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Switching Cost and Consumer Behaviour: A Structural Analysis of Telecom Sector of Pakistan

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Abstract: The vanguard of the marketing concerns is upshot of the concentrated regulations, intense price competition reducing customer loyalty and propelling customer retention. The function of customer retention in switching cost is postulated, but has not been investigated to scrupulous empirical testing. Therefore the switching cost as the most contemporary issue in social sciences is used in this study to explain the behavior of customers. The present research explains the conceptual framework of switching cost as dependant variable with six independent variables quality, satisfaction, loyalty, retention, recommendations and repurchase. The simple random sampling was done to select the sample of 200 respondents with different demographic characteristics, from different cities of Pakistan. The data was collected on self administered questionnaires based on mobile telecommunication industry. The descriptive statistics and regression analysis showed the quality and recommendations as the most influencing factors of switching cost. The customers show loyalty and retention to the services of telecom industry when expected quality is provided. The Cron batch Alpha shows the reliability of items tested for switching cost. The study attempts to address the refining and conceptualization of switching costs as an imperative element in marketing to understand the behavior of customers in developing countries. The results provide a deep insight of consumer behaviour and their preferences which reduces and eliminates the chances of switching to other services in telecom industry. The mechanism is suggested for the marketing managers to develop an effective strategy for the retention of customers.

Key words: Switching cost · Consumer behaviour · Loyalty · Satisfaction · Quality · Retention

INTRODUCTION

Switching cost is one of the most discussed contemporary issues in marketing in attempt to explain consumer behavior. Switching costs refers to the costs that customers associate with the process of switching from one provider to another [1]. Switching costs are an issue for the services industry around the world, restricting the ability to attract customers from competitors. Service switching is a growing research area in marketing. Several studies have revealed that the following factors contribute to customer switching: dissatisfaction in the insurance industry [2], service encounter failure in the retail industry [3] and perceptions of quality in the banking industry [4]. Considerable work has been done looking at customers' attitudes to switching and the associated costs, as well as the typology and antecedents of switching costs.

However, not enough studies have been conducted on the subject of the mobile telecommunication service industry inside or outside Pakistan; a mere handful of research papers have been published. This is partly due to the relatively short history of the industry. Only in the late 1990s did research on factors affecting customer loyalty and carrier switching begin. In particular, there are few studies examining interactions between factors affecting customer loyalty. This paper analyses the effects of service quality, customer loyalty, customer satisfaction and customer retention on switching cost in the Pakistan mobile telecommunication service industry.

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Previous research on switching behavior [5], initially applied brand-switching models to analyze market share in the goods market. However, for services, consumer switching behavior may be different because services are distinguished from goods based on five special characteristics: intangibility, inseparability, heterogeneity, perishes ability and ownership [6]. These special characteristics usually result in the absence of a tangible output in services and they distinguish services from goods [7].

In the telecommunication sector there are a number of critical costs that must be considered when switching. These includes the costs of informing others of the change (friends, colleagues and business associates), the cost of acquiring new lines, cost associated with breaking long standing relationships with a service provider, cost of learning any new procedures in dealing with the new service provider and cost of finding new service provider with comparable or higher value than the existing firm. Apart from these there is time and psychological effort of facing uncertainty with the new service provider [8, 9]. Consequently, switching cost is more pronounced in mobile telecommunication because mobile telecommunication companies spread high fixed costs over an installed customer base. Departing customer, therefore, lowers future revenue streams, but not fixed costs. Even for new customers, it is argued that, it costs more to acquire new customers than to prevent them from defecting [10].

Furthermore, previous studies have highlighted that service quality and satisfaction are related to service switching [10, 11]. It is advised to mobile carriers that first, mobile carriers must focus on service quality and offer customer-oriented services to heighten customer satisfaction. At the same time, efforts to raise the switching barrier must build a long-term relationship with customers by further investing in customer relationship management. Second, among factors establishing service quality, the factors with a significant impact on customer satisfaction appeared to be call quality, value-added services and customer support. This suggests that, while mobile carriers have improved call quality over the past several years through massive equipment investments, call clarity and coverage, according to customers' perceptions, still retain their importance. In addition, mobile carriers must concentrate their efforts on developing value-added services to increase enjoyment and convenience. In the area of customer support, carriers must strive to minimize customers' inconvenience by speedily processing customers' complaints through a variety of systems and channels.

According to [12], "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire". There are many factors that affect customer satisfaction. According to [13], these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service.

