Virtual Switching Barriers

**- Switching barriers & customer satisfaction as predictors of customer loyalty
for online retailers**

Abstract

Customer satisfaction is widely regarded as the best predictor and main cause of loyal customers – online as well as offline. Few previous researchers have focused on the concept of switching barriers and the role they play for customer retention. This is especially true in an online environment where the lack of physical barriers leads many people to assume that switching barriers play a marginal role for achieving customer loyalty. In order to investigate the role switching barriers play in an e-retailing environment, this thesis identify and classify different types of switching barriers according to what is relevant for online retailers. Based around this classification a survey was constructed and distributed to customers of Discshop.se – an online retailer of DVDs and computer and video games. Customer satisfaction and switching barriers were tested and contrasted with regards to how they affect different dimensions of customer loyalty. Further, switching barriers and customer satisfaction are often highly interrelated and their interconnectedness is thus explored. The results show that switching barriers seem to be at least as good, or in the case of behavioral loyalty better, at predicting customer loyalty online than satisfaction is. The results also indicate that switching barriers are highly interrelated with satisfaction and that switching barriers should not only be viewed as barriers to exit but as an integral part of a company's offering.

Master's Thesis in Marketing

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1. Background & Introduction

1.1 Background

In traditional retailing it has long been recognized that customer retention is vital for a profitable business. As markets have matured and competition increased focus have gradually shifted from attracting new customers to making sure that existing ones don't defect. Some studies have even showed that a company can increase its profits by up to 100% by upping the retention rate by as little as 5% (Reichheld & Sasser, 1990).

A loyal customer base is thus a central success factor and can be a better indicator of success in terms of profitability than more traditional financial measures such as market share and cost structure (Reichheld & Sasser, 1990). As such, the use of non-financial measures, including customer loyalty, has grown during the last decades (Ittner & Larcker, 2003).

Measuring customer loyalty can however be problematic and it is instead common practice to use indirect measures as indicators of customer loyalty. Numerous studies have confirmed the positive relationship between customer satisfaction and customer loyalty and customer satisfaction is in practice thus widely used as a measure for customer loyalty. The logic is that a satisfied customer is expected to have a larger tendency to remain loyal and loyal customers are in turn profitable ones (Söderlund 2000). However, as we shall see later there are several potential flaws in this logic. Meanwhile, customer satisfaction has become such an established concept that it has become a key management goal for many organizations (Hill & Alexander, 2000). Such deep rooted is the belief in customer satisfaction that many, if not most, organizations take the benefits of satisfied customers at face value; taking for granted the links between satisfaction, loyalty and profitability (Söderlund, 2000).

Still, the logic has several flaws to it. For example, loyalty is in itself a multifaceted concept and the assumed link between loyalty and profitability is much more complicated than it first seems. Further, and more to the point of this thesis is the fact that the strength in the links between customer satisfaction and loyalty is questionable. As mentioned, several studies confirm that there is a positive link

between them, but yet there are variations in customer loyalty that are explained by other factors.

One of the more prevalent of these factors is switching barriers – "any factor which makes it more difficult or costly for consumers to change providers" (Jones et al., 2000, p.261). As such switching barriers clearly are important for explaining customer loyalty. At the very least this means that companies managing towards increasing customer loyalty should be aware that satisfaction is not the sole explanation of it. Rather, companies should take care and carefully examine the effect of switching barriers in designing loyalty programs since it is far from sure that programs solely designed to increase satisfaction has the strongest effect on loyalty (Söderlund, 2000).

Following, there has been a gradual shift towards paying more attention to the effects of switching barriers, thus presenting companies with new opportunities in managing towards loyal customers (Jones et al., 2000). Ranaweera and Prabhu (2003) even argue that in markets with fierce competition switching barriers are good alternatives to pushing for higher and higher customer satisfaction, something that can become extremely costly and is subject to decreasing marginal returns.

So far, however, very few studies have been done relating specifically to e-retailing. Yet it seems that most people believe that switching barriers play a lesser role for loyal behavior in e-retailing than in traditional bricks and mortar retailing. It is assumed that the removal of physical barriers result in an increased focus on directly contrasting different offers and that the relationship between customer satisfaction and loyalty thus should be stronger on the Internet than in traditional retailing (Srinivasan et al., 2002).

The Internet poses both new threats and opportunities and it can even be argued that customer retention is even more important than in the offline world. It is assumed that switching barriers are inherently lower on the Internet due to an assumption that there is a lack of relationships between customers and suppliers (Bernd & Lihotzky, 2003). Following this logic, e-retailing should by definition be more transaction based and thus result in larger downward pressure on price (Grönroos, 1997). Yet other

observers argue that the Internet is more conductive to building long lasting relationships and that it in itself raises new switching barriers (Nielsen, 1999).

1.2 Introduction

This study thus aims to look at switching barriers and how they affect loyalty in an e-retailing environment. To do this we have identified and classified relevant switching barriers and worked together with Discshop, an online retailer of DVDs and video and computer games, who have helped us to distribute a questionnaire to a sample of their customers.

1.3 About Discshop

Discshop is at the time of writing Sweden's leading online retailer of DVDs and video and computer games with a total market share of approximately 9%. Closest competitors are CD-ON (8%) and Ginza (7%). The company also has operations in Finland even though this study looks exclusively at its Swedish operations. Discshop has a yearly turnover of around 160 msek and employs 25 people. On average they sell 1600 items a day. Since 2004 the company is controlled by the Bonnier Media Group.

1.4 Problem Formulation

Switching barriers have received relatively little attention from researchers. Instead focus has been more on customer satisfaction and its relationship with customer loyalty. Indeed several studies confirm that there is a positive relationship between customer satisfaction and customer loyalty (Cronin & Taylor, 1992; Fornell, 1992; Berry & Parasurman, 1996; Mägi & Julander, 1996). With regards to switching barriers and customer loyalty, few empirical studies have been done. Nevertheless, the ones that have been done give some support to the idea that switching barriers should have a positive effect on customer loyalty (Jones et al., 2000; Lee et al., 2001; Ranaweera & Prabhu, 2003; Julander & Söderlund, 2003).

As such, most researchers recognize the existence and relevance of switching barriers but tend not to elaborate over their significance. Yet, since customers are seldom

completely free to choose suppliers it can be assumed that customer satisfaction together with different types of constraints together explain which supplier a customer honors with his/hers loyalty (Bendapudi & Berry, 1997).

To gain a better picture of what drives customer loyalty it is thus of interest to further study the role of switching barriers. Particularly for e-retailing very little, if any, attention has been put to empirically study the role of switching barriers in building consumer loyalty. In addition it seems that most observers implicitly assume that traditional switching barriers play a lesser role on the Internet. For example there is a notion that alternatives are only "a click away" (Srinivasan et al., 2002).

In addition most researchers view switching barriers as a separate concept and, it is thus possible that they then fail to recognize the interrelatedness of switching barriers and drivers of satisfaction. As mentioned, the classical explanation of customer loyalty is that satisfaction causes loyal behavior. When switching barriers have been introduced into the equation researchers have usually looked at them as either having a moderating effect on the link between satisfaction and loyalty or as having a direct, but from satisfaction separate, effect on customer loyalty (Yang, 2001).

In order to fully understand the role of switching barriers in building loyalty in e-retailing it is crucial to first develop an understanding of the concept so that it is clear exactly what is being studied. Currently, there is no set definition of what a switching barrier is and what is included in the concept differ from researcher to researcher. It is thus needed to list what researchers, in the past, have included in the concept and to decide which of these that are relevant in an e-environment and complement these with any factors that may have been left out in previous research. As such it is also important to develop a thorough understanding of switching barriers to be used as a frame of reference for following research.

1.5 Purpose

This paper has two main purposes:

Purpose 1: Identify and classify switching barriers that are relevant in an e-retailing environment.

Purpose 2: Measure the relationships between different switching barriers, dimensions of loyalty and global customer satisfaction.

1.6 Limitations

This report looks exclusively at satisfaction and switching barriers as explanatory factors of customer loyalty. As such it leaves out other possible factors that may affect loyalty.

Further, even though we look at the explanatory values of different switching barriers with regards to loyalty we do not aim to identify exactly how this is split between direct effects on loyalty and indirectly by first impacting satisfaction.

Finally, the report is limited to looking at satisfaction as cumulative global as opposed to domain specific satisfaction.

Contribution

We think that this study fill a general gap on switching barriers in an e-retailing environment. Additionally, we contribute with a classification of relevant barriers in an e-retailing environment, develop operationalizations for items that haven't been measured before and adapt offline barriers such as psychological and geographical risks and other users as content to a virtual setting. Further we explore how switching barriers actually effect customer satisfaction in an e-retailing environment and which barriers that drive customer loyalty amongst Discshop customers in both mental and behavioral dimensions. Finally we provide suggestions how managers can work with these in practice.

1.7 Structure of the report

The report starts with a brief background that is followed by the above section in which a problem formulation is presented and purposes outlined. The following section will go on to outline the theoretical concepts associated with switching barriers, satisfaction and loyalty. The consequent hypotheses presented in section three are founded in the theoretical framework and built to answer the two purposes outlined above.

In section four, different switching barriers are identified and classified. The classification is based on previous research and on a complementary pre-study in which we attempted to identify additional switching barriers that are unique to the web and that might have been missed by other researchers.

In section five the method of the study is outlined and methodological issues as well as issues regarding reliability and validity is discussed. This section also covers the design of the questionnaire and as such is where we present our operationalizations of the theoretical concepts discussed in the theory section.

Section six presents the empirical results of the survey and how we have analyzed them. Section seven contains a discussion of the results and section eight concludes the thesis with conclusions, implications, possible criticism of the report and suggestions for further research.

In the appendix we present various statistical measures crucial to the findings of the report as well as a copy of the research questionnaire.

Each of the eight main sections has a short introduction that outlines what will be discussed in it and how it is connected to the other sections.

2. Theory

This section aims to give the reader an adequate theoretical background to properly be able to follow the discussion on the relationships between customer satisfaction, loyalty and switching barriers. We begin this section with discussing customer

satisfaction followed by a discussion on customer loyalty and how satisfaction affects loyalty. We then introduce the concept of switching barriers and discuss the effect of switching barriers on both loyalty and satisfaction. Common to all discussions is that we do not aim at presenting all previous research but rather to select the most prominent research and/or research with specific relevance to our study.

2.1 Customer Satisfaction

Customer satisfaction is a mental state that occurs as a result of the customer being exposed to a suppliers offering. Customer satisfaction in itself has little value but it can result in different effects that are desirable for the company. It is thus necessary to look at customer satisfaction in a causal context which is why the focus of this study is on the relationships between satisfaction, barriers and loyalty. In addition, even though, different customers have been exposed to the same offer they experience different levels of satisfaction. Because there are such variations in satisfaction between different customers, it is of little use to look at it as a dichotomous variable. Instead viewing satisfaction as a continuous variable makes better sense, since it allows for greater variety and a wider range of statistical calculations. (Söderlund, 2000).

Two levels of customer satisfaction

It is common to look at two levels of customer satisfaction, cumulative global and domain specific.

Cumulative global satisfaction encompasses the customers' own summarised opinion of an offer. As such one leaves it to the customer to weight different aspects of an offer to form a "global" opinion. The second level of customer satisfaction is domain specific where satisfactions with different parts of an offering are viewed independently. One problem with the domain specific approach is however that it is difficult to specify exactly at which level and which parts of Discshop's offer that should be studied (Söderlund, 2000).

