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A Crucial Element in Managing Customer Relationships

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Given the growing competition in the global market, it is becoming increasingly important for companies to retain their existing customers, that is, to preempt frequent switching. A fruitful way of gaining knowledge about customers' switching behavior is to examine the role of various factors in their switching processes. This qualitative study, based on data from telecom operators, offers new insights by identifying and defining the role of prejudice in customers' rationale for leaving one telecom operator in favor of another. The research also identifies whether the customers are actively or passively engaged in the switching process, which seems to be important in terms of linking prejudice to frequent switching. The findings have important implications for the successful management of customer relationships because they point to instability in customer populations.

Keywords: *frequent switchers; customer relationships; triggers; loyalty*

Understanding customers' consumption processes, their attitudes toward the service they receive, and their consequent behavior is a complex and heavily researched topic (e.g., Bhattacharya and Sen 2003; Bolton and Lemon 1999; Gustafsson and Johnson 2002; Gustafsson, Johnson, and Roos 2005; Mittal and Kamakura 2001; Morgan and Hunt 1994; Morris and Holman 1988). An old truth is that it is more profitable to have a defensive strategy and to strive to retain existing customers than to constantly try to attract new ones (Fornell 1992; Reichheld 1996). This has been reinforced by increased local and global competition. It has also been highlighted by the stagnation of growth in many mature and established industries, which has in turn resulted in increasingly frequent switching behavior.

When the focus has been on relationship management, customer relationships have occasionally been seen as dynamic aspects of the interaction between a service provider and its customers (Bolton 1998; LaBarbera and Mazursky 1983; Rust et al. 1999). It is not until recently, however, that the specific roles of the relationship factors have been studied from the process of a longitudinal perspective—that is, customers are followed as their relationships develop with a company. One way of understanding the processes of becoming disloyal is to look at

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actual switching behavior (Keaveney 1995). The merging of the switching approach with the dynamic view of customer relationships has resulted in the notion of switching paths (Roos 1999).

Despite extensive research on relationship marketing and a growing awareness of the importance of retaining existing customers for achieving success in business, we are not yet fully aware of exactly how and why customers act. It is not only a question of understanding the differences between the two questions, based on the duration and the financial value of the relationships, but also a matter of understanding customer attitudes and their life situations (Johnson and Selnes 2004; Rust, Zeithaml, and Lemon 2000). Customers change their service providers for many reasons. It could be that the service provider no longer meets its customers' needs because of their changing family circumstances, their moving, their changing jobs, or customers may be receiving a better offer from a competitor or just wanting some variation. They may also have the feeling that what the competition is offering is better. One of the effective ways for the customer to find out if this is true or not, as it pertains to an intangible service, is to try it out. However, when the aim of a business is to build an understanding of customer behavior, knowledge of how and why fluctuations in the customer base take place is crucial for the successful management of customer relationships.

This study is based on the assumption that customers may have some kind of prejudice—defined by Eagly and Chaiken (1993) as negative attitudes, in this case, against certain telecom operators—that in turn causes some of the frequent switching, which differs from common switching. It does not just happen more often; it is unplanned and price focused (Roos, Edvardsson, and Gustafsson 2004; Roos, Gustafsson, and Edvardsson 2006). The impact of prejudice on switching is, according to Lee et al. (1996), that prejudice seems to activate actual behavior. By looking more closely into the phenomenon of prejudice as it is connected to frequent switching, we may be able to answer why some customers are active and others are passive in their switching behavior. By *active*, we mean that a customer is actively searching for a new service provider; by *passive*, we mean that a customer switches when contacted by a competitor even if he or she is not searching for an alternative. Prejudice may also explain what happens when frequent switching occurs during a specific period for a specific service. The theoretical framework incorporates the concept of prejudice from different angles in the context of customer relationships.

The aim of this article is to achieve a deeper awareness of prejudice and its impact on frequent switching. Some of the questions addressed include where prejudice is located in the relationship and what its role is. The main focus of the study is on the triggers—that is, the factors that drive the relationship and give the relationships energy and direction. In examining the manner of and reasons for customer fluctuation among telecom operators, this study is the first to cover the development of customer relationships in an entire industry. It is also the first to go into such detail, thus adding to the refinement of important theoretical concepts.

ACTIVE AND PASSIVE SWITCHERS

A customer relationship is a dynamic process involving interaction between a service provider and its customers (Bolton 1998; LaBarbera and Mazursky 1983; Rust et al. 1999). The consumption process that the customer goes through leads to the decision of whether to stay with a company or not. Acknowledgment of the effect of dynamism on switching paths has added to our understanding of customers' evaluations of their relationships with businesses, but there have been certain limitations in the definitions of the path factors. The source, or starting point, of the fluctuations in customer relationships in the context of the switching path is referred to as the *trigger*. Previous studies have suggested that triggers can be classified in terms of the customers' own lives (situational triggers), the market impact (influential triggers), and traditional critical incidents (reactional triggers; Gustafsson, Johnson, and Roos 2005; Roos 1999; Roos, Edvardsson, and Gustafsson 2004; Roos, Gustafsson, and Edvardsson 2006). The results of this qualitative study offer two facets that seem to be important for the comprehensive understanding of frequent switchers. First, there should be full awareness of how customer relationships function, meaning the impact and roles of the path factors in maintaining stability. According to Roos (1999), the driving forces of customer relationships are triggers that have a long-lasting effect on the customer. In other words, having experienced a trigger, customers possess some kind of sensitivity to switching, be it deliberate or nondeliberate. Sensitivity in customer relationships is a long-term state that influences customers' evaluation and thereby gradually causes switching to a competitor (Roos, Gustafsson, and Edvardsson 2006). The trigger function has various sources, although its main characteristic is that it makes customers sensitive to switching. It is like getting a stone (i.e., trigger) in your shoe—once it is there, you want it out.

Second, it is not only the fact that customers are sensitive to switching that is important; what also matters is the way that they act when they switch. Some actively search for new alternatives, whereas others seem to passively linger in their current relationships but are still ready to switch as soon as they are contacted by a competitor. Customers who are engaged in active search are aware of what they want as compared to what they have. The passive wait, however, indicates something that is difficult to understand: a readiness to switch that does not necessarily incorporate an awareness of why customers do it. The main focus of this research is on the passive trigger.

