RELATING SWITCHING COSTS TO POSITIVE AND NEGATIVE WORD-OF-MOUTH

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ABSTRACT

Scholars typically cast switching costs as entrapments that deter customers from exiting, thereby provoking harmful word-of-mouth. In this article we expand this restricted view by arguing that switching costs relate differently to positive word-of-mouth (PWOM) and negative word-of-mouth (NWOM), depending on the combinations of switching costs and switching intentions.

The findings of our research reinforce studies that suggest switching costs impede switching intentions. However, PWOM increases and NWOM decreases with increasing switching costs. Segregating by customer segments, *calculative* customers who intend to stay but not because high switching costs hinder switching, give the strongest PWOM and have the most PWOM givers. *Captive* customers entrapped by high switching costs give strong NWOM and have high numbers of NWOM givers. While both segments perceive low switching costs, *committed* customers with low switching intentions give stronger PWOM than *disloyal* customers do. Likewise, *disloyal* customers with high switching intentions give stronger NWOM than *committed* customers do. There are also more (less) PWOM (NWOM) givers with committed than with disloyal customers.

This article offers a framework to explain the complex relationships among switching costs, switching intentions, and WOM. The findings should help firms to understand switching costs' roles in retaining customers, identify and harness PWOM supporters, and minimize damages with NWOM distracters.

INTRODUCTION

Switching costs are perceived barriers that can deter customers from leaving especially when negative experiences occur (Jones et al. 2007; Klemperer 1987; Sharma and Patterson 2000). Unlike attributes, such as service quality or value, which entice customers to stay by enhancing loyalty, switching costs discourage customer exits via inconveniences and penalties. Highlighting the importance of switching costs in customer retention, Burnham et al. (2003, p. 119) contend that "marketing's pursuit of the customer satisfaction paradigm has blinded it to the importance of switching costs, or worse, that the field has 'blacklisted' switching costs as customer harming and thus unworthy of study." Switching costs, the authors continue, may be more effective than satisfaction in retaining customers. By ignoring switching costs, scholars and managers alike may over-emphasize the role of satisfaction on customer retention (Bendapudi and Berry 1997; Fornell 1992).

Research typically relates perceptions of switching costs to switching intentions or behavior, whereby consumers who perceive high switching costs are less likely to switch brands (Burnham et al. 2003; Patterson and Smith 2003; Yang and Peterson 2004). Prevented from switching, these consumers may engage in harmful word-of-mouth (WOM) behavior (Jones et al. 2002, 2007; Maute and Forrester 1993).

These findings, however, offer a restricted view of the relationship between switching costs and WOM. The premise is that customers who perceive high switching costs may want to switch, and when

prevented from doing so, they retaliate through negative WOM. What if consumers perceive high switching costs, but have no intentions or desires to switch in the first place? Likewise, consumers may perceive low switching costs, are not blocked from leaving by switching barriers, and choose to stay. How would the relationship between switching costs and WOM differ under these situations? Furthermore, would switching costs give rise to positive rather than negative WOM, and under what circumstances would this occur?

As the 2x2 matrix in Table 1 illustrates, consumers may fall into one of four segments depending on their perceptions of switching costs and switching intentions. Past studies mostly focused on the top right segment – where consumers intended to switch but could not due to high switching costs – and reported that consumers entrapped by high switching costs tended to harm firms through negative WOM (e.g. Jones et al. 2002, 2007; Maute and Forrester 1993).

TABLE 1

Segmenting Customers by Switching Costs and Switching Intentions

| | **Switching Costs** | |
	Low	High
Switching Intentions High	*Disloyal customers* intend to switch, and low switching costs may not deter them.	*Captive customers* intend to switch, but are entrapped by high switching costs.
Switching Intentions Low	*Committed customers* choose to stay notwithstanding low switching costs.	*Calculative customers* choose to stay, but not because high switching costs entrap them.