2.2 Customer Loyalty

In Jacoby and Chestnut's (1978) review of literature on customer loyalty they use the phrase "Chaos in researchland: The sorry status of brand loyalty measures" as one of their headings. This is symptomatic for the numerous different definitions of customer loyalty that are present in the loyalty literature. The same study, for example, found over 50 definitions of brand loyalty alone and together this clearly shows that there is no consensus regarding how to define customer loyalty.

Two Dimensions

One definition of customer loyalty is a customer's relationship to an object over time (Söderlund, 2001). Accurate measures of loyalty are however made difficult since it can be measured in many different dimensions. Generally, researchers have focused on either *mental* or *behavioral* dimensions (Zeithaml, 2000). Early research often focused on a single behavioral measure such as volume purchased or the time that a relationship has lasted. This approach is now widely criticized amongst researchers since they argue that single dimensional measures is not enough to properly measure a multi dimensional concept such as loyalty. Subsequently, more recent research tends to try and look at a combination of different dimensions and measures when studying customer loyalty (Söderlund, 2001).

Behavioral Dimension

From a behavioral perspective, customer loyalty can be defined as repeat patronage or as Yang (2001, pg 38) puts it: "The proportion of times a purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category". This is clearly an attempt to include the many different aspects of just behavioral loyalty. Hallowel (1996) for example mentions four possible aspects of behavioral loyalty: *continuous purchase, frequent purchase, scope of relationship* and *recommendations made to other people* (henceforth referred to as word-of-mouth, w-o-m). Söderlund (2001) follows up on Hallowel's argument by suggesting even more detailed measures of behavioral loyalty where he suggests looking at *how long a customer has been in the relationship, how often the customer makes a purchase, how many different products the customer buys from the supplier, w-o-m* and what *share of total purchases* in a

category that a customer allocates to the supplier. Behavioral measures thus only take into account observable behavior and ignores underlying factors explaining the behavior. In order to properly explain the observable behavior it becomes necessary to include the mental dimension of loyalty and the different effects of switching barriers.

Mental Dimension

When measuring mental loyalty one recognizes the fact that various significant feelings create an overall attachment to a company that in turn results in loyalty in the mental dimension. Like the physical dimension, the mental dimension is in itself multifaceted and no one measure manages to include all aspects of mental loyalty. Söderlund (2003) again makes a comprehensive list of different measures that highlights different aspects of mental loyalty: *intention, attitude, preference, commitment, identification* and *involvement. Intentions* have predictive qualities and repurchase intentions are thus common measures of mental loyalty. Similarly it is assumed that a positive *attitude*, which in itself is a multifaceted concept, acts as an indicator of mental loyalty. Copeland (1923) recognizes that attitude in itself is not enough to cause mental loyalty and that a certain level of *preference* over other alternatives is needed. Loyalty and *commitment* is often treated as synonyms in the literature (Backman and Crompton, 1991). Nevertheless, commitment in itself can be seen as an expression of mental loyalty where the researcher looks at how much effort the customer is willing to invest in order to remain a customer. According to Ulrich (1989) commitment is thus characterized by that the customer remains loyal even though certain problems arise. The level to which a customer may *identify* with an object is another aspect of loyalty brought forward by Park (1996). Similarly, *Involvement* or the importance and relevance of a certain object for an individual measure a customer's mental relationship to an object (Pritchard & Howard, 1997).

To get a complete picture of customer loyalty it is not enough to focus on either behavioral or mental loyalty. Dick and Basu (1994) conclude that both a favorable attitude and repeat patronage are required for true loyalty. One should thus make a distinction between "true" and "false" loyalty (Jones & Sasser, 1995) where false loyalty is when a customer is not loyal in the mental dimension but for different

reasons such as switching barriers remain loyal in the behavioral dimension; more on this in section 2.3.

2.3 Customer Satisfaction and Customer Loyalty

Numerous studies have empirically tested and confirmed the positive relationship between customer satisfaction and customer loyalty (Mägi, 1995 and Fornell, 1992). As such there is consensus that customer satisfaction has a positive effect on customer loyalty (Söderlund, 2001).

However, it is more difficult to generalize on the effects of customer satisfaction on different dimensions and aspects of loyalty. Although it can be expected that customer satisfaction will have a positive effect on both behavioral and mental loyalty it is more difficult to decide the effect that it will have on different aspects of the two dimensions of loyalty.

Although there is a relationship between satisfaction and loyalty it is more difficult to decide how strong the relationship will be and what other factors, apart from satisfaction that may cause loyalty. It could even be that the relationship is double sided and that loyalty actually causes satisfaction, a theory that goes hand in hand with humans' need that attitudes matches behavior (East, 1997). So, if there are flaws in the causal chain between satisfaction and loyalty, what else may cause a customer to be loyal?

False and true loyalty

Jones and Sasser (1995) introduce the concepts of *false* and *true* loyalty where false loyalty occurs when dissatisfied customers remain loyal for other reasons than satisfaction, ie. when behavioral loyalty is observed in the absence of mental loyalty. True loyalty thus occurs when the customer is loyal in both dimensions. On the flipside, satisfied customers are not always loyal customers (Hallowell, 1996) and Reicheld (1994) has shown that customer satisfaction works poorly as a predictor of actual behavior. Instead, it appears that looking directly at the different dimensions of loyalty are much better predictors of actual behavior than customer satisfaction (Lovemen, 1998).

In addition to Jones and Sassers' theories of true and false loyalty, Dick and Basu (1994) present a model illustrating different types of loyalties presented under different combinations of behavioral and mental loyalty:

Figure 1.1: Relative attitude and repeat patronage
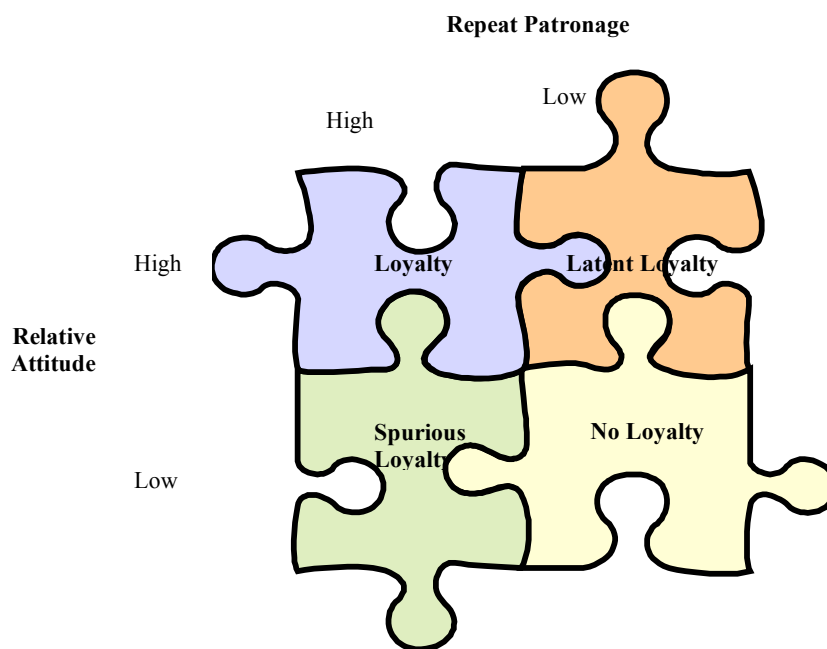
Repeat Patronage

According to Dick and Basu (1994) there are four specific conditions that are different forms of loyalty: loyalty, latent loyalty, no loyalty and spurious loyalty. In the model relative attitude is comparable to mental loyalty and repeat patronage to behavioral loyalty. Loyalty is thus the most desirable condition, comparable to true loyalty. Under true loyalty, the customer not only repeatedly patronizes a certain company but also tends to talk highly about it and is less likely to switch if temporary problems occur. Söderlund (2001) would call this customer *hyper loyal*. Under latent loyalty the customer has favorable attitudes to a company, but for different reasons do not frequent it that often. Non-attitudinal influences are then equally or more influential than attitudes when determining actual purchasing behavior (Dick & Basu, 1994). Under no loyalty the customer has a low relative attitude and rarely purchases from the company. False loyalty is similar to spurious loyalty and refers to a situation where the customer continues a relationship despite having a low relative attitude. Jones and Sasser (1995) call these customers hostages due to factors restricting their possible options. Such factors can be switching barriers, but as we shall see switching

barriers does not necessarily have a negative effect on mental loyalty and attitudes since they in various cases actually can work to increase attitudes and mental loyalty - which is why this essay will delve deeper into the effects of and interconnectedness between satisfaction, loyalty and switching barriers.

2.4 Switching Barriers, satisfaction, loyalty and business strategy

Traditionally most authors talk about retaining customers either by increasing customer satisfaction or by building switching barriers (Fornell, 1992). Customer satisfaction then represents the reasons for wanting to stay in a relationship whereas switching barriers in contrast represents the reasons for having to stay in a relationship (Bendapudi & Berry, 1997).

Figure 2.1 Adoption of Fornell's (1992) model of Business Strategy
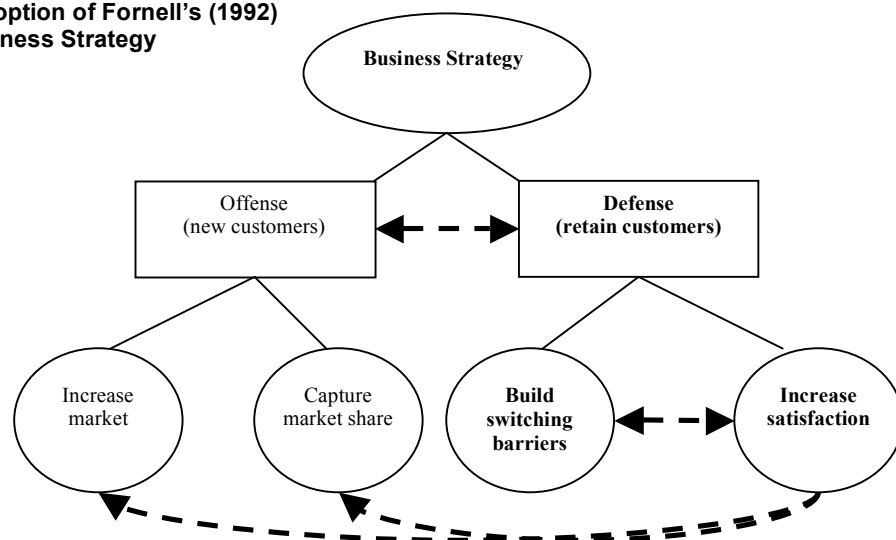
We, however argue that satisfaction and switching barriers go hand in hand. As such and because the components of offensive and defensive strategies are highly interlinked we argue that an integrated view of satisfaction and switching barriers is necessary for all business strategies. This is further illustrated by the dotted lines introduced into Fornell's business strategy model, where for example satisfaction has a strong effect on market share both directly and indirectly by generating w-o-m that results in new customers.

