

ANALYSIS OF TRIGGERS FOR CUSTOMER SWITCHING PATH - A CASE STUDY AT VOLVO CAR CORPORATION

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Background and Aim

Many companies focus on building loyalty and profitability into their customer relationships. Despite this effort, customers in hyper competitive companies are becoming less and less loyal, and the number of people who switch from one provider to another increases. What has, so far, not been researched very much are the triggers that cause customers to switch. Our contribution to the research in this field is to identify and deepen the understanding of the role of triggers for customer switching.

The aim of this study is to identify and understand the triggers that motivate customers to switch from one provider to another. The empirical context is the automobile industry, and our particular choice is that of Volvo car dealers. More precisely, we focused on the triggers or the incidents that caused the customers to start thinking about switching from a Volvo to another car brand. The method we used in the study was the Switching Path Analysis Technique (SPAT), which is a development of the Critical Incident Technique. A critical incident is a specific situation, interaction or encounter that is perceived by the customer to be either positive or negative. A critical incident can change a customer's attitude and/or behavior and result in a weakened or strengthened relationship with the provider. Characteristic of a positive example is the kind of service or product that the customer would like to see every time he or she receives that service or product. Characteristic of a negative example is a service that would make the customer question its quality. SPAT focuses on the process and the context in which the critical incident occurs.

Switching Path Analysis Technique (SPAT)

In the service research literature critical incidents have for many years been considered an important tool in the management and improvement of services (Grönroos, 1983; 1987; 1996; Parasuraman et al., 1985; 1988). When first introduced into service research the focus of CIT (Critical Incident Technique) was customer-perceived quality and customer dis/satisfaction based on positive and negative critical incidents (Bitner 1990). In other words CIT was used to identify critical parameters in the eyes of the customer. Later on researchers started to add a process description of an episode, possible to track step by step, which had consequences for the relationship, (Olsen 1992). Finally, service researchers have taken their departure in the switching and described the switching path leading from a deliberate switching decision to a change of provider. The technique developed from CIT was labelled SPAT (Switching Path Analysis Technique). SPAT made the process understandable. In other words, the dynamics of the switching determinants could be traced to underlying factors (Triggers). A trigger makes a customer sensitive to switching determinants. The description of the dynamics, the connections between separate trigger factors and configuration of factors of a switching path, is the core concept of SPAT.

The uniqueness of SPAT can be said to be the consideration of the an entire time span in which the CI occurred, i.e. what happened prior to as well as during and after the incident itself. Time has not been considered in the use of CIT in connection with memory. For the

validity of a respondent's reply, answers must be assessed according to *what* and *how* critical incidents are possibly remembered. There are differences in how a customer remembers critical incidents. The difference is based, on the one hand, on the positive and negative, on the other hand, a respondent may evoke attribute-based concerns different from judgement-based. Therefore, attribute-based questions cannot be analysed into judgement-based results, i.e. decisions.

These concerns have not been discussed earlier in connection with the use of CIT. The SPAT model in Figure 1 shows both the service deliverer that the customer has left: (A) and switched to: (B). In both relationships there are different service encounters between customer and service deliverers where critical incidents can occur. The model also shows the breakpoint between the relationships when the actual switching takes place and the actual interview. The section showing service deliverer A is the actual switching path during which the customer goes through different phases that lead to a decision to switch. The switching path consists of four different parts: one initiating factor, one initial stage, one process and, finally, a result.

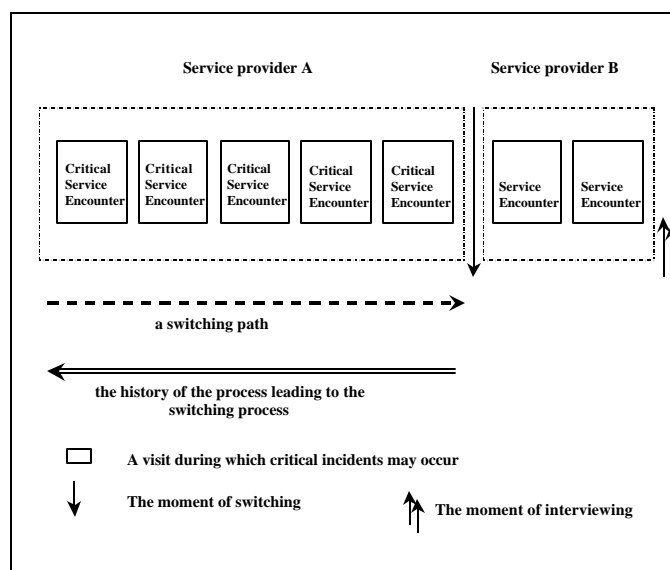


Figure 1 Switching Path Analysis Technique (1999a,b), p. 130

The switching path is triggered by a factor that changes the present relationship between customer and supplier by somehow making the customer aware of different reasons for switching. This initiating factor affects the entire switching path. There are three different triggers: external, internal, and situational. In the trigger, the company that the customer has switched to has served as some kind of comparative object vis-à-vis the company with which he has broken the relationship. The new company has perhaps changed or improved its business concept, is a new competitor, or simply can offer something that the former company could not. During the process, the customer begins to consider a change and becomes sensitive to the various factors that finally lead to a switch. The time span can vary and is here termed process duration.

