Customer Complaints and Switching Behavior

- A study of relationship dynamics in a telecommunication company

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and

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Introduction

Data on customer complaints and switching behavior provides us with important information about customer relationship dynamics. Studying customer complaints and switching behavior, i.e. crossroads in a relationship, will help us better understand the consequences of customer dissatisfaction and what erodes loyalty and has a negative impact on profitability. This understanding will help manage complaints proactively rather than reactively and help prevent switching. It will also improve quality and support service development.

In this paper we argue for the value of focusing on actual behavior rather than on intended switching. Furthermore, we argue for the value of mapping the switching process and to include data on the context, as described by the customers, in our analysis instead of focusing only on isolated incidents or episodes. Results from earlier studies show that dissatisfied and complaining customers might not switch, and that customers - who are satisfied but do not complain - might switch (Edvardsson 1998). We have chosen an empirical context where switching is common and where the customers have several and similar alternative service providers and service offerings to choose from, namely the telecommunication market in Sweden.

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The traditionally monopolistic market situation has changed dramatically for the majority of the Swedish telecommunication companies during the past few years. They now face keen competition, why the most important strategic issue is to keep the existing customers happy and prevent them from switching as well as attracting new customers. The companies have to develop new business strategies based on customer-driven value creation to improve productivity and profitability in the new service competition (Grönroos 2000). One way to gain insight into customers’ value-perceptions as a basis for quality improvements and service development is to learn from their complaint and switching behavior. Another way is to focus on communication for maintaining customer relationships (Edvardsson 1998).

Hart et al. (1991) argue for the importance of closing the communication loop with customers. They identified customer information through complaints to be particularly important. However, even more important was the service providers’ response to the complaints. Results indicate that the intention to switch largely depends on the service-provider’s response to the complaints. Another kind of information is received through understanding the basis for customers’ willingness to complain. The propensity to switch is high among customers in monopolistic industries but lower in loose monopolies (Singh 1990).

**The purpose and empirical focus** of this study is to deepen the understanding of customer relationship dynamics in the telecommunication industry. Understanding customers' complaint and switching behavior is a prerequisite for building long-term and profitable relationships with customers based on a clear and meaningful communication.

The empirical study was carried out in a large Swedish telecommunication company - in this study referred to as The Company - and two different data collection techniques were chosen. Firstly, interviews were made with customers who had switched to another company and, secondly, additional and separate complaint situations were analyzed. Critical incidents were focused on in both analyses.

**Theoretical framework for understanding customer relationship dynamics**

*From episodes to relationships*

The service quality and management literature focuses on customers’ own perceptions, episodes or moments of truth described in their own words as the basic point of departure (Grönroos 1982; 1987; Parasuraman et al. 1985; 1988; Gummesson 1991; Liljander and Strandvik 1995). To be able to understand incidents or episodes we need to put them in a
meaningful context, otherwise we will not be able to interpret the incidents and draw valid conclusions. We argue that the customers' perception of the relationship is the most relevant description to be used.

**Dynamic behavior in customer relationships**

A number of studies have focused on satisfaction/dissatisfaction and complaint behavior (Andreasen and Best 1977; Day and Ash 1978; Gilly and Gelb 1982; Edvardsson 1997; Liljander 1999). Customers seem to change both their complaint behavior and their perceptions of service quality during a long-term relationship, as their perception is influenced by factors that provoke a dynamic behavior (Blodgett and Granbois 1992; Rust et al. 1997; Bolton et al. 2000). On the other hand, the dynamism is likely to be influenced by other factors than those of the customer's visible behavior. Therefore, it is necessary to understand customer relationship dynamics better. Day (2000) suggests that a multifaceted understanding and knowledge of the firm’s customer base is necessary for all kinds of communication between a firm and its customers.

**From relationships to context-related customer behavior**

The relationship approach literature now stresses the importance of including the contextual data in order to understand customer relationship dynamics (Roos 1999 a, Edvardsson and Strandvik 2000; Roos and Grönroos 2000). It seems not to be enough to understand how a customer describes the acceptable price level of a product or what opening hours he prefers. Customers have reasons for their perceptions of products and services. In a relationship perspective the underlying reasons may be more interesting than the perceptions themselves. One customer may, for example, find it most natural to complain about a high price level, while another thinks it is unnecessary and not worthwhile. Both customers may still perceive the price level as high. Only by including the context it is possible to reveal the difference.

