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My Customers Are in My Blind Spot: Are They Changing and I cannot See It?

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Abstract

It is clearly recognized that service providers often have an incomplete and fragmentary understanding of their customers' relationship behaviors. Although it is clear that this incomplete understanding has serious implications for customer relationship management, and might even constitute a strategic risk, there have been no explicit attempts to analyze the phenomenon. The authors therefore introduce and develop the concept of the blind spot as a metaphor referring to situations where a service provider's visual field is obscured. The authors examine the phenomenon of blind spots in a temporal and a relational context, determine their consequences, and outline the implications for customer relationship management. A number of blind spot scenarios are presented in order to illustrate how blind spots obstruct the service provider's ability to make correct interpretations of customer relationships, and thereby also correct estimations of relationship stability. The conceptualization of blind spots as outlined in this article sheds light on the underlying mechanisms that drive customer behavior in terms of relationship stability and hence offers a deeper understanding of the dynamic nature of customer relationships. From a managerial point of view, proper monitoring systems and routines for analyzing relevant customer information play essential roles in understanding and managing blind spots.

Keywords

customer relationship behavior, relationship stability, blind spot, strategic uncertainty, phenomenology

Introduction

The management of a large telecom company stated in a discussion session that they felt they did not have the necessary tools to understand their customers' behavior. Although market research and information derived from loyalty programs indicated that customers were satisfied with the service being provided, around 40% were constantly "in motion" and, unfortunately, a bigger proportion were leaving the company. They wondered, "What is it that we do not understand?"

Customers may be satisfied and even patronize a service provider regularly, but if their level of engagement in the relationship is low, they are easily tempted to switch to a competitor (Roos and Gustafsson 2011). Other customers may be strongly engaged in the relationship and be satisfied with the service provider but changes in circumstances may make a switch necessary. These are examples of when the customer's behavior is incomprehensible to the service provider due to the fact that the service provider is not able to fully or accurately interpret the customer relationship. In other words, the service provider has an incomplete view and lacks understanding of why the customer exits the relationship: This we refer to as a blind spot.

In medical terms, a blind spot is defined as a lack of light-detecting cells on the optic disc of the retina, as a result of which part of the field of vision is obscured (oxforddiagonaries.com). Analogically, service providers might lack proper

monitoring systems and be unable to make correct interpretations of customer relationships, finding themselves in a similar situation as the telecom company in the example above: They misestimate the stability of the customer relationship. Thus, the concept of the blind spot serves here as a metaphor for service providers having an "obscuration" of their "visual field," and concerns their inability to fully comprehend the underlying dimensions and mechanisms of the customer's relationship behavior.

The extant literature on service and relationships (e.g., Danaher, Conroy, and McColl-Kennedy 2008; Fournier, Dobscha, and Mick 1998; Noble and Phillips 2004; Price and Arnould 1999) recognizes the fact that service providers have limited understanding of their customer relationships and that this causes disruptions in customer relationships. Research shows that problems arise, for instance, when service providers do not reciprocate appropriately when customers are loyal (Danaher, Conroy, and McColl-Kennedy 2008), and when they

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seek companionship, emotional support, and “commercial friendships” (Price and Arnould 1999; Rosenbaum et al. 2007). According to Bendapudi and Berry (1997), customers have varying motivations for engaging in relationships, and service providers should be aware of this. In a similar vein, it is suggested that service providers need to understand how customers perceive the relationship in order to be able to develop it (Barnes 1994, 1995; Czepiel 1990; Fournier, Dobscha, and Mick 1998; Garbarino and Johnson 1999). However, such an understanding of customers requires a clear visual field—a service provider with a blind spot will have an “obscured” understanding of the customer. Blind spots may, in fact, constitute a strategic risk in terms of allowing service providers to misestimate the stability of the relationship and thus wrongly allocate resources. Yet, although blind spots arguably have serious implications for customer relationship management, there have been no explicit attempts to analyze this phenomenon—what are these “obscurations” of the visual field, what causes them, and how can they be managed?

The purpose of the present article, therefore, is to introduce and develop the concept of the blind spot in order to enhance understanding of relationship stability and to assess its implications for customer relationship management in a business-to-consumer service setting.

Starting Assumptions

Our quest to deepen understanding of blind spots in customer relationships builds on the following assumptions. First, we define relationship stability as a relationship’s ability to resist disturbances, which might cause a change in the customer relationship, and thereby maintain its course. In order to explain variations in relationship stability, we use a set of indicators of relationship stability, which are (i) customer perceptions of relationships, (ii) customer relational mode, and (iii) customer actual patronage behavior. Thus, different constellations of indicators result in different degrees of stability and as indicators of relationship stability, they need to be assessed and analyzed in conjunction. Indicator valence is essential in understanding and managing blind spots: When service providers have such blind spots, they are unable to grasp the current valence of the indicators of stability and/or to monitor the changes in them. Next, we elaborate on each of these indicators.

Given that the relationship is a process consisting of interactions, we define customer relationship perception as an accumulated overall conception of the relationship (LaBarbera and Mazursky 1983; Oliver 1997; Verhoef 2003). Thus, perceptions are formed over time as a result of interactions taking place in an ongoing relationship (as opposed to perceptions that are formed on the basis of a single transaction, for instance). Yi and La (2004) also consider cumulative perceptions to be a more valid explanatory variable in a relational service setting than episodic perceptions (see also Ravald and Grönroos 1996). Customers may perceive a specific relationship on a continuum from positive to negative. However, in order to

reduce the complexity of our conceptualization of blind spots, we consider customer relationship perceptions only in terms of positive or negative. Similarly, we also treat the relational mode and customer patronage behavior as definitive states rather than as continuums.

Further, customers might have a weak or a strong relational mode, which is defined as their level of activity in the relationship. Thus, having a strong relational mode means being active (in a negative or a positive way), with a clear agenda. As comprehensively described in Roos and Gustafsson (2011), on the other hand, a weak relational mode implies passivity and no (conscious) agenda with regard to the relationship. In other words, customers with a strong relational mode collect information and plan their behavior, unlike those in a weak mode, who do not plan or collect information. Relational mode as understood in this article is related to although distinct from other relational concepts such as commitment (Moorman, Deshpandé, and Zaltman 1993; Morgan and Hunt 1994) and customer engagement (Brodie et al. 2011; van Doorn et al. 2010). The concept of commitment is an attitudinal construct related to customer intentions (Morgan and Hunt 1994; Oliver 1999) and is often defined as a desire to maintain an important relationship (Moorman, Zaltman, and Deshpandé 1992; Morgan and Hunt 1994). Customer engagement is defined as “... a psychological state that occurs through the virtue of interactive cocreative customer experiences with a focal brand or organization” (Brodie et al. 2011, 260). In contrast, the concept of relational mode as outlined in this article concerns the customer’s inclination to engage in as well as commit to market relationships, and as such covers the customer’s relationship behavior in general with brands or organizations.

Finally, customer behavior is defined here in terms of patronage behavior. Such behavior might be regular on a continuous basis, or erratic, meaning that it is highly irregular and sporadic (Dick and Basu 1994; Rowley and Dawes 2000). From the perspective of the service provider, the customer’s patronage behavior is an observable and also relevant indicator of relationship stability, although when assessed in isolation, it may be deceptive in nature.

As a consequence of blind spots, the indicators might be misinterpreted by or inaccessible to the service provider. For instance, a customer might have a negative perception and a weak relational mode, but still show continuous patronage behavior. In this case, the indicators contradict each other in that two of them (perception and mode) indicate instability whereas the other (patronage behavior) indicates stability. The service provider might misinterpret the situation by erroneously assuming—based on the customer’s continuous patronage behavior—that the customer has a positive perception and is in a strong relational mode, or, the service provider might be unable to access the indicators (for instance, due to poor customer information systems) and might only have information about the customer’s patronage behavior. In both situations, the stability of the relationship is misestimated. Thus, the very starting point of analyses of relationship stability is misplaced.