Customer satisfaction holds significant importance in corporate sector because without satisfied and loyal customers, you don't have a business. A single unsatisfied customer can send away more business from your organization than 10 highly satisfied customers. The more you focus on customer satisfaction and retention, the more long-term business you will get. Its worth to focus on customer satisfaction strategies; no matter how large or small your organization is as a well known fact is that referrals only come from customers who are "apostles".

In the real world, unsatisfied customers tend to convey their negative impression to other customers or create a negative word of mouth. Consequently, customer dissatisfaction leads to low loyalty [14-16]. This implies that customer satisfaction and customer loyalty are highly related and that dissatisfaction fosters a customer's intention to switch. [17] stated that companies with satisfied customers have a good opportunity to convert them into loyal customers who purchases from those firms over an extended time period.

Customer loyalty, according to [18] "is actually the result of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organization. [19] said that customer loyalty refers to "a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behavior". True customer loyalty is created when the customer becomes an advocate for the organization, without incentive".

[20], "Customer retention is potentially one of the most powerful weapons that companies can employ in their fight to gain a strategic advantage and survive in today's ever increasing competitive environment. It is vitally important to understand the factors that impact on customer retention and the role that it can play in formulating strategies and plans". [21] said that retention can be defined as "a commitment to continue to do

business or exchange with a particular company on an ongoing basis". According to [22], customer retention is "the practice of working to satisfy customers with the intention of developing long-term relationships with them". In practice, organizations are increasingly setting themselves strategies to measure and ensure customer retention and charging their staff to be more customer-focused and service-oriented.

Pakistan mobile telecommunication services are clearly exhibiting signs of an abrupt industry paradigm change and symptoms of a market in transition. Bolstered by the rapid development of information and communication technologies (ICT) and high demand from customers, the paradigm of mobile telecommunication services is now shifting from voice-centered communication to a combination of high-speed data communication and multimedia. Further, factors such as the growth of the wireless Internet, the introduction of IMT-2000 and the upcoming introduction of mobile number portability (MNP) all contribute to emphasize the appearance of a transition period in the mobile telecommunication services market. Moreover, a stagnating rate of diffusion, indicated by a fall in the rate of increase in subscriber numbers, suggests that the market may have now reached maturity [23].

The major contribution of this study is to predict consumers' behaviour in the mobile telecommunication sector. Customer satisfaction has positive effects on the customer retention. Thus, manager may need to emphasize total satisfaction program in an attempt to retain customers in the competitive telecommunication market. In telecommunications, situational triggers may be represented by the need to replace or remove a type of service or subscribe to a different type of service. However, it may take considerable time before the switching path is complete [24].

The study has two main objectives. First is to empirically analyze the effect of the variables that constitute customer's satisfaction and customer's loyalty on switching cost and the causal relationship between them. Second is to explore the effect of customer's retention on switching cost. Study also examines the strategic implications for mobile carriers attempting to raise the level of customer loyalty.

Literature Review

Definition of Switching Cost: Switching cost had been investigated extensively in literature. [25], described that switching costs are exacerbated by idiosyncratic investments, that is, investments that are difficult to switch to another relationship. [26], conceptualize switching costs as "the perception of the magnitude of the additional costs required to terminate a relationship and secure an alternative one" (p. 108). Switching costs are not only economic in nature [73], but also can be psychological and emotional [28].

The importance of switching costs is due to the impact they can have on market operation, for example "switching costs can cause an allocative inefficiency" according to [29, p. 390]. [30] noted that switching costs can be associated with "prices, entry decisions, new product diffusion patterns and price wars" (p. 257).

In terms of classification [1], classified switching cost as procedural switching costs, financial switching costs and relational switching costs. These costs were found to be negatively correlated to consumers' intention to switch service providers. [31], developed three types of switching cost: artificial cost, learning cost and transaction cost. In utility, however the most appropriate cost is the transaction cost. A consumer must be aware that he can switch service providers before he takes steps. The next step is to decide whether to search and then whether to switch.

According to [1, 32 and 33], three types of switching costs that are related to the process of switching to an alternative provider can be identified from the literature (namely: (1) evaluation costs; (2) leaning costs; and (3) setup costs.

Evaluation costs: are the time and effort costs associated with the search and analysis needed to make a switching decision [1]. Time and effort are needed to collect the information that is used to locate and evaluate potential alternative providers. This effort is also related to search costs [34-36]. Mental effort is also required to restructure and analyze available information in order to arrive at an informed decision [37]. Learning Costs: Learning costs are the time and effort costs of acquiring new skills or know how in order to use a new product or service effectively [33]. Setup Costs: Setup costs are the time and effort costs associated with the process of initiating a relationship with a new provider or setting up a new product for initial use [31].

