

Chapter 5.5

Online Consumers’ Switching Behavior: A Buyer–Seller Relationship Perspective

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ABSTRACT

Limited studies have investigated online consumer loyalty and retention from a relationship orientation in electronic commerce research. It is important to understand the differences in relationship orientations between people who have the propensity to stick to particular Web sites (“stayers”) and people who have the propensity to switch to alternative Web sites (“switchers”). This study proposes a relationship-based classification schema consisting of five dimensions: that is, commitment, trust, satisfaction, comparison level of the alternatives, and nonretrievable investment. Data were collected from 299 college students who had experience with e-commerce Web sites. Using discriminating analysis, we found that stayers and switchers were significantly different

along the five research dimensions. Satisfaction with the current Web site was the most important discriminant factor, followed by trust, commitment, comparison level of alternative Web sites, and nonretrievable investment in the current Web site. Implications of the findings for researchers and practitioners are discussed.

INTRODUCTION

With the development of electronic commerce, more and more companies have conducted on-line business transactions with their customers. Why consumers consistently stick to a Web site (“stayers”) or switch to an alternative Web site (“switchers”) has drawn considerable attention from the research community (e.g., Chen & Hitt,

2002; *Park & Kim, 2006*; *Pavlou & Gefen, 2004*) due to the ease of jumping from one Web site to many alternative Web sites that offer similar products or services with the mere click of a mouse.

This article conducts a study to compare stayers and switchers in online consumer markets based on relationship marketing theories. We define stayers as those consumers who have the propensity to stay with a particular Web site in the future. Switchers, on the other hand, are those consumers who have no propensity to use the Web site in the future. The abundant literature in relationship marketing has provided sufficient theoretical foundations for the present study. Guided by an integrated model of buyer-seller relationships in the conventional marketplace (*Wilson, 1995*), this study investigates how online consumers' switching behavior varies along five salient relationship factors drawn from the model (commitment, trust, satisfaction, comparison level of the alternatives, and nonretrievable investment). We believe that these factors will influence the quality of buyer-seller relationships in the online environment.

An investigation of switching behavior will contribute to our understanding of the differences between technology adoption/acceptance and continuous use of the technology. Information systems researchers have found that users' beliefs and attitudes in pre-adoption and post-adoption are different (e.g., *Parthasarathy & Bhattacharjee, 1998*). The present study will extend these previous findings by providing understanding as to why some adopters stay with a Web site (post-adoption retention) and others switch (post-adoption attrition) in the online environment.

Studying online consumers' switching behavior is also important for marketing research and practice. From the business side, acquiring a customer is much more difficult and more inefficient than keeping a customer. Costs associated with acquiring new customers are five times the costs of retaining customers (*Keaveney, 1995*). In the context of e-commerce, a high quality buyer-

seller relationship is important because keeping existing customers and attracting new customers are so expensive and it is so easy to switch online (*Reichheld & Schefter, 2000*).

With these motivations in mind, this article reports the results of an empirical study. In the next section, we discuss the conceptual background and develop the research hypotheses. The research method for the empirical study is then explained, followed by a discussion of the data analysis and results. Finally, we discuss the findings and draw implications for researchers and practitioners.

THEORETICAL BACKGROUND

Several studies have investigated online switching behaviors. *Keaveney and Parthasarathy (2001)* found that online consumers' previous behavioral patterns (e.g., service usage), attitudes (e.g., risk-taking, satisfaction, and involvement), and demographic characteristics (e.g., income and education) were significant discriminating factors between stayers and switchers. In an investigation of the online brokerage industry, *Chen and Hitt (2002)* found that online consumers' system usage and the breadth and quality of alternative online service providers were significant in predicting switching behavior. *Gupta, Su, and Walter (2004)* found that consumers switching from off-line to online transactions paid attention to channel risk, search effort, and learning effort.

In addition to these exploratory empirical studies, other researchers have started to apply well-established models and theories to examine online consumer behaviors and customer loyalty (e.g., *Gefen, Karahanna & Straub, 2003*; *Pavlou, 2003*; *Park & Kim, 2006*). The first stream of such literature is based on conventional consumer behavior theories, which suggest that satisfaction and switching barriers are significant antecedents of customer loyalty and retention (e.g., *Bhattacharjee, 2001*; *Flavian, Guinaliu & Gurrea, 2006*;

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