CHAPTER -2
CHAPTER 2
REVIEW OF LITERATURE

2.0 The Service as a Concept

Marketing executive are often interested in Understanding services as concept and how various characteristics of services may provide opportunities for strategic marketing of services.

Services possess characteristic of intangibility, inseparability of production and consumption, heterogeneity and perishability. Services are intangible when compared to physical goods i.e. they cannot be touched (Bateson, 1977). Inseparability of production and consumption demands concurrent creation and consumption. Goods are first produced, inventoried, sold and then consumed. But services are usually sold first, then produced and consumed simultaneously because they cannot be inventoried. Variability of service demands strategies for consistent & uniform design and delivery. Services are perishable i.e. they cannot be saved and used later in times of need or emergency. Most services actually consist of acts and interactions, which are typically social events. The control and management of social service encounters demands for certain special people skills and techniques, that may demand building trust based relationships and leading to customer loyalty. Thus, because of unique characteristics of services, the academicians and business executives are interested in determining the strategies to enhance customer service experiences, leading to satisfied customers. This customer satisfaction may impact customer trust and lead to favourable loyalty behaviour. Thus present study has been focused in this direction and tried to establish methods to improve customer service quality and satisfied service delivery.

2.1 Perceived Service Quality

Perceived service quality has been defined as the difference between expectations and actual performance (Parasuraman et al., 1988). Quality is overall
judgement of the superiority of a product (Zeithaml, 1988). In previous researches, quality has been reported as having apparent relationship to costs (Crosby-1979), value (Cronin et. al, 1992), profitability (Rust et. al. 1993), customer satisfaction (Bolten, 1991), customer trust (Morgan and Hunt, 1994), customer retention, and loyalty (Reichheld et. al.-1990).

Crosby (1979) defined quality as "Confirmation to Requirements", Parasuraman, Zeithaml and Berry (1985) argued that service quality is 'the degree and direction of discrepancy between consumers' perceptions and expectations'. Service quality has functional (delivery), technical (reliability) and economic (value) dimensions consistent with the definitions proposed by Gronroos (1998). Parasuraman et al. (1991) argued that consistent conformance to expectations begins with identifying and understanding customer expectations. Many authors argued that service quality is a process and developed various models to explain these.

Christian Gronroos (1982) developed service quality model. According to which the total service quality is perceived by the customer as a comparison between the expected service and the perceived service received. He argued that this gap has to be addressed in order to achieve customer satisfaction.

Parasuraman, Zeithaml and Berry (1985) developed a five gaps model of service quality. The gap is what customers expect and receive in order to build long-term relationships with them. They identified five gaps that can cause unsuccessful service.

Berry et al. (1985) argued that the service quality attributes of search, experience, and credence are used by consumers to evaluate service quality. Search attributes, such as physical facilities, appearance of personnel, and the company's image can be considered before consuming the service. Experience attributes like responding quickly to a request and performing a service at the agreed time are assessed on the basis of the actual service experience.
Measuring service quality is an important act of management. Service quality is a multi-dimensional concept. Sasser et. al (1982) listed seven service quality attributes. Gronroos (1988) identified five key determinants of service quality as: professionalism cum skills (technical, outcome related), reputation cum credibility (in age related), behaviour cum attributes, accessibility cum flexibility and reliability cum trustworthiness (all functional, process related). Parasuraman et al. (1985), SERVQUAL and identified five dimensions of service quality as: Tangibility, Reliability, Responsiveness, Assurance, and empathy. Later on, Cronin et al (Cronin and Taylor, 1992) developed an instrument of service performance (SERVPERF) that seems to produce better results than SERVQUAL (Asubonteng et al. 1996).

Kangis and Passa (1997) researched for cues of service quality. They found that overall price awareness was related to both higher expectations and higher perceptions of quality received. They argued that since banking services were generally higher in experience and credence qualities, customers felt greater levels of risk in their purchase. Communications were thought to rely more on word of mouth than on other media. Further, price, personnel and physical cues played an important role in the determination of service quality in terms of both expectations and perception.

Avkiran (1999) used service quality instrument developed by Avkiran (BANKSERV). In their study, Employee behaviour was found as the key variable explaining the direct and indirect linkages between the cause and effect of service quality.

Debabsish (2002) carried out comparative analysis of the level of service quality across public, private and foreign banks in Delhi. The author used Rust and Oliver's (1994) three-component model of service quality namely technical (TQ), environment (EQ) dimensions and functional quality (FQ) dimensions. The study revealed that the foreign banks provide better service quality as compared to private and public sector banks. Citibank, ICICI bank and State Bank of India (SBI) were perceived to provide better services in their respective banking sectors.
Wang et al. (2002) found in Chinese banks that reliability was the key drivers of the product quality & followed by tangibility. The authors argued in favour of improving service quality & product quality to build and enhance company reputation.

Prabhakaran and Satya (2003) argued in favour of process of service quality in banks. They found that the borrowers were not only concerned with the money they get as a loan but they were also keen about how they get it. They argued that on the basis of five dimensions of service quality. They also found that, these five dimensions viz. tangibility, assurance, reliability, responsiveness and empathy were closely related to each other and overall service quality.

Sureshcander et al.(2003) found that the private, government and foreign banks in India vary significantly in terms of the delivery of the five service quality dimensions. These banks were using theses as tools of differentiation. Further, the authors had found that foreign banks are performing best, followed by private sector banks and public sector banks.

Spathis et al. (2004) studied the service quality of Greek banks on the basis of customers' perceptions. They also analysed effects of gender on customers' perception of service quality dimensions such as effectiveness and assurance, access, price, tangibles, service portfolio and reliability. The results found that male customers had a more positive perception of the quality of service than females had. For men, effectiveness and reliability ranked highest, with assurance ranked second. Whereas, for women, price ranked first and access ranked second service expectation.

2.1.1 Service Quality and Its Effects

In previous studies, the service quality has been related to costs (Crosby, 1979), the financial performance of the organization (Rust et al., 1995), consumer satisfaction (Spreng et al., 1996), customer retention, switching behaviour (Keaveney, 1995), and behavioural intentions (Cronin and Taylor, 1992), customer trust and loyalty (Gounaris and Venetis 2002).
Dodds et al., (1991) found that Customer perceived value can be positively influenced by perceived quality and negatively influenced by perceived price. They argued that there is not necessarily a positive relationship between the customers' perception of quality and their perception of value. Customers can, at times, obtain more value from a lower quality product or service, because the low overall price compensates for the reduction in quality.

Cronin and Taylor (1994) found that service quality had a positive impact on customers repurchase intentions and intentions to recommend the company to others.

Bitner et al. (1994) found that in service transactions, customers judge service contact employees on their ability to deliver the service right the first time, and by their capacity to recover if things go wrong. Customers also judge contact persons on how well they deal with special requests, and their interactions and attitudes.

Wells and Stafford (1995) also supported that there was a relationship between perceived quality and customer perceived ethical equity. They showed that for car insurance, the higher the customer perceived service quality, the lower the customer complaints.

Galloway and Blanchard (1996) in their study established the relationship between service quality and customer satisfaction in retail banking. They argued that age & life stage had its affect on perceptions of service quality. Youth wishes to be treated properly by the staff but found to be mainly interested in cash from cash machines. The independent/single was somewhat more concerned with the nature and quality of the interaction with the bank. The customers with family were more concerned with privacy and the issues of personal treatment.

Zeithaml et al. (1996) determined that service quality influences different kind of behaviour intentions, such as giving recommendations, doing more business and willingness to pay more. In their multi-company/multi-industry study
of the relationship between service quality and behavioural intentions, they found that service quality is positively associated with communicational behavioural intentions of positive and negative word of mouth.

Yavas et al. (1997) in their study reported the results and managerial implications of Turkish study. They had investigated relationships between service quality, customer satisfaction, complaint behaviour and commitment. The study concluded that the ultimate success of any service quality programme implemented by a bank could be gauged by creation and retention of satisfies customers. The roles of customer contact personnel in the attainment of these goals were found to be of very important.

Gronroos, (2000) argued that service quality not only affects subsequent service transactions, but also enhances the building and maintenance of long-term customer relationships. They established that long-term customer retention create exchange efficiencies.

Bolton et al. (2000) found that the service quality contributes to profitability. They argued that First, service quality acts as tool of service differentiation, competitive advantage, attracting new customers and contributes to the market share. Second, service quality is an important means for customer retention and loyalty as it influences inclination to buy again, to buy more, to buy other services, to become less price sensitive, and to tell others about their positive experiences.

Chiou et al. (2002) demonstrated the positive influence that employee-related quality has on trust formation.

Yeas et al. (2004) analysed the nature of relationship between service quality, satisfaction and switching intentions in Germany. The results indicated that tangible elements of service quality were more closely associated with positive word of mouth and commitment but service delivery were closely related to customers' satisfaction, their complaint and switching behaviours. Also, they showed that interpersonal relationship aspects of service quality were closely
related to satisfaction and behavioural outcomes. They favoured enhancing
customer satisfaction by delivering better customer value.

2.2 Customer Delivered Value

Customer Perceived value is the customer's overall assessment of the
benefits they receive relative to the sacrifice they make (Dodds et al., 1991,
Fornell et al., 1996, Zeithaml, 1988). Howard and Sheth (1969) argued that that
satisfaction depends on value. Zeithaml (1988) defined customer-perceived value
as: “...the consumer’s overall assessment of the utility of a product based on a
perception of what is received and what is given”. It is subjective, and therefore
varies among consumers. In addition, a person might evaluate the same product
differently on different occasions.

2.2.1 Creating Customer Value

Monroe (1991) stated that customer delivered value is the ratio of
perceived benefits and perceived sacrifice. The perceived sacrifice by the buyer
includes all the costs: purchase price, acquisition costs, transportation, installation,
order handling, repairs and maintenance, risk of failure or poor performance. The
perceived benefits were some combination of physical attributes, service attributes
and technical support available in relation to the particular use of the product as
well as the purchase price and other indicators of perceived quality. He claimed
that customers value a reduction in costs more than a responding increase in the
benefits.

Christopher et al. (1991) put forward that the buyer’s value chain was a
starting point of “…a series of actions a customer takes in specific contexts with
the aim of producing value for that customer…” They argued that the aim must be
to identify what a customer is trying to do with the firm’s offering at a particular
time and place. They proposed that value-adding strategies may be such as adding
technical product features or supporting services to the core solution so that the
total value of the offering is increased.
Wilson and Jantriania (1993) in their research had concluded that an assessment of relationship value should begin with the economic value, proceed to strategic value and finally estimate qualitatively the value of behavioural elements. They said that the components that may enhance customer-perceived value included: superior product quality, brand image, customising, supporting services, and uniqueness etc.

Kotler (1994) suggested that the firm’s offering should be seen as a ‘value carrier’. In order to achieve a sustainable competitive advantage the firm must provided an offering which the customers perceive as having a greater net delivered value than the offerings of the competitors. The customer relationship itself had a major effect on the total value perceived. That is he argued for comparative better net delivered value for once and always.

Chang & Chen (1998) said that Customer value was judged as part of an equation in which customers compare perceived benefits and the perceived total costs of ownership. Market based assets can create value for customers though a positive quality perception, lowering search costs, matching performance requirements including price, improving service and trust, risk reduction, and by generating innovative new offerings. They also argued that Customer perceived value is also influenced by comparisons made with offerings by competitions.

Frei, Evenson and Harker (2000) In research focused on 11 major financial institutions, they created a model of three main ‘drivers’ of superior service delivery i.e. effective employee, effective internal processes, and effective information technology.

