and to determine for most customers. Therefore, the perceived insecure effect causes them to switch in situations of change in which they perceive new alternatives that apparently cannot be compared with old ones. In that case, they easily focus on price, although this may represent a fragment of the whole picture. *Configuration 2* indicates the kind of customers that easily switch one or two of their insurances as a result of competitors' heavy use of advertising and direct marketing in efforts to increase their market shares. These customers have poor knowledge of their insurance product and are therefore easily attracted to other alternatives. *Configuration 3* suggests that unsuccessful interactions between the insurance company and customers usually end in total switching. Customers who make total switches because of critical incidents, despite their low frequency, have a considerable effect on the company. Reaction-driven customers are almost impossible to bring back.

Internal Switching Compared With External Switching

The four cases referred to above all represent competitive industries of different rank in terms of the effort exerted to increase market share. A normal competitive situation was judged to have existed only between supermarkets at the time when the empirical studies in question were conducted. The competitive situation, again, was keen among retail banks, in telecommunications, and among insurance companies. *The Swedish social insurance institution* has no direct business-related competitor. Changes in customer behavior in this type of sector appear not to be observable because of lacking competition. The reality, however, seems to be that customers perceive a modicum of difference between internal suppliers of the service (Myrhén and Gustafsson 2001). Those who experienced reactional triggers in their relationships with the social insurance system changed their behavior. This change is not directly comparable with switching behavior in industries in which the competitive situation is different. As Table 1 illustrates, there is no trigger distribution, for example, because situational and influential triggers have no automatic function in relationships in which neither the personal situation nor nonexistent competitors can offend the sensitivities of any particular customer.

Because of the relatively low occurrence of reactional triggers (21), it was not considered necessary to rank the switching determinants in terms of frequency. The analy-

sis was more an attempt to connect the triggered sensitivities of the customers to behavior. Again, movement along the switching path could be described in terms of switching determinants, which in this case focused on customer frustration. In other words, reactional triggers caused changes in behavior concerning (a) changing the contact person, (b) changing the contact channel, (c) changing the customer’s own approach, and (d) totally refusing to stay in contact with the bureau.

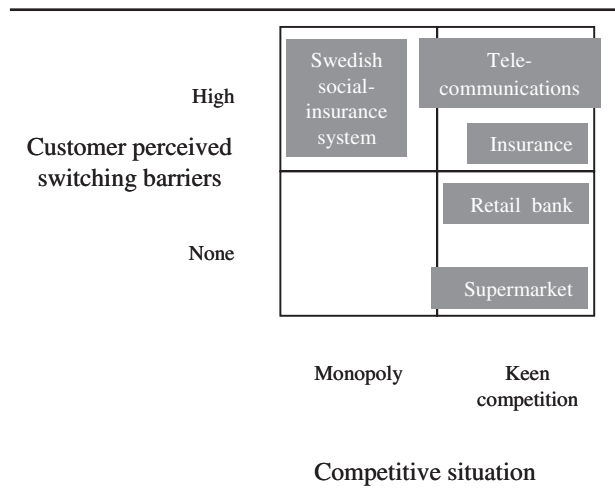
Switching-path configurations were accordingly formed by (a) the trigger, (b) the switching determinant, and (c) the change in behavior. The reactional trigger functioned as the sensitizing factor influencing behavior in the following configurations, in which the focus of the frustration acted as the switching determinant:

1. Reactional trigger—Unfriendly treatment—Changed contact person
2. Reactional trigger—Routines of the social insurance bureau—Changed channel of contact
3. Reactional trigger—Form design—Different approach to the bureau
4. Reactional trigger—Rules and bureaucracy—Total rejection

Configuration 1 exemplifies a typical complaint situation leading to an unsuccessful outcome. The result is that the customer changes the contact person provided that there are other contact persons available. *Configuration 2* suggests insufficient contact channels. When customers are given different answers to the same question, for example, they may involve other departments and their personnel in the problem. The consequence is that customers do not trust the bureau, which again may result in other and more serious consequences for both. *Configuration 3* emphasizes the importance of having forms designed in line with customers’ skills in coping with the bureaucratic language. If the customers do not understand the forms, they cannot fill them in without help from the personnel. The consequence of this is increased costs to counteract ineffective service processes. *Configuration 4* shows the most serious consequence of the switching path—total refusal to use the social insurance system. The customer in question was not dependent on the social services. What is alarming, however, is that customers feel forced into not using the service because they do not consider the bureaucratic rules to be valid. In this case, the customer had to pay back a sum of money because of a mistake made by the bureau in calculating the payment due.