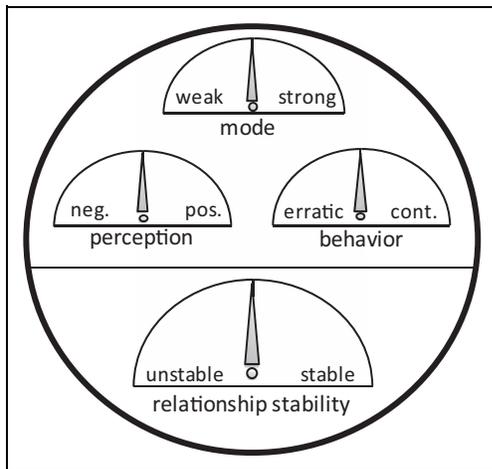


Figure 1. The relationship stability dashboard.

Given that customer relationships are emergent phenomena embedded in contexts that are given and framed by the actors involved (Benford and Snow 2000; Hodgkinson 2005), customer relationship perception, customer relational mode, and customer patronage behavior change over time. Consequently, any relationship might change character sooner or later. When service providers are unable to monitor these changes in perception, mode, and behavior, yet another type of blind spot situation emerges: The service provider believes that the relationship is continuing as before, when in fact it has changed. We term changes in the indicators of relationship stability temporal lability.

Figure 1 depicts relationship stability and its indicators as “dashboards,” where the meters capture the strength and status of the indicators and the degree of relationship stability associated with them. Figure 1 constitutes the basis of our conceptualization of blind spots in customer relationships.

Finally, we approach customer relationships from a phenomenological perspective, drawing on phenomenology (Husserl 1962; Merleau-Ponty 1962; Schutz 1967) and phenomenological psychology (Spinelli 1989) to explain the existence of blind spots. In short, we contend that customer relationships as a phenomenon could be seen as part of a customer’s total lived experience and that there are shared and unshared variables in the relationship. Some parts of this lived experience are shared with the service provider, whereas other parts are embedded in the customer’s world, to which the service provider does not have access. This results in an incomplete and fragmentary understanding of the customer’s relationship behavior.

The Notion of the Blind Spot

Why Focus on Blind Spots in Customer Relationships?

In the following section, we justify our focus on blind spots in customer relationships and explain why it is important for service providers to understand and manage them. We posit that their effects are evident on three different levels of aggregation:

(i) the interaction level, (ii) the relationship level, and (iii) the relationship portfolio level.

On the interaction level, the effects typically include misunderstandings or events (such as when a customer-contact person interprets the customer incorrectly and is perceived as too intrusive by the customer) that might cause dissatisfaction and customer complaints. They might also entail negative word of mouth and overall dissatisfaction among customers who feel misunderstood or unfairly treated in their interactions with the service provider (Barnes 1995, 1994; Danaher, Conroy, and McColl-Kennedy 2008; Fournier, Dobscha, and Mick 1998; Noble and Phillips 2004).

The ability to identify and understand blind spots lies at the heart of customer relationship management. We suggest that, on the relationship level, blind spots (i) lead to a false interpretation of customer relationships and (ii) obstruct predictions of customer behavior.

Service providers need to be aware of the phenomenon of blind spots in order to interpret customer relationships accurately. Lusch, Boyt, and Schuler (1996) and McGoldrick and Andre (1997) argue that many customers want to stay in their relationship with a particular service provider, but the service providers do not recognize the most significant factors involved in the decision to stay. Bansal, Taylor, and James (2005) show that there are personal and social factors that determine customer relationship behavior. For example, although low quality, low satisfaction, low trust, low commitment, and high prices serve to push customers away, there are other factors embedded in the customer’s context that play more important roles in the decision to stay or switch. Thus, it is not necessarily the evident factors accessible to the service provider that influence the customer’s decision. In a similar vein, Roos and Gustafsson (2007) show how customers are driven by latent prejudices, which make them more sensitive to the competition and accordingly make the relationship less stable. These prejudices are another example of unshared, hidden factors that explain variations in the customer’s relationship mode and hence drive the customer’s relationship behavior and affect relationship stability.

One of the major implications of our blind spot analysis is the realization that current and past customer behavior cannot be used as a basis for prediction: In this connection, we draw on Ajzen and Fishbein’s (2000) expansion of the theory of reasoned action, which holds that past behavior is not a good predictor of future behavior as it is often driven by habit and therefore lacks deliberation. In other words, customer patronage behavior as such is only temporarily stable, and there is a tendency for customers to overestimate the likelihood that the intended behavior will actually occur. This is also recognized in Sheppard, Hartwick, and Warshaw (1988). Smith (2002, p. 522) even claims that “forecasts of long-term behavior are meaningless” due to the fact that consumers are highly sensitive to situational and contextual conditions (see also Belk 1975) and that there is a high degree of interdependence between variables that shape consumer behavior. Moreover, there is interdependence between the customer and the service

provider, as customers tend to adapt their behavior to the firm's actions, and vice versa (Boulding et al. 2005; Lewis 2005). These lines of reasoning are related to what we refer to as temporal lability.

On the relationship portfolio level, blind spots affect the outcome of the service provider's strategic-relationship-management activities. In every firm's portfolio of customer relationships, there will be relationships that are born unstable or that give a weak rate of return. Being able to identify them is of strategic importance. Blind spots constitute strategic uncertainties in customer relationships, in that the misestimations of relationship stability that they cause might in turn result in misestimations of the relationship's future value and eventually in the misallocation of resources. For instance, a customer who is only waiting for a better competitive offer is assumed to have a positive perception and a strong relational mode on the basis of his or her regular patronage behavior. Hence, on the basis of an incorrect interpretation, resources will be allocated to maintaining or developing this relationship. In other words, entire portfolios of relationships are affected if resources are wrongly allocated.

In sum, although blind spots are deemed to subsist in customer relationships, merely pointing to their existence and analyzing their effects make service providers better off in terms of understanding why customers behave as they do. Consequently, they will also be better equipped to estimate the stability of their customer relationships.

Why Do Blind Spots Exist in Customer Relationships? A Phenomenological Explanation

Next, we take a phenomenological approach¹ and consider the reasons for the existence of blind spots in customer relationships.

From a phenomenological perspective, every phenomenon—in this context every customer relationship—becomes a subjective perception embedded in an individual's life, or in other words part of the individual's lived experience (Langdrige 2007). If this view is taken as a starting point, it becomes evident that although sociocultural (such as norms and traditions) and biological (such as the senses) variables may constitute a similar basis for perceiving the relationship, it is only partially sharable between two counterparts (in this case, the customer and the service provider). Thus, although the interactions between the two constitute moments of shared experience, the customer always relates these moments to his or her individual context, and thus their meaning is embedded therein. Merleau-Ponty (1964, p. 16) succinctly summarizes this dilemma as follows: "I have a unified, unique perception, but rather the problem is knowing how my experience is related to the experience which others have of the same object" (here perception and experience are used interchangeably). As an example, he mentions how an individual perceives the color red, "I will never know how you see red, and you will never know how I see it" (p. 16). Schutz (1967) describes this in terms of a pattern of experience that is not open to others—others can only catch sight of disconnected segments that are

arranged and given meaning within each individual's respective context.

Thus, although service providers can capture certain aspects of a customer relationship as perceived by the customer, and make estimations about its stability based on this information, they can never have total access to the underlying dimensions that drive the customer's behavior. There is, in other words, a blind spot in the relationship, which results in the service provider making erroneous assumptions and/or conclusions about it. Of course, the service provider can measure the customer's patronage behavior (e.g., frequency of repurchase) and satisfaction, but the problem is that the resulting estimation of the relationship's stability is based on disconnected segments and is not embedded in the customer's context. For instance, as shown in the literature on customer relationships (Dick and Basu 1994; Liljander and Roos 2002), seemingly loyal patronage behavior might be spurious, and accordingly a seemingly stable customer relationship might, in fact, be unstable. We therefore posit that, by analyzing the valence of perception, mode and behavior and monitoring the changes in these indicators, service providers are better placed to make more accurate estimations of relationship stability.