2.2.2 Effects of Perceived Value

Many models have been developed in past that integrated customer perceived value, customer satisfaction, trust and intentions to purchase (Heskett et al., 1994; Storbacka et al., 1994; Woodruff, 1997). Jacoby and Kaplan (1972) argued that Perceived value has a direct positive effect upon brand preference. Erdem and Swait (1998) had also supported the causal link between customer’s
perceived value and brand preference. Several studies have also found strong link between value and loyalty or intentions to buy (Harris and Goode, 2004; Grisaffe and Kumar, 2002). The relationship of value to trust, however, requires an appreciation of value beyond its traditional definition as a trade-off between benefits and sacrifices.

Ravald Annika and Grönroos Christian (1996) argued that the benefits and the sacrifice that increased the benefits or reduce the customer costs would stimulate repurchasing activity, improve relations, trust and loyalty. They said that good core product quality plus supporting services (home delivery, training programmes, warranties, after-purchase service, etc.) increased the benefits for the customer and this affected perceived quality positively. The reducing the sacrifice or effort the customer involves activities like lowering the actual price, increasing the convenience of the purchase, social and psychological costs. They advocated for accuracy, flexibility, efficiency and a zero-defection strategy in value chain. By adding more value to the core product, companies may improve customer satisfaction and loyalty.

Woodruff (1997) argued that the relationship of perceived value with customer satisfaction is supported by value disconfirmation experience. When a single purchase of a product or service is made, the customer expects to receive a benefit greater than the cost, that is, the customer expects to receive value. Customer’s current level of satisfaction/dissatisfaction may influence subsequent customer value expectations, purchase behaviour and overall customer satisfaction. According to them, Customer’s perception of delivered value positively impacts customer overall service satisfaction.

2.3 Customer Satisfaction

Customer satisfaction has been widely debated in literature Oliver (1997, p. 13) notes that “everyone knows what satisfaction is until asked to give a definition. Then it seems, nobody knows”. Different researchers have provided slightly different views of customer satisfaction. For instance, Cronin and Taylor (1992) defined and measured customer satisfaction, as a one-item scale and failed
to do justice to the richness of the construct. **Mano and Oliver (1993)** established that satisfaction is an attitude or evaluative judgement varying along the hedonic continuum focused on the product/service, which is evaluated after consumption. **Halstead et al. (1994)** regarded satisfaction as an affective response that focuses on product performance compared to some repurchase standard during or after consumption. Based on the concept definitions, researchers had tried to measures satisfaction.

**Rust and Oliver (1994)** identified a number of key elements that distinguished service quality from customer satisfaction. They argued that, whereas, Value judgements on the quality of service are evaluations of specific aspects or attributes, but the judgements of satisfaction are more general. Expectations of quality of service are based on perceptions of excellence, whereas judgement of satisfaction include reference points such as needs or the fairness of treatment; and judgements of perceived quality of a service are more cognitive, whereas judgments of satisfaction are more emotional reactions.

**Price et al. (1995)** measured service satisfaction by using a six-item scale. They acknowledged the multi-dimensional nature of customer satisfaction and developed a global measurement that captures the satisfaction at multiple levels and multiple experiences or encounter with the service providers.

**Oliver (1996)** put forward that Satisfaction is a measure of consumer's fulfilment response. It was a judgement that a product or service feature, provided a pleasurable level of consumption-related fulfilment. According to his theory, which had been tested and confirmed in several studies, customers purchase goods and services with pre-purchase expectations about anticipated performance. When outcome matches expectations, confirmation occurs. Disconfirmation occurs when there were differences between expectations and outcomes. Negative disconfirmation occurs when product/service performance is less than expected. Positive disconfirmation occurs when product/service performance was better than consumer expectations, and dissatisfaction is caused by negative disconfirmation of consumer expectations.
Vavra's (1997) stated that customer satisfaction characterises satisfaction as the end-state resulting from the experience of consumption. This end state may be a cognitive state of reward, an emotional response to an experience or a comparison of rewards and costs to the anticipated consequences.

Giese and Cote (2000) suggested that consumer satisfaction comprises three basic components; First being, the type of response (whether the response is cognitive, affective or conative, and its level of intensity); second, the centre of interest (the subject on which the response was focused, which could be based on an evaluation of product-related standards, consumption experiences and/or purchase-related attributes e.g. salesperson); and third being, the moment in time at which the evaluation was made, (which may be before choice, after choice, after consumption, after extended experience, or at just about any other time).

2.3.1 Creating Customer Satisfaction

Researchers in past have argued that, whether customer satisfaction leads to service quality, or vice-versa. Parasuraman et al (1988) argued that incidents of satisfaction over time result in perception good service quality. Bitner (1990) developed a model of service encounter evaluation and empirically supported the effect of satisfaction on service quality. However, In contrast, some other researchers argued and empirically supported that perceived service quality is an antecedent of customer satisfaction (Cronin and Taylor, 1992; Fornell, 1992; Anderson and Sullivan, 1993). Spreng and Mackoy (1996) also supported that service quality influences customer satisfaction. Recently, the important drivers of customer satisfaction have been identified as service quality (Cronin and Taylor, 1992; Parasuraman et al., 1994a), perceived value (Fornell et al., 1996) and perceived equity (Oliver, 1993).

Kaynak et al. (1991) in their study of bank customers in Turkey found that factors like the bank's reputation, range of services offered, business hours, parking facilities, recommendations of friends and relatives, fast and efficient service, being able to pay utility bills and financial counselling services were considered as more important factors for satisfaction by male customers as
compared to female customers. Furthermore, the bank location was more important for under the age of forty as compared to other age groups. The bank customers who had more than a primary school education considered friendliness of bank employees, fast and efficient services, the bank location and availability of credit important than the customers who only had a primary school education.

**Dailey and Kirk (1992)** favoured satisfaction as a process of receiving justice. They argued that perceptions of organisational justice affect, job satisfaction and turnover intention. Organisational justice is often dichotomised into distributive justice (which addresses the fairness of managerial decisions relative to the distribution of outcomes such as pay and promotion); and procedural justice (which focuses on how such managerial decisions are made). Dailey and Kirk (1992) found that employee perceptions of both distributive and procedural justice play a central role in relation to job satisfaction. They argued that a satisfied employee leads to satisfied customers.

**Fornell (1992)** found that pre-purchase expectations and post-purchase perceived performance positively affect customer satisfaction. Thus, in order to decrease cognitive dissonance, customers prefer the brand they have used and been satisfied with before. Accordingly, customer satisfaction relates positively to customer switching costs due to associated risks.

**Haren et al. (1994)** undertook a study of Muslim and non-Muslims commercial bank customers in Malaysia. They found that both Muslims and non-Muslims who patronised commercial banks had a common perception in selecting their banks. The customer's dissatisfactory encounters included: long queues, temporary shutdowns in ATM service, un-operational counters, unattended enquiries and delays in making decisions.

According to **Parasuraman et al (1994)**, the controversy of antecedent and consequence originates from the type of evaluation that is carried out in terms of quality and satisfaction and it is possible to distinguish between a transaction-specific evaluation and an overall evaluation as the result of cumulative experience. While service quality researchers start from the premise that
satisfaction is a transaction-specific evaluation and that quality is an overall evaluation made using a whole set of cumulative evaluations. On the other hand, the researchers focusing on the satisfaction topic tend to have quite the opposite point of view.

**Johnston** (1995) identified factors like customer attentiveness, responsiveness, care and friendliness as the determinants of service quality satisfaction (motivators) of a major UK bank. On the other hand, they also found that cause of dissatisfiers (hygiene) were integrity, reliability, responsiveness, availability and functionality. Responsiveness was identified as a crucial source of satisfaction, and a lack of it was found to be a major source of dissatisfaction. Contrary to the existing literature, the results showed that the causes of dissatisfaction were not necessarily the causes of satisfaction and furthermore, reliability was predominantly a source of dissatisfaction not satisfaction.

**Srivastava** (1995) conducted a survey to find out the customers' perceptions regarding services which were offered by banks to their depositors in Chandigarh. He argued that problems faced by the customers could be categorised into behavioural and procedural problems. Procedural aspects included; delays in opening an account and time delays for carrying out transactions, especially, completion of pass book, depositing cash, withdrawing cash, crediting outstation cheques. These all lead to customer dissatisfaction. It was also noticed that respondents were not happy with the behavioural aspects of bank employees.

**Kumar** (1996) argued in favour of fair play and justice. He distinguished an expectation of procedural justice (disputes will be equitably dispatched) from an expectation of distributive justice (rewards will be divided equitably). He sees trust as implying dependability and the honouring of one's word. It can be built through bilateral communications and interdependence.

**Levesque and McDougall** (1996) found that core and relational performance of services were important drivers of customer satisfaction. The relationship based service quality and certain other benefits influence customer satisfaction positively. Further a service problem that was not resolved had a
substantial impact on the customer's attitude towards the service provider. However, the results did not support the argument that satisfactory problem recovery led to heighten customer satisfaction. At best, satisfactory problem recovery leads to the same level of customer satisfaction as if a problem has not occurred.

**Johnston (1997)** suggested that strategic actions, such as increasing speed of processing customers or information have an important and positive effect on delighting customers, however, other activities, such as improving the reliability of equipment, would lessen dissatisfaction rather than delighting customers. The author argued that functionality, security, reliability and integrity, although would not lead to delighted customers, were very important to customers and were potentially highly dissatisfying factors (hygienic factors).

**Malhotra and Arora (1999)** in their exploratory study based on primary data from the cities of Amritsar, Ludhiana and Chandigarh, found that there were six factors that determine customer satisfaction in public banks. The factors, in order of their importance were, namely, routine operation factor, price factor, situation factor, environmental factor, technology factor and interactive factor. Similarly, for private sector bank customers, the satisfiers were staff factor, routine operation factor, service factor, environment factor, interactive factor, promotional factor and situational factor. Moreover, for each factor, the average scores were significant lower in public sector banks as compared to private sector bank.

**Naser et al. (1999)** in their study of customer satisfaction towards Islamic banks in Jordan found that a large majority of the respondents were satisfied with the Islamic bank's image and ability to provide confidentiality. Although, the respondents were aware of the specific Islamic financial products like Murabaha, Musharaka and Mudasaba, they showed that they did not deal with them. It was revealed that a majority of customers banked with the Islamic bank because of the religious reasons as the bank observed Islamic Shariah principles.
Kesic et al. (2000) in their study of retail banking in the Croatia found that relational and feature determinants were more important drivers to consumer's attitudes towards services than core performance. The level of satisfaction depended on how banks dealt with the customers' complaints. The result also showed customer satisfaction influences recommendations of the bank to other people. Features performance was most important to customer satisfiers that led to recommendation to the friends. The second factor was core performance and on the third place was relational performance.

Mishra et al. (2000) in their survey based research study found that customer perceptions of users and non-users of information technology differ significantly on several counts. The areas of dissimilarity were their perception in dealing with banks, information provided by the banks, timings of the bank, understanding of customers banking needs, employees' behaviour, fees charged by the banks, type of service and overall excellence in performance.

Jamal and Naser (2002) examined the antecedents to and outcomes of customer satisfaction in retail banking. They found that both core and relational dimensions of service quality appeared to be linked to customer satisfaction. The customer satisfaction is influenced by customer expertise, experience and demographics.

Elumalai (2002) argued that customer service does not mean just service with a smile but it means improving productivity, reducing costs and tuning up efficiency. The author argued that, to improve customer service, a bank should adopt innovative techniques like computerisation of branches, customer education, formation of customer service committee and developing human resources.