To sum up, the customers in all five cases articulated their dissatisfaction with their service providers by changing their behavior. The kinds of change in behavior differed between the industries. Most of them revealed

FIGURE 1
A Comparison Between a Competitive Situation and Customer-Perceived Switching Barriers



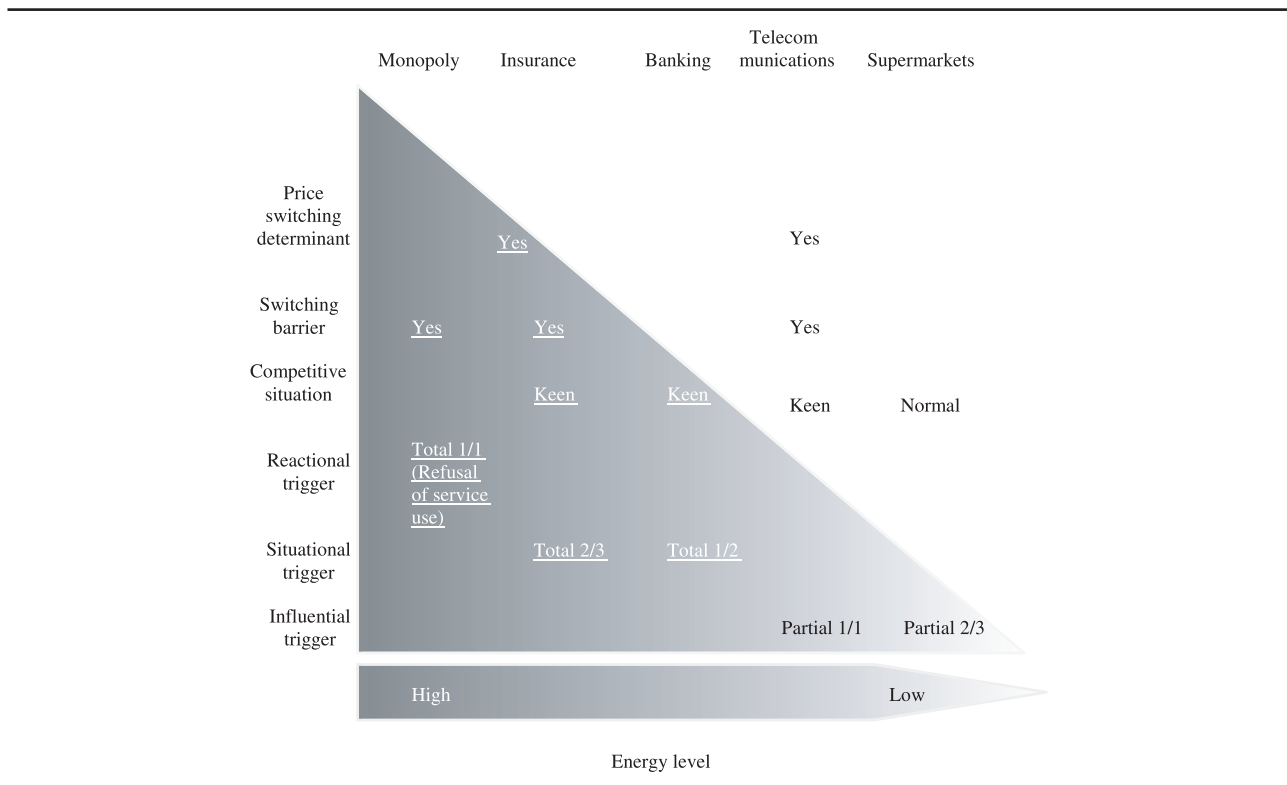
switching-path configurations of different kinds. These differences may be traced back to the competitive situation and to the nature of the industry. The Swedish social insurance system represents an industry with objectively high switching barriers because of its monopoly position. Despite this, customers do switch, but they make internal switches.