No study, however, has explored WOM behavior across the four segments. Bridging re-emerging studies in switching costs (Jones et al. 2007) and WOM (East et al. 2007; Sweeney et al. 2008), we offer a framework for examining WOM behavior in each segment. Extending research that segregates positive from negative WOM (East et al. 2007; Samson 2006; Sweeney et al. 2008), we further determine how positive word-of-mouth (PWOM) and negative word-of-mouth (NWOM) may differ across the segments, and seek answers to the question: *How do the combinations of perceived switching costs and switching intentions relate to the strength and amount of PWOM and NWOM?*

Given the influence of WOM on consumer behavior, researchers often lament the lack of studies in "this important but

neglected area" (East et al. 2007, p. 183; Sweeney et al. 2008). This study will shed additional light on the complex nature of WOM and the roles of switching costs in retaining customers. The findings will help firms understand what makes consumers give PWOM or NWOM, tap the potential of PWOM supporters, and minimize damages from NWOM distracters. As WOM may be more effective than advertising (Day 1971; Murray 1991), the findings from this study will also help managers to develop marketing programs that harness WOM to increase sales.

CONCEPTUAL DEVELOPMENT

Switching Costs Can
Deter Switching

Acting as inconveniences or penalties, switching costs are perceived barriers that can deter consumers from changing brands (Jones et al. 2007; Klemperer 1987; Yang and Peterson 2004). For example, a survey of UK bank customers found that dissatisfied customers remained because they perceived time, effort, and uncertainty costs as higher than the potential benefits from switching banks (Panther and Farquhar 2004). Similarly, Burnham et al.'s (2003) study of credit card and long-distance telephone customers showed that switching costs explained more loyalty intentions than satisfaction did. As switching costs did not interact with satisfaction to determine loyalty intentions, the two factors acted independently on loyalty intentions. The authors concluded that firms should use switching costs as well as satisfaction to maximise customer retention, a call supported by others (Bendapudi and Berry 1997; Patterson and Smith 2003). While customer satisfaction makes it costly for competitors to take away a brand's customers, switching barriers make it costly for customers to switch brands (Fornell 1992).

Bendapudi and Berry (1997) contend that relationship commitments are either dedication-based, due to customer desires to maintain relationships, or constraint-based, due to high exit barriers such as economic, social, or psychological costs. Constraint-based relationships tend to last so long as the constraints are in place. Once the constraints no longer apply, customers may not want or be obliged to continue the relationships. Switching costs are analogous to constrained-based commitment (Gustafsson et al. 2005; Verhoef et al. 2002). Therefore, using switching costs in lieu of positive actions, such as improving service quality, may fail in the long run, particularly when dissatisfaction persists (Jones et al. 2000).

Despite switching costs' potential downside with customer relationship, previous research reveals that switching costs are effective switching deterrents. In replicating these studies, we offer the following research hypothesis:

H1: Overall, customers who perceive high switching costs have low intentions to switch brands.

Switching Costs Might Not
Engender Negative Word-of-Mouth

While studies generally report a positive relationship between switching costs and switching intentions, their underlying assumption is that switching costs obstruct what customers wish to do – switching –, thereby giving rise to dissatisfaction and harmful word-of-mouth (e.g., see Jones et al. 2000, 2007; Maute and Forrester 1993). The findings may be reasonable if research considers only entrapped customers, those who intend to switch but could not due to high perceived switching costs.

However, given the intensity of competition with most consumer markets, firms often offer benefits to customers in exchange for locking in the customers through switching costs. Customers may recognize the high switching costs, but they

may not be dissatisfied, have no intentions to exit, and may willingly accept the high switching costs in order to enjoy the benefits. For example, loyalty programs, where customers accumulate points through spending and redeem the points for goods or services, are a form of switching costs as customers have to forfeit their accumulated points upon exiting a firm (Kumar and Shah 2004; Yi and Jeon 2003).

Similarly, within this study's context, mobile service providers often provide free or subsidized handsets coupled with long-term contracts with punitive penalties for premature terminations (Choi et al. 2001; Valletti and Cave 1998). Although customers recognize the switching costs associated with the contracts, they willingly accept the contracts in order to get the handsets. Indeed, they may even favor the firm over its competitors to agree to be locked-in in the first place.

Support for the argument that switching costs need not engender NWOM also comes from Verhoef et al. (2002), who initially hypothesized that customers who maintained relationships with the company out of anticipated termination and switching costs were less likely to make positive referrals. However, their study involving 6,525 customers of a Dutch insurance company found a negative and nonsignificant result ($\beta = -.02$, $p = .26$). This suggests that customers with high perceived switching costs may indeed give PWOM. Therefore, contrary to past studies, we expect the relationship between switching costs and word-of-mouth to be captured in addressing the following two research hypotheses:

H2a: Overall, customers with high switching costs give stronger PWOM than those with low switching costs do.