**Forming customer groups based on context related dynamic behavior**

It has been known for a long time that not all dissatisfied customers complain. It has also been assumed that the act of complaining may prevent a customer from switching to another service provider. In other words, the complainer seems to have other and additional reasons for complaining. In Oliver’s (1997) behavioral model the ability and motivation to complain is considered together with their respective antecedents. Ability refers to the knowledge of the channels through which to complain. Information on customers' complaint behavior seems not
to be enough to group customers in various market segmentations. On the other hand, if we add information about the context we may be able to distinguish between customers in the customer base.

Keng and Liu (1997) showed that there are important differences in complaint behavior between different customer groups. They compared group-oriented and self-oriented customers. Group-oriented customers prefer warm relationships, security and a sense of belonging. Self-oriented customers, on the other hand, focus on a sense of accomplishment, self-respect, self-fulfillment, being well respected, excitement, and fun and enjoyment. The former was categorized as non-complainers, and the latter as complainers. The group-oriented quit the product, quit the brand, boycotted the seller, and complained to family and friends. The self-oriented complained to both the manufacturer and to consumer protection organizations, and they also complained to their family and friends, and to the seller. However, all customers do not want to be identified as complainers (Roos 1999 b). A customer may be afraid of being intimidated by the supplier. Edvardsson (1997) proposes a balance between the concepts mentioned above. A customer, whose cultural norms do not allow him/her to complain directly, may complain indirectly. A balance would require that the supplier, the one to whom the customer complains, would identify and understand the complaint even though it was communicated indirectly. In order to make use of such information, the emphasis lays not only on which customer group is likely to complain, but also on the fundamental nature and consequences of the behavior. Only then does the information add to the understanding of customer relationships.

**Complementary concepts and methods**

In the customer relationship literature the interpretation and understanding of customer relationships has come from critical incidents (Edvardsson 1988; Bitner et al. 1990; Olsen 1992; Stauss 1993; Strandvik and Liljander 1994; Stauss and Weinlich 1995; Decker and Meissner 1997). Gradually, the focus has changed to include the strengthening or weakening effect on relationships of the critical incidents (Edvardsson and Strandvik 2000). For many reasons the consequences for the relationship of a reported critical incident is difficult to determine. The beginning and the end of a critical incident is seldom clear.

Once the starting point is clear, most customers can track the criticality and describe it. The consequence is clear when the outcome appears as actual behavior reflecting the initial purpose of interest. Then customers can describe and include in the incidents, or range of
incidents, relevant factors for the particular purpose more easily. Therefore we use a critical incident variant, which describes the customer relationship after an obvious change in behavior. The customers are asked to describe the process leading to changed behavior and replicate it as a switching path (Roos 1999b).

Dissatisfied customers will complain or switch sooner or later. Customer complaints will result in negative word-of-mouth but necessarily not complaints to the service provider. Dissatisfied customers may lower their service consumption, which in this article means the telecom services. The combined effect of negative word-of-mouth, switching, and reduced consumption will affect the productivity and profitability of the customers' relationships negatively. Thus, improved customer complaint management and learning from customer switching behavior will result in more profitable customers.

**Method**

We used a CIT-based method for identifying and describing the switching process from a customer perspective. The model in Figure 1 describes the character of the switching process (Roos 1999b), which is the basis of the mapping that has been made in this study. The switching framework is divided in a trigger, the initial stage, a process, and a result. The catalytic character means that the triggering part in the process affects the switching process as long as the switching process is in action. Thus, the trigger that affects the switching process decides the course (of events). The process itself becomes visible through a configuration of switching determinants, one Pusher, one Swayer, and one Puller as switching determinants. The switching determinant is triggered by the reason the customer states for the switching (Pusher), another reason that either has counteracted the decision (+ Swayer, positive) or has speeded up the switching decision further (- Swayer, negative) and one reason that has conducted the customer back (Puller) in those cases when he switched only one part of the subscription.
The visible process is related to the trigger; one could say that the trigger supplies energy and direction to the switching process, while the switching determinant configuration keeps the process going. The result of the switching process can either be that the customer switches completely or that he switches only partly. In the latter case, the customer has several service deliverers that supply him/her with the needed service. For the service deliverer it is of course important to know his position among the competitors.