The Energy Level

The telecommunications and insurance industries represent markets with keen competition; both include elements that make customers perceive relatively high switching barriers regardless of the “objective” assumption that the barriers are low (Figure 1). The consequences are observable in frequent customer switching. Supermarket customers, on the other hand, are aware that they can switch where and when they wish.

The competitive situation, again, is dependent partly on the market structure and partly on the consequence of the strategies and conditions stemming from government regulations—as is clearly the case in one of the focal markets in question. The consequence in both cases is that customer switching behavior changes according to the changing market and competitive conditions. These changes could be categorized as less dramatic (partial change) in the context of keen competition and dramatic (total change) in more normal competitive situations. It seems that switching is an expression of dissatisfaction. This

FIGURE 2
Energy Level in Switching Behavior



makes it highly relevant to consider configurations of customer expressions in attempts to deepen our understanding of the consequences of customer behavior.

The contribution of this article is an improved understanding of what was labeled *energy level* in Roos (1999b). Comparing five different industries showed that it was not only one factor on the switching path that provided the energy to switch. The energy level is a combination of different factors in which triggers have a crucial role but cannot explain everything. The need for a configuration of explanatory factors is demonstrated through the similarities and dissimilarities between the five industries, as illustrated in Table 1.

Similarities and Dissimilarities Between Industries and Energy Levels

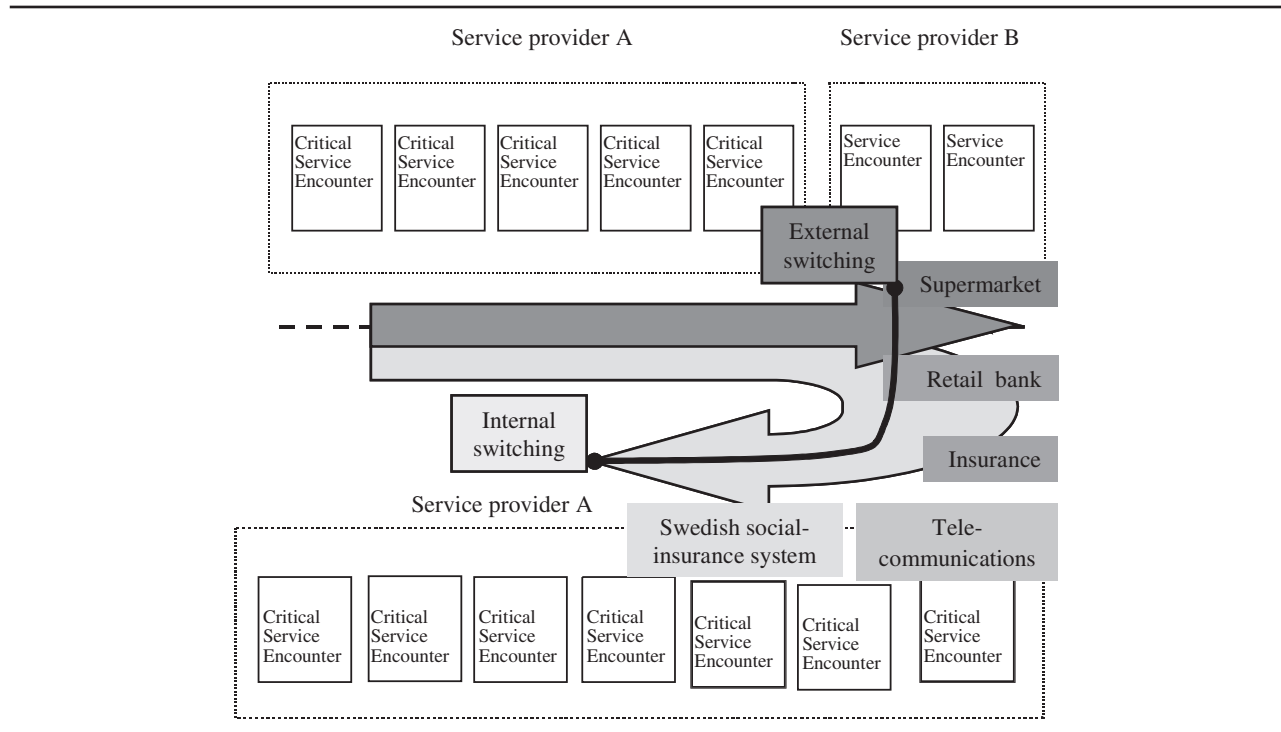
The three triggers embed different levels of energy to cause switching. In the five cases presented here, the outcome of the switching paths, either total or partial, or internal changes, is seen as an implied outcome of the energy levels on the paths. Triggers have been characterized as providing the switching paths with energy and direction,