CUSTOMER EVALUATION AND SWITCHING

The theoretical framework of this article is built on the idea of prejudice. Vickery and Opler (1948) suggested that prejudice carries no general or stable state, as had been assumed in terms of attitudes. They defined prejudice as "misjudgment" felt against people, groups, social relations, or institutions (companies). Prejudice always entails misjudgment of some kind in the sense that the evaluator's preconceptions are reinforced when there is insufficient information. It is nevertheless possible to make reasonable generalizations based on facts perceived as being adequate. According to this view, unless misjudgment has occurred, there is no prejudice. As far as companies are concerned, it is obvious that customers cannot have all the necessary information with which to make an objective evaluation. This is especially true if the service is highly intangible. It is possible to make generalizations about misjudgment, however, because the emphasis is on this measurable entity called *prejudice*. The focus in this study is on prejudice and not on the misjudgment involved. In other words, where there is evidence of the existence of prejudice in customer relationships, it is defined and its role is identified in that context. We cannot argue about or evaluate the degree of misjudgment; we can only establish the reality of the presence of prejudice based on customers' personal expressions.

It has been established in the literature that embedded within triggers is the ability to change customer relationship perceptions (Roos 1999). Having a trigger causes a customer to reevaluate his or her relationship with a company. The trigger is the starting point, and when a customer experiences one, he or she tends to adopt a more critical view of the service provider, which in turn may be argued to be a form of misjudgment. Thus, linking prejudice to triggers may provide a new conception and understanding regarding switching behavior and, particularly, frequent switching.

When customers seemingly do not have the intention to switch but are nevertheless ready to do so without hesitation if approached by a competitive service provider, we are inclined to think that there is an unconscious mechanism affecting the decision. Unbeknown to the customer, this latent influence may have been affecting his or her switching decision for a long time. Customers seem to have latent reservations, that is, a prejudice against the service provider they are currently patronizing. They may suddenly become aware of an alternative service and therefore identify prejudicial factors to rationalize their switching decision.

Prejudice and attitudes have been described as follows: Prejudice "is often studied in relation to minority groups," and it "corresponds to [an] attitude toward a social group, although the term *prejudice* is generally used only to describe attitudes that are negative" (Eagly and Chaiken 1993, p. 104). It would seem that the negative aspect is relevant to this study, although the notion of prejudice and attitudes as used in psychology and defined by Eagly and Chaiken does not correspond exactly with the phenomenon that is labeled *prejudice* here. The additional dimension put forward by Fazio (1986), however, makes the concept applicable to frequent switching: He suggested that attitudes toward targets, when they are spontaneous and unplanned, may function differently and may directly affect behavior. The definition of *prejudice* that would appear to be applicable to frequent switching in the telecommunications context would accordingly be "negative attitudes aroused by unplanned and spontaneous contact from a competitive operator." This would explain the frequent and unintentional switching behavior of customers. Fazio also suggested that the lack of an activated attitude toward a company that could function as a target for prejudice has behavioral implications. It seems that these customers use their behavior as a substitute for a clear, explicit attitude. The implication is that a customer's prejudice as a negative attitude is often first manifested in an evaluation situation: In the switching context, the lack of an activated attitude results in prejudice and may provide a *latent* trigger, whereas behavior is a substitute for an *overt* trigger.

In other words, the customer is not aware of the prejudice-based trigger before the attitude is activated and, because of a prompt need for a switching reason, transformed into a (latent) trigger. Current and subsequent switching behavior continues to be influenced by the latent trigger until the customer abandons the prejudice because the switching has enabled him or her to see the reality and form a clear attitude toward the current service provider. Once the customer has formed a clear switching reason, he or she has an overt trigger. The process (the lack of an activated attitude → prejudice-based latent trigger → switch → new relationship → repeated prejudice → switch → new relationship → overt trigger → switch) continues until the postswitch overt trigger brings about stability: The new relationship is stable because the latent trigger has gradually been transformed into some kind of deliberate sensitivity. In other words, frequent switching may help customers to generate enough experience so that they may choose a company that they initially had prejudice against. After a while, they discover that the company was better than what they initially thought.

Unexpectedness and Prejudice Activation

What causes prejudice and switching behavior? Unless a contact from an alternative service provider is unexpected, it is not enough to activate prejudice on the decision-making level (Lee et al. 1996). The rapidness of the decision is also affected by how unexpected the situation really is. Of course, a switching situation is very different when a company contacts a customer as compared to vice versa. The literature offers theoretical support for the assumption that when customers are confronted or attracted by alternatives, they show "dormant" attitudes toward the existing service provider that influence their behavior. Dambrun and Guimond (2004) referred to implicit attitudes as an unconscious mode of actual behavior. Interestingly, they found that the identified state, prejudice, called on the same long-term behavioral memory as did explicit attitudes. In a switching situation, this means that when customers can identify a general prejudice against a service provider, they will provoke an explicit situation in which they will use the prejudice in their argumentation. Using the same logic, Lee et al. pointed out the importance of unexpectedness in the activation of customer prejudice against a service provider, which may lead to a rapid decision (switching). In conclusion, the way in which customers are contacted is thus of crucial importance, and activeness and passiveness are closely related to the prejudice concept in the switching context.

The use of prejudice follows a kind of amortization logic (Hastie and Park 1986; Meyer 1987). Park and Mittal (1985) suggested that the arousal capacity of a switching situation is not always seen to be at the same level from an aggregated customer perspective: It varies depending on the offers presented by the competitors and by the patronized operator. In the context of this study, the outcome of the situation is switching by definition, and competitor contact is the influencing factor. To provoke the necessary arousal, the contact has to be relevant in terms of prejudice amortization. In other words, the competitors' offers must be relevant to the customers and to the prejudices they hold. If the prejudice stems from the predominant market share of the current telecom operator, for example, the competitor must offer some relevant arguments in this area. When the customer switches because of the contact and enters into a new relationship, he or she either confirms the prejudice or realizes that it does not conform to reality. In the latter case, the customer amortizes the prejudice against the switched-from service provider.

Given this theoretical overview of prejudice, what then is its position in customer relationships? The prerequisite is that it should be of significance to their stability.

Triggers, Prejudice, and Switching

If we are to translate and apply the concept of prejudice to promote a deep understanding of customer relationships, we need to establish its role in their stability. Roos (1999) divided the factors involved (in terms of their significance as far as stability is concerned) into the trigger and the process.