Hian Chye Koh and El'fred H.Y. Boo (2004) their study examines the relationship between organisational ethics and organisational outcomes based on the justice theory and cognitive dissonance theory. Results obtained from decision trees indicated a significant and positive links between ethical culture constructs (i.e. top management support for ethical behaviour and the association between
ethical behaviour and career success within the organisation) and satisfaction. Further, there is a significant and positive link between satisfaction and organisational commitment. Assuming that employees generally strive to be individually ethical, dissonance results if these employees perceive little top management support for ethical behaviour. This dissonance will, in turn, reduce job satisfaction and satisfied employees create satisfied customers.

**Indian Banker's Association (IBA 2006)** conducted a nationwide survey on the 27 public sector bank customer service. The study showed that Western region of India had excellent results on 75 percent quality and satisfaction (category -A). The region was followed by Southern and Northern regions. In terms of quality standards and customer satisfaction, the central region was lagging far behind with only one bank in the "A" group and majority in "B" category (60-75 percent satisfaction).

**Raja, Sharma and Shashikala (2006)** found product quality, service support, product distribution, service personnel, information services and corporate brand quality as the main underlying factors of customer satisfaction. The paper examined the customer satisfaction of mobile handset end users in India. They argued that it is important that technological models of the supply side need to be supplemented with the views and impact of perceptions from the demand side of mobile end users. They also ranked the mobile handset users on the basis of various factors and identified homogenous subgroups among the end users.

### 2.3.2 Effects of Customer Satisfaction

The previous research has shown that Customer satisfaction is a key driver of customer trust, customer loyalty & customers' future purchaser intentions. Satisfied customers are also likely to tell other about their favourable experiences and thus, engage in positive word of mouth. Dissatisfied customers, on the other hand, are likely to switch brands and engage in negative word of mouth advertising. Furthermore, behaviours such as repeat purchase and word of mouth directly affect the viability and profitability of an organisation.
Many researchers have found that Customer satisfaction is a necessary condition for customer trust, retention, loyalty and increased revenue (Bloemer and Kasper, 1995, Zeithaml, 2000). Researchers have found the consequences of satisfaction may be increased reputation, loyalty and service recommendation (Athanassopoulos et al., 2001, Hallowell, 1996).

Fornell et al. (1996) stated that The American Customer Satisfaction Model (ACSM) is one of the most widely employed models in satisfaction research. It is a causal model describing several key antecedents and consequences of customer satisfaction. The original model proposed a negative link between customer satisfaction and complaining behaviour.

Athanassopoulous et al. (2001) in their research found that more satisfied customers stay longer with the existing service provider or subdue their negative behavioural intentions like customer complaints. Furthermore, they had argued that customer satisfaction was associated positively with word of mouth communication. The research found six customer satisfaction dimensions namely employee competence, reliability, product innovation, value of money, physical and convenience. They suggested that service organisations should develop strategies that enhance behavioural responses to customer satisfaction and prohibit negative ones.

Serkan Aydin and Gokhan Ozer (2005) with help of the Swedish original scale, defined customer satisfaction as a function of pre-purchase expectations and post-purchase perceived performance. Their literature argued that the American customer satisfaction index contains three antecedents of customer satisfaction (perceived value, perceived quality and customer expectations.), and two consequences (customer complaints and customer loyalty). Further, according to them, the European customer service index (ECSI) assumes that corporate image has a direct effect on both customer loyalty and perceived value.
2.4 Customer Involvement

Level of customer involvement in buying process means amount of psycho-physical energy spent by consumer in the buying process. Higher levels of involvement are associated with greater use of affective and cognitive decision making strategies across different cultures.

Scot. J. Edgett (1992) in their research on level of involvement in Scottish and Canadian consumers, argued in their literature review that that when making decisions, highly involved individuals compared to lower involved individuals will use more criteria search for more information, accept fewer alternative, process relevant information in detail, want to know the strengths and weaknesses of possible alternatives in more detail and will form attitudes that are more resistant to change. Involvement levels, therefore, can have an impact on the information processing decision making and responses to advertising. This suggested to marketers that the level of the consumers’ involvement should influence the types of marketing efforts chosen by corporations. They used a two dimensional view of involvement as affective and cognitive involvement.

Blomer & Ruyter (1998) found that the degree of elaboration in the buying process can have a moderating influence on the relationship between customer satisfaction, switching costs and loyalty. Elaboration is a construct based on the information processing theory and is determined by the motivation and the ability of a consumer to elaborate on the brand choice. The Motivation can be influenced by brand choice involvement, and the ability can be influenced by brand choice deliberation. However, if the consumer does not perceive differences among brands, the degree of elaboration in the decision-making process may be low. Therefore, to measure elaboration we have also included the dimension related to the perceived distinction between different brands.

Papavassilou N. K. (2002) argued that Advertising is regarded as the marketer’s most efficient response to the buyers’ demands for information. Author found that six factors determine the consumer’s involvements are information about product, country, consumer, market structure, advertisement and advertising.
medium. For different types of products, Consumer involvement in the purchase decision making process is high in the case of durable goods and low in the case of repeat purchase goods. The brand awareness information spreads like an epidemic through advertising and by word of mouth, and it is up to the buyers themselves to acquire such information. Different types of messages require differing amounts of attention and activating effects in order to be understood. Those with a higher level of meaning, generally, demand more attention towards product or brand.

2.5 Brand Related Factors

Research shows that Brand preference is influenced by brand equity. Brand equity is made up of collections of memories of different kinds. Declarative memory can be cognitive (thinking-related) and affective (feeling-related). Attitudes towards the brand are primarily affective (Kotler, 2004). Young and Wilkinson (1989), in the context of Australian firms, found that larger being a firm, more it is trusted. This is consistent with the use of trust as a proxy for brand equity.

Blackston (1992) argued that brand equity comprises of: ‘fundamental equities’ (the 4Ps and measured brand image) and ‘added-value equities’. Brand equity is built from an interactive brand-consumer relationship. He found two components of a successful, positive relationship as customer trust and consumer satisfaction.

Tim Ambler (1997) found that the constituents of brand trust (e.g. perceived honesty, integrity, benevolence, shared values) are somehow also its antecedents. The cumulative, brought forward, carried forward, habitual nature of trust is common to all relationship and brand equity factors. Trust was part of the brand/consumer relationship and therefore brand equity. Trust was, however, both an antecedent and a consequence of success and may be a habit thus it act as a proxy for consumer memory (experience, attitudes and awareness), so influence brand equity.
Bloemer et al. (1998) in their study at Netherlands banks investigated how brand image, perceived service quality and satisfaction determined customer loyalty in the retail bank. The study showed that brand image is indirectly related to bank loyalty via perceived quality. The service quality was both directly and indirectly related to bank loyalty via satisfaction. The service satisfaction had a direct effect on the bank loyalty. Further service reliability and brand position in the market were relatively important drivers of bank loyalty. Brand position may be communicated by marketing communications.

2.6 Marketing Efforts

Market Orientation focuses on the continuous creation of customer value through executions of marketing efforts. Marketing efforts are programs of seven Ps of marketing that motivates and influences consumer to buy a product or service (Kotler, 2004). Marketing effort is seen as a source of competitive advantage that positively influences business performance. Customer perceives market effort via communications from company. These communications are results of marketing programs and advertisement is one such type of effort. Advertising message greatly influence the involvement of the receiver consumer in the purchase decision making process. Two dimensions, attention and strategy, give rise to two alternative models of controlled learning by people. The individuals activate the appropriate knowledge structures in order to fully comprehend the message. Such knowledge structures may be either 'high involvement' information processing or incomplete attention 'low involvement' information processing (Kotler, 2004). Many advertising models were developed during the year 1960s, mostly tailored on the Lavidge and Stener (1960) hierarchy of effects model. This model purposes that consumers who purchase a product move through a sequential hierarchy from awareness, though knowledge, liking, preference, conviction and ultimately to purchase.

Benedixen M. T. (1993) emphasised that advertising represents an important means by which organizations communicate with their customer, both current and potential. The specific objectives of an advertising campaign may adopt many forms e.g. to Inform customers, Create the desired perceptions, create.
a preference & persuade customer to purchase. Advertising at the time of the purchase decision could have an influence on the choice of product or service. Product and services which have high consumer involvement in the purchase decision will be characterized by current advertising effects. Product and services which have a low consumer involvement in the purchase decision will be characterized by brand loyalty effects.

Williams and Attaway, (1996) said that customer orientation was 'a philosophy and behaviour directed toward determining and understanding the needs of the target buyer and adapting the selling organization's response in order to satisfy those needs better than the competition'. Such customer-oriented behaviours provide the buyer with informational cues as to the Company's intentions and future behaviours.

Bejou et al. (1998) demonstrated that customer orientation & marketing effort had a significant impact on the development of trust between consumers and their financial advisers. A buyer's trust of a service provider is positively related to the service provider's customer orientation.

Rizel Ahmed & Francis B. (2002) found a significant relationship between type of leadership (cause) & overall market orientation, marketing efforts and its further consequences (effect). They measured overall marketing orientation as sum of; customer orientation, competition orientation and internal functional orientation and coordination. They conclude that instrumental leadership has negative but participative leadership has positive impact on market orientation.

Guo Chiquan (2002) found that Market orientation is positively related to the match between expectations and delivery, match between service quality and service delivery, match between consumer's expectation of services and management preconceptions and match between management perceptions and service specifications. He also found that Market orientation is positively related to the match between actual service delivery and external communications about the service and to the match between expected service and perceived service. In nutshell he concluded that the five matches of gaps in service deliver are
positively related to market performance in terms of customer retention and new customer acquisition.

**Rust Ronald T. Lemon Katherine N. and Zeithamal Valarie A. (2004)** investigated management trade-off between advertising, loyalty programs and improving service quality. Their Model demonstrates that marketing investment is for improving drivers (inertia, quality, price, convenience, awareness, trust and corporate citizenship) of improved customer perception which in turn increases customer retention and attraction and further leads to increased customer life-time value and equity.

### 2.7 Ethical Marketing Practices

Marketing is human activity directed at satisfying needs and wants through exchange process (Kotler and Turner, 1981). Any transaction might be considered fair or ethical if both parties have adequate and appropriate information and both enter the transaction willingly and without coercion (de George, 1990). This concept can be extended by the inclusion of notions of product safety and fitness for purpose, that pricing should be minimum & transparent as far as is possible, promotional activities are not misleading (de George, 1990) and honest intermediary, who have a significant advisory role. The specific characteristics of many of the products being marketed (complexity, risk, longevity) pose a number of ethical problems, particularly when considered in the context of a market which is characterized by extensive information asymmetry. Individuals or organizations, has led most researchers to concentrate on examining ethical issues and analysing ethical behaviour rather than attempting to define what is or is not ethical in marketing (Ferrell and Gresham, 1985).

Researchers argued that perceived equity and ethics relates to the customer’s overall assessment of the fairness and justice of the company’s service transaction and its customer problem and complaint handling process. In moral philosophy of ethics, deontology and utilitarianism have been applied in attempts to construct ethical models for marketers (Gundlach and Murphy, 1993; Hunt and Vitell, 1986. Deontologist might define an activity as ethical if it involved true
freedom of choice and action, was available to all, injured no one, and was of a benefit to some). (Kant 1959). Obviously, price fixing, bribery, and marketing products which harm people, are practices which are morally questionable to deontologists. On the other hand utilitarian approach emphasises 'the greatest good for the greatest number' assessed by performing a social cost/benefit analysis. Marketers may argue that fraudulent advertising is alright if everyone is equally subjected to it, and a rule against such practices becomes less tenable. Third kind of ethics is the tradition of virtue ethics as used by professionals. Professional virtues (honesty, fairness, impartiality, etc.) serve the goals of the profession (Airaksinen, 1988).