whereas the switching determinants move the path along (Roos 1999b). This article demonstrates that switching paths embed the potential to cause different kinds of outcomes typically based on what kind of trigger supplies the path with energy. The triggers are ranked in terms of energy level as follows:

1. Reactional trigger
2. Situational trigger
3. Influential trigger

Figure 2 depicts the configuration including the energy level and its impact on customer switching behavior in the five different industries. The difference between the industries is expressed as either total or partial switching. Most clearly, the reactional trigger caused total switching despite real switching barriers. In conditions of high competition, the situational trigger also caused total switching when perceived switching barriers were high and the price focus was heavy in an insurance company. Third, without perceived switching barriers, the situational trigger caused total switching in banks. Partial switching resulted when the influential trigger was at work in telecommunications

FIGURE 3
External Versus Internal Switching and Perceived Switching Barriers



in conditions of keen competition, perceived switching barriers, and intense price focus, and this kind of trigger regularly causes partial switching in supermarkets.

DISCUSSION

Customer switching behavior has been adopted in the marketing literature as a new approach to furthering understanding of customer relationships by describing the reasons why customers discontinue them and initiate new ones with other service providers. Keaveney (1995) listed reasons why customers switch between service providers. She took a static approach, suggesting that switching determinants and subdeterminants could form the basis for research on switching behavior in services. Later, Roos (1999b, 2002) revealed the path leading to switching and thus introduced the dynamic approach to research on switching behavior. The switching path brought to the literature a description of the influencing and influenced factors that lead to switching. Ganesh, Arnold, and Reynolds (2000) and Keaveney and Parhasarathy (2001) have recently built on this by comparing customers who switched with those who did not. These studies on switchers and

stayers indicate significant differences between customers who have a history of switching and those who do not. However, all of the related studies were carried out in a context in which the switching had to take place between service providers. In other words, there existed a switched-from and a switched-to service provider.

Figure 3 depicts switching between service providers (external) and switching behavior inside an organization or service provider, labeled *internal switching*. The results of this study reporting the reanalysis of former studies thus contributes to the literature on switching by articulating existing change in behavior in cases in which no external switched-to alternatives are available. Switching barriers are impenetrable in such cases. Nevertheless, customers express changes in behavior by using other and different expressions, ranging from changing their contact person to totally rejecting the service.

When switching is looked at in terms of switching barriers, it is not only the acknowledged but also the perceived barriers that seem to influence behavior. Perceived switching barriers are apparent as particular combinations of factors on switching paths that reveal how customers perceive their switching. They describe the behavioral outcome as either partial or total switching.

The outcome is one part of the switching path, described in Roos (1999b) and modified in Figure 3, which complements the trigger and the process. All of these parts form a configuration of customer expressions, the switching path. The configuration seems to explain how customers express their preferences related to their behavior more effectively than detached factors do. Accordingly, the configuration of switching-path factors explains more about customer-perceived switching barriers than the outcome part alone does.