A Conceptualization of Blind Spots

The concept of the blind spot in this context, which we base on a phenomenological approach to customer relationships, stems from the service provider's inability to make accurate interpretations of customer relationships, and thereby also correct estimations of relationship stability. As previously stated, blind spots have consequences when (i) the service provider misinterprets the state of one or several indicators of stability or (ii) one or several of the indicators and their valence are inaccessible to the service provider. Another type of blind spot situation emerges due to temporal lability between the indicators of stability: When service providers are unable to monitor the changes in perception, mode, and behavior, they mistakenly believe that the relationship has remained unchanged when, in fact, it has changed. In sum, the consequences of blind spots emerge on two levels: First-level consequences if the service provider is unable to correctly interpret the current valence of perception, mode, and behavior; and second-level consequences if the service provider is unable to monitor changes in the indicators. Accordingly, we arrive at the following definition of a blind spot:

A blind spot is an obscuration of the service provider's visual field, obstructing his ability to make correct interpretations of customer relationships and their stability. A first-level consequence of blind spots in customer relationships emerges when service providers do not have monitoring systems in place to recognize the current valence and strength of customer relationship perceptions, customer relational mode and customer patronage behavior. A second-level consequence emerges when the service provider is unable to monitor the changes in these indicators of relationship stability.

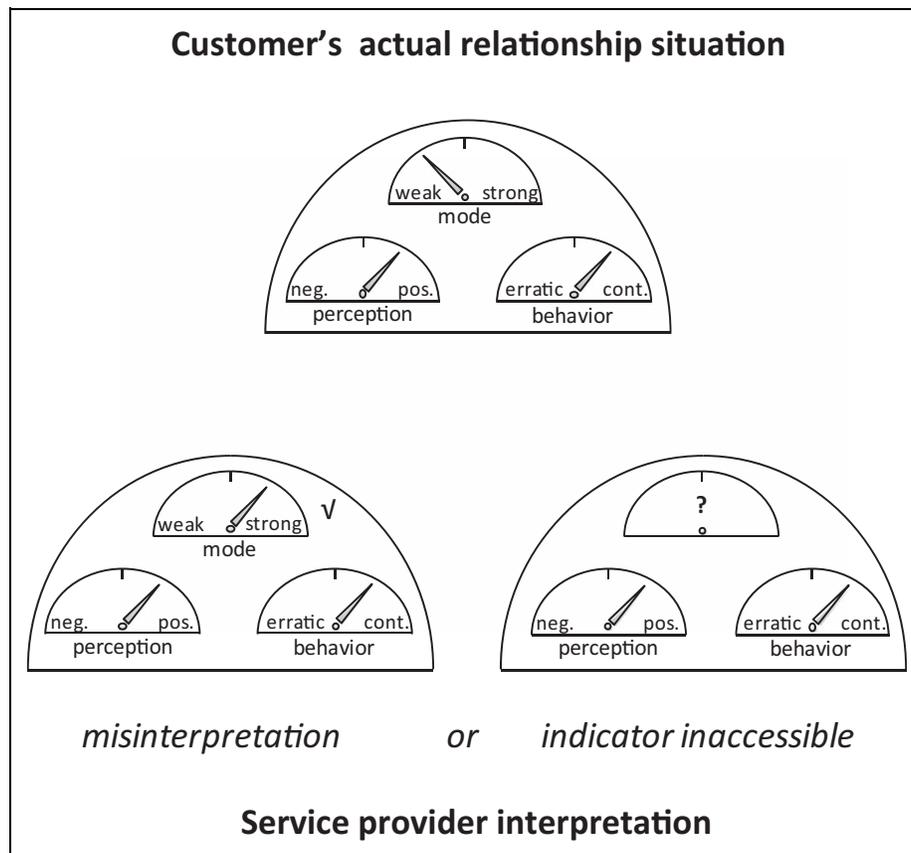


Figure 2. A first-level consequence of blind spots.

Figure 2, which is a development of Figure 1, illustrates the first-level consequences and locus of blind spots in a customer relationship. It depicts two different situations. In the first, the service provider assumes a strong relational mode, whereas the customer in actuality has a weak relational mode. Thus, the service provider has made a misinterpretation. In the second situation, one of the indicators, in this case relational mode (depicted as a question mark in Figure 2) is inaccessible to the service provider, whose interpretation therefore is based on an incomplete understanding. Both situations are likely to result in misestimations of relationship stability.

A temporal dimension is added to our conceptualization of blind spots in Figure 3, and a second-level consequence is illustrated. Figure 3 includes a timeline, where $time_0$ and $time_1$ represent the customer relationship at specific points in time. At $time_0$, the service provider interprets customer relationship perception, customer relational mode, and customer patronage behavior. The resulting estimation of relationship stability is thus based on the situation at $time_0$. Given that the customer's context is subject to change, and as there is consequently temporal lability between perception, mode, and behavior, relationship stability will also change over time. Thus, at $time_1$, one, two, or all of the indicators of relationship stability may have changed. In our example (Figure 3), the relational mode has altered at $time_1$, but relationship perception and customer behavior have not. From the service provider's perspective,

there is a second-level consequence of the blind spot in that the service provider is not aware of the change in the customer's relational mode and is therefore unprepared when the customer suddenly exits the relationship (as described in the introductory example regarding the telecom company).

The service provider confronts the same situation as the telecom company management did in the introductory example: What is it that we do not understand? The service provider has not understood that relationship stability is a function of three indicators: customer relationship perceptions, customer relational mode, and customer patronage behavior. These indicators are, in turn, dependent on the customer's context and they change accordingly (temporal lability). We now give a more detailed analysis of the valence of relationship perceptions, relational mode, and patronage behavior.

Customer Relationship Perceptions and Customer Patronage Behavior

Individuals perceive phenomena such as customer relationships in different and unique ways, and as a consequence, they also behave in disparate ways (Spinelli 1989). This so-called perception-behavior link (e.g., Carver and Scheier 1981) implies that perception and behavior are inextricably intertwined in that perception leads to corresponding behavior (it should nevertheless be noted that not all human behavior