Determinants of Switching Cost: A number of factors have been identified in literature as determinants of switching costs some of these are: poor service quality [38]; price [39]; customer dissatisfaction [40], Determinants, however, go beyond service quality and customer satisfaction. Factors influencing switching costs vary in accordance with the type of products, businesses and customers. For instance, for technology products, technological inter brand incompatibility can increase switching costs [41]. And transaction-specific assets (TSAs) are a major source of switching cost [42].

Research evidences indicate that customers can stay with a service provider when they perceived the service quality to be high and behave conversely when the service is perceived to be low [39, 43-45], however found that price has an overwhelming effect on switching cost in insurance and banking industries. Brand trust is also found to increase customers' commitment and this makes customers' propensity to switch weaker [27]. Other reasons identified in literature to influence switching cost include seeking variety [46], impulse [47] and situational context [48].

[1], cross-industry findings indicate that switching costs, such as monetary loss and uncertainties with the new service provider, deter switching despite dissatisfaction. In addition to being an attractive feature, loyalty programs are a switching cost due to the potential loss of accumulated benefits such as loyalty points, [1, 49]. Finally, reference group influence, which pressures consumers to conform to others' expectations or norms, affects broad values and behavior. For example, [50], demonstrate the effects of peer pressure on individuals to conform to brand choice.

Emphasis is being placed on classifying the specific problems, events and non-service factors that may cause service switching [10, 24, 51] uses a generalized model to examine consumer switching behavior across a broad spectrum of service providers including banks. The model includes eight factors influencing service switching: pricing, inconvenience, core service failure, service encounter failure, response to service failure, ethics, competition and involuntary switching.

Customer Satisfaction: Customer satisfaction is defined as a post-purchase evaluative judgment concerning a specific buying decision [48]. Customer satisfaction measures how well a customer's expectations are met by a given transaction. Customer expectations are based on past buying experiences, the opinions of friends and marketer and competitor information and promises. Marketers must be careful to set the right level of expectations. A customer who receives what she or he expected in a service industry is most likely to be satisfied. If the guest's expectations were exceeded, she or he may be extremely satisfied. Customer satisfaction of this kind is a requisite for loyalty, but satisfied customers may not become loyalty customers [52].

Customer Loyalty: Loyalty has been defined as a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand-set purchasing, despite situational influences and marketing efforts potential to cause switching behaviors [53, 54], has defined loyalty as bias behavior respond (buying respond) or non random, revealed continuously by decision maker unit by considering one or more alternative brand from a total homogenous brand and is psychological process function, evaluative, decision making. They also identify three kinds of brand loyalty operational size. Those are behavior, attitude and combination of both. On the other hand, there are three categories of purchaser in specific brand and in specific time, these are non-loyal repeat purchaser, repeat purchaser, opportunistic purchaser which buying a brand based on situational factor such as discount. No matter how customer loyalty is defined, in order to gain it, any operator needs to:

- Increase subscriber satisfaction by raising offered service quality (for example, [55-57];
- Ensure subscribers' trust in the firm (see, for example, [58, 59, 27] and
- Establish a cost penalty for changing to another service provider, making that a comparatively unattractive option [60] and expand is application [61].

Switching and Satisfaction: Customer satisfaction has been gaining increasing attention from the researchers and practitioners as a recognized field of scholarly study. Dissatisfaction drives customers away and is a key factor in switching behavior. In this situation, customer satisfaction has been regarded as a fundamental determinant in maintaining long-term customer relationship behaviors [10, 51, 55, 57, 60, 62]. Therefore, enhancing customer satisfaction should be a key driver for telecommunication companies in maintaining a long term relationship with their customers.

It is not sufficient to only focus on satisfying customers, as customers switched their financial institutions because of service quality problems and failures [39] and stop the use of a financial service provider because of poor service performance [63]. This attitude is a significant factor, which influences customer intention to engage in positive or negative behavior decisions. [64], declared, customer satisfaction are considered as the ultimate goal of total quality management. To provide customers with great satisfaction, companies should devote attention to offering excellent quality that attracts customers and clear up all problems that customers complain about. Almost all the researchers in all studies undertaken on customer satisfaction refer to same common features that are noted by some authors [65-68]. Most researchers have agreed that there is an interconnection between service quality and customer satisfaction [16, 69-73].