Triggers are factors that are seen to have a long-lasting effect on customer relationships (Roos 1999; Roos, Edvardsson, and Gustafsson 2004). As mentioned, there are three major types of triggers: situational triggers, or changes in a customer's private situation that make one reevaluate his or her existing relationship with a service provider (i.e., a customer becomes more sensitive in his or her evaluation); reactional triggers, which reflect customers' increased inclinations to switch to a competitor after experiencing critical incidents; and influential triggers, which can be seen in the behavior of frequent switchers, the paradox being that their arguments are confusing. The confusion is due to the customers' conflicting perceptions of issues related to price, perceptions that reveal unexpected and unplanned motives behind their reactions. These motives are not compatible with common trigger definitions, which assume customer awareness of the history and events of the relationship. According to traditional definitions, customers on switching paths apparently perceive some kind of mismatch in their relationship with a business, which causes inconvenience over a long period, before they actively look for alternatives to switch to.

On the level of strategy, Gopinath (2005) used the term *trigger* to refer to time-related changes (triggering events) and to the specific factors included in them. Customers on switching paths are by definition sensitive to change. Thus, triggers form part of the customer– provider relationship and have specific roles in the outcome. Ganesh, Arnold, and Reynolds (2000) showed how bank customers behaved differently in their existing relationships and how they described their new relationships differently, depending on their reasons for switching. They identified three major kinds of customers: dissatisfied switchers, satisfied switchers, and a group of stayers. Their findings have interesting implications for the study of future relationships. In the new relationships, the initially dissatisfied switchers were eventually the most satisfied customers, and the initially satisfied switchers were later the least satisfied. Given the approach taken here, it is relevant to compare these findings with those of this study. The difference between the approaches of Gopinath (2005) and Ganesh et al. and the one taken here, however, is that the literature so far has not been able to position and categorize the factors that cause changes in customer relationships. The idea behind establishing a precise position is that it would be the first step toward understanding the role of factors causing change.

It is inherent in the nature of triggers that they cause sensitivity in customer relationships. This sensitivity, in turn, has an impact on the evaluation of these relationships (Ahluwalia, Burnkrant, and Unnava 2000; Garbarino and Johnson 1999; Gustafsson, Johnson, and Roos 2005; Roos, Gustafsson, and Edvardsson 2006). The situational, influential, and reactional triggers group (a) customers' life factors as they relate to the market and (b) the critical incident factors into more detailed descriptions of how sensitivity may appear (Roos, Edvardsson, and Gustafsson 2004). When customers are affected by their own situations, they become aware that the reason they chose a service provider is no longer valid. The inconvenience causes sensitivity, and the customers actively try to find a better subscription (situational trigger → telecom operator). Those who are easily attracted by advertising and promotions may switch to a competitor because of what the advertisements promise (influential trigger), and similarly, those who have been badly treated actively search for new alternatives (reactional triggers). They have all been pondering about the switch for some time and have consciously recognized the sensitivity, although they do not always think about it.

Prejudice, Sensitivity, and the Influential Trigger

It is quite common for service providers such as telecom operators to call customers or contact them by other means, and at the moment of contact, there is a theoretical trigger dilemma. According to the definition, these customers are placed in the influential trigger category, but they are different: They are passive as compared to the active "advertising customers." The latter are those who actively switch because of something they have read in an advertisement. In this research, we questioned how it was possible to explain this long-lasting conscious sensitivity if customers are contacted and switch without hesitation, despite enjoying a seemingly stable relationship. One possible explanation that we offer is that prejudice explains the passive switching.

The cross-company approach adopted in this study—that is, the longitudinal following of customers across several switches—gives a substantial boost to our understanding of the process of switching. Developments in the market are increasing the sensitivity of customers to influential triggers, but the question remains regarding what causes this sensitivity. One answer lies in the definition of the influential trigger (Roos 1999; Roos, Edvardsson, and Gustafsson 2004). Some customers are willing to switch simply because of small financial benefits. For them, it seems that it is not only the economic reward but also the switching itself that offers some kind of incentive. The objectivity of customer evaluations, however, has frequently been questioned in the marketing literature as well as in the field of psychology. What are customers comparing when they argue that something is more or less expensive? Or does the decisive reason for switching lie in what they are comparing? (See Liljander 1994; Parasuraman, Zeithaml, and Berry 1994; Park and Jiho 1998.) According to the literature on psychology, understanding the reasons that are conducive to behavioral consequences (Jackson, Sullivan, and Gardner 1992; Schrader and Steiner 1996) may be a big step forward in research on triggers.

METHOD AND DATA COLLECTION PROCEDURE

A total of 140 interviews were completed in a telecom company in Sweden: 70 customers in 2004 and 70 customers in 2005. The switches that are included in the analysis started from the market leader (A) and ended at various stages; but in terms of the interviews in question, they always went back to the market leader. Customers thus made a "journey" of two or three switches to and from competitors before the return "home." The exceptional nature of the sample stems from the fact that we included not only switches from the market leader to a competitor (e.g., B) but also switches between competitors and from them back to the market leader. The starting sample consisted of churning customers (i.e., customers starting and terminating subscriptions). Figure 1 shows the special nature of the data gathered for this study.

Figure 1 depicts frequent switching on an individual level and various telecom operators over a 6-year period. The large arrow indicates possible relationships between the customer and the various telecom operators in Sweden (A, B, C, and D, with A being the market leader). The row of relationships and switching paths starts and ends with the market leader (because they constitute the sample of this study), and other operators are represented by dotted lines. Frequent switching may occur in various combinations. One customer might start with the market leader and only switch to B or start with A and switch to C or D. In other words, a variety of switching paths—that is, starting and ending at different times during the 6-year study period—were possible. Our study examined all such switching paths taken by the customers in our sample.

FIGURE 1
Subsequent Switching Behavior

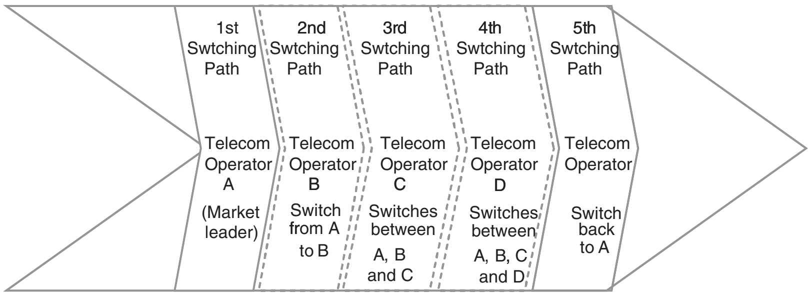


TABLE 1
Interview Process

	Sample[a]	*Telephone interviewees*[b]	*People contacted*[c]	*Completed interviews*[d]	*Response rate*[e]	*Cooperation rate*[f]
Stage 1	545	261	87	70	27%	80%
Stage 2	70	63	43	40	68	93
Stage 3	103	68	37	30	54	81

NOTE: Stage 1: Customers' switching stories, 1999–2004. Stage 2: Reinterviewed customers, 2005. Stage 3: New switching stories, 2005.
a. Initial sample of customers provided by the company.
b. Number of customers reachable by telephone.
c. Number of people agreeing to participate.
d. Number of interviewed customers.
e. Completed interviews as a percentage of total number of customers reached.
f. Completed interviews as a percentage of number of customers agreeing to participate.