H2b: Overall, customers with high switching costs give weaker NWOM than those with low switching costs do.

Expanding the Relationships among Switching Costs, Switching Intentions, and Word-of-Mouth

The twp research hypotheses above suggest that the relationships among switching costs, switching intentions, and WOM are complex. It appears that past studies mainly tackle the top right segment in the 2x2 matrix in Table 1, where captive consumers intend to switch but cannot due to high switching costs, and are provoked into giving NWOM. As is argued in the following sections, consumers may fall into one of four segments depending on their perceived switching costs and switching intentions. Then depending on the combination of switching costs and switching intentions, NWOM or PWOM may ensue.

Captive Customers

As research hypothesis H1 posits, switching costs are effective switching deterrents. Locked into relationships that they would rather not be in, *captive consumers* may become dissatisfied or even hostile, and may retaliate by giving NWOM (Jones et al. 2000, 2007; Maute and Forrester 1993). As Singh (1990) surmises, customers that could not exit a firm due to high switching costs have no choice but to seek redress through NWOM.

Similarly, some scholars suggest that customers are bound to a brand or firm through either positive affect or constraints (Bendapudi and Berry 1997; Gustafsson et al. 2005; Verhoef et al. 2002). Constraint-based customers maintain relationships out of high-anticipated termination or switching costs, and they tend not to refer or may even provide

negative referrals about a brand. This is analogous to Dick and Basu's (1994) concept of spurious loyalty, where customers remain with a brand despite possessing low favorable disposition for the brand.

With captive customers, high switching costs may lead to dissatisfaction (Patterson and Smith 2003) or negative emotions (Jones et al. 2007), and subsequently NWOM (Anderson 1998; Richins 1983; Szymanski and Henard 2001). We therefore hypothesize that among the four segments in Table 1:

H3a: Captive customers give the strongest NWOM

H3b: Captive customers have the highest proportion of NWOM givers

Calculative Customers

Although exit barriers may increase the costs of terminating a relationship, they do not necessarily bring about dissatisfaction (Maute and Forrester 1993). Customers may recognize the high switching costs, but they may not be dissatisfied with the relationship and have no intentions to switch brands in the first place. This means that determining the impact of switching costs on WOM without accounting for the context in which the switching costs take place may produce misleading findings.

As mentioned earlier, within this research's context, mobile service providers often provide free or subsidized handsets bundled with long-term contracts with punitive exit clauses (Choi et al. 2001; Valletti and Cave 1998). Although these contracts may serve as switching costs to prevent customers from switching, customers willingly accept the contracts in order to get the handsets. In this sense, these customers are *calculative* in that they are willing to bear high switching costs – in exchange for

benefits – because they favor the firm and have low or no intentions to switch in the first place.

Lam et al. (2004) provide further support for this argument. In a study of customer satisfaction with courier services, the authors first demonstrated that customer satisfaction related directly to customer loyalty. Then they showed that rather than a direct relationship between switching costs and loyalty, switching costs positively moderated the relationship between customer satisfaction and loyalty. That is, when switching costs were high, the strength of the relationship between satisfaction and loyalty increased. Hence, among the four segments, we hypothesize that:

H4a: Calculative customers give the strongest PWOM

H4b: Calculative customers have the highest proportion of PWOM givers

Committed and Disloyal Customers

Unlike captive and calculative customers who face high switching costs, committed and disloyal customers perceive low switching costs. We define *committed customers* as those with no or low intentions to switch brands, notwithstanding low switching costs. That is, had these customers wish to leave their current brands, the low switching costs would not have prevented them from doing so. We further define *disloyal* customers as those who intend to switch brands, and low switching costs are unlikely to hinder their intentions. These two customer segments, committed and disloyal, are analogous to Dick and Basu's (1994) concepts of loyalty and no-loyalty, respectively.