Service Quality, Satisfaction, Loyalty, Retention and Switching: Substantial work has been completed exploring the relationship between switching costs and customer satisfaction and intention to switch, for example [28, 61, 74 and 1]. Several authors have found a positive correlation between customer satisfaction and loyalty [55, 75 and 60]. Customers may be loyal because of high switching barriers or lack of real alternatives. Customers may also be loyal due to their satisfaction and thus want to continue the relationship. History has proven that most barriers to exit are limited with regard to durability; companies tend to consider customer satisfaction the only viable strategy in order to keep existing customers. Some studies suggest that customer satisfaction is an important antecedent of loyalty [40, 76], whereas others oppose this sanguine view [77, 78].

Based on [79], there are two critical thresholds affecting the link between satisfaction and loyalty. In the services sector literature, strong emphasis is placed on the significant importance of service quality perceptions and the association between service quality and customer satisfaction [80, 81]. Therefore, some organizational researchers concluded that service quality is an important indicator of customer satisfaction intentions. That is, consumers may be loyal to a telecom services if it is viewed as generating satisfaction among other consumers, particularly in credence products and services. This alone may create an amount of unwillingness to switch.

[60] said “high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition”. [4] stated that greater customer satisfaction leads to greater intent to repurchase. According to [55], a high level of customer satisfaction will decrease the perceived need to switch service provider, thereby increasing customer repurchase and ultimately enhancing profitability of the organization [40].

Increasing customer satisfaction has been found to lead to higher future profitability [82], lower costs related to defective goods and services [83], increased buyer willingness to pay price premiums, provide referrals and use more of the product [84] and higher levels of customer retention and loyalty [55, 60, 85]. Increasing loyalty, in turn, has been found to lead to increases in future revenue [60, 82] and reductions in the cost of future transactions [84].

According to [84] 66 to 87 percent of customers who defect to competitors’ brands say they were either satisfied or very satisfied with the product or service they left. Therefore, in order to ensure that customers do not defect, [40] are correct to say that customers must to be extremely satisfied. As far as organizations are concerned, they want their customers to be loyal to them and customer satisfaction does not guarantee this.

Loyal customers would purchase from the firm over an extended time [86]. [87], said that satisfied customers are more likely to be repeat (and even become loyal) customers. [86]: “Companies with satisfied customers have a good opportunity to convert them into loyal customers – who purchases from those firms over an extended period”. [20] “Customer retention is potentially one of the most powerful weapons that companies can employ in their fight to gain a strategic advantage and survive in today’s ever increasing competitive environment. It is vitally important to understand the factors that impact on customer retention and the role that it can play in formulating strategies and plans”. [87], also examined that satisfied customers are more likely to be repeat (and even become loyal) customers and don’t think to switch to other service providers.

[88], show a positive effect of overall satisfaction on customer usage of telecommunications subscription services. When something out of the ordinary occurs, such as a decline in performance before purchase, during purchase, or during consumption, it redirects a customer’s attention to evaluate present performance more closely, which may put customers on a switching path [89]. In telecommunications, situational triggers may be represented by the need to replace or remove a type of service or subscribe to a different type of service. However, it may take considerable time before the switching path is complete [24, 89].

When faced with a situational trigger, customer satisfaction as an overall evaluation of prior performance may become less relevant to the prediction of retention. Similarly, because customers in a reactional trigger condition are actively problem solving, they may focus on present or future performance. Waiting to observe how the company addresses the product or service problem, these customers may put less rather than more stock in prior performance, as measured by overall customer satisfaction. On the basis of these arguments, we predict that that the satisfaction–retention link is weaker for customers in either a situational or a reactional trigger condition. In the marketing literature, triggers are frequently cast as alarm clocks that concentrate energy for further actions [90].

The key to building long-term customer satisfaction and retention and reaping the benefits, efforts can be offered to focus on the development of high quality products and services. Customer satisfaction and retention that are bought through price promotions, rebates, switching barriers and other such means are unlikely to have the same long-run impact on profitability as when such attitudes and behaviors are won through superior products and services [91].