The customers were continually interviewed over a long period, and thus the data include their subsequent switching behavior. Those interviewed for this study were randomly chosen from among the 3,000 customers included in a larger project. The starting sample comprised 545 customers, and 70 of these were interviewed in the first round, in 2004. The second round of interviews, in 2005, involved 40 of the customers who were interviewed in 2004. Then, we carried out 30 new interviews in 2005 for the third round. Table 1 depicts the three stages of the interviewing process and gives information about the numbers of interviews at each stage. All in all, 140 interviews were conducted. The customers were asked to tell their switching stories going back 5 years from 2004. The stories were not confined to switches from the market leader to a competitor and thus included movement between all telecom operators on the Swedish market.

During the phone interviews, the customers were first asked some introductory questions about their current subscriptions. These were followed by a more specific question, which was the same at Stages 1 and 3, namely, why and among which operators had they switched during the last 5 years. At Stage 2, the interviewees were reminded about their operator status when the previous interviews were conducted, and they were asked whether the situation was the same or whether they had further switching stories to tell. Some of them told long stories about every single switching event, whereas others only listed the operators and briefly and concisely gave their reasons. The analysis of the transcriptions for this study was conducted independently in two different phases, first by the two persons conducting the interviews and, second, by the first author.

A Process Approach

The use of the switching perspective implies an interest in the process of leaving one service provider for another. Assessing the influence of various factors on a switching decision, for instance, may reveal something about customer behavior over a longer period. Generally, process theories comprise three components: a set of starting conditions, an emergent process of change, and a functional endpoint (Van de Ven 1992). Processes may be studied from different approaches, although Van de Ven has argued that only one approach is possible—describing and accounting for how some entity or issue develops and changes over time. The emphasis in the present study is on one of the factors embedded in the switching process: the trigger (Roos 1999).

Pettigrew (1992) discussed processes as event sequences and the underlying mechanisms that shape the events. The time span of switching paths typically varies, which may indicate differences among them. The role of time and history in understanding the emergence, development, decay, and regeneration of past events is critical, and the focus needs to be on action and context (Van de Ven 1992). The categorization of the analysis levels is also significant. In this study, the relationship was considered at a time when the customer had decided to switch; therefore, the time aspect typically affected customer perceptions of what caused the switching. Dividing the relationship into interaction levels helped us to understand the linkages among customers' expressed switching behavior reasons. The interaction levels are equivalent to the different roles of the relationship factors for switching. Our analysis divided the relationship into the trigger, the process, and the outcome, which in Van de Ven's terms corresponds to the interaction levels.

Analysis Procedure

Triggers describe how customers assess a certain switching reason. The switching determinant, or the customer-perceived switching reason, is what has occurred, and the trigger is why it has occurred. The focus in this analysis is on the trigger, and switching determinants appear only to accentuate the difference between these two relationship factors. The interviewed customers each described between one and four paths, which were analyzed according to trigger identification procedures (Roos 1999; Roos, Edvardsson, and Gustafsson 2004; Roos, Gustafsson, and Edvardsson 2005).

In the second step, after the definition stage, the triggers were categorized as *active* or *passive*, and then the focus of the analysis moved to examining prejudice. The categorization into active and passive triggers was based on the following criteria:

1. Active triggers included customers who *had contacted* the switched-to telecom provider as a result of influence from the market in the form of newspaper advertising, television commercials, or co-customers.
2. Passive triggers included customers who had been contacted by competitors of the switched-from telecom provider and were able to clearly express the reason for the switch.

The proportions of active and passive triggers (situational, influential, and reactional) were analyzed separately. This analysis was included for comparison purposes. Although all three types were included, the focus was on the influential trigger because of the special interest in its active and passive dimensions. The analyses reported here accordingly focused on influential triggers.

Prejudice

When the switching path and the presence of an influential trigger had been identified, the next step was to determine whether a latent prejudicial state had existed. Evidence of latent prejudice included the following factors:

1. Customer expressions suggested that the competitor's contact had immediately brought to mind latent irritation with the current telecom provider.
2. The source of the irritation was different from the expressed triggers and switching determinants.
3. The customer was able to clearly establish and articulate the prejudice against the switched-from service provider.
4. There was no doubt that the particular prejudice had been latent over a long period even though no actual action had been taken.

Both research teams, the interviewers and the lead author, produced consistent results with regard to the customers' first switching path, the only differences concerning the active and the passive dimensions of the triggers. There were a few differences in categorization, but agreement was easily reached. For example, the trigger was specified first and then deemed active or passive. There was a discrepancy between the analysts regarding one situational trigger and one influential trigger: Some switching paths at first sight seemed clear but, after thorough consideration, had to be recategorized. The following illustrates such a case:

> I saw telecom representatives at the supermarket and went to their desk and gave them my permission to make contact during the following week.

The interviewers correctly categorized this kind of switching path trigger as *influential*, but they classified the dimension as *passive* when in fact it was *active*: The

TABLE 2
Active and Passive Customers and Triggers ($n = 71$)

	Triggers		
Customers	*Situational*	*Influential*	*Reactional*
Active	12	10	2
Passive	0	47	0

customer knew about the contact, and although this person was later contacted by the telecom operator, there was no unexpectedness in the situation. After discussion, all the analysts agreed on the categories.

The following section defines the concepts involved in the active and passive triggers and prejudice analyses, and it sets out the procedure. The analysis started with the trigger identification. The theoretical framework provided insights into prejudice, which turned out to be connected to the influential trigger and was thus further categorized as *passive* or *active*.

FINDINGS

Although enhanced understanding of the concept of prejudice provided our study with unique results regarding frequent switching, this understanding was moderated by certain insights into triggers, especially, influential triggers. To link the new findings to the defined concepts, we begin this section with some concept definitions.