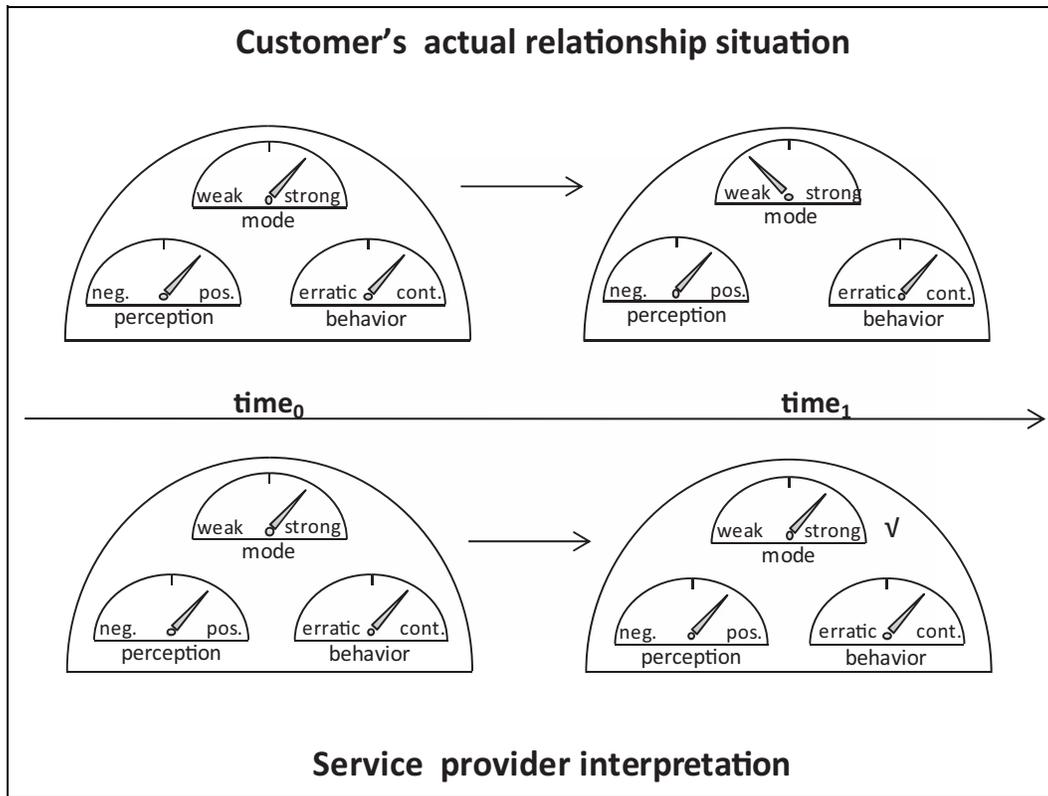


Figure 3. A second-level consequence of blind spots.

emanates from perception, as with reflexive responses, for example). Some of the most influential thinkers within the field of psychology (Bandura 1977; James 1883/1890; Koffka 1935; Piaget 1973/1946) have recognized this link—often referred to as the common coding hypothesis—and it has also been explored in the context of consumer psychology (Dijksterhuis et al. 2005; Foxall and Goldsmith 1994). The underlying idea is that there is a common coding of perceptions and behavior in the mind, thus implying a shared representational system (Carver and Scheier 1981). According to Carver and Scheier (1981), perceptions are connected with salient behaviors that determine which actions are undertaken. In a similar vein, it is assumed that there is a hierarchical linkage of mental representations and behaviors. Thus, behaviors ranging from abstract (e.g., shopping) to intermediate (e.g., going into a store) to very specific, concrete actions (e.g., reaching out for a product in the store) are mentally represented (Carver and Scheier 1981; Vallacher and Wegner 1987). However, if a relationship is the focal point of analysis, a temporal aspect is included, which makes the perception-behavior link complex and difficult to understand due to (i) time delays in perceptions and the inherent (ii) spillover, and (iii) crossover effects.

Given the temporality inherent in customer relationships, there may be considerable time delays between perception and behavior: Customers might not act on what they perceive at a certain point in time ($time_0$)—they rather accumulate their perceptions over time as the relationship continues ($time_1$) and act at another point ($time_2$). For instance, a customer might have a

negative perception of his or her relationship with a specific service provider but still linger in the relationship. He or she might have had a bad experience, complained but received no compensation. The customer is disappointed but stays with the service provider. From the service provider’s perspective, this behavior implies that the customer relationship is stable. However, although the customer shows continuous patronage behavior, the relationship is unstable and the customer is likely to switch.

Spillover effects occur when perceptions accumulated in the switched-from relationship “spillover” to the next, switched-to relationship. Thus, there are perceptions influencing the current relationship as a result of perceptions accumulated in previous ones (Ganesh, Arnold, and Reynolds 2000). As Roos, Friman, and Edvardsson (2009) show customer behavior may be attributable to perceptions stemming from previous relationships and is not necessarily a consequence of perceptions in the current relationship. For instance, a customer who has a bad experience with a car dealership, switches to another and transfers his or her negative perception to the switched-to car dealership. When a problem arises in the switched-to relationship, the customer’s negative perception is activated, the customer’s prejudices are confirmed and the customer switches again. It has also been suggested that experiences stemming from former relationships tend to be strengthened in existing relationships if the same kinds of experience take place (Roos 1999).

Crossover effects, on the other hand, occur when perceptions are transferred across ongoing relationships. For instance,

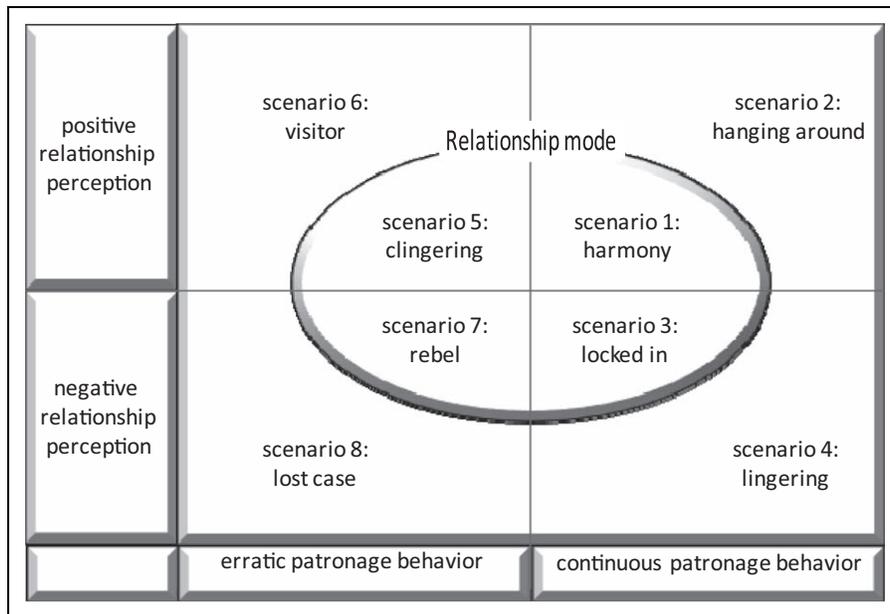


Figure 4. The blind-spot scenarios.

the customer has a strong relationship to a small clothing boutique and transfers his or her positive perception to other similar boutiques. Thus, spillover effects are temporal and accumulate over time, as crossover effects exist as a set of perceptions held by the customer at a specific point in time.

As a result, it can be contended that the customer's accumulated perceptions are constantly consciously or unconsciously present. This explains why many customers who are seemingly content with their current service provider switch without any evident reason if contacted by a competitor (Roos and Gustafsson 2007; Rowley and Dawes 2000). Spillover and crossover effects are very difficult for a service provider to understand because they are hard to access and measure, especially as the customers themselves are not necessarily aware of them. As far as the customer is concerned, there are no boundaries between relationships in the sense that perceptions accumulated in one will affect others.

Customer Relational Mode

From a phenomenological perspective, the direction of perception is always intentional and at some level focused on the future (Spinelli 1989). Thus, the relational mode denotes a customer's inclination to engage in and commit to relationships in general, and could in specific relationships be described as the customer's activity in terms of relationship behavior and future agenda. Thus, the temporality inherent in a customer relationship involves not only the accumulated perceptions of it but also future expectations and plans.

A strong relational mode implies that the customer is active and engages in market relationships in either a negative or a positive sense, which shows through different behavioral manifestations (van Doorn et al. 2010). A customer in an active mode collects information and plans his or her behavior. Positive relationship activity is manifested in efforts to maintain or

foster the relationship, whereas negative relationship activity is expressed either through a proactive search for information about competing opportunities and/or in complaints and destructive relationship behavior. Conversely, a weak relational mode means that the customer is passive, does not engage in and takes no specific actions in the relationship. He or she might stay for the sake of convenience and switch when something interesting turns up. Often the relational mode is latent and does not appear to be weak until triggered by a competing service provider. For instance, it was found in a longitudinal study on telecom customers' switching behavior that customers who stated that they would not switch, switched most frequently—often as a result of being contacted by a competitor and being offered a good “deal” (Roos and Gustafsson 2007, 2011). Continuing with the example of a customer lingering in a relationship although he or she has a negative perception of it, it is likely that he or she has a weak relational mode. However, the customer may not even be aware of it in the first place until confronted by a situation in which a choice is possible. This kind of switching is the result of unplanned behavior, which is influenced by unconscious thought processes (Roos and Gustafsson 2011). Such sensitivity makes the customer consciously or unconsciously more inclined to switch, and consequently, it also affects his or her relational mode. This is problematic from the service provider's perspective. Although the service provider uses sophisticated methods for measuring perception and is able to track behavior, the customer's relational mode is difficult to access simply because the customer himself or herself is not aware of it.