Customer satisfaction is an important factor for the customer retention but not a sufficient one [92]. According to [93], once customers recommend a financial institution it fosters both repurchase and loyalty towards that financial institution. Thus the key to generating loyalty is to get customers to recommend a service provider to others. Also, customers are likely to recommend a service provider when they are satisfied with the services and when they have a favorable relative attitude towards that service provider. [93], said "there is an increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty". [93]: "Satisfaction also influences the likelihood of recommending a departmental store as well as repurchase but has no direct impact on loyalty. Thus satisfaction in itself will not translate into loyalty. However, satisfaction will foster loyalty to the extent that it is a prerequisite for maintaining a favorable relative attitude and for recommending and repurchasing from the store. Once customers recommend a department store it fosters both re patronage and loyalty towards that store. Thus the key to generating loyalty is to get customers to recommend a store to others. Also, customers are likely to recommend a department store when they are satisfied with that store and when they have a favorable relative attitude towards that store". [93], also said that it is not merely enough to satisfy a customer. "There is increasing recognition that the ultimate objective of customer satisfaction measurement should be customer loyalty".

[94]: "An important concept to consider when developing a customer loyalty program me is customer satisfaction. Satisfaction is a measure of how well a customer's expectations are met while customer loyalty is a measure of how likely a customer is to repurchase and engage in relationship activities. Loyalty is vulnerable because even if customers are satisfied with the service they will continue to defect if they believe they can get better value, convenience or quality elsewhere. Therefore, customer satisfaction is not an accurate indicator of loyalty. Satisfaction is a necessary but not a sufficient condition of loyalty. In other words, we can have satisfaction without loyalty, but it is hard to have loyalty without satisfaction". [94], "in a business context loyalty has come to describe a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly and recommending the services and products to friends and associates". [18], said customer loyalty is actually the result of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organization. They said that true customer loyalty is created when the customer becomes an advocate for the organization, without incentive. A firm's future profitability depends on satisfying customers in the present – retained customers should be viewed as revenue producing assets for the firm [55].

[95], show a strong, albeit nonlinear, effect of customer satisfaction on repurchase behavior, such that the functional form relating satisfaction to repurchase is marginally increasing. They also find large differences in the satisfaction–retention relationship across customer characteristics. [40], said that having satisfied customers is not enough, there has to be extremely satisfied customers. This is because customer satisfaction must lead to customer loyalty. [40]: "It is commonly known that there is a positive relationship between customer loyalty and profitability. Today, marketers are seeking information on how to build customer loyalty. The increased profit comes from reduced marketing costs, increased sales and reduced operational costs. Finally, loyal customers cost less to serve, in part because they know the product and require less information. They even serve as part-time employees. Therefore loyal customers not only require less information themselves, they also serve as an information source for other customers".

Building customer loyalty is not a choice any longer with businesses: it's the only way of building sustainable competitive advantage. Building loyalty with key customers has become a core marketing objective shared by key players in all industries catering to business customers. Evidences exists that switching barrier has direct effect on the customer retention and adjusts the relationship between the customer satisfaction and the customer retention [61, 92]. Therefore, the switching barrier can have an influence on customer retention with the interaction with the customer satisfaction. Customers may change providers because of price, or because the competitor is offering new opportunities, or simply because they want some variation [96, 97] said, "A business that focuses exclusively on customer satisfaction runs the risk of becoming an undifferentiated brand whose customers believe only that it meets the minimum performance criteria for the category. Long-term customer retention in competitive markets requires the supplier to go beyond mere basic satisfaction and to look for ways of establishing ties of loyalty that will help ward off competitor attack". [97], said that customer satisfaction is really no more than the price of entry to a category. For satisfaction to be effective, it must be able to create loyalty amongst customers.

Reactional triggers are those critical incidents of deterioration in perceived performance that are traditionally described in the literature. When something out of the ordinary occurs, such as a decline in performance before purchase, during purchase, or during consumption, it redirects a customer's attention to evaluate present performance more closely, which may put customers on a switching path [89].

[98], results confirm that customer commitment, service quality, reputation, customer satisfaction, young-age and low educational level are the most likely factors that contribute to customers' switching banks. [99], examined the causal construct between customer satisfaction and customer loyalty in the North American banking industry and found that there is positive association between customer satisfaction and customer loyalty. It appeals to reason to suggest that customer's loyalty should be highly influenced by customer satisfaction. This is because customers with higher satisfaction tend to use the service continuously.

[100], the research studied switching cost and its relationships with customer retention, loyalty and satisfaction in the Nigerian telecommunication market. The study finds that customer satisfaction positively affects customer retention and that switching cost affects significantly the level of customer retention. However, the effect of switching barriers on retention is only significant when customers consider to exit.