Switching Barriers and how they affect Loyalty

To us it seems quite straight forward that high customer satisfaction increases the will to stay in a relationship, but we question that switching barriers solely work when dissatisfied customers want to leave the company. Instead we view switching barriers as integrate parts of a company's offering that affect loyalty in two ways, both directly and indirectly by first affecting satisfaction. As such we believe that switching barriers have a positive or negative effect on different parts of a company's offering. This is illustrated in figure 2:2 showing that switching barriers affect loyalty both directly and indirectly.

Figure 2:2. The direct and indirect effects of switching barriers on customer loyalty
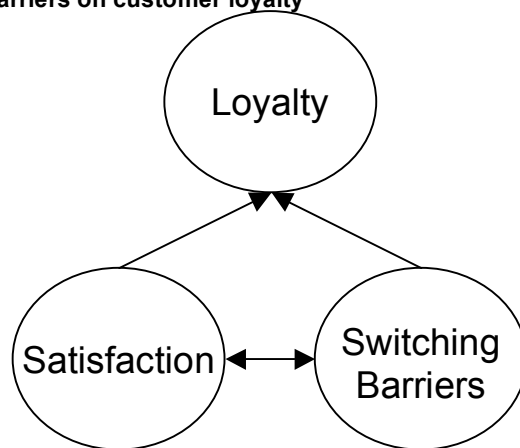
2.5 Switching Barriers

Today there is no consensus of how to define switching barriers. Present literature contains different perspectives and tends to be overlapping in some areas, whilst other areas are still covered in darkness. This is particularly true concerning barriers in an e-retailing environment. As there is no consensus of what should be included in the concept of switching barriers we start of with a literature review outlining what have been said about switching barriers and related concepts.

Literature Review

Klemperer (1987) introduces the term switching costs that he means constitutes three types of costs: transaction-, artificial- and learning costs. Transaction costs are directly related to a change in suppliers and are all extra costs that occur when

switching supplier. Artificial costs are losses customers face when changing supplier that is due to actions taken by the first company. This can be frequent flyer programs or other loyalty building efforts made by the supplier. Learning costs occur when a customer need to learn a new company's routines, in an e-retailing environment this could be to learn how to navigate a new webpage. Lee et al (2001) also discuss the concept of switching costs and define it as "costs that the consumer incurs by changing providers that they would not incur if they stayed with present provider".

Focusing on costs Fornell (1992) lists different barriers that can hinder a customer to change provider such as; search costs, transaction costs, learning costs, emotional costs. Also, he states other aspects like customer loyalty programs, financial and social risks, customer habits and required effort as barriers, and thereby suggests a wider definition of the concept. However he doesn't suggest any formal definition of the subject.

Based on Söderlund's (2001) more general definition of the subject, that anything that restrict a consumers choice are to be seen as a switching barrier, Ranaweera and Prabhu's (2003, p. 379) defines switching barriers as "the consumers assessment of the resources and opportunities needed to perform the switching act, or alternatively, the constraints that prevent the switching act."

Jones et al (2000) identifies *interpersonal relationships* - strong personal bonds between the supplier's employees and customers, *high switching costs* - the customers perception of money, time and effort invested in the relation with supplier and *attractiveness of alternatives* - the comparable existing alternatives on the market, as factors making it more difficult or costly for the consumer to change provider.

"Cost of exit" is used by Ping (1997) to describe the structural commitment that characterizes many relationships between customers and companies. Hence, Ping (1997) widens the concept by stating, attractiveness of alternatives and investments in the relationship as relevant switching barriers.

Switching Barriers; our Definition

As seen there are almost as many perspectives on switching barriers as researchers, making it difficult to give a clear-cut definition of the phenomenon. An even further confusing factor is the different names used for the same type of barrier. For our purpose however, we choose to base our analysis on Söderlund's (2001) slightly looser definition where switching barriers are anything that restrict or constrain customers' choice, with the added twist that many barriers are highly interrelated to different aspects of an offering. As such: *Switching barriers are any endogenous or exogenous factor that prevents a switching act.* Hence, since satisfaction and loyalty works to prevent switching, they partially overlap the concept of switching barriers the same way as switching barriers sometimes also overlap satisfaction.

Switching Barriers in an e-retailing environment

Switching barriers in an e-retailing environment have not been widely studied before. One of few attempts to examine the effects of switching barriers in an e-retailing environment is made by Yang (2001). In Yang's study of customer loyalty on the Internet he defines a group of e-service quality dimensions and studies their linkage with customer loyalty. He then argues that customer loyalty can be influenced by three variables: customer bonds, switching costs and perceived alternatives. As such he identifies a group of e-service quality dimensions and examines their linkage with customer loyalty. In this, he has done a commendable job but we take a slightly different approach, where we do not look at switching barriers only as variables having a moderating effect on the connection between satisfaction and loyalty. Rather than looking at switching barriers as moderating variables affecting loyalty indirectly, we argue that switching barriers affect loyalty both directly and indirectly by also influencing customer satisfaction.

Switching barriers and customer loyalty

Many studies confirm a positive relationship between existing switching barriers and customer retention (Jones et al 2001, Julander & Söderlund 2003, Ranaweera & Prabhu 2003). Ping (1999) found that a higher cost-of-exit increased behavioral loyalty at lower levels of satisfaction whilst he found little support that barriers increase loyalty when levels of satisfaction are high. In addition Lee et al (2001) also

confirmed the positive relationship between switching costs and customer retention. Hence there are many studies supporting the positive relationship between switching barriers and a loyal behavior.

According to Hirschman (1970) the likelihood of loyalty increases when the exit options are limited, in other words when the switching barriers are high. Further he makes a distinction between "wanting to stay" and "having to stay" in a relation. As such he to seem to argue that switching barriers primarily influence loyalty when satisfaction is low. This is contrary to our earlier argument that switching barriers not only affect loyalty directly when customers want to leave but also indirectly by having an effect on satisfaction. In line with this reasoning Julander & Söderlund (2003) makes a distinction between positive and negative barriers, stressing this importance from both a managerial and theoretical point of view – "Physiologically, it should make a great difference weather one maintains a relation because the perception that the supplier is superior in services and products (positive reason) or because it is too expensive to leave the supplier, there is a monopoly on the market or the supplier is too powerful (negative reasons)". Similarly to the argument made by Julander & Söderlund (2003) we argue that switching barriers thus affects loyalty in two ways - directly and indirectly by affecting satisfaction.

3. Hypotheses

In this section hypotheses are developed based on the theories presented in previous sections and in accordance with the purposes of this report – to explore the relationships between different dimensions of loyalty, satisfaction and switching barriers. The different hypotheses are summarized in table 4.1.

3.1 The relationship between customer satisfaction and customer loyalty

As discussed in section 3.3, customer satisfaction is assumed to have a positive effect on both attitudinal and behavioral customer loyalty.

Hypothesis 1a: Customer satisfaction has a positive relationship with attitudinal loyalty.

Hypothesis 1b: Customer satisfaction has a positive relationship with behavioral loyalty.

3.2 The relationship between switching barriers and customer satisfaction

As discussed in section 3.4 many observers view switching barriers as being unrelated with satisfaction. This thesis however, argues that switching barriers are inseperable from satisfaction and the below hypothesis is thus developed to measure if there is a significant relationship between switching barriers and customer satisfaction.

Hypothesis 2a: Switching barriers have a significant effect on customer satisfaction.

3.3 The Relationship between switching barriers and customer loyalty

Switching barriers are expected to have a positive effect on both behavioral and attitudinal loyalty. However, due to the negative impact on satisfaction of negative barriers we expect switching barriers to have a larger effect on behavioral loyalty than on attitudinal loyalty.

Hypothesis 3a: Switching barriers have a positive relationship with attitudinal loyalty.

Hypothesis 3b: Switching barriers have a positive relationship with behavioral loyalty.

Hypothesis 3c: Switching barriers have a higher relationship with behavioral loyalty than with attitudinal loyalty.

3.4 The relationship between switching barriers and satisfaction and how they affect customer loyalty

In this thesis we argue that switching barriers and satisfaction are closely related. However as discussed in section 3.4 switching barriers also have, independent from satisfaction, a direct effect on loyalty. In line with the theory presented in section 3.4 the following hypotheses are thus developed.

Hypothesis 4a: Customer satisfaction has a higher explanatory value for attitudinal loyalty than switching barriers have.

Hypothesis 4b: Customer satisfaction has a higher explanatory value for behavioral loyalty than switching barriers have.

4. Classification of Switching Barriers

Several authors have discussed the concept of switching barriers. However, most, as mentioned, differ in how detailed they look at different barriers and between them they often use different names for the same barriers. In addition previous research has spent little time looking at switching barriers specific to an e-retailing environment.

As such, we first did a literature review where a list of different switching barriers was produced. Since many researchers use different names for similar concepts it was necessary to perform a subjective grouping where similar concepts were grouped under common headings.

We have thus grouped similar barriers together and have given each group a name that we believe best describes the barriers within that group. The sorting of barriers have hence been subjective and it has been done as a way to bridge the current literature gap between different levels of looking at barriers, hence creating categories that are suitable for our purpose.

The literature review and empirical study finally resulted in a classification of switching barriers under five general headings: *switching costs, reluctance to change, perceived alternatives, customer bonds* and *risk*. Different types of barriers were sorted under these general headings which are summarized in section 4.6. Each type of barrier was then operationalized by four items that, whenever possible, have been taken from prior research. A detailed presentation of how each concept has been operationalized will follow in section five.

4.1 Switching Costs

Switching costs is the time, money and effort that a consumer perceives to be associated with switching company (Jones et. al., 2000). Other authors such as Dick

and Basu (1994) replace effort witch psychological costs. Common to all however, is that the definition of switching costs is expanded beyond direct financial costs.

Other authors bring up specific types of switching costs. Nilssen (1992) and Fornell (1992) mention *transaction costs* that occur when closing an existing and opening a new account when switching suppliers. Fornell (1992) and Jones et al. (2001) bring up *search costs* as a switching cost arising from a lack of alternative suppliers offering comparable products.

Learning costs is another type of switching cost that affects the effort associated with switching supplier. When switching supplier, the consumer has to learn a new set of rules and routines (Klemperer, 1987). This is apparent in an e-retailing environment where the consumer has to learn new routines and how to navigate a new web-site.

Finally, *artificial switching costs* are mentioned in the literature that arises due to actions initiated by the supplier in order to retain customers and make it more costly to switch supplier (Klemperer, 1987). The clearest examples are frequent flyer programs and repeat purchase discounts. For Discshop there is different levels of memberships where rewards such as discounted shipments are rewarded to loyal customers. Switching supplier thus means that you lose these loyalty rewards.

4.2 Perceived Alternatives

Propensity to switch supplier is also affected by how the customer perceives different alternatives in the market (Lee, Lee & Feick, 2001). Several authors have consequently identified the *availability of alternatives* as a switching barrier (Colgate & Lang, 2001; Jones et al., 2000; Ping 1993; Ping 1997).

Similarly, *market structural barrier* exists when the structure of the market limits the number of alternatives (Söderlund, 2001). In a monopoly situation for example it is quite straight forward that it is rather difficult for a customer to change supplier. A related concept is whether the customer is aware of other alternatives and *information barriers* thus occur when the customer has limited information about relevant alternatives (Söderlund, 2001).