Lagace et al., (1991) found that the salesperson may behave unethically, when interacting with different stakeholders such as customers, competitors and employers. Ethical selling behaviour is a highly elusive construct and is often situation specific. Nevertheless, it can be argued that ethics requires an individual to behave according to the rules of a moral philosophy with an emphasis on the determination of right and wrong. Thus ethical sales behaviour is defined as fair and honest actions that enable the salesperson to foster long-term relationships with customers based on customer satisfaction and trust.

Kotler P. (2000) stated that the importance of ethical considerations in the marketing process was based on the lack of perfect information and the consequently need for trust within exchange relationships. Societal marketing concept calls upon marketers to build social and ethical considerations into marketing practices.

2.7.1 Effects of Ethical Equitable Practices

Research have found that customer's equity perceptions influence the amount of satisfaction (Erevelles and Leavitt, 1992). The literature supports the view that dissatisfied customers who successfully obtain redressal (procedural, distributive and interactional justice) are likely to experience improved overall satisfaction with the service (Andreassen, 2000; Bitner et al., 1990).
Pastin (1986) said that fairness is a critical virtue for Relationship marketing. If the partners in a relationship are unfair with one another, there is little chance that it will continue. Empathy is another ethic of care and an ‘others’ orientation. Transparency, openness and clarity are an overriding virtue for Relationship marketing to occur and flourish.

Hunter (1996) argued that there are real and substantial costs to unethical behaviour. The costs may include; deterioration of relations, mistrust, negative impact on employee productivity, ineffective information flow, lack of creativity, and declining employee loyalty. Ethical issues were more prevalent in situations when power is unequally distributed and controlled by relatively few. The author identified several dimensions (honesty, integrity, truthfulness, passing blame etc) of employee’s ethical attitudes and behaviours.

Murphy, (1999) mentioned that relationship marketing requires several virtues like: integrity, fairness, respect, ethics and empathy. Integrity has two meanings, first is adherence to a moral code and the second is completeness/wholeness. Other common descriptors of integrity are coherence, honesty, moral courage and self-awareness, ‘honesty with a purpose.

Koh and Boo (2001) found that three measures of organisational ethics (namely, top management support for ethical behaviour, the organisation’s ethical climate, and the association between ethical behaviour and career success) were associated with job satisfaction and then with customer satisfaction and trust.

2.8 Customer Relationship Management (CRM)

The literature mentions that aim of relationship marketing is to establish, maintain and enhance long-term relationship with customers and other partners, at a profit, so that the objectives of the parties involved are met. Harker (1999) said that ‘An organization engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers over time is engaged in relationship marketing.’ Gummesson (2002b) defined CRM as ‘marketing based on relationships, networks and interaction, recognizing that
marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships.

Some authors differentiate between relationship marketing and customer relationship management. Relationship marketing is relatively more emotional and behavioural, centring on variables such as bonding, empathy, reciprocity, and trust (Yau et al., 2000). On the other hand, CRM is more managerial focusing on how management can make concerted efforts in attracting, maintaining, and enhancing customer relationships. The relationship marketing embraces not just the supplier-customer dyad (Gummesson, 2002b) but encompasses relationships with stakeholders.

CRM is a multi-dimensional construct consisting of four broad behavioural components are; key customer focus, CRM organization, knowledge management, and technology-based CRM (Morgan and Hunt, 1994).

Grönroos, (1989) mentioned that in establishing and maintaining customer relations, the seller gives a set of promises which are connected with goods, services, or other benefits. The buyer gives his/her own promises and these promises have to be kept on both sides if the relationship is expected to be maintained, developed and commercialized.

Czepiel (1990) mentioned that the concept of relationship marketing implies at least two conditions. First, a relationship is a mutually rewarding connection between the provider and the customer. Second, the parties have some sort of commitment to the relationship over time.

Krapfel et al. (1991) said that there were wide variety of trading relationships and different relationships call for different kinds of management. the excessive dependence on any single partner was avoided while attaining the benefits of closer and better managed relationships.
2.8.1 Developing Relationship

Research shows that customer satisfaction, trust, confidence and commitment are primary reasons for which customers maintain relationships (Gwinner et al., 1998). Loyalty is a key element in relationships (Oliver, 1999; Sirdeshmukh et al., 2002). The virtues associated with relationship marketing are: honesty; fairness (Buttle, 1996); benevolence (Ganesan, 1994); integrity (Morgan and Hunt, 1994); reliability (Morgan and Hunt, 1994); reputation (Ganesan, 1994); commitment (Morgan and Hunt, 1994), and of course trust (Anderson and Narus, 1990; Ganesan, 1994; Morgan and Hunt, 1994; Selnes, 1998).

Literature also reveals that not all the customers are ready to engage in a relationship and ultimately to expand that relationship (Day, 2000). For some service categories, customers intrinsically develop a multi-brand loyalty (Jacoby and Chestnut, 1978). In business marketing literature, different kinds of relationships are identified, ranging from transactional relationships to relational exchange.

Dywer, Shcurr, and Oh (1987) had characterized cooperative relationship as being interdependent and long term oriented rather than being concerned with short term discrete transactions. The long term orientation is often emphasized because it was believed that marketing actors will not engage in opportunistic behaviour if they had a long term orientation and that such relationships will be anchored on mutual gains and cooperation.

Berry and Pasuraman (1991) said that the de intermediation process and consequent prevalence of CRM was also due to the growth of the service economy. A greater emotional bond between the service provider and the service user also develops the need for maintaining and enhancing the relationship.

Devito j.a. (1993) concluded that relationships did not get formed overnight but develop over time and in 'six stages' namely; contact, involvement, intimacy, deterioration, repair, and dissolution exit.
Morgan and Hunt (1994), distinguished between transactional exchange and relational exchanges, and suggested that relationship marketing ‘refers to all marketing activities directed toward establishing, developing, and maintaining successful relationships’. The core theme of all CRM and relationship marketing perspectives was its focus on cooperative and collaborative relationship between the firm and its customers, and or other marketing actors.

Alan Mitchell (1997) had identified the eleven ‘types of relationship’ and their relevance for different business situations. These were relationship as parent-child (loan marketer), teacher-student (mass marketer of internet software), leader-follower (fashion brand), comrade-at-arms (pressure group), fellow enthusiast (sports car), confidante (financial services advisor), idol to be worshipped (luxury brand), casual friend (beer, crisps), soul mate (special whisky), old flame (brands your mum used), and a friend whom you seek out to escape from everyday reality (holiday).

Thomas et al., 2004 argued that, not all customers are equally desirable and profitable. This can be illustrated by the discussed Pareto 80/20 rule that is 80 percent of a firm’s profit comes from 20 percent of its customers. A CRM-oriented company should make every effort to capture customer lifetime value. Customer lifetime value is defined as ‘the net of the revenues obtained from that customer over the lifetime of transactions with that customer minus the cost of attracting, selling, and servicing that customer, taking into account the time value of money’

According to Charurvedi and Charvedi (2005) trust was thought as a reciprocal orientation and interpretive assumption that is shared, has the relationship as the object and is symbolized through interactional action. Quality of the interaction was a variable that measures the degree of the social interaction, which may range from being a close personal friend to a distant business relationship.

K. Suresh (2005) explained that a typical customer purchase decision process starts with need recognition and processes through search for information,
alternatives evaluation, purchase, and consumption evaluation. For online evaluation of alternatives, shop robots are quite useful. They found that online auction sites go a step further and even broker purchases based on the price range quoted by a prospective buyer.

Kumar, Venkatesan and Reinartz (2006) found that to retain valuable customers companies should give what customer requires. Companies that take advantage of new technology in the right way will doubly benefit from relationships.

2.8.2 Benefits of Relationship Marketing

Relationship marketing usually results in strong economic, technical and social ties among the stakeholder parties thereby reducing their transaction costs and increasing exchange efficiencies (Morgan and Hunt, 1994).

Several studies have indicated, retaining customer is less expensive and perhaps a more sustainable competition advantage than acquiring new ones. Marketers are realizing that it costs less to retain customers than to compete for new ones (Rosenberg and Czepiel, 1984). Researchers argued that, in the current era of hyper competition, marketers are forced to be more concerned with customer retention and loyalty (Dicket and Basu, 1994; Reicheld, 1996).

Anderson E. W. & Sullivan M.W. (1993) authors associated loyalty with some variables such as satisfaction, commitment, dependence, identification, trust or even relation to the brand & customers.

Andersson et al. (1994) said that Relationship marketing differs from traditional mass marketing since it does not seek a temporary increase in sales, but attempts to create involvement and product loyalty by building a permanent bond with the customer.

Ravald Annika and Grönroos Christian (1996) mentioned that in a long-term relationship factors like safety, credibility, security, continuity, etc
increased the trust for the supplier and thereby support and encourage customer loyalty.

**Oliver, (1999)** said that it was more profitable to harvest existing accounts than cultivating new customers. Indeed, the net increase of the present value of profits resulting from a five percent increase in customer retention varies between 25 percent and 85 percent over different industries.

**Reinartz and Kumar (2000)** found that Long-term business relationships were beneficial to both parties involved. From the provider's point of view, these relationships created barriers against competition, decrease price competition, and generate more revenue per customer with decreasing costs.

According to **David L. Kurtz (2003)** the purpose of relationship marketing was to build long term connections between the company and its customers and to develop brand and firm loyalty. Relationship marketing works well for services where transactions tend to be continuous and switching costs for customers are high.

### 2.8.3 Customer Retention & Relationship Commitment

The service marketing perspective argued that, the ways to retain customer is to improve customer service quality and satisfaction (Berry and Parasuraman, 1991). Wilson, (1995,) states that Customer retention implies a long-term commitment on the part of the customer and the firm to maintain the relationship. The development of the mutual commitment is the same process as creating long term buyer-seller relationships. Commitment is regarded as the central outcome variable in business relationships, which ensures the strength, stability, durability, and even profitability of a relationship. Morgan Turnbull and Wilson (1989) concluded that from the industrial marketing perspective, the way to retain customers is by forging multi level bonds comprising financial, social and structural bonds. Structural bonds are relationships that are built upon joint investments which cannot be retrieved when the relationship ends. This may be due to the complexity of the relationship and the cost of changing to another
supplier. In terms of training of technicians, therefore relational bonds create value to the customers by saving the cost of retraining or making a new investment with a new supplier.

Storabacka et al. (1994) argued that the relationship between retention rate and profitability may be only a positive correlation rather than cause and effect. They recognized that antecedents of customer relationship profitability are complex and not as 'straight forward' as to suggest service quality leads to customer satisfaction and satisfaction leads to customer relationship profitability. These relationship factors were affected by other factors such as customer commitment, bonds, critical episodes, and patronage concentration.

Ennew and Binks (1996) examined the links between customer retention and service quality in the context of relationships between banks and their small business customer in the UK. Their findings support that retention was influenced by service quality in terms of both functional and technical and customer relationships. They also found that trust in customer banks relationship has the largest impact on potential defection, followed by general product features.

Payne and Frow (1997) examined customer retention in the context of a major UK electricity supplier, specifically the impact of marketing programmes that focuses on either retention of acquisition in terms of four input variable, namely number of customers, retention rates, profit per customer and cost of acquisition. Based on their simulation, they suggest that retention strategies need to be based on the understanding of the relative profitability of different segment.

