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## Creating Commitment, Trust and Satisfaction for a Brand: What is the Role of Switching Costs in Mobile Phone Market?

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### Abstract

The purpose of this study was to explore the role of switching costs in the relationship between satisfaction, trust, and commitment for a brand. Data analyzed in this study were collected via questionnaires from real consumers (n=457). Our research model emphasizes associations among switching costs, satisfaction, trust and commitment for a brand. Our study provides compelling evidence for future work to gain further insight into switching costs, satisfaction, trust, and commitment for a brand and includes several implications for management practice and future research. Switching costs have positively effect the relationships between satisfaction, trust and commitment for a brand. This empirical study provides a new approach to understand the effects of switching costs on the relationships between satisfaction, trust, and commitment for a brand.

*Keywords:* Switching costs, brand satisfaction, brand trust, brand commitment, mobile phone brands.

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### Introduction

Switching costs have attracted a lot of attention in marketing practices (Deighton et al. 1994; Lam et al. 210; Wang 2010). Both marketing academics and professionals have come to realize that understanding the role of switching costs in the relationship between satisfaction, trust, and commitment for a brand.

Creating, increasing, and securing satisfaction, trust and commitment for a brand are central to many corporate strategies because obtaining new customers is costly and customer retention is connected to long-term profitability (Anderson and Mittal, 2000). We first develop the theoretical model and hypotheses that address the relationships among the variables identified above. The sample and measures are then described, followed by the reporting of model-hypothesis testing and results. Next, the study's conceptual and strategic contributions are highlighted. Finally, limitations are identified and future research directions proposed.

The market for mobile phones is probably the most dynamic of any in the world. The degree and rate of change in technology, market adoption and product innovation is staggering and Turkey market is no exception. Mobile phones have changed from being a luxury to a mass consumer market A wide array of value-added services, such as call-divert and internet facilities are now becoming standard. These changes have been accompanied by rapidly changing marketing strategies, as mobile phone operators jockey for position and competitive advantage. The role of switching

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costs in the relationship between satisfaction, trust, and commitment for mobile phone brands have been gaining more importance.

### **1. Brand Satisfaction**

Satisfaction generally is conceptualized as an attitude like judgment following a purchase act or based on a series of consumer-product or brand interactions (Fournier and Mick, 1999; Yi 1990). Satisfaction is a positive affective reaction to an outcome of prior experience (Ganesan, 1994) then impacts on subsequent purchases (Oliver, 1980), completing cyclical pattern (Bennett et al. 2005). The relationship between satisfaction and trust has received some in the empirical studies published to date (Singh and Sirdeshmukh, 2000; Sahin et al. 2011), because trust development is generally portrayed as an individual's experiential process of learning over time (Williams 2001). Clara and Singh (2005) affirm that trust evolves from the result of past experience and prior interaction, and Garbarino and Johnson (1999) view trust as a high order mental construct that summarizes consumers' knowledge and experiences. To summarize above mention, the research hypothesis is proposed as below:

Hypothesis 1 (H1): Brand satisfaction is positively associated brand trust.

### **2. Brand Trust**

Brand trust is conceptualized as "the confident expectations of the brand's reliability and intentions in situations entailing risk to the consumer" (Delgado-Ballester et al. 2003). Brand trust has often been defined as a psychological state interpreted in terms of 'perceived probabilities' (Bhattacharya et al. 1998), 'confidence' (Garbarino & Johnson 1999) or 'expectations' (Rempel et al. 1985) assigned to the occurrence of some positive outcomes on the part of the trusting party. In the consumer-brand domain, this idea implies that the brand is an active relational partner. Studies elaborated that trust plays an important role in customer commitment for a brand (Chaudhuri and Holbrook, 2001). Brand trust leads to brand commitment because trust creates exchange relationships that are highly valued (Chaudhuri and Holbrook, 2001; Morgan and Hunt 1994). Brand trust is an antecedent of brand commitment (Morgan and Hunt, 1994). In other words, trust and commitment should be associated, because trust is important in relational exchanges and commitment is also reserved for such valued relationships.