The Consequences of Blind Spots

Figure 4 presents a framework for understanding the consequences of blind spots in analyses of relationship stability. The

consequences are illustrated in a variety of scenarios in which the stability of the relationship varies depending on the valence of perceptions, relational mode, and patronage behavior.

The scenarios on the right-hand side of Figure 4 (Scenarios 1-4) involve regular patronage behavior, whereas those on the left-hand side (Scenarios 5-8) involve erratic patronage behavior. In the lower half are scenarios that involve negative relationship perception (Scenarios 3, 4, 7, 8), whereas those in the upper half (Scenarios 1, 2, 5, 6) involve positive perception. Scenarios that are close to the center of the figure (Scenarios 1, 3, 5, 7) represent a strong relational mode and those in the outer parts (Scenarios 2, 4, 6, 8), a weak relational mode. We would like to emphasize that, given temporal lability, one scenario can change into another depending on what is going on in the customer's context.

The purpose of the blind spot scenarios is not to categorize customers (such as loyal or disloyal, as in Dick and Basu 1994 and Rowley and Dawes 2000), but to illustrate the "first-level" and "second-level" consequences of blind spots and show how they cause misestimations of relationship stability.

Scenario 1: "Harmony." The first scenario depicts a customer with a positive perception of the relationship, a strong relational mode, and exhibiting regular patronage behavior. In other words, this is a scenario characterized by harmony, which indicates a stable relationship. As all indicators are congruent, the risk of first-level blind spot consequences is low. However, given temporal lability, the scenario might exist only momentarily, and a second-level consequence is likely to emerge if the service provider is insensitive to changes in customer perceptions. If negative perceptions accumulate over time, the customer's strong relational mode, which was initially a positive factor, will have negative effects on the relationship in that it will work in the opposite direction toward negative relationship behaviors (such as complaining or actively searching for competitive alternatives). Such changes in perception and turns in relational mode (from positive to negative activity) are difficult to track unless the service provider is aware of the temporal lability of perception, mode, and behavior and knows how they interact. Moreover, as shown in previous studies, customers with a strong relational mode know what they want and will switch service providers if they are dissatisfied (e.g., situational-trigger customers in Roos and Gustafsson 2007)—they are not likely to linger passively in the relationship.

Scenario 2: "Hanging around." The second scenario depicts a positive perception of the relationship. Customer behavior involves continuous patronage, but the relational mode is weak. Despite the customer's positive perception of the relationship and continuous patronage behavior, in the long term, this scenario might still entail risk: A weak relational mode implies a passive customer. As Roos and Gustafsson (2007) show, passive customers are inclined to switch service providers if they are influenced by competitors' offers, for instance. Thus, relationship stability is more difficult to assess in that a weak relational mode indicates a certain degree of instability, whereas perception and behavior

indicate stability. The indicators contradict each other and in this situation, it is imperative for the service provider to include all three indicators in analyses of relationship stability. If the analysis is based only on perception and behavior, both first-level and second-level consequences will occur: For one thing, the service provider is not correctly informed about the current stability of the relationship, not being aware of the customer's weak relational mode, and second, given temporal lability, perception, mode, and behavior are subject to change, thereby resulting in situations that the service provider could not have predicted in the first place. Thus, this seemingly stable scenario might suddenly change without the service provider having had a chance to either predict or prevent it.

Scenario 3: "Locked in." In the third scenario, the customer shows continuous patronage behavior and is in a strong relational mode, whereas his or her perception of the relationship is negative. As in Scenario 2, it is imperative in such a situation that all the indicators are analyzed in parallel. Although indicating a stable relationship through continuous patronage behavior, the customer's negative perception in conjunction with a strong relational mode indicates potential instability. It is likely that he or she will take concrete actions to terminate the relationship when the opportunity arises. The risk of first-level and second-level blind spot consequences is high, especially if the customer chooses not to voice his or her negative perceptions. Thus, the service provider will eventually face a situation in which a seemingly loyal customer exits.

This scenario implies that the customer is somehow locked into the relationship and has few or no alternatives. Typically, he or she feels manipulated (Fournier, Dobscha, and Mick 1998) or perceives that there are "hollow, unenticing, and unclear" benefits in the relationship (Noble and Phillips 2004). Furthermore, negative relationship behaviors are likely. The strong relational mode may be a reaction to a perceived need to control the relationship in order to ensure that it is beneficial (e.g., reactional-trigger customers in Roos and Gustafsson 2007). This perceived need to control implies that the customer is demanding, taking up many of the service provider's resources in terms of frequent complaints and interactions, and could thus be perceived as difficult. As a result, the service provider might experience the exit of such a customer as an opportunity to reallocate resources.

Scenario 4: "Lingering." The fourth scenario involves continuous patronage, but the customer's perception of the relationship is negative and the relational mode is weak. It thus indicates an unstable relationship, although the customer's continuous patronage behavior might mislead the service provider and give rise to an overly positive estimation of relationship stability. When the relationship changes (a switch is likely to happen), the service provider is therefore unprepared. The weak relational mode implies that the customer is not inclined to proactively search for alternatives and to plan a switch but is rather waiting for a better alternative to come along and switches when it does.

In this scenario, there is risk of both first-level and second-level consequences unless the service provider monitors all three indicators of relationship stability in conjunction. From a strategic perspective, this group of customers will pose a major risk if it constitutes a considerable part of the total customer base because they will not hesitate to switch.

Scenario 5: “Clingering.” Characteristic of the fifth scenario is a positive perception of the relationship and a strong relational mode, but customer behavior suggests erratic patronage. There is most likely something in the customer’s context that keeps him or her from behaving in accordance with his or her perception and relational mode. In this case, there might be time delays between perception and actual behavior. If the service provider uses patronage behavior as an indicator of stability, there will be a blind spot with a first-level consequence and, eventually, missed opportunities. However, a service provider considering the customer’s perceptions and relational mode in combination with his or her patronage behavior may be able to find out why the customer’s patronage behavior is erratic even though this segment of customers *ought*, in theory, to patronize the service provider on a continuous basis. In the long term, such an understanding would pave the way for changing the relationship into a stable one, given that the customer already has a strong intent to continue and engage in it (in other ways than through repeat patronage).

Scenario 6: “Visiting.” The sixth scenario entails a positive perception of the relationship, although patronage behavior is erratic and the relational mode is weak. This scenario is likely to occur in situations in which the customer seeks variety and is not interested in long-term relationships. The difference between this and Scenario 2 (Hanging around) is that in the present scenario the customer’s patronage behavior is erratic, misleading the service provider to label this relationship as essentially unstable. A first-level consequence of the blind spot is apparent. However, if the service provider is able to understand the customer’s reasons for variety-seeking behavior, it might be possible to change such behavior and/or the relational mode. Such an understanding might be reached through learning about the customer’s context.

