

School of Marketing

**An Investigation of The Phenomenon of Customer Relationship
Fading and Its Restoration**

Fazlul K. Rabbanee

**This thesis is presented for the Degree of
Doctor of Philosophy
of
Curtin University**

June 2012

Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature:

Date: ... / ... /

Acknowledgement

I always dreamt about the moment of writing acknowledgement for my thesis, which is, for me, the final touch on the document. I feel really excited on the eve of writing this acknowledgement realizing that my PhD journey has come to an end. The completion of this thesis would have not been possible without generous and sincere support from many individuals. I would like to express my heartiest gratitude to all of them.

First of all, I am immensely grateful to my supervisor Professor B. Ramaseshan for his continuous support, thoughtful advices, and inspiration for high quality academic research. His relentless motivation helped me overcome several difficult stages during the research period. His sensible and caring supervision steered me towards the successful completion of the thesis.

I am deeply indebted to Professor Ian Phau, who is one of the key facilitators in the School of Marketing and enabled me opportunities to enrich my skills and expertise throughout the journey. I would like to convey my special thanks to Professor Nigel de Bussy for his last moment administrative support. I am immensely grateful to Associate Professor Laurie Dickie for his support with academic writing.

Also, I would like to express my heartiest gratitude to the University of Chittagong, Bangladesh for granting me study leave to pursue PhD at Curtin University. My sincere gratitude is also due to the Curtin Business School for supporting me with CBS (Curtin Business School) Doctoral Scholarship, without which I can't even think of pursuing doctoral study in Australia.

I sincerely thank all the officials of School of Marketing for their continuous administrative support. I am also indebted to all of my fellow PhD researchers specially, Atiqul Ahsan, Faridul Islam, Mamaunur Rashid, Shah Azam, Michael Lwin, Min Teah, Lockweet Pun, Claire Xu, Adna Rahman, Nasir Uddin, Amimul Ahsan, Shahriar Kabir, Kamrul Hassan, Shuddhasattwa Rafiq, and many more, for

the support (academic, technical, administrative, as well as emotional support) they provided me when needed.

Above all, I would like to express my heartiest gratitude to my parents - Md. Zaharul Hoque and Rowshan Ara Begum for their consistent inspiration from my childhood. I am genuinely indebted to my family – my wife, Sanoara and my daughter, Samin for the sacrifices that they made during my PhD journey and thus supported me moving forward towards attaining my academic achievements.

Index

Declaration	i
Acknowledgement	ii
Index	iv
List of tables	viii
List of figures	ix
Abbreviations	x
Abstract	xi
Chapter 1: Introduction	1
1.0 Research background	1
1.1 Research problem	3
1.2 Research questions and objectives	5
1.3 Schematic view of the study	5
1.4 Methodology	8
1.5 Research significance	8
1.6 Chapter summary and thesis structure	10
Chapter 2: Literature Review	13
2.0 Introduction	13
2.1 Overview of service relationship and its termination	14
2.2 Relationship life cycle	16
2.3 Customer defection and/or switching behaviour	19
2.3.1 Theoretical background	20
2.3.2 Key drivers	21
2.3.3 Method used	23
2.4 Consumer relationship dissolution, termination or ending	24
2.4.1 Theoretical justifications	24
2.4.2 Method used – CIT, CPAT and SPAT	25
2.4.3 Key drivers	27
2.5 Detachment of consumer-brand relationships	29
2.5.1 Theoretical justifications	30
2.5.2 Key drivers	30
2.6 Customer exit and B-to-B relationship dissolution	32
2.6.1 Theoretical justifications	33

2.6.2 Key drivers	34
2.7 Relationship fading	35
2.8 Restoring fading relationship	40
2.8.1 Repurchase intention	43
2.8.2 Service recovery	44
2.8.2.1 Customers' motivations in service recovery context	47
2.8.3 Recovery of lost customer relationships	48
2.8.3.1 Motivations of lost customers for relationship recovery	50
2.9 Chapter Summary	51
Chapter 3: Study 1- Drivers and Process of Relationship Fading	53
3.0 Introduction	53
3.1 Theoretical background	53
3.1.1 The phenomenon of marital disaffection	54
3.1.2 Process of marital disaffection	55
3.1.3 Consequences of marital disaffection	56
3.1.3.1 Restoring marital relationships	57
3.2 Methodology	59
3.2.1 Research design and approach	60
3.2.2 Qualitative data collection	60
3.2.3 Selection of sample respondents	62
3.2.4 In-depth interview schedule	63
3.2.5 Validity	64
3.2.6 Recording, transcribing and analyzing the in-depth interviews	64
3.3 Data analysis and results	65
3.3.1 Data analysis technique	65
3.3.2 Data analysis and results	66
3.3.2.1 Respondents' demography	67
3.3.2.2 Identification of earlier relationships	67
3.3.2.3 The phenomenon and definition of relationship fading	68
3.3.2.4 Process of customer relationship fading	73
3.3.2.5 Drivers, feelings and thoughts across the stages of fading process	76
3.3.2.6 Duration of fading period	92
3.3.2.7 Consequences of fading relationship	93
3.3.2.8 Restoring fading relationship	94

3.4 Conclusion and chapter summary	96
Chapter 4: Study 2 - Restoring a Fading Relationship	98
4.0 Introduction	98
4.1 Identifying possible restoration efforts	98
4.1.1 Brainstorming sessions and identifying restoration efforts	99
4.1.1.1 Phase I: Generating ideas for restoration efforts	99
4.1.1.2 Phase II: Selecting restoration efforts across fading process	102
4.2 Examining effectiveness of the restoration efforts	104
4.2.1 Theoretical background and hypotheses	105
4.2.1.1 Communication	106
4.2.1.2 Problem solving	107
4.2.1.3 Apology	108
4.2.1.4 Managerial intervention	109
4.2.1.5 Compensation	110
4.2.1.6 Special treatment benefits	110
4.3 Methodology – Quantitative approach	112
4.3.1 Quasi-experimental design	113
4.3.2 Determining a research context	117
4.3.3 Developing scenarios for the restoration efforts	118
4.3.4 Developing the survey questionnaire	120
4.3.4.1 Sources of scale items	120
4.3.5 Ethical issues	121
4.3.6 Pilot test – Checking manipulations and realism of the scenarios	121
4.3.7 Conducting final survey	124
4.3.7.1 Sampling issues and administering the online survey	125
4.4 Data analysis	128
4.4.1 Tools and methods of data analysis	128
4.4.2 Data editing, coding and screening	129
4.4.3 Test of normality	130
4.4.4 Non-response bias	132
4.4.5 Common method bias	134
4.4.6 Descriptive statistics - Respondents’ profile	135
4.4.7 Results of the data analysis through SEM	136
4.4.7.1 The measurement model – Assessing the constructs	137

4.4.7.2 Reliability and validity of the constructs	139
4.4.7.3 Structural model – Testing the hypotheses	144
4.4.8 Restoration efforts across the fading stages	147
4.4.9 Customers’ intention to restore relationship across the fading stages	149
4.4.9.1 Testing the assumptions of ANOVA	149
4.5 Conclusion and chapter summary	151
Chapter 5: General Discussions	153
5.0 Introduction	153
5.1 Defining and conceptualizing the phenomenon of relationship fading	153
5.1.1 Customer relationship fading process	154
5.1.2 Drivers, feelings and thoughts across the stages of the fading process	155
5.1.3 Theoretical arguments in support of the findings	157
5.2 Restoring fading relationships	159
5.2.1 Restoration efforts for disillusion stage	160
5.2.2 Restoration efforts for disaffection stage	160
5.2.3 Restoration efforts for crossroads stage	162
5.2.4 Customers’ intention to restore relationship across the fading process	163
5.3 Chapter Summary	164
Chapter 6: Conclusion	165
6.0 Introduction	165
6.1 Overview of the study	166
6.2 Contributions and implications	167
6.2.1 Contribution to theory	168
6.2.2 Contributions to methodology	169
6.2.3 Contributions for managers	170
6.3 Challenges, limitations and directions for future research	173
References	177
Appendix I: Cover letter used for in-depth interview	208
Appendix II: Sample transcript of the in-depth interview	209
Appendix III: Questionnaire used in Phase I of the brainstorming session	221
Appendix IV: Questionnaire used in Phase II of the brainstorming session	225
Appendix V: Questionnaire used in the final survey	231
Appendix VI: Cover letter (HTML creative) used in the final survey	236

List of Tables

Table 3.1: Feelings, thoughts and drivers across marital disaffection process	58
Table 3.2 Demographic characteristics of the sample respondents	67
Table 3.3: Quotes for drivers, feelings and thoughts in disillusion stage	78
Table 3.4: Quotes for drivers, feelings and thoughts in disaffection stage	83
Table 3.5: Quotes for drivers, feelings and thoughts in crossroads stage	89
Table 3.6: Summary table of the drivers, feeling, and thoughts across fading stages	92
Table 4.1: Summary of the respondents' expectations about restoration efforts	100
Table 4.2: List of desired restoration efforts across three stages of fading	103
Table 4.3: The design of the experiments	115
Table 4.4 Descriptive statistics of the scale items used	131
Table 4.5: Paired sample t-test between first 50 and last 50 responses	133
Table 4.6: Descriptive statistics	136
Table 4.7: Factor loadings, reliability and validity of the constructs	143
Table 4.7 (a): Correlations and AVE	144
Table 4.8: Results of the structural model	145
Table 4.9: Regression results	148
Table 4.10: ANOVA result: intention to restore relationship across fading stages	150

List of Figures

Figure 1.1: Schematic view of the study	7
Figure 2.1: Theories on relationship development across lifecycle	19
Figure 2.2: Fading in relationship life cycle	37
Figure 3.1: Consequences of fading relationship	95
Figure 4.1: Conceptual model of the hypothesized relationships	112
Figure 4.2: Measurement model	139
Figure 4.3: Structural model	146
Figure 4.4: Intention to restore relationships across three stages of fading	151
Figure 5.1 Schematic view of the customer relationship fading process	157

Abbreviations

AMOS	Analysis of moment structures
AVE	Average variance extracted
B-to-B	Business – to – business
B-to-C	Business – to – consumer
CR	Construct reliability
CFI	Comparative fit index
CIT	Critical incident technique
CPAT	Critical path analysis technique
df	Degrees of freedom
EVL	Exit, voice and loyalty
FDS	First direct solution
GB	Gigabyte
ISP	Internet service provider
HTML	Hypertext markup language
MPHS	Multipurpose household survey
NFI	Normed fit index
RMSEA	Root mean square error of approximation
RQ	Research question
SD	Standard deviation
SEM	Structural equation modelling
SPAT	Switching path analysis technique
SRMR	Standardized root mean square residual
TARP	Technical assistance research program
TCA	Transaction cost analysis
TLI	Tucker-Lewis index
URL	Universal resources locator
WOM	Word – of – mouth

Abstract

This research addresses a rarely explored topic of ‘customer relationship fading’, conceptualizing the phenomenon in terms of three key research questions – (a) why do customer relationships fade? (b) how do customer relationships fade? and (c) how can firms restore fading relationships? The specific objectives in the research include: defining the concept of ‘customer relationship fading’; exploring its drivers; identifying the stages of the relationship fading process; unfolding the feelings and thoughts of the customers across different stages of the fading process; identifying the efforts that firms can pursue to restore fading relationships; and, specifying the effectiveness of restoration efforts corresponding to different stages of the fading process.

The research comprises two successive studies – Study 1 and Study 2. A qualitative approach was adopted in Study 1 and inductively revealed insights for explaining the why and how aspect of customer relationship fading. Thus, Study 1 revealed the process of customer relationship fading, unfolded the drivers, feelings and thoughts of fading customers across different stages of the fading process. Thematic analysis of twenty six switching stories revealed from twelve in-depth interviews explored the drivers and process of customer relationship fading. Utilizing the findings of Study 1, Study 2 was used to identify, by following a quantitative approach, the effectiveness of different efforts to restore relationships across the fading process. In order to identify possible restoration efforts, Study 2 comprised a series of brainstorming sessions conducted in two phases; Phase I generated a detailed list of possible restoration efforts, which were refined and shortened in Phase II. This was followed by a pilot test and final survey that investigated the effectiveness of selected restoration efforts across the fading process using a quasi-experimental design method. Structural equation modelling, linear regression analysis and ANOVA were used to analyse the quantitative data.

Study 1 defined customer relationship fading and revealed that customer relationship fading is a process consisting of three stages – disillusion, disaffection and crossroads. Overpromising is the key driver that made relational customers

disillusioned when they were likely to be surprised and disappointed considering their previous affective relationships with the firm or its brand. Customers became disaffected and felt negatively towards the firm/brand if they found that their preferred firm was not taking care of their disappointments. As a result they assessed the cost-benefit of continuing the relationship and started looking for alternatives. Fading customers move to the crossroads stage when they find an attractive alternative; hence they actively consider switching. They feel indifferent towards the firm and increasingly lose interest in staying with the firm. Thus, fading customers were at the edge of terminating the relationship during the crossroads stage. However, often they tend to offer one last chance to their previously preferred firm to rectify what went wrong; this is due to the perceived risk of starting a new relationship and also due to financial, procedural and/or any other switching barriers. Thus, at this stage, it is evident that there is still a possibility to recover fading customers when the process of disengagement has not led to switching.

Study 2 revealed that firms could adopt six different strategies to restore fading relationships; viz., communication, problem solving, manager intervention, apology, compensation and special treatment benefit. Of the six restoration efforts, three (communication, problem solving, and compensation) were found to have a significant impact on fading customers' intention to restore relationships. Study 2 also revealed that the effectiveness of the restoration efforts vary across the stages of the fading process. For example - during the disillusion stage, communication and problem solving were found to be effective; during the disaffection stage, problem solving and managerial intervention were found to be effective, and in the crossroads stage, communication and compensation were found to be effective in restoring a fading relationship.

In summary, the findings of the research offer a better understanding of consumer behaviour during the stages before a customer actually terminates relationship with a firm/brand. Further, understanding the stages of the relationship fading process will provide early indicators of switching firms/brands and will enable detection of susceptible customers; consequently, restoration remains a possibility.

Chapter 1

INTRODUCTION

1.0 Research background

The growth and development of any firm in the current mature market conditions depends on the extent to which the firm is able to create, maintain and enhance relationships with its customers. Customer relationships help firms deliver higher customer value (Palmatier, 2008), obtain customer loyalty (Vogel, Evanschitzky, & Ramaseshan, 2008) and achieve profitability (Kalwani & Narayandas, 1995). Relationship provides a customer with security, a feeling of control, a sense of trust, and a minimized purchasing risk, which ultimately, reduce costs for the customer (Gronroos, 2004). Thus, establishing buyer-seller relationships is a matter of huge concern for both firms and customers; hence has been an issue of significant academic interest as well.

Despite efforts taken by firms to maintain and nurture relationships with customers, research regularly reports high levels of defection (e.g., Bolton, 1998; Thomas, Blattberg, & Fox, 2004). Thus, reducing defection and/or increasing customer retention is still a common sustainability concern for most firms (Wei & Chiu, 2002). Dodson (2000) mentioned that 100 percent retention is a myth and, regardless of the initiatives taken for customer retention, some customers leave. Customers usually split their purchases among several competitive companies (Dwyer, 1997). AC Nelsen (2001) reported that more than 70% of all customers shop around in several supermarkets during the month. Typically, buyers do not switch a firm abruptly; they switch some of their purchases to another store and thereby exhibit partial defection (Buckinx & Poel, 2005). The real danger arises when they switch completely to competitors. Firms often lose about half of their most profitable customers who disappear completely after buying a great deal of high margin products in a short time, even though firms have spent millions annually in customer loyalty (Reinartz & Kumar, 2002). In 2001, the cost of customer defection in one of the largest US dial-up companies was at least \$10 billion (Fox & Poje, 2002). These facts put high

impetus on preventing customer switching and increasing the retention rate, because it is widely accepted that retaining current customers is more profitable for firms than attracting new ones. Firms can double their profit by reducing customer defections by as little as five points (say from 20% to 15%) per year (Reichheld, 1996).

Customer switching behavior in service markets can be of serious concern for continuous service providers, such as in insurance, banking, public services, medical insurance, telecommunications or, generally, in services where customers usually take out subscriptions (Keaveney & Parthasarathy, 2001). This is because customers are becoming more intolerant about inconsistencies in service offerings due to the availability of alternatives and wide access to information. Consequently, a premature end to a customer relationship means that the customer costs more for the firm than s/he brings in (Anton, Camarero & Camarero, 2007). If the firms are to retain their existing customers and reduce defections, more attention should be given to understanding the phenomenon of customer exit (Stewart, 1998). Customer exit can be as simple as one stopping his/her buying from a firm altogether or by diminishing his/her patronage (Roos, 1996). The ending process of a customer relationship can proceed in various ways and it is possible for a customer relationship to fade out gradually without a total ending of the relationship. The ending process might be of long duration but may not possess strong ties for various reasons and comes to an end gradually (Tuominen & Kettunen, 2003). Therefore, customers pass through a specific phase and/or period of time before they actually switch; and, during this period the customer relationship with the firm gradually declines.

The term used to describe the period preceding the ending of an enduring relationship by a customer is termed as a 'fading relationship'; i.e., a relationship seems to be less permanent and gradually or temporarily declining (Olkkonen & Tuominen, 2006). Customer relationship fading is associated not only with relationship ending but also with staying in the relationship (Gronhaug, Hejnesand, & Koveland, 1999) at a minimum scale. Akurland (2004) pointed out that relationship fading can be characterized as a process of a permanent or temporal weakening in relationship strength, where the outcome of the process is not yet known. Relationship fading can precede an enduring relationship ending but it can also represent a temporal weakening of relationship without leading to ending.

Aaker, Fournier and Brasel (2004) mentioned that consumer-brand relationship often suffers from wrongdoings; hence more attention is warranted to prevent interrupting events during the relationship tenure, as such wrongdoings might lead an affective relationship towards ultimate termination. This requires a deeper insight of different happenings during the period preceding final termination of relationships; i.e., during the relationship fading stage. This study offers a better understanding of relationship fading stage by investigating why and how customer relationships fade over time and how firms can restore such fading relationships.

1.1 Research problem

Substantial research has investigated how relationships with (profitable) customers can be maintained (e.g., Ganesan, 1994, Bendapudi & Berry, 1997, De Wulf, Odekerken-Schroder, & Iacobucci, 2001, Morgan & Hunt, 1994, Hennig-Thurau & Klee, 1997). Factors that influence buyers to maintain relationships with a firm include satisfaction (Bolton, 1998), relational benefits (Gwinner, Gremler & Bitner, 1998), commitment (Morgan & Hunt, 1994), trust (Bendapudi & Berry, 1997). However, the factors affecting relationship maintenance (e.g., satisfaction, trust, etc.) might not be responsible for switching and/or terminating of a relationship (e.g., Keaveney, 1995; LaBarbera & Mazursky, 1983). Hence concentrating on satisfying customers does not seem to be a viable strategy to prevent switching; many customers who switched have been satisfied with their provider. Overall switching rates among satisfied customers across different industries are as high as 80% (Oliver, 1999; Reichheld, 1996); e.g., a European ISP reports that almost 80% of former customers have described themselves as 'satisfied' or 'very satisfied' less than 12 months before they switched (Kon, 2004).

The common assumption in extant literature is that customer defection/exit is generally triggered by clearly identifiable negative incident. Therefore, substantial research has been devoted to assessing consequences of service failure as well as ways to recover failed consumers (e.g., Davidow, 2003; DeWitt & Brady, 2003; Maxham & Netemeyer, 2002; Richins, 1983; Tax, Brown, & Chandrashekar, 1998). The scope of the service failure/recovery research has been limited to assessing cases in which a negative incident had happened and, as a consequence,

consumers intend to complain or to switch or have already done so. However, clearly identifiable service failures are relatively rare occurrences. For example, a cross-industry study reported that only 20% to 32% of consumers experienced a negative incident followed by dissatisfaction with a product or service within a year (e.g., Lapidus & Pinkerton, 1995; TARP, 1979). At the same time, defection rates are considerably higher than service failure rates (Neslin, Gupta, Kamakura, Lu, & Mason, 2006). Neslin et al. (2006), for instance, found that providers almost completely change their consumer-base every two years. Furthermore, only 5% of the customers complain to the company (TARP, 1986; cf. Chebat, Davidow & Codjovi, 2005). Up to 95% of dissatisfied customers do not complain to the service providers (Tax & Brown, 1998). Similarly, in the automobile industry, in which 85% to 95% of consumers report that they are satisfied with their current brand, only 30% to 40% repurchase the same brand (Oliver, 1999). Apparently, switching can neither be explained fully by negative incidents or companies' insufficient recovery efforts, nor by lack of satisfaction.

Therefore, it seems that service failure literature deals with the important, yet small minority of customers who complain. Little research addresses the issue of non-complaining customers (except Chebat, Davidow & Codjovi, 2005) and how they switch without even firms knowing about their leaving. Thus, as far as ascertained, no research appears to have focused on what seems to be the most relevant group of switchers, the non-complaining and/or 'silent' switchers. Apparently, customers seem go through a process of gradually disengaging themselves from relationships with a firm; that process might not be triggered by a single failure event or low level of satisfaction only, rather a whole range of issues that might drive customers towards final defection. These issues are yet to be explored, which is the key motivation for pursuing this study.

Consequently, this study is undertaken to better understand the period *before* customers actually switch, the period in which they gradually disengage with or lose interest in their previously preferred firms or their brands by investigating why and how enduring relationships gradually fade and move towards termination over time and how firms could restore such fading relationships to bring back fading customers to the previous state of relationships.

1. 2 Research questions and objectives

The underlying research problem addressed in this study has been articulated in Section 1.1 above. It is important to redefine research problems into research questions as they influence the remaining steps of the research (Hair, Bush & Ortinau, 2006). Accordingly, this study is used to investigate the following research questions (RQ) –

RQ # 1: Why do customer relationships fade over time?

RQ # 2: How do customer relationships fade?

RQ # 3: How can firms restore fading relationships?

Guided by the above research questions, the study has been structured to conceptualize the phenomenon of customer relationship fading in terms of exploring the drivers and process of relationship fading in service context and specifying the efforts that service firms may adopt to restore such fading relationships. Therefore, the specific objectives of the research are to -

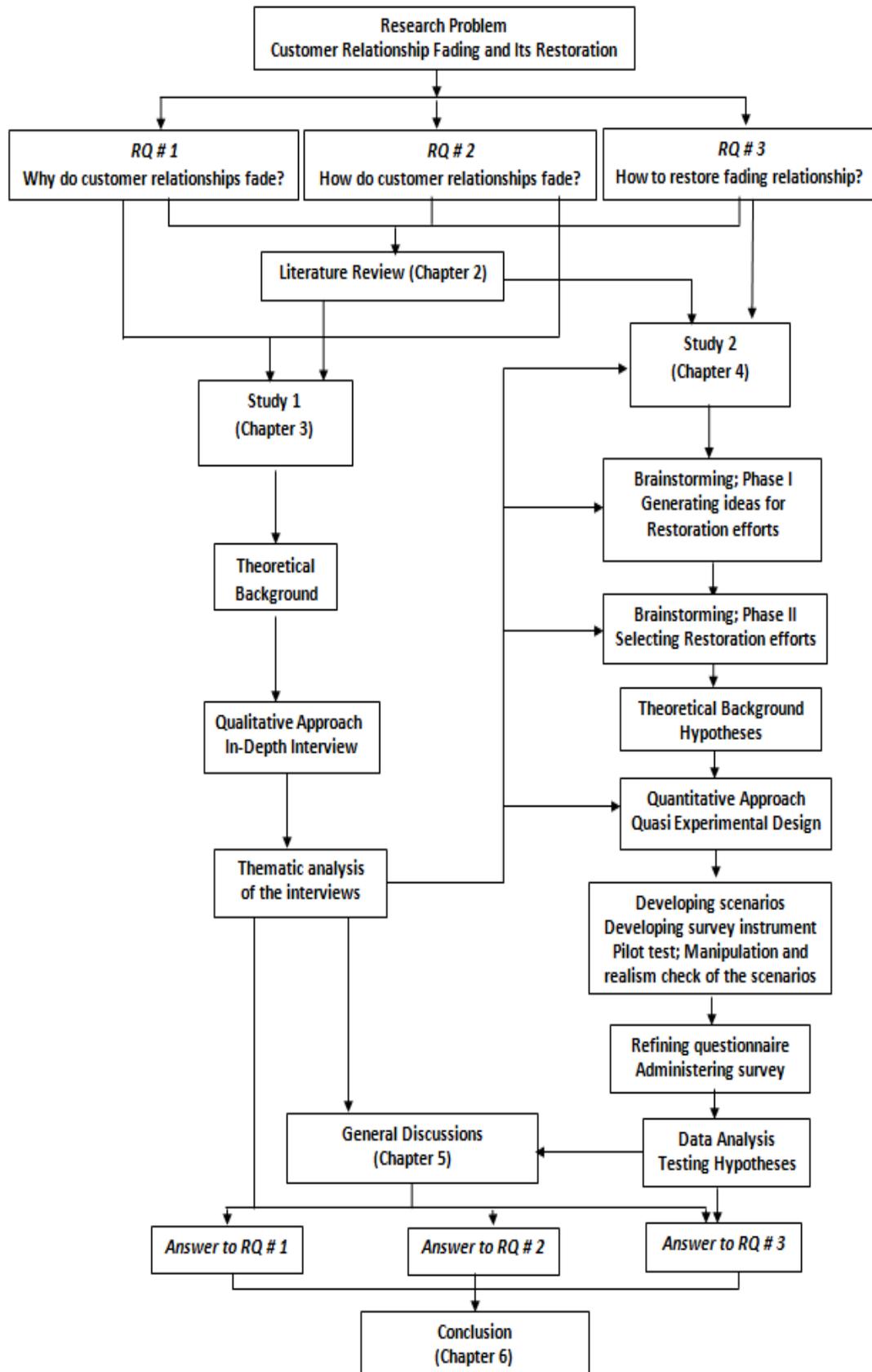
1. defining the concept of customer relationship fading;
2. explore the drivers of customer relationship fading in service context;
3. identify the stages of customer relationship fading process;
4. unfold the feelings and thoughts of the customers across different stages of the fading process;
5. identify the efforts that service firms could pursue to restore fading relationships;
6. assess the effectiveness of different restoration efforts corresponding to the stages of the fading process.

1.3 Schematic view of the study

It is evident from previous discussions that the phenomenon of ‘customer relationship fading’ is a new concept that has not received adequate attention from marketing academics. Hence, the intention was formed to conduct an exploratory

study to investigate the phenomenon of ‘customer relationship fading’ in terms of why and how customer relationships fade over time. But in order to have a comprehensive view of the phenomenon and to offer substantial managerial implications, it is not enough to investigate only why and how customer relationships fade; rather it is necessary to identify ways to restore the fading relationships. Hence, the third research question – ‘how can service firms restore fading relationships?’ found its relevance and justifications to be pursued. However, the nature of information required to answer each of the three research questions is different. Research Questions One and Two are more exploratory in nature than conclusive, whereas Research Question Three requires more concrete/conclusive information in order to determine effective restoration efforts across the fading process. Hence, two sequential studies - Study 1 and Study 2, were developed. Study 1 adopted a qualitative approach and inductively revealed ways of explaining the why (drivers of fading) and how (process of fading) aspects of customer relationship fading. Once the drivers and process of relationship fading were identified, then Study 2 was launched using a quantitative approach to identify effective restoration efforts to restore relationships across the fading process. Study 2 comprised a series of brainstorming sessions conducted in two phases, a pilot test and the final survey. Phase I of the brainstorming sessions generated a detailed list of possible restoration efforts, which were refined and shortened in Phase II. The final survey was used to investigate the effectiveness of selected restoration efforts across the fading process following a quasi-experimental design method. A detailed schematic view of the study is shown in Figure 1.1

Figure 1.1: Schematic view of the study



1.4 Methodology

In the research, both qualitative and quantitative research were used in order to address the pre-determined research questions and objectives. Qualitative research method was used to address Research Questions One and Two; i.e., why and how do customer relationships fade over time under Study 1. Twenty six switching stories, revealed from twelve in-depth interviews, were analysed in Study 1. The stories were used to explore the drivers and process of customer relationship fading. Thematic analysis through a deductive coding process was followed in analysing the qualitative data from the in-depth interviews. On the other hand, a quantitative method was pursued for the third research question; i.e., how to restore a fading relationship across the fading process under Study 2. Quasi-experimental design technique was used to identify the effectiveness of different efforts in restoring fading relationships from different stages of the fading process. For this purpose, the study identified six restoration efforts through a series of brainstorming sessions conducted in two phases. Phase I was conducted to explore respondents' expectations about possible restoration efforts in each stage of fading process, which generated an exhaustive list of possible restoration efforts. In Phase II, respondents selected two restoration efforts (from the list developed in Phase I) that they consider most appropriate and reasonable to restore fading relationships from each stage of the fading process. In the final survey, the stages of fading were measured with specific statements and the restoration efforts were manipulated by developing scenarios. Structural equation modelling (SEM), linear regression analysis and ANOVA were used to analyse the quantitative data.

1.5 Research significance

The research has significant theoretical, methodological and managerial implications. This study offers a better understanding of customers' cognitive and emotive interplays during the period before terminating relationships with a firm/brand. As discussed before, such understanding of customers' behaviour during the period before they actually switch carries significant theoretical and managerial implications. Also, the study highlights relationship fading as a process comprising

of three distinct stages and determines which precise factors drive customers to gradually disengage their relationship with a firm/brand. Thus, the study provides a clear conceptualization of the phenomenon of customer relationship fading, its definition and establishes a schematic view of the drivers, feelings and thoughts of the fading customers at each stage of the fading process. The study also contributes to extant literature by identifying the efficacy of different restoration efforts in restoring fading relationships from the stages of the fading process.

From managerial point of view, given that customers often switch due to reasons other than typical service failure, and little is known why customers silently switch to another firm, a proper understanding of the motivations of fading customers will provide managers with early indicators for identifying the customers whose relationships are susceptible towards dissolution. This will enable managers to take necessary steps to prevent silent defection and restore fading relationships. The findings in this study will also enable managers to identify possible triggers that may initiate the process of relationship fading en-route to final dissolution. Proper understanding of fading customers will help managers classifying their customers based on different levels of susceptibility towards termination and prioritize their restoration efforts in a timely manner.

With regards to methodological significance, the research offers specific contributions. It identifies fading relationships through developing several statements to measure to which stage of the fading process customers belong. The methodology of measuring the three stages of fading with specific statements and manipulating the restoration efforts by developing scenarios could be used in a range of future research endeavours. The six restoration efforts identified through a series of brainstorming sessions conducted in two phases could also be used in future research efforts. The study determines the effectiveness of different efforts using quasi-experimental design technique, which also provides new directions for methodology that may assist future researchers.

1.6 Chapter summary and thesis structure

The study was developed to investigate the phenomenon of ‘customer relationship fading’ by exploring the drivers and process of relationship fading and identifying effective restoration efforts to rescue relationships from different stages of the fading process. The thesis includes two successive studies and contains six chapters in total.

Chapter 1 was used to focus on the background to the study and identify the research problem as comprising a gap in the research area of relationship marketing literature. Following this, the research questions and objectives addressed in the study were outlined. The research methodology and research significance from theoretical, methodological and managerial points of view were discussed. The chapter was concluded by focusing on an overview of the structure of the thesis.

Chapter 2 contains an exhaustive literature review conducted on different issues related to relationship fading, its drivers, and efforts/strategies to restore fading relationships. The chapter starts with an introduction followed by a brief overview of service relationships and a focus on the relationship life-cycle. Following these, different streams of literature related to relationship fading; namely, customer switching literature, dissolution or termination of customer relationship, detachment of consumer-brand relationships and customer exit and/or B2B relationship dissolution literature, are discussed. The review of these streams of literature, in terms of their drivers, processes and theoretical justifications, identifies a significant research gap, as well as provides literary support for possible drivers and the process of relationship fading. Subsequently, discussion on the topic of ‘relationship fading’ covers existing sporadic literature on the fading relationship, specifies the research gap and summarizes the drivers and underlying theories of explaining the related topics such as customer switching, termination of customer relationship, detachment of consumer-brand relationship, customer exit or B2B relationship dissolution. Further, a thorough review of literature related to relationship restoration that encompasses review of literature on repurchase intention, service recovery, and recovery of lost customer relationship, is outlined in Chapter 2. Finally, the chapter ends with a summary of the existing literature on different recovery efforts that firms

may adopt for recovering customers in the case of service failure and lost customer relationships.

Chapter 3 is used to discuss the details of Study 1, which was conducted to address the first two research questions - exploring why and how customer relationships fade over time. At the beginning, the chapter focused on a theoretical background to explain the phenomenon of customer relationship fading followed by a discussion of the methodological aspects of Study 1. On the basis of the literature review discussed in Chapter 2, a tentative interview schedule was prepared and pre-tested before conducting the final in-depth interviews. Thematic analysis of the in-depth interviews revealed three distinct stages across the fading process; the analysis of the in-depth interviews also revealed different drivers, feelings and thoughts corresponding to those three stages. Thus, Study 1 provided a solid basis for conducting Study 2; i.e., to identify restoration efforts effective in different stages of the fading process.

Chapter 4 outlines how Study 2 was pursued. Study 2 was conducted to identify specific efforts that firms might adopt to restore fading relationships. It also examined the effectiveness of the selected restoration efforts across the stages of fading process. For this purpose, a quantitative approach was pursued. At first, six restoration efforts were identified through a series of brainstorming sessions conducted in two phases. Phase I generated ideas about possible restoration efforts in each stage of the fading process and a detailed list of possible restoration efforts was developed. In Phase II, respondents selected two restoration efforts that they considered most appropriate to restoring a fading relationship from each stage of the fading process. Thus, a total of six restoration efforts were selected through the brainstorming sessions. The effectiveness of the selected restoration efforts were investigated in the final survey using quasi-experimental design technique. Consequently, the chapter discussed the administration of the survey and its related aspects; e.g., sampling issues, response rate and techniques used in data analysis such as structural equation modelling (SEM), linear regression analysis and ANOVA.

Chapter 5 contains general discussions that focus on insights derived from the results of the data analysis; detailed conceptualizations of relationship fading and its definition. In the chapter, a schematic view of the phenomenon of ‘customer relationship fading’ is proposed by summarizing the drivers, emotions and thoughts of the fading customers corresponding to the stages of the relationship fading process. Also discussed are theoretical explanations in support of the restoration efforts found effective in restoring the fading relationship across the stages of fading process.

Chapter 6, the concluding chapter in the thesis, outlines a brief overview of the study, followed by indications of the contribution of the study in terms of its theoretical, methodological and managerial implications. The chapter concludes the thesis by discussing the challenges and limitations of the research and outlining possible future research directions.

Chapter 2

LITERATURE REVIEW

2.0 Introduction

As implied by the title of the thesis, “An Investigation of the Phenomenon of Customer Relationship Fading and Its Restoration”, this study explores the phenomenon of customer relationship fading, examines why and how customer relationships fade over time and investigates how to restore fading relationships. In this chapter, literature is reviewed in regard to relationship fading, its drivers and efforts/strategies to restore fading relationships. The objectives mentioned in Chapter 1 indicate that the study concentrates on the service context; i.e., the study is designed to investigate the phenomenon of the fading of customer-service firm/brand relationship. The context is important because customers are usually involved in relationships with both the service firm and its employees to reduce perceived risk of buying from a new service provider (Bendapudy & Berry, 1997). Customers tend to deal with the same service employee during each encounter, develop an interpersonal relationship with the service employee (Jones, Dacin & Taylor, 2011) and thus, tend to rely on the same employee for future transactions. Hence, this chapter is begun by focussing on a general overview of service relationships and their termination. Following this, the researcher pinpoints a brief overview of the relationship life cycle, as relationship fading reflects the preceding stage of final termination of the relationship and that it occupies an important place in the relationship life cycle.

In addition, fading relationship being an early indicator of the possibility of relationship termination, the concept of a fading relationship is broadly related to the phenomenon of relationship termination or ending. The ending of a customer relationship is commonly conceptualized in terms of customer switching behaviour (Tahtinen & Halinen 2002). Nevertheless, this issue has been discussed using a wide range of definitions and concepts: Customer Switching Behaviour (e.g., Ganesh, Arnold & Reynolds, 2000), Customer Migration (e.g., Bansal, Taylor & James, 2005), Customer Defection (e.g., Colgate, Stewart & Kinsella, 1996), Customer Exit

(e.g., Coulter & Ligas, 2000), Relationship Exit (e.g., Stewart, 1998), Relationship Termination (e.g., Roos, 1999), Relationship Dissolution (e.g., Hocutt, 1998) and Breakdown of the relationship (e.g., Fajer & Schouten, 1995). Tahtinen and Halinen (2002) categorized the extant literature on the ending of an exchange relationship into four streams - Business Marketing Approach, Service Marketing Approach, Marketing Channel Approach and Advertising Industry Approach. The service marketing approach included a number of research publications that also used different terms such as customer switching, dissolution and/or termination of customer relationships to describe customer relationship ending. However, the theoretical background of explaining these phenomena, and the underlying drivers, are dissimilar to each other to some extent. Hence, in this chapter, the extant literature in four key areas was noted:

- Customer defection and switching behaviour,
- Dissolution / termination / ending of customer relationship,
- Detachment of consumer brand relationship, and
- Customer exit or dissolution of B-to-B relationship

Having presented a thorough review of existing literature broadly related to relationship fading, the researcher then focused on literature which draws a distinction as to how relationship fading is different from other related phenomena with the purpose of justifying the current study. Following this, the existing knowledge on different issues related to restoration of fading relationships was reviewed and conclusions were drawn by generating a list of possible recovery efforts that firms could pursue.

2.1 Overview of service relationship and its termination

The service relationship involves both discrete and continuous forms of relationship, where the consumers at least make a second purchase from the same service provider (i.e., a discrete nature of relationship) or consumers make contracts with the service provider for a specific period of time (i.e., a contractual form of relationship) (Liljander & Strandvik, 1995). Due to the essential nature of services (such as

inseparability), consumers often come into contact with the service provider; hence there is more opportunity for development of an interpersonal relationship (Lovelock, Patterson & Walker, 2001). Customers often involves multiple service encounters over time (e.g., hairdresser, auto repair); in some cases involving an ongoing membership over a specific tenure (such as internet service provider, mobile service provider, banks), which promote development of an interpersonal relationship with the service provider (Lovelock et al., 2001). Customers' relationships with non-contractual service providers (e.g., hairdresser, auto repairer) are of a discrete nature; and, they have the option of not returning back to the same service provider. However, they visit the same service provider again to reduce perceive risk of purchasing from a new service provider (Bendapudi & Berry, 1997). Their intention to revisit is influenced by their prior experience (Tax, Brown and Chandrashekar, 1998), the intangible nature of services and/or the associated perceived risk compared to goods (Zeithaml, 1981). Such risk arises not only before the purchase (Murray, 1991) but continues after purchasing the service (Sweeney & Chew, 2002). Customers wish to reduce such risk by establishing relationships with the service provider (i.e., with the employee) or with the provider company that they (the employee) represent (Bendapudi & Berry, 1997).

Irrespective of whether customers wish to develop relationships either with the employee or the service firm, the foundations for maintaining service relationships is the fulfilment of promises made to customers (Gronroos, 1990). Service firms are required to meet promises made to the customers during the service encounters. Every time a customer interacts with a service firm, a service encounter occurs (Shostack, 1984). Service relationships are built from these encounters which test the service firm's ability to keep its promises (Bitner, 1995). Successful service encounters contribute to the customers' overall satisfaction and willingness to continue patronizing the same service firm in future (Bitner, 1990). Over time, a service relationship strengthens once customers trust the service firm and become committed towards it (Liljander & Strandvik, 1995). Thus, a service relationship can be characterized in terms of affective commitment (Gruen, Summers & Acito, 2000), resistance to counter persuasion (Narayandas, 1998) and friendship (Price & Arnould, 1999). Nevertheless, service relationships may exist without such a high level of affective bonds (Hess, Ganesan & Klein, 2003). Researchers define such

relationships in terms of past interactions and with expectations of continued future interactions (Bendapudi & Berry, 1997; Gutek, 1995; Hess et al., 2003). Both the service company and its customers evaluate inputs and outputs received from the relationship, reap positive value out of it (Storbacka, 1995) and continue their relationship.

However, a desired value change by customers may lead them to explore, maintain or terminate a relationship with their service providers (Flint, Woodruff & Gardial, 2002). The types of relationships that customers seek vary across service providers, and across different service situations (Bendapudi & Berry, 1997). Some customers are more receptive to maintaining a relationship than others (Sheaves & Barnes, 1996). Customers' decisions on whether to leave or stay in the relationship depend on their overall satisfaction with the relationship, the attractiveness of an alternative relationship and the switching cost associated with leaving the current relationship and establishing a new one (Hirschman, 1970). In addition, the duration of a service relationship also depends on whether customers experience service failures over the tenure the relationship and whether prior cumulative satisfaction of the customers is strong enough to outweigh the dissatisfaction due to such failures (Bolton, 1998). The duration of a relationship is related to the term 'relationship life cycle' which involves specific stages and specific relationship characteristics corresponding to different stages, which are discussed in the following section.

2.2 Relationship life cycle

The relationship life cycle refers to the dynamic development process of exchange relationships (Jap, 2001). It develops over time through distinct stages that exhibit significant differences in behaviours, orientations and processes (Dwyer, Schurr & Oh, 1987; Jap, 2001). Marketing theorists have used the human marriage analogy to describe the phases throughout the life cycle, the underlying drivers and their consequences. Levitt (1983, p.111) was the first to introduce the marriage analogy in marketing context stating that: *"the sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed by the seller"*. Based on the marriage metaphor, Dwyer et al. (1987) termed relational marketing as the marriage between buyer and seller and proposed a

theoretical framework of relationship life cycle consisting of the five phases of (a) awareness, (b) exploration, (c) expansion, (d) commitment, and (e) dissolution. Awareness is the recognition of both parties about the feasibility of each other being supportive during the exchange. Like meeting first with adjacent neighbours in the case of a family relationship, situational proximity between parties facilitates awareness in the buyer-seller context. In the exploration phase, potential exchange partners search for benefits, burdens and obligations of possible exchange between the buyer and seller, which is similar to dating phases in interpersonal relationships. Similar to courtship in personal relationship, buyer-sellers' interdependence on each other enhances in the expansion phase as they experience continuous increase in benefits obtained by the exchange partners. As in a formal marriage, the commitment phase is characterized by an implicit or explicit pledge of relational continuity between the exchange partners. Finally, similar to a marital divorce, the possibility of withdrawal or disengagement becomes a highly likely event in the dissolution stage (Dwyer et al., 1987).