**Data generation and realization**

This study focuses, in addition to broken customer relationships, on critical incidents between The Company and private customers with the point of departure in the customer perspective and the customer’s own descriptions of critical incidents. The study stresses descriptions of customer dissatisfaction as enacted in critical incidents, as regards reason, course of events and results, i.e. the effects on the customer’s future relationship with The Company.
With a critical incident we mean a specific incident or a situation in the relationship between The Company and its customers. The incident must be clearly identifiable and described by the customer as deviating because he did not get what he expected or that he got more than anticipated. In the former case it is a question of a lack of quality and in the latter of a situation where customers’ expectations are exceeded and cause delight.

This study focuses on critical incidents in private customer relations with The Company during the past year. The Critical incident method has been used frequently in the service field (Flanagan 1954; Bitner et al 1990; Edvardsson 1992; 1997; Stauss 1993). The method means that customers are asked to describe specific, critical incidents such as they remember them at the time of the interview. It is important that they can express the incidents in their own words. The stories are written down and analyzed and then sorted in different categories. One common basis for the formation of categories is the reason behind the critical incident. One can also study various elements or activities in the critical incidents and thus make the analysis more process oriented.

The data collection was divided into two phases; the first was interviews focusing on complaints. The second phase was interviews that specifically asked customers to explain why they switched from one telecom operator to another. All customers were contacted during April of 2000 through telephone interviews.

The base for the data collection in the customer complaint section was three lists from The Company with randomly chosen customers who had complained. First, customers who had had technical problems and therefore reported a technical error, second, a group who had complained to the national customer service centre, and third, a list of customers who had had problems with Internet.

Altogether some 60 customers were contacted and 23 of them interviewed by telephone. The data collection was carried out during April and the first week of May. An interview guide was used consisting of the following parts:

- **Describe the reason for the complaint, the critical incident**
- **Describe in detail the incident or the situation that made you disappointed**
- **Describe your perception of the telecom company’s handling of the complaint**
- **How has this affected your future plans concerning the telecommunication supplier?**
- **Has anything similar to the incident above happened earlier?**
All interviews were summarized and written down in the form of a short narrative (Riessman 1993).

The first part of the research consisted of complaint interviews with 23 customers who had demonstrated their dissatisfaction by telephone and 7 who had complained by e-mail to the telecom company. In addition, interviews were conducted with 20 people who had reported the phone out of order. This material resulted in 25 complaint stories for analysis. The interviews were taped, transcribed and analyzed.

The second part of the selection was a list of dissatisfied customer provided by the telecommunication company. Among 209 people 33 were interviewed and of these 23 (14 men and 10 women) retold the switching processes, which were taped, transcribed and later analyzed.

**Findings**

First we present the results from analyzing customer complaints in The Company, thereafter the results from analyzing the switching processes.

**Complaint results**

In this section we show the results in three tables in which the identified various categories of critical incidents are described. The categories are: cause, course of events and results or effect on the customer’s future relationship with The Company. Three categories of problems or critical incidents were identified: 1. Technical problems (14), 2. Pricing/billing (6), and 3. Miscellaneous (5) regarding disconnection, transfer of phone number, information regarding hypersensitivity to electricity, installation of extra phone jack and dissatisfaction with the instructions regarding a new system. The common denominator for these incidents is that the information in one way or another was insufficient, which resulted in unrealistic expectations. The telecom company has not always been able to handle these expectations in a satisfactory way. It can be a question of incomprehensible or faulty instructions, inadequate, poor treatment in connection with questions regarding electrical hypersensitivity or poor explanations why transfer of a phone number is not possible within the same local area. It can also concern information about a new number in other languages than Swedish. The technical problems can be seen in the following table.
Table 1. Technical problems