Scenario 7: “Rebel.” The seventh scenario entails a negative perception of the relationship, erratic patronage behavior, and a strong relational mode. Similarly as in Scenario 3, the customer might be “locked into” the relationship but is active and behaves accordingly, for instance by voicing his or her discontent. As van Doorn et al. (2010) posit, strong negative affective states could lead to such negative behaviors and even manifestations of customer revenge (Gregoire, Tripp, and Legoux 2009). As long as the customer turns his attention to the relationship with the aim of demanding better service, the service provider is unlikely to experience a blind spot with a first-level consequence. An example of such a situation might be in a service department at a licensed car dealership. The customer uses the services of the dealership because he owns a specific

brand of car. The car is very important to him and the servicing is a major issue: The customer will use the official service provider when he can afford to do so (otherwise he will use an unlicensed repair shop). Thus, the customer is active and has a clear agenda. However, he has a negative perception of the car dealership, which he perceives as too expensive, and therefore consumes the firm’s resources by complaining. Typically, this customer also is difficult in interactions with the service department and spreads negative word of mouth.

On the strategic level, this relationship needs to be terminated or changed, although we contend that this will happen only if the service provider understands the reasons underlying the strong relational mode—what agitates the customer and makes him or her actively negative.

Scenario 8: “Lost case.” Characteristic of the eighth and final scenario is a negative perception of the relationship, a weak relational mode, and erratic patronage behavior. Unlike in Scenario 7, the customer is indifferent. This situation is likely to arise when the relationship is unimportant to the customer, and the risk of both first-level and second level blind-spot consequences is probably low. From a service provider’s perspective, it might be best to focus less on such relationships, and consequently to allocate no resources to this group of customers.

Seeing Relationship Stability Through a Temporal Lens

Each of the scenarios captures the customer relationship at a specific point in time, at which the valence of customer perception, relational mode, and customer behavior indicates different degrees of stability. Figures 5 and 6 (which are developments of Figure 3) illustrate the changes in relationship stability and the consequences of blind spots in the customer relationship. In order to make the examples more practical, let us assume that the service provider in this case is a bank. In the first situation depicted in Figure 5, the customer is a woman in her early 30s. At the beginning of the time line (time₀ in Figure 5), there is harmony in the relationship (Scenario 1). The bank has made a correct interpretation of it and considers it to be stable. However, the customer’s context changes: She gets a job in another city. Her perception is still positive and she still uses the services of the bank, but she does not visit the bank and she has no personal contact with it. Her patronage behavior thus becomes erratic (Scenario 5, clinging). The bank is not aware of these changes because their customer data suggest that the relationship is stable, and it has a blind spot with a second-level consequence. In time, the customer decides to buy an apartment and, as it is more convenient, she chooses to apply for a housing loan at a local bank. The bank grants the loan, the customer switches banks and just keeps a small savings account in her former bank (Scenario 6, visiting).

Figure 6 starts out with the “Clingering” scenario (time₀), when the customer—a man in his 40s—has a positive perception of his relationship with the bank and is in a strong relational mode as he appreciates the wide range of services the

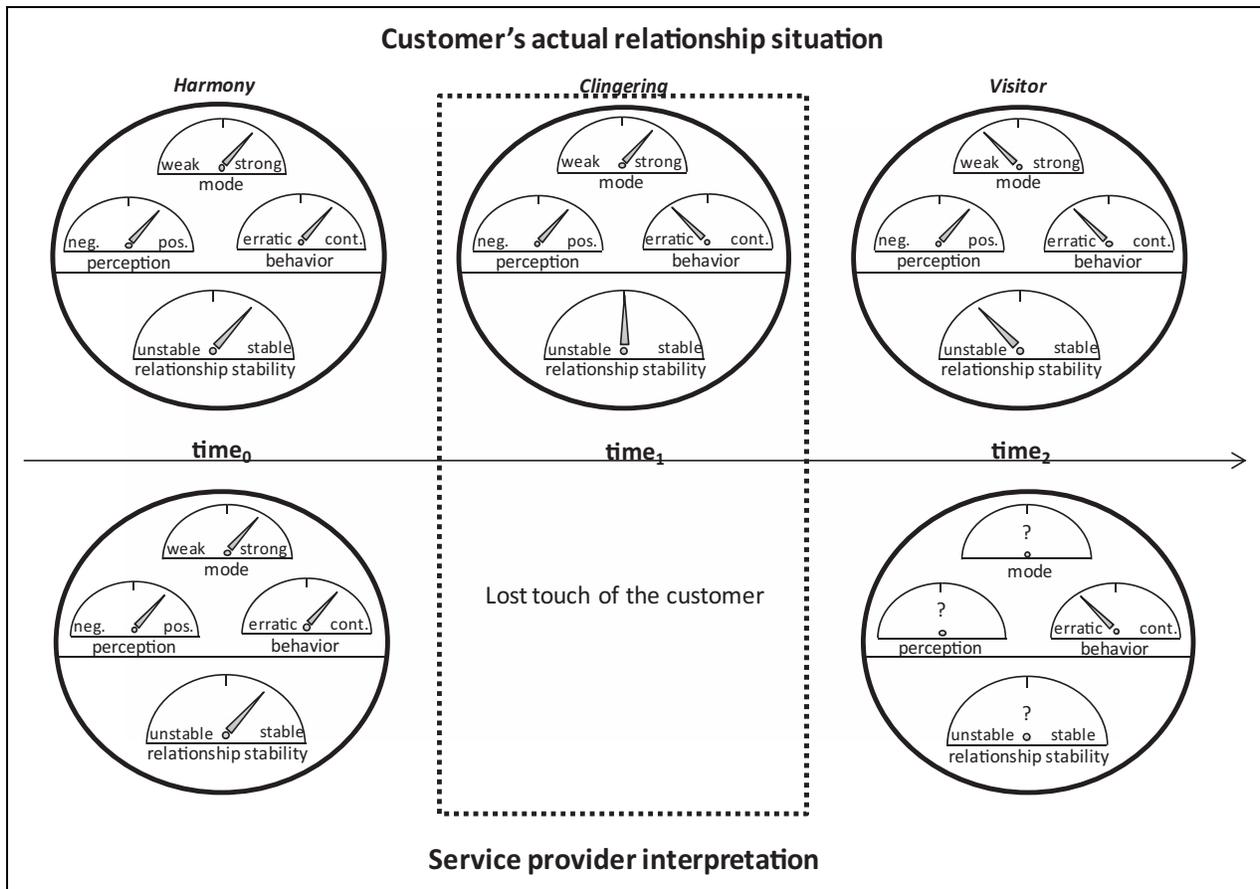


Figure 5. The blind-spot scenarios from a temporal Perspective I.

bank offers, the professionalism of the personnel, and the image. He is, in fact, very interested in becoming a serious share investor. However, for a number of practical reasons (such as having a joint account and a housing loan with his wife), he mainly uses the services of another bank but still invests small amounts in a mutual fund. Given his erratic behavior, the bank considers the relationship to be unstable. It is not aware of the customer’s positive perception and strong relational mode and has thus a blind spot with a first-level consequence at $time_0$. In fact, if it had made an effort to learn more about the customer and had taken more interest in him, his patronage behavior might have become more continuous.

At $time_1$, the customer is in the middle of a divorce and would like to buy an apartment. He applies to the bank for a housing loan but is very disappointed when the bank tells him that because his solvency is weak they will need, besides the apartment as collateral, at least three guarantors. Moreover, the bank employee behaves in a superior manner and the customer ends up feeling offended, even outraged, and his perception becomes negative. As the mutual fund is based on a 3-year contract, he cannot terminate it and his relationship with the bank continues (transition into Scenario 3, Locked in). At $time_2$, the customer’s mode has become weak—the feeling of being unfairly treated has worn off—and we have a “Lost case” scenario (Scenario 8). The bank continues to

regard the relationship as unstable but is probably unaware of the missed opportunity and the changes in the customer’s perception and mode.

In sum, our illustrations of blind spots can be adapted to include a variety of scenarios over time. As we have shown, from a service provider’s perspective, their complexity lies on two levels: First, the current stability of the relationship in terms of perception, mode, and behavior needs to be correctly interpreted ($time_0$ in the figures), and second, the temporal lability needs to be monitored in order to follow possible changes in stability.