[101], study attempts to examine the role of customer satisfaction in enhancing customer loyalty for Muslim and non-Muslim customers and the effects of customer loyalty on customers behavioral decisions in the Malaysian Islamic banking industry. The result shows that customer satisfaction is the most important driver to enhance customer loyalty for non- Muslim than Muslim customers. This result implies that higher customer satisfaction leads to a lower customer intention to switch banks.

[102], the research study attempts to find the impact of customer satisfaction on customer loyalty and intentions to switch. The results of the study revealed that customer satisfaction was positively correlated with customer loyalty and negatively correlated with customer intentions to switch. [103], explores the relationship between service quality and customer satisfaction on customer loyalty with regards to mobile phone usage among the postgraduate students of a university in Northern Malaysia. The results show that both service quality and customer satisfaction significantly affect the level of customer loyalty of mobile phone users in Malaysia. It was therefore, recommended that mobile service providers should pay special attention to their service quality and the factors that drive customer satisfaction.

[89], A study of telecommunications services, the authors examine the effects of customer satisfaction, affective commitment and calculative commitment on retention. The study further examines the potential for situational and reactional trigger conditions to moderate the satisfaction–retention relationship. The results support consistent effects of customer satisfaction, calculative commitment and prior churn on retention.

A key element of customer satisfaction is the nature of the relationship between the customer and the provider of the products and services. Thus, both product and service quality are commonly noted as a critical prerequisite for satisfying and retaining valued customers.

Research Methodology: This study is based on a primary data, collected from 200 mobile service users from different cities of Pakistan. Data is collected from 200 respondents all across Pakistan. A standardized questionnaire is used based on the studies of [10, 104, 105 and 106]. Questionnaire is at first pre tested with pilot survey conducted on 50 respondents. Cron bach alpha is used to analyze the consistency of data. Results shown that questionnaire is highly reliable to collect the data, as the value of cron bach alpha is over 0.70.

Conceptual framework drawn on the basis of previous literature, presenting the causal relationship among the variables of the study is given as under in Fig 1.

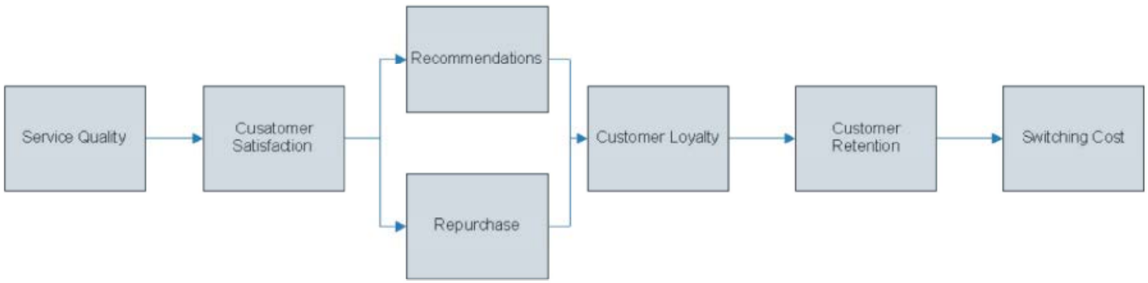

Fig. 1: Conceptual Framework

Hypotheses: On the basis of past literature, following hypotheses are made to predict the causal relationships.

Hypothesis 1: Service Quality has negative relationship with switching cost.

Hypothesis 2: Customer's satisfaction has negative relationship with switching cost.

Hypothesis 3: Customer's loyalty has negative relationship with switching cost.

Hypothesis 4: Customer's retention has negative relationship with switching cost.

RESULTS AND DISCUSSION

Table 1 show the demographic distribution of the respondents. These demographic variables include gender, age, income level and marital status.

The percentage in the gender shows more response rate of female i.e. 59.25% and male comprises a less proportion of 40.74%. The majority of the respondents lie in the age group of 20-25 years (50.26%) and only 7.94% of the sample is above the age of 30 years. The young age group is also evident from the fact that most of the respondents are single i.e. 58.73%. The high income group has less proportion of 11.64% and the income group below 20,000 per month has highest percentage of 51.85. To check the internal consistency of the scale Cronbach Alpha is analyzed for the present study. The purpose of the scale item analysis is to check the validity of questionnaire employed in this research.

Table 3 show the reliability of .948 for 36 items and it shows that same concept and construct is measured and hence it is connected to the inter-relatedness of the items within the test. The reliability of 0.948 shows 0.10 index of measurement error. The attributable of the error decreases with the increase in reliability of estimates. This shows the reliability of observed score rather than individual score.