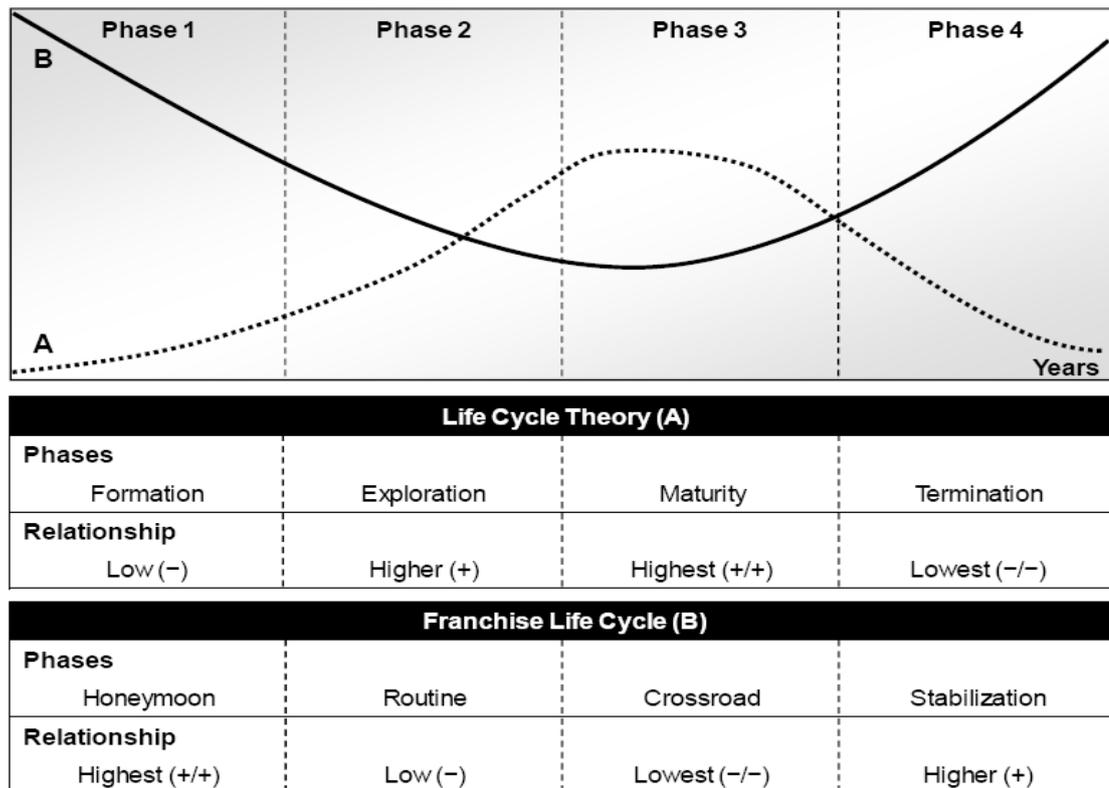
Empirical results related to the relationship life cycle suggest that numerous relational variables follow an inverted U-shaped curve (e.g. Jap & Anderson, 2007). The strength/ intensity of the relationship and other relational properties such as cooperation, dependence and commitment between the exchange partners increases during the exploration and expansion phases, reaches its peak in the commitment phase and declines in the dissolution phase (Jap & Ganesan, 2000). However, exchange relationships do not develop necessarily in a linear fashion and do not proceed necessarily through all phases (Jap, 2001). The early phases are usually fragile and may break down at any point (Fichman & Levinthal, 1991). Thus, the relationship between exchange partners follows through different trajectories with different relational characteristics (e.g., Blut, Backhaus, Heussler, Woisetschläger & Evanschitzky, 2010).

In contrast to the traditional inverted U-shaped relational life cycle theories (Levitt, 1983; Dwyer et al., 1987) discussed above, different relational constructs may also follow a U-shaped curve over time in a contractual business-to-business context (Blut et al., 2010). Taking insight from the marital relationship (e.g., Vaillant & Vaillant, 1993) and cross-cultural literature (e.g., Black & Mendenhall, 1991), Blut et

al. (2010) mentioned that relationship properties such as cooperation, dependence and relationship variables (e.g., commitment) follow a U-shaped curve over time. Their findings suggest that, at the initial stage, both parties start the joint venture with ample enthusiasm and usually experience fascinating excitement like at the honeymoon stage of personal relationship. However, the parties can become disillusioned and the relational properties decrease due to sobering experiences in the reality of day-to-day business. In the third stage, parties often develop a gradual understanding of the way the system works and learn to adapt or leave. Finally, in the stabilization stage, gradual incremental improvements may be observed between the parties. Empirical investigation has revealed that the relational properties are highest at the honeymoon stage, low in the routine stage, lowest in the crossroad stage and gradually increase in the stabilization stage (Blut et al., 2010). Different phases and relational properties corresponding to the phases of both the inverted U-shaped and U-shaped relationship life cycle theories are shown in the following Figure 2.1.

Irrespective of the shape of the relationship life cycle, customers may switch and/or terminate their relationship at any of the above mentioned stages. As a result, the length of these stages may differ from customer to customer for a variety of reasons which can be explored by reviewing literature related to customer switching and relationship termination, which are discussed in the following sections.

Figure 2.1: Theories on relationship development across lifecycle



Source: Adapted from Blut et al. (2010)

2.3 Customer defection and/or switching behaviour

Customer defection can be defined as the rate at which customers leave a firm over time or do not use the product or service, either because they no longer need it or because they have started patronizing another product or service (Page, Pitt & Berthon, 1996). The first category of defection can be treated as inevitable and, consequently, uncontrollable by the company as sometimes it is quite natural that customers may no longer need to use the product or service due to relocation and/or changes in their personal circumstances. The second type of defection is where customers switch from one product or service to another but can be influenced by appropriate customer retention strategies; this type of defection is caused by the firm based on the way it treats the customers (Page et al., 1996).

Customer switching connotes more of a behavioural dimension and refers to the decision of a customer to stop purchasing a particular service completely and shift his or her patronage to another competing service (Boote, 1998; Bolton &

Bronkhurst, 1995). Bansal and Taylor (1999a) mentioned service switching involves replacing or exchanging the current service provider with another service provider. Roos (1999) mentioned that customer switching includes customers who partially or totally have moved from a provider. Roos (1999) focused on the switching path that begins when the customer starts considering switching and mentioned that the behaviour of that customer will determine whether it would be switching or not. Thus, it is evident from the definitions of 'Customer Defection' and 'Customer Switching' that conceptually, they are close to each other; often, researchers have used the two terms synonymously.

Over the last two decades, a substantial amount of research has been done on customer defection, starting from a seminal work of Reichheld and Sasser (1990). They analysed why customers leave a firm and/or its products and services and demonstrated that reducing defection by 5% can increase profits up to 85%. It has been proved empirically that customer switching behaviour reduces a firm's earnings (Keaveney & Parthasarathy, 2001; Reichheld, 1996) because the initial investment (such as advertising cost) on the customer has been wasted and the company needs to incur further costs to obtain new customers (Colgate et al., 1996; Fornell & Wernerfelt, 1987). But how do the customers switch and what factors induce them to switch? Keaveney (1995) focused on the customer switching process and pinpointed factors that influence customers to switch to another competing product or service. Rust and Zahorik (1993) examined the profiles of switching customers; Ganesh, Arnold and Reynolds (2000) investigated the difference between customer switchers and stayers; Oliver (1999) discussed the role of satisfaction in switching. In addition, scholars have emphasized the building and maintaining of long-term relationships with customers to prevent switching and minimize negative effects of defection (Colgate & Hedge, 2001; Gerrard & Cunningham, 2004; Mathews & Murray, 2007).

2.3.1 Theoretical background

Existing literature has explained customer switching behaviour using different theories such as the expectancy-disconfirmation theory of Oliver (1980; 1997), the comparison-level theory (Thibaut & Kelley, 1959) and the theory of planned behaviour (Ajzen, 1985; 1991). Bansal and Taylor (1999b) mentioned that service

switching is a complex behavioural process and the theory of planned behaviour (TPB) provides an effective framework for understanding the process; they argued that switching behaviour is influenced by the switching intention of the customers which, again, is influenced by their attitude towards switching. The attitude towards switching is influenced by customers' favourable or unfavourable subjective norms. Ganesh et al. (2000) built their arguments for consumer switching behaviour on the basis of expectancy-disconfirmation theory. They showed differences between satisfied switchers and dissatisfied switchers on the basis of comparison level theory. They mentioned that customer satisfaction is the key driver for the switching behaviour, which is a function of expectations and disconfirmation. Customers' predictive expectations are used as the standard of comparison in this case. Consumers use two different standards – comparison level and comparison level of alternatives in order to remain in the relationship with a service provider; comparison level moves to the levels of outcome consumers currently have attained (Thibaut & Kelley, 1959). Thus, customers may intend to switch due to negative disconfirmation of expectations which, again, is influenced by the quality of alternatives.

On the other hand, Roos and Gustafsson (2007) argued that the consumers' switching pattern can be explained by the idea of 'prejudice' proposed by Vickery and Opler (1948) who suggested that, unlike attitude, prejudice carries no general or stable state. Prejudice involves misjudgement when the evaluator's (i.e., the consumer's) preconceptions are reinforced due to insufficient information. From the perspective of providers, customers may not have all necessary information to make an objective evaluation. As a result, any event may cause a customer to re-evaluate his or her relationship with a service provider and s/he is more likely to evaluate the service provider critically which, in turn, forms misjudgement and leads to switching behaviour.

2.3.2 Key drivers

Keaveney (1995) is one of the most instrumental researchers to have identified drivers of consumers' switching behaviour. She mentioned that customers voluntarily switch a service provider mainly due to their personal dissatisfaction with the service provided and/or the service provider due to core service failure, service

encounter failure, response to service failure and ethical problems. Keaveney (1995) also mentioned that customers may switch due to different market-based factors, such as price, competition, inconvenience, and due to other involuntary factors such as closing the business of the service provider and customer moving location. Based on Keaveney's framework, Gerrard and Cunningham (2000) found that inconvenience, service failure, pricing, unacceptable behaviour, attitude or knowledge of the staff and attractiveness of competitors are the key driving factors for switching a bank.

Using geography literature on human migration, Bansal, Taylor and James (2005) explored a number of factors causing service firm switching (migration). They categorized factors into three groups, namely push, pull and mooring factors and suggested a PPM (Push, Pull and Mooring Model) model, which includes factors that have a significant direct impact and some moderating impact on switching intentions of service customers. Push factors include low service quality, low satisfaction, low value, low trust, low commitment and high price perception. Pull factor includes alternative attractiveness. On the other hand, mooring factors such as unfavourable attitude toward switching, unfavourable subjective norms, high switching cost, infrequent prior switching behaviour and low variety seeking have a moderating impact on switching intentions of the customers.

Roos (1999) identified different factors that are critical throughout the switching path and categorized them into different groups; viz., pushing determinants, pulling determinants and sawyers. Among these three, pushing determinants induce the consumers to switch their service provider. This category includes factors such as different service failures, failures of adequate service recovery, pricing and inconvenience. These factors also are reported in other studies (e.g., Athanassopoulos, 2000; Popkowski & Timmermans, 1997; Colgate et al., 1996) as the key reasons for the consumers' switching decision.

In addition, different authors also focused on the similar factors (as mentioned above) as the key drivers of customers' switching behaviour. For example, Dabholkar and Walls (1999) and McDougall and Levesque (2000) focused on 'quality' and 'satisfaction'; Bansal and Taylor (1999b) focused on 'value'; Roos

(1999) and Coulter and Ligas (2000) emphasized on ‘dissatisfaction’ with either services provided or the service provider. Jones, Mothersbaugh and Beatty (2000) argued for ‘alternative attractiveness’, and Bansal and Taylor (1999a) mentioned about ‘attitude towards switching’. ‘Trust’, ‘commitment’ and ‘social influence’ have been mentioned by Chaudhury and Holbrook (2001), Hennig-Thurau, Gwinner, and Gremler (2002), and Bansal and Taylor (2002). Among other notable reasons of switching, ‘lack of commitment’ (Hocutt, 1998), ‘relationship quality’ (Wieringa & Verhoef, 2007), ‘variety seeking’ and ‘third party influence’ (Mittal & Lassar, 1998; Colgate et al., 1996) are worthy to mention. However, these studies discussed customer switching in relational perspective and more detail of their findings is discussed later in Section 2.4 of this chapter.

2.3.3 Method used

One of the widely used methods of investigating customer switching behaviour in current literature is ‘Critical Incident Technique’ (CIT) (e.g., Bitner et al., 1990; Keaveney, 1995, Kelley Hoffman & Davis, 1993). Critical incident technique can be defined as any event, combination of events or series of events between the customer and one or more service firms that cause customers to switch service provider (Keaveney, 1995). Often, respondents are requested to recall such critical incident(s) that made them switch to another service provider; subsequently, a series of questions are asked based on the incident(s). As mentioned before, such critical incident technique has been used successfully in a number of previous studies to explore customers’ evaluation of service encounter and service performance which, ultimately, led the customers to switch to another provider.

Roos (1999) outlines consumers’ different paths to total or partial switching decisions by introducing Switching Path Analysis Technique (SPAT). Roos (1999, p. 71) stated that *“if the critical incident is looked upon as an incident that ends a process, the whole process could be considered a switching path. Switching paths are likely to develop for different reasons and they may also progress differently. The outcome and length may also differ, but one outcome may be the termination of the relationship between service provider and their customers.”* Thus, SPAT focuses on

capturing customers' perceptions of the processes leading to their decision to switch their main service provider, a method discussed more in the following Section 2.4.2.

2.4 Consumer relationship dissolution, termination or ending

Consumer relationship dissolution refers to a process of taking an exit decision from an existing relationship with a company (Michalski, 2002). Tahtinen and Halinen (2002, p. 27) defined relationship termination as “*an ending where one of the parties, or an outside actor, deliberately ends a relationship*”. A relationship is dissolved when all activity links become inactive and no tie or bonds exist between the partners (Alajoutsijärvi, Möller, & Tähtinen, 2000). The phenomenon of relationship ending has been discussed using a wide range of terms and definitions; break down, decline, dissolution, termination, divorce, ending, withdrawal, etc. Often these terms are used to explain the same or similar issues. Although Fajer and Schouten (1995) distinguish among breakdown, decline, disengagement and dissolution; in the current study, these terms are viewed synonymously and mostly, the term dissolution and/or termination is used to represent the events reflected by them. There are three different sources of consumer relationship termination such as consumer initiated termination, seller initiated termination and mutual decision (Hocutt, 1998). The scope in this study includes consumer initiated relationship termination; i.e., the other two sources of relationship termination are not covered in this study.

2.4.1 Theoretical justifications

Consumer relationship dissolution literature (e.g., Hocutt, 1998, Coulter & Ligas, 2000) has explained relationship dissolution with different social psychology theories such as interdependency theory (Thibaut & Kelley, 1959; Kelley & Thibaut, 1978) and psychology theories focusing on interpersonal relationships (such as Duck, 1982; Levinger, 1983). Interdependence theory states that an individual's dependency on a relationship is contingent upon the ratio of outcomes derived from an on-going relationship relative to the outcomes available from other alternatives. Such an outcome is the net result of overall costs and rewards derived from that relationship. Hinde (1979) mentioned that for a relationship to truly exist, interdependence

between partners must be evident. Hocutt (1998) used Rusbult's (1983) investment model to support her relationship dissolution model where she argued in favor of commitment as the key driver of relationship dissolution. According to Rusbult (1983), relationship commitment, the tendency to remain in and feel psychologically attached to a relationship, is a function of three key elements of interdependent relationships: (a) satisfaction level, (b) quality of alternatives, and (c) investment size. Therefore, the higher the level of satisfaction and investment size, the stronger is the commitment; and, the lower the quality of alternatives, the higher is the commitment.

Duck's (1982) model of interpersonal relationship dissolution has been used widely in customer relationship dissolution literature (e.g., Fajer & Schouten, 1995; Coulter & Ligas, 2000; Michalski, 2004) to explain the process of consumer relationship dissolution. According to Duck (1982), a personal relationship dissolves through a four stage process; it begins with an intra-psychoic phase followed by an interactive phase, social phase and grave-dressing phase. During the intra-psychoic stage, one openly signals his/her unhappiness and expects reactive responses from the counterpart. In the dyadic phase, confrontations between partners take place due to lack of reactive measures; however, the dissolution is not yet certain. Partners may also negotiate between them regarding dissolution pattern and possibility of relationship repair during the dyadic phase. Discussions with the other parties in the network ensue in the social phase. Finally, dissolution is inevitable in the grave-dressing phase. Thus, the dissolution process works over a period of time and depends on one's tolerance and/or ability to cope with the rising tension in each stage (Duck, 1982; Coulter & Ligas, 2000). In addition to the above mentioned psychology and social psychology literature, Dwyer, Schurr and Oh (1987) focused on five distinct stages through which a relationship develops and dissolves. These stages are awareness, exploration, expansion, commitment and dissolution; they have been discussed in Section 2.2 of this chapter.

2.4.2 Method used – CIT, CPAT and SPAT

Similar to customer switching literature discussed earlier, consumer relationship dissolution literature also has used critical incident technique (CIT); however, its use

was in relationship direction in case of relationship dissolution. Other notable methods used in extant literature include Sequential Incident Technique (SIT), Critical Path Analysis Technique (CPAT) and Switching Path Analysis Technique (SPAT).

Olsen (1992) focused on customers' perceptions of critical incidents in the relationship with their banks by including both critical steps and critical episodes. He viewed the episode as a mini-process and developed a model to describe the mini-processes which he labelled 'critical processes'. Later, Stauss and Weinlich (1995) proposed SIT which is similar to storytelling method and includes both critical incidents and non-critical, normal incidents as well. SIT takes the process character of the service experience into consideration. Using CPAT, Roos and Strandvik (1997) investigated the demise of the service relationship. They suggested that the termination of a relationship between the customer and their service provider occurs in four stages: the 'initial stage' when the customers perceive a lack of commitment from the provider, the 'trigger stage' which originates negative encounters and induces consumers to seek dissolution, the 'termination stage' when customers engage in complaining behaviour and finally, in the 'final exit', customers either reduce the patronage level or exit from the relationship completely. Instead of focusing on discrete critical incidents, Roos (1999) focused on the switching process in customer relationships and introduced SPAT by combining variants of CIT throughout the process, which has been discussed in Section 2.3.3 earlier in this chapter.

Edvardsson and Strandvik (2000) investigated the role of critical incidents in the customer relationship and argued that incidents that traditionally used to be defined as critical are not necessarily critical for the customer relationship. However, these incidents are remembered and are accumulated over time with similar or different observations by the customers, which may lead to a reaction on the relationship. Nevertheless, there were cognitive effects and word-of-mouth effects from these critical incidents. Strandvik and Liljander (1994) studied bank customers' relationship strength that included both critical incidents and their outcomes. They found that when customers experience only one critical incident or even a number of them, in most cases they do not terminate their relationship.

Therefore, the process view of customer relationship dissolution posits, like personal relationships, that customers neither terminate their relationship with the service provider right away, nor is their termination decision an outcome of a single critical incident (Strandvik & Liljander, 1994).

2.4.3 Key drivers

A number of factors might turn the customer relationship with the company towards a declining phase; these elements might stem from the relationship itself or the context in which it functions (Tuominen & Kettunen, 2003). Halinen and Tahtinen (2002) classified the factors affecting relationship termination into predisposing, precipitating and attenuating elements. Predisposing factors refer to static, inherent and already existing factors when the partners enter into the relationship; they may be related to the objective of the relationship (e.g., complex and highly abstract service), to the actors themselves (e.g., poor company performance), to the dyad itself (e.g., poor choice of the partner), or to the network in which the relationship is embedded (e.g., available partners). Precipitating elements include a sudden or dramatic series of events that put pressure for change in the relationship; say, changes in the technology; and, attenuating elements incorporate factors that moderate the effect of predisposing and precipitating events. The first two elements promote the relationship ending process while the third one hinders the ending process due to high switching costs and/or the unavailability of attractive alternatives. Hocutt (1998) argued that commitment to the relationship is the key antecedent of the likelihood of dissolving a relationship, which again, is dependent on a number of other factors such as satisfaction with the service provider, trust, social bonds, investment in relationship, quality of alternatives, duration of the relationship, relative dependence on the firm and closeness. Customers become increasingly intolerant of the inconsistency that they experience, and they may choose to dissolve the relationship when they experience further problems (Anton, Camarero & Camarero, 2007). As customers, now-a-days, have greater access to information and they have plenty of alternatives to choose from, a customer relationship may dissolve due to its contextual nature; i.e., the ability of competitors and customers' ability to adapt to changes (Roos, 2002).

In another study, Wieringa and Verhoef (2007) used the two terms 'switching' and 'churn' synonymously while investigating customer switching behavior in liberalizing the service market from a relational perspective. They explored the switching behavior of relational customers and mentioned that customer switching is opposite to customer loyalty. According to loyalty literature, key determinants of customer switching can be classified into two broad categories; economic/cognitive factors and social/affective factors (Bolton, Lemon & Verhoef, 2004; Wieringa & Verhoef, 2007). Economic factors include the economic value of the relationship with the firm such as perceived-value ratio and satisfaction (Bolton & Lemon, 1999; Wieringa & Verhoef, 2007). On the other hand, social aspects include trust (i.e., honesty and benevolence of the firm) and commitment (i.e., psychological attachment of the customers) towards the firm (Verhoef, 2003; Verhoef, Franses & Hoekstra, 2002; Wieringa & Verhoef, 2007). In similar vein, Anton et al. (2007) investigated consumers' switching behaviour from a relationship direction based on the classification of factors mentioned by Halinen and Tahtinen (2002). They considered the effect of deficiencies from the firms' actions such as deficient in service quality, low organization commitment to customers, as the predisposing factors; and, consumers' perception of inappropriate price, their experiences of episodes of dissatisfaction or anger incidents as precipitating factors. Their empirical results demonstrated that the predisposing factors have a weak influence on customers' intention to terminate the relationship with their current service provider whereas the precipitating factors have a strong influence on their switching intentions.

Thus, extant literature identified a number of factors that may lead customers to terminate the relationship. These include poor service quality (Hess, Ganesan & Klein, 2003); a firm's low commitment to maintain relationships (Dwyer et al., 1987; Anton et al., 2007); a lack of commitment of customers to maintain the relationship (Hocutt, 1998); perceived dissatisfaction (Mittal & Lassar, 1998), experience of dissatisfaction and anger incidents in different episodes (Roos, 1999; 2002) and pricing (Perrien, Lalonde, & Filatrault, 1994). In addition, personal factors such as death or migration to another geographical area (Wieringa & Verhoef, 2007) and changes in life roles and life status may have an impact on personal choices and

behaviours, and thereby, induce intention to terminate a current relationship with the firm (Andreasen, 1984; Cantor & Kihlstrom, 1987; Coulter & Ligas, 2000). Moreover, market factors such as new advances in technology combined with cultural changes such as obsolescence of current fashion may also play important role in the terminating of relationships (Coulter & Ligas, 2000).

2.5 Detachment of consumer-brand relationships

Apart from customer switching/defection and consumer relationship dissolution described earlier, another stream of literature developed during the 1990s that focused on consumer-brand relationship dissolution considering brand as a relationship partner. Fournier (1994; 1998) was one of the key proponents of this stream of research who defined a person-brand relationship in terms of three key dimensions: (a) interdependence or reciprocation of action and benefit, (b) real or anticipated interaction over time and (c) a bond that may be instrumental, affective or both. Fournier (1998) used the interpersonal relationship metaphor to describe many aspects of the consumer-brand relationship and identified fifteen meaningful relationship forms and two general models of relationship deterioration; viz., the stress model and entropy model. In the stress model, relationships are forcefully destroyed by the intrusion of personal, brand, dyadic or environmental stress factors. On the other hand, the entropy model includes relationships that fall apart unless consciously and actively maintained. Fajer and Schouten (1995) examined several interpersonal relationship dissolution models and explored their relevance in the context of person-brand relationships. They also focused on different stages of the person-brand relationship dissolution process and suggested that consumers' actions corresponded to those stages. Later, Perrin-Martinenq (2004, p.1007) introduced the concept 'Brand Detachment' in marketing literature and defined it as "*the psychological state of distance with regard to a brand, resulting from the weakening or the dissolution of the affective bond existing between the consumer and the brand*". It represents the psychological state of consumers; it includes a mental distance with a brand resulting from the weak affection between the consumer and the brand (Mai & Conti, 2008).

Notably, unlike typical customer switching/defection literature, the dissolution of a consumer-brand relationship and the brand detachment literature mainly focused on the affect side of the relationship and introduced attitudinal aspects into the relationship dissolution process (Perrin-Martinenq, 2004). As affective states become more and more important for understanding the relationship with a brand, they also play a role in the dissolution process. Brand detachment is manifested by a partial or complete loss of affective feeling towards the brand and is an indicator of the consumer's tendency to end the relationship. It casts doubt about the brand in the consumers' minds (Mai & Conti, 2008), which may lead them towards dissolution. Therefore, dissolution happens due to attitudinal effects in terms of emotions and cognitions as well as behavioural changes (Strandvik & Holmlund, 2000 cited in Michalski, 2004).

2.5.1 Theoretical justifications

Both interdependency theory (Kelley & Thibaut, 1978) and Duck's (1982) model of interpersonal relationship dissolution have been used to explain the event of detachment in a consumer/brand relationship (e.g., Fajer & Schouten, 1995; Perrin-Martinenq, 2004; Mai & Conti, 2008). Fournier (1994; 1998) who was the pioneer in considering brand as a partner, by using a citation from Hinde (1979), argued in favour of interdependence between partners for a relationship to truly exist. As stated by interdependency theory (discussed earlier in Section 2.4.1), perceived value by the partners is the key constituent for a relationship to be existent. Thus, the ability of a company to provide superior value to its customers is regarded as one of the most successful strategies in gaining competitive advantage (Ravald & Gronroos, 1996).

2.5.2 Key drivers

Fournier (1998) argued that, similar to personal relationship dissolution, the consumer/brand relationship dissolution process is also influenced by affective and/or emotional factors. Brand detachment might be triggered by factors inherent to brand (e.g., deterioration of quality, changes or lack of change in style), factors inherent to customers (e.g., changes in individual need, values, preferences) and factors inherent to the situation (e.g., fashion, alternative attractiveness) (Author,

2002; Perrin-Martinenq, 2004). Although Mai and Conti (2008) hypothesized that the key influencing factors for brand detachment are the perceived quality and state of emotional involvement with the brand, they found empirical support only in favour of emotional involvement. Therefore, they argued that consumers' feelings of 'indifference' and 'rejection' are significant predictors for subsequent brand detachment.

Fajer and Schouten (1995) mentioned that the four types of personal relationship dissolution identified by Duck (1982) are instrumental in the consumer-brand relationship context, which indicates causes that are responsible for the corresponding category of relationship dissolution. These categories are- pre-existing doom, mechanical failure, process loss and sudden death. Pre-existing doom, which includes a lack of inherent satisfactory features between the partners, may cause the relationship to move towards dissolution. Similarly, the inherent incompatibilities between consumer and brand may cause a lack of satisfaction which will be likely to result in dissolution. Mechanical failure consists of poor conduct that causes personal relationship dissolution, which is also applicable in the consumer-brand relationship context when the consumers' well desired brand performs poorly. Process loss occurs when a relationship fails to develop to its optimum and this is similar to consumer relationship change which occurs when the company and/or brand fails to reinforce the consumers' commitment towards it. Sudden death includes negative information about the partner which enhances dissolution. Brand detachment might be triggered by factors inherent to brand and factors inherent to the situation (Author, 2002; Perrin-Martinenq, 2004). Factors related to the brand include deterioration of product quality and a lack of variations in style which are similar to the factors mentioned by Fournier (1998). On the other hand, factors inherent to the situation may include arrival of new fashion and alternative attractiveness. In addition, product tampering and corporate malfeasance may also cause consumer brand detachment. The drivers of brand detachment may generate various reactions from the consumer's viewpoint; e.g., such as disappointment, weariness, low satisfaction or lack of congruence between brand image and consumers' self-image (Author, 2002; Perrin-Martinenq, 2004).

2.6 Customer exit and B-to-B relationship dissolution

The term 'Customer Exit' is used mainly to explain the termination of a marketing channel relationship (Tahtinen & Halinen, 2002). Stewart (1998) defined customer exit as an economic phenomenon of a customer ceasing patronage a particular provider company. Coulter and Ligas (2000) mentioned that customer exit is of long duration and is the behavioural consequences of the preceding stage of final termination decision. One of the key authors in this stream of literature is Robert Ping who focused on antecedents of retailer exit intention (Ping, 1995), the effect of satisfaction and other structural constraints on retailer exit decisions (Ping, 1993), examining the moderating role of satisfaction on the link between alternative attractiveness and exit intention in a marketing channel (Ping, 1994), the role of voice in business-to-business relationships (Ping, 1997) and last but not least, the antecedents of exiting in a marketing channel relationship (Ping, 1999). In addition, Ping and Dwyer (1992) suggested a preliminary model of relationship termination in context of marketing channel relationships.

A plethora of research already has been done on business-to-business (B-to-B) relationship dissolution, most of which focused on the process and strategies of relationship termination (e.g., Alajoutsijärvi, Möller & Tähtinen, 2000; Giller & Matear, 2001; Tahtinen, 2002), antecedent conditions of dissolution (e.g., Heide & Weiss, 1995), factors and events that lead to relationship dissolution (e.g., Michell, Cataquet & Hague, 1992; Perrien, Paradis & Banting, 1995), the impact of cultural distance in divorce of inter-firm relationship (Vaaland, Haugland & Purchase, 2004) and the role of perceived value in relationship dissolution (e.g., Beverland, Farrelly & Woodhatch, 2004). Halinen and Tahtinen (2002) suggested a process model of how dissolution advances in a professional service context and advocated for different categories of business relationship ending. The pattern of exit in B-to-B relationship may vary based on exit cost involved (Jackson, 1985), dependency of the firm on its partner (Anderson & Narus, 1990; Tahtinen & Vaaland, 2006), and the degree of uncertainty and technological specificity (Heide & Weiss, 1995).

2.6.1 Theoretical justifications

Customer exit (e.g., Ping, 1993; 1995; 1997; Stewart, 1998) and business-to-business dissolution (e.g., Gassenheimer, Houston & Davis, 1998) literature often referred back to an exit, voice and loyalty (EVL) theory (Hirschman, 1970) and Transaction Cost Analysis (TCA) (Williamson, 1975; 1985). Hirschman's EVL theory states that the members of person-organization relationships had three options when responding to organizational drawbacks in performance; they may exit the relationship, they may raise voice or they may do nothing and remain loyal. Customers exiting from the relationship cease to buy firm's product(s), or leave the firm. Voice involves actively working with the relationship partner to resolve the problems. Loyal behaviour pertains to accommodating or suffering the problems in silence with confidence that things would get better (Ping, 1993). Consumers usually stop buying or gradually withdraw themselves from patronizing the firm once their expectations are not met. Customer exit causes shifts in revenue among competing firms and sets market forces in motion such that faltering firms must either improve or face eventual elimination from the market. Instead of relying on the firm to improve, voicing by customers attempts to change the practices and policies or offerings for the firm and seek some form of remedy (Fornell & Wernerfelt, 1987). Customers' decisions whether to exit, voice or remain loyal depend on certain antecedents that include the level of their overall satisfaction with the relationship, the attractiveness of an alternative relationship and the switching costs associated with leaving the current relationship and establishing a new one (Hirschman, 1970).

TCA has received considerable attention in the marketing literature (Rindfleisch & Heide, 1997). Williamson (1985) mentioned that any problem that can be formulated directly, or indirectly, as a contracting problem can be investigated to advantage in transaction cost term. TCA focuses on the economic perspective of evaluating the value of a relationship and states that parties define relationship value on a calculative assessment of expected financial returns and gains to themselves relative to alternative options (Williamson, 1975). It focuses on the rational behaviour of the partners in a relationship and that partners driven by self-interest motives compare the efficiency of transactional options and the cost of exiting the relationship when making exchange decisions (Williamson, 1985). If any conflict of interest arises

between or among partners, then they weigh the cost of safeguarding their investment against potential abuse before electing to tolerate the situation or exit the relationship (Gassenheimer et al., 1998). Buyers who have invested highly in their relationships usually show increased tolerance and maintain the relationship to avoid immediate financial losses despite their distaste of and/or negative experiences with the relationship (Heide & John, 1988). Hence such partners are vulnerable to depending on their counterpart and are highly likely to exit the relationship as soon as they find a feasible alternative relationship.

In addition, Ping and Dwyer (1992) used Duck's (1982) model of personal relationship dissolution and Alajoutsijarvi and Tahtinen (1997) used Baxter's (1985) social psychology model while explaining a B-to-B relationship dissolution. Giller and Matear (2001) put forward a comprehensive model of inter-firm relationship termination by reviewing all these theoretical frameworks.

2.6.2 Key drivers

Ping (1993) argued that the key factors that influence the exit intention of channel members are overall satisfaction with the relationship, alternative attractiveness, relationship investment and switching cost. He found empirical support only in favour of satisfaction and alternative attractiveness, and mentioned that satisfaction and alternative unattractiveness are negatively associated with the exit intentions of retailers. In similar vein, increase in relationship investment and switching costs make the exchanges between partner firms perceptually more valuable (Dwyer et al., 1987, Frazier, 1983; Thaibaut & Kelley, 1959). Ping (2003) also found empirical support that the antecedents of satisfaction in a marketing channel relationship include alternative attractiveness, relationship investment and switching costs. Ping (1999) mentioned that relational problems influence the offended partners' loyal behaviour to decline and increase their voice tendency. However, if they find voicing costly or not attended to by their counterpart, it will induce them to neglect the relationship and thus, will enhance their exit propensity. Stewart (1998) mentioned that customers' perceptions of quality decline, availability of alternatives, exit barriers and alternative responses such as voice have an impact on the customer's exit in a B-to-B context.

In addition to above mentioned drivers, a business-to-business relationship may also dissolve due to lack of perceived relationship value (Gassenheimer et al., 1998), turnover of the key contact employee of the vendor firm (Bendapudi & Leone, 2002), relative differences among the business organizations in uncertainty avoidance (Barkema & Vermeulen, 1997) and last but not least, pricing (Perrien et al., 1994). Shifts in moral values often create conflicts of interest and deteriorating or changing of value of the business relationships (Gundlach & Murphy, 1993). When moral values conflict with self-interest, parties often adopt self-centred strategies and/or deceptive actions (Oliver & Swan, 1989). Though most business relationships are developed based on dissimilar resource needs that are met through mutual exchange between the partners, such needs-based relationships create additional opportunistic possibilities as the parties selfishly may reduce their costs by shrinking responsibilities (Gassenheimer et al., 1998) or may end up with finding better alternatives.

Thus, it is evident from the above discussions that, customer relationships are not a never-ending process; rather they have a specific life time and follow through a process with dissolution being the final stage of the life cycle (Dwyer et al., 1987). Customers may withdraw from the relationships at any stage of its development. Different events or drivers may affect the relationship throughout its life cycle. However, the process of relationship dissolution is hardly dramatic and/or abrupt; rather it requires a series of unfavourable occurrences to reach the final termination (Jones et al., 2011). This period of gradual movement of a formerly committed relationship toward final termination is termed as ‘fading relationship’, which is discussed in the following section.

2.7 Relationship fading

Customer relationships may be affected at any of the stages of the relationship life cycle including the stage that involves substantial mutual commitment (cf., Havila & Wilkinson, 2002) and may gradually move towards dissolution. The dissolution of customer relationships is neither triggered by a critical incident (e.g., Mai & Conti, 2008) like typical service failure nor does it happen suddenly or overnight. Similar to interpersonal relationships (e.g., Sternberg, 1986), customer relationships may

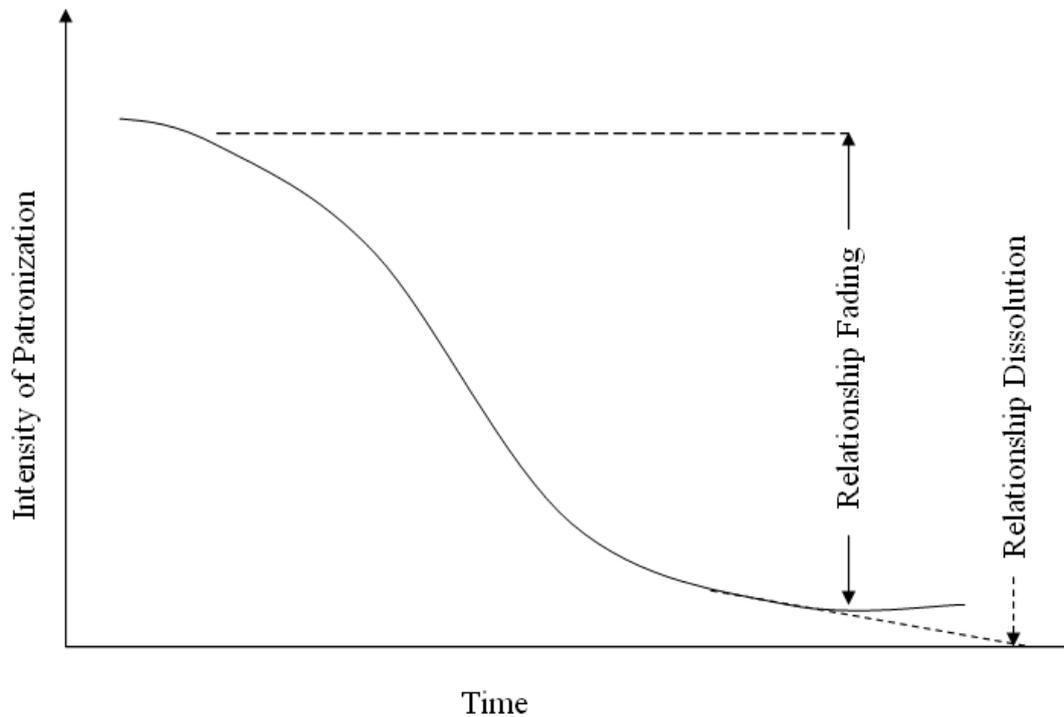
gradually fade over time. Customers who have had a long relationship with a firm take time to arrive at a switching decision. They weigh the effects of perceived losses arising from relational problems and/or failure events with their prior cumulative satisfaction (Bolton, 1998). Although customers often show rational behaviour (cf., Jones & Sasser, 1995), they demand complete satisfaction (Bolton, 1998). They are less likely to accept multiple unfavourable events during the tenure of their relationship. Repeated events of dissatisfaction over time lead to disconfirmation, a change in attitude and can cause disaffection towards the firm (Dawes & Rowley, 1999).

Often, relational customers are unwilling to forget the unfavourable events, hold grudges and desire to avoid any form of interaction with the firm (Gregoire, Tripp & Legoux, 2009). Such avoiding tendencies become more intense over time and lead customers to transfer their patronage to other firms (McCullough et al., 1998; Gregoire, Tripp & Legoux, 2009). Customers in such a situation evaluate the benefits and costs of engaging in a possible new relationship and compare it with benefits of the current service provider based on their experiences (Danaher, Conroy & Kennedy, 2008). Thus, generally, customers do not end their relationships abruptly. Before final termination customers go through a cognitive/emotive process. This stage preceding final termination is termed as 'fading relationship', which is a process of gradual decline in the customers' intention to continue the relationship with a company and may (or may not) lead the relationship towards ultimate termination.

Fading customers have been having affective relationships with the firm/brand until recently, but are currently experiencing disappointments that affect their cognitive-emotive process negatively. Thus, the fading stage becomes visible in case of every relationship life-cycle irrespective of whether it is a contractual or non-contractual type of relationship. As discussed earlier in this chapter regarding the inverted U-shaped and U-shaped relationship life-cycle, the fading of relationship usually takes place between the commitment and dissolution stages of the inverted U-shaped life cycle; in the case of a U-shaped life-cycle curve, it may start after the initial 'honeymoon' stage and may become prevalent during the 'routine' stage until the

'crossroad' stage i.e. before the actual termination. Figure 2.2 depicts the position of the fading stage in the relationship life-cycle.

Figure 2.2: Fading in relationship life cycle



In the fading stage, customers experience a declining trend of satisfaction, trust and commitment towards the service provider due to the negative disconfirmation of their expectations, cumulating in the feeling of being caught in a locked-in situation (Windsperger & Dant, 2006) after signing the contract (in the case of contractual continuous customers such as an internet service). Customers find less, or no, value in continuing their current relationship, experience negative or no affection and develop an intention to terminate the current the relationship actively. Hence they start looking for alternatives to enable them to switch to another service provider after the expiry of the contract. As stated by a popular adage “prevention is better than cure”, so service firms should identify these fading customers before a final defection occurs. In the case of contractual customers, it will be before the expiry of the contract and require nurturing them with desired incentives so that they feel attracted to continuing the relationship. The cognitive/emotive process of fading customers provides an opportunity for companies to restore fading relationships if they can identify fading customers and take appropriate steps in a timely manner.

Thus, identifying fading customers and restoring their relationships carry a significant importance for the managers.

However, despite its strategic managerial importance, extant relationship marketing literature has paid little attention to relationship fading. Few studies have investigated the phenomenon of relationship fading in a B2B context (Olkkonen & Tuominen, 2008; Gronhaug, Henjesand, & Koveland, 1999; Salo, Tahtinen, & Ulkuniemi, 2009). Olkkonen and Tuominen (2008) investigated a single dyadic case of a long-term cultural sponsorship relationship between a business sponsor and a sponsored museum. They discussed the triggers for the business relationship fading which broadly fell into two groups - structural and situational triggers, each of which were further categorized into negative and positive triggers. Negative triggers accelerate the fading business relationship, whereas positive triggers hinder such fading. The triggers of a fading relationship are taken to be any element that affects the present status of the relationship so that it initiates the process leading either to a weakening or to an ending of the relationship. A trigger just starts the process, and is not necessarily the only element that finally leads to an ending of the relationship (Olkkonen & Tuominen, 2006).