As low switching costs are less pertinent to their behavioral intentions, committed and disloyal customers' intentions

to stay or switch may stem from their underlying disposition to a brand (Dick and Basu 1994; Gounaris and Stathakopoulos 2004; Pritchard et al. 1999). Drawing on literature that links satisfaction to WOM, satisfied customers tend to give PWOM, just as dissatisfied customers tend to elicit NWOM (Anderson 1998; Mazzarol et al. 2007; Zeithaml et al. 1996). Hence, comparing committed and disloyal customers, we hypothesize that:

> **H5a**: Committed customers give stronger PWOM than disloyal customers do.

> **H5b**: Disloyal customers give stronger NWOM than committed customers do.

In addition, we expect that:

> **H6a**: There are proportionally more PWOM givers with committed than with disloyal customers

> **H6b**: There are proportionally more NWOM givers with disloyal than with committed customers

METHODOLOGY

A subscription service –mobile phones – served as the research context. With subscription services, consumers typically use one brand for long periods, and switch totally from the brand before adopting another (Romaniuk and Sharp 2003; Sharp et al. 2002). This contrasts with typical consumer goods, such as soft drinks, where consumers may buy multiple brands at each purchase incidence and over short inter-purchase periods (Sharp et al. 2002). As subscription services are intangible and consumers are tied to a brand for long periods, WOM behaviors

may be accentuated with such services (Murray 1991; Samson 2006). Hence, we pick mobile phone service as the research context.

The study was operationalized in Singapore. Common with mature tele-communication markets with intense competition (e.g., see Choi et al. 2001; Valletti and Cave 1998), Singapore mobile service providers often bundle their subscription services with free or subsidized handsets. Customers who want the handsets must agree to stay with the providers for extended periods, usually two years, and face rather severe penalties should they terminate prematurely. As such, the lock-in contracts act as switching costs.

To reduce location bias, mall-intercept surveys took place in four different geographical regions of Singapore. For each region, data were collected at two shopping malls, twice daily, and over three days. Stratifying the surveys by region ensured that the number of respondents in each region was similar to the proportion indicated by a 2000 population census (SingStat 2000). Aided by structured questionnaires, six trained interviewers approached people at mall exits. After discarding 16 questionnaires for multiple missing data or invalid responses (such as when respondents answered all 1's or 7's in their questionnaires), the final sample contained 395 cases, with 180 males and 215 females. Respondents ranged in age from 14 to 64 years (mean = 27 years; median = 25 years), owned a mobile phone, and had active accounts with local mobile phone service providers.

Measures

The survey adapted scales from relevant studies, and used confirmatory factor analyses to operationalize the constructs. To reduce scaling effects (Sudman et al. 1996), all evaluative questions used the same seven-point Likert scale anchored by strongly disagree and strongly agree. The questions

were randomly ordered so as to reduce order effects (Bickart 1993).

As with most WOM research, measuring or observing actual WOM behaviors is unfeasible as respondents can engage in the behavior at any time. Also, simply asking respondents to recall their past WOM behaviors may produce recall bias. East et al. (2007) suggest that rather than volunteering the information, people mostly give WOM when others ask for their opinion. Hence, we contend that subjecting WOM measures to a condition of what respondents would say when someone seeks their advice may reduce recall bias as respondents do not need to recall past behavior. Based on this conditional willingness, the item for *PWOM* was "If someone were to ask you, you would recommend your current mobile service provider to him/her." Similarly, the measure for *NWOM* was "If someone were to ask you,

you would recommend that he/she shouldn't use your current mobile service provider."

Switching costs were perceived barriers that deter customers from switching mobile service providers. Similar to researchers that operationalize switching costs as a multi-item factor, we adapted the three-item scale from Jones et al. (2000) to operationalize switching costs as a factor of the time, effort, and monetary costs in switching mobile service providers. *Switching intentions* were a three-item factor measuring respondents' intentions to switch from their current mobile service providers. The items, two of which were reversed-coded, stemmed from two studies on service loyalty (Patterson and Smith 2003; Sharma and Patterson 2000).