Hypothesis 2 (H2): Brand trust is positively associated brand commitment.

### **3. Switching Costs**

Switching occurs when a customer is motivated to review their available alternatives in a marketplace due to 'a change in competitive activity in the market' (Seiders and Tigert, 1997). Switching costs are the 'inconvenience, out-of-pocket costs and psychological upsets' a customer expects if they change suppliers (Bendapudi and Berry, 1997). It may not be worth the customer switching because they risk not being satisfied suitably elsewhere (Ping, 1993).

In addition to objectively measurable monetary costs, switching costs also refer to the time and psychological effort involved in facing the uncertainty of dealing with a new brand (Dick and Basu, 1994; du Ruyter et al., 1998). The perception of switching costs is considered a significant factor affecting the brand satisfaction-trust relationship and brand trust-commitment relationship (Dixon et al. 2005). High switching costs retain customers from changing brand relationships. Therefore, an increase in switching costs will lead to increase in commitment for a brand. In many cases, unsatisfied customers stay with their brand because the time and effort needed to choose another brand are perceived high. Therefore, it seems reasonable to state the following hypothesis:

Hypothesis 3 (H3): Switching costs are positively associated satisfaction and trust for a brand.

#### 4. Brand Commitment

Commitment has been defined as "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpande 1992). Thus, commitment underlies the ongoing process of continuing and maintaining a valued and important relationship that has been created by trust. There are multiple conceptualizations of commitment in the consumer behavior literature. At the brand level, commitment has been thought of as brand loyalty (Martin and Goodell, 1991) and represents one of the most researched areas in consumer behavior (Muncy and Hunt, 1984). Other approaches have defined it as a component of product involvement (Lastovicka and Gardner, 1977). Empirical studies have also examined the antecedents and consequences of brand commitment (e.g., Beatty, Kahle and Homer, 1988) but its relationship with other consumer behavior constructs like satisfaction, trust and switching costs risk is not clear. In the present study, brand commitment is conceptualized as an attitudinal construct and is defined as "the pledging or binding of an individual to his/her brand choice within a product class" (Lastovicka and Gardner, 1977)

#### 5. Methodology

##### 5.1. Research Design

As the research setting, we focus on single, major market of great economic the mobile phone sector in Turkey. Mobile phones are high involvement products in terms of interest, risk, and symbolic and hedonic values (Lapersonne et al., 1995). This project utilized pen-and-paper surveys that were administered to graduate-level business students in Istanbul, Turkey. Information was collected from real consumers in a metropolitan area that was dominated by five state-supported universities.

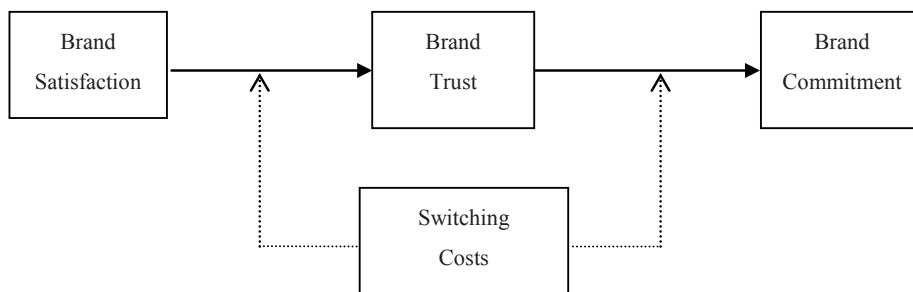


Figure 1 Research Model

##### 5.2. Data Gathering

The research data was collected through the questionnaire. The questionnaire began with an introductory statement that asked respondents to administer their own responses, assured them of confidentiality, and so forth. This was followed by a request for demographic information and the measures. Overall consideration, mobile phone market was selected as the relational exchange context for this research. Data were collected through random questionnaires consumers. The study was based on the development and administration of a self-administered survey and conducted in Istanbul, Turkey.