The main reason for switching, according to the customer, is called the *push factor*. There are also *tip factors*, which alone cannot speed up or extend the switching process but which can expedite or delay the path that the customer goes through while considering a change. Even other factors could be classified as causes for switching, since they alone could lead to switching and not only be considered trip factors. These factors are not classified as switching causes but as *sub-push factors* because the respondents do not consider them to be the main

reason for switching. In other words, it is only a question of priorities???. Even if a customer has switched, there can be reasons why he could consider returning to the first company, by the force of a *pull factor* (Roos 1999).

Empirical Study

The sample of respondents was 209 customers who were listed at one of Volvo's larger car dealership's. 113 of these had bought a new Volvo between 1990 and 1999, and we managed to contact 88 out of the 113. It turned out that some of them had not been in contact at all with this car dealer, had not switched to another make or only re-registered their Volvo. In the end we had a target population of 47 respondents who had actually switched from a Volvo to some other car. We then added two more criteria: 1) The respondents' switch from Volvo should not have been caused by an external factor but had to be based on something that the individual himself could control. 2) The respondent should be able to supply us with enough information to interpret a switching process. Out of our target population of 47 people there were four who did not fulfill the first criterion and 16 who did not fulfill the second. Five people declined an interview. We do not know whether these five had switched because of external factors or if they could have supplied useful information. Thus, we chose not to include them in our selection. Altogether there were 22 people who fit our criteria and became our final target group.

Empirical Results

In this paper we chose to focus the discussion on the process as a whole instead of describing frequencies of occurrences. More specifically, we looked at dissatisfied as well as satisfied switchers and discussed differences and similarities between these two categories. But first, we used Table 1 to illustrate the type of results that was received from a SPAT survey, where each row represents one respondent. As can be seen from the table, two different triggers, situational and internal, initiated the examples we use. The situation-related triggers were caused by a new life situation that made the customer aware of reasons for switching, e.g. economic prerequisites due to unemployment, geographical or demographic changes or simply variety seeking.

In the example of a situational trigger in Table 1, the respondent wanted a smaller car due to changes in his family. When he looked around he perceived other cars as being better in a number of aspects such as fuel consumption, appearance and noise levels, and that was the reason to finally switch. One reason for his hesitation to switch (sawyer determinant) was that he felt the Volvo service personnel did a good job. Another significant aspect of this respondent - and all the other respondents who had switched due to a situational trigger - was that they are still satisfied with Volvo. The most common emotional state among the respondents in this study otherwise was dissatisfaction, irritation or disappointment. Considering that the samples we worked with consisted of customers who had switched, this is what could be expected. However, 18% (4 out of 22) of the respondents were satisfied customers, but they switched from Volvo anyway.

All of the satisfied customers had a situational trigger that made them terminate their relation with the Volvo retailer such as changes in their family situation, changes in working conditions, or that they simply wanted variation. Other aspects that these customers had in common were that they seemed to like the services and especially the front line employees' competence and service-orientation. What made them actually switch from Volvo in the end

was dissatisfaction with the financial conditions with the car. It was either too costly to drive or they simply were paid too little for their used car when trading it in. Something else that they all had in common was that they maintained a relation with Volvo in the form of Volvo's customer card, and that the one thing that could make them return as a Volvo customer is the car itself.

	COMPRESSED STORY	SWITCHING	<i>TRIGGER</i>	<i>PROCESS</i>						<i>OUTCOME</i>		
Relationship Length			<i>Trigger</i>	Pushing switching determinant	Swayer switching determinant	Pulling switching determinant	Emotions	Voice	Length of processes	Total/partial decision	Type of critical path	Word of mouth