Correlation coefficients among the items ranged from .08 to .55, well below the .9 collinearity threshold (Hair et al. 2006). For the two factors, switching costs and switching

TABLE 2

**Descriptive and Test Statistics for
Switching Costs and Switching Intentions**

Item	Descriptive Statistics	Factor Loading	Bartlett's Test	Cronbach's Alpha
Switching Costs SWC1: For me, the costs in time effort, and money to change service providers are high	Mean=4.92 Range=1 to 7 Std Dev=1.4	.818	$\chi2 = 310$, *df* = 3, *p* < .001	.771
SWC2: It would take a lot of time, money and effort for me to switch to another service provider	Mean=4.68 Range=1 to 7 Std Dev=1.484	.850		
SWC3: In general, I find it a hassle for me to change service providers	Mean=4.95 Range=1 to 7 Std Dev=1.398	.816		
Switching Intentions SWI1: I intend to switch to another service provider in the near future	Mean=4.44 Range=1 to 7 Std Dev=1.664	.791	$\chi2 = 296$, *df* = 3, *p* < .001	.742
SWI2: I made the right choice by using MSP instead of another service provider	Mean=4.72 Range=1 to 7 Std Dev=1.222	.792		
SWI3: I intend to continue using MSP	Mean=4.99 Range=1 to 7 Std Dev=1.349	.870		

intentions, confirmatory factor analyses were carried out with Bartlett's test of sphericity. Cronbach's alpha indicated the reliability. Table 2 shows acceptable results for the confirmatory factor analyses and reliability assessments.

Pearson's correlation coefficient between switching costs and switching intentions was .289 (p < .001), below the collinearity threshold of .9, and indicated discriminant validity (Hair et al. 2006). We further tested discriminant validity using Fornell and Larcker's (1981) procedure. Discriminant validity was assessed by comparing the variance extracted estimates of a pair of constructs with the square of the correlation between the constructs, and repeating the test for all construct-pairs. Variance extracted estimates for switching costs (VE = .686) and switching intentions (VE = .502) exceeded the squared correlations between the two constructs (square of r = .083). Hence, both factors possessed discriminant validity.

In order to test the hypotheses across the four segments in Table 1, switching costs and switching intentions were each divided into terciles according to their factor scores. The top tercile represented high switching costs or switching intentions, while the third tercile represented low switching costs or switching intentions. Similar to procedures adopted by other researchers, the middle terciles were discarded (Price et al. 2006; Schofield et al. 2001).

RESULTS

Pearson's two-tailed correlation tests indicated that switching costs related positively to switching intentions (r = .289, p < .001), positively to PWOM (r = .282, p < .001), and negatively to NWOM (r = -.161, p = .001). These results supported H1, H2a, and H2b respectively.

Table 3 gives the mean scores and standard deviations of PWOM and NWOM in

TABLE 3

Mean and Standard Deviations of PWOM and NWOM for Customer Segments

PWOM Mean	Low Switching Costs	High Switching Costs
High Switching Intentions	*Disloyal* 3.78 (SD=1.009) n=124	*Captive* 3.96 (SD=0.992) n=75
Low Switching Intentions	*Committed* 5.22 (SD=1.215) n=64	*Calculative* 5.63 (SD=1.014) n=132
NWOM Mean	Low Switching Costs	High Switching Costs
High Switching Intentions	*Disloyal* 4.12 (SD=1.266) n=124	*Captive* 4 (SD=1.252) n=75
Low Switching Intentions	*Committed* 2.55 (SD=1.391) n=64	*Calculative* 2.6 (SD=1.295) n=132

each of the four segments. A one-way ANOVA test indicated that the mean scores of PWOM (*F*-score = 84.534, df = 3, *p* < .001) and NWOM (*F*-score = 44.016, df = 3, *p* < .001) differed significantly across the four segments.

Table 4 shows the post-hoc test results using Tukey HSD for multiple pairs of segment means. With PWOM, all pairs of segment means were significantly different, except for the disloyal-captive segment pair. With NWOM, all pairs of segment means were significantly different, except for the disloyal-captive and committed-calculative segment pairs.