<table>
<thead>
<tr>
<th>Cause</th>
<th>Course of events</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency switch</td>
<td>Was believed.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td></td>
<td>Quick solution to the problem.</td>
<td></td>
</tr>
<tr>
<td>Disturbances on the net</td>
<td>Was not believed.</td>
<td>Very dissatisfied. Is going to switch companies.</td>
</tr>
<tr>
<td></td>
<td>Problem not solved despite repeated reminders.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>‘The Company doesn’t care and doesn’t believe what I say.’</td>
<td></td>
</tr>
<tr>
<td>Line disturbances</td>
<td>Was believed and promised quick service. The repairmen did a good job. The problem not quite solved.</td>
<td>Satisfied. Considers returning to The Company.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone out of order</td>
<td>Was believed and promised quick service. Good explanation. Problem solved quickly.</td>
<td>Very satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Telephone out of order</td>
<td>Was believed. Repaired quickly and smoothly.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Telephone out of order</td>
<td>Was believed. Problem solved the very same day.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Technical problem</td>
<td>Was believed and treated well. Two hours later the problem was fixed. ‘I trusted the repairman.’</td>
<td>Satisfied. Has strengthened the relationship.</td>
</tr>
<tr>
<td>Telephone out of order</td>
<td>Difficult to get in contact with The Company. ‘I contacted the CEO, then the problem was solved.’</td>
<td>Dissatisfied. Weakened relationship. ‘There are a few blockheads at The Company.’</td>
</tr>
<tr>
<td>Telephone line out of order</td>
<td>Was believed and well treated. Within an hour the problem was solved.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Telephone out of order</td>
<td>Was believed and well treated. They sent a repairman who fixed the problem.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Problem with the number presenter</td>
<td>Waiting line for reporting complaints. Was not believed. After 1.5 months the problem was solved.</td>
<td>Somewhat dissatisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Something wrong with the telephone</td>
<td>Was believed and promised quick attention. ‘Nothing happened and I had to remind them several times. Poor service.’</td>
<td>Dissatisfied. Weakened relationship. ‘We hated The Company for some time.’</td>
</tr>
<tr>
<td>Something wrong with the telephone</td>
<td>Was believed and promised quick attention. This happened, and the repairmen were very nice.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Something wrong with the telephone</td>
<td>‘I was believed and promised quick attention, which we also got.’</td>
<td>Very satisfied. Has not affected the relationship.</td>
</tr>
</tbody>
</table>
The following table regards complaints due to problems with billing and pricing.

Table 2. Pricing/billing

<table>
<thead>
<tr>
<th>Cause</th>
<th>Course of events</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion on The Company’s pricing</td>
<td>Had read in the press about different companies' pricing. Contacted The Company. Interesting discussion and a good explanation.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Complaint about costs</td>
<td>Problem with deregulation in 1999, that my international calls ended up with The Company. Was not believed and felt inferior.</td>
<td>Dissatisfied. Has changed supplier.</td>
</tr>
<tr>
<td>Incorrect subscription</td>
<td>Was treated well and promised correction. This did not happen despite several reminders.</td>
<td>Very dissatisfied. Weakened relationship.</td>
</tr>
<tr>
<td>Question about phone bill</td>
<td>Asked for a specification. They really knew what was going on. ‘I got very good information and was treated well.’</td>
<td>Very satisfied. Felt right Strengthened relationship.</td>
</tr>
<tr>
<td>Incorrect phone bill</td>
<td>Was believed, and they fixed the problem immediately.</td>
<td>Satisfied. Has not affected the relationship.</td>
</tr>
<tr>
<td>Phone bill too high</td>
<td>‘I was told that there was nothing they could do. I had to pay for calls that I had not made.’ Was not believed.</td>
<td></td>
</tr>
</tbody>
</table>

Customers with complaints about miscellaneous problems are presented in Table 3.

Table 3. Miscellaneous problems

<table>
<thead>
<tr>
<th>Cause</th>
<th>Course of events</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disconnection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving charge paid too late.</td>
<td>Was treated badly. It didn’t feel good. It was my own fault. Took a few days until the phone was connected again.</td>
<td>Dissatisfied. Got three movie tickets as compensation. Has not affected the relationship.</td>
</tr>
<tr>
<td>Transfer of phone number</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moved within Hammarby in Stockholm. Was told that it was not possible to transfer my old number.</td>
<td>Was not possible to get the information about the new number in another language than Swedish. No good explanation.</td>
<td>Dissatisfied. Has weakened the relationship. ‘The company has not solved the problem but I have received polite letters from them.’</td>
</tr>
<tr>
<td>Asked for information on hyper-sensitivity to electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>‘I didn’t complain, I just wanted to know something about hyper-sensitivity to electricity.’</td>
<td>Was contacted by a man who treated me as a ‘crazy woman’. He didn’t think I knew anything. Unprofessional treatment.</td>
<td>Dissatisfied. Unchanged relationship. Something similar has happened earlier.</td>
</tr>
<tr>
<td>Installation of extra phone jack</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needed an extra jack. The installation didn’t work due to a</td>
<td>The same person was sent back to correct the problem. Went fine, it</td>
<td>Satisfied. Unchanged relationship.</td>
</tr>
</tbody>
</table>
There is reason to note that the 25 incidents represent a limited selection, and that it is not possible to draw definite conclusions from this material, but - as in other studies we have carried out - the pattern that emerges at an early stage usually also holds true on a larger scale. However, saturation can not be reached after having studied 25 incidents.