In an exploratory study, Gronhaug, Henjesand and Koveland (1999) found that even though buyers are apparently satisfied, their relationships fade away due to inability of the selling firm to learn and adjust to updated situations in customer organization, its cultural context, key people involved, products and services. Salo, Tahtinen and Ulkuniemi (2009) focused on how to recover a triadic business relationship from dissolution through a single case study. However, these studies are essentially qualitative and exploratory in nature; besides, the findings of the fading of the business relationships cannot be readily applied to the B-to-C context because business relationships differ from consumer-firm relationships. Unlike in B-to-C settings, business customers are small in number, involve more frequent and more customized service encounters than B-to-C customers (Narayandas, 2005), require more professional personal interaction with customers with the assistance of improved technology (Hooks & Higgs, 2002) and contribute significant value to the overall business (McNamara, 1972). Exchange parties' relationship decisions are motivated mostly by transaction cost economics in the case of inter-organizational

relationships (Noordewier, John & Nevin, 1990; Heide & John, 1990) whereas in B2C context, end users or individual customer characteristics such as income and knowledge are key influencing factors in developing customer trust and loyalty (Cooil, Keiningham, Aksoy, & Hsu, 2007; Eisingerich & Bell, 2008). Thus, it is fair to state that the knowledge of relationship fading in B-to-B context has limited value in the B-to-C context

Surprisingly, the consumer marketing literature remains largely silent about the phenomenon of relationship fading, particularly on identifying drivers which might trigger, enforce or prevent the cognitive-emotive process of fading. Although a couple of studies have focused on triggers of customer relationship fading (Tuominen & Kettunen, 2003) and different types of fading process (Akerlund, 2005), the affect side of the consumer relationship has been ignored largely in both studies. In addition, the studies did not focus on the cognitive-emotive process through which consumers go before arriving at a final switching decision. Recently, Jones et al. (2011) examined the effects of a single service transgression on service relationship and also focused on how to repair such damaged relationships. Jones et al. confirmed that extra role and in-role relationship transgression damage the quality of a relationship manifested in reduced level of commitment of the customers towards the firm. The study (Jones et al., 2011) also noted that the locus-of-attribution effect causes damage to the relationship. However, the study of Jones et al. focused on a single transgression, which contrasts with the concept of 'relationship fading'.

Few other studies (e.g., Homburg, Hoyer & Stock, 2007; Thomas, Blattberg & Fox, 2004; Stauss & Friege, 1999) focused on how to recover lost customers. But lost customers are those who have already terminated the relationship, whereas fading customers are still with the company and still considering quitting the relationship. Therefore, it is evident that extant literature on relationship fading is sporadic in nature and there exists a significant research gap on the issue; this fact motivated the researcher to pursue research on this topic by addressing the following key research issues: the process and stages of consumer relationship fading (i.e., the aspect of how a relationship fades), drivers of relationship fading (the why aspect) and strategies to restore the fading relationships (the how aspect).

2.8 Restoring fading relationship

As evident from previous discussions, sufficient research has already been done in relationship development (e.g., Ford, Hakansson & Johanson, 1986), relationship management (e.g., Andersson & Narus, 2004) and relationship dissolution (e.g., Michalski, 2004). However, research focusing on salvaging a relationship from possible termination is inadequate (Salo, Tahtinen & Ulkuniemi, 2009). Few studies have focused on rebuilding/recovery aspects of relationships; but those studies tend to have been sporadic in manner. For example, Aaker, Fournier and Brasel (2001) proposed the concept of re-initiation of brand relationship, but did not proceed further. Fornell and Wernerfelt (1987) argued that a consumer relationship can be repaired through voice encouragement. Ping (1999) believed that there is a possibility of resuming the relationship by citing Hirschman (1970) in support of his argument. Recently, Jones et al. (2011) outlined how to repair a damaged customer relationship that had been affected by a single transgression. They found some instances indicating that reactive recovery efforts might enhance post-transgression commitment of the customers; however, the effectiveness of reactive restoration efforts beyond basic service recovery and apology is under question in the case of extra-role relationship transgression. In case of an extra-role relational transgression, Jones and his associates recommended providing the relationship with specific investment in addition to basic apology and service recovery in order to rebuild the commitment of the customers. Jones et al. (2011) also emphasized on the need for a long term recovery rather than an episodic response; the focus was on solving the problem first and then offering services beyond the service delivery expectations so that the customer felt delighted about the firm's recovery efforts. However, Jones et al. investigated the damage in the relationship that happened due to a single transgression, which is essentially a critical incident. But as previously noted, relationship fading is not the outcome of a single critical incident but a gradual process of declining interest towards the service firm.

In addition, literature suggests that there are possibilities to win-back lost customers (Gadde & Mattsson, 1987) as past satisfactory memories remain in the mind of

customers for a period of time (Huang & Xiong, 2010). Consequently, a new perspective has emerged in recent relationship marketing literature namely 'customer re-acquisition' (Tokeman, Davis & Lemon, 2007). Thomas et al. (2004) conceptualized customer reacquisition as the process of revitalizing a relationship with customers who have already defected. It refers to rebuilding the relationship with customers who have quitted the relationship (Stauss & Friege, 1999). Therefore, customer reacquisition targets those customers that have defected already and are considered as lost customers. However, as mentioned earlier, lost/defected customers are different from fading customers. Fading customers actively consider leaving the relationship; however, they are not yet lost. Research focusing on the restoration of a fading customer relationship is non-existent, which provides the prime motivation to pursue this study.

Restoring fading relationship results in customer staying and/or continuing relationship with the same firm. Hence 'restoring fading relationship' can be defined as an intention of a fading customer to continue relationship with the same firm and/or its brand. Instead of ceasing to purchase, restored customers are expected to continue their relationship in terms of persistently purchasing from the same company. Hess et al. (2003, p. 129) defined customer's expectations of relationship continuity as "customers' commitment to maintain a current relationship". Previous research defines re-purchase intention as "the individual's judgement about buying again a designated service from the same company, taking into account his or her current situation and likely circumstances" (Hellier, Geursen, Carr & Rickard, 2003, p. 1764). Return intention captures the probability that a patient (i.e., a customer) is willing to see the doctor again in future (Barksdale, Johnson & Suh, 1997). In similar vein, in the current study, consideration is taken of the intention to restore relationship as an attitude and/or intention of the fading customers to continue to purchase the same brand and/or from the same firm and thereby reinitiate the relationship with the same firm or brand with whom they were about to terminate the relationship.

Fading customers' intention to restore a relationship may depend on different relational characteristics such as the extent of satisfaction, trust and commitment in the fading stage (e.g., Jones et al., 2011). This is because these relational

characteristics, along with their compensatory characteristics, determine the nature of a relationship prior to termination and therefore, will impact on the termination process and strategies (Giller & Matear, 2001) The level of satisfaction of customers is likely to diminish in the fading stage due to negative relationship evaluation and results in a shattered commitment towards the firm (Jones et al., 2011). Hence, customers will be less likely to depend on the firm for their future transactions which, again, is positively related to the propensity to leave the relationship (Morgan & Hunt, 1994). The low level of commitment reflects the underlying weak relationship which, ultimately, affects the evolving intention of the parties to remain in a fading relationship (Tuominen & Kettunen, 2003). Hence the continuity of the relationship in the fading stage most likely will be based on the cost–benefit ratio of maintaining the relationship and attractiveness of the alternatives. Therefore, the intention to restore a relationship is a cognitive intention and/or belief of the fading customers to stay with the service provider instead of leaving the relationship. If the firm acts in a way that builds consumer trust, the perceived risk of losing a customer from the same firm is likely to be reduced, enabling the consumer to make confident predictions about the firm’s future behaviour (Mayer, Davis & Schoorman, 1995). This will lead fading customers to rebuild relationships with the company.

A firm’s relationship restoration efforts should offer adequate rationale to the fading customers to feel tempted to return and continue to purchase from the same firm. Fading customers’ repurchase intentions can be considered as an indicator of restoring the relationship. Such an intention by fading customers is likely to be driven by a cognitive process when fading customers currently are feeling negative about the firm or its brand. Literature also supports this argument; e.g., Fisk, Brown, Cannizaro and Naftal (1990) mentioned that the customers’ return intention is a cognitive measure of loyalty. Besides, as mentioned in Section 2.1, a service relationship may exist without affective bonds (Hess et al., 2003) and is defined in terms of expectations of continued future purchases (Bendapudi & Berry, 1997). Therefore, the intention of fading customers to repurchase can be considered as an indicator of restoring relationships. Hence, repurchase intention and its antecedents are explored further later in this chapter. Also, the intention is to review current knowledge of service recovery efforts and strategies for recovery of lost customer relationships. This is because, similar to the current situation of fading customers,

customers in both of these contexts (service recovery and re-acquisition of lost customer relationships) were unhappy with the brand/firm before returning to repurchase. Proper understanding of the antecedents of a repurchase intention, different service recovery efforts, strategies for regaining lost customers and underlying motivations of customers to return to the firm based on these recovery strategies may be useful for selecting proper efforts to restore fading relationships. The review of extant literature also will enable a better understanding of the underlying motivations of the types of customers (failed and lost) to go back to the same firm. The following discussions focus on repurchase intention and its antecedents, different service recovery efforts and strategies used for reacquisition of lost customer relationships.

2.8.1 Repurchase intention

Repurchase intention is the willingness of customers to buy from a particular company repeatedly or to buy a specific product or brand at least for second time. Obtaining a repeat purchase from current customers is an important issue for all marketers; and research has shown that repurchase directly affects the profit of the firm (e.g., Jones & Sasser, 1995; Reichheld & Teal, 1996). During the 1980s, achieving a higher customer satisfaction rating was one of the key goals of firms (Mittal & Kamakura, 2001). This has been extended to a widespread realization in the 1990s that a higher satisfaction rating leads to a higher repurchase intention (Yi & La, 2004). Subsequently, researchers found that customer satisfaction is one of the key antecedents of repurchase intention in the context of a variety of products and services (Anderson & Sullivan, 1993; Bolton, 1998; Fornell, 1992; Woodside, Frey & Daly, 1989). Halstead and Page (1992) found that satisfaction with complaint resolution led to higher repurchase intentions of dissatisfied customers. Wirtz and Mattila (2004) showed there was a connection between repurchase intention and service recovery satisfaction and mentioned that service recovery satisfaction fully mediates the relationship between service recovery attributes and repurchase intention. Thus, both customer complaint literature (e.g., Davidow, 2000; 2003; Maxham & Netemeyer, 2002; Tax et al., 1998) and service failure and recovery literature (e.g., Goodwin & Roos, 1992; Laio, 2007; Smith & Bolton, 1998; Smith,

Bolton & Wagner, 1999) advocate in favour of satisfaction as one of primary antecedents of repurchase intention.

However, research also found that achieving customer satisfaction may not guarantee higher repurchase intention (e.g., Jones & Sasser, 1995; Neal, 1999; Stewart, 1997). Reichheld (1993) found that out of 85%-90% satisfied customers, less than half (only 40%) repurchased the brand. Subsequently, research focused on other antecedents of repurchase intention among which perceived value (e.g., Lam, Shankar, Erramilli & Murthy, 2004; Woodruff, 1997) is notable and worth attention. Customer value is the trade-off between the qualities or benefits consumers receive in a product/service relative to the sacrifice they perceive by paying the price (Monroe, 1990). Parasuraman and Grewal (2000) mentioned that one of the most effective means of generating customer loyalty is to deliver superior value to the customers through quality products and excellent services. Eggeret and Ulaga (2002) empirically proved that perceived value and satisfaction are two distinct, yet complementary, constructs. Their study revealed that perceived value has a direct impact as well as indirect impact (mediated by satisfaction) on repurchase intention. Similarly, numerous other studies found that perceived value is one of the key antecedents of loyalty and repurchase intention, and that customer satisfaction mediates the relationship between customer value and repurchase intention (e.g., Lam et al., 2004; Yang & Peterson, 2004)

2.8.2 Service recovery

Service recovery refers to the actions an organization takes in response to a service failure (Gronroos, 1988; Smith et al., 1999). It is a process for returning aggrieved customers to a state of satisfaction with the firm after a service or product has failed to live up to their expectations (Zemke & Bell, 1990; Boshoff, 1997). Prior to the 1970s, the term 'service recovery' dealt largely with restoring computer or telecommunications outages, or recovering from natural disasters; however, it gradually evolved over time and emerged as a business practice. It received attention from marketing scholars for research purposes from the late 1970s and has continued through subsequent decades (cf., Brown, Cowles & Tuten, 1996). For example, Andreasen and Best (1977) emphasized service recovery in the reactive context of

resolving specific service problems. Berry, Zeithaml & Parasuraman (1988) focused on longer term benefits of service recovery efforts such as enhanced customer loyalty and favourable word-of-mouth. The focus of service recovery research turned into a pro-active strategic issue in the competitive marketplace with the publication of a classic article by Hart, Heskett and Sasser describing 'the profitable art of service recovery' in 1990. Since then, a plethora of research has been done on service recovery and its implications. Previous research on service recovery has focused on developing classification schemes (e.g., Bitner, Booms, & Tetreault, 1990; Kelley, Hoffman & Davis, 1993), providing support for the effects of service recovery on customer satisfaction (e.g., Kelley & Davis, 1994), the influence of customers' justice perception on satisfaction, trust and commitment after a service complaint (Tax et al., 1998) and a comprehensive model of customers' satisfaction comprising service recovery efforts based on corresponding service failure type and magnitude (Smith et al., 1999). Some early authors (e.g. Schweikhart, Strasser & Kennedy, 1993) also viewed service recovery as a part of quality management with the ultimate objective being to maintain the relationships with the customers.

Thus, service recovery has a significant impact on customer evaluations of service encounters as customers are usually more emotionally involved in, and observant of, recovery efforts than in routine or first-time service experience. Often, they are more dissatisfied by a firm's failure to recover than by the initial service failure itself (Berry & Parasuraman, 1991; Smith et al., 1999). Failure to ensure customer satisfaction, both initially and belatedly, could lead to a decline in customer confidence, loss of the customer, negative word-of-mouth, negative publicity and the direct cost of re-performing the service (Berry & Parasuraman, 1992). Although a service failure and recovery is conceptually different from a fading relationship and its restoration; however, restoring fading relationships deals with aggrieved customers, which is similar to what happens in context of typical service recovery. Considering such a paradoxical situation, following discussions focus on the review of different service recovery efforts and their underlying motivations to come back to the same firm, as such motivations and thoughts of the failed customers may have significant impact on their return intention.

Service recovery efforts suggest that five elements are important to successful service recovery: apology, urgent reinstatement, empathy, atonement and follow-up (Bell & Zemke, 1987). Kelley, Hoffman and Davis (1993) came up with fifteen different failure events from 661 critical incidents in a retail context and suggested a pool of seven useful recovery strategies with an acceptable recovery rating score. These strategies are discount, correction, manager/employee intervention, correction plus, replacement, apology and refund. But the success of service recovery efforts may not be as simple as applying these recovery efforts. Wirtz and Mattila (2004) pointed out that customer satisfaction with recovery efforts is a complex phenomenon and three way interactions of recovery outcomes, procedures and interactional style jointly influence the customers' perceptions of satisfaction with the recovery efforts. Using the basic fairness/distributive, procedural and interactional dimensions, they mentioned that recovery outcomes (compensation), procedures (speed of recovery) and interactional treatment (apology) have a joint effect on post recovery satisfaction.

Research also has revealed that customers experiencing service failure expect employees to appear in a pleasant manner, be helpful and attentive, show concern for the customers and act quickly and flexibly while attempting a recovery (Johnston, 1995). Boshoff and Leong (1998) found that customers expect service firms to accept the responsibility for a failure event and prefer to deal with staff who are fully empowered to solve the problem relatively quickly with an apology in person or alternatively over phone. Smith et al. (1999) examined the influence of four different recovery attributes on customer evaluations; viz., recovery initiation, compensation, response speed and apology. They argued that customers prefer to receive recovery resources that match the type of failure they experienced in amounts that are commensurate with the magnitude of the failure that occurs. The customers' emotional response to service failure may also influence their evaluation of recovery efforts. For example, Smith and Bolton (2002) examined customers' emotional responses to service failures on four different recovery efforts; namely, recovery initiation, apology, speed and compensation. Their findings indicated that the customers' emotions towards the failure event have a significant impact on their evaluation of the recovery efforts in a hotel context but no impact has been found in the restaurant context. Liao (2007) demonstrated that the dimensions of service

recovery performance that include making an apology, problem solving, being courteous and prompt handling positively influence the customers' satisfaction with the recovery performance and enhance their repurchase intention.

2.8.2.1 Customer motivations in service recovery context

The treatment through service recovery efforts initiated by the firms should coincide with the underlying motivations of aggrieved customers. Researchers have used different theories to explain customers' responses to service recovery efforts, among which Justice Theory (Austin, 1979), Equity Theory (Adams, 1965; Hupertz, Arenson, & Evans, 1978), and Expectancy Disconfirmation Theory (Oliver, 1980) are worthy of mention. Proponents of justice theory (e.g. Hocutt, Bowers & Donovan, 2006; Liao, 2007, Tax et al., 1998) have argued that customers' responses to service recovery efforts are influenced by their perceived fairness of the recovery efforts. In case of service failure, customers go through a sequence of interactions between the customer and the service provider to resolve the problem and thereby certain economic and social outcomes are allocated to the customer (Liao, 2007). Each aspect of these interactions and recovery efforts of the service provider may conflict or fulfil customer justice needs and is subject to fairness evaluations (Smith et al., 1999). These fairness evaluations serve as a motivational force and engender customer cognitive and affective responses that further guide their behaviour (Liao, 2007). Smith et al.'s (1999) model of customer satisfaction with service recovery efforts was based on the dimensions of justice (from a social exchange perspective) and an expectation disconfirmation paradigm. Their findings revealed that customers' motivation to respond to recovery efforts is subject to the type of failure they experience and the corresponding magnitude of the failure. Also, Boshoff (1997) argued in favour of expectation disconfirmation theory while explaining the event of customer satisfaction towards service recovery.

On the other hand, equity theory focuses on the motivational and cognitive processes of weighing sacrifices or investments against rewards and comparing the results with others experiencing similar situations (Greenberg, 1990). The parties involved in an exchange demand equitable treatment and are satisfied if their amount of input to the exchange is somewhat in balance with their output of the exchange. Therefore, the

advocates of equity theory (e.g., Maxham, 2001) argued that an equity theory framework seems especially tenable in a service failure context given that customers often experience inequity following a service failure. Service recovery efforts provide equity to the aggrieved customer and enhance their satisfaction, repurchase intent and positive word-of-mouth. Goodwin and Roos (1992) found that apology and voice appeared to enhance the customers' perceived equity and fairness in a favourable outcome condition when they were offered a discount or any other tangible gift/offer. However, apology and voice had less of an effect and a lower perception of fairness when no tangible offer was made to the customers after the service failure (Goodwin & Roos, 1992).

Therefore, effective service recovery neither occurs by chance nor by luck; rather it is a planned process (Boshoff & Leong, 1998) of managing the underlying motivations of the customers which vary according to the context and severity of the failure. Nevertheless, well executed service recoveries are important for enhancing customer satisfaction, building customer relationships and preventing customer defections (Fornell & Wernfelt, 1987; Smith et al., 1999). Similar to the context of service recovery, the recovery of lost customer relationships require managing the underlying motivations of the defected customers through effective recovery efforts, which are discussed below.

2.8.3 Recovery of lost customer relationships

One of the earliest research efforts in re-acquiring lost customers was pursued by Stauss and Friege (1999) who provided a conceptual basis for 'regain management' to win back lost customers through illustrative case studies. Based on the work of Strauss and Friege (1999), Helfert, Herrmann and Zellner (2003) developed a five-step process framework for customer regain management. The study by Thomas et al. (2004) is an important step towards theoretically and empirically grounded understanding of the phenomenon of customer relationship revival; they focused on the impact of objective price on the likelihood to win back lost customers. They found that offering lower prices increases the possibility of reacquisition. Homburg et al. (2007) explored the antecedents of successful revival of relationships with lost customers. Their empirical analysis revealed that lost customers considered

interactional, procedural and distributive justice with respect to revival activities to affect positively their revival-specific satisfaction which, ultimately, had a positive impact on revival performance. Tokman et al. (2007) developed an empirical model that identified the determinants of a win back offer to regain defected customers and emphasized that, in order to have effective win-back offer, service providers must consider a customers' reasons for leaving the relationship. They argued that the win back offer should incorporate both value determinants such as price, service benefits, and social capital. Their empirical results revealed that social capital has a significant impact on the relationship between service benefits and the worth of the win back offer (WOW). In the context of low social capital, customers' perceived the WOW as being more valuable when they received a higher level of service benefits, whereas in the context of high social capital (such as special favour or treatment) customers put less emphasis on service benefits. Sing and Sirdeshmukh (2000) argued that both social value and economic value are necessary to reinitiate brand-consumer relationships.

Reacquiring lost customers can be pursued by using four basic regaining strategies (Michalski, 2002; Helfert et al., 2003): an incentive strategy (offering gifts, discounts etc.), a compensation strategy (compensate for the real or perceived disservice that was the motive for termination), a dialogue strategy (regain customers through face-to-face discussion) and a convincing strategy (persuade customers through arguments and explanation of product advantage). Xie and Peng (2009) provided a comprehensive model to explain underlying mechanism by which a company can repair the customers' trust after negative publicity. They argued for the three different categories of repair strategies of informational (use appropriate communication), affective (using apology) and functional recovery (financial compensation) to influence customers' trustworthiness, elicit their forgiveness and restore their trust. Last, but not the least, Huang and Xiong (2010) tested the impact of the three different relationship recovery strategies of apology, tangible reward and privilege on lost customers' intentions to reinitiate relationships. They found that apology has the most significant effect on the consumers' intentions to reinitiate relationships after a transgression committed by the brand. Tomlinson, Dinnen and Lewicki (2004) argued that the nature of apology, timeliness of a reparative act and sincerity are the key tactics the offender that are likely to induce a victim's

willingness to reconcile a professional relationship following an incident involving a broken promise. They also mentioned that a victim's willingness to reconcile is also affected by the nature of past relationships and the possibility of future violation. In addition, attributions such as the locus of causality, controllability and stability for the cause of a negative event in a trusting relationship influence whether a trustor will be willing to repair the relationship with the trustee (Tomlinson & Mayer, 2009). Trust for a trustee is the function of his/her perceived ability, benevolence and integrity and trustor's propensity to trust (Mayer, Davis & Schoorman, 1995).

2.8.3.1 Motivations of lost customers for relationship recovery

Re-acquiring lost customer relationships has been explained by different theories and concepts, among which equity theory (Adam, 1963; 1965), perceived value (Zeithaml, 1988), and general law of price and demand (e.g., Einhorn, 1994) are worthy to mention. Homburg et al. (2007) considered a customer could terminate an exchange relationship with a firm due to the fact that they experienced significant inequity in the relationship. Therefore, relationship revival activities should constitute an approach for re-establishing equity in the mind of the customers. They applied three dimensions of the justice concept (distributive, procedural and interactional) in a revival context, based on the logic that if customers evaluate the interaction, procedures and outcome of a firm's revival efforts positively, they are more likely to be satisfied with the revival offer and, therefore, are more likely to re-start the relationship. Tokman et al. (2007) emphasized determining the worth of a win-back offer (WOW) for reacquiring lost customers based on perceived value, which can be defined as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988, p. 14). Tokman et al. mentioned that firms should bundle different benefits (both cognitive and social) in order to attract lost customers. Thomas et al. (2004) proposed and empirically found that lower prices increase re-acquisition rate; they explained such an event based on the general laws of supply and demand by asserting that a higher price leads to a lower demand. Therefore, they advocated using a lower price to attract lost customers because it is evident that lost customers behave rationally in regard to win back offers. They may consider an offer to be equitable and provide

higher perceived value, although their past experiences with firm may affect their decision.

2.9 Chapter Summary

The reviewed literature confirmed that, conceptually, relationship fading is different from typical service switching/defection, relationship termination/dissolution and customer exit and/or business relationship dissolution. The fading stage in the relationship life cycle persists between the commitment stage and final termination of the relationship. Proper understanding of this stage provides early possible indicators of relationship termination in the near future and renders firm opportunities to restore relationships with the fading customers. Yet, this is an under-researched area, which motivates the current researcher to pursue this comprehensive study. Despite its conceptual distinctiveness, research on relationship fading will benefit from a clear understanding of the key drivers and processes of customer switching/defection, relationship termination and customer exit and brand detachment literature. Bearing this intention in mind, in this chapter, the extant literature of the above mentioned streams was reviewed that revealed numerous drivers, processes and different theories to explain the concepts. It has been noted that, often, the drivers are similar across the streams of literature and theories investigated. In summary, the key drivers that have been found can be categorized in three broad groups such as:

- a) ***Firm or brand related factors:*** Low service quality; service failure; lack of adequate service recovery; low investment in relationship; low organization commitment towards customers; lack of social bonds; lack of honesty and benevolence; multiple episodes of dissatisfaction and/or anger incidents; changes in technology, obsolescence of current fashion and lack of variations in style, lack of reinforcement of the brand or company towards customer commitment.
- b) ***Customer related factors:*** Low satisfaction; low perceived value; low trust; low commitment; inconvenience; perceived high price; variety seeking attitude; poor choice of the brand or company; relatively low dependence on

the firm; customers' ability to adapt changes, changes in customers' life roles and status; changes in individual need, value and preferences, lack of congruence between brand image and consumers' self-image, lack of emotional involvement with the brand; social influence; migration to another geographical area.

- c) ***Competitor factors:*** Competitors' ability and attractiveness, low switching costs.

With regards to possible efforts for restoring fading relationships, this chapter was used to emphasize on the repurchase intention of the fading customers as an indicator of restoring relationships. Key antecedents of the repurchase intention namely, satisfaction and perceived value with an emphasis on the service recovery context, were discussed in the chapter. Proper understanding of the antecedents of repurchase intention, different service recovery efforts, strategies for regaining of lost customers and underlying motivations of customers to return back to the firm based on these recovery strategies may be useful for selecting proper efforts to restore fading relationships. The review of the existing literature indicates a variety of efforts or strategies that have been used by the marketing academics for service recovery and for re-acquiring lost customers: e.g., communicating with the customers; offering apology; showing empathy and courteousness; explaining to customers what has happened; solving the problem promptly and/or speedy recovery; follow-up of customers; offering tangible rewards or incentives to tempt customers; offering compensation, replacement and/or refund; offering social value or benefits; manager/senior employee intervention; being courteous, pleasant and flexible while attempting recovery.

Bearing insights from the literature review in mind, the researcher stepped forward to pursue Study 1 to explore why and how customer relationships fade over time. The detailed of Study 1 is described in the following Chapter 3.

Chapter 3: Study 1

DRIVERS AND PROCESS OF RELATIONSHIP FADING

3.0 Introduction

As indicated in Section 1.3 of Chapter 1, this research comprises two successive studies - Study 1 and Study 2. This chapter describes how Study 1 is pursued addressing the two research questions, i.e., why and how customer relationships fade over time? The chapter begins with a focus on ‘Marital Disaffection Process’, which is used as a metaphor in this study to explain the phenomenon of ‘Customer Relationship Fading’. Following this, the methodology for Study 1, analysis of the data, and the results are outlined. The study explores the stages of the relationship fading process, unfolds the drivers, feelings and thoughts of customers corresponding to the stages of the fading process. Thus, Study 1 provides a better understanding of how fading customers behave before arriving at a final decision of terminating relationship with a firm/brand and also indicates about the possibility of restoring fading relationships.

3.1 Theoretical background

From Chapter 2 (Literature Review), it is evident that customer relationship fading is an under-researched area; neither is there adequate literature on the topic nor any marketing-related theory to adequately explain the phenomenon of fading relationship. Relationship marketing literature, as discussed earlier, often has used interpersonal relationship as a metaphor to explain the customers’ relationship with a firm/brand and to better understand the driving forces involved in the formation, maintenance and dissolution of exchange relationships (e.g., Dwyer et al., 1987; Ford, 1997; Levitt, 1983; Morgan & Hunt, 1994). This is because customers form emotional and enduring relationships with their preferred brand in much the same way as they form relationships with human beings (e.g., Aggarwal, 2004; Dwyer et al., 1987; Fajer & Schouten, 1995; Fournier, 1998; Fournier & Yao, 1997). Consumer-brand relationships might take different forms based on the customers’ personality and the nature of relationships may range from arranged marriage and

different types friendships to enslavement based on the relationship quality (Fournier, 1998; Sweeney & Chew, 2002). The key reason behind such metaphoric use of interpersonal relationships in the relationship marketing area is that human relationship properties such as satisfaction, mutual interdependency or communication (e.g., Dwyer et al., 1987; Wilson, 1995), commitment and trust (e.g., Morgan & Hunt, 1994) and loyalty (e.g., Peppers & Rogers, 1993) have been found proven and useful in customer relationships with a firm/brand (O'Malley & Tynan, 1999). Hence, the researcher draws on interpersonal relationship literature to enhance the understanding of relationship fading.

Specifically, in Study 1, focus is on the marital disaffection literature and insights are drawn from the process of marital disaffection, its stages and consequences in order to better understand the process and the drivers of customer relationship fading. Marital disaffection occurs due to inadequate support from the counterpart and results in both emotional and behavioural isolation (Snyder & Regts, 1982). Disaffection comprises more silent emotional distance than overt disharmony or conflict (Herrington, Gleaves, Mitchell, Castellani, Joseph, & Snyder, 2008). As fading relationships may lead to silent defection; the phenomenon of relationship fading might be somewhat similar to what happens in marital disaffection. The following discussion focuses on details of marital disaffection, its definition and the different phases involved in its process.

3.1.1 The phenomenon of marital disaffection

Marital disaffection is defined as “the gradual loss of an emotional attachment, including a decline in caring about the partner, an emotional estrangement, and an increasing sense of apathy and indifference towards one’s spouse” (Kayser, 1993, p. 6). Snyder and Regts (1982) argue that disaffection is one key component of marital distress which is reflected in the experience of inadequate support and understanding, affective and behavioural isolation, and an inclination toward separation. Marital disaffection is a lengthy process, where dissatisfaction, disappointments and unresolved conflicts push a spouse out of love (Kayser, 1996; Kersten, 1990).

In order for disaffection to occur, some positive feeling must have existed at the beginning of the relationship. Disaffected spouses experience not only dissatisfaction but also feel lack of affection. Dissatisfaction is relatively transitory and can occur simultaneously with a feeling of love or affection; disaffection, on the other hand, is the absence of love or affection that usually occurs after a series of dissatisfying events (Kayser, 1993). Marital disaffection does not necessarily lead to marriage dissolution, but the propensity to separate increases (Booth, Johnson & Edwards, 1983).

3.1.2 Process of marital disaffection

A marital relationship starts to deteriorate when one partner loses interest in either the other partner or the relationship (Battagila, Richard, Datteri & Lord, 1998). The final breakup of a personal relationship is preceded by feelings of disillusion and disaffection. Marriage disaffection literature contends that a divorce is hardly ever dramatic or abrupt (Duck & Wood, 2006); rather it is a long-winded process where couples gradually lose their interest towards the partner or to the relationship itself and go through a process called marital disaffection. The marital disaffection process consists of three distinct stages (Kersten, 1990); beginning stage, middle stage and end stage.

The 'beginning stage' is characterized by feelings of disillusionment due to the partners' behaviour and seemingly unfair treatment. Disillusion is nearly inevitable in a marriage relationship after the initial honeymoon stage because everyday reality of living together might seem quite different from what has been expected (Huston, Caughlin, Houts, Smith & George, 2001). Disillusion usually starts with an initial disappointment followed by a series of further disappointments (Baxter, 1984). The turning point in events that initiate the disaffection process may not be necessarily major catastrophes but could be the crystallized effect of the multiple events. The key reason for a partners' feeling of disillusion during the beginning phase of the disaffection process is negative disconfirmation of their expectations (Kersten, 1990). Such a problem occurs if one partner can't keep their promise that they made prior to the marriage and the spouse find faults with the partner when they step into reality (Huston & Houts, 1998). The thought process of the offended partners is

usually centred on the negative traits of the partners and evaluating the rewards and costs of the marriage. The partners often experience feelings of surprise and hurt at this stage; however, they are optimistic about the relationship and do not intend to leave the relationship as they are not yet out of love.

During the 'middle stage' of the disaffection process, anger and hurt escalate as conflicts have not been resolved nor has the behaviour of the partner improved. Attempts to solve the problems are still frequent; however, often they are perceived as inadequate. The offended partner may experience emotional withdrawal after a series of unsuccessful attempts to solve the problems (Kersten, 1990). Thus the partners experience intense anger and disaffection. The victim's centre of thought moves from assessing rewards and costs in the marriage to evaluating the possibility of leaving (VanLaningham, Johnson & Amato, 2001). As partners are experiencing a series of hurts, it is not easy for them to forgive or forget events which might cause a diminishing feeling of love (Kayser & Rao, 2006). However, they are not ready to leave the marriage due to substantive barriers such as financial, religious, personal (e.g., children) or social pressures (Kersten, 1990). Couples often seek counselling and marital therapy in the hope of salvaging the relationship.

During the 'end stage' of the process, partners feel more indifference, apathy and/or pity than affection or anger. The social and emotional needs of the offended partner most likely are met through seeking alternative relationships (Buunk, 1987). The threat of terminating a relationship is relatively high because of the perceived advantages of an alternative relationship. When the focal thought process is on how to end the current relationship, the hope for salvaging the relationship significantly declines. At this stage, spouses re-interpret their partners' quality and the relationship that they had (Kersten, 1990). One spouse may already have decided to leave, but no action has yet been taken.

3.1.3 Consequences of marital disaffection

Marital disaffection implies that the spouse is out of affection for his/her partner. A martially disaffected couple may (i) continue to remain married with feelings of disaffection, (ii) may recover themselves from disaffection, or (iii) may eventually

end up in a divorce (Kayser, 1993). Spouses are unwilling to stay in unhappy marriages, but whether the disaffected spouse will divorce or stick with the marriage depends on the level of investment in the relationship (Rusbult, 1980), commitment towards the marriage (Kayser, 1993), quality of alternatives (Levinger, 1965) and other external barriers such as feelings of obligation, moral proscriptions, community stigma, religious beliefs and so on (Kayser, 1993). When spouses have little investment in their marriages, they are more likely to respond to problems by threatening to leave. Partners' commitment towards each other increases with the passage of time as the input resources or investment in a relationship increases over time and outweigh the costs of leaving it (Rusbult, 1980). Moreover, the quality of an individual's best alternative dating partner may influence his/her decision to terminate the relationship (Levinger, 1965; 1976). Individuals who possess desirable alternatives are particularly vulnerable to dissolution (Simpson, 1987).

3.1.3.1 Restoring marital relationships

Although the hall mark of disaffected marriage is a lack of love, disaffected couples sometimes pull themselves out of the depth of disaffection and regain the lost love during the end phase of the process. Rusbult (1987) mentioned that partners who chose to respond more directly and actively to problems are more likely to regain their love. Responses such as discussing the problems, compromising, seeking help from marital therapy, asking partners what is bothering them and trying to change oneself or partner are possible attempts to rescue the relationship. Gottman and Krokoff (1989) argued that disagreement and anger exchanges between spouses may be predictive of improvement in marital satisfaction in the long run if the underlying conflict does not invoke stubbornness, defensiveness or withdrawal from interaction. Table 3.1, below, summarizes the drivers, feelings and thoughts of partners at different stages of the marital disaffection process.

Table 3.1: Feelings, thoughts and drivers across marital disaffection process

Items / Stages	Beginning	Middle	End
<p>Feelings:</p> <p>Primary</p> <p>Secondary</p>	<p>Anger, Hurt, Disillusion</p> <p>Hopelessness, Loneliness, Anxiety</p>	<p>Anger, Hurt</p> <p>Hopelessness Loneliness</p>	<p>Anger, Apathy</p> <p>Hurt, Ambivalence, Pity</p>
<p>Thoughts:</p> <p>Primary</p> <p>Secondary</p>	<p>Negative evaluation of partner.</p> <p>Evaluation of rewards and costs of marriage, Hope for marriage salvation, Staying versus leaving.</p>	<p>Negative evaluation of partner, Evaluation of rewards and costs of marriage.</p> <p>Staying versus leaving, Hope for marriage, Marital doubts, End of marriage.</p>	<p>End of marriage, Negative evaluation of partner, Evaluation of reward and cost of marriage.</p> <p>Staying versus leaving</p>
Drivers	<p>Disconfirmation of expectations</p> <p>Multiple unfavourable events,</p> <p>Unfair treatment</p> <p>Doubts in mind.</p>	<p>Inadequate reflective measures,</p> <p>Repetition of the same unfavourable behaviours.</p> <p>Lack of love or affection</p> <p>Attraction of alternative relationship.</p>	<p>Out of love or affection.</p> <p>Attraction of alternative relationships.</p>
Restoration of Marriage Relationship	Discussion, Adequate reflective measures, and other barriers of dissolution enhance restoration. It is possible to restore disaffected relationships from any stage of the process.		

Source: The first two row ‘Feelings’ and ‘Thoughts’ sections are quoted from Kersten, K.K. (1990) p. 260 and the rest two rows -‘Drivers’ and ‘Restoration of Marriage Relationship’ are summarized by the researcher.

In summary, a dyadic breakdown typically is not dramatic or abrupt (Duck & Wood, 2006). A marital relationship starts to break up when one person loses interest either in his/her partner or in the relationship (Battagila et al., 1998); and the final breakup of the relationship is preceded by feeling of disaffection between the partners, which follows through a process of three stages. At the beginning stage, the partner gets disillusioned primarily due to the negative disconfirmation of expectations. During the second stage, they experience an intense feeling of negativity, such as anger or frustration, due to repetition of the unfavourable events and/or inadequate reflective measures from their counterpart. Finally, the victim partner feels apathetic and indifferent and arrives at a decision to leave the relationship having an alternative dating partner. Notably, marital disaffection may not necessarily end up with termination of the relationship; rather, couples may stay unhappily in the relationship or even the relationship may be restored.

Bearing marital disaffection process in mind, the current study was designed to explore customer relationship fading in terms of defining the concept, and exploring the drivers and process of relationship fading. For this purpose, data were collected regarding customers' switching stories; drivers that move customers towards switching, and corresponding feelings and thoughts during fading period were identified. The intention was to investigate whether the switching stories involved any specific sequence of stages like the marital disaffection process. The following discussion focuses on the detailed methodology of collecting data and/or switching stories for further investigation.

3.2 Methodology

The purpose of business research is to obtain, understand, explain and predict a specific phenomenon (Bagozzi, 1994). A research project commences by addressing the questions of who, what, when, where and how in order to clarify the research subject (Cooper & Schindler, 1998). Meredith, Raturi, Amoako-Gyampah & Kaplan (1989) suggested using exploratory research in situations where not much is known about the topic of the study or it is qualitative and/or descriptive in nature. The results of an exploratory study may enable the researchers to identify potential causal relationships leading to developing a conceptual framework or model with due

support from the review of extant literature (Meredith et al., 1989). It is evident that the phenomenon of ‘relationship fading’ is a new concept and has not received much attention from the marketing researchers. Hence, in Study 1, it was aimed to conduct an exploratory study to investigate the phenomenon of ‘customer relationship fading’ and addressing ‘why’ and ‘how’ consumer relationships fade over time. Following discussions focus on the specific research design and approach followed in Study 1.

3.2.1 Research design and approach

Business research requires a careful plan and comprehensive research design with detailed procedures for investigating the event and obtaining the information needed to solve the research problem (Malhotra, 1999). Research design can be classified into three categories: Exploratory, Descriptive and Causal (Zikmund & Babin, 2010). Exploratory research provides insights into and comprehension of the problem situation confronted by the researcher (Malhotra, 1999). It is usually conducted to clarify ambiguous situations, define the research problem more precisely or discover ideas that may open up potential opportunities for business and further research (Zikmund & Babin, 2010). The primary objective of descriptive research is to describe the market characteristics or functions of the event under investigation (Malhotra, 1999). It is a type of conclusive research as it describes the event in a more precise manner. On the other hand, causal research identifies cause-effect relationships between the events or phenomena (Zikmund & Babin, 2010).

Considering the discovery-oriented task (Fisher, 2004; Wells, 1993) of this study, its purpose is primarily exploratory. Hence, a qualitative approach is regarded as the most suitable option as it provides a better understanding of the problem (Malhotra, 1999). Besides, qualitative methods play a major role in determining consumer attitudes and opinions (Carson, Gilmore, Perry & Gronhaug, 2001). Following sections focus on how data for the study was collected under qualitative approach.

3.2.2 Qualitative data collection

The motivation for conducting qualitative field study is to explore the process of customer relationship fading, identify its stages and determining underlying drivers

across the stages of the fading process. The information required for an exploratory research is usually loosely defined, and the research process that is adopted is flexible, unstructured and may consist of in-depth interviews with a small sample (Malhotra, 1999). For a consumer study like this, marketers are required to put themselves into the customers' shoes to describe and interpret customers' lives by using a qualitative methods data collection (Fournier, 1998). Previous research which explored consumer-brand relationships also pursued qualitative research approach; and, in-depth interviewing was found to be one of the most effective tools for data collection (Fournier, 1998; Ji, 2002; Kates, 2000). As the current study is an exploratory study of an under-researched and loosely-defined phenomenon of 'customer relationship fading', in-depth interview is assumed to be the best way to collect data. Besides, customer relationships with firms/brands are something psychological and are based more often on emotions (e.g., Fournier, 1998). Hence, a one-to-one, semi-structured, in-depth interview (Saunders, Lewis & Thornhill, 2009; Wilson, 2006) technique is employed to collect data to enhance familiarity with issues surrounding the research problem (Robson, 1993). Moreover, as this study primarily deals with 'why' (why do consumer relationships fade?) and 'how' (how do consumer relationships fade?) type of research question, an in-depth interview is particularly handy for investigating such forms of research questions (Yin, 1994). A semi-structured interview format is used to overcome interviewer bias that may result from the lack of standardization in the data collection process (Colgate, Tong, Lee & Farely, 2007).