TABLE 4

Results of ANOVA Post Hoc Test using Tukey HSD

		Mean Difference		
Segment (I)	Segment (J)	(I-J)	Std. Error	Sig.
Dependent Variable: Positive Word-of-Mouth (PWOM)				
Disloyal	Captive	*-.178*	*.153*	*.650*
	Committed	-1.436	.161	.000
	Calculative	-1.847	.131	.000
Captive	Committed	-1.259	.178	.000
	Calculative	-1.669	.151	.000
Committed	Calculative	-.410	.159	.050
Dependent Variable: Negative Word-of-Mouth (NWOM)				
Disloyal	Captive	*.121*	*.189*	*.919*
	Committed	1.574	.199	.000
	Calculative	1.522	.162	.000
Captive	Committed	1.453	.220	.000
	Calculative	1.402	.187	.000
Committed	Calculative	*-.052*	*.197*	*.994*

Table 3 and 4 reveal that among the four segments, captive customers had significantly stronger NWOM than calculative and committed customers do. However, the difference in mean between captive and disloyal customers was non-significant. This result failed to support H3a, which hypothesized that captive customers give the most NWOM.

Similarly, hypothesis H3b – that captive customers had the highest proportion of NWOM givers – was rejected as disloyal customers (36%) had the highest proportion of NWOM givers. Nevertheless, captive customers (28%) still had proportionally more NWOM givers than calculative (8%) and committed (3%) customers did.

The results in Tables 3 and 4 supported H4a and H4b. With calculative customers, PWOM was stronger than and significantly different from the other three

segments. Calculative customers (83%) also had the highest proportion of PWOM givers.

Compared with disloyal customers, committed customers gave significantly stronger PWOM, thus supporting H5a. Hypothesis H5b found support as disloyal customers gave stronger NWOM than committed customers did. Finally, H6a and H6b were supported, as there were proportionally more PWOM givers and proportionally less NWOM givers, respectively, with committed than with disloyal customers.

In order to determine the proportion of PWOM or NWOM givers in each customer segment, we counted only respondents who answered agree to strongly agree (five to seven on a seven-point Likert scales) regarding their PWOM or NWOM. This method of counting WOM givers resembled Reichheld's (2003) Net-Promoter Score (NPS) scale. Table 5 shows the proportion of respondents who gave PWOM or NWOM in each segment. As an example, out of 124 disloyal customers, 28 or 23% of them were PWOM givers. A chi-square test indicated that the number of PWOM (χ^2 = 88.773, df = 3, p < .001) and NWOM givers (χ^2 = 52.190, df = 3, p < .001) differed significantly across the four segments.

TABLE 5

Proportions of PWOM and NWOM Givers across Customer Segments

PWOM	Low Switching Costs	High Switching Costs
High Switching Intentions	*Disloyal* 28 out of 124 (23%)	*Captive* 25 out of 75 (33%)
Low Switching Intentions	*Committed* 48 out of 64 (75%)	*Calculative* 110 out of 132 (83%)

NWOM	Low Switching Costs	High Switching Costs
High Switching Intentions	*Disloyal* 45 out of 124 (36%)	*Captive* 21 out of 75 (28%)
Low Switching Intentions	*Committed* 2 out of 124 (3%)	*Calculative* 11 out of 132 (8%)

DISCUSSION AND CONCLUSIONS

This study provides a framework for investigating the relationships among switching costs, switching intentions, and word-of-mouth (WOM). It argues that past studies provide a restricted view of switching costs by treating switching costs as impediments that harm customer relationships and provoke negative word-of-mouth. It shows that, contrary to past studies, switching costs may relate to positive word-of-mouth (PWOM) or negative word-of-mouth (NWOM) depending on the combinations of switching costs and switching intentions.

The results reinforce past studies, which suggest that switching costs can deter switching. Indeed, using switching costs to help retain customers is a common marketing strategy among firms (e.g., see Choi et al.

2001; Valletti and Cave 1998). However, these companies should be wary that switching costs may also hinder customer acquisition efforts. Potential customers may find switching costs unattractive, and turn away from buying the brand (Burnham et al. 2003; Fornell 1992).

Addressing the research question on how the combinations of switching costs and switching intentions may relate to the strength and amount of PWOM and NWOM, we show that contrary to past research, switching costs need not be an entrapment that produces dissatisfaction and NWOM. Indeed, PWOM strengthens and NWOM weakens with increasing switching costs.

An explanation may be that as firms lock in customers by luring them with incentives, customers willingly accept high switching costs in return for the incentives. This suggests that customers who are willing to accept high switching costs in the first place are probably satisfied with a brand, and harbour no intentions to leave the brand. These results may also help to explain why Jones et al. (2007) initially hypothesized that switching costs gave rise to NWOM, but failed to find a significant relationship between switching costs and NWOM.