Discussion

Our aim in this article was to conceptualize the phenomenon of blind spots in customer relationships. We began from the proposition that so-called blind spots obstruct the service provider’s visual field and cause misestimations of relationship stability, which we define as the relationship’s ability to resist disturbances, which might cause a change in the customer relationship, and thereby maintain its course. In order to explain variations in relationship stability, we posit customer perceptions, customer relational mode, and customer patronage behavior as indicators of stability. The indicators might be misinterpreted by the service provider or simply be inaccessible.

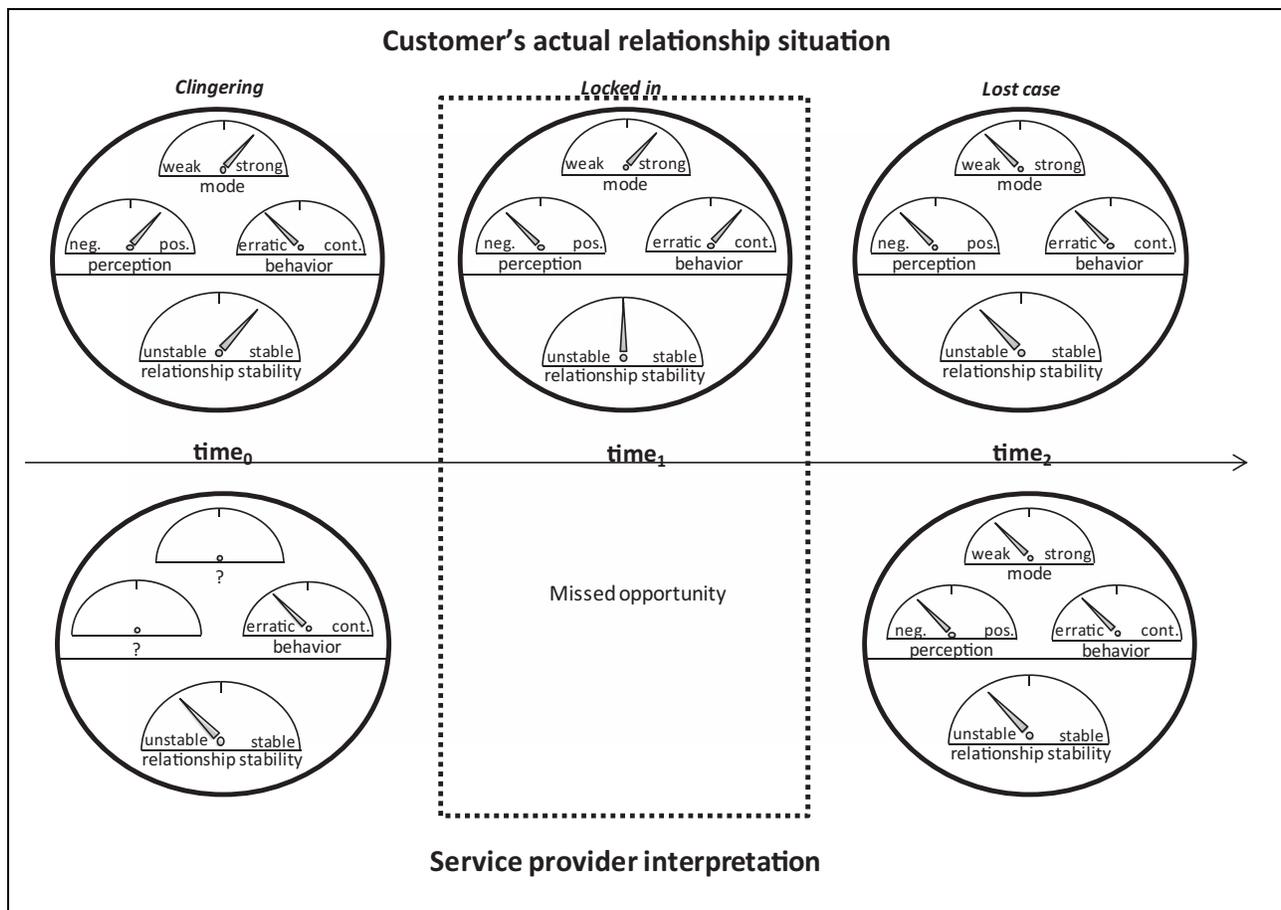


Figure 6. The blind-spot scenarios from a temporal Perspective II.

Moreover, changes in perception, mode, and behavior may produce another type of blind spot situation in which the service provider believes the relationship is continuing as before, when in fact, it has changed due to temporal lability. Our analysis thus shows that the consequences of blind spots are manifest on two levels: On the first level, the service provider is unable to make the correct interpretation of the current valence of the indicators of stability; and on the second, the service provider is unable to monitor changes in the indicators.

From a phenomenological perspective, we show that blind spots exist in every customer relationship, although their consequences in terms of estimating relationship stability vary. We highlight the consequences through a variety of blind spot scenarios. As the scenarios reveal, the consequences are considerable in some situations and insignificant in others. The complexity of the phenomenon resides in the fact that the context—the customer relationship—continuously changes as the customer's context changes, and as a result, consequences that are virtually meaningless at one point in time may become an obstacle to developing the relationship at another. Thus, the principle tenet on which the present article builds is that the temporal lability inherent in customer relationships (including phenomena such as time delays, spillover effects, and cross-over effects) is hidden because of the blind spot, which makes it difficult for service providers to assess their stability.

However, the interaction, relationship, and strategic relationship portfolio effects of blind spots could be reduced if service providers had monitoring systems in place enabling them to (a) correctly interpret the current stability of their customer relationships and (b) recognize any changes.

We argue that when service providers are ignorant of the customers' contexts and are unable to monitor, the valence of or changes in perception, mode, and behavior, the blind spots in their customer relationships become strategic uncertainties. As a result of misestimating the stability of its customer relationships, the service provider undertakes actions that are likely to be misplaced and allocates resources inappropriately.

Theoretical Contribution and Implications

This article contributes to service research in the following ways. First, whereas the literature on customer relationships implicitly recognizes the existence of discrepancies and even conflicts in customer relationships (Fournier, Dobscha, and Mick 1998; Noble and Phillips 2004; Roos and Gustafsson 2007) and addresses the challenges they pose (Danaher, Conroy, and McColl-Kennedy 2008; Price and Arnould 1999), there have been no explicit attempts to analyze them. Thus, the contribution lies in (a) introducing the concept of the blind spot into service research; (b) conceptualizing the phenomenon and

its consequences in a temporal and relational context; and (c) extending the current understanding of divergent perceptions in customer relationships by taking a phenomenological approach. Our analysis of the consequences of blind spots could be considered an extension of Parasuraman, Zeithaml, and Berry's (1985) idea of gaps in the service provider's and the customer's perceptions of service quality. However, "gaps" and "blind spots" as conceptualized here differ in focus. The service-quality model as developed by Parasuraman, Zeithaml, and Berry (1985), based on the confirmation-disconfirmation paradigm (Oliver 1997), describes specific processes of service delivery and service encounters. Thus, the gap model reveals the effects of blind spots mainly on an interaction level. Our analysis, on the other hand, captures the dynamics inherent in a continuously changing service-provider-customer interface. Whereas the gap model focuses on the management of service delivery in service encounters, the conceptualization of blind spots outlined in this article sheds light on the underlying mechanisms that drive customer behavior in an ongoing relationship from a behavioral, relational, and temporal perspective.

Second, we contribute to the research on relationship dynamics and customer switching behavior. Although previous studies have identified why customer relationships are terminated (Hocutt 1998), why they fade (Åkerlund 2005; Grønhaug et al. 1999), and why customers switch or choose to stay (Colgate et al. 2007; Ganesh, Arnold, and Reynolds 2000; Keaveney 1995; Roos 1999; Roos and Gustafsson 2007), they do not incorporate a comprehensive view of the factors that determine relationship stability over time. The notion of the blind spot offers insights into this aspect. If we are able to recognize their existence and analyze the valence of relationship perceptions, relational mode, and customer behavior, as well as their temporal lability, we are better placed to assess the stability of the relationship and thus evaluate which customers might switch or stay. Our conceptualization of blind spots and our blind spot scenarios clearly demonstrate this.