Previous studies have claimed that the influential trigger is the most challenging of the three to define (Roos, Edvardsson, and Gustafsson 2004). First, despite determined efforts to be company specific, until now, the influential trigger has been defined in only general terms. Second, according to several studies on switching behavior (Roos, Edvardsson, and Gustafsson), influential triggers far outnumber the other two, and this has considerably influenced the development of switching path research. The results of this study represent a clear step forward in redefining influential triggers. The redefinitions presented reflect the activeness and passiveness of customers, as shown in Table 2. Customers experiencing situational and reactional triggers are primarily seen as being active. Those experiencing influential triggers may also be active, but most turned out to be passive in this case. The big step forward in terms of our understanding of frequent switchers is thus in the revised knowledge of the influential trigger. The sensitivity that was always difficult to substantiate seems to have found its explanation. The market impact (the influential trigger) does not always have to be a market activity causing the sensitivity; it could also be customer sensitivity, which is a prerequisite for the application of the trigger logic developed by Roos (1999). According to this logic, customers have a long-term sensitivity that affects their evaluation of the service provider, which was always the case with the situational and reactional triggers.

Active and Passive Triggers

The findings of this study led to a partial redefinition of triggers. Their role was confirmed: They make customers sensitive to switching. So far, we have not succeeded in identifying more than the three triggers from the literature: situational, reactional, and influential. The present findings suggest that despite the cross-company nature of the telecom industry, there is no reason to change the definitions of the first two. We illustrate how the respondents expressed these triggers, in verbatim excerpts from the interviews.

It is worth remembering that situational (active) triggers are triggers that reflect a change in the customers' own situations, a change that makes customers reconsider their relationships with providers.

> We had come to the decision that operator *x* had the most suitable offering according to our needs. The one we had did not meet our needs anymore. We phoned the new operator for a subscription.
>
> We wanted to have all our telecom services with one operator. We compared several and considered operator *x* to be the best solution for us because they were also able to provide help with the installation.

According to the literature, reactional (active) triggers constitute critical incidents in service (Edvardsson 1988; Stauss 1993). They can also result from a slow deterioration in the service offering, and they do not necessarily follow from one critical incident.

> We live in an apartment, and all of us living in the same building were offered subscriptions at "the best price." The operator did not deliver what it had promised, and many of us have switched. We contacted a competitor and switched there.
>
> We had switched to a smaller operator. But we were very dissatisfied. They promised one thing on the phone, and the reality turned out to be very different. So we switched again.

The influential trigger reflects the market situation of the industry. It is defined here in terms of customer perceptions of competitors' actions: Unpremeditated comparison with the current customer relationship causes switching (active and passive)—for example, customers have a latent prejudice against the switched-from telecom operator (a new finding); customers are tempted by lower prices; or customers are attracted by the competitor's media campaign.

The following excerpts refer to passive influential triggers:

> An operator called and offered a subscription at a lower price, and I switched immediately.
>
> [The operator] called me, and I switched to them, although I was not dissatisfied with the market leader's service. I just don't like their style.

In contrast, the following excerpts refer to active influential triggers:

> We read ads in the newspaper and thought the operator we switched to would be less expensive than the one we had; so we switched there.
>
> We had an offer sent to us in the mail. We thought it was a good one and we switched to that operator.

The characteristics of the triggers identified in this study are in accordance with the findings of other studies and in other industries (Roos, Edvardsson, and Gustafsson 2004). The fact that the influential triggers can be fairly and clearly classified as *active* or *passive* implies that customers on their switching paths vary in their ability to perceive the sensitivity to change that triggers arouse. Some triggers (active) cause sensitivity that customers are aware of, whereas others (passive) cause sensitivity, but the customers are unaware of it until they are contacted by competitors. Those reporting active situational and reactional triggers showed explicit trigger awareness, at least when questioned in an interview situation. In contrast, those reporting influential triggers showed no trigger awareness before the approach of the competing operator.

The fact that there was a difference between active and passive triggers was a significant finding, with clear implications in terms of the redefinition of the influential trigger. It also serves to confirm the existing definitions of the other two trigger types. In addition, there are implications for future research: Although situational and reactional triggers appear to be only active, the influential trigger incorporates both the passive and the active.

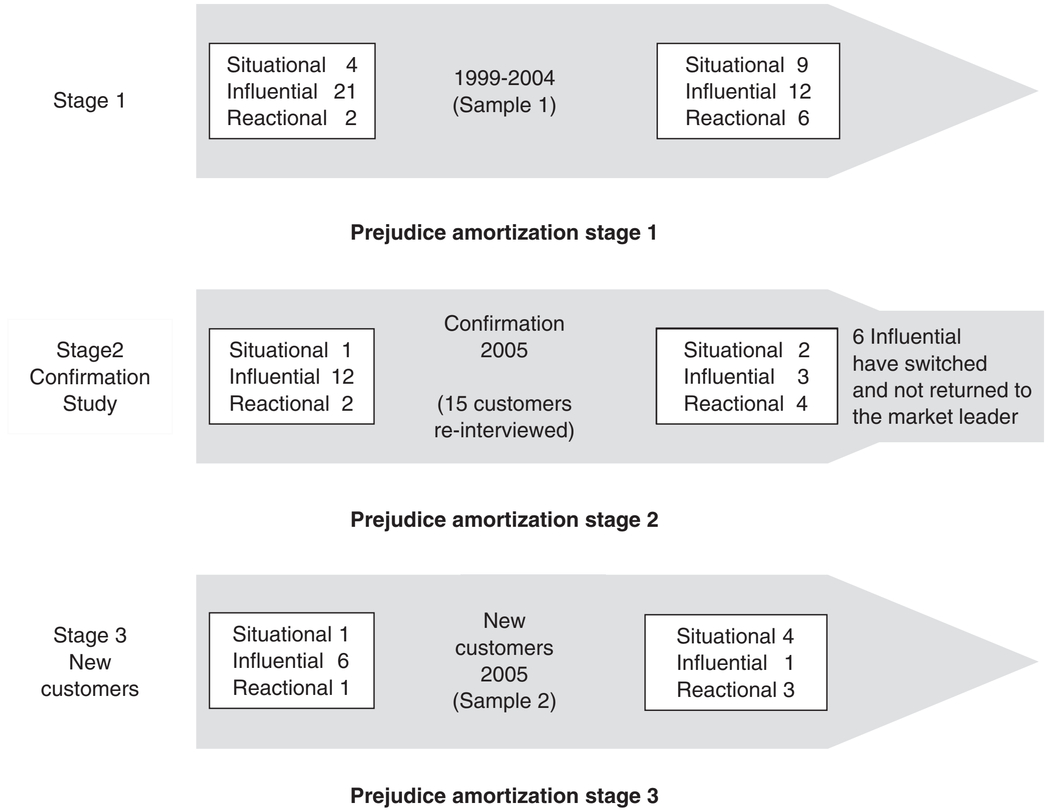
Customer switching in this study was traced back by interviewing the respondents about their actual behavior on a total of between one and four separate switching occasions. At some point in their switching history, they had switched from the market leader to a competitor (Figure 1). This first switching path featured 57 influential triggers (note, however, that one respondent may have mentioned several triggers), of which 47 were reported by passive customers and 10 by active customers (Table 2). For example, respondents who expressed a passive trigger (most of the influential triggers, 47/57) mentioned a price-switching determinant—namely, "price" (Roos 1999)—whereas the 10 active ones (10/57) described switching determinants in terms of price-related issues, meaning more deliberated price determinants. Active respondents mentioned determinants that, in a roundabout way, reflected a more expounded way of facing the switching situation, for example, "a desire to concentrate all telecom services for better price" and "price comparison." The difference between active influential customers and those reporting situational and reactional triggers lay in the latter's clearly premeditated way of handling the switching situation. Furthermore, the situational and reactional respondents always initiated the search for a new operator because of an inconvenience factor.