In other words, Figure 3 shows customer change in behavior related to perceived switching barriers. Behavior change ranges from external to internal, depending on the configuration of switching-path factors. For example, internal switching is at the end of the spectrum of the behavior-change continuum that includes objectively high switching barriers represented by the social insurance system, whereas the telecommunications industry, for example, offers free switching options. However, customers do not perceive free switching because they are only able to switch the traffic and not the network provider. Therefore, they express the perceived switching determinants by frequent switching concentrating on the price level. In other words, price is an expression not only of the perceived price level but also of frustration regarding switching barriers. As Figure 3 illustrates, this frustration turns internally to the switched-from provider in the form of frequent switching.

External switching and supermarkets are at the other end of the spectrum. Customers do not perceive supermarkets as having any switching barriers. The price-switching determinant accordingly causes switching that is influenced by competitors communicating high competition. Figure 3 is modified from Roos (1999b) and therefore refers to switched-from and switched-to service providers. This was included to emphasize the energy level of different kinds of switching configurations. When switching barriers deny all possibility to switch service providers (as in a monopoly), the energy levels are confirmed not only through total and partial switching but also by communicating internal switching.

Noncompetitive Versus Competitive Situations

At first glance, it appears that *the social insurance system* is not comparable with the other cases in the study and is thus not a significant part of it. However, there are many interesting aspects of changed behavior that are common to this industry and the other four. The consequences of distinguishable perceptions change the customer behavior, not the perceptions. This industry, which is a monopoly, confirms this assumption. Although the customers are

aware of the nonexistent switching possibility, they find other ways of expressing their frustration in their behavior. The connection itself is what is interesting.

All changes in behavior in this case were influenced by a reactional trigger. Behavioral outcomes ranged from a slight change to total rejection of the service offered. This confirms the sensitivity of the analysis to behavioral nuances. It seems that there is a limit to what customers will accept even when there are no alternatives. It is quite natural that bad treatment results in a *change of contact person* if possible, and this could be considered a low-grade change of behavior. On the other hand, it is important to be aware of the source of the changed behavior. The next step is a *change of the channel of contact*. When customers reach this stage, they have already lost confidence in the bureau. Their trust is betrayed even more when they try to find *new channels for approaching the social insurance system*. The language used in the bureau and on the forms constitutes reasons for this type of changed behavior. When customers *reject the service the social insurance system offers* because they have been mistreated, then the whole purpose of a functioning social system is called into question. This has serious implications and represents the most extreme level on the behavioral spectrum from changing the contact person to total rejection of the service.

Switching options are comparatively new to *telecommunications* customers in the Nordic countries. This affects switching behavior. The market has been turbulent for the same reasons, which in turn encourages low offers from new competitors. From the traditional government-owned telecommunications company's point of view, customers can only partly switch and therefore perceive the network to constitute switching barriers.

As a consequence of the lack of free choice, it seems that customers focus heavily on price. Those reacting to an influential trigger are especially prone to frequent uncritical switching, which in this case denotes an unwillingness and inability to compare the whole service offering. Parts of the product, such as a mobile phone or Internet connection, may be compared to a competitor's offering. Nevertheless, the price picture is perceived to be less favorable overall, given that the customer switches and expresses price as the reason. A situational trigger gives customers a more objective view of telecommunications and switching. They compare prices and choose what is most suitable for their changed situation. The need they have regarding telecom products may have changed for demographic or other reasons. They rearrange their new situation based on the best buy.

During the 90s, all *insurance companies* in the EU area had to comply with new legislation that made them face an unrestricted competitive situation. In this new situation,

customers were influenced by competitors' efforts to increase or at least to maintain their market positions. Some insurance companies had previously been closely associated with federations of trade unions, for example, which made their products more prominent. In practice, despite the free choice, it still meant that customers perceived switching barriers for some products in the portfolio. In this respect, the insurance industry resembles the telecommunications industry, although its barriers are currently less objective. The effects, however, are largely similar.