Based on the extensive literature review discussed in Chapter 2, a semi-structured discussion guide/schedule was developed in order to conduct the in-depth interviews, to discover different switching stories and unearth possible factors influencing a customer's decision to fade out of his/her relationship with a service firm/brand. Prior to an actual field study, the semi-structured interview schedule was pre-tested among five respondents selected through network acquaintance (Colgate et al., 2007). The pre-test was conducted based on 'pen and pencil' method (Bowling, 2005) and the respondents were requested to write down their switching experiences in detail and mark whether or not the questions of the interview schedule were self-explanatory and easily understandable. However, the 'pen and pencil' method for collecting data/switching stories did not reveal any rich description of the switching

stories of formerly affective relationships. Instead, the respondents wrote down only the key words against items in the respective question. In addition, initially it was planned to select the respondents based on the criteria that the interviewee is planning to switch or terminate the relationship with any of their current service firm/brands which they have been using for long enough to feel affectively towards it. But one of the pre-test interviewees contended that he was not currently planning to change any firm/brand but had had previous experience of a terminating relationship. Considering the feedback from the pre-test respondents, the researcher decided to pursue the face-to-face in-depth interviews and accept either a current plan or previous experiences of switching affective relationships with a service firm/brand during the final study.

3.2.3 Selection of sample respondents

Purposive sampling was used for this study to ensure that the respondents represented different age groups and gender. Given the exploratory nature of the research, purposive sampling is desirable as opposed to random (Miles & Huberman, 1994). All respondents were contacted through email beforehand and were briefed about the research and its purposes. The cover letter briefing is shown in the Appendix I. Thus, interview respondents became familiar with the research prior to the interviews and the cover letter helped them consider relevant issues of the interview schedule in detail and with ease. The cover letter also assured the respondents of their confidentiality and emphasized the voluntary nature of participation in the study. The researcher, then, proceeded to conduct the interview after receiving the written email consent from respondents saying that they are agreed to participate in the study. Confidentiality and privacy was assured for the respondents as their identity was protected and ensured by the use of non-identifiable code numbers. Considering that respondents may have numerous experiences of switching and/or relationship termination, they were requested to describe experiences where they had used the service(s) for more than a year, had a relationship with the firm/brand earlier, but switched or were willing to switch in the near future from that service provider.

In the first phase, ten in-depth interviews were conducted. Each respondent reported multiple switching experiences; hence, a total of twenty four switching stories were revealed. The researcher stopped at tenth in-depth interview assuming that the findings from ten interviews may generate information saturation (Guest, Bunce & Johnson, 2006). The thematic analysis of the twenty four switching stories from ten interviews revealed repetitive themes which lent support for information saturation. The cross-case analysis of the repetitive themes revealed that no new themes arrived after the seventh interview. Yet, it was decided to conduct two more in-depth interviews in order to be on the safe side; thus, a total of twelve in-depth interviews were conducted and twenty six switching stories were discovered and used in the study. The twelve respondents consisted of 7 males and 5 females with an average age of 35.25 years which ranged from 24 years to 57 years.

3.2.4 In-depth interview schedule

After a brief description of the research problem, each interviewee was requested to elaborate their experiences on the following major issues:

1. Tell me about any service firm or brand with which you have had a long relationship but currently you intend to change it.
2. What things did the firm/brand do well for you?
3. What things didn't they do well for you?
4. Compare the scenarios of different attributes of the brand/company in two different time periods: when you started the relationship and the situation at present.
5. What are the key factors that drive you lose interest with the firm/brand?
6. Comments on your satisfaction and commitment towards the service firm/brand in two different time periods: when you started the relationship and the situation at present.
7. For how long you have been considering making the change?
8. How much time, you think, it will need to execute the decision?
9. Do you experience any problem in changing the service firm: emotional or any other?
10. Steps that the firm/brand may adopt in order to retain you as a customer?

The brief introduction and the first two questions were aimed at enabling the respondents comfort to describe their experiences with ease (Arksey & Knight, 1999), and express their feelings and discuss issues relating to the other focal questions regarding gradual loss of interest with the firm/brand. Later the interviewees were requested to describe other previous experiences of changing service firm/brand and the reasons behind those changes. The average duration of the interviews was about 40 minutes and all the interviews were audio taped and later transcribed.

3.2.5 Validity

Four measures were taken into account to ensure validity of the collected data. Firstly, expert opinion¹ was sought regarding the wording and the flow of the questions. Secondly, pre-tests were conducted in order to examine whether the wording and the flow of questions made sense to the respondents. The discussion schedule was updated based on the recommendations received from both experts and pre-tests. Third, a conscious effort was made to avoid using service and relationship marketing literature jargon (e.g., relationship fading, switching and/or defection) during the interviews in order to get rid of the possible contamination in the extracted data (Colgate et al., 2007). Fourth, as stated earlier, the respondents sample was screened to make sure that they were suitable for this research. In addition, the interviewer used specific prompts and probing techniques to encourage elaboration and rich description. These measures of ensuring validity of the qualitative data are consistent with the measures adopted by Colgate et al. (2007).

3.2.6 Recording, transcribing and analysing the in-depth interviews

The interviews were recorded with a voice recorder after receiving permission from the respondents. Such recording is considered essential for any researcher using qualitative methods as it does not change the conversation and records all the words spoken (Patton, 1990); hence, it enhances the accuracy of transcription. No two interviews were conducted on the same day to avoid the dilution of data quality due

¹ The researcher consulted with the supervisor and two other marketing academics in this regard.

to growing fatigue of the interviewer/researcher in probing the respondents (Biernacki & Waldorf, 1981). The recorded data was transcribed on the same day or at the latest by the next day in order to ensure that the interview was still fresh in the researcher's mind, thereby, guaranteeing the accuracy of transcriptions (Biernacki & Waldorf, 1981). A sample transcript of the in-depth interview is shown in the Appendix II.

3.3 Data analysis and results

3.3.1 Data analysis technique

Data obtained from the transcribed interviews were analysed in the following way - first, the transcript of each interview was reviewed properly. Second, the transcripts were read and re-read in order to determine recurring themes and patterns from the data. A theme captures important issues in relation to the research question; 'thematic analysis' is a method for identifying, analysing and reporting patterns or themes within data (Braun & Clarke, 2006). This study was intended to find out themes related to why and how consumer relationships fade over time. Third, the discovered themes are coded with specific names/labels. While coding the themes, the key relevant issue is to determine whether a topic or an issue within the data set will be considered as a theme and how the theme will be coded. Although this is subject to the prevalence of the topic across the entire data set; in qualitative research, there is no rule of thumb to answer the question of what proportion of the data set needs to be displayed in favour of the topic to be considered as a theme (Braun & Clarke, 2006). The themes within data can be identified in one of the two following ways – inductively (e.g., Frith & Gleeson, 2004) and deductively (e.g., Boyatzis, 1998). Inductive thematic analysis occurs when data is driven primarily without any pre-specified theoretical guideline or research question (Patton, 1990). The coding process of inductive thematic analysis does not fit into a pre-existing coding frame. Specific research questions evolve through the coding process of inductive analysis. On the other hand, deductive thematic analysis is driven by the researcher's theoretical or analytical interest area; hence, the coding process is based on whether the topic captures something important to the overall research question (Braun & Clarke, 2006). As the current study is guided by specific research questions

and a theoretical background, the researcher followed a deductive coding process through identifying and coding the themes related to the research questions. The labels of the themes were driven by both the existing literature as well as derived from the data (Saunders et al., 2009). Different themes and their respective codes are shown later in Tables 3.3, 3.4 and 3.5.

Data analysis is also motivated by the research context; i.e., identifying former affective relationships with any service firm or its brands which were either terminated afterwards or are on their way towards termination at the moment. Similar to the marital disaffection process discussed earlier in this chapter, the intention was to explore the prevalence of specific non-linear progression of ‘feelings’ and ‘thoughts’ of the customers throughout the fading period aimed at identifying ‘stages’ across the fading process. The final step of the data analysis was to link back the coded themes with the verbatim transcripts and the switching stories of the respondents to ensure the critical turning points of trajectories across the fading process.

The researcher conducted cross-case analysis (Miles & Huberman, 1994; Yin, 1994) by matching themes across all the stories revealed from the interviewees in order to identify the frequency of repeated themes across respondents. Cross-case analysis enables the researcher to capture recurring patterns and themes from across different in-depth interviews. Thus, cross-case analysis helps the researcher in analysing the qualitative data by identifying how many times the themes have been mentioned by the entire sample respondents.

3.3.2 Data analysis and results

As discussed before, the transcripts of the twelve in-depth interviews, comprising of twenty six switching stories, were considered for thematic analysis in order to find out specific themes related to why and how the consumer relationships fade over time. In the following sections, the demographic characteristics of the sample respondents was recorded, followed by how the researcher arrived at a definition of the relationship fading, stages of fading process and the drivers corresponding to

each stage of the fading process based on the detailed thematic analysis of the interview transcripts with due support from the quotes of different interviewees.

3.3.2.1 Respondents' demography

Demography is the study of human populations in terms of age, sex, size, density, location, race, occupation and other statistics. The demographic information on the sample respondents is presented in Table 3.2. The twelve respondents consisted of 7 males and 5 females with average age of 35.25 years ranging from 24 to 57 years.

Table 3.2 Demographic characteristics of the sample respondents

Respondent no.	Age	Gender	Profession	Stories revealed on
01	57	Female	Teaching	Haircut, Airline, Cruise
02	25	Female	Post graduate student	Mobile, Internet service, Airlines, Restaurant
03	38	Male	Teaching	Internet service, Auto-dealer
04	48	Male	Manger	Insurance, Auto repair, Restaurant
05	25	Male	Post graduate student	Airline, Insurance, Mobile
06	28	Female	Administrative staff	Internet service, Haircut
07	27	Male	Teaching	Mobile, Airlines
08	48	Male	Administrative officer	Internet service, Insurance
09	28	Female	Administrative staff	Mobile
10	37	Male	Manager	Dentist, Internet service
11	38	Male	Teaching	Doctor (General Practitioner)
12	24	Female	Post graduate student	Gym

3.3.2.2 Identification of earlier relationships

As mentioned before, respondents were requested to discuss those switching experiences where they had an earlier relationship with the firm/brand. This was to

exclude possible contamination in the uncovered stories that could have arisen due to spurious loyalty (Bloemer & Kasper, 1995; Fajer & Schouten, 1995). Spurious loyalty may arise from switching barriers such as inertia where as true loyalty is based on psychological attachment to a brand (Sung & Campbell, 2009). Bloemer and Kasper (1995) and Fajer and Schouten (1995) argued that brand loyalty can be arrayed on a continuum with spurious loyalty at the one end and true brand loyalty at the other. Hence, the switching stories were selected with caution and the researcher emphasized the existence of psychological attachment such as commitment (e.g., Fornier, 1998) to the brand and/or service provider in the relationship. For example, some notable quotes from respondents describing the nature of their relationship that they had earlier are as follows -

I was a fan of XXX and I was brand loyal. I used to recommend XXX to other people. I think I was emotionally attached with it. When I was given the loyalty card rewards like movie ticket, I felt like I am involved with the company and there was a period when they were sending me things quite regularly. [Interviewee 7, Male, Age 27]

My level of commitment was fairly high because I knew the chance of getting satisfactory service was at least 8 out of 10. [Interviewee 1, Female, Age 57]

Thus, once the existence of former relationships with the brand and/or firm was ensured, the researcher moved forward to discover how such relationships gradually faded over time. Following discussions at the in-depth interviews, the researcher sought to arrive at a definition of relationship fading along with the gradual process of fading and its different stages.

3.3.2.3 The phenomenon and definition of relationship fading

Similar to marital relationships, fading consumers have had an affective relationship with a brand but are experiencing a series of rather minor disappointments; these affect their cognitive-emotive process negatively and, ultimately, lead to a general attitude change. For example, one interviewee had been with an internet service

provider for about four years and was very happy with its performance. As she stated:

They were very reliable and their billing system was excellent. When I need to change the name and address, there was no problem at all; and they were very good with all these. Recently my internet was breaking down quite regularly. It has been happening for quite some time and I have been patiently waiting, hoping that it will be solved and will not persist. I have research to do but the internet is dropping. It's annoying, you know. I called them but they said it's due to my equipment. I changed it but still it's dropping. I called them back. In fact they did test their line and I think it might be costly to do. But I can't bear it anymore and I am now looking for alternatives.

[Interviewee 6, Female, Age 28]

Another interviewee has been visiting a doctor (general practitioners) of a particular clinic for more than three years but recently started considering a change. As he stated:

I started to think about changing the current doctor after he did a mess with my finger and again another doctor of the same clinic performed poorly with my son's ear. It is not a complete switch yet but we are planning for it and it is happening since last year. Currently we are going to both existing and the new doctor in another clinic. I am changing the current doctor for major issues but I visit the same doctor for other minor cases.

[Interviewee 11, Male, Age 38]

Thus, the perception of fading consumers involves feelings of negative emotions towards the brand or the provider company due to multiple unfavourable events which induce them to diminish their patronage level and look for alternatives.

Based on the key findings related to the phenomenon, the concept of relationship fading is defined as *a process of gradual decline in customers' intention to continue the relationship with a firm/brand manifested in negative feelings towards the firm/brand, diminishing frequency and/or volume of transactions with it and initiating a switching intention.*

Although consumer relationships with firms/brands gradually fade for a variety of reasons in general, there appear to be situations where fading does not happen. For instance, relationship fading does not seem to be relevant in contexts where a severe unfavourable event occurs. In such a situation, the customer terminates the relationship straightaway irrespective of how sound the relationship has been until the occurrence of the severe unfavourable event. For example – one of the interviewees had been flying through an airline company for about three years but during his recent trip he experienced a severe unfavourable interaction that led him to switch immediately. As he stated -

(...) last time I flew on XXX, the week before our flight, they changed the schedule of the flight (...), they moved it 8 hours ahead. (...) It's really bad (...) and I told them over phone that (...) if I can't fly, may I get refund. The person over phone said that NO, we won't give you refund as we are still flying. I argued that they changed the schedule and that's why I can't fly and after arguing like half an hour, he talked to his manager and agreed and told that for your case you will get a refund if you need. (...) the interaction over phone was really bad and kind of ruins my whole previous experiences. (...) Before I was committed to XXX but now XXX would be the last brand that I would choose.

[Interviewee 5, Male, Age 25]

Relationship fading also appears to be not relevant for low involvement contexts where a consumer that has been having a good relationship could switch suddenly; as such, there is less room for the relationship to fade over a period of time. On the other hand, for high involvement contexts, customers tend to take longer time to arrive at a switching decision. This is evident from the following statements of the interviewees.

"(...) if it is a complicated service like a bank, it would require probably several weeks to come to a decision but if it is a low involved product like a restaurant, I would take my decision right away. For insurance, I would say it would be around three weeks because, there are lots of works involved here to take a change decision like find out which company would be better."

[Interviewee 5, Male, Age 25]

Another interviewee stated –

“I am not a variety seeker; I am more a loyal customer. In fact, it depends what it is. I am more likely to switch if it is a low involvement product and if it is a high involvement product, I am more reluctant to switch (...)”

[Interviewee 6, Female, Age 28]

Relationship fading appears to be not relevant in contexts where consumers usually seek variety (such as restaurant). This is evident from the following statement of one of the interviewees, and is consistent with Oliver (1999) and Homburg and Giering (2001) who pointed out that consumers’ variety seeking behaviour acts as a barrier to develop loyalty and relationship with a specific product or service.

“For food or restaurant, I do seek variety. But for high involvement product, I tend to stick with a company unless there is something happened to change.”

[Interviewee 7, Male, Age 27]

The feeling of inertia appears to be one of the reasons for a customer not terminating the relationship or take extended period of time to arrive at a switching decision although her/his relationship with the firm/brand has been fading for some time. This is evident from the following statements of the interviewees and is consistent with Colgate and Lang (2001) who pointed out that customers often suffer from laziness to act promptly and that they often find changing the firm/brand too much hassle in terms of time and effort to find another alternative. As a result the customer continues with the same company/brand for an extended period of time to limit information search process and the cost of thinking (Bawa 1990) before eventual switch.

It takes me very long time and partly it’s due to my inertia. It’s about the devil you know and the devil you don’t know. Devil I know in terms of hair cut – 8 out of 10 times it’s gonna be good. But how do I know if go elsewhere that I will get this rate of satisfaction. So, in terms of how long I would take to switch, I can’t tell you exact figure but it must be a long time (...).

[Interviewee no. 1, Female, Age 57]

Another interviewee stated -

When I started to look around it took me about a month to find and decide. It's kind of hassle to change once if you set up a system and it's really a hassle to set up new system. So it's also my laziness to change and as a result it took me about couple of months to decide that I am going to change company X, I was also waiting to get the right time, i.e. when I moved to new house and bought a new computer... then I thought it's time to change new internet provider.

[Interviewee no. 10, Male, Age 37]

Consumers' tolerance level which varies between individuals appears to influence fading relationships. This is evident from the following statement of one of the interviewees, and is consistent with Zeithmal, Berry and Parasuraman (1996) who pointed out that customers' acceptance towards variability varies within a zone of tolerance bounded on the lower end by basic adequate service and on the upper end by desired service.

The haircut guy cut my hair for 10 years and it's not that every time the haircut was great; (...) it depends on how much I am willing to accept the variability. If the hair cut is too short, in two weeks' time it would be normal again.

[Interviewee 1, Female, Age 57]

Another interviewee stated that –

“I can ignore things once but I think I can't ignore twice for same thing. If it is something different then I would still wait but if it is the same thing, not twice.”

[Interviewee 12, Female, Age 24]

In summary, the above discussion shows that customer relationship fading is not relevant in service contexts that are of low involvement. Fading relationship is also not applicable in contexts where consumers are variety seekers and the occurred unfavourable event(s) is severe. Further, fading relationship is influenced by consumers' feeling of inertia and tolerance level.

3.3.2.4 Process of customer relationship fading

Analysis of the in-depth interviews reveals that, similar to the process of marital disaffection, customer relationship fading proceeds through three stages. These stages are evident from the following in-depth discussions. For example, one interviewee had an affective relationship with his mobile phone service provider and he was using the brand for more than 5 years. But he gradually lost interest with brand and had reached the brink of switching; as the respondent stated –

Former Relationship	<p><i>I was a <u>fan of XXX</u> and I was brand loyal. When I was given the loyalty card rewards like a movie ticket, I felt like I am involved with the company.</i></p> <p>[Interviewee 7, Male, Age 27]</p>
Stage 1	<p><i>For the last 12 – 18 months, they <u>suddenly stopped</u> sending me those rewards. I feel like I <u>no longer belong</u> to the company.</i></p> <p>[Interviewee 7, Male, Age 27]</p>
Stage 2	<p><i>First of all, the network is dropping off. So the quality of service is getting worse. Secondly, the automated service is really poor – it never understood my request at all. Waiting time is over one hour sometimes. <u>They couldn't solve my problem.</u> It's just completely frustrating for me.</i></p> <p>[Interviewee 7, Male, Age 27]</p>
Stage 3	<p><i>My girlfriend was also experiencing a network problem but her roommate <u>using different company is not facing any network problem</u> ... So we are <u>looking for alternatives.</u> They upset me enough that I am willing to <u>forget about my emotional attachment.</u></i></p> <p>[Interviewee 7, Male, Age 27]</p>

Similarly, another interviewee has been with a particular mobile phone service provider for about seven years. Recently she has been annoyed and expressed her feelings towards the brand in the following manner:

I was always pretty okay with the company and I have been with them for a long time as a good customer. So, I suppose how much they earn from me is quite sufficient. [Interviewee no. 2, Female, Age: 25]

She continues,

*They sent me an email containing different offers but I **never had anything there that I liked** and I did not upgrade my service.*

[Interviewee no. 2, Female, Age: 25]

She further continues,

*One day somebody called me and told me that he/she will give me a special deal if I want to upgrade ... When I asked them things like what other additional services can I get from you; i.e., you can actually provide me. Obviously this is not going to cost you a lot and I was really hoping to get another package or some information in this regard. Then the customer service representative talked with his supervisor and told me that this is the best package they have for me. **I mean this is for everyone. How can it be personalized?** I understand it could be for general customers but you are telling me that this is the best for me as I am with the company for seven years. **It had nothing special.** You are deceiving people to think that. How can you bombard somebody's email and say that this is special to you and in fact it's not? That is just crazy!!!* [Interviewee no. 2, Female, Age: 25]

She still continues –

*I am really annoyed with them. I **started looking around and just waiting for the right time.*** [Interviewee no. 2, Female, Age: 25]

It is evident that at first, relational customers become disappointed when their expectations are not met. Secondly, their disappointments get intensified and they show negative emotion(s) once they notice that the firm is not taking adequate reflective measures to solve their problems. Thirdly, due to the negative feeling, they

develop an intention to quit the firm/brand and look for alternatives and become decisive about switching. Therefore, like the marital disaffection process, the customer relationship fading process follows through three stages. At the beginning of the fading process, relational customers become disillusioned due to the effects of dissatisfaction that arise out of unfavourable event(s). In the middle stage, they become frustrated due to the lack of adequate corrective measures from the service firm and due to recurring occurrences of unfavourable events. The third stage of the process comes into play when high alternative attractiveness aggravates the situation and propel the disaffected customers towards termination. As one interviewee stated:

When I passed about a year, I found that company Y came with a better offer and from that time on I was planning to switch but as there were financial implications, I thought its better to stick with company X for the contract period.

[Interviewee no. 3, Female, Age: 38]

Thus, during the crossroads stage, customers find it worthwhile leaving the relationship, which provides a clear indication of switching. However, customers may not yet ready to terminate the relationship due to financial (for contractual customers) and procedural (for both contractual and non-contractual customers) and relational switching costs and they just wait for expiration of the contract. Therefore, it is evident that relationship fading includes three stages, which can be labelled as – *Disillusion, Disaffection and Crossroads.*



Therefore, customers take time before arriving at a final termination decision and go through a process which can be termed as ‘relationship fading’. During this fading period, customers gradually lose their intention to continue the relationship with the firm/brand. Such gradual loss of interest may include dissatisfaction, surprise, negative feeling towards the company/brand, diminishing frequency and/or volume of transactions with it, and initiation of switching intention. Relationship fading

comprises the three distinct stages of ‘disillusion’, ‘disaffection’ and ‘crossroads’. The driving factors, underlying the emotions and thoughts of the consumers corresponding to each of these three stages are different. The following discussions identify customer’ feelings and thoughts as well as specific drivers which are likely to move customers from one stage to the next.

3.3.2.5 Drivers, feelings and thoughts across the stages of fading process

Stage 1: Disillusion

At the beginning of the fading process, relational customers become disillusioned due to unfavourable event(s) experienced by them. The disappointing events may not necessarily be major crises but could be the crystallized effect of a number of minor events; e.g., events perceived as surprising, considering the strong and positive relationship with the provider. One interviewee of a mobile phone service provider recently had experienced a series of unfavourable events, none of which he reported as major issues:

The network is dropping off. So the quality of service is getting worse. Secondly, the automated service is really poor – it does not understand my request. Waiting time is over an hour sometimes. The automated system where I have to talk never understands me. [Interviewee 7, Male, Age 27]

Although respondents did not perceive multiple unfavourable events as major incidents, they were rather surprised, considering the fact that the relationship was perceived previously as favourable. As one interviewee stated:

I first had the rude employee, then last Tuesday I did not get the information I needed, even though I saw that everybody else had that information; then I asked the lady and she was rude like straight away – ‘we don’t have it’. I was like ... SURPRISED! [Interviewee 12, Female, Age 24]

A major theme which interviewees deemed important in the stage of disillusion was their changing perception of value offered by their service provider. For instance,

one interviewee was using the internet service provider for about two years but he switched to another provider after the expiry of the contract. Thinking back at what influenced his gradual disengagement, he recalled:

I think the whole issue is driven by value. I was satisfied, it was okay but the price thing made me mad; and I was looking for alternatives.

[Interviewee 3, Male, Age 38]

Another common cause of disillusion is habituation, which may lead to a feeling of boredom that could trigger the fading process. Recalling the disillusion stage of her relationship with a brand, one interviewee reported that disengagement with brand X was also induced by her feeling of boredom with the relationship. As she stated –

I don't think it gave me any wow factor so far. It's pretty much like a boring relationship.

[Interviewee no. 2, Female, Age: 25]

The above experiences illustrate how the feeling of disillusionment has been formed in the customers' mind. Customers seem to be surprised (2²) that the provider does not live-up to its promises. Yet, their dissatisfaction (6) does not lead to switching intentions; much rather, the company seems to be given second chance (5) and consumers tend to wait-and-see (3). The researcher found that that over-promising (20), unfavorable price/value perceptions (10), peer-pressure (4), ineffective promotion (2), habituation and the resulting variety-seeking (1) and a realization that the brand does not fit with oneself (1) are the key drivers for turning relational customers into disillusioned ones. The following Table 3.3 shows corresponding quotes for each of the above mentioned drivers, feelings and thoughts of the customers in disillusion stage revealed from the in-depth interviews.

² Numbers in parentheses indicate how often a particular feeling, thought, or driver has been clearly mentioned in the interviews.

Table 3.3: Quotes for drivers, feelings and thoughts in disillusion stage

Drivers	Feelings	Thoughts
<p>Changing the price-value perception:</p> <p><i>I think the whole issue is driven by value. I was satisfied, it was okay but the price thing made me mad.</i></p> <p><i>[Interviewee 3, Male, Age 38]</i></p> <p><i>I am planning to change my current auto service provider due to the price they are changing me; the quality their service is very good, it's just the price for what I am planning to switch.</i></p> <p><i>[Interviewee 4, Male, Age: 48]</i></p> <p>Peer pressure:</p> <p><i>My girlfriend is experiencing network problem as well but her roommates using different company is not facing this with another provider. So it's not only how the network is affecting me but it also how it affects my partner. So she is planning to switch and that is also influencing me as well.</i></p> <p><i>[Interviewee 7, Male, Age 27]</i></p>	<p>Surprise:</p> <p><i>I first had the rude employee, then last Tuesday I did not get the information I needed, even though I saw that everybody else had that information, then I asked the lady and she was rude like straight away – ‘we don't have it’. I was like ... surprised!</i></p> <p><i>[Interviewee 12, Female, Age 24]</i></p> <p>Dissatisfaction:</p> <p><i>As my problem is not resolved and every time I call them it's a new guy or girl who is attending me and listening to my problem for the first time. Even if I write down his/her name and asked about that person later he/she might not be in that shift.</i></p> <p><i>[Interview 6, Female, Age 28]</i></p> <p><i>When I started the satisfaction score was about 8 out of 10 but now I am at about 5 and going down to even more.</i></p> <p><i>[Interview 12, Female, Age 24]</i></p> <p><i>It's the network and customer service that annoyed me and overall I am not satisfied.</i></p> <p><i>[Interview 7, Male, Age 27]</i></p>	<p>Giving a second chance:</p> <p><i>I requested her something different but she did it really bad by mistake and I was very unhappy. I told her that look I really don't like it; so she said go ahead with this for now and if you still don't like the colour, come back. So I came back the next day, she fixed up my hair and she didn't charge me. I was expecting that she is going to charge me but she didn't ... So I intend to give her another chance to see how she does with it, maybe it was one off mistake.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p> <p><i>I would be like hey, this is my problem and what you going to do with this. If you don't do anything then I would move on.</i></p> <p><i>[Interviewee 12, Female, Age 24]</i></p> <p>Patiently waiting:</p> <p><i>Recently the internet is not working well and it was breaking down quite regularly. It has been happening for quite some</i></p>

<p><i>I changed from X to Y as my friends at that time were at Y and to call them free, I moved to Y.</i></p> <p><i>[Interviewee 5, Male, Age 25]</i></p> <p>In effective promotion:</p> <p><i>They have a frequent flier program. They never told us how to claim the points; they gave two different cards - what I am going to do with two cards?</i></p> <p><i>[Interviewee 2, Female, Age 25]</i></p> <p>Habituation:</p> <p><i>I don't think it gave me any wow factor so far. It's pretty much like a boring relationship.</i></p> <p><i>[Interviewee 2, Female, Age 25]</i></p> <p>Over promising / not keeping promise:</p> <p><i>These services treat you so well initially but when the question of keeping you as a customer, they just over promise and they don't deliver.</i></p> <p><i>[Interviewee 2, Female, Age 25]</i></p> <p><i>I never expected those things but they increased my expectation and when they stopped</i></p>		<p><i>time and I have been patiently waiting hoping that it will be solved and it will not persist</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p> <p><i>I would try few times to get the things rectified. I wouldn't switch the provider right away.</i></p> <p><i>[Interviewee12, Female, Age 24]</i></p>
---	--	--

<p><i>sending me those without any warning, I was surprised; (...) the sudden withdrawal of the extra incentives influenced me to forget about the company.</i></p> <p><i>[Interviewee 7, Male, Age 27]</i></p>		
---	--	--

Therefore, at the beginning of the fading process, i.e., during the disillusion stage, relational customers become disillusioned due to unfavourable event(s) being experienced. Such unfavourable event(s) may not necessarily be a major crisis but create disappointments due to the crystallized effect of a number of minor events, which are perceived as surprising, considering the strong and positive relationship the consumer has with the provider. Yet, the disappointment does not lead to switching intentions; much rather, the company seems to be given a second chance and consumers tend to wait-and-see.

Stage 2: Disaffection

Fading consumers move to a stage of disaffection once their disappointment is not dealt with adequately by the service firm. The effect of a series of multiple unfavourable events and perceptions of inadequate reflective measures, particularly with respect to the employee-customer interaction, create doubt in the customers' mind about the credibility of the service provider; and, fading customers feel a plethora of negative emotion. A recurring theme in the disaffection stage was anger and frustration during the interaction with the brand. As a consequence, customers begin evaluating the cost-benefits of continuing their relationship with the current provider. For instance, one interviewee was with her internet services for about four years but recently had experienced regular breakdown of the network. After waiting patiently for some time, she called the service provider. They promised to solve the problem, but nothing happened. The episode pushed her to be aware of the costs of staying with the service provider. As she states -

Now it's not good at all and I am having problems. I am the one who is chasing them and they are not following up the issue at all. So it's costing me time and frustration. I can't bear it anymore and I am now looking for alternatives.

[Interviewee 6, Female, Age 28]

Another interviewee who was with a mobile service provider for about three years experienced some service problems. She was referred to four different departments where she had to repeat the situation over and over again.

It's frustrating and time consuming, you know. I work full time. They upgraded their service like 24/7 but still when I ring them up I have to wait a long time and when I get somebody on phone, they can't do anything about my problems unless their manager is back on board. Then I have to wait until the following morning (...) I don't think they have done much about it and it is still frustrating.

[Interviewee 9, Female, Age 28]

Similarly, another interviewee, who was a satisfied and committed consumer of a mobile phone provider for over 5 years, expressed his feelings of frustration as follows:

Their automated service is really poor – it did not understand my request at all. When I ring up, even talking to a person is difficult, sometimes they don't understand what I am telling to them and I have to wait for long, which is very frustrating.

[Interviewee 7, Male, Age 27]

Similarly, another interviewee has been with the particular mobile phone service provider for about seven years. Recently she felt let down by the provider company and expressed her feelings of being treated in an inappropriate, impersonal way, in the following manner:

One day somebody called me and told me that he will give me a special deal if I want to upgrade. When I asked them things like what other additional services can I get. He talked with his supervisor and told me that this is the best package they have for me. I mean this is for everyone! How can it be personalized? It had

nothing special. You are deceiving people to think that. How can you bombard somebody's email and tell them that this is special to you and in fact it's not? That is just crazy! I am really annoyed with them. I started looking around.

[Interviewee 2, Female, Age 25]

As stated above, fading consumers usually start looking for alternatives in this stage. Another recurring thought of the consumers at this stage is that they start evaluating the brand negatively. One interviewee of an airline stated:

Because I had a bad experience over phone, that carried on to the actual flight and I start evaluating everything negatively like the chair is too small, I mean it's like previous negative experience flew on to others. These kind of negative experiences have a cumulative effect on the anticipation of the future experiences or dealings and actual future experiences as well.

[Interviewee 5, Male, Age 25]

In summary, the analysis of the in-depth interviews reveals that customers in the stage of disaffection are developing negative emotions like anger and/or upset (20), frustration (9), and hatred (5). These customers start searching for alternatives (10), assess cost-benefits (5) and negatively evaluate the brand (4). The process of disaffection is mainly triggered by the provider's inability to properly manage service failures (20); primarily, that includes unsatisfactory service encounter in a repeated manner, which makes the service provider appear to be unreliable (25) and impersonal (3). However, no definite switching intention has been formed yet. The following Table 3.4 shows corresponding quotes for each of the above mentioned drivers, feelings and thoughts of the consumers in disaffection stage revealed from the in-depth interviews.

Table 3.4: Quotes for drivers, feelings and thoughts in disaffection stage

Drivers	Feelings	Thoughts
<p>Unsatisfactory encounters:</p> <p><i>The first reason that will drive me towards switching is if I have been treated poorly ; the quality of the outcome i.e. the quality might be okay, not so great, but if the people involved is dismissive or rude and treated me poorly during the exchange, I will definitely consider to change my provider.</i></p> <p><i>[Interviewee 1, Female, Age 57]</i></p> <p><i>Now it's not good at all and I am having problems. I am the one who is chasing them and they are not following up the issue at all. So it's costing me time and frustration.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p> <p>Unreliability:</p> <p><i>They have a customer retention department that they put me through. They said me that they will trouble shoot the problem and fix the problem. But I just don't believe them. I have been through such trouble shooting things before. The person over phone told me that they are</i></p>	<p>Frustration:</p> <p><i>Their billing system is in online and is kind of troublesome. You will not be able to find how the bloody system works, you know. We were kind of frustrated and we needed to wait three times until we got a notice from them that they are going to disconnect the line. Then we talk to some people and pay the bill. It's really frustrating.</i></p> <p><i>[Interviewee 8, Male Age 48]</i></p> <p><i>Sometimes they don't understand or they don't know what they are talking about and we need to start from scratch again as you are not in the right dept. That's really frustrating.</i></p> <p><i>[Interviewee 9, Female, Age 28]</i></p> <p><i>When I ring up, even talking to a person is difficult, sometimes they don't understand what I am telling to them and I have to wait for long, which is very frustrating.</i></p> <p><i>[Interviewee7, Male Age 27]</i></p> <p>Anger:</p> <p><i>How can you bombard somebody's email and tell that this is special to you and in fact it's not; that is</i></p>	<p>Searching for alternatives:</p> <p><i>It was okay but the price thing made me mad and I was looking for alternatives.</i></p> <p><i>[Interviewee 3, Male, Age 38]</i></p> <p><i>I called them but they said it's due to my equipment; I changed it but still it's dropping. I called them back but in fact they did test their line and I think it might be costly to do that. I can't bear it anymore and I am now looking for alternatives.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p> <p>Negative evaluation of the company/brand:</p> <p><i>Because I had a bad experience over phone, that's carried on to the actual the actual experience in the flight and I start evaluating everything negatively like the chair is too small; I mean its like previous negative experience flew on to others. These kinds of negative experience have a cumulative effect on the anticipation of the future experiences or dealings and actual future experience as well.</i></p>

<p><i>building new towers and everything will be fixed. Then I asked when? He said soon but could not give any specific date. If they could give an accurate date when my reception will be improve, in that case I could consider staying even though I may require carrying on such bad reception for few more days but I must have some specific date.</i> [Interviewee 7, Male, Age: 27]</p> <p><i>Recently the internet is not working well and it was breaking down quite regularly. It has been happening for quite some time and I have been patiently waiting hoping that it will be solved and it will not persist. I have research to do but the internet is dropping. It's annoying, you know. I called them but they said its due to my equipment, I changed it but still its dropping. I called them back but in fact they did test their line and I think it might be costly to do that I can't bear it anymore.</i> [Interviewee 6, Female, Age:28]</p> <p>Lack of personalization:</p> <p><i>The only thing seemed questionable to me is that when I asked them things</i></p>	<p><i>crazy!!! I am annoyed with them.</i> [Interviewee 2, Female Age 25]</p> <p><i>When you ring up, you keep waiting for ages on the phone which annoying and you are transferred from this department to that department and they are not really clear which department the call belong to.</i> [Interviewee 9, Female Age 28]</p> <p>Hatred:</p> <p><i>They have an automated service where I need to talk to the automated person ... but she never understands my problem and it's really tough to get a live customer service representative. I really hate this automated service.</i> [Interviewee7, Male Age 27]</p> <p><i>It's now more of a hatred relationship.</i> [Interviewee 5, Male, Age 25]</p>	<p>[Interviewee 5, Male Age 25]</p> <p><i>The staffs on the flight were fine but the interaction over phone was really bad and that poor interaction kind of ruins my whole previous experiences and spoils its brand image to me as well.</i> [Interviewee 5, Male Age 25]</p> <p><i>It's a strong cumulative effect of these few issues within a short period of time destroyed last 5 years of relationship.</i> [Interviewee 7, Male Age 27]</p> <p>Assessing costs-benefits:</p> <p><i>It's frustrating and time consuming, you know. I work full time; they upgraded their service like 24/7 but still when I ring them up I have to wait a long and when I get somebody on phone, he/she cannot do anything about my problems unless their manager is back on board. Then I have to wait until the following morning. I don't think they have done much about it and it is still frustrating.</i> [Interviewee 9, Female Age 28]</p> <p><i>Now it's not good at all and I am having problems and they are not following up</i></p>
--	---	--

<p><i>like what other additional services can I get from you; i.e., you can actually provide me. Obviously this is not going to cost you a lot and I was really hoping to get another pack or some information in this regard. Then the customer service representative talked with his supervisor and told me that this the best package they have for me. I mean this is for everyone ... how can it be personalized? I understand it could be for general customers but you are telling me that this is the best for me as I am with the company for seven years. It had nothing special and you are deceiving people to think that.</i></p> <p><i>[Interviewee 2, Female, Age 25]</i></p> <p><i>I just think that if you have a special offer, it must be truly special. If a person stays with you for a long time, its not unfair for that customer to get at least something special, you know. Its not that we are expecting something huge, it just a personalize thing. If not then why bother to call the customer?</i></p> <p><i>[Interviewee 2, Female, Age 25]</i></p>		<p><i>the issue at all. So it's costing me time and frustration.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p>
--	--	--

Therefore, customers move from the disillusion to the disaffection stage of the fading process once their disappointment is not dealt with adequately by the firm and the customer begins to lose faith in the credibility of the provider. Customers in the disaffection stage are out of affection towards the firm/brand and experience negative emotions such as frustration, anger and/or rage. As a result they start evaluating the cost-benefits of continuing their current relationship; however, no definite switching intention has been formed yet.

Stage 3: Crossroads

The third stage of the fading process, crossroads, is triggered by lack of perceived trustworthiness of the brand or company. If the customers feel that the brand or the company is no longer trustworthy then they decide to terminate their current relationships. For example, one respondent who had been happily visiting his dentist for about two years, switched to a new dentist as he found that his dentist was not trustworthy anymore as the dentist did not inform him that some of the procedures suggested by him (the dentist) were not critical enough and/or some procedures could have been done at a lower price elsewhere. As he stated:

He was very knowledgeable and quality of treatment was good. Once there was a particular treatment I needed to be done. Although he went through lots of preliminary process of that treatment and telling me what was required and what he could do but he failed to let me know that there was a government system where if some other dentist registered with the insurance company (X) can do the treatment with lot cheaper than he could. But as he didn't mention to me that I can get it done in some other places at lower cost, my trust in him has been shattered towards the end, two things came out – may be some of the treatments, I felt, are unnecessary but he did not even inform me about this. Besides this particular major treatment where the price difference is large enough – he did not inform me that I can do it somewhere else. There was little but pressure from his side to get those done but my new dentist told me that it's up to you; if you want to get it done, you can do it but if you don't do it, you will be alright.

[Interviewee 10, Male, Age 37]

Customers also become decisive about switching the brand or the service provider if they find that the company is not only unwilling to accept their complaints but also accuses them for the unpleasant events that they experienced. For example, one respondent stated the reason that forced him to terminate relationship with his current auto dealer:

It was a brand new car but the clutch used to give a burning smell and one day it refused to drive because of clutch fail. I had to call the towing guy and bring it to the dealer and I talked with the dealer. But the dealer was unwilling to accept and telling me the reason of failure is the way the car is driven. My argument was that I have been driving manual car for all my life, almost 10-12 years now, and why should I go on a suicidal mission and spoil my car. So, we had arguments and at the end they changed the entire clutch system but it needed lots of follow up, quite a bit of time almost 10 days as they had to bring the clutch from Sydney and it affected my whole satisfaction. That's why I switched to a YYY car.

[Interviewee 3, Male, Age 38]

The crossroads stage is characterized by a growing feeling of indifference; customers lose their commitment towards the brand and/or service provider. For example, one interviewee described her feelings when she had decided to switch from her mobile service provider which she had used for about seven years. As she stated -

I will not feel sad if I am not with X. As far as commitment, it's just so so.

[Interviewee 2, Female, Age 25]

During the crossroads stage, consumers perceive alternative offerings as increasingly attractive. To reduce cognitive dissonance, customers tend to re-interpret their previous relationship with the current brand. Despite seriously considering switching, customers are not necessarily terminating their relationship with the firm/brand. This could be due to financial, procedural or relational switching costs. As one interviewee stated, he was decisive about switching but couldn't switch as his contract did not expire yet; viz.,

I was waiting to end the contract as it had financial implications.

[Interviewee 3, Male, Age 38]

Some interviewees mentioned that even at this stage they were willing to give the service provider *one last chance*, driven primarily by the perceived risk of starting a whole new relationship. For example, one respondent stated that:

The haircut guy cut my hair for 10 years and it's not that every time the haircut was great. Still, I continued to go to the same haircut guy. If it is a new provider and I don't have a history, I might end up with an even worse haircut.

[Interviewee 1, Female, Age 38]

Thus, even at the crossroads stage, the consumers are not yet lost; however, they are extremely vulnerable to competitive offerings. One interviewee identified the growing susceptibility to competitor's activities, almost rationalizing a possible future switching:

I think their products are not competitive in terms of pricing. I think if you look at the range of products and what the competitors are offering, they have never bothered to match the products with the competitors.

[Interviewee 3, Male, Age 38]

Recalling the crossroads stage in his relationship with brand X, which in this case led to switching, the interviewee went on by saying:

When I withdrew from brand X, they were trying to persuade me saying that we give you a better product and will give you a bundle of home phone and internet but having said that still they were not able to offer me equivalent product that brand Y is offering me; they seemed to be unaware what their competitors were doing.