Taken together, the above findings have two implications. Firstly, switching costs may be a dynamic two-edged knife in that when customers have no intentions to leave, they see switching costs in a positive light – in exchange for benefits. However, when they want to leave, the same switching costs that they view positively earlier become a burdensome and costly entrapment. The second implication is that switching costs should not be viewed in isolation as negative and harmful to customer relationships. Instead, the valence, strength, or amount of WOM engendered by switching costs depends on the combination of switching costs and switching intentions.

With this study, calculative customers give the strongest and most PWOM among the four customer segments. Since these customers do not intend to switch providers and are not put-off by high switching costs bundled with free or subsidized handset, they probably have strong preference for their mobile service provider over competing providers. Hence, a high proportion of calculative customers (83%) are strong PWOM givers. Cognitive dissonance (Festinger 1957) may also explain the findings with calculative customers. As these customers accept high switching costs, they justify their behavior and minimize dissonance by saying good things about a brand.

While we hypothesized that captive customers give the strongest NWOM, the findings indicate that captive customers (mean NWOM = 4) lag marginally behind disloyal customers (mean NWOM = 4.12) in NWOM strength, although the difference is nonsignificant. Similarly, the hypothesis that captive customers have the most NWOM givers is rejected, as captive customers have proportionally less NWOM givers (28%) than disloyal customers (36%) do. A post-hoc analysis revealed a nonsignificant difference (t-value = -1.408, p = .161) between the satisfaction of disloyal (mean satisfaction = -.659) and captive customers (mean satisfaction = -.504). This nonsignificant difference in satisfaction may help to explain why NWOM did not differ between captive and disloyal customers, and hence the hypotheses' rejections.

Finally, comparing disloyal and committed customers, the supported hypotheses are unsurprising in that ample research has demonstrated the link between satisfaction (dissatisfaction) and PWOM (NWOM) (e.g. Anderson 1998; Mazzarol et al. 2007; Zeithaml et al. 1996). What is interesting, though, is that the proportional of PWOM givers with committed customers (75%) is substantially higher than the proportion of NWOM givers with disloyal customers (36%). This finding concurs with

East et al. al. (2007), who argue that market competition ensures that dissatisfied customers would eventually leave. Since majority of customers who remain are satisfied, PWOM should be more prevalent than NWOM. The findings also contradict studies (e.g. Anderson 1998; Sweeney et al. 2008) suggesting the prevalence of NWOM over PWOM because people tend to remember negative incidences better than positive ones.

FUTURE RESEARCH

Future research could address several limitations of this study. Although we group switching costs into a single factor, switching costs may be company-imposed (e.g., contractual penalties) or individual-imposed (e.g., learning effort). Consumers should have better voluntary control over the latter type of switching costs, and research should determine whether WOM behaviors differ between these two types of switching costs.

Likewise, future research could investigate WOM differences among switching costs typologies identified by earlier studies. For instance, switching costs may be due to transactional, financial, or relational (Burnham et al. 2003). Do specific types of switching costs impact WOM valence or strength differently?

East et al. (2007) find that people tend to give PWOM about their current brand and NWOM about other brands. This study did not consider respondents' WOM about other mobile service providers. Studies could consider how customers who give PWOM (NWOM) about their current mobile service provider are also likely to give NWOM (PWOM) about other mobile service providers.

WOM consequences of switching costs may also depend on the attractiveness of competing alternatives (Maute and Forrester 1993; Patterson and Smith 2003). Consumers are more likely to give NWOM when switching costs prevent them from switching to alternatives that they perceive as more attractive than their current brands (Lee and Cunningham 2001; Maute and Forrester 1993). No published research, however, have investigated the role of alternative attractiveness across the four segments in Table 1.

Finally, according to some researchers, WOM are mostly elicited rather than given voluntarily (East et al. 2007; Mazzarol et al. 2007). Situational circumstances such as satisfying receivers' felt needs or coincidental conversations may give rise to different WOM behavior (Mangold et al. 1999). Questions remain on how these external situations may interact with switching costs to result in PWOM or NWOM.

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