MANAGERIAL IMPLICATIONS

We mentioned in the introduction that the reason for comparing the configuration rather than the detached trigger distributions, the switching determinants, and the outcomes was the nature of the switching path. The path that is analyzed by applying SPAT is catalytic in nature, and the role of the triggers determines its flow. The consequence is that the combined process is stable as a configuration but differs between industries. The implication of such a pattern is that, for example, a price-switching determinant has different roles in different kinds of configurations. Our understanding of switching behavior is therefore enhanced if we compare the configurations rather than the plain factors. For managers, it is not enough to know that customers switch because they consider prices too high. When the reason for such a perception is known, it is possible to make a proper adjustment. Before that, the risk of going in the wrong direction is overwhelming. Accordingly, the characteristics we have compared and described through the configurations are labeled *energy* here. The energy levels are described in more detail below.

Switching Patterns and Energy Levels

Our data show that switching-path configurations are heavily price focused, and some products, such as car insurance, are targets for frequent switching. The reason for this is that, in terms of the entire insurance product, car insurance is simply perceived as a part of the insurance portfolio that is noncomplex and easier to handle than other parts of it. On the other hand, the insured product is in daily use for many customers and consequently also frequently replaced, which in turn has insurance implications. *Situation-triggered customers* switch insurance company when they perceive that their insurance product no longer reflects their reality. When life changes, insurance has to follow. These customers make deliberate changes, and they are aware of the insurance market and of prices. When they get a good offer, they often switch if they were already on a switching path. However, some customers move around

without deeper deliberation, reacting to *influential triggers*. They reflect the turbulence on the market. They are influenced by advertising and direct marketing and take up offers they get from competitors. They switch separate insurances to obtain the best price for each one. The price perception is not objective, however. These customers often compare fragments of the total product. *Reaction-triggered customers* are relatively few, but nevertheless their switching affects the company more than is apparent from the numbers. First, they switch their whole business. Second, they have all their insurances in the same company. In addition, they value service, and if they do not perceive that they are being properly treated, they communicate negative critical word of mouth to other customers. Despite fluctuating markets, these customers hold on to their company if they perceive they are being fairly treated in terms of service and trustworthiness.

Inherent in *banking* services is that they are usually needed when people change their personal arrangements, but daily living also requires them. A bank account is a prerequisite for transactions ranging from regular salary payments to the payment of bills. The trigger distribution in banks reflects both situations. First, loan negotiations are apparently situations in which customers are highly sensitive. If they perceive that they have been badly treated, they switch totally to another bank, if possible. Second, the new competitive situation again makes some customers switch some or part of their business to where they get the best deal. As a consequence, these customers often patronize more than one bank. Reaction-triggered customers still value personal service and react strongly if they are forced to use the Internet, for example. When the switch is caused by a reactional trigger, customers almost always take all of their business to another bank. There are no stipulated switching barriers in retail banks. Customers perceive the situation quite differently, however. The economic circumstances of some customers do not allow them to switch. In principle, they may have an option, but they do not want to make their situation known when their finances are shaky. This naturally affects switching behavior. This may be beneficial to the bank in the short term, but in the long term, these customers switch totally as soon as their finances improve.

Three switching patterns were identified in *supermarkets*, where customers reacting to an influential trigger were most frequent. They focused on price and usually switched partially: They moved some of their business to another supermarket. Situation-triggered customers likewise switched only some of their purchasing but for other reasons: They had deliberated and had decided to purchase one or several products elsewhere. Their own changed situation often caused the switch—an additional family member with different needs, for example.

Reactional customers, again, had perceived some critical incidents in the supermarket and as a result switched their whole business to a competitor. Retailing represented the only industry in which competition was considered to be normal.

The customers did not perceive any switching barriers; in other words, they switched to a competitor without being aware of any obstacles out of their control. The influential-trigger frequency is indicative of the competitive situation. However, it seems that influential triggers are usually most frequent in supermarkets. This, in turn, suggests genuine customer perceptions of a lack of switching barriers. The incidence of reaction triggers indicates that although the self-service level in supermarkets is high, there are still customers who focus on service and react to service encounters of differing types. Food purchasing seems to demand some level of personal advice and engagement from the personnel.