Third, we develop the concept of relationship stability. We posit that it would be fruitful to analyze customer relationships in terms of relationship stability, which as a concept has the potential to capture their inherent dynamism. In contrast to the more widely used concept of customer loyalty, relationship stability is embedded in the customer's context and as a construct cannot be understood in isolation from temporality. Indeed, temporality is integral in any study related to customer relationships (Athanasopoulou 2009). In our blind spot analysis, we show that relationship stability is a reflection of the customer's past, present, and future. In this respect, we are inclined to agree with the view advanced by Fournier and Yao (1997) that customer loyalty is too narrow a concept to capture the richness of continuously evolving customer relationships, and therefore, we posit that relationship stability could offer a deeper understanding of their dynamic nature.

Moreover, as we suggest, customer relationships should be considered in terms of lived meanings. Accordingly, this article responds to the call for studies with such a focus (Fournier 1998; Fournier and Mick 1999; Rosenbaum 2006; Rosenbaum

et al. 2007; Stern, Thompson, and Arnould 1998). We posit that customer relationships are only partially sharable between the customer and the service provider and that customer behavior that might appear strange or illogical from a service provider perspective can always be explained in the light of the customer's context.

Managerial Implications

As stated above, blind spots constitute a strategic risk if left unidentified and unmanaged. To put it bluntly, they are a consequence of the service provider's ignorance of the customer's context. The missing knowledge can only be built up through effective information acquisition and organization-wide learning processes that ensure the flow and sharing of relevant customer information. In this regard, the present article provides guidance for managers wishing to increase their understanding of customer relationship management. We discuss the managerial implications below.

In order to manage the first-level consequences of blind spots, it is essential that service providers measure the right constructs and that they measure them correctly. In other words, they need to consider each of the indicators of stability *and* their valence in order to estimate a customer relationship's current stability. As pointed out in the blind spot scenarios, measuring perception, mode, or behavior separately does not give a valid view of relationship stability—they need to be related to each other. Information derived through loyalty programs is a good example here. Service providers acquire information about what their customers are buying and how often, but it tells them little about customer perceptions and mode, and thus reveals little about the stability of the relationship.

More specifically, in order to measure perception accurately, it is important not only to use traditional (static) measures of customer satisfaction but also to consider the temporality inherent in relationship perceptions. In other words, time delays, and crossover and spillover effects need to be tracked. Similarly, determining if a customer has a weak or strong relational mode requires more than information about his or her intentions or attitudes—actual actions in terms of planning and information collection also need to be analyzed. The crucial question is this: "What is the customer's level of activity in the relationship?" Analyzing these two indicators, relationship perceptions and relational mode, alongside actual patronage behavior could result in more accurate estimations of relationship stability and minimization of the first-level consequence of blind spots.

The second-level consequences are more challenging in that their management requires continuous information acquisition and organizational learning. Proper monitoring systems and routines for analyzing customer information play essential roles in this. Depending on the industry, the frontline contact personnel could be in a key position: They can acquire first-hand customer information, and customer-knowledge flows in service organizations are dependent on them. Often the frontline knows the customers' contexts and changes in them beyond what is or can be registered in a database. Thus, it is

important to recognize that frontline contact personnel may be vital in reducing the effects of blind spots through their close contact with customers. Management thus faces the challenge of capturing and using the knowledge these persons possess. Further, knowing that blind spots exist due to a lack of knowledge of the customer's context might encourage service providers to use alternative ways of accessing customer perceptions, mode, and behavior. For instance, they might venture into conducting ethnographically inspired longitudinal market research, actually entering the customers' contexts and exploring their lived meanings. Coulter and Ligas (2000) and Chandler and Vargo (2011, p. 45) address the need for a longitudinal approach to service relationships, the latter explicitly emphasizing the ability to deal with time: "... because humans are able to integrate the past and the present with the future..." In fact, coming to terms with temporal lability and phenomena such as time delays in perception, crossover and spillover effects requires insider knowledge of customers.

Finally, we suggest that the blind spot scenarios put forward in the present article could serve as a guideline for service providers developing their own "blind spot scenario analysis" adapted to their own service contexts. This way of assessing the stability of the customer base is a tool for organizational learning as it opens up a new understanding of relationship stability.

Limitations and Future Research

The present article should be considered in the light of the following limitations. First, the article adopts a one-sided perspective of blind spots. It might be possible to extend the analysis of blind spots to a dyad. Such an extension was beyond the scope of this article, but it constitutes a fruitful area for further research. Blind spots arguably exist in both directions, which means that not only do service providers misinterpret customers on the basis of their relationship perceptions, relational mode, and patronage behavior, customers are also likely to misinterpret service providers. Blind spots might be different from the customer's and the service provider's points of view, and the effects on the stability of the relationship might be different.

Second, the present study assumes a business-to-consumer setting. The phenomenon of blind spots in customer relationships is also likely to exist in business-to-business contexts, but the character may be different. This limits the degree to which the analysis in the present article can be transferred to a business-to-business setting. The generalizability of the findings is thus limited.

A more comprehensive understanding of blind spots would hence be generated if a dyadic approach was taken and the business-to-business perspective included. The business-to-consumer and business-to-business perspectives could then be compared. Moreover, the analysis could also compare (i) contractual and noncontractual service settings or (ii) service settings that differ in their level of customer contact and frequency of interaction.

There are various other possible avenues for further research. For example, the empirical testing of our conceptual

lines of reasoning would be a major contribution to the field of service research, and an empirical study exploring the phenomenon of blind spots and their effects on customer relationships would enhance understanding of relationship dynamics.

Conclusion

As in the example in the introduction of this article, service providers might be pondering on why their seemingly harmonic customer relationships are turning into "lost cases." However, merely by asking "Are my customers in my blind spot—are they changing and I can't see it?" service providers are better placed to understand their customer relationships. It is our contention that service providers wishing to gain a better understanding of customer relationships should not only explore the visible and evident aspects of customer behavior but should also identify and learn about the existence and the influence of hidden, unshared, and subjective factors. Thereby the service provider becomes better equipped to estimate the stability of customer relationships and to allocate resources accordingly.

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Note

1. In contrast with the usual practice in philosophy, we do not in this study trace the manner in which different concepts have been used or how they arise in the writings of Husserl, Merleau-Ponty, Schutz, and other phenomenologists. We rather use the concepts directly to suit the purpose of the article and incorporate them into our own work. We do not provide a historical overview or comprehensive account of the principles of phenomenology, either. Sokolowski (2000) and Moran (2000), for example, provide excellent introductions. Phenomenology as a philosophical movement is vast, but we focus on the transcendental branch, which concerns the exploration of subjective experience. Phenomenological psychology (Langdrige 2007; Misiak and Sexton 1973; Shaffer 1978; Spinelli 1989), as referred to in this article, is a derivative of phenomenology and encompasses a variety of approaches. It largely coincides with humanistic psychology (Shaffer 1978), although there are some differences: humanistic psychology has been more influential in North America, for example, whereas phenomenological psychology is rooted in European philosophy. Moreover, Gestalt psychology and phenomenological psychology share a common ground in that they both emphasize that parts are only understood against wholes. Gestalt psychology, however, explains this as an innate characteristic of human beings. We also wish to point out that a great deal of what is concluded in phenomenological psychology about perception finds support in cognitive psychology and vice versa. Thus, the approaches complement each other. For a more in-depth discussion on phenomenological psychology versus other strands of psychology, see Spinelli (1989).

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