We have chosen to concentrate the analysis to a few central themes. These themes have emerged successively when we have worked with the material and read and reread the stories.

**Relationship aspects on the complaints:**

**Unchanged relationship.** In 13 of the cases the relationship was affected by the critical incident. In these cases the telecom company solved the problem behind the critical incident in a somewhat satisfactory way. There are also several examples of customers who were dissatisfied but not to the point that it has weakened the relationship. Following is an example of an unchanged relationship despite a complaint situation.

*A severe storm had blown down some branches on the telephone line and caused a noise on my phone. Sometimes it didn’t work at all. When I complained to The Company I was treated well. They immediately sent a repairman who fixed the problem within one hour. I feel that this in no way has affected my relationship with the telecom company.*

**Weakened relationship.** In three cases the relationship has weakened, and in one case the customer decided to leave The Company as a result of the critical incident. In all cases it is apparent that the critical incident consists of a combination of factors such as the customer is not believed, poor treatment, and that the problem is not solved within a reasonable time period and sometimes not at all. When several mistakes are made, strong negative feelings are evoked in the customer.

*There was something wrong with my phone so I reported it to the customer service. The person I talked with promised that a repairman would be coming immediately. Nothing happened so I had to call and remind them several times. It could be because I live far out in the countryside. After the repair it didn’t take long before the*
phone was out of order again, and when I called to report this I expected an apology for the renewed trouble, but none came; it didn’t seem to register with them. Instead they treated me as a troublesome customer. They seemed to think: `There are other customers’.

The Company repositioned a cable in the ground. The new cable was to connect outside our property line, but a part of my property was dug up anyway. Besides, there was a problem with the connection, which caused disturbances on the line. They tried to reduce the number of connections to the house but the disturbances continued. I have mentioned this to The Company a number of times but without success, nothing happens. The repairman said that nothing could be done about it. Despite repeated contacts with The Company including written complaints, they haven’t solved the problem. The service department has treated us disrespectfully.

**Strengthened relationship.** In two cases the relationship has become stronger. Common for these cases is that the customer has been believed, received information and - not least important - the customer’s problem has been solved quickly and respectfully. This is how ‘failure possibilities’ work, i.e. that one can put things right and in some cases even strengthen the customer relationship when something has gone awry, the customer is discontent and complains.

The phone didn’t work, no line out. I contacted The Company’s customer service. I was treated well, and two hours later a technician came and fixed the problem. I feel that they handled this very well. I had confidence in the technician. He knew what to do. This has strengthened my relationship with The Company. Something similar happened a couple of years ago in connection with a thunderstorm. The Company did a good job also at that time.

The phone bill was considerably higher than usual. It included many international calls. I contacted The Company and asked for an itemized bill. They knew exactly. I got good information and was treated respectfully. They handled the matter very well and it felt good about it. My confidence in The Company increased. It has strengthened my relationship with The Company. Nothing similar has happened to me earlier.

I feel that The Company has handled this in a very poor way. The service people and pleasant and promise correction but don’t follow through even after the management has been alerted. This is not good. It has weakened our relationship with The Company. Nothing similar has happened earlier.

**Good treatment is an important part of customer relationships:**

It is always important that customers are treated well. The study confirms that good treatment of and belief in customers are decisive in how customers perceive The Company’s handling of a critical incident. It affects the customer’s future planning more than anything else.

**Stable customer relations are based on trust:**

The results show that most customers trust The Company and that stable customer relations can withstand a few critical incidents. The trust is mutual, i.e. that The Company must trust its customers in order for the customers to trust and have confidence in The Company. When the customer feels that he is trusted, treated well, and gets his problem solved and questions answered, the relationship in not weakened but in some cases even strengthened. However, repeated critical incidents will destroy the trust and can cause reconsideration of the
relationship. To summarize, we have found that most critical incidents consist of a number of factors that are connected:

- problems with the core service (e.g. technical problems)
- treatment by The Company that raises positive or negative feelings
- information (e.g. an acceptable explanation of the problem and/or a promise of correction)
- correction of the problem and how and when this takes place

It is not enough to take care of the ‘logical parts’ but to make sure that the treatment and the ensuing feelings do not become negative. It is important that the customer will feel that he is believed and respected, that The Company is receptive and listens. The customers should not feel that they are treated nonchalantly and ignored. The explanation for a deteriorated or an improved relation is to be found in how the company solves the problem (e.g. to keep what has been promised) and what feelings the company evokes in the customer.