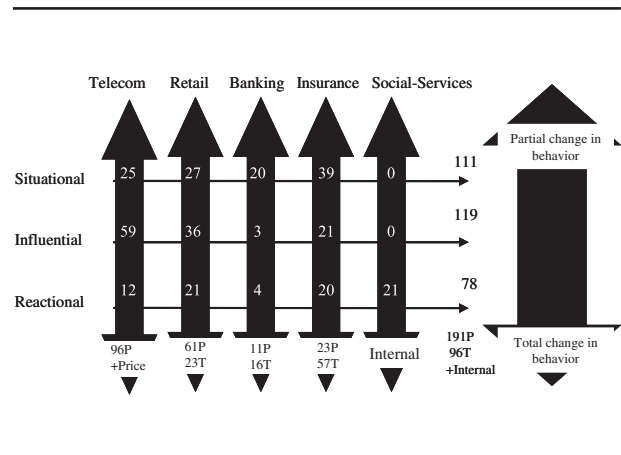
Figure 4 shows the different energy levels of triggers that may explain changes in customer behavior. The change is an outcome of a process. In other words, it is caused by a configuration including influencing and influenced factors. Nevertheless, the findings of the comparison of the empirical studies reported in this article suggest that reactional and situational triggers are most likely, and influential triggers least likely, to cause total switching. However, the cumulative energy of the configuration, including the price-switching determinant in the telecommunications case, provides a better understanding of the consequences.

The switching frequency is described in Figure 4 in numbers, both specifically for each industry and as a total. The energy level, again, is indicated in the color nuance of the arrows. The darker the color, the higher is the energy level. Total change is indicated by T, and partial change by a P.

In the Swedish social insurance monopoly, reactional triggers caused changes in customer behavior even though there were no real switching-to alternatives. The pattern of trigger frequency indicates that despite the lowest incidence of reactional triggering, its effect is obvious. It even led to a "refusal to receive services."

This article thus adds to the literature on switching by acknowledging that it happens not only between service providers but also inside organizations between different contact persons, sections, units, and hierarchy levels. In other words, there is no clear switching pattern in industries in different competitive situations. We could, for example, argue that the reactional trigger is most likely to cause total switching and that the influential trigger most commonly leads to partial switching and best reflects the competitive situation. On the other hand, we could stress the need to thoroughly understand a phenomenon before

FIGURE 4
The Extent to Which Triggers Influence Behavior



generalizations can be made. It seems to us that the configuration approach helps in describing and analyzing patterns that explain customer switching in different industries. Therefore, we encourage managers to learn "the trigger language."

Limitations of the Study

Five cases were included in our study. The sources for our article were the qualitative results of different studies carried out during different periods of time. The consequence of this is that the competitive situations may differ between the studies due to time and to the extent to which they were dependent on general economic circumstances such as global market conditions. Another limitation is the basis of the comparison of factors that formed the convenience sample. One essential element was the configuration that, in the present study, was implied to generate the energy needed for switching. Other factors of comparison that were considered were the switching barriers and the competitive situation. The factors included in the comparison occur naturally and should be viewed as exclusive customer expressions and signs of rejection and thereby not generally confirmed. However, the total numbers of customers included in the study and the coverage of several industries helped in fulfilling its purpose.

Future Research

This article has pushed qualitative research one step further in terms of the existing literature on switching. The ingredients of the concept of energy in the context of caus-

ing switching from customer relationships or changes in internal behavior in existing relationships offer a challenge for the future. A general tool for measuring energy levels would be one mission for future research. Another path to follow would be the internal path of switching behavior. It is a matter of great concern when stipulated systems and planned schemas do not function in firms. Despite following the outlined logic of patterned services, customers reroute the blueprinted plan that is at the heart of many other functions in an organization. The result is that some parts of the organization are constantly understaffed, whereas others, in reality, have overcapacity. It is not always clear how things are taken care of in practice. Most of all, this may turn out to be a problem for the well-being of the personnel. In other words, internal switching is an interesting topic for the future.

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