It is however not only the availability and knowledge of alternatives that act as barriers. The *attractiveness of alternatives* also acts as a switching barrier that occur when there are alternatives available in the market but they are for some reason viewed as inferior (Jones et. al., 2000). Similarly, Colgate and Norris (2000) mention that a *lack of perceived differences* between alternatives can act as a switching barrier. They found that customers who switch suppliers tend to see greater differentiation between different firms than those who remain with a supplier.

Geographical barriers or the distance to an alternative supplier is another type of barrier (Söderlund, 2001) that quite naturally however, has a lesser importance for the e-customer. Söderlund (2001) also mention the *budget barrier* that occurs when the customer's resources limit the different available alternatives. A *technological barrier* makes a customer stay with a supplier because of technical reasons, for example browser compatibility. (Ranawerea and Prabu 2003)

4.3 Reluctance to Change

Dissatisfied customers may continue to buy a product or service simply because they are disinclined to change. As such *reluctance to change* is positively related to customer loyalty and could be viewed as a switching barrier where one assumes that people in general are disinclined to change (Söderlund 2001).

According to Söderlund (2001) a customer's need for routines and rituals causes him to stay in a relationship. Following, Fornell (1992) mentions *Habit* as a switching barrier causing customers to remain with a supplier simply out of old habit. This concept is naturally related to the concept of lack of differentiation where the lack of perceived differences between suppliers causes the customer to make his purchasing decisions based on old habit.

Changing supplier also implies a certain level of *effort* that may cause a customer to remain in a relationship (Ranaweera and Prabhu, 2003). The effort associated with changing a supplier is thus associated to the extra work resulting from a change.

4.4 Customer Bonds

Relationship investment is a type of switching barrier that has been identified by several authors (Ping, 1997; Bendapudi and Berry, 1997). If a customer has invested time or money in a relationship with a supplier and these investments are not easily transferable, the investments in themselves act as a type of switching barrier.

Another type of barrier associated with relationship investments is thus *sunk costs* that could be the time and effort spent in the past to learn how a supplier works. If a customer, for example has spent several hours going through a lengthy registration process, it is possible that having spent all that time causes him to not want to change supplier. This concept is related to effort but whilst effort refers to the future effort associated with changing supplier, sunk costs rather refer to the psychological bond that may occur due to an historical effort.

Jones et al. (2000) mention *interpersonal relationships* as a switching barrier. They then refer to the personal bonds that a customer has with the employees of a supplier. For an e-retailer there are naturally very few personal bonds since most customers only interact with the web site. However Discshop have community-like functions that allow for relationships to be developed between different users. As such interpersonal relationships between users should be able to act as a switching barrier.

Similarly, other users contribute to the content of the site by adding their own reviews and recommendations. O*ther users as content* is thus a switching barrier where switching supplier means loosing access to content provided by other users.

4.5 Risk

Perceived risk is a type of switching barrier that occurs as a result of the likelihood of negative consequences that may arise when switching supplier (Colgate & Lang, 2001). Murray (1991) defines six risk components: financial, performance, social, psychological, safety and time. Many of the risks discussed in the literature are however, very similar to other concepts that have already been discussed. For our purpose we thus focus on specific *psychological risks* associated with switching barriers that did not fit under other concepts such as the risk that other suppliers may

not treat sensitive information correctly or the risk associated with different methods of payment. Related to psychological risk is also the concept of *geographical risk* that refers to psychological risks associated with choosing a company in another country.

4.6 Summary of classification of switching barriers

Table 4.1 summarizes the different types of barriers identified in the above literature review and how we have grouped these into five different categories. In addition to the literature review a prestudy was conducted to identify any barriers that may have been left out of the literature review. However, no new barriers were found that couldn't be included under any of the type of barriers already identified in the literature review.

Table 4.1 Types of barriers and how they are categorized

Category	Type of Barriers
Switching Costs	Time Barriers
	Learning Barriers
	Artificial Barriers
Reluctance to change	Habit Barriers
	Effort Barriers
Perceived Alternatives	Information Barriers
	Attractiveness of Alternatives Barriers
	Lack of Differentiation Barriers
Customer Bonds	Relationship Investment Barriers
	Interpersonal Relationship Barriers
Risks	Psychological Barriers
	Geographical Barriers

5. Method

Below is an account of how the study was prepared, how data was gathered and analyzed as well as a discussion on validity and reliability of the data. The study was conducted in two phases. In phase one, a pre-study was done to identify and classify different switching barriers. The pre-study consisted of a literature review that was complemented by interviews to cover any blanks in the literature review. The pre-study then resulted in the classification of switching barriers, domains of satisfaction and dimensions of loyalty that the research questionnaire was constructed around. Secondly, the main-study was performed, using the research questionnaire, where the data was gathered among current Discshop customers.

Theoretical approach

In general there are two different methods for scientific research, the inductive or deductive research approach. The two are more or less the opposites of each other whereas the deductive approach starts with theory and ends with observation, and the inductive starts with observations and ends in theory (Malhotra 2004).

In order to answer our purposes we have chosen to use mainly the deductive approach since we start in theory and end in confirmation through testing our hypotheses.

5.1 Research Design and Data Collection

To answer a defined question, researchers can utilize either an exploratory or conclusive approach depending what fits their purpose best.

Conclusive studies are commonly based on quantitative primary data with large samples in order to guarantee generalizeability, whilst the explorative approach often focuses on a more specific issue and rely on qualitative data such as interviews and focus groups. Conclusive studies usually utilize a descriptive or causal research design. Whereas a descriptive study aims at describing a certain phenomenon, a causal study is used to create understanding for the cause and effect variables, also determining the relationships between the two. (Malhotra, 2004)

Since our study has two purposes with somewhat different character our study uses both an explorative as well as a conclusive research design. In purpose 1 we identify and classify relevant switching barriers in an e-retailing environment through a literature review and interviews that can be defined as an explorative research design.

In our second purpose our study aims to examine the relationships between global customer satisfaction, mental and behavioral customer loyalty, and switching barriers in an e-retailing environment. Therefore we have chosen to use a conclusive-quantitative approach in order to answer this purpose.

Malhotra 2004, recommends that when applying a conclusive-quantitative approach, a survey method should be used. Using a structured questionnaire has many advantages

since it is easy to administer (especially since we conducted an online questionnaire) and the obtained data is more reliable since internal variability is reduced.

5.2 Design of survey questionnaire

The switching barriers found in the literature review resulted in a list of different switching barriers. This list was then condensed and common names for similar concepts were decided upon. As such the literature review resulted in a classification of different switching barriers in five different categories each consisting of between two and four different types of barriers. In total we identified twelve types of switching barriers that in turn were operationalized as four questions per barrier (Table 4.1, Appendix 1).

A copy of the questionnaire can be found in appendix one. It starts with asking the respondent to please help Discshop improve by answering a few questions about his/hers relation to and opinions about Discshop. The first part of the questionnaire contains questions about seven different dimensions of satisfaction as well as one set of questions concerning global satisfaction. The following part contains questions about loyalty in behavior and mental dimensions. Finally, the questionnaire contains a set of questions aimed at measuring the twelve different types of barriers identified earlier.

5.3 Pre-Study

During the pre-study, a literature review and interviews were conducted to identify and classify different switching barriers under common headings. In the literature review we, apart from Yang (2001) found little research focusing specifically on switching barriers in e-retailing. However, he does not focus on switching barriers and uses only a few of them in order to explain e-loyalty in online banking services.

Before conducting the main study, a pre-test of the questionnaire was conducted amongst a convenience sample of 30 randomly chosen Stockholm School of Economics students in order to test the general validity of the questions asked. Feedback regarding certain formulations were collected and implemented so that all

questions were fully understandable and instructions easy to follow, as well as assure that no relevant barriers were missed during the interviews. (Malhotra 2004)

5.4 Main Study

After customers to Discshop completed a purchase they were asked to participate in survey. The questionnaire covered the purposes of our study and measured customer satisfaction, customer loyalty and switching barriers. For further information about all created indexes, see appendix 2.

Sampling Technique

Malhotra (2004) states two main sampling techniques when collecting user data; probability and non-probability sampling. In order to achieve an effective sampling we used a non-probability technique usually referred to as a "convenience sample". This is the least time-consuming sampling technique since the respondents are easy accessible. However, using a convenience sample has a negative effect on generalization of the results to a larger population, which is further discussed in section 5.6.

After finishing a buying session, the Discshop customer was asked to fill out an anonymous questionnaire about their shopping experience on Discshop. In order to get as many as possible to answer, all completed questionnaires participated in a lottery. This resulted in 817 completed questionnaires during a three day period in February 2006.

Scales

In line with what Malhotra (2004) recommends, we have used interval scales ranging between one and seven. This is an odd number of points in order to allow for a mid number option and thus have a "neutral" alternative. In addition a seven grade scale was judged to be a good compromise between statistical generalizeability and convenience for the respondent. (Malhotra, 2004)

The question batteries dealing with switching barriers and mental loyalty are measured using likert scales requiring the respondent to indicate the level of agreement with a statement. In contrast behavioral loyalty was measured by asking specific questions about purchasing behavior. The measures dealing with customer satisfaction are measured using semantic differential scales with bipolar labels ranging from lowest to highest grade. (Malhotra, 2004)

Measures

To fit our purpose we, in our questionnaire, measured different domains of customer satisfaction, mental and behavioral customer loyalty as well as different types switching barriers.

Customer Satisfaction

Different domains of customer satisfaction are measured in questions 1-27. Global customer satisfaction is measured in 28-30. In order to measure different parts or possible satisfaction-drivers for Discshop we, based on the key Internet service quality dimensions identified by Yang et al. (2003) and Cho et al. (2001). Also focus groups were interviewed so that our questionnaire captured the core offerings in an e-retailing environment. From this, ten different domains of satisfaction were chosen: Customer Service Index, Price & Assortment, Delivery Index, Innovative Image Index, Assurance Image Index, Design Index, Payment Index, Registration Index, Membership Reward Index and Global satisfaction. The first nine domains of the Discshop offering were designed to cover the different parts of the Discshop offering that has the potential to drive satisfaction. (See appendix 2 for more information about the different constructs.)

The questions were designed to be a mix of instrumental and expressive in order to incorporate both how well different aspects of the offering perform in themselves as well as how they help the customer reach certain goals. In addition they are designed to measure overall, rather than transaction specific satisfaction since we aim to look at satisfaction with the relationship (Söderlund, 1997). The tenth, cumulative global satisfaction, is measured as continuous variables using a three-item construct designed

to capture general satisfaction, confirmation of expectations and distance from a customer's hypothetical ideal (Fornell, 1992).

Customer Loyalty

Questions 31- 43 aim to measure customer loyalty in the behavior and mental dimensions on continuous scales. 31- 38 are measures of the behavioral dimension and comprises: how long a customer has been a Discshop member, how often they shop at Discshop, how many types of products they buy and what share of total purchases of DVD:s and games they do through Discshop (Söderlund, 2001).

Questions 39- 43 thus measure customer loyalty in the mental dimension that is measured by repurchase intentions, 39-40, commitment, 42-43, and tendency to recommend, 41, Discshop to other people (w-o-m). Repurchase intentions and commitment are measured on two item scales whereas tendency for positive w-o-m is measured on a one-item scale, all adopted from Julander and Söderlund (2003). The amount of effort a customer is willing to give to remain a customer is here, from a commitment perspective, viewed as an indicator of loyalty.