In the study it is clear that there are great variations in how customers are treated and how customer dissatisfaction and complaints are dealt with depending on who the respondent is. There seems to be a lack of policy and routines for how complaints should be taken care of and how The Company is to follow up in an appropriate way so as to solve problems and keep customer relations from going sour.

**Switching processes**

By mapping customers’ switching processes we can get a description of the relationship in a specific company tied to outside factors with decisive influence on the relationship between company and customer. This is the reason that the switching processes are influenced mainly by Influence triggers. Competition is a completely new phenomenon for The Company, and their customers are not used to the new situation, which becomes evident in the switching processes.

**The Trigger**

The trigger is the part of the switching process that makes the customer sensitive to other factors around and in the relationship. By identifying the trigger one can see the characteristics of the customer relationship. Triggers are described as follows:

1. **Situation trigger**
   The situation trigger is caused by a change in the reality in which each customer is living, which alters the need for telecommunication. It could be caused by:
   a. a need for another form of telecommunication, e.g. a mobile telephone
b. decreased need for telephony
c. increased need for telephony
d. a job change, including a new telephone

2 Influence trigger
   a. other customers’ relationships to The Company
   b. other telecommunication companies’ PR and advertisement campaigns
   c. new situations within The Company
   d. general pricing
   e. a general interest in telecommunication

3 Reaction trigger
   a. incidents in a service situation
   b. installation incidents
   c. customer service interaction
   d. ‘spill-over’ effects from family members
   e. contacts with The Company during sensitive life periods
   f. a new subscription
   g. disturbances on the line

Earlier studies in The Company show that price is the most common reason for switching, which can be explained by the dominating Influence trigger. Competition focuses on prices, which is not the same as that the price is the cause for switching. Competitors’ campaigns and discussions among friends about the various telecom operators may move people on to the switching path. When already on the way, all other aspects on the relationship with the supplier become visible. These aspects give The Company an opportunity to treat the customers in a way that emanates from the causes of customer stability. By concentrating on these causes, The Company can reach the customers without them realizing that these factors are the decisive once in the stability of the relationship.

**The Process**

Switching determinants based on situation triggers indicate a customer group that has a real need to change the telephone subscription. The need to make phone calls has decreased, the need to make international phone calls has increased, or an Internet subscription is called for. The pushing switching determinants are usually Price or Uncertainty that the price is right. The swayer determinants are positive, e.g. Availability and Security. Pulling switching determinants are Force of habit and Security. Such customers require a change in their telephone subscription as a result of another situation-based change. They still weigh Price against other important factors such as Security, Force of Habit, and Availability very carefully.
Influenced-based switching processes dominate in The Company, something that is caused by the present situation in the field. Caused by the turbulent market situation the transaction-related marketing strategies dominate. Characteristic for such strategies are Price and Advertisement. Therefore a majority of the interviewed claim to have been affected by offers from The Company’s competitors. Even though most of them claim Price to be the Pusher, the majority has a positive swayer factor that has kept them from switching. In addition, many claim factors such as Security, Force of habit, Suitable billing periods, and Dependability as Pullers. These customers normally do not feel tied to The Company and therefore do not carefully consider their switching decision.

Reaction-based switching processes are usually based on some form of critical incident. Customers claim that Customer Support and Unreliability are switching determinants, and their swayer determinants are usually negative. The negative swayer determinants cause a problematic, interactional situation of some kind to remain unsolved and contribute to a worsened situation. Therefore, the complaints can supply further information regarding this customer group. A thorough description of the situation is necessary.

However, the switching processes show clear differences between the customer groups. These differences are based theoretically on what trigger is the bearer of the switching process, which is shown in the matrix below.

Table 5. Switching process shown in a matrix

<table>
<thead>
<tr>
<th>Switching process</th>
<th>Pusher</th>
<th>Swayer</th>
<th>Puller</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situation</strong></td>
<td>Mobile pricing</td>
<td>+Availability</td>
<td>Security</td>
</tr>
<tr>
<td></td>
<td>Inflexibility (Internet)</td>
<td>+Security</td>
<td>Habit</td>
</tr>
<tr>
<td></td>
<td>Chance (Internet)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Influence</strong></td>
<td>Price</td>
<td>+Diversity</td>
<td>Diversity Competitors (Inability)</td>
</tr>
<tr>
<td></td>
<td>Billing</td>
<td>+Customer support (Internet)</td>
<td>Billing (Too expensive with many bills!!)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+Product assortment (ISDN)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+Reliability</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Billing (Internet)</td>
<td></td>
</tr>
<tr>
<td><strong>Reaction</strong></td>
<td>Price</td>
<td>+Flexibility</td>
<td>Diversity</td>
</tr>
<tr>
<td></td>
<td>Customer support</td>
<td>-System error (Responsibility for the net)</td>
<td>Security</td>
</tr>
<tr>
<td></td>
<td>Unreliability (Promise to keep the same number)</td>
<td>-Inaccessibility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reporting problems</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Complaints