Table 1: Demographics

	Frequency	Percent
Gender		
Male	77	40.74%
Female	112	59.25%
Age Group(years)		
15-20	32	16.93%
20-25	95	50.26%
25-30	47	24.86%
Above 30	15	07.94%
Marital Status		
Married	78	41.26%
Single	111	58.73%
Income Group(Rupees/month)		
Below 20,000	98	51.85%
20,000-30,000	69	36.50%
Above 30,000	22	11.64%

Table 2: Case Processing Summary

		N	%
Cases	Valid	189	100.0
	Excluded[i]	0	.0
	Total	189	100.0

i. Listwise deletion based on all variables in the procedure.

Table 3: Reliability Statistics

Cronbach's Alpha	N of Items
.948	36

Descriptive Statistics: In Table 4, six independent variables (customer loyalty, customer retention, recommendations, satisfaction, service quality and repurchase) show a high mean 3.2, 3.4, 3.6, 3.39, 3.7 and 3.8 respectively.

The high mean value of repurchase shows that repetition in using the same cellular service reduces the switching cost of the customers. The other factors of the switching cost also play a significant role in determining the customer behavior in using the cellular service. The mean value of satisfaction (i.e. 3.39) depicts that customers show loyalty (mean = 3.2) when they are given high service quality (mean= 3.7) and become loyal

Table 4: Descriptive Statistics

		Customer loyalty	Customer Retention	Recommendations	Switching Cost	Satisfaction	Service Quality	Repurchase
N	Valid	189	189	189	189	189	189	189
	Missing	0	0	0	0	0	0	0
Mean		3.2018	3.4550	3.6468	4.1177	3.3926	3.7149	3.8110
Median		3.2857	3.6667	4.0000	4.3500	3.6000	3.8889	4.0833
Std. Deviation		.48934	.72110	.68896	.88050	.73871	.67937	.98598
Variance		.239	.520	.475	.775	.546	.462	.972
Range		2.14	3.00	3.00	4.20	3.20	3.00	3.56
Minimum		2.29	2.00	2.00	1.80	1.80	2.00	1.44
Maximum		4.43	5.00	5.00	6.00	5.00	5.00	5.00

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935[i]	.875	.871	.31674

i. Predictors: (Constant), Service quality, Customer satisfaction, Recommendation, Repurchase, Customer loyalty, Customer retention

Dependent: Switching cost

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.494	6	21.249	211.800	.000[a]
	Residual	18.259	182	.100		
	Total	145.753	188			

a. Predictors: (Constant), Service quality, Customer satisfaction, Recommendations, Repurchase, Customer loyalty, Customer retention

b. Dependent Variable: Switching Cost

Table 7: Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.686	.212		7.971	.000
	Ser. Quality	-.554	.066	-.427	-8.426	.000
	Cust. Satisfaction	1.631	.153	1.368	10.666	.000
	Recommendation	-.497	.071	-.389	-6.957	.000
	Repurchase	.303	.092	.339	3.299	.001
	Cust. Loyalty	.292	.099	.162	2.934	.004
	Retention	-.382	.077	-.313	-4.986	.000

a. Dependent Variable: Switching Cost

(mean= 3.2) by retaining (mean=3.4) more customers and positive word of mouth (mean= 3.6). The switching cost shows the least variation in its responses because customer behavior does not change when it gets the desire service from the cellular company.

Regression Analysis: The switching cost of the respondents for the cellular company is estimated by regression analysis. Table 5 shows dependency of dependent variable (switching cost) on the independent variables like service quality, customer satisfaction, recommendations, repurchase, customer loyalty and customer retention. The respondent's switching cost for the service providers of the cellular company is evaluated by given one unit change in dependent variable due to one unit change in independent variables.

The value of R square in (Table 5) represents that 87 percent points are near to the line of real data. The R square (.871) shows that 87 percent variation in the dependent variable is explained by independent variables. The scale of the distribution for the observed value about the regression line is estimated by the value of std. error i.e. .31674.

The value of the F-ratio in (Table 6) is 211.80 which show the overall stability of the model. F statistics is statistically highly Significant, as shown by p value which is less than 0.001. The value of R square is determined by taking the ratios of sum of square of regression i.e. 127.494 and total sum of squares i.e. 145.753.The Residual sum of square 18.259 shows the deviation of the observed dependent variable from its estimates.