##### 5.3. Sample

This study was designed to investigate the moderating effects of switching cost on the relationship between brand satisfaction, brand trust and brand commitment in mobile phone brands. Mobile phone product class was chosen for several reasons. First brand involvement is very high in mobile phone product class. Second, mobile phone marketers have been spending high brand communication expenditures. Third, brand satisfaction is very important for mobile

phone consumers. Data were collected from a convenience sample of students (N = 550) enrolled at a major institute in Istanbul, Turkey. The respondents answered the self-administrated questionnaire in a classroom setting on a voluntary basis. Out of 457 usable surveys, 53,9% of the sample was male; 64,4% of the sample was single and 79% of the sample was undergraduate. The descriptive statistics values are shown on table 1.

Table 1: Descriptive statistics

<i>Gender</i>			<i>Marital Status</i>		
	Frequency	Valid %		Frequency	Valid %
Male	246	53,9	Married	163	35,6
Female	211	46,1	Single	294	64,4
Total	457	100,0	Total	457	100,0
<i>Brand</i>			<i>Education</i>		
	Frequency	Valid %		Frequency	Valid %
SAMSUNG	109	23,9	Undergraduate	333	79,1
NOKIA	225	49,1	Graduate	124	20,9
IPHONE	52	11,4	Total	457	100,0
Others	71	15,6			
Total	457	100,0			

#### 5.4. Measures

We used Churchill's (1979) approach to questionnaire development. We combined scales from several other relevant empirical studies with new items to make an initial list of questions. We eliminated several redundant items through interviews with consumers and colleagues, and we tested a first draft of the questionnaire across thirty-six measures. Construct analysis of the results guided final revisions. We used five-point scales (5 = "very likely," 4 = "somewhat likely," 3 = "neither likely nor unlikely," 2 = "some hat unlikely," and 1 = "very unlikely") to answer the question. Thirty-six measures are used to capture the various latent constructs. Measures are reported in the Appendix.

*Switching costs.* We measured switching costs with 2 items adapted from the scales developed by Ping (1993).

*The brand satisfaction.* We measured brand satisfaction with 9 items adapted from the scales developed by Chaudhuri and Holbrook (2001), Moorman, Zaltman and Deshpande (1992), Morgan and Hunt (1994).

*The brand trust.* We measured brand trust with 9 items adapted from the scales developed by Chaudhuri and Holbrook (2001), Moorman, Zaltman and Deshpande (1992), Morgan and Hunt (1994).

*The brand commitment.* We measured brand trust with 9 items adapted from the scales developed by Chaudhuri and Holbrook (2001), Moorman, Zaltman and Deshpande (1992), Morgan and Hunt (1994).

#### 5.5. Factor Analysis and Reliability

The scales were submitted to exploratory factor analysis separately. The best fit of the data was obtained with a principal component analysis with a varimax rotation. There are; eight items for brand trust, nine items for brand satisfaction, six items for brand loyalty and four items for switching cost. The factor loadings of brand trust, brand satisfaction, brand loyalty and switching cost are seen in Table 2. The four factors captured all of the variance with 64,1%.

Table 2 Factor Analysis

	1	2	3	4
X meets my expectations.	,642			
I feel confident in X	,574			
X never disappoints me	,501			

X guarantees satisfaction	,696		
X would be honest and sincere in addressing my concerns	,675		
I could rely on X to solve the problem	,776		
X would make any effort to satisfy me	,728		
X would compensate me in some way for the problem with the product	,418		
I am very satisfied with the service provided by X		,739	
I am very satisfied with X		,809	
I am very happy with X		,688	
I am very happy with the service provided by X		,711	
This brand does a good job of satisfying my needs		,732	
The service-products provided by this is very satisfactory		,736	
I believe that using this brand is usually a very satisfying experience		,633	
X would make any effort to satisfy me		,654	
X would compensate me in some way for the problem with the product		,504	
I intend to buy this brand in near future			,700
I intend to buy other products of this brand			,636
I consider this brand as my first choice in the category			,739
The next time I need that product, I will buy the same brand			,712
I will continue to be a loyal customer for this brand			,717
I am willing to pay a price premium over competing products to be able to purchase this brand again			,597
I think that I will lose money by quitting my relationship with this brand			,747
I think that it will cost a lot of money to change the brand			,780
I would be unhappy if for some reason I had to go to brand			,822
It would cost me a lot of time and energy to find an alternative store			,769

Explained Total Variance: 64,1%; 1. Brand trust, 2. Brand satisfaction, 3. Brand loyalty, 3. Switching cost.