Almost half (10) of the interviewed Company customers say that they have never complained. Their switching processes are often affected by an Influence trigger, for instance, the customers are easily influenced by competitors’ campaigns and want to try something new. They are not dissatisfied with The Company - still they want to try another supplier and claim that they switch because of The Company’s high prices. However, their knowledge about the pricing is unclear why they are often disappointed with the new supplier and return to The Company. It is important to understand the reason why they return, so that such arguments can be used to prevent the switching from taking place at all.

There are still a number of customers who have complained repeatedly (7). Their complaints have often concerned problems on the line, problems caused by thunderstorms, or Internet-related problems. All customers who have had to repeat their complaints have a weakened attitude towards present and future dealings with The Company. By focusing on how to prevent causes for complaints as much as possible and how to handle complaints well when they do occur, the customers' attitudes towards The Company can be improved.

Most customers said that they did not experience any particular feelings in connection with the switching process (15), but 7 customers attested to the contrary. It is known from other research in the field (Westbrook 1987; Liljander and Bärlund 1996; Roos 1999 b) that feelings depict involvement, why customer reactions are strong when the trust in The Company is on the scale. Most people who expressed strong feelings in connection with the switching process said that they either feel more tied to The Company now than to other telecommunication companies, or that they are dependent on The Company because of the former good relationship.

Under the headline ‘Implications’ we describe the three types of switching processes, their special features, content and frequency pertaining to The Company.

Managerial implications

The thorough analysis of the complaints shows that there are reasons for The Company to focus on the interplay between core service and supporting services. The core service is of course important, but the supporting services such as reception, information, and speed of repairs are just as important. It can be seen in the interviews that the discontent that leads to
weaker relations is often caused by a combination of failures in support and core services. A complaint situation is meant to remove the problem, instead it often makes things worse.

**Switching processes with situation triggers.** These switching processes are put in motion by customers’ real needs, needs for something new in the telecommunication field. People sometimes enter another phase in life with either an increased or a decreased need for telecommunication. People also move and find that they require a change in telecommunication. The need makes the customer sensitive to factors, which at that point in time fulfil his/her situation better or, considering the situation, seem unnecessary. The situation trigger should make The Company observant when such needs occur. The customer

- makes less phone calls because of a new life situation
- needs to make international calls often
- uses Internet frequently (e.g. at a fixed rate)
- lives in the countryside, (should bring about a price discussion (Internet))

Such customers

- do not complain
- are not particularly interested in telecommunication
- require customer support for Internet
- are not affected much by advertisement

'I changed to another Internet supplier but kept the phone with The Company, and that feels safe’

‘We have changed to another supplier for Internet, but out of old habit the phone is still with The Company. We don’t want to chase prices.’

**Switching process with influence trigger.** Most switching processes belong to the category *Influence triggers*. These customers are aware of competitors’ offers and also search actively on the Internet themselves without critically analysing the advertisements. Therefore, most switching is not carefully considered and the costs poorly calculated. There are exceptions where the information is actively and carefully considered before switching to a competitor, which in most cases in our study meant Company number two. Thus, there are two different categories in the switching process with influence triggers:

- people who plan a change on the basis of a better offer from a competitor are labeled ‘Engaged’.
- people who switch without checking the offer carefully are labeled ‘Not engaged’.
They

- switch often
- are frequent mobile users
- do not know who the Internet operator is

The two customer groups differ in many ways. The ‘Engaged’ are interested in the branch and know a great deal about Telephony and Internet. They follow the competitors’ development, which they often deem less successful than The Company’s. Still they switch if the price is lower. The unsuspecting customers switch only to discover that not much turned out the way they expected. Many are surprised when they get the first bill from the new operator, and they find it difficult to compare prices if the billing periods differ and they get bills from several companies. They often have different operators for their telephony and Internet supplier.