Customer may switch because of dissatisfaction or situational factors or their complaints were not resolved effectively

2.9 Consumer Complaint Behaviour (CCB)

Research studies conducted in Europe and the United States documented that the study of consumer complaint behaviours (CCB) is an important economic behaviour, with apparently significant implications for such key phenomena as
brand loyalty and repurchase intentions, market feedback mechanism and new product development and consumer welfare. Literature shows that customer dissatisfaction or Service failures may lead to customer complaining. The service failure can be due to unprompted employee actions (e.g. rudeness), failure to respond to specific customer needs or preferences, or core service failures, e.g. unavailable or unreasonably slow service (Bitner et al., 1990). These service failures can vary in severity, frequency, and timing, resulting in dissatisfied customers (Kelley and Davis, 1994). Researchers have investigated the types of attributions that lead to complaining and negative word-of-mouth behaviour in failure situations (e.g. Brown and Beltramini, 1989).

**Weiner, (1985)** found that consumer responses depend on inferred reason, or attribution, for what occurred. Attribution theory suggested that customers make judgments about cause and effect relationships that influence their subsequent emotions, attitudes, and behaviours based on three dimensions of causal attributions: locus, control, and stability. Locus of causality is the consumer's perception of where the responsibility for the incident rests. Is it due to the customer (internal locus) or a factor outside of the customer such as the environment or a service employee (external locus)? Stability refers to the perception that circumstances will either remain the same (stable) or are likely to change (unstable). Stable outcomes are presumed to recur in the future; while unstable conditions create uncertainty about future outcomes.

**Bitner, (1990)** found that causes of consumer faced problem can involve choice (controlled) or be constrained and/or non-volitional (uncontrolled), thus limiting possible responses. Controllability was related to credit and blame. Thus, if the service contact person had control to fix a service problem, but fails to do so, the customer should blame that employee. Provide empirical evidence in support of the view that the way complaints were handled by the sellers (and their customer service staff) is the major factor in the future attitudes, repurchase intentions and overall satisfaction of the complainers.

**Warland et al** (1997) noted that, about 25 percent of those of dissatisfied had taken no action, 32 per cent and complained directly to the retainer
manufacturer, and the remaining 43 percent were distributed over the other ten
types of responses (e.g. stopped shopping, complained to friends, etc). Because
ten responses represented a “diverse array” of actions with relatively small (no
action and direct complaint) individual frequencies (an average of 4.3 percent), So
Warland et al identified two types of complaint styles namely; Upset no action (25
%) and Upset action (75 percent) respondents respectively.

Singh J. (1980) identified exogenous variables (norms, expectancy and
attitudes) of CCB; He found that level of dissatisfaction is likely to moderate the
impact of various antecedents including sellers’ responsiveness and attitude
toward comparison process. And future attitude towards service is positive
(negative) when outcome of evaluation process was satisfaction (dissatisfaction).
Such relationship was also moderated by perceived level of seller’s response, their
norms and disconfirmation.

Day and Landon (1997) proposed a two dimensional conceptualization
consisting of public (e.g. voicing complaints) and private (e.g. word of mouth)
responses. They concluded that initial dissatisfaction level is a necessary but
insufficient condition for CCB.

Singh J. & Pandya Shefali (1991) viewed CCB from a multidimensional
perspective. Four specific dimensions of the CCB construct identified by them
were; exit action (i.e. to shift patronage), negative word of mouth (WOM) action
(i.e. talk to friends and relatives), voice action (i.e. complain to
seller/manufacturer), and third party action (i.e. complain to third parties such as
Office of Consumer Affairs etc.) Furthermore, they empirically examined the
impact of consumer dissatisfaction on CCB and the suggested consumer actions
by using data obtained for the banking and financial services industry.
Acknowledging that consumers may sometimes complain even when they do not
have legitimate concern about product performance. Consumer dissatisfaction was
said to result from a combination of the discrepancy between expectations and
performance, and the importance of this discrepancy of the consumer. In their
literature review they cited that other researchers have consistently observed that
dissatisfied consumers do not necessarily voice their complaints to sellers. Only
10 percent of customers voice their complaints and 30-80 percent reported doing nothing about their dissatisfaction. The presence of such dissatisfied but inactive consumers lends credence to the view that Consumer dissatisfaction is only weakly related to CCB. The non linear relationship is plausible because for ‘floor’ and ‘ceiling’ effects. Their results also suggest that while it is true that the more dissatisfied the consumers, the more likely they are to use voice options; such simple linear processes are not adequate to explain exit and negative WOM actions. Instead, exit and WOM actions are triggered by some threshold effect, that is, once consumer exceed a particular dissatisfaction level, their propensity to use such actions like voice or of switching increases substantially.

2.10 Customer Switching Reasons

According to Klemperer, (1987) switching costs influenced customer switching, these costs were defined as the customer’s anticipated time and effort associated with changing service providers. Switching costs give firms the power to retain their customers, while potentially raising prices and generating monopoly profiles. The greater was the power of service suppliers, the greater the likelihood that they were able to dictate the terms of the service relationship.

Previous research has shown that the reasoning behind customers switching has been related to perceptions of service quality (Rust and Zahorik, 1993), dissatisfaction (Crosby and Stephens, 1987), and service encounter failures (Kelley et al., 1993). Bitner (1990) advocates the effects of the time, money constraints, access to information, habit, switching costs, and lack of credible alternatives may affect Customer loyalty.

Keaveney (1995), in his grounded theory development model of customer switching behaviour, proposed eight reasons (price, inconvenience, core service failures, service encounter failures, competitive issues, ethical problems, and involuntary factors) for switching services. Accordingly, uncertainty (and hence risk) in first time buying was reduced as knowledge was gained with repeat exposure to the service supplier over time. However, at the same time risk is
reduced due to increased familiarity, risk was also increased because of the switching costs incurred as a result as a result of long-term service relationships.

**Wireless week (2000)** in its study on curving wireless customer churn off, observed that main reasons of customer defection were price (47%), bad service (13%), quality (11%) & bad coverage (11%) in that order.

**Antreas Athanassopoulos et al (2001)** examined the impact of customer satisfaction on customers' behavioural responses. The results had shown the presence of two dimensions of consumers' behavioural responses to customer satisfaction, such as word of mouth communications and then a mixture between intention and decision to switch. They concluded that Value for money does play an important role on the formation of consumer behavioural responses. Value for money was indeed a factor associated with customer satisfaction. Pricing was a quite problematic factor in assessing customer satisfaction since it was not clear whether the responses on satisfaction from pricing incorporate the level of service or not. The results also indicate that the behavioural responses were negatively affected by value for money assessment findings indicate that when customers assess customer satisfaction to be high, they decide to stay with the existing service provider. The authors found that Perceptions of high customer satisfaction were positively related to positive word-of-mouth communications. Perceptions of high customer satisfaction were negatively related to switching behaviour expressed either in terms of intention and/or decision to switch.

**Rayport and Bernard (2004)** mentioned the importance of customer encounters as competitive advantage. Failing to manage customer encounters to the firm's advantage will affect its profits. Lack of proper management of touch points / customer encounters can cause a churn among the firm's existing customers. A study of 700 mobile services customers of Cochin, Kerala revealed that 70% of the customers switched over to other mobile service because of the poor customer services and lack of proper complaint handling system.

**Kushan Mitra (2005)** analysed various factors contributing to competition to Indian Telecom Industry. Besides lowering of prices, increased efficiency, and
greater innovation, high tech industry better quality services were some of the reasons which were boosting competition amongst various telecom service providers.

Arora (2006) undertook a comparative analysis of public, private and foreign bank customers from the cities of Amritsar, Ludhiana and Chandigarh. The outcomes revealed that the reasons which influenced the customers' choice of bank differ from public sector bank customers, private sector bank customers and foreign bank customers. Common attributes influencing choice were inconvenience, speediness of service, reputation of a bank, mechanization and longer working hours.

Sinha, S. K., Wagh Ajay (2008) in a study of users of mobile phone services in Jumper city found that 60% respondents have not changed their service operator. In reasons behind changing service providers, 10% changed their operator in order to avail better service, (60%) switched their operator for economy, (5%) for more value added schemes and (25%) for enjoying wider network coverage. Majority of the consumers preferred lower tariff (68%), followed by better service (26%) where as free incoming (4%) and small amount recharge (2%) did not influence customers much. Authors suggested that Organizational offer innovative products, develop cost friendly value driven packages and tariffs, offering quality services/ after sales services & provide cheaper cost of calls to other networks. Such kind barriers which hinder switching by customers were known as positive and negative types of barriers to switch.

2.10.1 Type of Switching Barriers

Switching cost is often mentioned as exist- barriers. Switching costs are the technical, financial or psychological factors which make it difficult or expensive for a customer to change brand (Selnes, 1993). They are one of the antecedents of customer loyalty (Sharma and Patterson, 2000). This is why some service suppliers expend considerable effort in building switching costs into their marketing strategies (Fornell, 1992).
Many studies report a positive association between service quality (Boulding et al., 1993; Cronin et al., 2001), perceived value (Chang and Wildt, 1994; Cronin et al., 2001) and repurchase intentions. Cronin et al. (2001), conclude on the existence of positive associations between satisfaction and loyalty. Literature reveals that, a series of very positive encounters will increase customer satisfaction, trust, relationship commitment and continuity (Bolton, 1998; Morgan and Hunt, 1994; Selnes, 1998).

The relationship between customer satisfaction and repurchase behaviour has been influenced by a mixture of positive and negative bonds. ‘Negative bonds’ or ‘Negative Switching Barriers-NSB’ (e.g. consumer inertia, brand promotion, customer information processing limitations, supplier monopoly) tie the customer to the service supplier, even though customer satisfaction with the company may not be particularly high. Positive bonds or ‘Positive Switching Barriers-PSB’ may include current satisfaction and future positive expectations or trust with current supplier. However, it has been found that while dissatisfaction encourages switching, satisfaction does not ensure customer commitment and loyalty (Heskett et al., 1994; Mittal and Lassar, 1998;). Bloemer and Kasper (1995) have established that the positive relationship between satisfaction and loyalty is moderated by the extent to which customers undertake brand expectation-performance comparisons.

Thus customer's reasons not to switch may be because of ‘negative switching barriers’ (avoid negative consequence) hence they tend to stay with the current service providers or ‘positive switching barriers’ (present attractions) that attracts them to stay with current service providers (Ruyter et. al. 1996). In ‘negative switching barriers’ when the perceived costs of switching product/service are high for the customer, there is a greater probability that the customer will remain loyal in terms of repeat purchase behaviour, because of the risk or expense involved in switching and because of the accompanying decrease in the appeal of other alternatives (Ruyter et. al. 1996). Sheth and Parvatiyar (1995) discussed about certain ‘positive switching barriers’ like the length of their relationships with the organisation; the fact that customer knew, and was known by staff; may also inhibit switching. Authors also mentioned ‘negative
switching barriers’ the perception that closing/transfering accounts was difficult also inhibits switching.

Alet i Vilagine's (1994) found in his research found six types of switching costs. First being, customer's personal costs, associated with tradition and the client's habits; second, the time and commitment effort costs that were needed to evaluate new alternatives; third, the economic advantages associated with loyalty; Fourth, the social and psychological risks arising from making a wrong choice; Fifth, the costs associated with established contracts with the supplier company; and last are costs associated with the product, such as the costs of redesigning the process of production or consumption, investment in related equipment, and contractual costs.