[Interviewee 3, Male, Age 38]

In addition to being interested in a competitor's offerings, customers at the crossroads stage loosen emotional bonds with their provider. As one interviewee puts it in relation to a mobile service provider:

Certainly, I have no commitment at all, although I was committed earlier. I have no emotional attachment with the company now. [Interviewee 7 Male, Age 27]

The findings show that, at the crossroads stage, customers feel increasingly indifferent towards the brand or service provider (6). They actively consider switching, which can be treated as hidden defection as customers just wait for expiry of the contract (2). The key triggers of moving customers towards terminating their relationships are competitors’ activities (13), lack of perceived trustworthiness of the company or brand (3) and accusing the customers (2). However, customers still consider the potential risks of switching (2) to another firm/brand. Therefore, complaining (2) or even threatening to leave (3) and by doing so, giving the company one last chance (5) to rectify what went wrong, are likely thoughts of customers at this stage. Yet, the process of emotional separation and/or loosening commitment might have already started (4). Following Table 3.5 shows corresponding quotes for each of the above mentioned drivers, feelings and thoughts of consumers at the crossroad stage revealed from the in-depth interviews.

Table 3.5: Quotes for drivers, feelings and thoughts in crossroads stage

Drivers	Feelings	Thoughts
<p>Competitors’ activities:</p> <p><i>When I passed about a year of my contract, I found that Y came with better offer and from that time and on I was planning to switch but as there was financial implications, I thought it’s better to stick with X for the contract period.</i></p> <p><i>[Interviewee 3, Male, Age 38]</i></p> <p><i>I saw my friend Z downloading so much with his Y service; so I</i></p>	<p>Indifference:</p> <p><i>It’s kind of weak relationship now ... because I haven’t come up with something better. I don’t feel bad that I am leaving him.</i></p> <p><i>[Interviewee 10, Male, Age 37]</i></p> <p><i>Certainly I have no commitment at all though I was committed earlier. I have no emotional attachment with the company now.</i></p>	<p>Giving one last chance:</p> <p><i>If they rectify the problem and give some incentives, I will give them one last chance.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p> <p><i>So if they fix it, probably I will stick with them. But I don’t see how they will fix it ‘coz it will take time to build new towers.</i></p> <p><i>[Interviewee 7, Male, Age 27]</i></p>

<p>was looking to it and their customer service is really good and prompt. I really didn't need to wait. You know the best thing about it – they cut off \$100 from my first bill because I was referred by a friend and quality, speed everything is good. They continually upgrade their service and I think it is really good and they also inform the customers about the upgrade. They also provide the upgraded service to you as a standard service. That was the biggest reason why I decided to switch from X to Y.</p> <p>[Interviewee 2 Female, Age 25]</p> <p>Lack of trustworthiness</p> <p>But as he didn't mention to me that I can get it done in some other places at lower cost, my trust on him has been shattered.</p> <p>[Interviewee 10, Male, Age 37]</p> <p>They have a customer retention department that they put me through. They said me that they will trouble shoot the problem and fix the problem. But I just don't believe them. I don't see how they will fix it, 'coz it will really require them lots of time</p>	<p>[Interviewee 7, Male, Age 27]</p> <p>I will not feel sad if I am not with X. As far as commitment, it just so so.</p> <p>[Interviewee 2, Female, Age 25]</p> <p>Emotional separation:</p> <p>Certainly I have no commitment at all though I was committed earlier. I have no emotional attachment with the company now.</p> <p>[Interviewee 7, Male, Age 27]</p> <p>Before, I was committed to XXX but not now.</p> <p>[Interviewee 5, Male, Age 25]</p>	<p>Threatening to leave:</p> <p>Next month I am going to look into websites to find what other different offers are there from different companies and I will assess them and then I will let them know that I am going to leave.</p> <p>[Interviewee 6, Female, Age 28]</p> <p>They checked things more thoroughly and rang me back that things are okay in my system. They did it when I called them and threatened them I am leaving.</p> <p>[Interviewee 8, Male, Age 48]</p> <p>Perceived risk of switching:</p> <p>If I switch to another company, it would be whole new game and I need to start as a fresh customer. But staying with X, same company, I would definitely not like other 2 million new customers and I can say that hey, I am with you for 12 years and I just had one claim, so lets start talking and bargaining which I can't do if I change to a new one.</p> <p>[Interviewee 8, Male, Age 48]</p> <p>If it is a new provider and I don't have a history, I might end up with even worse haircut.</p> <p>[Interviewee 1, Female, Age 57]</p>
--	--	--

<p><i>to build new towers.</i></p> <p><i>[Interviewee7, Male, Age 27]</i></p> <p>Accusing the customers</p> <p><i>But the dealer was unwilling to accept and telling me that the reason of failure is the way the car is driven.</i></p> <p><i>[Interviewee3, Male, Age 38]</i></p>		<p>Waiting for expiry of the contract:</p> <p><i>I was waiting to end the contract as it had financial implications.</i></p> <p><i>[Interviewee 3, Male, Age 38]</i></p> <p>Complaining:</p> <p><i>They did it when I called them and threatened them that I am leaving.</i></p> <p><i>[Interviewee 8, Male, Age 48]</i></p> <p><i>It's me who is chasing them. I am the one who consistently telling them about the problem, they didn't follow up the issue at all.</i></p> <p><i>[Interviewee 6, Female, Age 28]</i></p>
--	--	---

Therefore, during the 3rd stage (crossroads) of the fading process, customers increasingly feel indifferent towards the formerly preferred brand as they find alternative offerings more attractive. Thus, they tend to re-interpret their previous relationship with the firm/brand. In this stage, customers seriously consider switching; however, they do not necessarily terminate the relationship due to financial, procedural, or relational switching costs and perceived risk of starting a whole new relationship with another brand/company. Customers are still willing to give the service provider *one last chance* meaning that they are not yet lost, but extremely vulnerable to competitive offerings.

Previous discussion on different drivers, feelings and thoughts of the customers across the three stages of the fading process are summarized in following Table 3.6. Detailed discussion of Table 3.6 is outlined in Chapter 5.

Table 3.6: Summary table of the drivers, feeling, and thoughts across the three stages of the fading process

	Disillusion	Disaffection	Crossroads
Drivers	Firm related factors: ⇒ Over-promising (20) ⇒ Ineffective promotion (2) Customer Related Factors: ⇒ Changing price/value perception (10) ⇒ Peer Pressure (4) ⇒ Habituation (1) ⇒ Incompatible match (1)	Firm related factors: ⇒ Unsatisfactory service encounters (20) ⇒ Unreliability (25) ⇒ Lack of personalization (3)	Competitor Related Factors: ⇒ Competitors' activities (13) Firm related factors: ⇒ Lack of perceived trustworthiness (3) ⇒ Accusing Customers (2)
Feelings	Dissatisfaction (6) Surprise (negative) (2)	Frustration (9) Anger / Upset (20) Hatred (5)	Indifferent (6) Emotional Separation (4)
Thoughts	Giving a second chance (5) Patiently Waiting (3)	Searching for alternatives (10) Negatively evaluate the firm/brand (4) Assessment of costs and benefits (5)	Giving one last chance (5) Threatening to leave (3) Perceived risks of switching (2) Wait to expire the contract (2) Complaining (2)

Note: The numbers in the parenthesis represent the frequency of iterations.

3.3.2.6 Duration of fading period

The in-depth interviews support the argument that customers do not terminate their relationship abruptly; rather they take time to arrive at a switching decision. For example, one interviewee stated:

*It takes me **very long time** ... It's about the devil you know and the devil you don't know. Devil I know in terms of hair cut – 8 out of 10 times it's going to be good. But how do I know if go elsewhere that I will get this rate of satisfaction. So, in terms of how long I would take to switch, I can't tell you exact figure but its **must be a long time**. There has to be a massive incident or there must be gradual build up, build-up of dissatisfaction. But it builds very slowly.* [Interviewee no. 1, Female, Age: 57]

Another interviewee stated that –

*I will not switch the provider **right away**; I would **try few times** to get things rectified.* [Interviewee no. 12, Female, Age: 24]

Customers take time to arrive at a final decision due to their feeling of inertia and/or due to perceived procedural hassles and/or financial implications, which has already been discussed in section 3.3.2.3. Thus customers' feelings of inertia linger the duration of fading relationship. As stated by one interviewee:

*When I started to look around it took me **about a month** to find and decide. It's kind of hassle to change once if you set up a system and it's really a hassle to set up new system. So it's also my laziness to change and as a result it took me about **couple of months** to decide that I am going to change company X, I was also waiting to get the right time; i.e., when I moved to new house and bought a new computer then I thought it's time to change new internet provider.* [Interviewee no. 10, Male, Age: 37]

Thus, interviewees reported that they take long time (say, couple of months) to arrive at a switching decision and executing this decision may take even more based on the respective context, customer characteristics (e.g., inert vs. prompt customer, product involvement category, necessity to switch etc.).

3.3.2.7 Consequences of fading relationship

Similar to marital disaffection, a fading relationship may take a turn towards different directions that include termination of the relationship, staying with the

company with the derived dissatisfaction, or even restoration of the relationship is possible. In this study (Study 1), evidence was found in support of all three consequences. For example, one interviewee stayed happily with his dentists for 2 years but recently terminated the relationship and moved to a new dentist as he found the new dentist's suggestion fits him well. As he stated -

I want to see the things very logically. If you want to clean your car more to make it look perfect, you can clean it again and again but how much clean do you need? Getting more and more perfection might not be always necessary. So my new dentist's advice matched me very well.

[Interviewee no. 10, Male, Age: 37]

Another interviewee, though dissatisfied, was staying with a gym as she was under contract. As she stated –

My staying with this gym is not related to my affection, rather it is due to locked in situation.

[Interviewee no. 12, Female, Age: 24]

The third alternative of the consequences of a fading relationship is restoration of the relationship. The in-depth interview analysis also provided evidence that it is possible to restore a fading relationship if the firm could adopt specific restoration efforts to meet the expectation of the fading customers. The following discussion focuses on specific quotes and relevant discussions on the possibility of restoring fading relationship revealed from the in-depth interview analysis.

3.3.2.8 Restoring fading relationship

Like the disaffected couples, it is also possible to restore the relationship with fading customers. As mentioned before, fading customers often voice their complaints and threaten the provider by stating that they are going to switch to another provider if their grievances are not taken care of adequately. If the service provider rectifies their problem and handles the fading customers with effective restoration efforts then they stay with the service provider. Fading customers often expect discussion or negotiation with the service provider before terminating the relationship because they

have had a relationship earlier with the company and don't intend to start a new relationship all over again. One interviewee, who threatened the service provider about switching and wanted to give the company one last chance, did not switch eventually. As he stated –

As they honoured my claim finally, I am happy and I am going to stay with the company even though it's a shame that I had to fight. But still I want to stay as I stayed with the company for 12 years and I have a good history of not claiming but if I switch to another company, it would be whole new game and I need to start as a fresh customer. [Interviewee no. 8, Male, Age: 48]

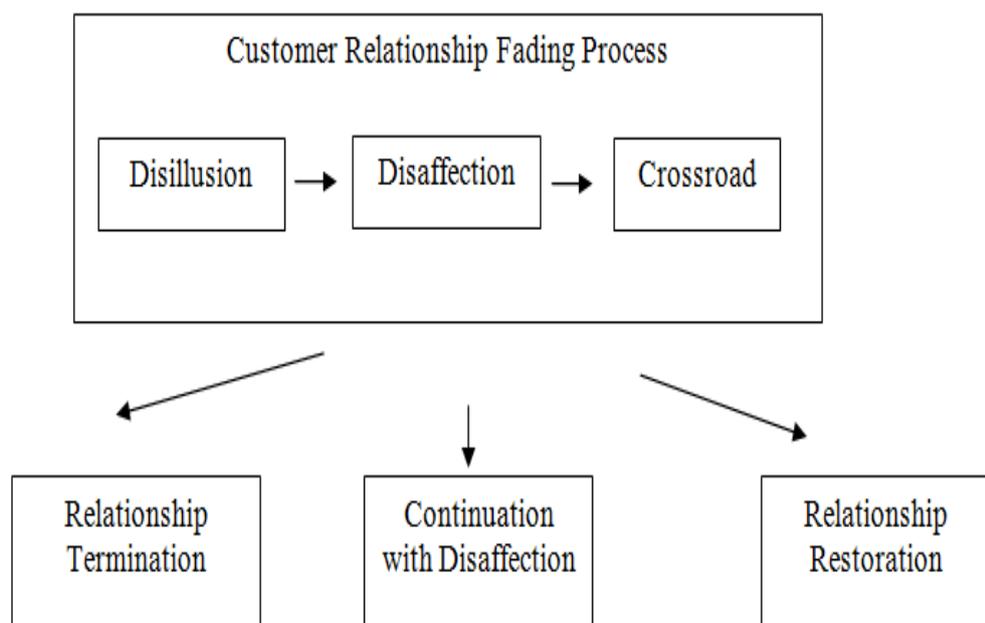
He kept on saying –

But staying with Company X, I would definitely not like other two million new customers and I can say that hey, I am with you for 12 years and I just had one claim, so let's start talking which I can't do if I change to a new one.

[Interviewee no. 8, Male, Age: 48]

The possible consequences of a fading relationship are depicted in Figure 3.1.

Figure 3.1: Consequences of fading relationship



3.4 Conclusion and chapter summary

In this chapter, the first two research questions (why and how do customer relationships fade over time?) and corresponding first four research objectives of the study have been addressed. The study was based on a qualitative research approach focusing on in-depth interviews as the tool for data collection. The data collected from twelve in-depth interviews have been analysed to identify key themes related to the trajectories, drivers, emotions and thoughts regarding the fading process. The study enabled the phenomenon of customer relationships fading to be defined and identified three distinct stages – disillusion, disaffection and crossroads, in the fading process; drivers, thoughts and emotions of customers across these three stages of fading were also explored. Thus, in the study the key characteristics of fading have been unfolded and the definition and the key characteristics of fading stages are summarized below.

Definition of relationship fading

Customer relationship fading can be defined as a process of gradual decline of customers' intention to continue relationships with a brand/firm manifested in –

- ❖ negative feelings towards the company or brand,
- ❖ diminishing frequency and/or volume of transactions with it, and
- ❖ initiation of switching intention.

Stage 1 Disillusion:

- ❖ At the beginning of the fading process, relational consumers become disillusioned due to unfavourable event(s) experienced by them.
- ❖ The unfavourable event(s) may not necessarily be a major crisis but a disappointment due to the crystallized effect of a number of minor events, which often are perceived as surprising, considering the strong and positive relationship the consumer has with the provider.
- ❖ Yet, the disappointment does not lead to switching intentions; much rather, the company seems to be given a second chance and consumers tend to wait-and-see.

Stage 2 Disaffection:

- ❖ Customers move to a stage of disaffection once their disappointment is not dealt with adequately by the firm, which create doubt in the consumer's mind about the credibility of the service firm.
- ❖ Customers are out of affection towards the brand and experience negative emotions such as frustration, anger or rage.
- ❖ As a result they start evaluating the cost-benefits of continuing their current relationship. However, no definite switching intention has been formed yet.

Stage 3 Crossroads:

- ❖ In the third stage (crossroads) of the fading process, customers increasingly feel indifferent towards the formerly preferred brand as they find alternative offerings more attractive. Thus, they tend to re-interpret their previous relationship with the firm/brand.
- ❖ In this stage customers actively consider switching. However, they do not necessarily terminate the relationship due to financial, procedural or relational switching costs and perceived risk of starting a whole new relationship with another brand or company.
- ❖ Customers are still willing to give the provider one last chance meaning that they are not yet lost, but extremely vulnerable to competitive offerings.

Study 1 also outlined alternative consequences of the fading process and indicated about the possibilities of restoring fading relationships. It is evident from the findings of Study 1 that a fading relationship can be restored with effective restoration efforts. However, as the drivers, emotions and thoughts of the fading customers are different across the three stages of fading, the effectiveness of restoration efforts may also be different across the three stages. In order to find out possible restoration efforts that firms can adopt to restore fading relationship (third research question of this research) and which restoration effort(s) would be effective at which stage of fading, Study 2 was pursued, as described in the following Chapter 4.

Chapter 4: Study 2

RESTORING A FADING RELATIONSHIP

4.0 Introduction

Chapter 4 presents detailed information about Study 2 that elaborates how the third research question of the study (i.e., how to restore fading relationships?) has been addressed. Utilizing the findings of Study 1 (in Chapter 3), which outlined the characteristics of the three stages of the fading process, this chapter identifies specific restoration efforts and determines their effectiveness to restore fading relationships across the stages of the fading process. Thus, this chapter focuses on how the restoration efforts were identified, the theoretical background in support of the hypotheses developed based on the selected restoration efforts, detailed methodology pursued and finally, data analysis and results of the study.

4.1 Identifying possible restoration efforts

Study 2 identifies possible restoration efforts that firms can adopt to restore fading relationships. For this purpose, a series of brainstorming sessions were conducted in two phases. In Phase I, ideas regarding possible restoration efforts were generated and a list of restoration efforts was developed, which was further refined and shortened in Phase II. Thus, a total of six restoration efforts were selected in Phase II taking two efforts for each of the three stages of the fading process. Subsequently, the effectiveness these six restoration efforts were examined in restoring fading relationships in each of the three stages of fading. The following sections outline the detailed procedures of conducting the brainstorming sessions, identifying restoration efforts for the three stages of the fading process and evaluating their effectiveness in restoring fading relationships from each stage of the fading process.

4.1.1 Brainstorming sessions and identifying restoration efforts

Brainstorming is a qualitative research tool, which is unstructured or semi-structured in nature and is used for exploratory purpose (Fontana & Frey, 1994). Brainstorming has been used widely in marketing literature for creative thinking and generating new ideas (e.g., Fern, 1982; Kohli & LaBahn, 1997; Kohli & Thankor, 1997; Moreau, Lehmann & Markman, 2001). Considering its exploratory nature and successful use history for generating ideas, a total of thirteen brainstorming sessions were conducted in this study. Following the procedure of Moreau, Lehmann & Markman (2001), the brainstorming sessions were conducted in two phases taking university students as respondents. Detailed discussion on how the brainstorming sessions were conducted in two phases is discussed below.

4.1.1.1 Phase I: Generating ideas for restoration efforts

In Phase 1, eight brainstorming sessions were conducted among 151 students of a large university in Australia. Each session consisted of members ranging from 13 to 24 in numbers. Although the groups/sessions were dissimilar to each other in terms of number of the members, the brainstorming literature suggested no significant difference based on the size of the groups (Fern, 1982). Initially, respondents were briefed about the research and the three stages of the fading process were explained. Following this, respondents were instructed to consider any service firm/brand with which they had had a relationship for at least the past year but were currently dissatisfied with it for some reason(s) and were planning to switch to another product/service brand; i.e., their relationship with the firm/brand was currently in one of the three stages of fading. Subsequently, the respondents were asked to select the stage of the fading process they currently belonged to. They were also asked to list restoration efforts that they expected from the firm or its brand in order to prevent them from switching the firm or its brand. The questionnaire used in Phase I of brainstorming session is shown in Appendix III. The average age of the respondents was 20.60 years and the average duration of stay with the service firm was 1.82 years, ranging from 1 to 4 plus years. All responses were tallied and listed in the respective stage of the fading process in a tabular form. Thus, Phase 1 revealed a list

of restoration efforts expected by the respondents across the three stages of fading process, as shown in Table 4.1.

Table 4.1: Summary of the respondents’ expectations about restoration efforts

Disillusion	Disaffection	Crossroads
1. Incentives/Deals (6)	1. Reliability and service quality (12)	1. Courteous behaviour (15)
2. Service Quality Improvement (16)	2. Price (10)	2. Reliability and Service Quality (21)
3. Stop False Promise (1)	3. Incentives or rewards (for loyal customers) (4)	3. Complaint handling free and Feedback (6)
4. Interior improvement (1)	4. Personalization (1)	4. Get rid of cancellation fee (4)
5. Longer warranty (1)	5. Flexible contract (1)	5. Better deal or offer incentives / gifts (17)
6. Brand image (1)	6. Free upgrade (2)	6. Price or affordability (8)
7. Price (3)	7. Better customer service (17)	7. Free upgrade (2)
8. Upgrade (1)	8. Fix the problem (3)	8. Caring customer service (3)
9. Better billing (1)	9. Compensate (4)	9. Inform customers (4)
10. Friendly customer service (15)	10. Caring interaction (2)	10. Compensate (4)
11. Flexible and variety of offer (11)	11. No overpromise (1)	11. Replacement (3)
12. Additional services (1)	12. Offer more on current offer (2)	
13. Confidence for future(1)	13. Inform customer (1)	
14. Apologize (4)		
15. Fix the problem (3)		
16. Compensate and discount (3)		

N.B Numbers in parenthesis refer to the frequency reported by the respondents. The respondents reported more than one restoration efforts.

Table 4.1 shows a detailed list of restoration efforts across the three stages of fading reported by the respondents. As expected, some of these restoration efforts listed by the respondents overlap with each other across the stages of fading (such as – ‘stop false promise’ in disillusion stage vs. ‘no over promise’ in disaffection stage), whereas some are not practical (such as – ‘get rid of the cancellation fee’ in

crossroads stage). The list of restoration efforts was refined by removing the overlapping and non-practical items. In addition, the reviewed literature on different recovery efforts (as discussed in Chapter 2) was also consulted while preparing a comprehensive list of possible restoration efforts. The revised list thus prepared contained the following 22 restoration efforts.

1. Apologize
2. Friendly & courteousness
3. Fix the problem
4. Compensate
5. Offer incentives/deals
6. Improve service quality
7. Caring interaction
8. Stop false promise
9. Refund
10. Increase the brand image
11. Auto upgrade
12. Better customer service
13. Flexible and variety of offer
14. Offer Special treatment
15. Manager intervention
16. Bonus or Premium
17. Build confidence for future
18. Personalized offer
19. Inform or update the customer
20. Lower price & increase perceived value
21. Replacement
22. Send seasonal greetings & induce socialization

The list of 22 restoration efforts was used in *Phase II* where the respondents were asked to select two relevant restoration efforts that they considered most appropriate

for them to restore their fading relationship with a firm/brand from the respective fading stage to which they currently belonged.

4.1.1.2 Phase II: Selecting restoration efforts across fading process

In Phase II, five brainstorming sessions were conducted among a new set of students at the same university in Australia. They rated two restoration efforts (from the list generated in Phase I) for each of the three stages of fading. This is similar to what had been done by Moreau, Lehmann & Markman (2001) as an effort to generate ideas for new products and rating the same for further use. A total of 89 students participated in Phase II as respondents and the number of members in each session ranged from 11 to 20. The questionnaire used in this phase contained three successive parts corresponding to the three stages of fading. Initially, respondents were briefed about the purpose of the research and about the concept of fading of customer relationships. Following this, respondents were presented with an explanation of the disillusion stage. Subsequently, they were asked to select two restoration efforts from among the list of 22 restoration efforts drawn from Phase 1 that they consider most appropriate and reasonable to restore fading relationship assuming that they were in the disillusion stage. The same procedure was repeated separately for the disaffection and crossroads stages. The average age of the sample respondents was 23.11 years. The average duration of the relationship that the respondents had with the respective firm/brand was 3.82 years ranging from 1 year to 10 years. The sample questionnaires used in this phase are shown in the Appendix IV. The most appropriate restoration efforts for each of the three phases of fading as identified by the respondents of this phase of brainstorming are shown in Table 4.2.

Table 4.2: List of desired restoration efforts across three phases of fading

Disillusion	Disaffection	Crossroad
1. Fix the problem (35)	1. Fix the problem (32)	1. Special treatment (17)
2. Friendly & Courteous (15)	2. Apology (18)	2. Compensation (16)
3. Apologize (14)	3. Improve Service quality (17)	3. Personalized benefit (10)
4. Inform & update customers (11)	4. Manager intervention (12)	4. Lower price and Increase perceived value (11)
5. Better Customer Service (11)	5. Caring interaction (9)	5. Fix problem (10)
6. Offer incentives or deals (10)	6. Compensate (11)	6. Improve SQ (10)
7. Improve SQ (10)	7. Refund (7)	7. Build confidence for future (9)
8. Refund (8)	8. Stop false promise (7)	8. Better Customer service (9)
9. Compensate (7)	9. Offer incentives and deals (6)	9. Manager intervention (8)
10. Lower price and increase perceived value (7)	10. Explanation (5)	10. Refund (7)
11. Personalized offer (4)	11. Build confidence for future (5)	11. Bonus or Premium (6)
12. Caring Interaction (3)	12. Special Treatment (6)	12. Auto upgrade (6)
13. Bonus or premium (3)	13. Personalized offer (4)	13. Caring interaction (5)
14. Replacement (2)	14. Bonus or premium (3)	14. Replacement (4)
15. Special Treatment (3)	15. Replacement (3)	15. Offer Incentives & Deals (5)
	16. Inform & update customers (2)	
	17. Better customer service (2)	

N.B. The numbers in the parenthesis represent the number of respondents, who perceived the restoration effort to be one of the two most appropriate and reasonable efforts for restoring fading relationships.

Table 4.2 describes different restoration efforts desired by the respondents across three stages of fading. The two most cited restoration efforts for each of the stages,

based on their frequency, were selected for further analysis. In the disillusion stage, the two restoration efforts that received the highest frequency were ‘fix the problem’ and ‘friendly & courteousness’. In the disaffection stage, although ‘fix the problem’ received highest frequency, it was not considered for this stage as it had already been selected for the disillusion stage. ‘Apology’ received the second highest frequency and was selected for disaffection stage. Although ‘improve service quality’ received the next highest frequency in the disaffection stage, the researcher did not consider this effort as service quality is an obvious and a minimum requirement for any exchange relationship (see Jones et al., 2011). Improving service quality is a vague term and customers’ desires might be endless regarding the term ‘improved service quality’. Instead, the researcher focused on those restoration efforts which can be offered to the customers in addition to ensuring basic service quality. Hence, ‘improve service quality’ was not considered as a viable effort for restoring a fading relationship. Consequently, ‘managerial intervention’, the next highest frequency in the disaffection stage was selected. For the crossroads stage, ‘compensation’ and ‘special treatment benefit’ received the highest frequencies and were selected for further examination. Thus, a total of six restoration efforts were selected for the final survey. These restoration efforts are –

1. Fix the problem i.e. Problem solving,
2. Friendly and courteous communication³,
3. Apology,
4. Managerial intervention,
5. Compensation, and
6. Offering special treatment

4.2 Examining effectiveness of the restoration efforts

In order to confirm that the restoration efforts selected by the respondents of the brainstorming sessions were effective in restoring fading relationship, the researcher’s intention was to investigate the effects of the six restoration efforts on fading customers’ ‘intention to restore relationship’. The causal effects of all six

³ Friendly and courteous behaviour of the customer service employees is considered as the key dimensions of communication (Liao, 2007).

restoration efforts were examined in each of the three stage of the fading process to check whether the restoration efforts perceived as effective in the three stages of fading (as revealed from Phase II of the brainstorming method) could be confirmed and endorsed. Subsequently, a theoretical background for restoring fading relationships, related hypotheses and their justifications, and the conceptual framework derived from the hypotheses were outlined in the following Section 4.2.1

4.2.1 Theoretical background and hypotheses

Relationship restoration can be viewed as an exchange process based on the notion of equity theory (Walster, Ellen & William, 1973). Adams (1965) defined equity as the feeling of wellbeing, fair dealing and a feeling of receiving what a customer deserves. According to equity theory, an equitable relationship exists when the inputs are perceived to be equal to the outputs (e.g., Adams, 1965; Swan & Oliver, 1991). When an inequity exists, a customer is motivated to resolve the inequity by reducing his or her own input, demanding the exchange partner to increase his or her input or by terminating the relationship (e.g., Goodwin & Roos, 1992). Relationship restoration efforts offered by service firms constitute an approach for re-establishing equity in the minds of fading customers. If service firms contact fading customers and offer them some benefits in terms of different restoration efforts, fading customers will perceive this as an increase of the firm's input into the exchange relationship. As a consequence, moving towards termination might no longer be perceived as fair to the fading customers (Homburg et al., 2007); rather, they might consider continuing the relationship with the same firm. Therefore, it is possible to restore fading relationships if the firm adopts some restoration efforts in order to re-establish a sense of equity in the fading customer's mind. As revealed in the brainstorming sessions, firms may adopt any of the six restoration efforts – communication, problem solving, apology, managerial intervention, compensation and/or special treatment benefit.

However, restoration efforts offered by the service firms are likely to be assessed by the fading customers, which can be explained by cognitive appraisal theory (Lazarus, 1984). Fading customers are likely to appraise a firm's restoration efforts in terms of the extent to which the efforts can heal the damage that has happened to the

relationship. Thus, in line with cognitive appraisal theory (Lazarus, 1984), fading customers' cognitive appraisal of the firm's restoration efforts can be defined as an assessment of the benefits or gains that the restoration efforts bring for the customers. They are likely to evaluate what is happening in the relationship and weigh the significance of the benefits that the restoration effort(s) may bring in the relationship. Therefore, the success of the restoration efforts offered by the service firms depends on whether these efforts are appraised positively by the fading customers. The following discussion focuses on a review of previous literature related to the six most important restoration efforts that are revealed from Phase II of the brainstorming sessions. This will lend support for the derived hypotheses used in the study.

4.2.1.1 Communication

Communication can be defined as a formal and/or informal sharing of meaningful and timely information between partners (Anderson & Narus, 1990). It includes different aspects such as frequency, mode, direction, quality and participation that affect customer satisfaction (Mohr & Nevin, 1990). Courteous communication of the service firm enhances customer satisfaction (Liao, 2007) and thereby plays an important role in realizing the mutual benefits in buyer-seller relationships (Mohr & Nevin, 1990). Communication in an exchange relationship comprises different components such as friendly and courteousness (Liao, 2007), providing trusted information regarding product/service quality, delivery issues, and providing customers an opportunity for feedback (Ndubisi, Wah & Ndubisi, 2007). Employees' courteous behaviour after an unfavourable occurrence and explanation about the same help to diffuse the feeling of negativity in the mind of customers and enhance satisfaction (Liao, 2007). By being courteous, employees demonstrate politeness, respect, and patience when interacting with customers, which fosters perceived fairness in the customer's mind and the individual, feels that they are treated with respect, dignity and sensitivity (Colquitt, 2001). This is also supported by the brainstorming findings of this study as the respondents of brainstorming sessions expected courteous and friendly communication from the service firms in order to restore their fading relationships.

After the unfavourable occurrences, fading customers are likely to expect an explanation and/or action from the firm (e.g., Liao, 2007). A service provider's inability to convey the required information may signal its insincerity towards the customers; hence, customers are likely to rely on contextual cues or prior information for their cognitive sense-making (Griffin & Roos, 1991). On the other hand, courteous and empathetic communication from the service firm may alleviate the customers' bad feelings about unfavourable occurrences (Liao, 2007). It signals to the victim that the offender is cognizant of the violation, savvy in detecting verbal and nonverbal cues from the victim, is concerned enough about the relationship and thus, quickly makes amendments (Lewicki & Bunker, 1996). Therefore, it is hypothesized that –

Hypothesis 1(H₁): Communication has a positive impact on the customers' intention to restore fading relationships.

4.2.1.2 Problem solving

Problem solving can be defined as initiatives taken by service firms to rectify its mistakes and/or to resolve the problems or unfavourable experiences that customers have experienced. Customers usually expect that service firms will initiate immediate steps to rectify mistakes and/or unfavourable event(s) experienced by them (Liao, 2007). The employees' ability to solve the service problems influences customer satisfaction and service quality evaluations (Bitner et al., 1990). If the employees fail to solve the problem, customers will feel that they have not received the outcomes that they deserve (Liao, 2007). As a result, inadequate problem-solving efforts by the firm may produce a 'double jeopardy' effect and will intensify customer dissatisfaction (Bitner et al., 1990) and create doubt in the customers' mind about the credibility of the service provider.

Ideally, fading customers who are experiencing problems in their relationships with service firms should receive resolutions immediately. Performance of the service firms in resolving the problems significantly influences customers' behavioural intentions (Spreng, Harrell & Mackoy, 1995). Fornell and Westbrook (1984) also argued that active participation in problem-solving is particularly beneficial for all

the parties involved. Accepting blame and an apology may not be sufficient to influence the customers' behavioural intention; rather, their problem needs to be solved and any delay may exacerbate the situation (Bell & Ridge, 1992). Prompt resolution of the customers' problems reduces the anxiety of inconvenienced customers (Boshoff & Leong, 1998). Hence, it is hypothesized that

Hypothesis 2 (H₂): Problem solving will positively influence the customers' intention to restore fading relationships.

4.2.1.3 Apology

Apology refers to "confessions and responsibility for negative events which include some expressions of remorse" (Tedeschi & Norman, 1985, p. 299). Unfavourable occurrences experienced by customers engender inequity in the customers' mind and upset the relationship between the service firm and its customers (Boshoff & Leong, 1998). The first step in restoring equity, from a service firm's point of view, is to acknowledge wrong-doing and to apologize (Boshoff & Leong, 1998). Generally, apology is considered a pre-requisite for reconciling a relationship following a violation of relational norms and trust (Tomlinson et al., 2004). By apologizing, the firm expresses regret that the customer did not receive the arranged benefit and gives recognition that the customer has been inconvenienced (Zemke & Bell, 1992). This enhances customer perceptions of satisfaction and fairness, and the possibility of a continued relationship (Conlon & Murray, 1996; Goodwin & Roos, 1992). It also conveys a stated desire to reconcile and continue the relationship from the marketer's point of view (Lewicki & Bunker, 1996).

As fading customers experience unfavourable occurrences during the fading period, the firms may wish to accept the responsibility for the unfavourable occurrences, may regret what happened and make an apology to the fading customers. It will convey the firm's politeness, courtesy, concern, effort and empathy to customers who have experienced the unfavourable events and simultaneously, enhance their evaluations of the encounters (Kelley, Hoffman & Davis, 1993). Thus, through an apology, the marketer can provide multiple signals to the fading customers such as confession of its mistakes or wrongdoings, expression of regret for negative

consequences and assertion of its willingness to assume relevant responsibility; all of which may lead to the favourable impression that the firm is problem-solving oriented rather than inclined to conceal the reality or to escape taking responsibility (Xie & Peng, 2009). Therefore, it is hypothesized that -

Hypothesis 3(H₃): Apology will positively influence a customers' intention to restore fading relationships.

4.2.1.4 Managerial intervention

Managerial intervention refers to involvement of higher-level supervisor/staff of the firm to understand the reason(s) for the unfavourable events, handle customers' complaints and thus resolve their problems (Tsai & Su, 2009). Customers usually contact front line employees who may not be authorized to offer adequate restoration efforts to the fading customers. Hence, involvement and/or intervention of the manager reflects the service firm's care towards the customers. Previously, literature has argued that customers react positively to managerial interventions in cases of handling customer complaints and resolving problems (Silber, Israeli, Bustin & Zvi, 2009). Thus, higher level managers should intervene in the case of front line employees' inability to handle customer complaints. Managers should understand why the customers were dissatisfied and initiate steps to improve the customers' mood through patient listening and empathetic communication (Tsai & Su, 2009). Kelley, Hoffman and Davis (1993) found managerial intervention to be an effective effort to recover retail failures and its success rate to retain customers is 75%. Previous research in a restaurant context (e.g., Becker, 2000; Hoffman & Chung, 1999) found managerial intervention to be the second most preferred category for dealing with unfavourable events. Hoffman, Kelley & Rotalsky (1995) found managerial intervention to be one of the successful service recovery strategies in the food service industry. The recovery rating of managerial intervention was found to be the highest among all the recovery strategies (Tsai & Su, 2009). Hence it is hypothesized that –

Hypothesis 4 (H₄): Managerial intervention will positively influence the customers' intention to restore fading relationships.

4.2.1.5 Compensation

Compensation is a strategy for restoring equity to an exchange relationship when one party has been harmed by the other (Walster et al., 1973). It may be in the form of refunds, free repair after product harm, coupons or discounts etc. (Kelley, Hoffman, & Davis, 1993; Xie & Peng, 2009). Previous literature in service recovery contexts has shown that compensation has a positive effect on post-recovery satisfaction and loyalty (Kelley, Hoffman, & Davis, 1993; Mattila & Patterson, 2004). Compensation is found to be one of the most important recovery efforts influencing customers' perceptions positively in a service recovery context (Smith et al., 1999; Tax et al., 1998). Smith and Bolton (2002) found that customers with negative emotional responses placed greater value on compensation than customers with no emotional response. Considering that fading customers may experience negative emotions, compensation might be effective in influencing the fading customers' intention to restore relationship. This is because the higher the compensation, the more positive is the emotion (cf. Chebat & Slusarczyk, 2005). Mattila and Patterson (2004) found that a tangible compensation resulted in less anger than did no compensation. Hence, marketers require providing monetary and/or any other form of compensation to the customers as a remedy to the loss or suffering of the customers due to the inconveniences and/or unfavourable occurrences that the customers are experiencing during the fading period. Although the company needs to accept some financial expenditure or even requires abandoning some profit to compensate the fading customer, compensation communicates organizational concern for the customers' interest rather than self-interest. Therefore, it is hypothesized that

Hypothesis 5 (H₅): Compensation will positively influence the customers' intention to restore fading relationships.

4.2.1.6 Special treatment benefits

Special treatment benefits (also called preferential treatment) can be defined as the practice of offering extra service, incentives and/or elevated social status or recognition to selected customers; the extras are usually above and beyond the standard firm value propositions and customer service practices (De Wulf &

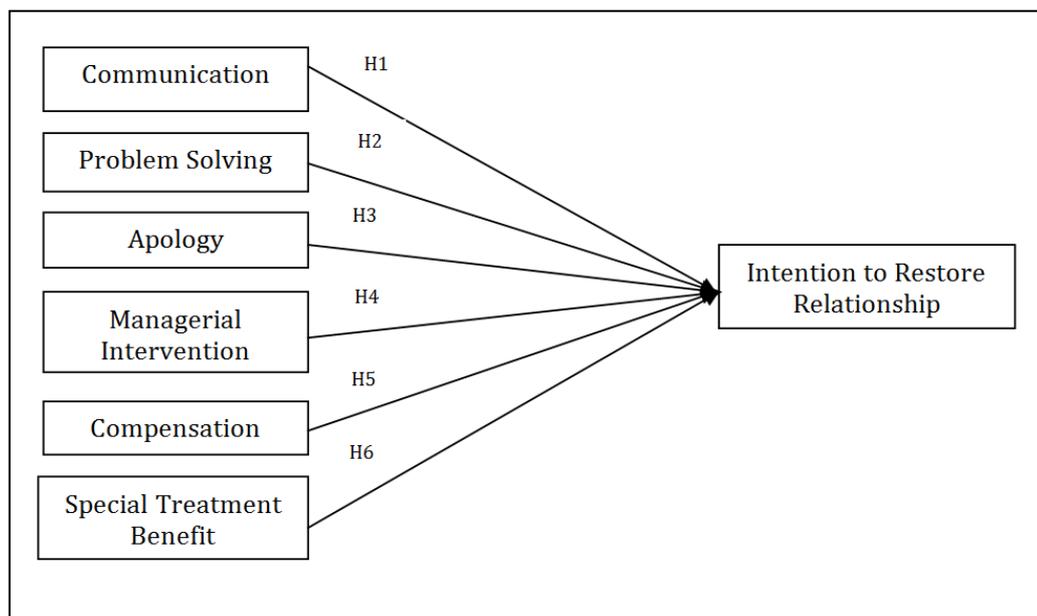
Odekerken-Schroder, 2003; Gwinner, Gremler, & Bitner, 1998; Lacey, Suh & Morgan, 2007). Gwinner, Gremler, and Bitner (1998) categorized preferential treatment into two components; economic and customization. Economic preferential treatment includes offering monetary value and/or time savings benefits that customers receive from engaging in marketing relationships, whereas customization-based preferential treatment refers to offering benefits derived from a customer's perceptions of personal recognition, extra attention and specific services not available to regular customers (Gwinner, Gremler, & Bitner, 1998). For example, economic preferential treatment includes product and service rewards, service upgrades, gift certificates, discounts etc. Customized preferential benefit comprises customized products, access to dedicated customer service personnel, first access to new product shipments, members-only services, invitations to special events and so on. Increasingly, firms adopt the offering of preferential benefits as a strategic approach for retaining valued customers. Service firms receive a favourable outcome by offering special treatment benefits to their relational customers as higher levels of preferential treatment are found to positively influence relationship commitment, increased purchases, customer share, word of mouth and customer feedback (Lacey et al., 2007).

Offering special treatment is also consistent with the relationship marketing perspective by which marketers should recognize the special status of relational and/or preferred customers (Czepiel, 1990). Considering that fading customers had an affective relationship with the service provider earlier, the provider company may consider providing extra incentives such as economic savings or customization to increase emotional and/or cognitive switching barriers and to induce the fading customers to restore relationships. Special treatment benefits positively influence the customer's satisfaction with service (Hennig Thuaru et al., 2002). Berry (1995) mentioned that the customers' perception of preferential treatment can significantly influence customer relationships. Lacey, Suh and Morgan (2007) investigated the effects of systematic and deliberate use of preferential treatment as a relationship marketing strategy and found that higher levels of preferential treatment have a positive impact on relationship commitment, increased purchases, customer share, word-of-mouth and customer feedback. Therefore,

Hypothesis 6 (H₆): A special treatment benefit has a positive impact on the customers' intention to restore the fading relationship.

The hypothesized relationships are shown in the following Figure 4.1. Once the conceptual model showing the hypothesized relationships is finalized, the researcher focuses on the detailed methodology of empirical examination of the model.

Figure 4.1: Conceptual model of the hypothesized relationships



4.3 Methodology – Quantitative approach

Investigating the effectiveness of the six identified restoration efforts requires structured information as it involves analyzing the cause-effect relationships among the selected restoration efforts and actual restoration of fading relationship and/or customers' intention to restore relationships. Hence, this part of the study is causal research under a quantitative approach (Malhotra, 1999). Quantitative research approach is deemed suitable as it provides a generalization about relationship(s) between two (or more) variables by testing it within a sample based on collected data using different statistical analysis (Malhotra, 1999). Again under causal research, the intention was to determine the effectiveness of different restoration efforts on the fading customers' intention to restore relationships through a quasi-experimental

design technique. The following sections focus on detailed of quasi-experimental design and its rationale to be pursued.