**Switching processes with reaction triggers.** People whose switching processes are affected by a reaction trigger form a clear category of its own. These customers are interested in telecommunication and want to know what is new in the field and want the equipment to function without disturbances. Therefore, they are demanding in their contacts with customer support and in other interactions with The Company. They often have another switching determinant than price and they often have a negative swayer determinant, which causes repeated complaints and strong feelings. Most catastrophic is their negative attitude development in combination with their interest in the branch. This interest is a topic of conversation among friends and acquaintances. Thus, the combination of negative attitude development and interest in the industry probably result in the spreading of negative word-of-mouth. These customers

- form a well-defined customer segment
- complain repeatedly
- react strongly when they are not met with respect
- their communication with The Company often increases their discontent
- are interested in the branch
- are interested in other factors than the price
- value the safety and continuity with The Company

**Discussion**

This customer research was carried out with the help of two different methods, namely customer complaint analysis and switching process mapping. We have argued for the value of focusing on actual behavior rather than on intended switching only. Furthermore, we argue
for the value of mapping the switching process and to include data regarding the context, as described by the customers, in our analysis rather than focusing solely on isolated complaints. The telecommunication market in Sweden represents an empirical context where switching is common and where people have several alternative service providers.

On the basis of information on the switching processes, the customers could be classified into the following categories: (1) situation-trigger related switching processes, (2) influence-trigger related switching processes and (3) reaction-trigger related switching processes. These three customer groups show different switching behavior. The first group bases its switching on a change in the need for telecommunication. The second group, which dominates among The Company customers, is more difficult to describe easily as the group shows frequent switching. The third group has been described thoroughly through the complaint analyses. Therefore, the conclusion is that the second group would need another and more extensive and thorough investigation. Since the Influence customer group is the dominating one and contains subgroups, it should also be quantified carefully among The Company customers.

According to the analyses that have been made in this study, it is likely that The Company customers respond differently to marketing communication. Different strategies are required for the various customer groups to be satisfied in their customer relationships, which is a main prerequisite for stability. The customer groups are labelled Situations-, Influence- and Reaction-customer groups. Thus, in order to improve customer relationship profitability, it is necessary to understand the differences among groups of customers - how to communicate with them, how to manage complaints, and how to develop new and better services continuously. This contingency approach has turned out to be crucial in order to improve relationship profitability in both a short and - above all - in a long term perspective. As shown in this study, many complaints and causes of dissatisfaction that lead to switching tend to reoccur and form a pattern. Furthermore, the pattern differs to some extent in various customers segments. In managing customer relationship profitability it is imperative to understand the similarities and differences between groups of customer in how they react in complaint and switching situations.

'Situations customer groups' contain those customers whose contact with the supplier runs smoothly. As long as nothing new happens in the customers’ own surroundings, they remain loyal. When something does happen that causes a change in the telecom situation, they
consider and plan a change. Therefore, interaction and communication between The Company and them is important in order to keep them away from the switching path.

‘Influence customer groups’ include two sub groups on a spectrum form ‘less extreme’ to ‘extreme’. The ‘Engaged’ are interested in the branch and demand competent service and support when they need it. The ‘Not engaged’ are more difficult to reach. They switch often without reflecting on why. They do not seem to know what is included in their customer relationship with The Company and what they will miss by switching to another operator. This group can be reached by ordinary information such as what is included in the bill form The Company, billing periods, customer support, or what is required when they want to have an Internet connection etc. These customers need continuous communication to be kept active in the customer relation. This group is not that interested in the telecommunication industry. The extreme group is well informed and interested in the branch, why they constantly want to try new ways. Both groups are easily influenced by advertisement.

‘Reaction customer groups’ consist of loyal customers who feel secure in their relationship with The Company. They are not always very interested and knowledgeable in telecommunication. Thus, they are dependent on customer support, and this is the reason why they often complain. When they complain they are sensitive to poor treatment. They often react strongly to indifference or to be kept waiting for a long time. If such people switch to another supplier, it is not very easy to get them to reverse the decision. These customers trust that The Company has reasonable prices.

Suggestions for further research

Customers who are affected by Influence triggers make up a dominating group that seems to react very differently to competitors’ campaigns. Some switch and are very easily affected, while others only note that they do not consider switching. This difference is very interesting. Still, this group is quite conscious of the competitors’ operations. One customer group, and also one part of the company business within The Company, that has been especially difficult to reach is the mobile phone users. Perhaps they can be reached by focusing on why certain of them can be enticed to switch while others can not.
References