2.10.2 Creating Customer Switching Barriers and its consequences

Literature shows that Customers attempt to reduce the perceived risk of service purchase (Murray, 1991) by buying a well known brand, seeking additional information and repeating the purchase of the brand that has provided satisfaction (Perry and Hamm, 1969). The marketing strategy also increases the likelihood of a positive relationship between past patronage and present brand preference (Pritchard, 1991). Opportunity cost analysis suggested that 'customer satisfaction' has a positive causal effect on the expected disadvantage or cost in switching service suppliers. That is, the higher the level of the customer's overall satisfaction with the service, ceteris paribus, the larger the opportunity cost or satisfaction foregone the customer can expect to incur in switching service suppliers. However, the positive relationship between satisfaction and switching cost may be confounded in the short term when companies adopt defensive marketing strategies which utilise switching costs as a means of retaining dissatisfied customers (Fornell, 1992). In the long-term though, the ability of switching cost barriers to retain the patronage of dissatisfied customers is probably quite limited (Jones et al., 2000)

Nayyar, (1993) found that by expanding the scope of their activities, service firms with good reputations can gain a competitive advantage. Image in
service industries is conveyed by the service concept (i.e. benefits offered), delivery system (i.e. personnel and technology), and target markets. They also argued customers' favourable evaluations of the service, their commitment to the provider as well as the perceived convenience of cross-buying reduce the negative effects of image conflicts. However, if customer has most often had positive experiences in terms of service quality, value, and satisfaction, then the image conflicts become less influential. The reason is that experience breeds trust.

Morgan and Hunt, (1994) identified switching costs as factors contributing to the maintenance of the relationship. The switching costs represented the dis-utilities that customers do not want to incur. Thus, Perceived switching costs were positively associated with repurchase intentions.

Klemperer (1995) said that brand loyalty increased considerably when switching costs and customer satisfaction converge, although a competitor will find it more difficult to capture a customer of a rival brand when the customer's loyalty is based on satisfaction than when it is based on switching costs.

Bendapudi and Berry, (1997) had suggested that consumers sometimes become so comfortable with a provider's services that they avoid a change for fear the new provider will operate differently. Hence, positive service experiences should be related to perceived switching costs. However, a decrease in perceptions of service, value and satisfaction should increase perceptions of switching benefits. The association between service experiences and switching costs could be moderated by the value and heterogeneity of the alternative providers.

Cronin et al.(2001) had shown that service quality was related to consumer value and satisfaction. He found the association of value with satisfaction & mentioned that Perceived value is one of the different cognitive operations in the satisfaction formation process. It is supposed to provide additional satisfaction beyond and above that provided by quality and may act as exit barrier.
Shy, (2002) defined switching costs as the one-time costs for buyers of switching from one supplier’s product to another’s. In addition to objectively measurable monetary costs, there may also be time and psychological effort involved in facing the uncertainty of dealing with a new service provider. Author said that markets with switching costs were generally characterized by consumer lock-in (negative switching barriers) where consumers repeatedly purchase the same brand even after competing brands become cheaper. Therefore, customer switching costs negatively affect customers’ sensitivity to price and so positively affect customer loyalty. Loyal customers were more profitable, buy more and recommend others through Word of Mouth (WOM).

2.11 Word of Mouth (WOM)

Word-of-mouth communication is exchange of thoughts, ideas, or comments between two or more consumers, none of whom is a marketing source (Bone, 1992). That is, customers tell others, external to the transaction, of their (dis)-pleasure with the service and service provider. Several studies have shown that word-of-mouth communications can have an extremely powerful influence on the consumer purchasing process (Price and Feick, 1984).

The literature mentioned that dissatisfied consumers will participate in private ‘negative word-of-mouth’ as opposed to either taking no action, or registering a formal complaint of some form (Richins, 1983). ‘Positive word-of-mouth communications’ are also recognized as a very common and important form of communication for services marketers although they have not received the research attention that customer complaining behaviours have (File and Prince, 1992). By developing a better understanding of the recovery factors that drive word-of-mouth behaviour, service providers may be able to develop better complaint handling.

Brown and Reingen, (1987) discussed two source characteristics, namely; expertise and similarity, which effects WOM referrals. They argued that both ‘expertise and similarity,’ of source are positively related to the influence of the message on the receiver. Source similarity or homophily refers to the degree to
which individuals are similar in terms of certain attributes a number of theories can be related to when explaining why perceived sender similarity should increase the influence of the information transmitted. First, the source-attractiveness model suggested that receivers can better identify with sources that are similar to themselves. Expertise of the source is the 'ability to perform product-related tasks successfully'. It seems obvious that information obtained from an expert should be especially influential. Perceived risk is the felt negative consequences that can arise from the purchase of a product. It can be defined as "subjective expectation of losses" (Dholakia, 1997, p.161). Dimensions of concept of perceived risk include; such as financial, functional, social, psychological, time and security risk.

Guo (2001) found that consumers would seek the kind of information that was useful in reducing the specific risk dimension they perceive. Hence, a consumer who perceived more financial or functional risk will seek information that relates to product-attribute or price information. In product categories in which preference heterogeneity is low, consumers rely more on expert information.

Scott R. Swanson and Scott W. Kelley (2001) examined the impact of service recovery attributions in determining consumers' intentions of engaging in post-recovery word-of-mouth behaviours. Research questions were investigated utilizing satisfactory service recovery scenarios that vary in their perceived likelihood of reoccurrence (i.e. stability) and responsibility for the recovery (i.e. locus) in three service industries. Results had indicated that consumers who have service failures satisfactorily corrected demonstrate a strong propensity to share positive information about their experience. Word-of-mouth communication was not motivated merely by informational considerations but also by intent to influence actions of friends and relatives. Information obtained through word-of-mouth is generally very credible and is relied on, particularly in the later stages of product or service evaluation and purchase. A shorter service recovery process will result in stronger intentions to discuss the recovery in a positive manner while a more lengthy service recovery process will generate an intention to discuss the recovery in a negative manner.
Brown et al. (2005) argued that the antecedents of WOM were not fully understood and conclude that the satisfaction & WOM link was more complex than previous research suggested. They define recommendation as the consumer’s likelihood of recommending the institution if asked to make a recommendation by a friend.

Wang Cajun, Lenard C. Huff (2007), explained a buyer’s response to a seller’s violation of trust. They identified four negative responses (decline in trust, negative emotions, negative word-of-mouth (WOM) & reduction in repurchase intentions) and four explanatory variables (magnitude of violation, integrity versus capability-based cause of failure, perceived likelihood of repeated violations and stage of trust prior to the violation). Based on a review of relevant literature, they identify four factors (magnitude of violation, integrity versus capability-based cause of failure, perceived likelihood of repeated violations and stage of trust prior to the violation) that may influence the extent to which buyers’ trust, emotions, repurchase intentions and WOM activity were affected by a seller’s violation of trust. The higher is the loss, the greater the decline in trust and the more intense the negative emotions.

Burnkraut and Cosineau, (1975) suggested that interpersonal or social influence can be categorised as either informational or normative influence. Word of mouth can operate through both channels. Informational influence occurs when information is accepted as evidence of reality (e.g. In contrast, normative influence operates through compliance, which means that the individual conforms to the verbalised expectations of referent, others.

Florian v. Wangenheim And Toma’s Bayo’n (2004) showed that the strength of WOM influence was determined by perceived communicator characteristics. Perceived risk dimensions, in turn, moderate these effects. The effect of source similarity on influence is stronger when social/psychological risk is high and effect of source expertise on influence is stronger when financial/functional risk is high. As perceived source similarity increases, the influence of a WOM switching referral increases. This is result of decreased level of perceived risk and hence enhanced level of customer perceived trust.
2.12 The Customer Trust

Trust was a cross disciplinary concept, incorporating ideas from economics, marketing, sociology, psychology, and organization behaviour, strategy, and information systems and decisions sciences. Over time, many definitions of trust have been proposed. Rotter’s (1967) stated that trust is a generalized expectancy held by an individual that the word of another can be relied upon. Thus, trust implies a certain expectation and confidence about the behaviour of others and an implicit vulnerability to that person’s actions.

Deutsch (1958), stated that trust is a person’s willingness to be dependent on another party in the belief that the party will not intentionally disappoint them. Shapiro (1987) defined trust as a social relationship in which principals invest resources, authority, or responsibility in another to act on their behalf for some uncertain future return. Anderson and Narus, (1990) said that trust results a firm belief that another company will perform actions that will result in positive outcomes for the first. For Gronroos (1990), trust was cooperation or commitment to a mutual cause. Powell (1990) views trust as cooperation that emerges from mutual interests with behaviour standards that no individual can determine alone. Morgan and Hunt (1994) argued that trust exists, ‘when one party has confidence in an exchange partner’s reliability and integrity’. Gulati (1995) defines trust a type of expectation that alleviates the fear that one’s partner will act opportunistically. Doney and Cannon’s (1997) defined trust as ‘the perceived credibility and benevolence of a target of trust’. Uncertainty and vulnerability were central to the conceptualization of trust (Bhattacharya et al., 1998;). Trust involves both cognition and emotion. To be valid, trust must be based on a cognitive assessment of the likelihood that the seller will benefit the buyer (Kramer,1999), and there must be reason to believe (Dasgupta, 1988). Emotions were also an important part of the experience of trust (Lewis and Weigert, 1985), and serve as signals that trigger cognitive reassessments of trust (Jones and George, 1998).

Researchers also put forward that the buyer’s propensity to trust can influence the level of trust (Mayer et al., 1995). Personality-based researchers
argued that individuals have different propensities to trust based on their native personalities combined with the environment. The nature of trust changes as a relationship matures. Trust in the early stages is primarily transference and calculus-based (Doney and Cannon, 1997), depending largely on information from trusted third parties.

Trust research suggested that high-trust business relationships lead to more profits, customer satisfaction and flexibility, but business relationships are in a constant state of flux from uncertainty, complexity, and so on, offering wide scope for trust research set in a global or cross-cultural context.

According to Shaw's (1997), building trust requires three elements: namely, consumers perceive that product and service claims are honest and can be relied on, integrity and consistency motivate marketplace practices and the well-being of consumers is kept in fair balance with the sometimes competing interests of the selling organization. Mayer, Davis, and Schoorman (1995) found that the trustworthiness of a person can be shown by intention and ability (Cook and Wall, 1980), reliability and honesty (Johnson-George and Swap, 1982), ability and value congruence (Sitkin and Roth, 1993), competence, consistency, openness, integrity, and loyalty (Schindler and Thomas, 1993). Mayer, Davis, and Schoorman (1995) conclude that the most common factors of trustworthiness of a trusted person are: ability, benevolence, and integrity. Further, the expertise of staff was important factor affecting the customers' commitment in the relationship (Swan, Trawick, and Silva, 1985). Benevolence can be expressed in number of ways such as loyalty and supportiveness (Gabaro, 1978). Integrity is commitment in action to a morally justifiable set of principles and values (Becker, 1998). Integrity as an important determinant of trust in interpersonal and group relationship (Schindler and Thomas, 1993).

Morgan and Hunt (1994) found that trust in a partner's credibility was based on the belief that one's partner stands by its word, fulfills promised role obligations, and is sincere. They identified the two different dimensions of the commitment. They hold that trust also exists in the presence of cognitive component alone. That is, it would be enough that the buying firm believes in the
honesty and reliability of the supplier firm. The behavioural intension incorporated in the willingness to act would be implicit in the concept of trust itself. Willingness to rely should be seen as a result rather than one of its constitutive dimensions.

Arnott (2005) identified at least four trust-distrust (T-D) interactions as; the Holy Grail (High Trust and Low Distrust); selectivity (Hi T Hi D); give it a go (Lo T Lo D); and call your lawyer (Lo T Hi D). Hence accordingly trust is on a continuum and is varies in direction and magnitude.