4.3.1 Quasi-experimental design

Experimental design facilitates a researcher to operationalize difficult manipulations in an easier form and provides more control over otherwise unmanageable variables (Bitner, 1990). It enables testing several treatment groups by allocating each respondent a unique treatment; and then, by measuring and comparing the outcomes to assess whether different treatments results in significant differences between the groups on the outcome variables. Thus, unlike cross-sectional survey data, experimental data can show causation (Gefen & Ridings, 2002). However, one of the drawbacks of pure experiments is that they cannot ensure external validity as soundly as in cross-sectional surveys because of the limited sample size and artificiality of the laboratory conditions (Malhotra, 1999). Quasi-experimental designs fall between pure laboratory experiments and cross-sectional survey as they deal with treatment groups and outcome measures like laboratory experiments; but the experiments are conducted in real-world settings. It enhances external validity and enables a researcher to assess plausible causation as it examines the research propositions in actual field settings by comparing the impact of different treatments on the outcome variables (Cook & Campbell, 1979; Gefen & Ridings, 2002). Due to these advantages, quasi-experimental design technique was used widely in marketing discipline (e.g., Goldberg, 1990; Assmus, Farley & Lehmann, 1984; Tasci, Gartnerb & Cavusgilc, 2007).

Therefore, conducting a survey using quasi-experimental design was preferred for this study. Notably, the suitability of other methodologies adopted by previous researchers was also assessed. For example, previous literature on relationship revival (e.g., Homburg et al., 2007), service recovery (e.g., Tax et al., 1998) and retaliation (e.g., Gregoire & Fisher, 2008) used a retrospective method of data collection by requesting respondents to recall the negative event they had experienced. But a customer's relationship does not fade straight way due to a single negative event. It may gradually fade due to reasons other than a single critical incident and/or service failure. Therefore, a retrospective method was not perceived

to be ideal for collecting data in the case of relationship fading and its restoration. Moreover, the retrospective method of data collection suffers from response bias due to memory lapses or rationalization (Smith et al., 1999).

Thus, quasi-experimental design was perceived to be a better technique than other available methods as the intention of the study was to examine the effectiveness of the selected six restoration efforts in restoring fading relationships in real-world settings. Fading customers hold a very unique situation as they have neither terminated the relationship nor are willing to continue it. In such a complex situation, it is unlikely that a researcher could find an adequate number of respondents who are in any of the three fading stages in a laboratory situation under pure experimental design method. Quasi-experimental design enabled this researcher to manipulate the independent variables (i.e., restoration efforts of the company) and to check their relative impact on the customers' intention to restore fading relationship in a real world setting, where there was more possibility of finding adequate number of fading customers. Moreover, as fading relationship is a new concept, respondents may be confused among the three stages of the fading process. Manipulating the stages of fading through scenarios and allowing respondents to self-select their fading stage might cause misspecification in identifying the particular stage of fading to which the respondent belongs. Hence, the stages of the fading process were measured by developing specific statements based on the findings revealed from Study 1.

In this backdrop, a 6 x 3 between subjects quasi-experimental design study was conducted in a real-life situation, where six restoration efforts were manipulated through scenarios and three stages of the fading process were measured. This enabled to find out the impact of six restoration efforts on the dependent variable, 'intention to restore relationship'. The design of experiment consisted of a total of 18 (i.e., 6 x 3) experimental cells to accommodate respondents' opinions by allocating him/her to any of the six restoration efforts on a random basis. The design of these 18 cells is shown in Table 4.3.

Table 4.3: The design of the experiments

Treatments (manipulated)	Fading stages (measured)			Dependent Variable
	Disillusion	Disaffection	Crossroad	
Communication	Cell 1	Cell 2	Cell 3	Intention to restore relationships
Problem solving	Cell 4	Cell 5	Cell 6	Intention to restore relationships
Apology	Cell 7	Cell 8	Cell 9	Intention to restore relationships
Managerial intervention	Cell 10	Cell 11	Cell 12	Intention to restore relationships
Compensation	Cell 13	Cell 14	Cell 15	Intention to restore relationships
Special treatment benefit	Cell 16	Cell 17	Cell 18	Intention to restore relationships

For the 6 x 3 quasi-experimental designs, the fading stages were measured through twelve statements taking four statements for each of the three stages. These statements were developed for the purpose of this study representing the prevailing feelings and thoughts at each of the stage of the fading process as revealed from Study 1. These statements are as below.

For disillusion

1. Currently, I am disappointed with my internet service provider.
2. I am surprised over the unfavourable event(s) experienced by me with my current internet service provider.
3. I am waiting and observing my current internet service provider before I make a switching decision.
4. I can't believe that I am having unfavourable experiences with my current internet service provider.

For disaffection

5. My current internet service provider is not addressing my disappointments properly.
6. I am feeling frustrated / angry towards my current internet service provider.
7. I doubt the credibility of my current internet service provider.
8. I am evaluating the cost-benefits of continuing my relationship with the current internet service provider.

For crossroads

9. I am going to switch my current internet service provider immediately.
10. I am feeling indifferent towards my current internet service provider.
11. I cannot switch my current internet service provider now because of monetary and/or non-monetary costs of switching.
12. I am considering the risk of starting a whole new relationship with another internet service provider before I actually switch.

Respondents who were fully satisfied with the service firm should strongly disagree with these statements; hence, they should mark 1 (on a 1 to 7-point Likert scale) for all the twelve statements and would not be considered for further analysis. On the other hand, respondents who would mark 2 to 7 inclusive on a 1 to 7-point Likert scale on the above mentioned twelve statements, would belong to one of the fading stages. The average value of the four statements corresponding to each stage was calculated. Thus for each respondent, there would be three average scores reflecting the three stages. The fading stage was determined based on the highest average value; i.e., the stage consisting of the highest average value among the three was selected as the appropriate fading stage for that respondent.

Once the design of the experiments was confirmed in terms of how the stages of the fading would be measured, determining the context and the development of scenarios for manipulating the six restoration efforts became relevant. The following discussion focuses on context based on which the study would be conducted followed by the development of scenarios for the restoration efforts.

4.3.2 Determining a research context

The internet service provider (ISP) industry of Australia was chosen as the research context for this study to conduct the survey. According to the multi-purpose household survey (MPH survey)⁴ 2008-2009 of Australia, 72% of Australian households have internet access and 78% of households have access to a computer. Households' internet access is contingent upon having children less than 15 years, the location of the residence in metropolitan areas and level of income (MPH survey, 2008-2009). There are about 200 ISP companies in Australia. The key operators are Telstra (BigPond), Optus, iiNet, Three, Virgin, Dodo, TPG and iPRIMUS. The total number of broadband subscribers was 7.3 million by mid-2009 and the industry revenue size expected to be doubled by 2020 to the amount of around \$80 billion⁵.

This industry has been selected because of the contractual nature of the business. In the case of a non-contractual form of B2C businesses (e.g., retail sector), customers enjoy the liberty to spread their purchases across a number of companies. Dissatisfied customers often don't even complain to the companies⁶, and simply defect silently. But in the case of the contractual nature of businesses, the firm can trace the customers once they terminate the relationship. Customers are not supposed to leave the firm within the contract period and if they do so, they have to incur a cost. After the expiry of the contract, the customers may terminate the relationship or may wish to stay with the firm on a monthly basis without signing a new contract. This facilitated an ideal context for examining the research hypotheses empirically, as the customers' intention to maintain a relationship with the company after the expiry of the contract would be dedication-based instead of constraint-based (Stanley & Markman, 1992; Bendapudi & Berry, 1997). Moreover, they got opportunities to evaluate their relationships with companies during the contract period and if they started losing interest in their service providers (i.e., their relationships with the provider fade gradually), they most likely would switch to another provider after the expiry of the contract.

⁴ Multipurpose household survey, Australian Bureau of Statistics; access date 03/02/2010

⁵ Source: <http://www.budde.com.au/Research/Australia-Telecoms-Industry-Statistics-and-Forecasts.html> Date of Search: 2/3/2010 at 12.45 pm

⁶ Studies show that 70% to 95% of dissatisfied customers do not bother to complain (Harari, 1992).

4.3.3 Developing scenarios for the restoration efforts

In order to develop scenarios for each of the six restoration efforts, the literature review (discussed in Chapter 2) and theoretical discussions on six restoration efforts (discussed in Section 4.2.1) and the respondents' opinions during brainstorming sessions are consulted. Consequently, six hypothetical scenarios corresponding to six restoration efforts were developed. Presenting recovery efforts to the respondents through scenarios is widely practiced in marketing literature (e.g., Liao, 2007; Smith et al., 1999) as it enables the researcher to have more control over unmanageable variables (Bitner, 1990). This is what had happened in this research context. As discussed before, using scenarios to present restoration efforts is perceived essential in the fading relationship context as it helped to eliminate difficulties associated with offering restoration efforts to the fading customers such as expenses, time, ethical considerations, managerial undesirability of imposing and/or reminding the customers about fading relationships (see, Smith et al., 1999). The developed scenarios are influenced also by current practices of different internet service provider companies. Expert opinion⁷ has been sought in order to refine the wording of the scenarios and they have been fine-tuned accordingly. These scenarios are mentioned below -

Communication

When you called your internet service provider company to enquire about the unfavourable experiences that you had, you found that the company employee patiently listened to your problems and explained why the problems might have occurred. S/he was very polite, caring and empathetic to you throughout the communication.

Problem solving

The employee of your current internet service provider company informed you that s/he will initiate the process of addressing your problem immediately. S/he seemed to be very prompt and well conversant about efficient handling of problems.

⁷ The researcher consulted with the supervisor and two other marketing academics.

Apology

The employee of your internet service provider company acknowledged that the company is responsible for the unfavourable experiences face by you and has apologized for the inconvenience caused to you.

Managerial intervention

The employee of your internet service provider company informed you that s/he is not authorized and/or empowered to give you a solution to the problems that caused your frustration and/or anger. Subsequently, his/her senior officer / manager from the office intervened and resolved the problems.

Compensation

The employee of your internet service provider company informed you that s/he will give you a credit equivalent to your one month contract billing amount. As a result you will be able to enjoy the service from the company free of cost for one month.

Special treatment benefit

The employee of your internet service provider company informed you that you will receive a free download facility of 1 GB in addition to your regular allotted quota. S/he added that such benefits are not available to other customers and are offered to you as you were a customer with the company for a long time. You find this offer attractive compared to the offers of other competing service providers.

The above six scenarios were used as treatments to the respondents who received any of the scenarios at random and answered the survey questionnaire. The questionnaire incorporated the measuring items for detecting the fading stages of the respondents, scale items for six independent constructs (communication, problem solving, apology, managerial intervention, compensation, and special treatment benefit) and the measuring items for the dependent construct 'intention to restore relationship'.

4.3.4 Developing the survey questionnaire

In order to conduct the survey, a structured questionnaire was developed comprising of all the scale items used to measure six restoration efforts and the dependent variable. As the researcher was employing a quasi-experimental design technique to find out the effectiveness of different efforts in restoring fading relationships, the questionnaire also included the hypothetical scenario(s) of the restoration effort(s). Further, the questionnaire also included the earlier mentioned twelve statements to identify the fading stage that a respondent belonged to.

Thus, the survey instrument had three sections. The first section included twelve items used to identify to which fading stage the respondent belonged. The second section of the questionnaire started with respondents being asked to imagine that in the light of the current situation of their relationship with internet service provider, the company is offering specific restoration efforts. The respondent was requested to read the subsequent scenario of the offered restoration effort. After stating the scenario, the questionnaire included question items for all the six restoration efforts (communication, problem solving, apology, managerial intervention, compensation, and special treatment benefit) and the dependent variable. After the items for both independent and dependent constructs, the third section of the questionnaire included the respondents' demography and information related to relationship duration. The sample questionnaire has been included in Appendix V.

4.3.4.1 Sources of scale items

The scale items for most of the restoration efforts were drawn from existing literature. Out of the six restoration efforts, the scale items for communication, problem-solving, and apology were adopted from Liao (2007). This is because, the intention of this study was to explore fading customers' behavioural reactions based on the given scenario. The scale items of Liao (2007) reflect behavioural measures and thus match with the contextual nature of the current study. Moreover, 'friendly & courteousness' were revealed as desired by the respondents in the brainstorming sessions, both of which are covered by the scale items of 'communication' offered by Liao (2007). This study considered managerial intervention and compensation as

latent construct and their scale items were developed for the purpose of this study. Most of the previous studies on compensation (e.g., Smith et al., 1999; Grewal, Roggeveen & Tsiros, 2008) did not consider compensation as a latent construct; hence, no suitable scale items for compensation was found. Special treatment benefit is measured using four items adopted from Gwinner et al. (1998). The psychometric merits of all the scale items, specially, those which were developed for this research have been assessed and presented in Section 4.4.7. The dependent variable for the study, 'intention to restore relationship', was measured in a dichotomous manner as well as with three items developed for the purpose of this study. These scale items for the dependent variable reflect the conceptual definition of intention to restore relationship discussed in Chapter 2 (Literature Review). Developing scale items (for both independent and dependent variables) is a common practice in marketing (e.g., Crosby, Evans & Cowles, 1990; Tax et al., 1998) in order to ensure contextual adaptability of the measures. All the scale items and their descriptive statistics are shown in Table 4.4.

4.3.5 Ethical issues

The survey instrument was approved by the Curtin University Ethics Committee (Ethics Approval No. SOM2011018). A separate cover letter was sent to each respondent stating that the respondents' participation in the study was fully voluntary and the information rendered by the respondents would be kept confidential and used for academic purposes only. The confidentiality of the respondents and their responses was protected and ensured as there was no question item included in the questionnaire that might reveal the identity of the respondents. Besides, all data received from the respondents was preserved in a confidential manner.

4.3.6 Pilot test – Checking manipulations and realism of the scenarios

Experimental design studies are required to be checked for manipulations, confounding and realism of the scenarios used in the studies. Manipulation checks assess the *take* of the manipulation hoping that the pattern of the intended treatment effects are observed on the indicators used. Confounding checks measure whether latent constructs, or the treatments, are unintentionally manipulated by some other

variables which may generate a different effect on the dependent variable in addition to the intended effect (Sawyer et al., 1995). If the latent independent variables, i.e., the treatments, are nearly isomorphic with their operationalization and thus are measured by standard scale items, such independent variables may not require a manipulation check (Sawyer et al, 1995); hence, they are less susceptible to be affected by possible confounding effects. Considering that most of the six treatments (four out of the six efforts) used in this study are measured by established scale items, it is less likely that the treatments will suffer from possible confounding effects from other extraneous variables.

Before conducting the final survey, a pilot study was conducted in order to check the wording of the question items and to check for manipulation and the realism of the scenarios. Pilot study is the mini version of a full scale study, which also pre-tests the research instrument/questionnaire (van Teijlingen & Hundley, 2001). A pilot test enables the researcher to ascertain the practicability, reliability and validity of the survey instrument (Oppenheim, 1992). It also enables the researcher to review the wording of the items used, considering that use of appropriate words contributes to the success of the research (Cohen, Manion & Morrison, 2000).

The pilot study was conducted among 18 post graduate students of a large university in Australia. The respondents were requested to mark and/or note down if they found any confusion and/or inconsistency in the survey instrument. In order to check for manipulations and the realism of the scenarios, the researcher followed the procedure adopted by Liao (2007) of using a direct question technique (Laczniak & Muehling, 1993). After reading the scenario, respondents were asked to answer a manipulation check question corresponding to the given scenario. The manipulation check question was based on 7-point Likert scale anchored as ‘Strongly Disagree’ to ‘Strongly Agree’. In addition, in order to determine the realism of the scenarios, the respondents were also asked two questions based on 5-point Likert scale anchored as ‘Not at all’ to ‘Completely’. Therefore, there were six different manipulation checking questions for six different scenarios and two common realism checking questions, as below:

- a. The internet service provider company communicates with me.

- b. The internet service provider company solves the problem for me.
- c. The internet service provider company apologizes to me.
- d. The manager of the internet service provider company intervenes to solve the problem for me.
- e. The internet service provider company offers me compensation.
- f. The internet service provider company offers me a special benefit that is not offered to every customer.
- g. To what extent do you think this particular scenario sounds realistic?
- h. To what extent do you think this particular scenario could happen in real life?

After completing the pilot study, the collected data was analysed to check for manipulation and realism of the scenarios. It was found that the mean score of the manipulation and realism check questions for each of the six restoration efforts was higher than 4.0 ('neither disagree nor agree' on the 7-point Likert Scale). Besides, the pilot test responses are also reviewed to identify whether the respondents experienced any confusion and/or misunderstanding. The review of the responses revealed that two respondents marked the second statement of identifying fading stages as confusing due to the word 'negative surprise'⁸. Subsequently, the item was changed in the final version of the questionnaire. In addition, three respondents were satisfied with their internet service provider and noted their confusion about the sequence of questions in the first section stating that there are no positive statements; hence the questionnaire was not related to them. Considering the nature of the research, its objectives and the challenge of identifying the respondents corresponding to different stages of fading (as customers will be less likely to self-select the fading stage that they belong to), the researcher deliberately took a stand to keep the sequence of the survey questions as was, except for adding one extra satisfaction item (*Currently, I am satisfied with my internet service provider company*) after the twelve statements describing fading characteristics. This satisfaction item was added to identify the respondents who were currently satisfied with their internet service provider and eventually, would not be considered for the study. This also enabled a cross-check on the identification of the fading customers.

⁸ Instead of "I am negatively surprised over the unfavourable event(s) experienced by me with my current internet service provider", the final questionnaire include "I am surprised over the unfavourable event(s) experienced by me with my current internet service provider".

Respondents who belong to any of the fading stages, should not be fully satisfied with the internet service provider, hence should not mark 7 in the satisfaction scale item on the 7-point Likert Scale.

4.3.7 Conducting final survey

The final survey was conducted after revising the survey instrument based on the outcomes of the pilot test. The survey was conducted online by sending a web-link of a questionnaire by email. Under a web-based survey, a questionnaire is posted at a web-site and accessed by respondents who connect to the site either through links or by using the web-site URL (Universal Resources Locator) (Sackmary, 1998). Online surveys have become popular in recent times as a growing number of marketing researchers (approximately 70%) are using a web-based survey for their data collection (cf. Ilieva, Baron & Healey, 2002). One of the key advantages of online surveys over other traditional survey methods (e.g., mail survey, telephone survey etc.) is that it guarantees fast responses by allowing immediate delivery of the survey (Tierney, 2000). It saves both time and cost for the researcher (Wright, 2005). Online surveys are appropriate for wider respondents, those who are geographically dispersed, as it allows the researcher to reach thousands of people with common characteristics (Garton, Haythornthwaite & Wellman, 1999; Taylor, 2000) with lower cost and time than conventional survey methods. Thus, the online survey is deemed useful for this study because the nature of the research requires identifying the fading customers before examining the effectiveness of restoration efforts. But it is not possible to identify fading customers before conducting the actual survey. Moreover, there is no literature that might help to predict the approximate percentage of fading customers. That's why it was aimed to cover a large number of respondents through online survey so that the researcher could find out an adequate number of fading customers. Besides, considering that 72% of Australians have access to the internet, the researcher aimed to cover internet users across Australia to get a proper representation of the population. Thus online survey is deemed appropriate in this regard because of its advantages over other survey methods in terms of saving time and cost in reaching large numbers of respondents across Australia. All respondents who received the web-link of the questionnaire were persuaded to response. The researcher realized that satisfied customers might not find the survey relevant but this

way of conducting the survey was preferred due to the challenges of finding adequate number of respondents who are any of the three stages of the fading process. The responses of the satisfied customers were not considered for data analysis. The fading customers find the survey relevant to their situation and their responses to the first twelve items enabled the researcher to identify the fading stage to which they belonged.

Of the different types of online survey, the researcher decided to conduct an email survey by sending the survey link to respondents through email. This is because, a researcher has less control on respondents in case of the web-based survey than for an email survey (Ilieva et al., 2002). For this purpose, the developed questionnaire was converted into online questionnaire using Qualtrics and the link received from Qualtrics was sent to the respondents' by email. The service of First Direct Solutions (FDS), a subsidiary of Australia Post was purchased in this regard. FDS has a database of Australian residents, who participated in the *Australian Life Style Survey*, which also included their email addresses. Thus, FDS acted like a post office to send out the web-link of the survey questionnaire of this study. In order to run the survey campaign, FDS created an HTML based on the cover page information of the survey and the survey link was built in the HTML creative. Six different web-links were developed for the six restoration-efforts related questionnaire. Each of the six web-links was set within the respective HTML creative. Each HTML creative contains the same message (i.e., the cover letter) except the web-link for the questionnaire. A sample HTML creative used for the study is shown in Appendix VI.

4.3.7.1 Sampling issues and administering the online survey

Before administering the survey, two sampling issues needed to be addressed: first, the choice of the respondents and second, the selection of samples. The primary criterion for choosing respondents was whether their relationship is currently in a fading condition. In order to ensure respondents' involvement with their internet service provider, the following choice criteria were considered:

1. Age bracket 20 – 55 years
2. Household income should be more than \$30,000 per year

3. Each respondents should be from a different household address
4. The questionnaire should be sent to active email addresses of the respondents

First, the age bracket 20-55 years is set to exclude teenagers (whose ISP bills are most likely paid by parents) and the elderly (who are less likely to have an interest/aptitude for using internet services). Second, the household income level was fixed at a minimum of \$30,000 per year in order to avoid the respondents whose purchase decision is always driven by price. Third, each respondent should be from a different household address because, if more than one respondent was from same address, that means they are family members and not all of them will have a similar involvement with the internet service provider; hence, do not belong to the target group of this research. Fourth, respondents might have multiple email addresses and those email addresses might become inactive as well. FDS ensured that each email address was active; however, they could not ensure whether the email address was the primary email of the respondents. The purpose in the study was mentioned clearly in both the cover letter of the survey and 'introduction' section of the questionnaire. The definition of a fading relationship was also mentioned in the 'introduction' section of the questionnaire. Hence, it was explicit that the survey was related to those who had relationships with their internet service provider earlier but were unhappy with the provider at the moment and/or considering switching to another provider.

The second issue, related to sampling, is the selection of the participants on a random basis. On the basis of the above mentioned selection criteria, FDS were requested to send out the six different questionnaire web-links to 12,000 respondents by email, sending each questionnaire web-link to 2000 respondents on a random basis. Random assignment of respondents can eliminate most systematic biases in experimental settings (Hair, Black, Babin & Anderson, 2010). As mentioned before, FDS developed a HTML creative incorporating the information of the cover letter of the study and kept the web links as built-in within the HTML creative. FDS sent out the questionnaire to 15% more respondents considering that the email open rate of

the Sales and Marketing Industry⁹ in Australia ranged from 13% - 18% in 2010. Hence, a total of 13,784 emails were sent, out of which only 75 emails failed to be delivered. Thus, only 0.54% of emails were undelivered, which is lower than the undelivered rate of Sheehan and Hoy (2000) and Yang and Peterson (2004). Out of the 13,709 respondents who received the email, 2714 respondents opened the email with a rate of 19.79% which is higher than the industry average mentioned above. Out of the 2714 respondents who opened the email, 513 respondents replied to the attached questionnaire with an effective response rate of 18.90%, which is higher than the response rate (8.1%) received by Yang and Peterson (2004). Therefore, calculation of the effective response rate excludes the respondents who did not open the emails and this is supported by Ganesh et al. (2000) who calculated effective response rate by excluding respondents who could not be contacted. The respondents of the current study (Study 2) were given incentives to participate in a lucky draw, which might be the reason for such a high response rate. Out of the 513 responses, 34 (6.6%) responses were incomplete and/or inconsistent¹⁰; hence, they were deleted from the spread sheet. Of the remaining 479 respondents, a total of 89 (18.58%) of respondents were found to be satisfied with their ISP. Hence, these responses were not considered for further analysis.

Finally, 390 (81.41%) respondents were found belonging to the fading stages; 173 (36.11%) respondents in disillusion, 110 (22.96%) in disaffection and 107 (22.33%) in crossroads stage. The researcher divided the respondents into those three categories based on their opinion in the first twelve questions (4 items for each of the three stages – disillusion, disaffection and crossroads and a satisfaction item) of the questionnaire. Of the three stages of fading, a respondent belonged to a specific stage where s/he scored the highest average; i.e., a respondent belonged to the crossroad stage if his/her highest average score was in the crossroads stage, and so on. On the other hand, the satisfaction item is used to track the consistent respondents. The researcher assumed that a consumer cannot be highly satisfied if they fall in any

⁹ This is according to 'Vision: Email Marketing Matrix Australia, 2010'.

¹⁰ Responses are considered inconsistent if the respondents (a) are highly satisfied (i.e. scores 7 in question item no. xxiii) as well as belong to any one of the three fading stages; (b) if the reverse coded item is answered in the same pattern like other items of the construct; and (c) if the respondent score the same number say, all 4 or all 2 throughout all the questions of the questionnaire.

other fading stage simultaneously. In order to be in any of the fading stages, s/he must score lower than '7 = highly satisfied' in the satisfaction item.

4.4 Data analysis

4.4.1 Tools and methods of data analysis

Different statistical tools and techniques were used for data analysis to assist in establishing the plausibility of the theoretical model and to estimate the degree to which the various explanatory variables seem to be influencing the dependent variable (Coorley, 1978). The researcher used SPSS and Structural Equation Modelling (SEM) to analyse the data and test the hypotheses. SPSS has been used widely and is well accepted among researchers for data analysis (Zikmund, 2003). In this study, SPSS Version 18 was used for screening the dataset in terms of identifying missing data, testing for normality, non-response bias, common method bias, etc. SPSS also was used to run a linear regression in order to find out the effectiveness of selected restoration efforts across different stages of the fading process. On the other hand, SEM is a state-of-art tool for data analysis and has been used widely in the academic research (e.g., Anderson & Gerbing, 1982; 1988; Hair, Anderson, Tatham & Black, 1995; Kline, 2005). It is a collection of statistical techniques that allow examining a set of relationships between one or more independent variables (either continuous or discrete) with one or more dependent variables (either continuous or discrete) (Tabachnick & Fidell, 2001).

In this study, SEM (using AMOS Version 18) was used because of its ability to analyse the causal relationships between latent constructs, estimate the variances and covariance, test hypotheses, perform the conventional linear regression and confirmatory factor analysis (Jöreskog & Sörbom, 1996). Unlike running linear regression through SPSS, SEM enables the researcher to assess the constructs of interest through a confirmatory method and provides scope for modifying the theoretical model (Anderson & Gerbing, 1988). In addition to individual parameter estimates, SEM also provides overall model fit indices that enable the researchers to find the best model to fit the dataset used in the study. Thus, SEM using AMOS (Analysis of Moment Structures) software Version 18 was used for assessing the

constructs through confirmatory factor analysis and testing the hypotheses where the cut-off points of different fit indices were used as the benchmark. The fit indices include Chi-square (χ^2) values, ratio between Chi-square (χ^2) value and degrees of freedom (df), Root Mean Square Error of Approximation (RMSEA), Normed Fit Index (NFI), Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) and Standardized Root Mean Square Residual (SRMR). A researcher should assess how well the specified model accounts for data with one or more overall goodness-of-fit indices (Anderson & Gerbing, 1988). Kline (1998) suggested using at least four fit indices such as GFI, NFI, CFI, and SRMR. In practice, researchers usually use these fit indices in conjunction with one another to evaluate overall fit, as none of these fit indices can be used solely to decide the best fit model (Bagozzi, 1981; Bove & Johnson, 2006). The acceptable range for the χ^2/df ratio is below 3.0 (Carmines & McIver, 1981) although a more relaxed limit (< 5.0) is suggested by Wheaton et al. (1977). CFI value may range from 0 (poor fit) to 1 (perfect fit) with the recommended cut-off point is greater than 0.90 (Hair et al., 1995). The TLI (Tucker & Lewis, 1973) value may also range from 0 (poor fit) to 1 (perfect fit) with a recommended cut-off point is greater than 0.90 (Hair et al., 1995). Similarly, the recommended cut-off point for NFI is also greater than 0.9 (Hair et al., 1995). Byrne (2006) recommended that the value of SRMR for a well fitted model should be less than 0.05 whereas a more relaxed value of 0.1 is suggested by Kline (2005).

Quantitative data analysis requires following some specific procedures such as data editing, coding and screening, treatment of missing data, testing for normality, non-response bias and common method bias as a priori to conduct final data analysis for testing the hypotheses. Data retrieved from Qualtrics has been screened and cleaned, and examined to ensure that the dataset is normal, free from non-response bias and common method bias.

4.4.2 Data editing, coding and screening

After successful completion of the data collection, the researcher downloaded a filled in SPSS spread sheet from Qualtrics. The spread sheet was screened for editing purpose to ensure that the spread sheet is complete (no omissions) and consistent. Data editing is considered a part of the data processing and analysing stage

(Zikmund, 2003). The researcher included force validation in the questionnaire which compelled respondents to fill in the entire questionnaire before submission. However, some respondents may have cancelled the webpage before submitting the filled-in questionnaire. In order to deal with such a situation, the researcher screened the spread sheet based on the recommendation of Sekaran (2000) to find responses where more than 25% of participants failed to answer a question. Only 34 responses were found to be incomplete and were deleted from the spread sheet. The rest of the responses were found complete and there were no missing values on the spread sheet due to setting force validation in the online questionnaire.

Following the data screening for possible editing, the data in the spread sheet were coded. Coding was used to assign numbers to each answer (Malhotra et al., 1996). DeVaus (1995) mentioned that coding could be undertaken either before the questionnaire is answered or after. All the question items were pre-coded automatically by Qualtrics. The SPSS spread-sheet file was coded according to the number corresponding to each question. The demographic variables and the dichotomous question were pre-coded according the sequence in the questionnaire.

4.4.3 Test of normality

Hair et al. (2010) argued that researchers should not only judge the extent to which the variable's distribution is normal or non-normal, but also consider the sample size. If the sample size is small (i.e., $N < 30$), deviation from normality may have a significant impact on results. But in cases of a very large sample size (i.e., $N > 200$), these effects are negligible. For group comparison in ANOVA (as used in this study), large sample sizes can even cancel out the detrimental effects (Hair et al., 2010). Yet, normality is tested in this study using the value of skewness and kurtosis, which are widely used methods of testing normality. In order to be normal, the skewness and kurtosis should not be significant. Tabachnick and Fidell (2001) mentioned that in a large sample, a variable with statistically significant skewness and kurtosis does not deviate enough from normality. A perfect normal distribution should have zero skewness and zero kurtosis. With regards to determining how much skewness or Kurtosis transform the data to non-normal, Kline (2005) states that data sets with absolute values of univariate skewness indexes greater than 3.0 are considered as

extremely skewed and those with kurtosis greater than 8 are described as having extreme kurtosis; hence, they can be considered as non-normal. The skewness and kurtosis value for each and every scale item are shown in Table 4.4. The table shows that the absolute values of skewness and kurtosis for each scale item are within the recommended values. Hence it is evident that all the scale items used in this study are normally distributed.

Table 4.4 Descriptive statistics of the scale items used

Constructs and Items	Mean	S.D.	Skewness	Kurtosis
Communication:				
C1: The company employee was friendly.	5.01	1.23	-.73	.47
C2: The company employee was polite	5.16	1.15	-.79	.76
C3: The company employee showed respect to me.	5.04	1.20	-.67	.37
C4: The company employee was patient.	5.00	1.23	-.67	.37
Problem solving:				
PS1: The company employee had the required knowledge and skills to handle the problems.	4.50	1.48	-.42	-.44
PS2: The company employee was able to answer my questions.	4.51	1.44	-.42	-.37
PS3: The company employee knew the solutions to the problems.	4.36	1.50	-.35	-.60
Apology:				
A1: The company employee made an apology to me for what had happened.	4.55	1.51	-.51	-.35
A2: The company employee apologized for the inconvenience brought to me.	4.55	1.51	-.54	-.36
A3: The company employee did not express regret for the unfavourable events. (r*)	4.40	1.43	-.15	-.58
Managerial intervention:				
MI1: The employee informed his/her senior officer in the office to resolve the issue.	4.00	1.47	-.23	-.40
MI2: A senior officer / manger of the company has helped to resolve the problem.	3.76	1.55	-.08	-.61

Compensation:				
CP1: The company offered me compensation.	3.44	1.73	.22	-.84
CP2: The compensation that I received from the company is adequate.	3.61	1.54	-.03	-.43
CP3: I am happy with the compensation that I received.	3.60	1.56	-.03	-.51
Special treatment benefit:				
SpB1: I was offered special deals that most customers do not receive.	3.22	1.57	.21	-.71
SpB2: I was offered better price than most customers.	3.12	1.53	.28	-.64
SpB3: The company offered me special services that they do not offer to other customers.	3.12	1.54	.27	-.60
SpB4: I was offered faster service than most customers.	3.06	1.51	.33	-.49
Intention to restore relationship:				
R1: I will stay with my current internet service provider company.	4.88	1.59	-.91	.16
R2: I will not switch to another internet service provider.	4.59	1.60	-.53	-.48
R3: I am willing to restore relationship with my current internet service provider.	4.65	1.36	-.78	.60

*Note: r stands for reverse coded item.

4.4.4 Non-response bias

Non-response bias is often considered a problem in survey research (Lambert & Harrington, 1990). Respondents who participated in the survey may have somewhat different characteristics than those who did not, and there is always a potential for non-response bias. Non-response bias refers to differences in the answers of non-respondents and respondents (Lambert & Harrington, 1990). The researcher followed different techniques such as attractive and personalized HTML creative, attractive questionnaire design and offering incentives in order to obtain a higher response rate and minimize non-response bias (Lambert & Harrington, 1990). Nevertheless, non-response bias was tested by comparing the first 50 responses and last 50 responses of

all the scale items used in the study through a paired sample t-test (Armstrong & Overton, 1977). The test results are shown in the following Table 4.5. The t-statistics show that the responses of the first 50 respondents are not significantly different from the responses of last 50 respondents ($p > 0.05$) for all the scale items used in the study. Hence non-response bias is absent from the data set.

Table 4.5: Paired sample t-test between first 50 and last 50 responses

Particulars		Mean	Mean Difference	t	df	P	Comment
Pair 1	C1First50	5.10	.28	1.10	49	.27	NS
	C1Last50	4.80					
Pair 2	C2First50	5.10	.20	.78	49	.43	NS
	C2Last50	4.90					
Pair 3	C3First50	4.90	.12	.44	49	.66	NS
	C3Last50	4.80					
Pair 4	C4First50	5.02	.22	.77	49	.44	NS
	C4Last50	4.80					
Pair 5	PS1First50	4.62	.22	.66	49	.51	NS
	PS1Last50	4.40					
Pair 6	PS2First50	4.74	.34	1.07	49	.28	NS
	PS2Last50	4.40					
Pair 7	PS3First50	4.42	.12	.35	49	.72	NS
	PS3Last50	4.30					
Pair 8	A1First50	4.48	-.12	-.40	49	.68	NS
	A1Last50	4.60					
Pair 9	A2First50	4.64	.20	.63	49	.53	NS
	A2Last50	4.44					
Pair 10	A3Firts50	4.52	.14	.44	49	.66	NS
	A3Last50	4.38					
Pair 11	MI1First50	3.46	-.42	-1.36	49	.17	NS
	MI1Last50	3.88					
Pair 12	MI2First50	3.30	-.24	-.67	49	.50	NS
	MI2Last50	3.54					
Pair 13	CP1First50	3.10	-.62	-1.62	49	.11	NS
	CP1Last50	3.72					

Pair 14	CP2First50 CP2Last50	3.44 3.62	-.18	-.49	49	.62	NS
Pair 15	CP3First50 CP3Last50	3.40 3.66	-.26	-.72	49	.47	NS
Pair 16	SpB1First50 SpB1Last50	2.88 3.44	-.56	-1.54	49	.12	NS
Pair 17	SpB2First50 SpB2Last50	2.88 3.16	-.28	-.78	49	.43	NS
Pair 18	SpB3First50 SpB3Last50	2.80 3.42	-.62	-1.71	49	.09	NS
Pair 19	SpB4First50 SpB4Last50	2.78 3.10	-.32	-.95	49	.34	NS
Pair 20	R1First50 R1Last50	4.58 5.12	-.54	-1.65	49	.10	NS
Pair 21	R2First50 R2Last50	4.38 4.88	-.50	-1.56	49	.12	NS
Pair 22	R3First50 R3Last50	4.36 4.86	-.50	-1.67	49	.10	NS

Note: NS = not significant

4.4.5 Common method bias

As discussed earlier, the quantitative approach in this research is based on a survey which employs self-reporting measures. However, a key drawback of this approach is the possibility of being susceptible to common method bias or variance (Podsakoff, Mackenzie, Lee & Podsakoff, 2003). Common method bias arises when both dependent and independent variable data are collected from a single informant (Podsakoff & Organ, 1986). It is one of the main sources of measurement errors that threaten the validity of the conclusions about the relationships between measures (cf. Bagozzi & Yi, 1991; Nunnally, 1978; Podsakoff et al., 2003). In order to minimize the effects of common method bias, a reverse coded scale item technique was used in the questionnaire. Besides, the cover letter of the questionnaire assured respondents of their anonymity and requested their honest responses. This was aimed at reducing respondents' evaluation apprehension and thereby, helped to control possible sources of common method bias (Podsakoff et al., 2003). Although it is difficult to identify

the exact source(s) of method bias, these procedural remedies helped to minimize the common method bias in this study, as recommended by Sharma (2011). In order to examine the prevalence of common method bias in the data, one of the most recognized tools is Harman's single factor test (Podsakoff & Organ, 1986; Podsakoff et al., 2003). The technique assumes that if common variance is present, one general factor would account for the majority of co-variance in the variables used (Podsakoff et al., 2003). The principal component factor analysis revealed that the measurement items used in the study generated more than one factor. The presence of several distinct factors and a relatively low variance explained (21.79%) by the first factor proved that the dataset was not susceptible to common method bias (Podsakoff & Organ, 1986; Podsakoff et al., 2003).

4.4.6 Descriptive statistics - Respondents' profile

A summary of the descriptive statistics of respondents is shown in Table 4.6. As evident from the Table, 66.7% of the respondents were female with an average age of 43.79 years; mostly, participants were Australian (78.2%) with an annual average household income of \$89,308. Having more females than male in the sample was justified by the findings of previous research that women exhibit more and stronger interpersonal relationships and brand involvement than men (Guest, 1964; Sherrod, 1989). 40% of respondents were with their internet service provider for more than five years, with an average duration of stay of more than 3.5 years. Thus, considering their duration of stay, it is evident that the respondents had a good relationship with their internet service provider earlier, although, currently they were in one of the three fading stages. As mentioned earlier, 89 respondents were satisfied with their internet service provider (hence, were not considered for data analysis) and 390 respondents were found to be having a fading relationship with their product/company. Among these 390 respondents, 173 respondents were found to be in the disillusion stage, 110 respondents in the disaffection stage and 107 in the crossroads stage of relationship fading.

Table 4.6: Descriptive statistics

Respondents' Demography	Frequency (n = 390)	Percentage (100%)
Gender: Male	130	33.3%
Female	260	66.7%
Age: 20 – 29 years	42	10.8%
30 – 39 years	82	21.0%
40 – 49 years	147	37.7%
50 – 59 years	119	30.5%
Ethnic background: Australian	305	78.2%
Asian	27	6.9%
European	40	10.3%
American	00	0.0%
African	00	0.0%
Middle-East	02	0.5%
Others	16	4.1%
Income: p.a. \$30,000 - \$40,000	18	4.6%
\$40,001 - \$50,000	35	9.0%
\$50,001 - \$60,000	34	8.7%
\$60,001 - \$70,000	47	12.1%
\$70,001 - \$80,000	48	12.3%
\$80,001 - \$90,000	41	10.5%
\$90,001 - \$ 100,000	36	9.2%
\$100,001 - \$110,000	28	7.2%
\$110,001 - \$120,000	19	4.9%
\$120,001 - \$130,000	18	4.6%
\$130,001 - \$140,000	11	2.8%
\$140,001 - \$150,000	19	4.9%
More than \$150,000	36	9.2%
Duration of stay: Less than 1 year	44	11.3%
1 – 2 years	57	14.6%
2 – 3 years	57	14.6%
3 – 4 years	38	9.7%
4 – 5 years	38	9.7%
More than 5 yrs.	156	40.0%

4.4.7 Results of the data analysis through SEM

As discussed, structural equation modelling was used to analyse the data and test the hypothesized relationships shown in the model. SEM enabled assessing of the constructs through a confirmatory method and provided scope for modifying the

theoretical model with appropriate model fit indices (Anderson & Gerbing, 1988). A two-step procedure – measurement model and structural model, recommended by Anderson and Gerbing (1988) was used while analysing the data through SEM. At first, analysis of the measurement model was conducted to assess the constructs used in terms of their uni-dimensionality, reliability and validity. Then the paths among the constructs or causal relationships were examined under the structural model. The following discussion focuses on detailed analysis in this regard.