Triggers Redefined

The redefined influential trigger occurred in two forms. The 10 active triggers fit into the traditional definition according to which customers shop among telecom operators without consciously comparing and considering price-related issues. They follow the advertising and the offers of the entire market and readily switch between operators. The 47 passive customers were of another kind: They did not fit into the situational or reactional trigger category. They clearly showed specific elements of the influential trigger as previously defined, the difference being in the initiative and in the initial state of the switching path. Whereas the active customers experiencing an influential trigger seemed to be constantly willing to try new alternatives and search for the best offer, the passive customers showed latent prejudice against their current telecom operator and were ready to switch because of this but only if the competitors contacted them. Thus, the first step toward being able to define prejudice lay in the finding that triggers can be clearly ascribed to both active and passive customers.

The new analysis reveals that unlike the other two triggers, the influential trigger was predominantly passive. Awareness of the need for a change appears to arise from the competitors' change in behavior over the years. In contrast to the findings of previous switching studies (Roos, Edvardsson, and Gustafsson 2004), the data gathered in this study reveal that the telecom operators' level of activity had changed completely. There was a clear shift from communication via the media to more personal and customized ways of getting in touch with potential customers. According to the original definition, influential trigger customers reflect the market in their actions: They react to competitors' efforts in the media, their focus being on the

FIGURE 2
Prejudice Amortization at Stages 1, 2, and 3



financial advantages. What this study on the customers of Swedish telecom operators reveals is that there does not necessarily have to be any kind of customer-initiated awareness of sensitivity to change before switching. The competitors take the initiative, and latent prejudice makes the customers switch. The customers are passive, but the market is active.

Influential Trigger and Prejudice

The largest difference in the two definitions of the influential trigger lies in the overall understanding of the passiveness–activeness distinction. The passive dimension reflects a phenomenon that we label *prejudice*. Given the results of this study, prejudice in customer relationships can be defined as customers' unconscious motivation to switch before receiving contact from competitors in a form that is designed to feed their particular prejudice against their current service providers. The specific influential trigger that customers carry with them, for example, may be prejudice related to the price level of the current provider. The influence of the prejudice is constant until the switch has occurred, as in the trigger condition after the move has been made onto the switching path. This was always our assumption. Now that we have discovered prejudice in the context of the influential trigger, we also realize that frequent switching among different telecom operators may mitigate and even deactivate the switching motivation (prejudice). Thus, the prejudice state is latent. When competitors successfully tempt, attract, or appeal to customers to switch, the customers amortize the level of prejudice. The consequence of this logic is that as long as they are influenced by prejudice, they are motivated to switch. When they are no longer motivated, they move off the switching path to a no-trigger condition.

The subsequent switching behavior presented in Figure 2 illustrates the prejudice amortization process in customer relationships (prejudice logic) during frequent switching on an individual level. During the 6-year period studied, customers reacted to the described trigger experience by engaging in actual switching behavior. One interviewee, for example, started as a customer of one telecom company, switched once or twice to its competitors, and ended up with the same operator that he had started out with (customers thus did not start at Year 1 and end at Year 6; they entered and left during different periods). The analysis of these customer paths confirms the significance of prejudice logic in the switching patterns of the customers examined in this study.

Our primary aim was to examine customers' switching from the market leader and back. The intervening switches indicate what happened in terms of trigger development. We related frequent switching to the influential trigger because our focus was on the amortization of the prejudiced state. In other words, we wanted to know how the distribution between the three types of triggers—the situational, the influential, and the reactional—might have been affected.

Stage 1 in Figure 2 represents the first prejudice analysis, which traced the triggers leading from one operator to a return trip back after a number of switches. We found that there were 4 situational triggers, 21 influential triggers, and 2 reactional triggers. Five years later, the trigger proportions on the same switching paths had changed—9 were situational, 12 were influential, and 6 were reactional. In other words, the number of influential triggers decreased, whereas the number of situational and reactional triggers increased. Our tentative conclusion was that if only one switch occurred, the prejudice was caused by a certain telecom provider that may have triggered the switching somewhere back in the chain. Specifically, our analysis captured only the end of the chain where the latent trigger changed into the overt trigger and, thereafter, the relationship was stable. The application of trigger logic (triggers causing sensitivity in customer relationships) suggests that switching continues until the prejudice has been paid off and the customer is convinced of the best alternative in terms of meeting his or her current telecom service needs. For an individual customer, the final destination on the switching path lay in satisfaction in terms of ultimate value in use: It is likely that when this is no longer provided, a new switching period will begin.

We used the first stage as a control after one year (2005; Stage 2 in Figure 2). The same development and change had continued in terms of trigger development, and thus our proposition regarding the prejudice state was confirmed. We were able to interview only 15 of the 27 customers from Stage 1, however, because not all the participants who were interviewed in the first round were available. For the 15 reinterviewed customers from the previous year, the figures were 2, 3, and 4 in terms of situational, influential, and reactional triggers, respectively. All of the 6 customers who had switched from the market leader described influential triggers; that is, they had continued the amortizing process.

Thirty new customers were interviewed in 2005 (Stage 3 in Figure 2). The pattern is clear here, too. The switching stories between 2000 and 2005 followed trigger logic: The trigger caused sensitivity in the customer relationship and, on the basis of the findings of this study, was further strengthened by the new definition of the influential trigger. Frequent switchers decreased in number, whereas the number of customers who claimed to be stable in their relationships increased. In trigger terms, among the situational, influential, and reactional customers, there were changes from 1 to 4, from 6 to 1, and from 1 to 3, respectively.