Dietz Graham (2006) put forward four attributes of the trustee as; ability, benevolence, integrity and predictability. Benevolence reflects benign motives and a personal degree of kindness toward the other party, and a genuine concern for their welfare; competence refers to the other party's capabilities to carry out her/his obligations (in terms of skills and knowledge); integrity involves adherence to a set of principles acceptable to the other party, encompassing honesty and fair treatment, and the avoidance of hypocrisy and predictability relates specifically to consistency and regularity of behaviour (and as such is distinct from competence or integrity).

Richard Elliott, Natalia Yannopoulou (2007), findings revealed that when consumers were facing buying choices of functional brands that do not involve much risk and the price is low, familiarity is sufficient for their action. When risk and price levels increase, consumers seek a safe purchase choice regarding functional brands through confidence and dependability, while in the case of symbolic brands consumers have to trust the brand in order to make a purchase choice.

2.12.1 Developing Customer Trust

Whitener et al. (1998) found that individual factors, relational factors and organizational factors influence trust. Researchers also argued that, Staff image and behaviour has important bearing on customer trust. Staff and organizational credibility influence customers' attitudes and purchase intentions (Goldsmith et
al., 2000a). Others argued that staff competence ability to ‘solve their problems’ influences trust (Sharma and Stafford, 2000).

**Pearce (1974)** distinguished between ‘trustworthy’ and ‘trust’. Pearce’s model of trust in person-to-person relationships also differentiates between cognitive trust (i.e. the extent to which an individual assesses the subjective probability of trustworthiness) and trusting behaviour. According to him, it would be possible for a person to engage in trusting behaviour without having reached ‘a cognitive state of trust’. Conversely, an individual’s cognitive trust in another person does not relegate all subsequent behaviours with the other person to the category of ‘trusting’. Pearce asserts that cognitive trust and trusting behaviour can only occur when ‘the trustier has some confidence in his expectations for the other’s behaviour’ and the trustier has alternative options, or choice. Three dimensions related to trust were risk, predictability, and choice. According to Pearce’s model of interpersonal trust ‘a cognitive state of trust exists when one person assumes without adequate evidence that the other’s behaviour will not confer unacceptably negative outcomes upon him’.

**Luhmann (1979)**, maintained that trust was unstable by its nature and that the secure expectations that have been developed when one trusts, in most cases collapse at the first failures. A sociological theory of trust is proposed by Luhmann (1979) that mentioned three modes of asserting expectations about the future based on personal experiences cum cultural meaning as familiarity; confidence; and trust. Familiarity was a precondition of trust. But trust was required only in situations of high perceived risk; at other times confidence or mere familiarity will suffice for action to ensue. One who trusts takes cognizance of the possibility of excessive harm arising from the selectivity of others’ actions. At higher levels of perceived risk, confidence is required and this is a mix of cognitive and emotional perceptions, largely based on experience. At high levels of perceived risk trust becomes necessary for purchase to occur and this involves emotional judgments rather than cognitions, and for suspension of fear of the unknowable. With repetition over time, risk perceptions reduce and trust reverts to confidence.
Rempel et al. (1985) mentioned Psychological theory which argued that trust evolves out of past experiences and prior interactions and develops in stages moving from predictability, to dependability, to trust and eventually sometimes to faith. This represents a hierarchy of emotional involvement which reaches trust when people make an emotional involvement in another person. The basic requirements for predictability were some experience of consistency of behaviour and dependability.

Rogers and Millar, (1988) Also argued that if customers can control the outcome of marketing situations (e.g. guarantees, warranties, customer participation in a service process or production of a product) then trust may not be as relevant to any given relationship. The need of trust arises if there was a risk involved.

Coleman (1990), said that Situations involving trust constitute a subclass of those involving risk. They were situations in which the risk one takes depends on the performance of another actor, it focuses on reliance.

Lewicki and Bunker (1996) refers to three-phase model of developmental trust – “early”, “developing” and “mature” – infers that the quality of trust will vary according to the stage of progress in the relationship. Trust varies by the extent of familiarity (in-group and out-group membership) between the parties, as follows:

a. Deterrence-based trust: There is no positive expectation of goodwill and only through the threat of external sanctions and force is the expectation of compliance guaranteed.

b. Calculus-based trust: Suspicion based trust, be considered real trust in this sense since, as the name suggested, trust is only considered a worthwhile strategy on the basis of a strict cost-benefit analysis, but a deep a priori suspicion of the other remains.

c. Knowledge-based trust, a threshold is crossed when suspicions recede to be replaced by positive expectations and confidence based on confident knowledge.
about the other party, including their motives, abilities and reliability. Real trust, as it is most commonly defined in the literature, begins here.

c. Relational-based trust: stronger confidence in the other party that is depicted in a more subjective and emotional in nature and shared way.

d. Identification -based trust is highest level of trust ,based on converged interests.

Hart and Saunder, (1997) said that the importance of trust is based on the potential use of technology to increase information sharing. As trust declines, people were increasingly unwilling to take risks and demand greater protections against the probability of betrayal. In telecom sector, security and reliability of information refers to a positive trust that is shown consistently and assurance between what a trading partners said and does.

Fennetean and Gilbert (1997) distinguished between the cognitive and affective dimensions of trust. According to the authors, the three factors that leads a subject to consider a partner trustworthy were, ability, (which relates to the partner’s competence to supply what the trustor expects), integrity,( which relates to the fact that partner is guided by the principles acceptable to trustor) and , benevolence,( which relates to the intention of the trustee to do his best for the trustor, putting to one side his egoistic profit motives).

Kasper Fuehrer and Ashkansay in the (2001) in their research argued that trust results from experiencing fair behaviour by the other party together with acceptance of the other party’s rights and interest. Trust also indicated a joint undertaking with a level of understanding of shared business practices between the parties. Trust implied that the participants contribute to and gain from the final outcome; and this awareness of common interest and mutual benefits results in a foundation of goodwill.

Droege et al., (2003) said that over time, trust matures through a series of iterations in which the seller acts in the buyer’s behalf and the buyer responds cognitively, emotionally and behaviourally. Trust becomes more knowledge-based and sometimes evolves to what has been termed identification-based or
affect-based trust in which the buyer commits to and develops emotional ties to the seller. Mature trust is therefore more robust and resilient.

Marsh and Dibben, (2005) mentioned trust as a condition for reduced opportunism among contracting parties, which results in lower transaction cost. Similarly, trust is regarded as a possible cause of satisfaction. In comparison to trust, the notion of confidence as an alternate possibility concerns the establishment of explicitly predictable outcomes, in which information is objective, standardized and scientific and there is little opportunity to exercise discretion about action. ‘Reliance’ is one possible complementary construct to trust and it is linked to the notions of ‘reasonable expectations’ a ‘positive outcome’ and ‘proven capability’

2.12.2 Effects of Customer Trust

Garfinkel (1967) demonstrated in a series of experiments that when trust is betrayed, people become uncomfortable, bewildered, and angry. This leads one to focus on consumers’ experiences where a problem had arisen or when consumers were dissatisfied by their interaction with a particular brand.

Morgan and Hunt, (1994) stated that trust worked as an information surrogate if no information about the quality of a product or service is available. Trust affected relationship commitment and customer loyalty in a positive way. Thus, if a consumer trusts a corporate brand s/he is likely to form a positive behavioural intention towards the brand.

Bercerra and Gupta (1999) categorized negative consequences of lack of trust and key positive results from high trust relationships. For instance, a manager’s time and time spent of dealing with low trust relationships were higher than those spent in dealing with high trust would enjoy open communication and willingness to take risks. People in high trust relationships were not afraid to share all information received.

Bartelt, (2002) emphasised the key role of trust in commercial exchange relationships and its potential to achieve competitive advantages. Trust had a
positive impact on marketing success and, in particular, on a customer’s loyalty towards a supplier.

According to Jeffery Schuman (2003) argued that trust was driven from experiencing fair behaviour by the other party and acceptance of the other party’s rights and interest. The creation of shared goals and strategy, especially in the initial stage of a relationship, facilitates collaboration on the level of the individual and on the level of community as a whole.

K. Sridhar (2004) found that trust was an important part of the culture which involves embedding way of the issues into procedures, policies and practices. He emphasized on the trust based strategies for the benefit of long term relationship. Relationships based on high degree of personal contact often benefit as it results into reduced perceived risk, contractual safeguards, customer confidence, emphasize competence, and commitment of the customer.

Algolin (2005) explained that trust was the most basic element of social contact. Trust was both a process and an outcome; it was at the heart of dealing with every relationship. If the company had always managed the customers well and provided them with consistent and trustworthy performance then these customers were more likely to support the company in times of a crisis.

Sichtmann Christina (2007) stated that in general, trust involves two exchange partners. The partner who trusts is called the ‘trustor’ (the consumer) while the partner who is trusted is referred to as the ‘trustee’ (the supplying firm). Trust was defined as the belief which a consumer in a purchase situation characterised by uncertainty, vulnerability, lack of control and the independent-mindedness of the transaction partners relies on, to the effect that a company identified as a corporate brand will deliver a good or service at the quality which the consumer expects, on the basis of experiences which the consumer has made in the past. Their model revealed that competence was much more important than credibility as antecedents for the development of trust. Trust had a strong direct impact on the current purchase intention.
Sichtmann Christina (2007) presented comprehensive frameworks for understanding consumer trust, incorporating both the antecedents and consequences of trust. The results had indicated that competence and credibility had a high explanatory power as antecedents of trust. Trust had a considerable impact on supplier selection for purchase intention in existing and new products, as well as on the word-of-mouth (WOM) behaviour of consumers. His literature mentioned various characteristics of trust. First, trust implies uncertainty on the part of the trustor about the motives and behaviours of the trustee (Lewis and Weigert, 1985). Second, an aspect of uncertainty is the inability to control the trustee. Trust was based on the expectation that the supplying firm does not behave in an opportunistic manner even though the consumer cannot control it (Anderson and Weitz, 1992). Therefore, trust was a mechanism to absorb uncertainty (Ripperger, 1998). Third, the concept was associated with a risk and thus involves the vulnerability of the exchange partner that trusts (Moorman et al., 1993). Fourth, both exchange partners can decide whether they want to honour or betray the trust. Thus, trust was voluntary (Ripperger, 1998). Finally, trust applies to events in the future (Luhmann, 2000; Mayer et al., 1995) – that is, the consumer extrapolates from past experiences to predict the future behaviour of the supplying firm. He argued that theoretically two requirements have to be fulfilled for trust to develop: the supplier needs to be able (i.e. competent) and willing to deliver a product or service at the expected quality. The competence of a supplier comprises the qualifications, skills, competences and knowledge of the supplier required to deliver the product or service in the expected quality.

2.13 The Customer Intention to Repurchase

Repurchase intentions refer to the attitude of cognitive, affective and conative loyalty dimensions (Oliver, 1999). It is defined as ‘individual’s judgment’ about buying again a designated service from the same company, taking into accounts his or her current situation and likely circumstances.
2.13.1 Developing Customer Repurchase Intention

A direct positive relationship between customer satisfaction and repurchase intention is supported by a wide variety of product and service studies (Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Selnes, 1998). These studies establish that overall customer satisfaction with a service is strongly associated with the behavioural intention to return to the same service provider.

Liljander and Strandvik, (1995a) revealed that a satisfied customer is supposed not to defect but to stay loyal to the company for a long period of time and to buy more and more often than other, not so loyal, customers do. They also suggested that customers who perceived significant switching costs should be more disposed to stay and ultimately expand the relationship with the current provider and should have more cross-buying intentions.

Bendapudi and Berry (1997) suggested that repurchase intentions should be positively associated with cross-buying intentions because customers with strong intentions view cross-buying as one way of raising the quality of the relationship. From this perspective, customers who stay with the service provider because of negative switching barriers should be less disposed to cross-buy as cross-buying would raise the exit barriers.