4.4.7.1 The measurement model – Assessing the constructs

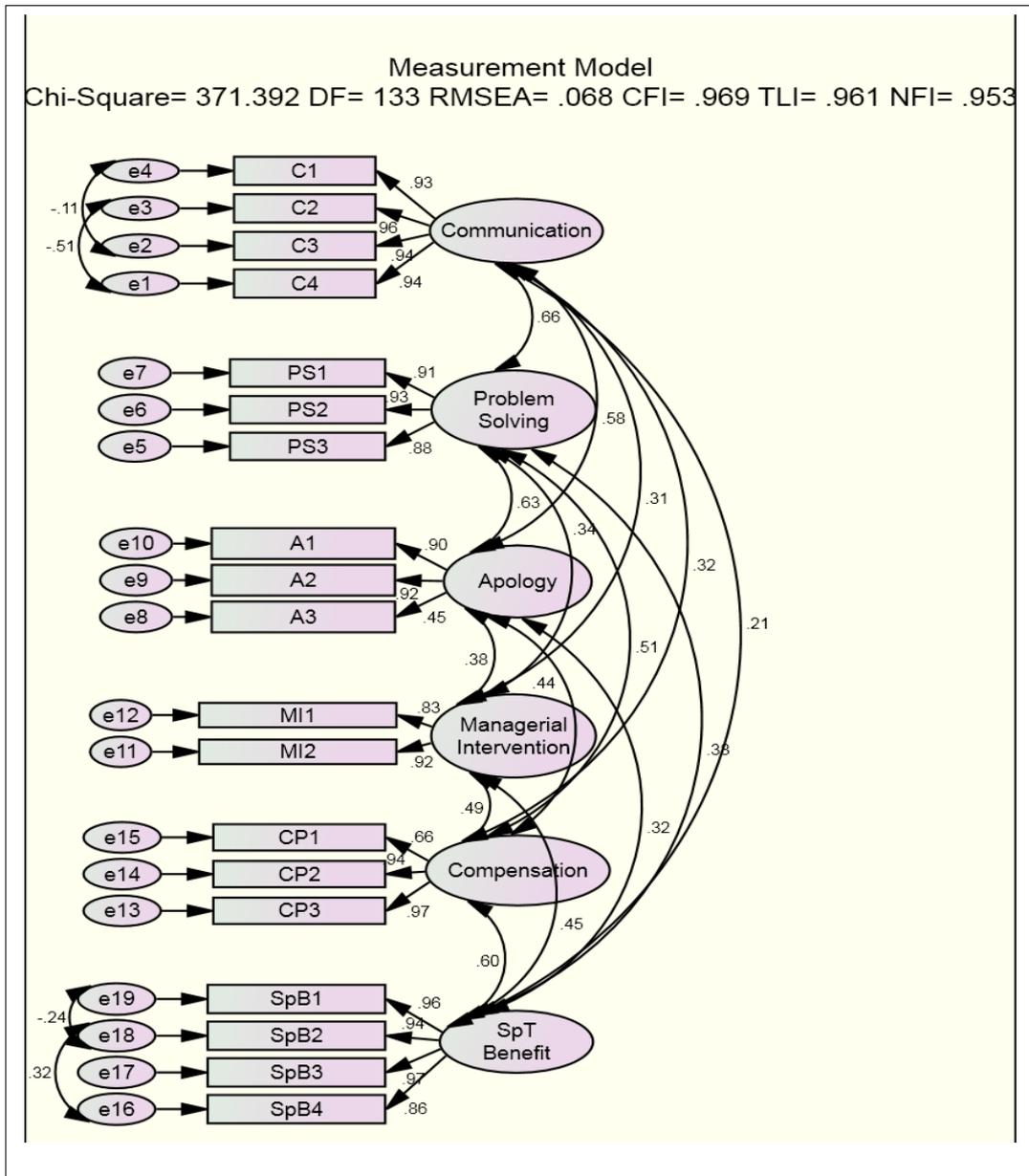
This section focuses on evaluation of the constructs used in the study through the measurement model. Prior to data analysis, the constructs in the study were evaluated in terms of their uni-dimensionality, reliability and validity (Anderson & Gerbing, 1982). The measurement model specifies the causal relationships between the observed items and the latent constructs (Arbuckle, 2005). The constructs under consideration in this study were communication, problem solving, apology, managerial intervention, compensation, special treatment benefit and intention to restore relationship. Hence, the purpose of this section is to confirm that items for each construct of interest actually load onto the respective construct for which they were intended as determined by the prior research; also, it ensures the reliability and validity of the constructs. This analysis is deemed necessary as many of the scale items were drawn from previous research, the contexts of which are not the same as in the current study. Hence, the wordings of the items were modified to adapt to this particular study. Items for the independent constructs - managerial intervention and compensation, and the dependent construct, intention to restore relationship, were developed for the purpose in this study. Therefore, it was not certain whether the items load onto specific constructs. Such uncertainties warranted detailed assessment of the constructs.

While assessing the constructs through the measurement model, two main considerations are recommended by Kline (2005). First, each measuring item should have at least 0.50 standardized loadings on that respective factor (Hair et al., 1995); second, the estimated correlations between constructs must be below 0.85 (Kline, 2005) to avoid possible overlap between constructs. Arnold and Reynolds (2003)

mentioned that, in order to ensure the uni-dimensionality of constructs, each item should reflect only one underlying construct and that loadings should meet acceptable levels. The output of the measurement model is shown in Figure 4.2 and the factor loadings of each construct have been shown in Table 4.7.

From the model fit indices it is evident that the measurement model has acceptable fit indices with Chi-Square 371.39, d.f. = 133; CMIN/df = 2.79; RMSEA=0.068; CFI = 0.96; NFI = 0.95; TLI = 0.96 and SRMR = 0.046. The uni-dimensionality of each independent factor was supported by acceptable loadings as all items load more than 0.5 on the respective construct with significant paths of all items to their hypothesized construct. In order to test the uni-dimensionality of the dependent variable of the model, intention to restore relationship, a separate CFA of the construct was run, which revealed that each of the three items loaded highly on the construct. The factor loadings also are shown in Table 4.7.

Figure 4.2: Measurement model



4.4.7.2 Reliability and validity of the constructs

Reliability refers to the extent to which the scale items produce consistent results if repeated measurements are made on the constructs (Malhotra, 2003). It is concerned with the consistency of scale performance, aiming for it to be free of random and systematic errors (Cooper & Schindler, 1998; Zikmund, 2003). Hence, the purpose of the reliability analysis was to minimize errors in measuring the constructs of interest (Yin, 1994; Nunnally & Bernstein, 1994). Although reliability is vital, it does not

imply that a construct is necessarily valid (Hair et al., 2010). Validity refers to the ability of the scale items to measure what they are intended to measure (Zikmund, 2003). There are two important aspects of a valid construct – content validity and construct validity (Nunnally & Bernstein, 1994). Content validity is a subjective but systematic assessment of the content of the scale items of a construct (Malhotra, 1996). Construct validity is concerned with what the scale items are actually measuring (Churchill, 1995). It ensures development and/or deployment of correct and adequate operational measures for the concept being tested (Malhotra, 1996). Construct validity is examined in two ways: by ensuring discriminant validity and convergent validity. Discriminant validity ensures that scale items of a particular construct are not too correlated with the items of another construct, whereas convergent validity examines whether the scale items of a construct are correlated highly (Sekaran, 2000). All the constructs used in the study were assessed based on the cut off points of reliability and the key categories of validity, as outlined below.

One of the most common methods in gauging reliability is Cronbach's (1951) coefficient alpha is (Nunnally, 1978; Sekaran, 2000) which estimates the degree to which the items in the scale are representative of the domain of the construct being measured. It is considered as the first measure that a researcher should use to assess the reliability of a measurement scale (Nunnally, 1978; Churchill, 1979), especially in measuring multi-point scale items (i.e., the 7-point Likert scale used in this study) (Sekaran, 2000). Hence, in the current study, the internal consistency of the items was investigated using the Cronbach alpha. The value of the Cronbach alpha should exceed the minimum of 0.7 for acceptable internal consistency (Nunnally, 1978). As shown in Table 4.7, the Cronbach alpha value for the constructs of communication, problem solving, apology, managerial intervention, compensation, special treatment benefit and intention to restore relationship were 0.96, 0.93, 0.78, 0.87, 0.88, 0.96, and 0.90 respectively, suggesting that internal consistencies of the scale items for all the constructs used in the study were highly satisfactory.

However, Cronbach alpha is known to be non-robust with its key limitation being that all items are assumed to contribute equally to reliability. Construct reliability (CR) is a more robust measure of reliability, which is calculated based on the standardized loadings and measurement error for each item (Shook et al., 2004).

High construct reliability demonstrates high internal consistency of the items, signifying that all items consistently represent the same latent construct (Hair et al., 2010). CR is calculated using the formula¹¹ suggested by Fornell and Larcker (1981), with a construct reliability of .70 generally regarded as acceptable (Shook, Ketchen, Hult & Kacmar, 2004). As shown in Table 4.7, the construct reliability (CR) for the constructs of communication, problem solving, apology, managerial intervention, compensation, special treatment benefit and intention to restore relationship were 0.98, 0.96, 0.87, 0.92, 0.93, 0.98, and 0.96 respectively. Thus, the CR values also strongly suggest adequate internal consistency of the constructs used in the study. In addition, the item-to-total correlations of the items of each construct score well above 0.3 (Field, 2005) meaning that all the items used in the study correlate with each other and reflect an adequate internal consistency for each construct.

With regards to convergent and discriminant validity, the researcher examined the factor loadings and Average Variance Extracted (AVE) for each construct (Hair et al., 2010). Convergent validity is ensured by checking the substantial factor loading of all items (Hair et al., 1995; Raimondo et al., 2008) with a significant 0.01 level loaded onto the expected latent construct. On the other hand, AVE measures the amount of variance that is captured by the focal construct in relation to the amount of variance due to measurement error. Researchers usually examine whether AVE of a focal construct is greater than the squared correlation between the focal construct and other constructs used in the study; and the AVE of each construct should be greater than 0.5 (Fornell & Larcker, 1981). AVE is calculated based on the formula¹² suggested by Hair et al. (2010) which reflects the mean variance extracted for the items loading on a construct. As evident from Table 4.7, AVE values are 0.88, 0.82, 0.62, 0.76, 0.75, 0.87 and 0.76 for the constructs communication, problem solving, apology, managerial intervention, compensation, special treatment benefit and intention to restore relationship, respectively. Thus, the AVE of each construct is greater than 0.50, which also supports convergent validity of the constructs of

¹¹ $CR = (\sum \lambda_i)^2 / [(\sum \lambda_i)^2 + \sum \epsilon]$, where λ is the loading for each item, ϵ is the error variance associated with each item.

¹² $AVE = \left[\sum_{i=1}^n L_i^2 \right] / n$, where, L_i is “the standardized factor loading and n is number of items.

interest (Fornell & Larcker, 1981). Table 4.7 (a) shows that the correlation values between the constructs – communication, problem solving, apology, managerial intervention, compensation, special treatment benefit, and intention to restore relationship are within the acceptable limit that supports the discriminant validity of the constructs (Kline, 2005). In addition, Table 4.7 (a) shows that the square root of AVE of a given construct is greater than the absolute value of the standardized correlation of the given construct with any other construct/variable, which is evidence of adequate convergent and discriminant validity (Fornell & Larcker, 1981; Bagozzi & Yi, 1988).

Cronbach's alpha, construct reliability and average variance extracted from constructs are shown in Table 4.7. In addition, Table 4.7 (a) shows that the square root of AVE for a given construct is greater than the absolute value of the standardized correlation of the given construct with any other construct/variable.

Table 4.7: Factor loadings, reliability and validity of the constructs

	Loading	Cronbach's Alpha	Item to Total Correlation	Construct Reliability (CR)	AVE
Communication:		.96		.98	.88
C1	0.93		.91		
C2	0.96		.92		
C3	0.94		.92		
C4	0.94		.90		
Problem solving:		.93		.96	.82
PS1	0.91		.86		
PS2	0.93		.87		
PS3	0.88		.83		
Apology:		.78		.87	.62
A1	0.90		.74		
A2	0.92		.74		
A3	0.45		.42		
Managerial intervention:		.87		.92	.76
MI1	0.83		.77		
MI2	0.92		.77		
Compensation:		.88		.93	.75
CP1	0.66		.63		
CP2	0.94		.83		
CP3	0.97		.84		
Sp. treatment benefit:		.96		.98	.87
SpB1	0.96		.91		
SpB2	0.94		.92		
SpB3	0.97		.94		
SpB4	0.86		.86		
Intention to restore relationship:		.90		.96	.76
R1	0.94		.85		
R2	0.88		.82		
R3	0.79		.75		

Table 4.7 (a): Correlations and AVE

Constructs	AVE							
Communication	0.88	1						
Problem solving	0.82	0.63	1					
Apology	0.62	0.55	0.57	1				
Managerial intervention	0.76	0.29	0.30	0.29	1			
Compensation	0.75	0.29	0.46	0.40	0.47	1		
Special treatment benefit	0.87	0.21	0.38	0.29	0.41	0.64	1	
Intention to restore relationship	0.76	0.41	0.43	0.34	0.27	0.39	0.31	1

Once the psychometric properties of the constructs of the study were found to be satisfactory, the researcher examined the effectiveness of the selected efforts in restoring fading relationships. The key purpose was to find out effective restoration effort(s) for each of the fading stages, which would help the firms to restore relationships. As mentioned earlier in the methodology section, the respondents were categorized into three groups - disillusion, disaffection and crossroads, based on their opinion on the first twelve questions of the questionnaire. Out of the three stages of fading; a respondent belongs to that specific stage where s/he scores the highest average. The following discussion focuses on the analysis of data to find out the effectiveness of the six restoration efforts in general on the combined dataset and also across the three stages of the fading process.

4.4.7.3 Structural model – Testing the hypotheses

The second stage of the data analysis through SEM was an examination of the hypotheses through developing a structural model. Once all the constructs of interest were assessed in terms of their uni-dimensionality, reliability and validity through the measurement model (Anderson & Gerbing, 1988, Hair et al., 1995; Kline, 2005), the structural model can be tested as to the structural path relationships among the constructs. The structural model specifies direct or indirect relationships between or among different exogenous and endogenous constructs of the model (Byrne, 1989).

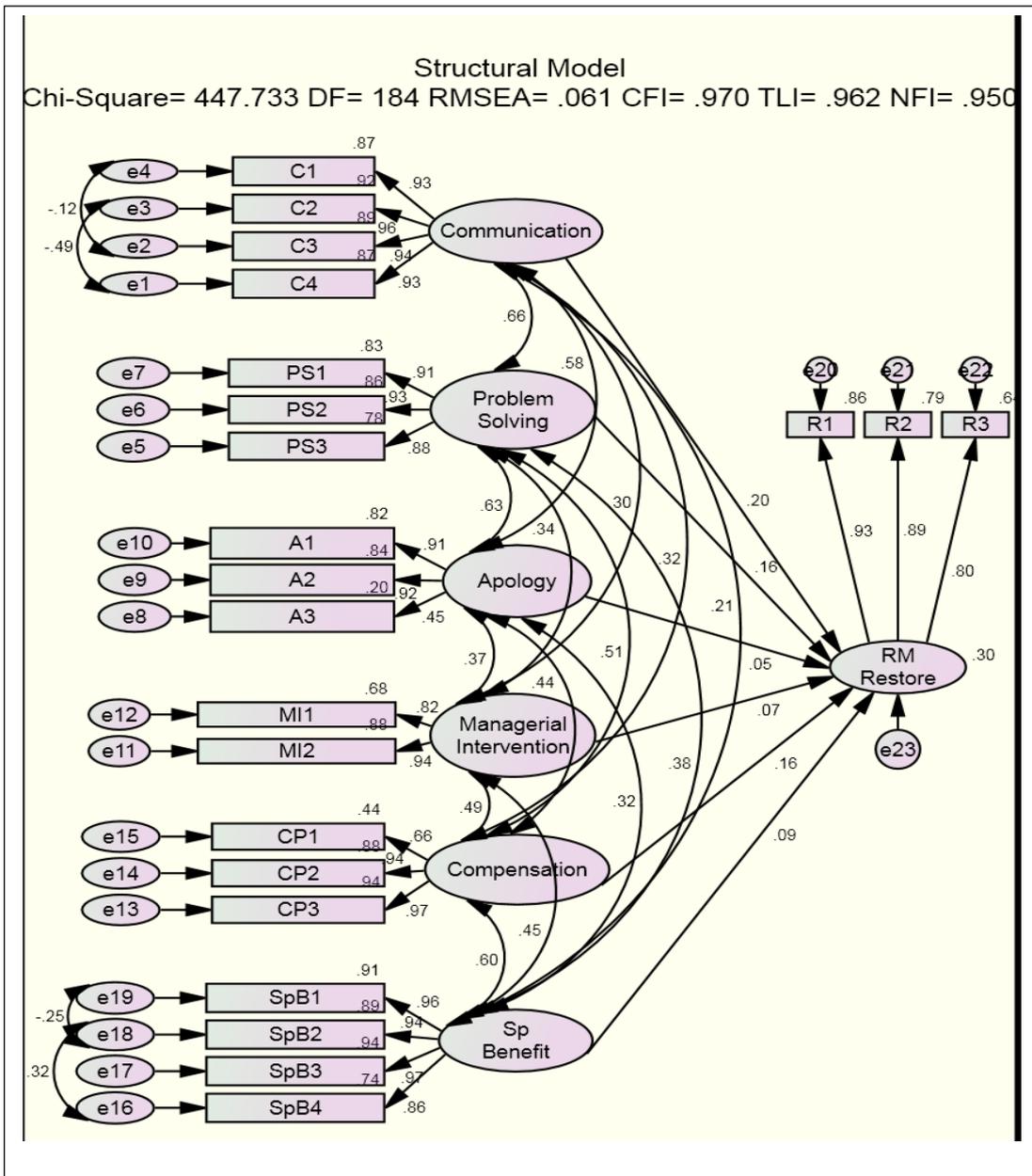
Hence, the structural model tests the hypotheses (H₁ to H₆) shown in Figure 4.1. The structural model is shown in Figure 4.3 and the results of the hypotheses are shown in Table 4.8. The goodness of fit indices of the structural model were within the acceptable limit with Chi-Square 447.73, d.f. = 184; CMIN/d.f. = 2.43; MSEA=0.061; CFI = 0.97; NFI = 0.95; TLI = 0.96 and SRMR = 0.044.

Table 4.8: Results of the structural model

Particulars	r ²	β	t-value	p-value	Decision
	0.30				
H ₁ : Communication => Intention to restore relationship		0.20**	3.05	.002	Supported
H ₂ : Problem solving => Intention to restore relationship		0.16*	2.08	.037	Supported
H ₃ : Apology => Intention to restore relationship		0.04	0.66	.504	NS
H ₄ : Managerial intervention => Intention to restore relationship		0.07	1.22	.221	NS
H ₅ : Compensation => Intention to restore relationship		0.15*	2.33	.019	Supported
H ₆ : Special treatment benefit => Intention to restore relationship		0.08	1.44	.149	NS

Notes: * p<0.05, ** p< 0.01; NS = Not supported

Figure 4.3: Structural model



Note: 'RM Restore' stands for 'intention to restore relationship'.

Table 4.8 shows that the r^2 value of the model is 0.30 meaning that six restoration efforts – communication, problem solving, apology, managerial intervention, compensation and special treatment benefit cause 30% of the variation in the dependent variable, intention to restore relationships. H_1 , H_2 and H_5 are supported meaning that communication, problem solving and compensation had a significant positive impact on intention to restore fading relationships. On the other hand, H_3 , H_4 and H_6 were not found to be significant. Therefore, apology, managerial intervention and special treatment benefit do not have any significant impact on the intention to

restore a fading relationship. As evident from Study 1, fading customers feel negatively about the firm and possess a sense of inequity in their mind. If the firms communicate with them in a courteous manner and solve their problems then, most likely, they will feel positive about the firm and become satisfied with its recovery performance (e.g. Liao, 2007). In addition, compensation offers tangible benefits to fading customers, which is perceived as an additional input in the relationship brought by the firm; one that helps engender cooperation between buyers and sellers (Morgan & Hunt, 1994). This will lead fading customers to restore the fading relationships with the service firms.

Thus, the three restoration efforts (communication, problem solving and compensation) will help firms to restore fading relationship. However, the finding does not specify the effectiveness of the restoration efforts across the stages of the fading process. Therefore, the effectiveness of the restoration efforts in each of the three stages of the fading process was examined, which is outlined below in detail.

4.4.8 Restoration efforts across the stages of the fading process

Six restoration efforts were selected through the series of brainstorming sessions conducted in two phases by taking two efforts for each of the three stages of the fading process. It was found from Phase II of the brainstorming sessions that ‘communication’ and ‘problem solving’ were effective in the disillusion stage; ‘apology’ and ‘managerial intervention’ were effective in the disaffection stage; and ‘compensation’ and ‘special treatment benefit’ were effective in the crossroads stage. But the brainstorming method did not reveal any causal relationship between the restoration efforts and ‘intention to restore relationship’. In order to confirm the effectiveness of the selected restoration efforts across the three stages of the fading and to make data analysis results generalizable, the combined data set (N=390) was divided into three groups – disillusioned customers (N = 173), disaffected customers (n = 110) and crossroads customers (N = 107). Linear regression was run on these three sub-groups where the dependent variable ‘intention to restore relationship’ was regressed by all the six restoration efforts – communication, problem solving, apology, managerial intervention, compensation and special treatment benefit. Thus, three regressions were run on three datasets – disillusion, disaffection and crossroads

taking the intention to restore relationship as a dependent variable and all the six restoration efforts as independent variables. The results are shown in Table 4.9.

Table 4.9: Regression results

Particulars	r ²	β	t-value	p-value
For Disillusion:	0.272			
Communication		.440**	3.314	.001
Problem solving		.317**	2.797	.006
Apology		-.053	-.490	.625
Managerial intervention		-.068	-.944	.349
Compensation		.016	.169	.866
Special treatment benefit		.116	1.459	.146
For Disaffection:	0.218			
Communication		.047	.404	.687
Problem solving		.268**	2.347	.021
Apology		-.191	-1.672	.098
Managerial intervention		.265**	2.687	.008
Compensation		.174	1.598	.113
Special treatment benefit		-.044	-.422	.674
For Crossroads:	0.343			
Communication		.397**	3.473	.001
Problem solving		-.151	-1.616	.109
Apology		.120	1.187	.238
Managerial intervention		.047	.557	.579
Compensation		.270**	2.643	.010
Special treatment benefit		.048	.488	.627

Note: ** means significant at 0.05 level.

The regression analysis results showed that in the disillusion stage, the restoration efforts explained 27.20% of the variation ($r^2 = 0.272$) of the dependent variable 'intention to restore relationship'. Communication and problem solving were found

to have a significant impact on intention to restore relationship with the β value of 0.44 and 0.32 respectively. In the disaffection stage, problem solving and managerial intervention were found to have a significant positive impact on intention to restore fading relationship; they explained 21.80% ($r^2 = 0.218$) of the variation of the dependent variable. Again communication and compensation were found to be effective in the crossroads stage explaining 34.30 % ($r^2 = 0.343$) of the variation in the dependent variable.

In terms of the effectiveness of restoring fading relationship, Table 4.9 demonstrates that all six restoration efforts are not effective in all the three stages. The three stages of the fading process require managers to adopt different efforts. This means that fading customers' intention to restore relationship varies across the three stages of the fading process. In order to confirm whether customers' intention to restore fading relationship varies across the three stages of the fading process, a one-way ANOVA was run, as discussed below.

4.4.9 Customers' intention to restore relationship across the stages of the fading process

For the purpose of investigating whether the customers' intention to restore relationship varies across stages of the fading process, a one-way ANOVA was run on the combined data set by considering intention to restore relationship as the dependent variable and fading stages as the factor, irrespective of any restoration effort. Before running the ANOVA, the current dataset was examined to check if it met the necessary statistical assumptions.

4.4.9.1 Testing the assumptions of ANOVA

The univariate test procedures of ANOVA are valid if it meets the following assumptions (Hair et al., 2010):

- The dependent variable is normally distributed (n.b., this assumption has already been met).
- Homogeneity of variances or variances must be equal for all groups, and
- The groups are independent in their responses to the dependent variable.

The second assumption of ANOVA is the equivalence of variances across groups. The variance of one group versus another for the dependent variable should not be statistically different (Hair et al., 2010). Leven’s test determines whether variances are equal or unequal (Coakes, Steed & Ong, 2010). Leven’s test was run using SPSS in the respective data analysis through ANOVA and variances were found to be similar. The ANOVA and the Leven’s test results are shown in Table 4.10 and are depicted in Figure 4.4. Leven’s test of equality of error variances shows that the assumption of homogeneity of variance has not been violated. The output illustrates that the main effect of the fading stages (i.e., independent variable – three stages of fading process) on intention to restore relationship (i.e., dependent variable) does not significantly vary ($p > 0.05$).

Table 4.10: ANOVA result: intention to restore relationship across fading stages

Leven's test of equality of error variances

Dependent variable : intention to restore relationship

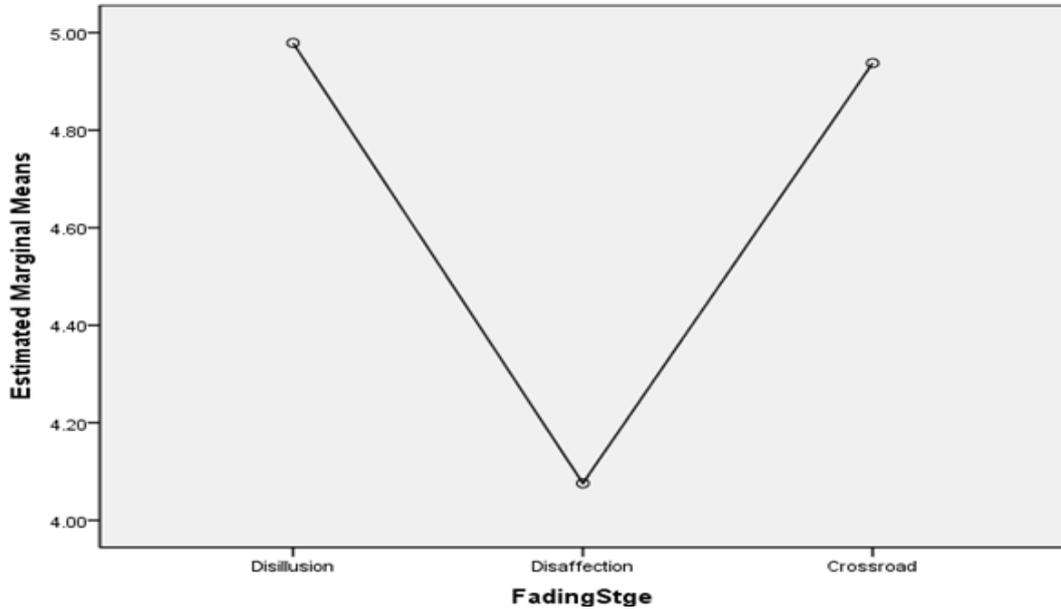
F	df1	df2	Sig.
.579	2	387	.561

ANOVA

Main effect of Stages	Dependent variable	F - value	P-value
Fading Stage	Intention to restore relationship	17.37	0.00

Figure 4.4: Intention to restore relationships across three stages of fading

Estimated Marginal Means of Intention to Restore Relationships



The ANOVA results in Table 4.10 and Figure 4.4 show that intention to restore relationships significantly varies across the three stages of fading. The respondents' intention to restore the fading relationship was found to be high in the disillusion stage (mean value = 4.97) followed by the crossroads stage (mean value = 4.93). The respondents' intention to restore relationships was found to be the lowest in the disaffection stage (mean value = 4.07). Thus, considering that intention to restore relationship varies across the three stages of the fading process, the restoration efforts influencing the intention of fading should also vary across the stages, which is supported by the findings shown in Table 4.9.

4.5 Conclusion and chapter summary

In this chapter (Chapter 4: Study 2), the third research question was addressed; i.e., how to restore fading relationships. Primarily through a quantitative research approach, an online survey was used to collect data. Before conducting the final survey, six restoration efforts had been selected through a total of thirteen brainstorming sessions conducted in two phases, which was essentially under a qualitative approach. In Phase I, a list of possible restoration efforts was generated

inductively. In Phase II, a separate group of respondents selected two restoration efforts from the list generated from Phase I for each of the three stages of the fading process. The top two restoration efforts, on the basis of highest frequency in each of the three stages, were selected giving a total of six restoration efforts – communication, problem solving, apology, managerial intervention, compensation and special treatment benefit for further examination. A quasi-experimental design technique was used to test the effectiveness of these restoration efforts in restoring fading relationships across the three stages of fading. Under the quasi-experimental design, the three stages of fading were measured and the six restoration efforts were manipulated by scenarios, which were tested for manipulation and realism check in a pilot test before conducting the final survey. Data collected were analyzed through SEM, linear regression and ANOVA. The results showed that out of the six restoration efforts, communication, problem solving and compensation had a significant positive influence on customers' intention to restore fading relationships. In addition, communication and problem solving were found to be significant in the disillusion stage; problem solving and managerial intervention were found to be significant in the disaffection stage; and communication and compensation were found to be significant in the crossroad stage.

The findings of the Study 1 and Study 2 were considered to have adequate literature support, which is discussed in Chapter 5: General Discussions.

Chapter 5

GENERAL DISCUSSIONS

5.0 Introduction

Chapter 3 and Chapter 4 were used to report on two successive studies - Study 1 and Study 2, respectively. The former focused on why and how aspects of customer relationship fading; it conceptualized the phenomenon of customer relationship fading, explored three stages in the relationship fading process and identified underlying drivers, feelings and thoughts of the customers across the stages of the fading process. Utilizing the findings of the Study 1, Study 2 was pursued by identifying six restoration efforts developed through a series of brainstorming sessions conducted in two phases. Study 2 also determined the effectiveness of the selected efforts in restoring fading relationships from each of the three stages of the fading process. The current chapter (Chapter 5) contains general discussions of the findings of the two studies.

5.1 Defining and conceptualizing the phenomenon of customer relationship fading

One of the key contributions of this study was to offer a better understanding of the phenomenon of customer relationship fading in terms of how customers behave *before* they actually terminate relationships with a firm or its brand. It is interesting to find that customers gradually disengage themselves before taking the final decision of terminating relationships; they lose interest in their service firm or brand progressively and feel negatively about it. This stage of gradual disengagement before taking the final termination decision is termed the customer relationship fading stage or in short, 'relationship fading'. Thus in this study, relationship fading is defined as *a process of gradual decline in customers' intention to continue the relationship with a firm or brand manifested in negative feeling towards the firm/brand, diminishing frequency and/or volume of transactions with it and initiation of switching intention.*

The study found evidence that customer relationship fading is not relevant in product/service contexts that are of low involvement. Fading relationship is found not to be applicable in contexts where consumers are variety seekers and the occurred unfavourable event is severe. Further, relationship fading is found to be influenced by consumers' feeling of inertia and tolerance level. In addition, it has been found that customer relationship does not come to an end abruptly, rather it gradually fades. It has been revealed that fading customers might take long time (e.g., it may take even two months, as unveiled from in-depth interviews) to arrive at a final termination decision. Interestingly, executing the switching decision may even take longer time than this. During this period they move through three distinct stages that constitute the customer relationship fading process. The following section focuses on the process of customer relationship fading and its three stages.

5.1.1 Customer relationship fading process

The findings of the study indicated that customers are likely to go through three sequential stages of fading – disillusion, disaffection and crossroads. Initially, when relational customers experience a series of unfavourable occurrences, they become disillusioned about their prior affective relationship with the firm or its brand. They become surprised and disappointed during the disillusion stage due to the cumulative effects of dissatisfaction that arise from of a series of minor occurrences over the history of their relationship with the firm. However, such disappointment does not lead to switching intentions; rather, the customers seem to wait-and-see and offer another chance to the firm to rectify what went wrong.

Fading customers are likely to move from the disillusion to the disaffection stage when they find that the firm and/or brand is not taking adequate reflective measures regarding the unfavourable occurrences that have been experienced. Hence, they become angry and/or frustrated and feel disaffected towards the firm or its brand. This leads them to start evaluating cost-benefits of continuing the current relationship with the firm or its brand. Furthermore, fading customers are likely to move from the disaffection to the crossroad stage if they notice any attractive alternative. Therefore, they feel indifferent towards the firm and increasingly lose interest in staying with the firm. Thus, fading customers reach the point of terminating the relationship

during the crossroads stage as they actively consider alternatives and promotional efforts of competing companies induce them to terminate the relationship. This research also explored the underlying drivers, feelings and thoughts of the customers across the three stages of the fading process, which are discussed below.

5.1.2 Drivers, feelings and thoughts across the stages of the fading process

Study 1 revealed specific drivers, feelings and thoughts corresponding to each of the three stages of the fading process (see Table 3.6 in Chapter 3). It was found that over-promising is the key driver in transforming an affective customer relationship to disillusionment. Changing price-value perception and peer-pressure were also found to be important drivers leading to disillusionment. In the course of the disillusion stage, dissatisfaction appears to be developing due to a series of rather minor unfavorable occurrences. At this stage, customers seem to be rather surprised to discover the negative sides of their relationship with the firm or its brand. Apparently, they perceive that the firm has misled them regarding what it can and cannot deliver. It has been found that customers are less than likely to terminate their relationship at this stage; rather they would like to wait-and-see by offering the firm a second chance.

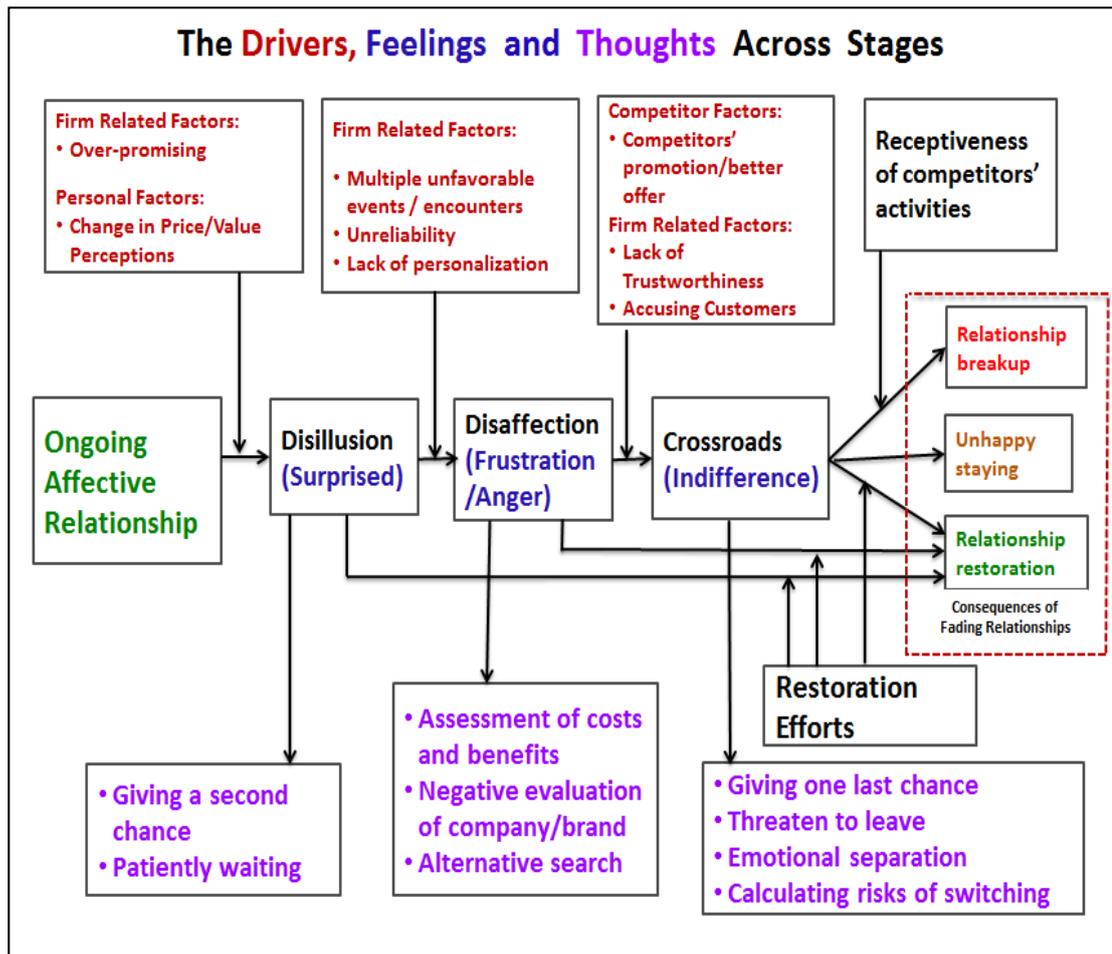
It was found in the study that fading customers move to the stage of disaffection due to the inability of the firm/brand to deal adequately with the unfavourable occurrences. As a result, customers feel frustration and/or anger and develop doubts about the creditability of the firm. They analyse the cost-benefits of continuing the current relationship, and start looking for alternatives. Interestingly, customers seem to compare the negative sides of the firm/brand to seemingly superior alternatives. This could be interpreted as an upfront rationalization of a potential future brand switching. However, no clear indications of terminating the relationship were found at the disaffection stage.

Moving on to crossroads stage, it was found to be triggered mainly by competitors' promotions and/or offers that are perceived as increasingly attractive by the fading customers. Also, customers were found to move towards the crossroads stage due to lack of perceived trustworthiness of the brand or firm and being accused by the firm

as being responsible for the unpleasant events. During this stage, a more concrete desire for switching grows and fading customers develop an emotional separation and indifference to the firm/brand. However, there is still a possibility to recover customers as they tend to offer the firm/brand one last chance to rectify what went wrong. This is due to the perceived risk of starting an entirely new relationship again and also due to financial, procedural and/or any other switching barriers. Thus, it is evident that the process of disengagement has not led to switching; yet, the likelihood of its happening has increased.

Therefore, customer relationship fading is primarily initiated by the firm not being able to keep the promises made earlier to the customers, which leads relational customers to disillusionment. Personal factors such as a changing price–value perception over time and peer pressures were also found contribute to the customers’ disillusionment. Furthermore, company or firm related factors such as inability and/or inadequate reflective measures in handling the grievances of the disillusioned customers were found to be the key drivers that caused disillusioned customers to move towards disaffection. Finally, at the crossroads stage, fading customers reach the point of terminating their relationships mainly due to being attracted by the competitors’ offers and company factors such as a lack of perceived trustworthiness and accusing the customers of unfavourable occurrences. The findings of Study 1 are shown in Figure 5.1 below which reflects the schematic view of the phenomenon of customer relationship fading in terms of its drivers, feelings and thoughts across the three stages of the fading process.

Figure 5.1 Schematic view of the customer relationship fading process



5.1.3 Theoretical arguments in support of the findings

The findings in Study 1 as to the why and how aspects of customer relationship fading can be seen mirrored in marital disaffection literature (e.g., Kayser, 1993; 1996; Kersten, 1990; Snyder & Regts, 1982). This is because the breakdown of a personal relationship is not dramatic or abrupt (Duck & Wood, 2006). Before the actual break up of a marital relationship, the partner loses interest either in their partner or in the relationship itself (Battagila et al., 1998). Thus, marital disaffection is the gradual loss of an emotional attachment and an increasing sense of apathy and/or indifference towards one's spouse (Kayser, 1993). The final breakup of the relationship is preceded by feelings of disaffection between the partners which, similarly, follows through a process of three stages. At the beginning stage the partner becomes disillusioned primarily due to the negative disconfirmation of their expectations. During the second stage, they experience intense feelings of negativity such as anger and frustration due to repetition of the unfavorable events and/or

inadequate reflective measures from their counterpart. Finally, the victim partner feels apathy and indifference, and arrives at a decision to leave the relationship induced by his/her alternative dating partner. Notably, marital disaffection may not necessarily end up with termination of the relationship; rather, couples may stay unhappily in the relationship or even the relationship may be restored.

Similar to the beginning stage of the marital disaffection, the disappointing events at the disillusion stage of the customer relationship fading process may not be necessarily a major crisis, but rather the crystallized effect of a number of minor events. Fading customers at the disaffection stage perceive that the reflective measures taken by the firm are not adequate; hence they become angry and/or frustrated. The feeling of anger due to inadequate reflective measures is also evident in service failure literature (e.g., Andreassen, 2001). Negative emotion has a stronger impact on customer satisfaction than that of positive emotion (Liljander & Strandvik, 1997). In addition, alternative attractiveness may aggravate their feelings of dissatisfaction towards the current service provider (Sharma & Patterson, 2000) and may induce them towards a termination decision. During disaffection stage, customers are not only dissatisfied with the company, but also disaffected towards it. Dissatisfaction may arise from single poor service experience but it may escalate to negative disconfirmation due to the recurrence of unexpected events over time, which may lead, ultimately, to a general attitude change by the customers (Dawes & Rowley, 1999). As a result, customers start evaluating the service provider negatively and calculate the cost-benefit of the relationship. During the crossroads stage, customers feel relatively indifferent towards the service provider and find it worthwhile leaving the relationship. Although customers no longer become surprised by their partner's behavior (Kayser & Rao, 2006), they intend to give a last chance to the service firm to adopt adequate recovery steps. They remain hesitant to terminate the relationship as they are not willing to start a whole new relationship by sacrificing the relationship benefits that they have accrued during the relationship history with the current provider. The attraction here is not related to the current service provider; rather, it is the perceived risk of starting a new relationship all over again. As a result, they voice their multiple complaints and threaten the provider by stating that they are going to switch to another provider and are willing to make only one last effort to enable the firm to handle the problems and grievances adequately.

Although the relationship may be about to die (be terminated), still it is possible to restore the fading relationship and avoid the final termination. The efforts that the firms could adopt to restore such fading relationship were investigated in Study 2 of this research. In the following discussions, the findings revealed in Study 2 are presented.

5.2 Restoring fading relationships

Study 2 of this research found evidence that, by adopting specific restoration efforts, it is possible to restore a fading relationship from each of the three stages of the fading process. Table 4.8 (in Chapter 4), revealed that out of the six restoration efforts identified in Study 2, three (communication, problem solving and compensation) were found to be have a significant influence on the customers' intention to restore fading relationships irrespective of any fading stage. Therefore, research findings suggest that in order to retain fading customers before they finally defect, firms are required to communicate with the fading customers, solve their problems and provide compensation and/or a gain to the fading customers in terms of relationship restoration efforts. This is in line with social exchange theory and equity theory; viz., that once the customers' problems are solved and they receive any tangible benefits from the company, their sense of inequity is rectified, which refurbishes their positive intention towards the service firm. Thus, offering a sense of equity through communication, solving the problems and providing compensation assures that current shortfalls in expected benefits will be made up in future. This generates a feeling of sociological indebtedness among parties in the relationship (Axelrod, 1984). Considering that communication fosters trust (Moorman, Deshpande, & Zaltman, 1993) and assists in resolving disputes and aligning perceptions and expectations (Etgar, 1979), it is helpful also for the service firms to convince fading customers of their goodwill and prevent them moving towards termination of the relationship. In addition, communicating and offering benefits in terms of compensation to the fading customers are likely to engender cooperation among buyers and sellers and enhance the development and maintenance of the relationships (Morgan & Hunt, 1994).

In order to investigate the effectiveness of the restoration efforts across the stages of the fading process, the effects of all six restoration efforts were examined in each of the three stages of the fading process. The data analysis results in this regard were shown in Table 4.9 in Chapter 4. The following sections focus on discussion of the findings reveals from Table 4.9 of Chapter 4.

5.2.1 Restoration efforts for disillusion stage

As evident from Table 4.9 (in Chapter 4), ‘communication’ and ‘problem solving’ were found to have significant impact on customers’ intention to restore fading relationships from the disillusion stage with β values of 0.440 and 0.317 respectively and with an adjusted r^2 value of 0.272. Possible explanations for this finding are outlined below.