The scores of beta in (Table 7) represents "the level at which the independent variable are the predictor of the dependent variable" .The unstandardized coefficients β explain the change in the dependent variable (switching cost) provided one unit change in the respective independent variable, while all other independent variables are held constant. The standardized coefficients β explain the measurements in standard deviations, by showing the strength of the relationship between variables, after comparing with each other. The significance of each constant is also explained in the Table 4.7. The unstandardized coefficients value of service quality is -.554 which shows an expected decrease of .554 in the switching cost score for every unit decrease in service quality, while assuming that all other variables in the model are held constant at significance level of .000. The strong significance shows a strong negative relationship of the independent variable with the switching cost. The standardize coefficient value (-.427) shows that one standard deviation decrease in service quality leads to .427 standard deviation decrease in the switching cost of cellular service providers, while keeping other variables constant. The value of t i.e. is -8.426 shows that service quality plays a significant role in switching cost, i.e. when quality is not up to the mark the customers will switch to other cellular companies. The customer satisfaction with unstandardized coefficient shows that there is an increase of 1.631 units, in the switching cost of customers, for every unit increase in the satisfaction, while keeping all other variables constant. On the other side having standardized coefficient value of 1.368 shows that one standard deviation increase in the satisfaction leads to 1.368 standard deviation increase in the switching cost, holding all variables constant. The t value is high for satisfaction showing that it plays a significant role in explaining and predicting the dependent variable (switching cost).

The results of unstandardized coefficient of recommendations (-.497) and standardize coefficient (-.389) shows negative relationship with the dependent variable in comparison of other independent variables and confirms it by its significance level of -6.957, which is lower than .005, so it is also very worth noticing. The negative value of t (.695) shows that the customers don't recommend the service of cellular provider to other customers when they are not satisfy from the services. The repurchase shows a positive relationship with unstandardized coefficient of (.303) and (.339) for standardized coefficients. It means that for every.303 unit increase in switching cost of the respondents, there is expectation of one unit increase in repurchase, while standardize coefficients value depicts that the beta value is high and for one unit increase in repurchase leads to .339 increase in the switching cost of the respondents, keeping all variables constant. The t-statistics value also confirms positive relationship of 3.29 with significance level of .001.

The unstandardized coefficients value of customer loyalty is .292 which shows an expected increase of .292 for the customer's behavior regarding switching, while assuming that all the variables in the model are held constant, at weak significance level of .004. The standardize coefficient value (.162) shows that, one unit increase in standard deviation of customer loyalty leads to .162 increase in standard deviation of dependent variable, while keeping other variables constant. The retention with unstandardized coefficient shows that, there is decrease of .382 in the switching cost for every unit increase in the retention, while keeping all the variables constant. On the other side retention having standardized coefficient value of -.313 shows that one standard deviation increase in the retention leads to .313 standard deviation decrease in switching cost, holding all variables constant.

Customers don't switch or avoid switching to other service providers when they received high service quality. The perceived quality when received by the customers, gives them satisfaction which in turns results in the repurchase of same service. The customers also give positive feedback and recommend it to the family, friends and relatives, thus increasing the potential customers for the cellular service provider. The loyalty and retention of the customers is increased as a result of decrease in switching cost. It can also be inferred from the results that above six variables are the determinant of switching cost.

CONCLUSION

The present research offers immense implications for the marketing managers in both the theory and practice. From the stand point of theoretical angel, the study has scrutinize, the behavior of consumers in terms of switching cost. The six important items are taken as determinants of switching cost and its relationship with independent variables is empirically tested. The conceptual framework showed the most important factors of switching cost. This perspective in theoretical framework will enable the managers to understand the insight of consumer behavior. The practical implications take into account the effective strategy development in telecom industry. The study shows that the mangers should emphasize more on those dimensions which have significant impact on the switching cost. The empirical evidence supports the quality of the service provider in telecom industry as an important factor of switching cost. The consumers avoid the switching cost if they get the desired and perceived quality from the service they are availing. The level of satisfaction and retention is sky-scraping when the consumers alleged that the outcomes are worth mentioning in terms of their cost. The recommendations and positive word of mouth is also end result of the satisfaction. The recommendations from the satisfied customers will enable the service provider in the telecom industry to have more customers and expansion in the current market. The repurchasing and loyalty eliminates the possibilities of switching cost. The chances of getting high intensity of retention and devotion from customers will only be achievable if desired quality is given to the customers.

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