Figure 5.1 Customer loyalty domains and measures

Mental dimension
- •Intentions
- •Commitment
- •Word of mouth

Customer loyalty

Behavioral Dimension
- •Frequency
- •Depth
- •Share of wallet
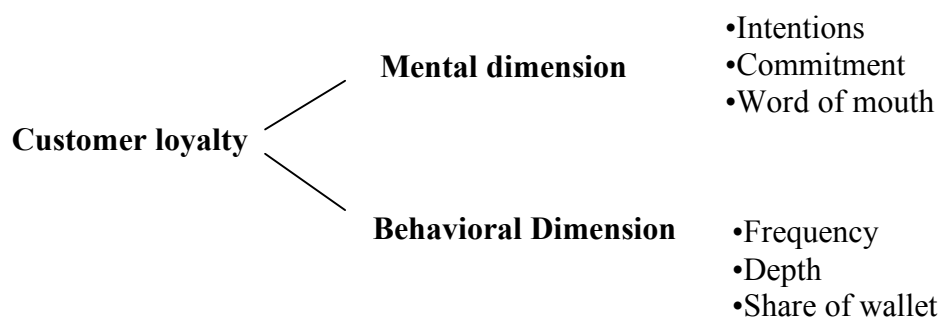
Switching Barriers

Questions 44- 91 are operationalizations of the switching barriers discussed in section 5. Each type of barrier is measured using a four-item scale in order to be able to, as far as possible, use Cronbach's alpha as a measure of reliability for the measures. Whenever possible, we have used operationalizations already used and tested in prior research. However, when this has not been possible, we have attempted to construct questions measuring the types of barriers as closely as possible. Unfortunately, since

we look at most barriers much more in detail than most previous research, we have had to construct our own measures on quite a few occasions. For example, most researchers at some point look at all of our different categories of barriers but rarely look at all the different types of barriers we use. In addition, some measures had to be altered to fit an e-retailing environment and when grouping and classifying barriers, we have sometimes altered the original meaning slightly and have thus rendered the original measure useless. As such the questionnaire is based around the classification of different switching barriers in section 4, and do not necessarily aim to include every barrier mentioned in the theory section 2.5.

The questions used are statements aimed at measuring different barriers and the respondents are hence asked to rate how much each statement applies to their relationship with Discshop on a continuous scale ranging from one to seven.

Customer Bonds

Questions 76 - 79 refer to the category customer bonds and include two types of switching barriers, relationship investment and interpersonal relationships. Relationship investment was measured by four questions where two were adopted from Ping (1993) and two were constructed by us and are slightly more specific than the two used by Ping.

Interpersonal relationships, 80- 83, are conceptualized as the extent of personal relationships between different users. Two of the measures used are similar to the ones used by Jones et al. (2000) but differ in that they measure interpersonal relationships between users rather than between users and company employees. As such it is an adoption made to fit an e-environment where customers for natural reasons have limited contact with employees. The two other measures of interpersonal relationships were constructed by us and deal with the content and information provided by other users.

Risk

The risk category, questions 84 - 91, consists of two types of barriers, psychological and geographical. The four psychological questions regarding psychological risk are

inspired by Colgate and Lang (2001) and concern uncertainties around outcomes associated with changing supplier. Colgate and Lang's operationalizations are however modified since these uncertainties differ slightly in an e-environment and we found that the general questions developed by Colgate and Lang failed to include e-retailing specific risks concerning, for example the handling of sensitive information. Related to psychological risk is the concept of geographical risk. In an e-environment, it can be assumed that geography is of less importance than in the physical world but geography still raises certain trust issues that we wanted to test specifically. Geographical risk is thus measured by four questions concerning uncertainty and perceived risks associated with shopping from a company based in another country.

Perceived Alternatives

This category, questions 64 - 75, include three types of barriers: information, attractiveness of alternatives and lack of differentiation. The four operationalizations of the information barrier is conceptualized as the respondents' awareness and information about different alternatives. The four measures of attractiveness of alternatives consists of two measures adopted from Jones et al (2000) as well as two measures constructed by us and measure how attractive other alternatives are perceived to be. The customer has very little motivation to change if different alternatives are perceived to be undifferentiated and the four measures regarding lack of differentiation were adopted from Colgate and Norris (2000) and measure perceived differences between alternatives.

Reluctance to Change

The category reluctance to change, questions 56 - 63, is represented by two types of barriers: habit and effort. Habit is measured by four questions dealing with the extent to which a customer remains loyal due to old habit and routine. The category effort is operationalized by four questions inspired by Ranaweera and Prabhu (2003) that deal with the effort associated with switching supplier and if the respondent would switch supplier if there were no effort involved.

Switching Costs

Questions 44 - 55 aim to measure three different types of switching costs: time, learning and artificial costs. Time costs are measured using four questions inspired by Colgate and Lang (2001) and deal with how much time one would have to use to switch as well as the time necessary to find an alternative supplier. The four items measuring learning costs are inspired by Julander and Söderlund (2003) and are conceptualized as the effort involved with learning how a new web page and company operates. Artificial costs refer to costs that arise as a consequence of actions undertaken by the original company when switching supplier. In the questionnaire, artificial costs are operationalized by four questions dealing with Discshop's membership reward system.

5.5 Statistical Methods

In order to analyze the results from the questionnaire and to test the hypotheses, SPSS 14.0 was used. First indexes were built using Cronbach's alpha with a threshold value of 0,7. In some cases Pearssons correlations test were used instead since some questions failed the 0,7 threshold and instead two-item constructs were derived (see section 5.6) .

After grouping specific questions into indexes a regression analysis was conducted in order to test our hypotheses. A regression analysis is used to test the associative relationship between a dependent and independent variables (Malhotra 2004).

In compliance with Malhotra 2004, all questions in the questionnaire were as far as possible asked through a three question battery in order to get more accurate results. Since some of our barriers were new and not operationalized by others, we used question batteries with 4 items in order to derive better results from our questionnaire. Multicollinearity was tested with a threshold value of 15 and a significance level of 10% was used throughout our study. When testing the regressions for heteroscedasity a minor part of our regressions tested positive. However, in compliance with common practice for this type of survey, the heteroscedasity values do not effect our results and can therefore be ignored. All threshold values follow common practice and make the results more comparable to other studies. (Malhotra, 2004)

5.6 Reliability & Validity

Reliability

In order to achieve good reliability, results from the study must be able to be repeated from several independent observations. However, in order to not have to do this, the most common approach is to measure internal consistency within the study. This is done by using Cronbach's Alpha for multi-item questions ranging from 0-1 (where 1 is optimal) with a threshold level of 0,7. (Malhotra , 2004)

Some questions are difficult to measure with multi question batteries. For the constructs of Frequency (Tyck 34), Share of Wallet (Tyck 38), Depth (Tyck 35) and Word of Mouth (Tyck 41) we only used a single-question constructs. As these are well-established constructs we do not view it as harming the reliability.

Some three-item constructs failed to pass the threshold level of 0,7, and instead we created a two-item construct using Pearson's correlation test (See appendix 2). Although this measurement does not provide the same internal consistency as Cronbach's Alpha, we think that the internal consistency is good enough to be used to form indexes (Malhotra 2004). However, some of our satisfaction indexes failed to reach the satisfactionary threshold level of 0,5 when testing for Pearson's Correlation test. Therefore these constructs (Price & Assortment Index, Registration Index) were not used further in the study.

Validity

Internal consistency discussed in the previous section is necessary but not enough in order to ensure sufficient assurance that the survey was correctly done. Validity refers to the extent to which the questions that are used actually measures what they intended to measure. Further, the concept of validity can be divided into three different sections, which are; external, construct and internal validity. (Malhotra 2004)

External Validity

Although the survey was conducted among Discshop's customers through a convenience sample, we argue that the study is generalizeable. According to Malhotra (2004), external validity is weather our results can be generalized to situations other than the experiential one. Switching barriers in an e-retailing environment is a relatively new field in research where results from this study should be generalizable, especially with regards to purpose one of this study – to identify and classify switching barriers relevant in an e-retailing environment. Secondly, Discshop is representative for many other companies selling relatively homogenous fast moving consumer products like books, cd's, dvd etc. Also many of our results acted in accordance with our theoretical predictions which are something that also supports the generalizeability of the study. Hence, we argue that it is possible to draw wider conclusions from this study.

Construct Validity

Construct validity is whether the questions asked actually measures what they intend to ask (Malhotra 2004). Whenever possible, we used operationalizations used in prior research. In those cases where we added new operationalizations we tested the internal consistency through Cronbach's Alpha or Pearson's correlation test, which can be seen as evidence of construct validity (Malhotra 2004).

Internal Validity

According to Malhotra (2004), internal validity refers to whether the observed effects in the study could have been "polluted" by outside factors, which would make it difficult to draw any clear cut conclusions from the results. However, since the questionnaire was filled out in a closed setting during a short period of time we rule out the possibility of any exogenous factors and claim internal validity to be satisfactory.

6. Results

This section is based around the second purpose of this report – to explore the relationships between switching barriers, global customer satisfaction and loyalty.

Hence this section is structured into four main sections exploring the relationship between customer satisfaction and customer loyalty, between switching barriers and customer satisfaction, between switching barriers and customer loyalty and between switching barriers together with satisfaction on customer loyalty.

Each set of hypotheses is tested using regression analysis with customer loyalty or customer satisfaction as dependent variables.

6.1 The effect of customer satisfaction on customer loyalty

The effect of customer satisfaction on customer loyalty is tested using regression analysis with customer loyalty as dependent and customer satisfaction as independent variables. Consequently for each hypothesis three regression analyses are performed with customer satisfaction as independent variable and intentions, word-of-mouth and commitment as dependent variables for attitudinal loyalty and frequency, share-of-wallet and depth as dependent variables for behavioral loyalty. The hypotheses are tested by examining the significance of each regression.

Hypothesis 1a: Customer satisfaction has a significant effect on the attitudinal loyalty of Discshop customers.
Hypothesis 1b: Customer satisfaction has a significant effect on the behavioral loyalty of Discshop customers.

Table 6.1: Effect of Customer Satisfaction on Attitudinal Loyalty

Independent Variable	Dependent Variable	R^2	Significance
Customer Satisfaction	Intentions	0,266	0,000
Customer Satisfaction	W-O-M	0,232	0,000
Customer Satisfaction	Commitment	0,182	0,000

As seen in table 6.1, customer satisfaction has a significant effect on all three measures of attitudinal loyalty. Hence hypothesis 1a is accepted.

Table 6.2: Effect of Customer Satisfaction on Behavioral Loyalty

Independent Variable	Dependent Variable	R^2	Significance
Customer Satisfaction	Frequency	0,065	0,000
Customer Satisfaction	S-O-W	0,003	0,057

Customer Satisfaction	Depth	0,123	0,000

As seen in table 6.2, customer satisfaction has a significant effect on all three measures of behavioral loyalty. Hence hypothesis 1b is accepted.

However, the explanatory value of customer satisfaction with regards to behavioral loyalty is overall relatively low, ranging from 0,3% for share of wallet to 12,3% for depth, whilst the explanatory value with regards to attitudinal loyalty is relatively higher, ranging from 18,2% for commitment to 26,6% for intentions. Hence, even though the measures used for attitudinal and behavioral loyalty are not directly comparable we view this to be indicative that, as theory suggests, customer satisfaction have a lesser explanatory value for behavioral than for attitudinal loyalty among Discshop customers (Söderlund, 2001).