' 5 years	We are only two in the family nowadays and needed a small but spacious car. Chose between V40 and Passat. They were in the same price bracket but I felt that I got more car for the money in the Passat ... good service at Volvo and that was the real reason for my hesitation to change.	Situational	COMPETITION	Personnel in the workshop +	The car	Satisfied		6 month	Total	⇒ ⇐	
' 1 year		Internal	-More silent -More stable -Lower fuel consumption -Appearance	The car - electronics -	The car -S70	Irritated/Disappointed	Yes	6 month	Partial	⇒ ⇐	
' 1 year	I bought a new Volvo and was treated like dirt. Sometimes when I had made an appointment and taken time off from work, the service personnel was sick and nobody had called and cancelled the appointment. I had made the trip in vain – poor service. The sales people have a darn arrogant attitude, almost enough to make you leave. They walk around with an upturned nose and wonder what you are doing there. Young people are overlooked ... how you are treated has a bearing on how you trust them. I was disappointed in the treatment and this was the main reason why I changed cars. I will never buy a car from Rejme's again.	Internal	SALES PERSONNEL						Total	⇒	Yes
' 2 years		Internal	THE VOLVO CAR	-Boring -Comfort -Noisy		The car	Dissatisfied	Yes	1 year	Partial	⇒ ⇐
	S40 was not at all what I had in mind... I was not satisfied. It was positively boring, the comfort poor and it was very noisy. I thought both the		WORKSHOP	Personnel in the workshop -		Dissatisfied		3 month			

sales and the service people were good at Rejme's. Unfortunately, I couldn't sell it as fast as I had wanted to because I would have lost too much money.

It started when we were going to have an alarm system installed and they messed up every time when they ordered codes and parts. It should only have taken a few minutes, but I had to make 5-6 trips to get things in order... a lot of trouble. I traded cars mostly because of the very poor service. Once I had to have a repaint job done on one side. They messed up and again I had to make several trips back. I didn't complain but I felt that they were rather sulky and unpleasant there. I did go in to the sales person and got some response but it didn't help much. I believe that they are too big and have lost the feeling for good service.

Table 1 Examples of Switching stories

The internal triggers appear when customers reacts to or become sensitive to something in the company, i.e. something has gone wrong in the relationship. In Table 1 we have included three different respondents who had switched from Volvo to another car brand due to an internal trigger. The respondents can be seen as representative of people affected by three possible causes for switching: the sales personnel, the personnel in the workshop or the car.

Discussion and Contribution

An interesting finding in the study is that the same push factors may lead to dissatisfaction, irritation, frustration **or** maintained satisfaction depending on the trigger. The common denominator for the customers' satisfaction with Volvo despite switching, was that they had started on the switching path caused by a situational trigger not related to dissatisfaction. The interesting question is why a satisfied customer switches from Volvo to another car brand. Earlier studies show that some consumers break relations even if they are satisfied (Roos 1999). Some examples of this in our study was that a family had decreased in size, changed jobs, or just needed some variation. The push factors mentioned by the respondents were owner economy, trade-in price, or a competitive car brand. The respondents do not tie these factors to anything unsatisfactory with the Volvo itself or with the retailer and remain satisfied after the switch. It is also apparent that the mentioned factors can be considered unsatisfactory by other customers, which again points to the significance of the initiating factor for the outcome of the switching path. It is also interesting to note that none of the satisfied respondents has spread negative word-of-mouth about the company. Even if a customer breaks the relationship with a company, it is important to stress that the break should be handled professionally and end on friendly terms. The former customer is otherwise likely to spread negative word-of-mouth.

From a service improvement standpoint, the internal triggers were the most interesting. The trigger was initiated by problems with either the car, in the workshop or with the sales personnel. Perhaps it was most natural to find that all of these customers were dissatisfied with Volvo as a company. More interesting was to focus on the incidents that were initiated in the "moment-of-truth". In all of these cases the customers had spread negative word-of-mouth, which was not the case when something had gone wrong with the car itself. It seems that when a problem is related to a human it has a larger negative impact on the customers' attitude compared to when a problem is due to the goods (car) itself. This is interesting since it may be interpreted as though people expect more from humans than from objects. Another interpretation could be that human interaction is important because the emotional impact is or may be very strong, either in a positive or negative way. This study also illustrates the customers' appreciation of the Volvo Card, i.e. Volvo's card aimed at strengthening the company's relationship with the customers. A majority (90%) of the switchers in this study still maintain a relationship with Volvo through this card.

The study contributes to our understanding of the role of triggers for customer switching in at least three ways. First, we have used the SPAT-method to map the switching process in a new way by describing the factors as well as the dynamic process leading to switching. Second, we have identified a number of relationship-related factors that influence the switching process. Important factors are: the car, the service orientation of the car dealer's front line employees, the Volvo Card, situational changes linked to the customers' life situation, word-of-mouth communication from others, the customer trust and competitors' offerings and marketing activities. We have identified the critical role of good service and the

great impact of the moments of truth for switching as well as the role of the core customer offering, in this case the quality of the car itself.

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