### 5.6. Descriptives, Correlations and Alpha Reliabilities of the Measures

As shown in the Table 3, all variables are significantly and positively correlated with each other. For exploratory research, a Chronbach  $\alpha$  greater than 0.70 is generally considered reliable (Nunnally, 1978). Chronbach  $\alpha$  statistics for the study constructs are 0.81, 0.92, 0.86 and 0.89 for each of the three factors respectively.

Table 3 Descriptives, Correlations and Alpha Reliabilities of the Measures

		$\mu$	$\delta$	$\alpha$	1	2	3
1	Brand Trust	3,61	,77	,81			
2	Brand satisfaction	3,82	,75	,92	,654**		
3	Switching cost	2,87	1,03	,86	,301**	,340**	
4	Brand commitment	3,47	,86	,89	,527**	,646**	,561**

\*\* $P < 0.01$

### 5.7. Regression Analysis

Having identified the four-factor loading, we performed the multiple regression analysis to investigate whether switching cost moderating effect on relationship between brand trust, brand satisfaction and brand commitment. Table 4 reports the results of the regression analysis. The analysis showed that in Model 1, independent variables multiple

correlation coefficient (R) of 0,469. The F-ratio, which has a value of 402.000 suggests that the regression model we have adopted is significant ( $P < 0.01$ ). The result revealed that switching cost have moderating effect between brand satisfaction and brand trust ( $\beta_1 = .685$ ;  $P < 0,01$ ). The analysis showed that in Model 2, independent variables multiple correlation coefficient (R) of 0,427. The F-ratio, which has a value of 339.431 suggests that the regression model we have adopted is significant ( $P < 0.01$ ). The result revealed that switching cost have moderating effect between brand trust and brand commitment ( $\beta_1 = .657$ ;  $P < 0,01$ ). Therefore, our hypotheses 1 and 2 are supported.

Table 4 Regression Analysis

	Model 1 Brand Trust			Model 2 Brand Commitment		
	Beta	t	Sig.	Beta	t	Sig.
Brand Satisfaction* Switching Cost	,685	20,054	,000*	-	-	-
Brand Trust* Switching Cost	-	-	-	,654	18,424	,000*
<i>R</i> <sup>2</sup>	,469			,427		
<i>F</i>	402.000			339.431		
<i>Sig.</i>	.000			.000		

\* $P < 0,01$

## Discussion

The research was done using a theoretical framework developed based on previous studies. The main purpose of this study was to investigate the role of switching costs in the relationship between satisfaction, trust, and commitment for a brand. Results from hypotheses testing suggest the following information:

*The effects of brand satisfaction.* As research results show, brand satisfaction has a significantly positive effect on brand trust. These results were supported by those of previous studies done by other researchers (Sahin et al. 2011; Fullerton, 2005; Zehir et al. 2011; Chaudhuri and Holbrook, 2001).

*The effects of brand trust.* The results Show that Brand trust has positive effects on brand commitment. This finding is supported by Ping (1993).

*The switching costs.* Switching costs have positive effects on brand satisfaction and trust. This finding is supported by Ping (1993).

## Limitations and Future Direction

This study is subject to several limitations. The primary limitation of this research is that it explores only one-product category, potentially limiting the generalizability to other domains. The study can be strengthened by increasing the sample size and including participants in other geographical areas. The present study did not examine such personal factors as product involvement, variety seeking, impulsiveness, consumer demographics and so forth. Overall, more detailed understanding of the role of switching costs in the relationship between satisfaction, trust, and commitment for a brand the more detailed understanding of the effects of brand communication and brand satisfaction on building brand trust. Further research should focus on the antecedents and long-term consequences of the switching costs.

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