6.2 The effect of switching barriers on customer satisfaction

The effect of switching barriers on customer satisfaction is tested using regression analysis with customer satisfaction as dependent and the different switching barriers as independent variables.

Hypothesis 2: Switching barriers have a significant effect on customer satisfaction among Discshop customers.

Table 6.3: Effect of Switching Barriers on Customer Satisfaction

Independent Variable	Dependent Variable	R^2	Significance
Switching Barriers	Customer Satisfaction	0,210	0,000

As seen in table 6.3, switching barriers have a significant effect on customer satisfaction and hypothesis 2 is thus accepted. However, when looking at individual sets of barriers, table 6.4, we see that, out of 12 studied barriers, only three have a significant effect on satisfaction.

Table 6.4: Effect of Individual Switching Barriers on Customer Satisfaction

Independent Variable	Dependent Variable	R^2	Significance
Learning Barriers	Customer Satisfaction	0,069	0,035
Artificial Barriers	Customer Satisfaction	0,080	0,022
Habit Barriers	Customer Satisfaction	0,399	0,000

6.3 The effect of switching barriers on customer loyalty

The effect of switching barriers on customer loyalty is tested using regression analysis with customer loyalty as dependent and switching barriers as independent variables. Consequently for each hypothesis three regression analyses are performed with switching barriers as independent variable and intentions, word-of-mouth and commitment as dependent variables for attitudinal loyalty and frequency, share-of-wallet and depth as dependent variables for behavioral loyalty.

Hypothesis 3a: Switching barriers have a significant effect on attitudinal loyalty among Discshop customers.

Hypothesis 3b: Switching barriers have a significant effect on behavioral loyalty among Discshop customers.

Table 6.5: Effect of Switching Barriers on Attitudinal Loyalty

Independent Variable	Dependent Variable	R^2	Significance
Switching Barriers	Intentions	0,233	0,000
Switching Barriers	W-O-M	0,139	0,000
Switching Barriers	Commitment	0,305	0,000

As seen in table 6.5, switching barriers have a significant effect on all three measures of attitudinal loyalty and hypothesis 3a is thus accepted.

Table 6.5: Effect of Switching Barriers on Behavioral Loyalty

Independent Variable	Dependent Variable	R^2	Significance
Switching Barriers	Frequency	0,401	0,000
Switching Barriers	S-O-W	0,029	0,000
Switching Barriers	Depth	0,289	0,000

As seen in table 6.5, switching barriers has a significant effect on all three measures of behavioral loyalty and hypothesis 3b is thus accepted.

Further, theory suggests that switching barriers should have a higher effect on behavioral than on attitudinal loyalty. It is however difficult to compare the relative effects since the two dimensions of loyalty are measured using constructs that are not directly comparable. Yet, our results at least seem to indicate that switching barriers have a close to equal effect on behavioral and attitudinal loyalty amongst Discshop's customers.

Of the different switching barriers we look at, not all have a significant effect on the different measures of loyalty. The switching barriers that had significant effect on different loyalties are presented in table 6.6 together with each respective explanatory value.

Table 6.6: The explanatory values of different types of switching barriers on attitudinal and behavioral loyalties

Independent Variables		Dependent Variable					
		Attitudinal Loyalties			Behavioral Loyalties		
Category	Type of Barriers	Intentions, R^2=0,233	W-O-M, R^2=0,139	Commitment, R^2=0,305	Frequency, R^2=0,401	S-O-W, R^2=0,029	Depth, R^2=0,289
Switching Costs	Time Barriers			0,192			
	Learning Barriers			0,108	-0,181		
	Artificial Barriers	0,137		0,13	0,299		0,108
Reluctance to change	Habit Barriers	0,422	0,349	0,115	0,200		0,380
	Effort Barriers	-0,131	-0,097	-0,072			-0,133
Perceived Alternatives	Information Barriers				-0,108		
	Attractiveness of alternatives Barriers	0,074			0,180		
	Lack of Differentiation Barriers						-0,121
Customer Bonds	Relationship Investment Barriers		0,067	0,232	0,318	0,029	0,140
	Interpersonal Relationship Barriers				-0,085		
Risks	Psychological Barriers				-0,092		
	Geographical Barriers			0,083			

-

6.4 The relationship between switching barriers and satisfaction on customer loyalty

The relative effect on customer loyalty of switching barriers and satisfaction is tested by comparing the results from regression analysis with six different measures of

customer loyalty as dependent variables and switching barriers and customer satisfaction as independent variables. Totally twelve regressions are performed – six measuring the effect of switching barriers on behavioral and attitudinal loyalty and six measuring the effect of customer satisfaction on attitudinal and behavioral loyalty.

Hypothesis 4a: Customer satisfaction has a higher explanatory value for attitudinal loyalty among Discshop customers than switching barriers have.

Hypothesis 4b: Switching barriers have a higher explanatory value for behavioral loyalty among Discshop customers than customer satisfaction has.

Table 6.4: Explanatory value of Switching Barriers and Customer Satisfaction on Attitudinal Loyalty

Dependent Variable	Switching Barriers R^2	Customer Satisfaction R^2
Intentions	0,233	0,266
W-O-M	0,139	0,232
Commitment	0,305	0,182

Hypothesis 4a is tested by comparing the relative explanatory values of switching barriers and customer satisfaction against the three measures of attitudinal loyalty. To accept the hypothesis customer satisfaction must have higher explanatory values for all attitudinal loyalty measures. As can be seen in table 6.4, switching barriers have a lower explanatory value than customer satisfaction has for both word of mouth and intentions. For commitment however, switching barriers turn out to have a higher explanatory value than customer satisfaction has. Further, when testing the significance of these differences with a Fisher test, the difference in explanatory value against intentions is not significant. Hence hypothesis 4a is not be accepted.

Table 6.5: Explanatory value of Switching Barriers and Customer Satisfaction on Behavioral Loyalty

Dependent Variable	Switching Barriers R^2	Customer Satisfaction R^2
Frequency	0,401	0,065
S-O-W	0,029	0,003
Depth	0,289	0,123

Hypothesis 4b is tested by comparing the relative explanatory values of switching barriers and customer satisfaction against the three measures of behavioral loyalty. To accept the hypothesis customer satisfaction must have statistically significant higher

explanatory values for all behavioral loyalty measures. As is displayed in table 6.5, switching barriers have significantly higher explanatory values for all measures of behavioral loyalty. Hence hypothesis 4b is accepted.

6.5 Summary of tested hypotheses

Table 6.6: Summary of tested hypotheses

	Hypothesis	Result
1a.	Customer satisfaction has a significant effect on the attitudinal loyalty of Discshop customers.	Accepted
1b.	Customer satisfaction has a significant effect on the behavioral loyalty of Discshop customers.	Accepted
2a.	Switching barriers have a significant effect on customer satisfaction among Discshop customers.	Accepted
3a	Switching barriers have a significant effect on attitudinal loyalty among Discshop customers.	Accepted
3b.	Switching barriers have a significant effect on behavioral loyalty among Discshop customers.	Accepted
4a.	Customer satisfaction has a higher explanatory value for attitudinal loyalty among Discshop customers than switching barriers have.	Rejected
4b.	Switching barriers has a higher explanatory value for behavioral loyalty among Discshop customers than customer satisfaction has.	Accepted

7. Discussion

This section begins with a brief summary of the results which is followed by a discussion of those results and how they relate to existing theory.

7.1 Summary of results

The results show that customer satisfaction has a significant and positive effect on both attitudinal and behavioral loyalty for Discshop customers. In addition the results indicate that customer satisfaction is relatively more important for attitudinal than for behavioral loyalty.

Switching barriers are found to have a significant and positive effect on both attitudinal and behavioral loyalty. Although it is difficult to compare the different items used to operationalize the two loyalties the results still seem to suggest that the

size of the effect of switching barriers on behavioral and attitudinal loyalty is fairly even.

With regards to the relative effects of switching barriers and satisfaction on attitudinal and behavioral loyalty our results support the hypothesis that switching barriers are relatively more important for behavioral loyalty than satisfaction is.

In addition switching barriers are found to have a significant effect on customer satisfaction. Some theories suggest that switching barriers sometimes has a negative impact on satisfaction (Julander & Söderlund 2003). Out of the switching barriers we tested however, none of the barriers with a significant effect on satisfaction turned out to negatively impact it. However, six of the studied barriers had a negative effect on loyalty.

7.2 Discussion

Customer satisfaction is, on the Internet, as in traditional retailing the main factor used to predict and manage towards customer loyalty. Some academics even suggest that the removal of physical switching barriers should result in an increased focus on directly contrasting competing offers and that satisfaction thus should be even more important to drive loyalty on the Internet than in the physical world (Srinivasan et al., 2002).

Satisfaction vs. Switching Barriers

The fact that Discshop with it's satisfied customers and despite commanding a slightly higher price than several competitors, is Sweden's largest online retailer of DVDs certainly seems to confirm that satisfaction is very important to create loyal customers online. Our results also confirm that satisfaction plays an important role for loyalty in both the mental and behavioral dimensions.

In 2005 Discshop won an award for being "Sweden's best shopping site" (Internetworld, 2005) and our survey also confirms that satisfaction is high among

Discshop customers. Yet our results indicate that switching barriers are at least as good at explaining loyalty as satisfaction is; in fact with regards to behavioral loyalty, the results even show that switching barriers are relatively more apt at explaining behavioral loyalty than satisfaction is.

Negative effects of Switching Barriers

A common argument against working too much with switching barriers is that they sometimes impact satisfaction negatively by making the customer feel as if she has no choice or by negatively impacting a specific part of an offering (Julander & Söderlund, 2003). Of the switching barriers studied in this thesis though, none had a significant negative effect on satisfaction. One reason for this can be that switching barriers online are experienced as being less imposing and more as part of the original offering; something that is supported by the relatively high explanatory value of switching barriers with regards to satisfaction.

However, as can be seen in table 6.6 six of the studied switching barriers have negative effects on one or more of the different loyalty measures. At first, these results seem a bit startling as most theory suggest that if switching barriers have a negative effect on loyalty it should be indirectly by negatively impacting satisfaction. When looking at each negative effect separately the reason for it is often fairly straightforward. For example learning barriers turn out to have a positive effect on commitment but a negative effect on frequency. This makes perfect sense as if something, such as site navigation, is difficult to learn, it is probably for many users still not entirely easy to use. This has the effect that a user who has spent a lot of time learning something rationalizes his behavior and thus learning barriers have a positive effect on commitment. At the same time whilst the relative difficulty in using it causes a negative effect on frequency.

Information and psychological barriers turn out to have negative effects on frequency. For information barriers this can be explained by that the people who have little knowledge about different alternatives may be generally less interested in a product,

and thus also shop for it less frequently. For the psychological barrier the negative relationship may be explained by that people who perceive risks with alternate suppliers to some extent also perceives risk when shopping with Discshop, thus causing the negative effect of psychological barriers on frequency.