In sum, the mapping of switching paths in the telecom industry reveals a switching pattern that we have labeled *prejudice amortization*. This is the clearest description that we have found that explains the frequent switching among operators. It seems likely that customers who switch frequently are looking for confirmation of their prejudice regarding their current service operators. When they think that they have found confirmation, they switch. Later, they may become aware that the confirmation was false: The first operator was not as expensive as what the prejudiced customer thought. This fits into the theoretical framework previously reviewed, suggesting that misjudgment is proof of prejudice (Vickery and Opler 1948). Nevertheless, further switching to a third operator may occur for the same reasons. When the prejudice has been amortized and a new kind of trigger, such as a situational trigger, affects the switching, the prejudiced state is paid off. In most cases, the initial telecom operator was also the final destination but not always. It was always the source of the prejudice, however, even though the later switching occurred between other operators. The following two extracts from customers' switching stories illustrate the process of prejudice amortization.

Customer: [The competitor] called me and it was a tempting offer.
Interviewer: Were you dissatisfied with your operator?
Customer: No, but I don't like the monopoly situation they have. So I'll give the competitor a chance.

Interviewer: Why did you switch from your operator?
Customer: I can hardly remember, yes . . .
Interviewer: Did you phone or contact them?
Customer: No, they phoned me, and even if I use my phone very little, they still persuaded me.
Interviewer: Do you usually compare operators' offers?
Customer: Never.
Interviewer: Why [did you switch] then?
Customer: It was something about my operator that irritated me; there's something in how they fix the prices that isn't okay. It's not only price; it's a general thing I have about the operator that I can't explain.
Interviewer: How do you mean?
Customer: Well, even though I didn't get rid of the fixed charge they have because they own the network, I still switched carrier.

According to the respondents' comments, their latent prejudice was an existing and persistent condition that provoked and motivated their switching but only after it was activated by attractive and engaging contact from the competitors. The decision to switch is apparently an easy one for prejudiced customers to make. Once the offer and contact had been made, the interviewees could readily identify their prejudice-based arguments. For the most part, price or some other kind of long-lasting, non-interaction-related issue, such as a monopoly situation on the market, was the main factor engendering the prejudiced state.

DISCUSSION

The most important finding in this study was the identification of the latent prejudiced state in customer relationships, particularly, its effect on switching paths. It seems that the only way for operators to amortize and neutralize the state of prejudice is to preempt the customer's false perceptions of better alternatives. Customers who were reacting to influential triggers seem to be persuaded only through new experiences, such as switching to a competitor, which suggests that the prejudice is fostered by the market image of their current providers.

The long-term approach to studying customers' switching behavior adopted in this study resulted in a major step forward in the understanding of switching paths. All the analyses that we carried out—the switching histories in 1999–2004, the follow-up study in 2005, and new customers in 2000–2005—showed similar results. In addition, it was not only the long-term approach that made the study successful in terms of results but also the nature of the data. We had the opportunity to track switches not only from the market leader to competitors but also among competitors and from the competitors back to the market leader. Without such longitudinal data, it would not have been possible to produce these findings. The active customers not only described situational and reactional triggers but also indicated that they had experienced influential triggers. However, the influential triggers were mostly reported by passive customers in a prejudiced state that was merely latent until activated by a competitor; that is, they were contacted by a competitor, and they switched as a consequence. This activation caused a switch related mainly to the price level but also frequently to the market position of the switched-from telecom operator.

The question we pose in the introduction concerns what lies behind the susceptibility to switching in a customer relationship. Given the present findings, we can conclude that it is partly the prejudiced state in the relationships and partly the willingness to switch that seem to be rewarded by the opportunity to switch. The definition of the influential trigger has thus been refined to allow for a passive component in what was previously regarded as only an active phenomenon from the customer perspective.

Implications for the Loyalty Concept

The switching perspective on customer relationships adopted here has consequences that affect the theoretical concept of loyalty, which usually implies a focus on the switched-to service provider rather than on the switched-from.

The effect of situational and reactional triggers is defined in terms of changes in customers' own lives (situational), in their quality perceptions of the company, or of critical incidents (reactional). The effect of the influential trigger on the relationship is more complex: It has traditionally been assumed to stem from the market situation communicated by the competitors' actions. The idea that sensitivity appears gradually, which means that customers are deliberately or accidentally subjected to trigger impact, conflicted with the perception of prompt switching as a result of competitor action, when there was seemingly no time for sensitivity to develop: This is not possible if the influential trigger is defined only in terms of competitors' actions. This study of telecom customers' relationships spanning over 6 years represents a step forward in resolving the conflict between the concepts of the influential trigger and customer sensitivity. Customers seem to harbor some kind of prejudice against the perceived market leader, and this causes sensitivity in their relationships. They appear to amortize their prejudice by frequently switching from one telecom operator to another.

It appears from the present findings that loyalty and disloyalty are not definitive behavioral states. Customers may give the same reasons for two, three, four, or even five switching decisions in a row, but they still show quite different behavioral patterns. From the disloyalty perspective, a focus on triggers is rewarding. What does it contribute, however, in terms of loyalty?

The identification of prejudiced states, which appear behaviorally as frequent switching, suggests that different sequences of the entire relationship provoke different degrees of loyalty. Loyalty and disloyalty are indicative of the likely direction of future behavior, and to determine that direction, it is useful to take into consideration the trigger factors. Customers initiating new relationships under the influence of a situational or reactional trigger are more likely to stay longer than those who are reacting to an influential trigger. There are clear links here with the study conducted by Ganesh, Arnold, and Reynolds (2000). The categorization of dissatisfied and satisfied switchers, which carried implications for the researchers' subsequent customer relationships, arose from our analysis of the switching stories. Furthermore, we were able to establish not only the fact of dissatisfaction or satisfaction in the switched-to relationships but also why seemingly satisfied customers frequently switched.

Morris and Holman (1988) pointed out the importance of identifying the source of customer loyalty. From the results of this study, it appears that the source is the trigger function. According to Ahluwalia, Burnkrant, and Unnava (2000), customers in different categories form their responses to perceptions differently, and in this context, commitment is an important moderator. In their study on consumer response to negative information, the researchers differentiated between high and low consumer commitment: Consumers differed in their attitudes toward the service provider according to their levels of commitment. Looking at commitment consequences, Morgan and Hunt (1994) suggested that relationship commitment promotes acquiescence against the propensity to leave a relationship. Thus, stability can be achieved by deliberately fostering commitment. Commitment is also considered to affect an outcome behavior that produces efficiency, which in turn leads to cooperative behavior that is conducive to good relationships.