Hall, (1999) found that customers decide to cross-buy services from the same provider to achieve one-stop shopping benefits (time and effort savings) of convenience. Perceived convenience of cross-buying from the same service provider is positively associated with cross-buying intentions.

Phillip K. Hellier et al (2003) developed a model which described the extent to which customer repurchase intention is influenced by seven important factors – service quality, equity and value, customer satisfaction, past loyalty, expected switching cost and brand preference. The general model was applied to customers of comprehensive car insurance and personal superannuation services. In the model they found satisfaction and brand preference the major antecedents to repurchase intention. The analysis finds that although perceived quality does not
directly affect customer satisfaction, it does so indirectly via customer equity and value perceptions. The study also finds that past purchase loyalty is not directly related to customer satisfaction or current brand preference and that brand preference is an intervening factor between customer satisfactions, repurchase intention and ultimately customer loyalty.

2.14 The Customer Loyalty

According to Jacoby and Kyner (1973), brand loyalty is the biased & non-random behavioural response, expressed over time, by some individual, family or organization, with respect to one or more alternative brands. Similarly, Oliver (1999, p. 35) defines loyalty as 'a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand purchasing, despite influences of situations and marketing efforts on switching behaviour. In the literature, loyalty has been defined as an attitude and as behaviour (Ball et al. 2004). The attitudinal perspective positions loyalty as a desire to continue a relationship with the company. The behavioural perspective describes loyalty as repeat patronage (Reibstein, 2002).

Loyalty intentions were defined as the ‘disposition of customers to either repurchase a product/service from a providing organisation, or go to a competitor’ (Jacoby and Chestnut, 1978). Study by Reichheld et al. (2000) revealed that a five percentage-point shift in customer retention consistently results in 25-100 per cent profit increases. Some of the studies have explored into components of loyalty such as price tolerance (Zeithaml et al., 1996), word-of-mouth (Anderson, 1998) or aggregated indices of behavioural intentions (Nayarandras, 1998).

Jacoby and Chestnut (1978) concluded that consistent purchasing as an indicator of loyalty could be invalid because of situational buying or a preference for convenience, and that inconsistent purchasing could mask loyalty if consumers were multi-brand loyal.

Traylor, (1981) found that under low involvement conditions brand loyalty may reflect only the convenience inherent in repetitive behaviour rather
than commitment to the brand purchased. Relatively uninvolved consumers were less likely to be brand loyal and will be more likely to be brand switchers.

Ehrenberg, Goodhardt and Barwise (1990) argued that at an aggregate level, in repeat-purchase markets most brands exhibit a Double Jeopardy effect whereby small brands have fewer buyers who buy them less often than big brands.

Uncles et al. (1994) gathered impressive amounts of data about purchase patterns over many years, across many product categories and for many diverse countries. They found that few consumers were ‘monogamous’ (100% loyal) or ‘promiscuous’ (no loyalty to any brand) but most people were ‘polygamous’ (i.e. loyal to a portfolio of brands in a product category).

Morgan and Hunt (1994) confirmed a positive relationship between trust and loyalty commitment. A buyer’s trust of a service provider is positively related to loyalty commitment.

Dick and Basu, (1994) observed that brand loyalty was formed of a consistently favourable set of stated beliefs towards the brand purchased. These attitudes may be measured by asking how much people say they like the brand, feel committed to it, will recommend it to others, and have positive beliefs and feelings about it relative to competing brands. The strength of these attitudes was the key predictor of a brand’s purchase and repeat patronage.

Aaker (1996) in the fields of advertising and brand equity research reinforced attitudinal based brand loyalty.

Stewart (1998) said that in the retail banking market, genuine preference, loyalty, ignorance, inertia and dependence may have been instrumental in affecting the length of relationship between bank and customer.

Ehrenberg, Barnard and Scriven (1998) found that most consumers have split-loyalty portfolios of habitually-bought brands. Theses consumers view advertising and other marketing communication as publicity that sustains
awareness and offers reinforcement, rather than as highly persuasive information that fundamentally changes their attitudes and/or levels of commitment.

**Oliver (1999)**, based on the three dimensional consumer attitude structure, said that; the brand attribute ratings (beliefs) must be preferable to competitive offerings; this information must coincide with an affective preference (attitude) for the brand; and the consumer must have a higher intention (conation) to buy the brand compared with that for alternatives. Compared to an inertia situation where the consumer passively accepts a brand, a true brand loyal consumer is actively involved with his or her favourites.

**Dabholkar (1999)** In a study in expectancy value framework doubted the attitudinal & relational based loyalty particularly for understanding the buying of low-risk, frequently-purchased brands, or when impulse buying or variety seeking is undertaken, than for important or risky decisions.

**Bolton, Kannan and Bramlett (2000)** found that members of the loyalty program of a financial services company, where the focus is on individual customers, loyalty programs may increase single-brand loyalty, decrease price sensitivity, induce greater consumer resistance to counter offers or counter arguments (from advertising or sales-people), dampen the desire to consider alternative brands, encourage word-of-mouth support and endorsement, attract a larger pool of customers, and/or increase the amount of product bought.

**Reinartz and Kumar (2002)** argued that cost benefits of loyalty were difficult to obtain. One reason for this is that marketing programs in general, and loyalty programs in particular, seldom were fully costed and its effects were reported as; increased sales of the target brand, higher levels of cross-selling, fewer customer defections, and more satisfied customers.

### 2.14.1 Developing Customer Loyalty

There are numerous works in marketing which have attempted to explain the relationships between brand loyalty and the various variables regarded as its antecedents (Cronin & Taylor(1992, Fornell (1992). Literature mentioned that the
antecedents of customer loyalty includes constructs of service quality (Zeithaml et al., 1996), perceived value (Fornell et al., 1996), and customer satisfaction (Mittal et al., 1998; Anderson and Sullivan, 1993), the defensive factors, customer past loyalty, expected switching cost (Fornell, 1992) are important predictors of repurchase intentions and loyalty. A high level of satisfaction is likely to increase the probability that the brand in question will be retained in the customer’s consideration set and will increase the customer’s preference for the brand (Westbrook and Oliver, 1981)

Turnbull and Wilson, (1989) found that the more investments were made in a relationship, the more difficult its disengagement becomes and the more a party will be committed to continue the relationship. This concept was related to the (inter)dependency of the parties in the relationship. A party’s dependence on the other party is regarded as an important antecedent to its relationship commitment.

Moutinho and Smith (2000) developed a model for bank’s customers overall satisfaction, switching and loyalty behaviour. The research findings found that ease of banking and convenience were favoured by the customer. Moreover, customers' attitudes towards the human provision of services and subsequent level of satisfaction influenced switching more than when the same delivery was made through automation.

Werner Reinartz and V. Kumar (2001) in their study on loyalty programs found that the link between customer loyalty and profits was weak. They identified four customer groups. First, the ‘butterflies’ were customers who were profitable but disloyal should be milked; Second, ‘true friends’ were profitable customers who were likely to be loyal and a softly approach is more appropriate for them. For third group, ‘barnacles’ who were highly loyal but not very profitable customers the emphasis should be on finding out whether they have the potential to spend more than they currently do or not.

Asunción Beerli, Josefa D. Martín and Agustín Quintana (2002), on the basis of empirical research in the retail banking market, developed a structural
equations model to conclude that satisfaction together with personal switching costs were antecedents leading directly to customer loyalty, with the former exerting the greatest influence. Also they found that the degree of elaboration in the bank selection process does not have a moderating influence on the causal relationship between satisfaction, switching costs and customer loyalty.

Denis p. (2004) in his research distinguished among four kind of customers as ; ‘truly loyal’, who both want and plan to maintain their vendor relationship; ‘trapped’ customers, who were likely to continue doing business with a company but were not pleased with the relationship; ‘high risk’ customers, who were unhappy and who have little intention of continuing a vendor relationship; and ‘accessible’ customers, who were committed to the relationship but were not making additional purchases.

Das Naryandas (2005) researched into the benefits of customer loyalty in B2C markets vs B2B markets. He found that no doubt, the benefits of customer loyalty were enormous but the means by which companies create and sustain loyalty were not same in two markets. In business markets, every customer needs a customized product, quantity or price. In fact each segment effectively consists of one customer as compared to consumer market; which had large number of buyers with similar wants, transactions were small in value, mass production, consumer's perceptions and companies focus on brands.

Lloyd C. Harris and Chris Ezeh (2008) conceptualised, operationalised and test a multi-dimensional and more social view of servicescape and the direct and moderated linkages with loyalty intentions. A model was developed that linked influences of nine servicescape variables to customers’ loyalty intentions. The first five variables reflect physical aspects of servicescape, while the remaining four variables are more social in nature. Additionally, the model also considered the impact of personal and environmental factors as moderating variables.
2.14.2 The Post Loyalty Behaviour Outcomes

Several authors emphasize that a positive relationship exists between customer loyalty and business performance (Reichheld and Sasser, 1990; Reichheld, 1993; Sheth and Parvatiyar, 1995). Loyal customers not only increase the value of the business, but they also enable it to maintain costs lower than those associated with attracting new customers (Barroso Castro and Martí'n Armario, 1999). The consequences of customer loyalty include; resisting counter competitive offerings, refereeing by positive WOM, readiness to pay price premium and cross buying, (Kotler, 2004). Cross-buying refers to the customer’s practice of buying additional products and services from the existing service provider in addition to the ones s/he currently has (Paul Valentin Ngobo, 2003).

Bendapudi and Berry, (1997) found that Customers having high scores of service quality, value, and satisfaction will be likely to continue the relationship with the service provider and ultimately expand it through a ‘cross-buying behaviour’.

Reinartz and Kumar, (2003) argued that, the customer’s knowledge of the service provider’s service delivery processes lowers customer’s resistance to the provider’s cross-selling propositions. The firm also has a lower risk and liability exposure due to its knowledge of the customer. Finally, the more products and services a customer buys the longer the customer is likely to stay with the firm.

Paul Valentin Ngobo, (2003) found that that the customers’ cross-buying intentions were primarily associated with image conflicts about the provider’s abilities to deliver high-quality services from different service activities, and the perceived convenience of cross-buying from the same provider. Their model, shows that ,main drivers of cross buying include ; service quality, perceived value customer satisfaction, sales force training, incentives, promotional campaign, knowledge transfer between firm departments, teamwork ,and wider customer acceptance of different products and/or services from the same provider.
In a recent study, Nick Bontis and Lorne D. Booker (2007) found that customer satisfaction enhances reputation in the service environment. Perceived value has positive effect on satisfaction and satisfaction positively influences loyalty, reputation and recommendation. The researchers argued those customers’ repurchase intentions (dedication-based maintenance), perceptions of switching costs (constraint-based maintenance) & the convenience influences cross-buying.

2.15 Research Gaps Related to Trust and its antecedents

Most of the literature available emphasizes on the trust and its antecedents like service quality, value, customer satisfaction, ethics, marketing effort, and WOM and are important aspects in long-term relational exchange between buyer and seller. But following question require further research.

- What is trust? And which of its antecedents (drivers) and consequences (effects) are important in relational exchange of users of Mobile Telecom Service Providers services and Banking Services in India.

- How various moderating factors (variables) further affect the relationships between trust and its antecedents, viz. service quality, customer satisfaction, customer delivered values, ethics, marketing effort, WOM as well as consequences like customer intentions to re-purchase & loyalty?

- What are the managerial implications of trust and its antecedents (drivers) & consequences (effects) to the domain of service Sector in general and Banking & Mobile Telecom Service providers (MTSPs) sector in particular.