Similarly, a perceived lack of differentiation between different alternatives has a negative effect on depth. An explanation for this could be that people who do not notice the differences between different alternatives also have a more shallow interest in the product and thus also buys fewer items at each shopping occasion. For example, someone with a great interest in the work of director Martin Scorsese will notice if the assortment of movies by this director is unusually broad. For this user, lack of differentiation will thus be less valid as a switching barrier whilst it is also likely that this user will, due to a bigger interest in the product, buy more items at each shopping occasion.

Effort barriers have a negative effect on all measures of attitudinal loyalty as well as on depth. This could be because of a psychological effect where the effort needed to change makes customers feel trapped in the relationship. If so, this should show in a negative effect on satisfaction. However, our results show no significant negative effect on satisfaction and we find it difficult to explain the negative effect of effort on loyalty. One explanation can possibly be found in how the effort barrier is operationalized. Our operationalizations off the effort barrier involve subjective valuations of the benefit of an effort. This is thus related to the lack of differentiation barrier only that the level of differentiation here is put against the effort it would take to change. The negative effect on loyalty that the effort barrier has may thus be explained by that the user who views the effort needed to change the supplier as to big, may rather view the difference between different suppliers as very small, signaling an overall low interest in the product causing the negative effect seen on attitudinal loyalty.

Finally, we find it hard to explain why interpersonal relationship barriers have a

negative effect on frequency. One possible explanation though could be that users who develop a personal relationship with anther user are tech savvy and very interested in movies and thus may primarily use Discshop as a source of information whilst actually purchasing their DVDs elsewhere.

The Effects of Switching Barriers and Satisfaction

As illustrated in figure 8.1 switching barriers affect loyalty in two ways, both directly and indirectly by being interconnected with satisfaction. In the figure the numbers are explanatory values (R^2) of the strength of the effect of satisfaction and switching barriers on the different operationalizations of attitudinal and behavioral loyalty. In addition, the dotted bottom line illustrates the indirect effect that switching barriers may have on loyalty by being interconnected with satisfaction.

Figure 8.1: Direct and indirect effects on loyalty of switching barriers and satisfaction.
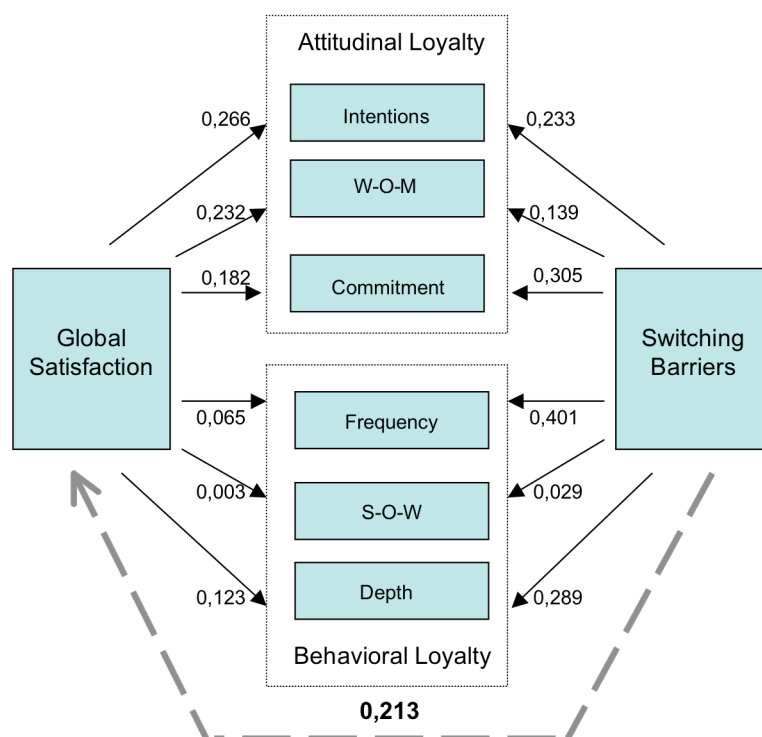
This study thus argues that switching barriers are an important ingredient for getting loyal customers in both dimensions and that, contrary to what many believe, they continue to play a very important role on the Internet. Switching barriers should be

seen as closely integrated with satisfaction only driving loyalty in two ways - both by having a direct impact on how the offering is evaluated and by making it more unpleasant to defect. Hence, rather than only coming to play with regards to what Jones & Sasser (1995) refer to as "false loyal" (locked in) customers they are also experienced by true loyal customers.

8. Implications

In this section practical implications are discussed and a conclusion is presented. Finally suggestions for future research and possible criticisms against the report are presented.

8.1 Managerial Implications

Considering the main finding of this report there are some general implications to be drawn for managers. First and foremost it is important to recognize that customer satisfaction is not the only factor explaining loyalty. As this thesis shows, switching barriers is another such factor that seems to be, at least, as important. However, one should be careful when working with switching barriers and recognize their interconnectedness with different parts of an offering. Based on the results of this study are some practical implications that this could have for Discshop and other similar companies.

Create assurance

The results show that switching barriers in the category "risk" have relatively little impact on customer loyalty. This is slightly perplexing though as real life examples such as the fact that local companies dominate a market that should be borderless seem to suggest that risks do play an important role. Our lack of evidence for the importance of risks as switching barriers could be explained by that risks are mostly subconscious and that direct survey questions fail to capture this. In any case we view one of Dischsop's main competitive advantages to be their reliability and lack of risk. Hence, we believe they should try and exploit this more by not only underlining their own reliability but also by contrasting that to risks, such as card fraud that may arise from shopping with less established competitors.

Underline feelings of relationship investment

Once acknowledged, creating switching barriers should be an integrated part of increasing customer retention and sales. However, it is important to create the right type of barriers and avoid creating barriers that makes customers feel trapped or create unnecessary hurdles for new customers

Our results show that switching barriers categorized under relationship investment (for example the time spent to complete the registrations process) are very good at explaining customer loyalty. This can be compared to the concept of "sunk costs" where a customer choose to remain in a relationship simply because she has invested a lot in it in the past. Hence, Discshop should perhaps not start to, for example, use an exceedingly lengthy registration process as this may affect new customer acquisition negatively. However, they should work actively with making customers feel as if they have invested a lot in their relationship with Discshop, for example by encouraging people to work more on creating their personal profile.

Develop good customer habits

The results show that switching barriers in the habit category, such as visiting the site out of old habit, have the strongest explanatory value for both behavioral and mental loyalty of all barriers studied. We recognize that this concept is highly connected to satisfaction and that most habits would be broken if quality drops to far. However, given that Dischsop continue to offer a high quality service habit seems to do wonders for customer loyalty. Hence, Discshop should take advantage off, amplify and develop habitual behavior amongst its customers. For example through the weekly newsletter or other actions that will lead customers to habitually visit Dischsop. Right now the newsletter focuses mostly on informing about new products but why not, for example, also send out a notice as soon as a comment has been added to one of the users favorite movies?

Reinvent the loyalty program

Although our results confirm that loyalty programs actually can affect customer loyalty in a positive manner, we think there is still much to be done in this area.

Today customers are used to be members in many different loyalty programs, and the competitive advantage is long gone for the specific company. Also our results confirm this and apart from the frequency construct where artificial barriers scored high, the impact of loyalty programs is moderate.

Further, our results show that one third of Discshop customers don't even know of the existence of a loyalty program. Hence, Discshop needs to both develop it's existing program and become better at informing about it. One way of doing this is by constantly reminding the customers of their current reward status and to simplify the reward model. Further, more actions than just buying should be rewarded. In the case of Discshop we suggest that customer activities such as writing reviews and recommending the site to others, as well as participating in surveys and competitions should be rewarded. This would not only improve the program but also help with other goals such as increasing the amount of customer activity and create relationship investments.

8.2 Theoretical Implications

For researchers our results suggest an alternate way of thinking regarding satisfaction and switching barriers on the Internet. First and foremost we prove the existence of switching barriers for online retailers, which give some new insights to present research, and indicate that the physical setting doesn't affect customer behavior as much some have suggested. Also we show that switching barriers seem to be at least as good as satisfaction in explaining loyalty. Further our results show that switching barriers and satisfaction are interrelated and this must be taken into consideration. Switching barriers and different domains of an offering are highly interrelated constructs and although it can be practical to study them separately one should always keep their interconnectedness in mind. Thus, contrary to some theories (Fornell, 1992) switching barriers shouldn't only been considered for defensive strategies regarding customer retention but also for offensive strategies.

8.3 Possible criticism against the report

As mentioned in section five we used a convenience sample on already existing Discshop customers in order to test our hypotheses. This method has flaws to it since

the generalizeability is somewhat limited to the researched object. (Malhotra 2004) However since much of the research is new in its field, and Discshop can be seen as a "typical" representative of a B2C online retailer we argue that the generalizeability can be extended to other online businesses selling homogenous and fast moving consumer goods. Further the fact that most of our findings are in accordance with existing theories also supports it generalizeabilty (Malhotra 2004).

Another consequence of the chosen field of our study is the limited number of previous operationalizations conducted by other researchers. Hence we had to create new constructs that had not been previously tested

Unfortunately we did not have the opportunity to study actual behavior and thus had to rely on the customer's own appreciations regarding behavior.

Finally, the questionnaire was distributed to customers after they completed a purchase and they are, by definition hence to some extent already loyal.

8.4 Suggestions for future research

Although we prove a relationship between switching barriers, satisfaction and dimensions of loyalty we still lack information of how the effects are divided between indirect and direct. Hence it would be of interest to delve deeper into exactly how switching barriers are interrelated with satisfaction. Similarly it would be of interest to study how different switching barriers behave in relation to specific domains of satisfaction. It would also be of interest to do a similar study but with a wide range of companies to study how switching barriers behave in different environments. Finally, due to the rise of downloads as a threat to the DVD it would be interesting to look specifically at what barriers are best apt at preventing people from downloading.

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Appendix

Appendix 1

Nöjdhetsdomäner

Core Service Offering
*Tänk nu på Discshop och betygsätt på en skala
mellan 1-7 i vilken grad Discshop-
uppfyller dina krav då det gäller*

1 Kundtjänstens tillgänglighet
2 Att kundtjänsten kan hjälpa dig med dina frågor
3 Antalet alternativ i sortimentet
4 Pris
5 Att varorna skickas snabbt
6 Att varorna levereras på utsatt tid
7 Att du får rätt varor

Image
*Betygsätt på en skala mellan 1-7 i vilken grad
Discshop-
uppfyller dina krav då det gäller*

8 Att vara kundorienterad
9 Att vara pålitlig
10 Att vara nytänkande
11 Att vara kvalitetsmedveten
12 Att det är tryggt att handla
13 Att vara seriösa

User Interface
*Betygsätt på en skala mellan 1-7 i vilken grad
Discshop-
uppfyller dina krav då det gäller*

14 Att sajten har en snygg design
15 Att det är en enkel och logisk navigation på sajten
16 Att ge relevant information om produkterna
17 Att ge inspiration till att testa nya produkter
18 Att det enkelt går att överblicka beställningsstatus

Payment
*Betygsätt på en skala mellan 1-7 i vilken grad
Discshop-
uppfyller dina krav då det gäller*

19 Att det är enkelt och bekvämt att betala
20 Att det finns tillräckligt med olika betalningsalternativ
21 Att betalningsalternativen känns säkra

Registration procedure
*Betygsätt på en skala mellan 1-7 i vilken grad
Discshop-
uppfyller dina krav då det gäller*

22 Att det går fort att registrera sig
23 Att det känns tryggt att lämna ut uppgifter

Membership

Betygsätt på en skala mellan 1-7 i vilken grad
Discshop meddelmsskap *uppfyller dina krav då det gäller*

24 Att ge förmåner
25 Att ge möjlighet att komma i kontakt med andra medlemmar
26 Att från andra medlemmar tillhandahålla relevant information om produkterna
27 Att från andra medlemmar få inspiration att prova nya produkter

Global Satisfaction

Vi kommer nu att ställa några frågor angående ditt-totalintryck av Discshop. Vi ber dig därför på en skala mellan 1-7 avge ett helhetsomdöme när du tänker på samtliga delar av Discshop.