Telecommunications is traditionally considered to be a low-commitment industry (Bolton 1998; Reinartz and Kumar 2003). In view of that, it would be interesting to look at the links between frequent switching and commitment. There do seem to be telecommunications customers, however, who are stable (i.e., those who respond to situational and reactional triggers) in comparison to those who experience influential triggers. These considerations stem from the information gleaned from the sample: Triggers that pushed customers toward an operator often changed during the relationship, and the trigger impact when switching also changed. In an examination of customer responses to perceptions, Garbarino and Johnson (1999) found that fluctuation based on demographics can occur. They distinguished between strong and weak relational customers in terms of characteristics that have different roles in the prediction of future intentions, that is, the importance of satisfaction, trust, and commitment. Their results suggest that trust and commitment are mediators only for strong, not weak, relational customers. Furthermore, Morgan and Hunt (1994) reported that commitment was only a mediator for relationships of a special nature and not for effective relationships. The link to behavior can be seen in terms of repurchase intention.

Reinartz and Kumar (2003) have recently drawn attention to the lack of empirical evidence concerning noncontractual relationships, such as those in telecommunications. The researchers pointed out that it is more challenging to estimate the stability of relationships between buyers and sellers when there are no contracts and no memberships. Their findings focus on segmenting factors such as the customer's residential area, income, and credit standing in the lifetime of the relationship, and the results make a significant contribution in terms of deepening our understanding of how different customer segments need to be managed differently. Our results suggest that it is nevertheless important to be aware that customer behavior may fluctuate even within such segments.

In their study of customer relationships, Bhattacharya and Sen (2003) referred to consumption as the ultimate sign of identification by customers, suggesting that this is strongly related to their perceptions about their relationships. Satisfaction is a key element in service consumption, and one kind of identification is represented by loyalty. To better understand customer identification from a loyalty perspective, service companies should consider the antecedents of customer perceptions more closely. In other words, it appears from the results of this study that greater awareness of the dynamism in the development of the relationship may reveal important indicators of future behavior.

Managerial Implications

The findings reported here should prove useful for managers in terms of increasing their general understanding of customer relationships. Trigger logic opens up a new approach to understanding customer behavior. In some cases, we might think that customers switch for no apparent reason, but our research shows that there is a logic to it. By learning about trigger logic, managers will gradually be able to form their strategies to avoid the triggers.

Customers may have a trigger, and the trigger may influence customer perceptions of a particular company (Roos, Gustafsson, and Edvardsson 2006), and it may affect actual behavior. We really must assume that switching is a process (long or short) and that it does make sense from the customer's perspective: It generally does not occur without a reason. By focusing on the fluctuating customer bases of particular companies (churning customers) and by taking a longitudinal perspective on tracking actual behavior histories, we have been able to identify the significant role of triggers for each company in the customers' movement patterns. Clearly, the role of the customer relationship manager in the development of these patterns is crucial. If knowledge about the different triggers is embedded in the customer database, companies may be better equipped to manage their customers. Firms in a competitive industry are always trying to attract customers through different marketing activities, and it ought to be of special interest to know in what way customers may be persuaded to switch to the competition without further thought. A higher awareness of the sources of latent or passive prejudice would help in preempting customer defection. However, if prejudiced customers do defect, they may be easily persuaded to come back when they have amortized their prejudice. This switching journey is likely to make them more loyal than they were before they left.

It is also worth mentioning in this context that customers who experience reactional and situational triggers are quite different in their behavior. They have actively searched for another service provider either because they feel unfairly treated by their current one or because they have changes in their life situations that make them think that the service no longer meets their needs. It will require quite an effort to make these customers switch back. The customer with a reactive trigger usually wants some form of compensation and wants the company to acknowledge that it has done something wrong, whereas a customer with a situational trigger requires changes in the services and may require a service development effort.

Future Research

The findings of this study suggest that a customer's frequent switching is closely related to the potentially prejudiced state of his or her relationship with the service provider. In the data that formed its basis, the prejudice was mainly directed toward the market leader of the telecom industry. It would be interesting to examine what effect competitors' communications via the media have on the image of the market leader. Our findings suggest that actual behavior is the only way in which prejudiced customers can amortize their prejudiced state. In the search for a deeper understanding of prejudice, it would be interesting to study how it relates to the concept of image. Does image contribute to the prejudiced state? Is there a difference between what we would label the internal and the external image of a company? The internal image is built up by customers on the basis of their personal experience, whereas the external image develops on the basis of public relations campaigns, direct marketing, and newspaper advertisements. A focus on image could provide new insights into switchers as well as nonswitchers.

The approach of this study was qualitative and long-term, and the switching perspective implies a multilevel process as described in the customers' narratives. In other words, the approach was complicated. The customers were interviewed in three stages over a 6-year period. The traditional qualitative–quantitative dichotomy does not seem appropriate here in terms of generalization. The qualitative results speak for themselves. There would be problems in applying the same design to a quantitative study, however: It is important to get the whole picture to be able to quantify all aspects of the results and to comprehend the most significant information regarding relationship stability.

Finally, it would be useful to investigate service industries other than telecommunications, as well as the telecommunications industry in other countries. The findings of this study are significant for this industry, but we suggest that they can be applied to other services. To ascertain this, empirical studies should be conducted on frequent switching in various service industry settings.

Limitations

The fact that this study is primarily qualitative involves certain limitations. In terms of generalization, the size of the samples is relatively small, but in qualitative terms, they were considered sufficient because they yielded mature categories. The empirical study was conducted within one industry, but it represents several companies. Another factor linked to the repetitive and educative nature of studies is the possible effects of our findings as related to the period. The time during which the empirical studies were conducted was quite exceptional in the telecommunications industry. Deregulation caused turbulence in the market, and it is difficult to tell whether these circumstances influenced the results positively or negatively. One positive effect is that it may have been difficult to find such frequent switching in another industry; that is, another period may not have yielded as many as six switching events from one customer.

However, based on the results from one industry, our conclusion is that the development from an unstable customer (frequent switching, influential trigger) to a more stable one (situational or reactional trigger) does exist. Our reasoning lies in the stability of the direction of the results, despite the variance in interview techniques. Not only did we carry out repeat interviews with the same customers over several years, but we also interviewed new customers. The idea was to study customers during different periods in terms of when they had initiated their switching. The results of this study may be more relevant in specific industries at one time rather than another, but the gains achieved in the increased overall understanding of customer relationships and the loyalty concept are a valuable contribution.

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