28 Hur nöjd är du Discshop totalt sett
29 Hur väl motsvarar Discshop dina förväntningar
30 Försök föreställa en e-butik som är perfekt i alla avseenden Hur nära tycker du Discshop ligger detta ideal?

Lojalitetsdimensioner
Nu följer några frågor om dig och din framtid med Discshop. Vänligen markera de alternativ som passar bäst.

Beteende

31 Hur länge har du varit kund hos Discshop?	Ny kund	0-1 månad	2-6 månader	7-12 månader	Längre än ett år
32 Vilken typ av medlemskap har du?	Ny medlem	Silver medlem	Guld medlem	Vet ej	
33 Har du någon gång varit i kontakt med kundtjänst?	Ja	Nej			
34 Hur ofta handlar du på Discshop?	1-2ggr /år	3-5 ggr /år	6-8 ggr år	9-12 ggr /år	Fler än 12 ggr / år
35 I genomsnitt, hur många produkter uppskattar du att du handlar vid varje inköpstillfälle?	1 st	2-3 st	4-5 st	fler än 5 st	
36 Vilka produkter handlar du hos Discshop?	Dvd	Dataspel	Spel & Dvd		

37 I kronor räknat, hur stor uppskattar du att din årliga budget för dator/tv-spel och Dvd filmer är?
38 Hur stor del av dina köp av filmer och/eller Spel gör du hos Discshop?

Mentalt
39 Hur troligt är det att du kommer fortsäta vara kund hos Discshop?
40 Hur troligt är det att du kommer köpa din nästa film/spel av Discshop?
41 Hur troligt är det att du skulle rekomendera Discshop till vänner och bekanta?
42 Hur mycket är du beredd att anstränga dig för att fortsättta vara kund hos Discshop?
43 Hur mycket betyder det för dig att fortsätta vara kund hos Discshop?

Switching Barriers
Nu följer några frågor om dig och din relation till Discshop. Vänligen markera de alternativ som stämmer bäst.

Switching Costs

44 Det skulle ta för mycket tid att byta företag

45 Det är tidskrävande att byta företag

46 Det skulle ta mycket tid att hitta ett bättre företag

47 Det skulle ta mycket tid att hitta ett alternativt företag

48 Det är svårt att lära sig hur en ny sida fungerar

49 Det är svårt att lära sig hur ett nytt företag fungerar

50 Att byta företag innebär att jag måste lära mig mycket nytt

51 Der är krångligt att lära sig ett nytt företags processer

52 De medlemsförmåner som ges till guld och silvermedlemmar
är viktiga för mig.

53 Mina medlemsförmåner är viktiga för mig

54 Att börja handla från ett annat företag innebär att jag går
miste om mina medlemsförmåner

55 De medlemsförmåner som ges till guld och silvermedlemmar
gör det svårt att byta företag

Reluctance to change

56 Det har blivit en vana att vara kund hos Discshop

57 Jag förblir kund hos Discshop av gammal vana

58 Det har blivit en rutin att hndla hos Discshop

59 Jag besöker rutinmässigt Discshops hemsida

60 Att börja handla från ett annat företag innebär mycket
extraarbete

61 Jag kanske skulle börja handla från ett annat företag om jag
slapp besväret med att byta

62 Det vore ansträngande att byta företag

63 Jag skulle börja handla från fler företag om det inte innebar
något extraarbete

Perceived Alternatives

64 Jag känner till alternativa företag på marknaden

65 Jag har information om alternativa företag på marknaden

66 Det finns alternativa företag att välja på

67 Jag har tillräckligt med information om de alternativ som finns

68 Det finns bra alternativ till företaget att välja mellan

69 Det finns alternativa företag vars tjänster jag skulle vara nöjd
med

70 De alternativ som finns är inte lika bra som Discshop

71 Discshops konkurrenter håller hög kvalitet

72 De alternativ som finns är snarlika Discshop

73 Det är få skillnader mellan de olika alternativ som finns

74 Det är stora skillnader mellan olika alternativ

75 Det spelar liten roll vilken e-butik man handlar från

Customer Bonds

76 Generellt sett har jag investerat mycket tid i mitt förhållande
med Discshop

77 Jag har satsat mycket på mitt förhållande med Discshop

78 Jag har lagt mycket tid på att registrera mig och bygga en
profil hos Discshop

79 Det har tagit mycket tid att lära sig navigera på sidan

80 Jag har utvecklat en personlig relation med en annan
användare

81 Jag har blivit vän med minst en annan användare

82 Andra användares recensioner och rekomendationer är
viktiga för mig

83 Andra användare bidrar med vardefull information på

hemsidan

Risks

84 Jag är osäker på hur ett alternativt företag hanterar betalningsrutinerna
85 Jag är osäker på hur ett alternativt företag hanterar mina personuppgifter
86 Jag är osäker på hur ett alternativt företag hanterar känslig information
87 Jag är osäker till om alternativa företag är seriösa
88 Jag är osäker till att handla från ett företag baserat i ett annat land
89 Det är mer riskabelt att handla från ett företag baserat i ett annat land
90 Det är mer riskabelt att handla från ett företag baserat utanför EU
91 Jag är motvillig till att handla från ett företag i ett annat land

Allmänt

92 Jag är: Man   Kvinna
93 Min ålder är:
94 Min mail är:

Appendix 2

Below the reader can see all indexes constructed and tested for the study. Price & Assortment Index as well as the Registration Index failed to reach a satisfactory threshold level and were not used in the study.

Satisfaction Indexes

#	Questions	Index Name	Cronbach's Alpha	Pearson's Correlation
1	Kundtjänstens tillgänglighet	Customer Service Index		0,844
2	Att kundtjänsten kan hjälpa dig med dina frågor			
3	Antalet alt i sortimentet	Price & Assortment Index		0,405
4	Priset			
5	Att varorna skickas snabbt	Delivery Index	0,912	
6	Att varorna levereras på utsatt tid			
7	Att du får rätt varor			
8	Att vara kundorienterad	Innovative Image Index	0,731	
10	Att vara nytänkande			
11	Att vara kvalitetsmedveten			
17	Att ge inspiration till att testa nya produkter			
9	Att vara pålitlig	Assurance Image Index	0,868	
12	Att det är tryggt att handla			
13	Att vara seriösa			
14	Att sajten har en snygg design	Design Index	0,773	
15	Att det är en enkel och logisk navigation på sajten			
16	Att ge relevant information om produkterna			
18	Att det enkelt går att överblicka beställningsstatus			
19	Att det är enkelt och bekvämt att betala	Payment Index	0,746	
20	Att det finns tillräckligt med olika betalningsalternativ			
21	Att betalningsalternativen känns säkra			
22	Att det går fort att registrera sig	Registration Index		0,244
23	Att det känns tryggt att lämna uppgifter			
24	Att ge förmåner			

#	Questions			
25	Att ge möjlighet att komma i kontakt med andra medlemmar			
26	Att från andra medlemmar tillhandahålla relevant information om produkterna	**Membership Reward Index**	**0,773**	
27	Att från andra medlemmar få inspiration att prova nya produkter			
28	Hur nöjd är du Discshop totalt sett			
29	Hur väl motsvarar Discshop dina förväntningar	**Global Satisfaction Index**	**0,852**	
30	Försök föreställa en e-butik som är perfekt i alla avseenden Hur nära tycker du Discshop ligger detta ideal?			

Loyalty Indexes

#	Questions	Index Name	Cronbach's Alpha	Pearson's Correlation
39	Hur troligt är det att du kommer fortsäta vara kund hos Discshop?	**Intentions Index**		**0,567**
40	Hur troligt är det att du kommer köpa din nästa film/spel av Discshop?			
42	Hur mycket är du beredd att anstränga dig för att fortsättta vara kund hos Discshop?	**Commitment Index**		**0,716**
43	Hur mycket betyder det för dig att fortsätta vara kund hos Discshop?			

Switching Barriers Index

#	Questions	Index Name	Cronbach's Alpha	Pearson's Correlation
44	Det skulle ta för mycket tid att byta företag			
45	Det är tidskrävande att byta företag	**Time Barrier Index**	**0,833**	
46	Det skulle ta mycket tid att hitta ett bättre företag			
47	Det skulle ta mycket tid att hitta ett alternativt företag			
48	Det är svårt att lära sig hur en ny sida fungerar			
49	Det är svårt att lära sig hur ett nytt företag fungerar	**Learning Barrier Index**	**0,942**	
50	Att byta företag innebär att jag måste lära mig mycket nytt			
51	Der är krångligt att lära sig ett nytt företags processer			

52	De medlemsförmåner som ges till guld och silvermedlemmar är viktiga för mig.	**Artificial Barrier Index**	**0,911**
53	Mina medlemsförmåner är viktiga för mig		
54	Att börja handla från ett annat företag innebär att jag går miste om mina medlemsförmåner		
55	De medlemsförmåner som ges till guld och silvermedlemmar gör det svårt att byta företag		
56	Det har blivit en vana att vara kund hos Discshop	**Habit Barrier Index**	**0,853**
58	Det har blivit en rutin att hndla hos Discshop		
59	Jag besöker rutinmässigt Discshops hemsida		
60	Att börja handla från ett annat företag innebär mycket extraarbete	**Effort Barrier Index**	**0,807**
61	Jag kanske skulle börja handla från ett annat företag om jag slapp besväret med att byta		
62	Det vore ansträngande att byta företag		
63	Jag skulle börja handla från fler företag om det inte innebar något extraarbete		
64	Jag känner till alternativa företag på marknaden	**Information Barrier Index**	**0,892**
65	Jag har information om alternativa företag på marknaden		
66	Det finns alternativa företag att välja på		
68	Det finns bra alternativ till företaget att välja mellan	**Attract. Of Alternatives Index**	**0,768**
69	Det finns alternativa företag vars tjänster jag skulle vara nöjd med		
72	De alternativ som finns är snarlika Discshop	**Lack of Diff. Index**	**0,671**
73	Det är få skillnader mellan de olika alternativ som finns		
76	Generellt sett har jag investerat mycket tid i mitt förhållande med Discshop	**Relationship Investment Index**	**0,875**
77	Jag har satsat mycket på mitt förhållande med Discshop		
80	Jag har utvecklat en personlig relation med en annan användare	**Interperson Relations Index**	**0,745**

81	Jag har blivit vän med minst en annan användare		
88	Jag är osäker till att handla från ett företag baserat i ett annat land		59
89	Det är mer riskabelt att handla från ett företag baserat i ett annat land	**Geo. Risk Index**	**0,894**
90	Det är mer riskabelt att handla från ett företag baserat utanför EU		
91	Jag är motvillig till att handla från ett företag i ett annat land		