Fading customers become disillusioned due to experiencing disappointments and negative surprises considering their previous affective relationship with the firm. But they do not feel any negative emotion at this stage and are hopeful about the service provider. They expect solutions to the unfavourable experiences to be provided by courteous and empathetic behaviour from the service provider. This is in line with what happens in the beginning phase of the marital disaffection process. Spouses were found to be disillusioned because their partners’ behaviours were not what they expected (Kayser & Rao, 2006). However, spouses are optimistic about the future of their relationship (Kersten, 1990). “The most frequent behaviour cited during the first stage was an attempt at solving problems in the marriage” (Kersten, 1990; p. 260).

5.2.2 Restoration efforts for disaffection stage

‘Problem solving’ and ‘managerial intervention’ were found to be significant at the disaffection stage with β values of 0.268 and 0.265 respectively and an adjusted r^2 value of 0.218. Fading customers at the disaffection stage feel negative emotions due to the inability/inadequate efforts taken by the service provider in solving problems. Hence customers experience the unfavourable events persistently. Customers still expect solutions to the unfavourable events from the service providers, but as they are experiencing negative emotion due to unreliable and unsatisfactory service

interactions, they are less willing to depend any more on the contact employees with whom they have had unfavourable interactions. In such a situation, managerial intervention is required; i.e., if the supervisor or senior staff of the contact/front line employees intervene into the matter and take initiative to solve the problem(s) then the perceived dependency/confidence of the fading customers in the service provider can be restored. This is because customers usually show a positive reaction to managerial intervention in the case of unfavourable occurrences (Tsai & Su, 2009). In the case of failure occurrences caused by the contact employees themselves, managerial intervention is highly desired by the customer (Silber et al., 2009).

The effectiveness of the restoration efforts of 'problem solving' and 'managerial intervention' in disaffection stage is supported by the marriage relationship literature. In the middle phase of the marital disaffection process, spouses no longer are surprised by the behaviour of their partner; rather they expect their partner to behave in certain negative ways (Kersten, 1990). Marriage literature suggests therapies or counselling to enhance partners' acceptance through a better understanding of the relationship history and thereby, to restore relationship between couples (Herrington et al., 2008; Jacobson & Christensen, 1996; Snyder, 1999). Marital literature also emphasized the teaching of problem-solving communication skills to reduce overt conflict between partners (Jacobson & Margolin, 1979; Herrington et al., 2008). Problem solving attempts are the most frequently reported actions in this middle phase, but they must be more direct and assertive than in the first phase (Kersten, 1990). In the case of fading customers, direct and assertive problem solving attempts can be offered by managerial intervention as the contact/frontline employees often do not have adequate authority to render the services being sought by customers (e.g., Bitner, Booms & Mohr, 1994; Burgers, Ruyter, Keen & Streukens, 2000; Varca, 2009). Previous literature also suggested empowerment of frontline employees as an effective service recovery effort to resolve customers' problems creatively and to meet the expectations of the customers (Gronroos, 2000; Normann, 2000; Thwaites & Williams, 2006; Varca, 2009). Therefore, due to a lack of adequate authority of the frontline employees, managerial intervention may become an effective resort to resolve customers' problems and make them happy again.

5.2.3 Restoration efforts for crossroads stage

In crossroad stage, two restoration efforts were found to have a significant impact on customers' intention to restore the fading relationships viz., 'communication' and 'compensation' with β values of 0.397 and 0.270 respectively and an adjusted r^2 value of 0.343. The following discussion focuses on possible explanations in support of these findings.

Fading customers at the crossroads stage feel increasingly indifferent towards the service provider and actively consider switching; hence, their search for alternatives. However, they often become hesitant to switch due to different barriers and perceived risks in switching. As indicated by the in-depth interviewees, fading customers at the crossroads stage intend to restore relationships provided that the service providers offer them some extra incentive as a compensation for their sufferings to date. They consider that their long history with the service provider should enable them to negotiate with the provider, which is not possible if they start a new relationship with a new service provider. Interestingly, problem solving was not found to have a significant impact on intention to restore relationship, which indicates that fading customers no longer care about the service and/or its problems that they are receiving from the provider. This is also reflected in their feeling of increased indifference towards the service provider.

The findings that 'communication' and 'compensation' have a significant impact on intention to restore the relationship at the crossroad stage was in line with what happens in the third/end phase of the marital disaffection process. During the third phase of marital disaffection process, the frequency of problem-solving attempts decreases significantly (Kersten, 1990). Spouses spend more time in seeking help from professional marriage counsellors rather than trying to solve problems with partners. Although the initiation of marital therapy occurs on a very pessimistic note in terms of saving the marriage, spouses often struggle with exactly how it will be dissolved due to some barriers such as children (Kersten, 1990).

5.2.4 Customers' intention to restore relationship across the fading process

In order to explore whether customers' intentions to restore fading relationship vary across three stages, a one-way ANOVA was run in Study 2. Figure 4.4 in Chapter 4 showed that the fading customers' intention to restore relationships varies significantly across the three stages of the fading process. As evident from the ANOVA result (Table 4.10 in Chapter 4), the average score (4.97) of customers' intention to restore relationship is higher than the mid-point 4 on the 7-point Likert scale. This means that, despite suffering from disappointments and/or negative surprise at the disillusion stage, fading customers remain somewhat optimistic about their relationships with the firm and/or brand; this is similar to disillusioned couples at the beginning phase of the marital disaffection process (Kersten, 1990). Also, this was supported by the in-depth interviews as 'giving a second chance' to the service provider was revealed as a common theme in the disillusion stage.

Furthermore, Table 4.10 (in Chapter 4) revealed that the fading customers' intention to restore relationship is the lowest (average score is 4.07) in the disaffection stage than in the disillusion or crossroads stages. During the disaffection stage, fading customers experience intense negative emotions such as anger and frustration. As revealed in the in-depth interviews, the disaffected customers negatively evaluate the service provider and/or the brand. They evaluate the cost-benefits of their relationship with a negative emotion in their mind. All the negative sides of the service provider become visible compared to other available alternatives. This probably makes the disaffected consumers less willing to restore their relationship with their service provider. The findings that fading customers are less willing to restore relationship during the disaffection (middle) stage is similar to what happens in case in the case of disaffected couples who are less willing to try to please their partners in the middle phase of marital disaffection process (Kayser & Rao, 2006). During the crossroads stage, the intention of fading customers to restore relationship again increases (the average score is 4.93). Fading customers move from the disaffection to the crossroads stage over time and as time goes by, the intensity of fading customers' negative emotions (felt in the disaffection stage) diminishes (Averill, 1982; Defenbacher, 1994). They feel relatively indifferent (no feelings) and actively consider switching. Interestingly, as evident from the in-depth interviews,

the key thoughts reported by respondents at the crossroads stage are 'perceived risk of switching', 'giving one last chance' and 'threatening to leave'. This means that although fading customers feel indifferent and have an emotional separation from the service provider, they are still willing to restore the relationship due to switching barriers such as perceived risk of starting a whole new relationship. Therefore, they often threaten the service firm in the hope that the service provider will take care of their grievances and eventually they don't need to switch. This is also in line with the end phase of the marital disaffection process where couples who are thinking of divorce often struggle with exactly how the relationship would be dissolved due to specific barriers (Kersten, 1990).

5.3 Chapter summary

This chapter provided a general discussion on the results revealed in Study 1 and Study 2. It discussed the theoretical support in favour of the findings received from both the qualitative (Study 1) and the quantitative (Study 2) data analysis. Thus, the chapter offered a better understanding of the phenomenon of customer relationship fading in terms of a definition and exploring the drivers, feelings and thoughts of fading customers across the three stages of fading process. Similarly, a schematic view of the phenomenon of customer relationship fading, its process and drivers, feelings, and thoughts for each of the three stages of the fading process was outlined in the chapter. It also discussed the rationale in support of the restoration efforts that were found to be significant in restoring fading relationships from different stages of fading process. The findings of the Study 1 and Study 2 possess key theoretical, methodological and managerial implications, which are discussed in the following Chapter 6 (Conclusion), which ends with a focus on overview of the thesis, contribution of the research, limitations and future research directions.

Chapter 6

CONCLUSION

6.0 Introduction

Research in the field of 'Relationship Marketing' has successfully illuminated the formation, maintenance and termination of customer relationships and/or consumer-brand relationships (e.g., De Wulf, Odekerken-Schroder, & Iacobucci, 2001; Ganesan, 1994; Morgan & Hunt, 1994; Hennig-Thurau & Klee, 1997; Michalski, 2002; Alajoutsijärvi, Kristian & Tähtinen, 2000). However, the dark side of the committed customer relationships, which relates to how they gradually fade and move towards termination has been widely ignored. This study was designed to bridge this knowledge gap through a discovery-oriented approach (Wells, 1993) by identifying why and how customer relationships gradually fade over time. The key purpose in the study was to address three research questions – why and how do consumer relationships fade over time and how can the service firms restore fading relationships? In an effort to address these three research questions, the study was guided by the following specific objectives – (a) defining the concept of consumer relationship fading, (b) exploring the drivers of customer relationship fading in service context, (c) identifying the stages of relationship fading process, (d) unfolding feelings and thoughts of the customers across different stages of the relationship fading process, (e) identifying efforts that the service firms can adopt to restore fading relationships, and (f) assessing the effectiveness of different restoration efforts corresponding to the stages of the fading process. The following sections focus on an overview of the thesis, the contribution of the research in terms of theory development, its methodological contribution and the managerial implications. Finally, challenges and limitations of the research are addressed and directions for future research suggested.

6.1 Overview of the study

In order to investigate the phenomenon of the customer relationship fading and its restoration in terms of addressing three research questions and six research objectives, the research was conducted in two successive studies – Study 1 and Study 2. Before conducting these studies, an exhaustive literature review was presented in Chapter 2 to grasp the existing knowledge on different streams of literature related to relationship fading and its restoration. The review of the literature provided a solid basis on which to proceed with regards to pursuing Study 1 and Study 2. Details of Study 1 are outlined in Chapter 3, which conceptualized the phenomenon of customer relationship fading in terms of defining it and identified the drivers and stages of the relationship fading process. Based on twenty six switching stories revealed from twelve in-depth interviews, Study 1 results found that relationship fading comprises three distinct stages – disillusion, disaffection and crossroads using the marital disaffection process (Kersten, 1990) as a metaphor. Also, results revealed the fading customers' underlying drivers, feelings and thoughts that corresponded to each of the three stages of the fading process.

Chapter 4 was used to describe Study 2 in detail. Utilizing the findings of the Study 1, Study 2 identified six restoration efforts that a firm could adopt to restore fading relationships. These restoration efforts were identified through a total of thirteen brainstorming sessions conducted in two phases. Based on the findings of Study 1, a detailed list of possible restoration efforts was developed in Phase I of the brainstorming sessions. In Phase II, a total of six restoration efforts (communication, problem solving, apology, managerial intervention, compensation, special treatment benefit) were selected on the basis of the respondents' perceived importance, taking two efforts for each of the three stages of the fading process. These six restoration efforts were examined later in terms of their effectiveness in restoring fading relationships. An online survey was conducted in this regard using quasi-experimental design technique and the six restoration efforts were manipulated through scenarios whereas the stages of the fading process were measured through a set of twelve statements developed for the purpose of the study.

In Chapter 5, general discussions were outlined in relation to Study 1 and Study 2. From Study 1, it was found that over-promising was the key driver that was likely to transform an affective customer relationship to a disillusioned one when customers rather become surprised due to experiencing unfavourable occurrences from their preferred firm/or brand. During disaffection stage, customers developed feelings of frustration and/or anger, mainly triggered by the inability of the firm/brand to deal adequately with a series of unfavourable occurrences. As a result, customers evaluated the firm or the brand negatively and started looking for alternatives. In the crossroads stage, customers felt indifferent and/or had an emotional separation from the firm as they actively consider switching. However, analysis of the in-depth interviews of Study 1 showed that still it was possible to recover the customers from crossroads stage as they tended to offer one last chance to the firm/brand to rectify what went wrong. This indicated that a fading relationship can be restored if firms are able to adopt specific restoration efforts and, as confirmed in Study 2, revealed that different restoration efforts are found to be effective for different stages. Communication and problem solving were found to be effective in the disillusion stage, problem solving and managerial intervention were found to be effective in the disaffection stage and communication and compensation were found to be significant in the crossroads stage. Thus, the intention to restore relationship also was found to vary across the three stages of the fading process.

Finally, Chapter 6 i.e. the Conclusion chapter focuses on the contribution of the research in terms of contribution to theory, methodology and managerial practice; the focus turns then to challenges and limitations of the research along with directions for future research.

6.2 Contributions and implications

The findings of the study have constituted several contributions in the area of relationship marketing literature and its implications for managers. The following section discusses the theoretical contribution, methodological contribution and managerial implications of the study.

6.2.1 Contribution to theory

The research contributes to the existing relationship marketing literature in the following ways. The research is the first of its kind that attempts to conceptualize the phenomenon of fading customer relationships in terms of providing a definition of relationship fading, identifying the key drivers and stages of the fading process. Fading of customer relationships are less likely in service contexts that are of low involvement, variety seeking and when the unfavourable event that has occurred is severe. Fading relationship is influenced by consumers' feeling of inertia and tolerance level. Further, the study pinpointed the three stages of disillusion, disaffection and crossroads in the relationship fading process and established that customers are likely to go through these three stages before they actually terminate their relationship with a firm or its brand. Thus, the study provides a better understanding of the period before customers terminate a relationship with a firm or brand.

The study underscores the critical importance of understanding the cognitive-emotive process that customers pass through before arriving at a decision to terminate an affective relationship with a service firm or brand. Existing literature on consumer relationship fading (e.g., Akerlund, 2005; Tuominen & Kettunen, 2003) has focussed mainly on triggers and types of fading relationships, but has not considered the cognitive-emotive process through which consumers go before they actually switch. The current research has identified how customers behave during the fading period in terms of exploring their feelings, thoughts and underlying drivers for each of the three stages of the fading process. Thus, the research successfully explored the cognitive-emotive processes of fading customers as they gradually moved towards termination.

The research results demonstrated that customer relationships did not dissolve abruptly, but gradually faded. While relationship marketing literature (e.g., Hennig-Thurau et al., 2002) primarily emphasizes on creating and retaining loyal customers, the switching behaviour literature (e.g., Keaveney, 1995; Roos, 1999) has discussed 'customer switching' based on critical incident(s); however, the current research focuses on retaining those customers who are about to leave the firm/brand, and has

shown that relationship fading is not a result of a critical incident. It also showed that customers do not switch a service firm right away. Rather, customers gradually lose interest in continuing their relationships with the service provider.

The current research has outlined the ‘intention to restore relationship’ as a cognitive event and contributed to the extant literature by identifying six restoration efforts which firms can adopt to restore fading relationship. Moreover, from the research results, specific restoration efforts are recommended as being effective in each of the three stages of the fading process. Unlike existing relationship marketing literature which focused on maintaining relationship and/or retaining currently loyal customers, restoring a fading relationship is not simply related to retaining currently loyal customers of the company; rather, it focuses on retaining those customers who have had a smooth relationship with the service firm earlier but currently are actively thinking about leaving the relationship.

6.2.2 Contributions to methodology

The current study has made several contributions to research methodology. Firstly, it identified six restoration efforts that a firm might adopt to restore fading relationship through a series of brainstorming sessions conducted in two phases. Previous studies have not focused on identifying restoration efforts through the use of brainstorming sessions. Phase I generated the idea of the possible restoration efforts in each stage of fading process and thereby, generated a detailed list of restoration efforts. Phase II respondents selected two restoration efforts for each of the three stages of the fading process based on their perceived importance of the efforts corresponding to the stage of the fading process. The process of idea generation and their verification by means of a two-step follow-up process can be used in future research.

The use of a quasi – experimental design technique to identify fading relationships and determine the effectiveness of different efforts that the service providers may adopt to restore such relationships was unusual but effective. Thus, the quasi-experimental design technique, scenarios developed to manipulate the restoration efforts, and the statements used to measure to which stage of fading process the customers belonged, can be used in a range of future research endeavours.

6.2.3 Contributions for managers

The research has substantial and direct implications for managers. Given the importance of relationship marketing and the enormous resources expended by service firms in efforts to retain customers, a thorough understanding of consumer behaviour at the fading stage, and reasons for customers' dissatisfaction and/or disaffection during the tenure of the relationship, may be especially instructive for managers. The findings of the study will help managers identify possible triggers that may initiate the process of relationship fading en-route to, and prior to, a final dissolution. As the survey information in this study has shown, 81.4% of the respondents belong to one of the three stages of fading; a highly alarming figure for service managers who may believe that a fading relationship can cause silent defection. Hence, a proper understanding of the drivers of relationship fading can assist managers to identify customers whose relationships are fading and, then, take immediate actions suited to the specific nature of the fading relationship.

Understanding the phenomenon of relationship fading, fading process and corresponding drivers will enable the managers to classify consumers into different levels of susceptibility towards dissolution and prioritize their restoration efforts in a timely manner. Such an understanding will assist managers of high involvement and complex services (such as internet, insurance, etc.) to improve the efficiency and effectiveness of their customer retention efforts. Thus, the results of the current study will help managers to understand fading of customer relationships and identify early indicators of possible termination of the relationship.

As fading relationship is just the beginning of the decay and may lead to switching, the findings of the study indicate that the managers should act proactively and adopt appropriate steps to restore fading relationships. Specially, managers should detect and deal with fading customers right at the disillusion stage. Any delay in this regard might aggravate the situation and customers may become disaffected towards the firm. This may pose a real challenge to the managers as customers' intention to restore fading relationship was found to be at the lowest level in disaffection stage, meaning that the probability of being able to restore relationships from the disaffection stage is really low. Yet, managers should not give up hope if they find

customers at the disaffection stage as there is still a chance to rescue the customers. Their intention to restore relationship increases again once they move to crossroads stage and realize the reality of switching.

In addition, it is equally important for managers to identify appropriate restoration efforts for each of the three stages of the fading process. The findings of this study have evidenced support for the effectiveness of certain restoration efforts that can be used across the stages of the fading process. The results suggest that firms should communicate with fading customers courteously in order to retain them when they are in disillusion and crossroads stages of the fading process. This provides impetus to the need for systematic training of the contact employees to communicate with fading customers in a courteous manner. Thus, the behaviour of frontline employees in dealing with fading customers is very crucial for managers.

The research also identified the role of problem solving in influencing the intention to restore a relationship in the disillusion and disaffection stages of the fading process. This finding has enormous managerial implications as managers should always be open and prompt to resolve the problems experienced by the customers and to ensure that repetition of the problems do not occur. In most cases, participant customers had had to deal with a number of employees, which is one of the major causes for the reduced level of customer satisfaction related to service recovery (DeVyre, 1994). Also evident from the in-depth interview findings was that customers had to repeat their problems to a new contact employee every time they called the company. In order to deal best with such problems faced by customers, managers may consider deploying dedicated contact employees on the basis of different groups of customers segmented according to product offerings such as high end, medium end and low end. Also, managers may consider deploying dedicated employees for customer groups categorised on their relational characteristics such as duration of relationship/stay, strength of commitment, stages of fading, etc. Nevertheless, managers are required to empower contact employees so that they can solve the problems of the fading customers. Previous research as well as in-depth interview findings of this research has shown that contact employees are not authorized adequately to provide the required level of services, which often aggravates the situation further (Rust, Zahorik & Keiningham, 1996; Parasuraman,

1987). Managers may adopt different strategies to empower contact employees. For example, managers may consider ensuring access to information and internal locus of control to the contact employees in order to empower them (Spreitzer, 1995). Also, employee empowerment can be achieved through structured versus flexible empowerment (Brymer, 1991). Structured empowerment enables employees to make decisions directed by structured guidelines. On the other hand, flexible empowerment allows employees more autonomy for on-the-spot decision-making under broad guidelines (Brymer, 1991). Both categories of empowerment emphasize the importance of employee training and good business-sense in making effective and efficient decisions.

The current study also emphasized on 'managerial intervention' as a restoration effort found effective at the disaffection stage. Managerial intervention is highly desired by customers in cases of the failure events caused by the contact employees themselves (Silber et al., 2009). Customers usually show a positive reaction to managerial intervention in the case of unfavourable occurrences (Tsai & Su, 2009). Hence, duty managers or higher level staff should be ready to convey a satisfactory explanation of the failure events and assure customers of the immediate rectification of their problems. In addition, offering compensation was found to be effective at the crossroads stage, meaning that managers should provide specific tangible and reasonable offers of compensation for the unfavourable events caused by the firm or its brand. Thus, results from the current study emphasize the need for systematic managerial actions and offer guidelines for designing effective restoration management programs for each of the three stages of fading.

Above all, the research problem addressed in the study was 'relationship fading'; a topic which sends a key message to companies that the sales managers and/or customer service managers require to track the purchase frequency of the regular customers who have sound relationship with the firm. Tracking of customers involves development of a customer database which should contain not only purchase frequency, purchase amount, etc. but also key psychographic variables like 'extent of relationship satisfaction' and 'intention to continue relationship' in future. A comprehensive database will help the company to identify customers who are

likely to fade in near future and enable them to implement specific restoration efforts that will prevent their exit/defection.

6.3 Challenges, limitations and directions for future research

This research is the first of its kind to offer a better understanding of the phenomenon of customer relationship fading and to focus on strategies to restore fading relationships. There is a dearth of literature on customer relationship fading; hence the researcher borrowed theoretical support from ‘marital disaffection’ literature to explain the phenomenon of ‘relationship fading’ in the customer/business sense. The researcher identified similarities between the marital disaffection process and customer relationship fading process in terms of the feelings, thoughts and drivers corresponding to different stages of both. Customer relationship fading may be explained using other metaphor contexts such as dating or friendship, which can be considered for future research.

Second, the sample respondents for the in-depth interviews under Study 1 were selected purposively and they represent a number of demographic categories. Hence the generalizability of the findings is a usual concern for a consumer study like this as the sample respondents were not selected randomly. Future studies may investigate the fading relationship across other samples. Third, the stories revealed from the sample respondents are self-reported and may include errors and/or exaggerations. Future research may focus on investigating relationship fading using real behavioural data by establishing a liaison with one or more companies or industries. Fourth, the respondents were screened before conducting the interview to ensure they had had a favourable relationship with the brand or firm at some point in time and whether they had experienced (or were currently experiencing) a fading of that relationship. As Study 1 of this research was a qualitative study, the strength of the relationship was not measured. Future studies may focus on investigating fading relationship by measuring the strength of the relationship between customers and firms during two separate time periods. Fifth, as relationship fading is an under-researched area and the discovery-oriented approach was adopted in Study 1 of the

current research, further quantitative study is warranted to examine the impact of the drivers on propensity to fade.

Sixth, Study 1 mainly focuses on service context and explores the drivers and process of the fading of service relationships. However, the drivers and process of relationship fading may not follow through similar three stages in product context. It will be worthwhile pursuing a study to explore customer relationship fading process in product context.

Seventh, attitudinal correlates such as reduced satisfaction, increased switching intention, use of coping strategies and behavioural correlates such as lower purchase frequency, complaining, negative WOM could be influencing factors in different stages of fading. As they were not examined in this research, future studies may undertake examination of the relationship between the drivers and propensity to terminate or switch in each of the three stages of fading process. Future studies may also consider to empirically examine the proposed schematic view of the phenomenon of the customer relationship fading as presented in Figure 5.1. In addition, replication of the current study in a B-to-B context using behavioural data may generate a variety of interesting outcomes.

Eighth, a notable challenge in Study 2 of the current research was to identify respondents with fading relationships and determine the fading stage to which they belonged. Due to the absence of established procedures for this, the researcher identified the fading customers and determined their corresponding stage through a self-report instrument with twelve statements representing each of three stages of fading and a satisfaction item used for cross-check purpose. Further study focusing on developing a scale for measuring fading relationship would be appreciated.

Ninth, Study 2 was focused on restoring fading relationships in the internet service provider industry only. Hence the results might be relevant only to the ISP industry and generalizability of the results is not beyond criticism. Future studies focusing on restoring fading relationships in other contexts such as consumer goods and/or retail context, are warranted, which may generate different results. In addition, further

study focusing on restoring fading relationships in a B-to-B context will also be likely to draw attention from both scholars and practitioners.

Tenth, Study 2 did not consider the moderating impact of any construct on the relationship between the restoration efforts and intention to restore the fading relationship. As evidenced by the data analysis of Study 1, the efficacy of different restoration efforts is likely to be influenced by different types of switching cost (e.g., Sharma & Patterson, 2000; Bansal, Taylor & James, 2005) and switching barriers (e.g., Blut, Evanschitzky, Vogel, & Ahlert, 2007). In addition, the link between restoration efforts and the intention to restore fading relationship is also likely to be influenced by the duration of relationship (Verhoef et al., 2002), different correlates such as tolerance and/or coping capabilities of the customers (e.g., Folkman, Lazarus, Dunkel-Schetter, DeLongis & Gruen, 1986; McColl-Kennedy, Patterson, Smith & Brady, 2009). Considering that this research focused neither on moderating variables nor the correlates, future study in this aspect is clearly essential.

Nevertheless, severity of failure may have a significant moderating impact on a customers' intention to restore the fading relationship (see, Smith et al., 1999). Even severity of failure may interrupt the sequence of the three stages in the fading process; i.e., customers' experiencing a severe failure in their relationship may straightway move towards crossroads and/or a switching decision without moving through the sequence of disillusion, disaffection and crossroads. Current research did not emphasize the moderating impact of severity of failure; hence, an opportunity exists for future research.

The link between restoration efforts and the customers' intention to restore fading relationships may be mediated by different variables such as perceived justice (e.g., Tax et al., 1998) and relationship value (e.g., Sweeney, Soutar & Johnson, 1999) which were beyond the scope of the current research. In addition, different personality-related variables such as propensity to forgiveness (e.g., Wang & Huff, 2007), customers' variety seeking attitude (e.g., Bansal, Taylor & James, 2005) may also act as covariates in the relationship between the restoration efforts and the dependent variable of the research, 'intention to restore relationships', which were beyond the scope of this research.

These directions for future research have been made possible by the findings of the current study, which has moved forward the body of knowledge about fading of customer relationship and its restoration to a new level and provided a schematic view for understanding the specific nature of customer relationship fading.

References

- Aaker, J., Fournier, S., & Brasel, S. (2001). Charting the development of consumer-brand relationships. *Research Paper Series*. Graduate School of Business. Stanford University.
- Aaker, J., Fournier, S., & Brasel, S. A. (2004). When good brands do bad. *Journal of Consumer Research*, 31(1), 1-16.
- ACNelsen. (2001). Annual Report.
- Adams, J. S. (1963). Toward an understanding of inequity. *Journal of Abnormal and Social Psychology*. 67(5), 422-436.
- Adams, J. S. (1965). Inquiry in social exchange. In I. L. Berkowitz (Ed.), *Advances in experimental social psychology* (vol. 2, pp. 267– 300). New York: Academic Press
- Aggarwal, P. (2004). The effects of brand relationship norms on consumer attitudes and behaviours. *Journal of Consumer Research*, 31(June), 87-101.
- Ajzen, I. (1985). From intentions to actions: A theory of planned behaviour. In J. Kuhl & J. Beckmann (Eds.), *Action control: From cognition to behaviour*. New York: Springer-Verlag.
- Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes*, 50, 179-211.
- Akerlund, H. (2004). Fading customer relationship. *Working Paper*. Swedish School of Economics and Business Administration, Helsinki.
- Akerlund, H. (2005). Fading customer relationships in professional services. *Managing Service Quality*, 15(2), 156-171.
- Alajoutsijärvi, K., Möller, K., & Tähtinen, J. (2000). Beautiful exit: How to leave your business partner. *European Journal of Marketing*, 34(11/12), 1270-1289.
- Alajoutsijarvi, K., & Tahtinen, T. (1997). Beautiful exit or fifty ways to leave your partner. *IMP Down Under Conference*, Sydney, 13-17 February.
- Anderson, E. W., & Sullivan, M. W. (1993). The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12(2), 125-143.
- Anderson, J. C., & Gerbing, D. W. (1982). Some methods for respecifying measurement models to obtain uni-dimensional construct measurement. *Journal of Marketing Research*, 19(4), 453-460.

- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modelling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103(3), 411-423.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnership. *Journal of Marketing*, 54(January), 42-58.
- Andersson, C. J., & Narus, J. A. (2004). *Business market management: Understanding, creating and delivering value* (2nd ed.). New Jersey: Prentice Hall.
- Andreasen, A., & Best, A. (1977). Consumers complain – Does business respond? *Harvard Business Review*, 77(July-August), 93-101.
- Andreasen, A. R. (1984). Life status changes and changes in consumer preferences and satisfaction. *Journal of Consumer Research*, 11, 784–794.
- Andreassen, T. W. (2001). From distrust to delight: Do customers hold a grudge? *Journal of Service Research*, 4(1), 39-49.
- Anton, C., Camarero, C., & Camarero, M. (2007). Analysing firms' failures as determinants of consumer switching intentions - The effect of moderating factors. *European Journal of Marketing*, 41(1/2), 135-158.
- Arbuckle, J. L. (2005). *Amos 6.0 user's guide*: Spring House, PA: Amos Development Corporation.
- Arksey, H., & Knight, P. (1999). *Interviewing for social scientists: An introductory resources with examples*. London: Sage.
- Armstrong, J. S., & Overton, T. S. (1977). Estimating nonresponse bias in mail surveys. *Journal of Marketing Research*, 14(3), 396-402.
- Arnold, M., & Reynolds, K. (2003). Hedonic shopping motivations. *Journal of Retailing*, 79(2), 77-95.
- Assmus, G., Farley, J. U., & Lehmann, D. R. (1984). How advertising affects sales: Meta-analysis of econometric results. *Journal of Marketing Research*, 21(1), 65-74.
- Athanassopoulos, A. D. (2000). Customer satisfaction cues to support market segmentation and explain switching behaviour. *Journal of Business Research*, 47(3), 191–207.
- Austin, W. G. (1979). Justice, freedom and self-interest in intergroup relations. In W. G. Austin & S. Worchel (Eds.), *The social psychology of intergroup relations* (pp. 20-37). Belmont, CA: Brooks/Cole.

- Author (2002). Brand detachment: conceptualization, antecedents and proposition of a measurement scale. *The Nordic workshop on relationship dissolution*, Visby, Sweden.
- Averill, J. R. (1982). *Anger and aggression: An essay on emotion*. New York: Springer-Verlag.
- Axelrod, R. (1984). *The evolution of cooperation*. New York: Basic Books.
- Bagozzi, R. P. (1981). Evaluating structural equation models with unobservable variables and measurement error: A comment. *Journal of Marketing Research*, 18(3), 375-381.
- Bagozzi, R. P. (1994). The effects of arousal on the organization of positive and negative affect and cognitions: Application to attitude theory. *Structural Equation Modelling*, 1, 222-252
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16(1), 74-94.
- Bagozzi, R. P., & Yi, Y. (1991). Multitrait–multimethod matrices in consumer research. *Journal of Consumer Research*, 17, 426–439.
- Bansal, H., & Taylor, S. (1999a). The service provider switching model (SPSM) – A model of consumer switching behaviour in the service industry. *Journal of Service Research*, 2(2), 200-218.
- Bansal, H. S., & Taylor, S. F. (1999b). Beyond service quality and customer satisfaction: Investigating additional antecedents of service-provider switching intentions. In C. H. Noble. & C. Gables (Eds.) (pp. 75-82). FL: Academy of Marketing Science.
- Bansal, H., & Taylor, S. F. (2002). Investigating interactive effects in the theory of planned behaviour in a service-provider switching context. *Psychology & Marketing*, 19(5), 407- 425.
- Bansal, H. S., Taylor, S. F., & James, Y. S. (2005). 'Migrating' to new service providers: Toward a unifying framework of consumers' switching behaviour. *Journal of the Academy of Marketing Science*, 33(1), 96-115.
- Barkema, H. G., & Vermeulen, F. (1997). What differences in the cultural backgrounds of partners are detrimental for international joint ventures? *Journal of International Business Studies*, 28(4), 845-864.
- Barksdale, H. C., Johnson, J. T., & Suh, M. (1997). A relationship maintenance model between managed health care and traditional fee-for-service. *Journal of Business Research*, 40, 237-247.

- Baxter, L. (1985). Accomplishing relationship disengagement. In S. Duck & D. Perlman (Eds.), *Understanding personal relationships* (pp. 243-265). Beverly Hills, CA: Sage Publications, Inc.
- Baxter, L. A. (1984). Trajectories of relationship disengagement. *Journal of Social and Personal Relationships*, 1, 29-48.
- Battaglia, D. M., Richard, F. D., Datteri, D. L., & Lord, C. G. (1998). Breaking up is (relatively) easy to do. A script for the dissolution of close relationships. *Journal of Social and Personal Relationships*, 15(6), 829-845.
- Bawa, K. (1990). Modelling inertia and variety seeking: Tendencies in brand choice behaviour. *Marketing Science*, 9(3), 263-278.
- Becker, C. (2000). Service recovery strategies: The impact of cultural differences. *Journal of Hospitality & Tourism Research*, 24(4), 526-538.
- Bell, C. R., & Ridge, K. (1992). Service recovery for trainers. *Training and Development* 46(5), 58-63.
- Bell, C. R. & Zemke, R. E. (1987). Service breakdown: The road to recovery. *Management Review*, 76(10), 32-35.
- Bendapudi, N., & Berry, L. L. (1997). Customers' motivations for maintaining relationships with service providers. *Journal of Retailing*, 73(1), 15-37.
- Bendapudi, N., & Leone, R. P. (2002). Managing business-to-business customer relationships following key contact employee turnover in a vendor firm. *Journal of Marketing*, 66(April), 83-101.
- Berry, L., Zeithaml, V., & Parasuraman, A. (1988). The service-quality puzzle. *Business Horizons*, (September-October), 35-43.
- Berry, L. L. (1995). Relationship marketing of services – growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(3), 236-245.
- Berry, L. L., & Parasuraman, A. (1991). *Marketing services: Competing through quality*. New York: The Free Press.
- Berry, L. L. & Parasuraman, A. (1992). Prescriptions for a service quality revolution in America. *Organizational Dynamics*, 20(4), 5-15.
- Beverland, M., Farrelly, F., & Woodhatch, Z. (2004). The role of value change management in relationship dissolution: Hygiene and motivational factors. *Journal of Marketing Management*, 20, 927-939.
- Biernacki, P., & Waldorf, D. (1981). Snowball sampling - Problems and techniques of chain referral sampling. *Sociological Methods & Research*, 10(2), 141-163.

- Bitner, M. J. (1990). Evaluating service encounters: The effect of physical surroundings and employee responses. *Journal of Marketing*, 54(April), 69 - 82.
- Bitner, M. J. (1995). Building service relationships: It's all about promises. *Journal of the Academy of Marketing Science*, 23(4), 246 - 251.
- Bitner, M. J., Booms, B. H., & Mohr, L. A. (1994). Critical service encounters: The employee's viewpoint. *Journal of Marketing*, 58(October), 95-106.
- Bitner, M. J., Booms, B. M., & Tetreault, M. S. (1990). The service encounter: Diagnosing favourable and unfavourable incidents. *Journal of Marketing*, 54(January), 71-84.
- Black, S. J., & Mendenhall, M. (1991). The U-curve adjustment hypothesis revisited: A review and theoretical framework. *Journal of International Business Studies*, 22(2), 225-247.
- Bloemer, J. M., & Kasper, H. D. P. (1995). The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16(2), 311-329.
- Blut, M., Backhaus, C., Heussler, T., Woisetschläger, D. M., & Evanschitzky, H. (2010). What to expect after the honeymoon: Testing a lifecycle theory of franchise relationships. *Journal of Retailing*, 87(3), 306-319.
- Blut, M., H. Evanschitzky, Vogel, V., & Ahlert, D. (2007). Switching barriers in the four-stage loyalty model. *Advances in Consumer Research*, 34(1), 726-734.
- Bolton, R. N. (1998). Dynamic model of the duration of the customer's relationship with a continuous service provider: The role of satisfaction. *Marketing Science*, 17(1), 45-65.
- Bolton, R. N., & Bronkhurst, T. M. (1995). The relationship between customer complaints to the firm and subsequent exist behaviour. *Advances in Consumer Research*, 22, 92-100.
- Bolton, R. N., & Lemon, K. N. (1999). A dynamic model of customers' usage of services: Usage as an antecedent and consequence of satisfaction. *Journal of Marketing Research*, 36(May), 171-186.
- Bolton, R. N., Lemon, K. N., & Verhoef, P. C. (2004). The theoretical underpinnings of customer asset management: A framework and propositions for future research. *Journal of the Academy of Marketing Science*, 32 (summer), 1-20.
- Boote, J. (1998). Towards a comprehensive taxonomy and model of consumer complaining behaviour. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, 11, 141-149.

- Booth , A., Johnson, D., & Edwards, J. N. (1983). Measuring marital instability. *Journal of Marriage and the Family*, 45(May), 387-394.
- Boshoff, C. (1997). An experimental study of service recovery options. *International Journal of Service Industry Management*, 8(2), 110-130.
- Boshoff, C., & Leong, J. (1998). Empowerment, attribution and apologising as dimensions of service recovery - An experimental study. *International Journal of Service Industry Management*, 9(1), 24-47.
- Bove, L. L., & Johnson, L. W. (2006). Customer loyalty to one service worker: should it be discouraged? *International Journal of Research in Marketing*, 23, 79-91.
- Bowling, A. (2005). Mode of questionnaire administration can have serious effects on data quality. *Journal of Public Health*, 27(3), 281-291.
- Boyatzis, R. E. (1998). *Transforming qualitative information: thematic analysis and code development*: Sage.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3, 77-101.
- Brown, S. W., Cowles, D. L., & Tuten, T. L. (1996). Service recovery: Its value and limitations as a retail strategy. *International Journal of Service Industry Management*, 7(5), 32-46.
- Brymer, R. A. (1991). Employee empowerment: A guest-driven leadership strategy. *The Cornell H. R. A Quarterly* (May), 58-68.
- Buckinx, W., & Poel, D. V. d. (2005). Customer base analysis: Partial defection of behaviourally loyal clients in non-contractual FMCG setting. *European Journal of Operational Research*, 164, 252-268.
- Burgers, A., Ruyter, K. d., Keen, C., & Streukens, S. (2000). Customer expectation dimensions of voice-to-voice service encounters: A scale-development study. *International Journal of Service Industry Management*, 11(2), 142-161.
- Buunk, B. (1987). Conditions that promote breakups as a consequences of extra-dyadic involvement. *Journal of Social and Clinical Psychology*, 5(3), 271-284.
- Byrne, B. M. (1989). *A primer of LISREL: Basic applications and programming for confirmatory factor analytic models*. New York: Spring-Verlag.
- Byrne, B. M. (2006). *Structural equation modelling with EQS: Basic concepts, applications, and programming* (2nd ed.). NJ: Lawrence Erlbaum Associates, Inc.

- Cantor, N., & Kihlstrom, J. F. (1987). *Personality and social intelligence*. NJ: Prentice-Hall.
- Carmines, E. G., & McIver, S. P. (1981). Analysing models with unobserved variables: Analysis of covariance structure. In G. W. Bohrnstedt & E. F. Borgatta (Eds.), *Social measurement: Current Issues*. Beverly Hills: Sage.
- Carson, D., Gilmore, A., Perry, C., & Gronhaug, K. (2001). *Qualitative marketing research* (1st ed.). London: Sage
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: The role of brand loyalty. *Journal of Marketing*, 65(2), 81-93.
- Chebat, J. C., & Slusarczyk, W. (2005). How emotions mediate the effects of perceived justice on loyalty in service recovery situations: An empirical study. *Journal of Business Research*, 58, 664-673.
- Chebat, J.-C., Davidow, M., & Codjovi, I. (2005). Silent voices: Why some dissatisfied consumers fail to complain. *Journal of Service Research*, 7(4), 328-342.
- Churchill, G. A. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16(1), 64-73.
- Churchill, G. A. (1995). *Marketing research: Methodological foundations* (6th ed.). Orlando, Florida: The Dryden Press.
- Coakes, S. J., Steed, L., & Ong, C. (Eds.). (2010). *SPSS: Analysis without anguish - Version 17 for Windows*: John Wiley & Sons Australia.
- Cohen, L., L. Manion, & Morrison, K. (2000). *Research methods in education*. London: Routledge Falmer.
- Colgate, M., & Hedge, R. (2001). An investigation into the switching process in retail banking services. *The International Journal of Bank Marketing*, 19(4/5), 201-213.
- Colgate, M., & Lang, B. (2001). Switching barriers in consumer markets: An investigation of the financial services industry. *Journal of Consumer Marketing*, 18(4), 332-347.
- Colgate, M., Stewart, K., & Kinsella, R. (1996). Customer defection: A study of the student market in Ireland. *International Journal of Bank Marketing*, 14 (3), 23-29.
- Colgate, M., Tong, V. T. U., Lee, C. K. C., & Farely, J. U. (2007). Back from the brink – Why customer stay. *Journal of Service Research*, 9(3), 211-228.

- Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology, 86*, 386-400.
- Conlon, D. E., & Murray, N. M. (1996). Customer perceptions of corporate responses to product complaints: The role of explanations. *Academy of Management Journal, 39*, 1040-1056.
- Cooil, B., Keiningham, T. L., Aksoy, L., & Hsu, M. (2007). A longitudinal analysis of customer satisfaction and share of wallet: Investigating the moderating effect of customer characteristics. *Journal of Marketing, 71*(1), 67-83.
- Cook, T. D., & Campbell, D. T. (1979). *Quasi experimentation: Design and analytical issues for field settings*. Chicago: Rand McNally.
- Cooper, D. R., & Schindler, P. S. (1998). *Business research method* (6th ed.). Boston: Irwin/McGraw-Hill.
- Coorley, W. W. (1978). Explanatory observation studies. *Educational Researcher*, (October), 9-15.
- Coulter, R. A., & Ligas, M. (2000). The long good-bye: The dissolution of customer-service provider relationships. *Psychology & Marketing, 17*(8), 669-695.
- Cronbach, L. J. (1951). Coefficient alpha and the internal structural of tests. *Psychometrika, 16*(3), 297-334.
- Crosby, L. A., Evans, K. R., & Cowles, D. (1990). Relationship quality in service selling: An interpersonal influence perspective. *Journal of Marketing, 54*(July), 68-81.
- Czepiel, J. A. (1990). Service encounters and service relationships: Implications for research. *Journal of Business Research, 20*(January), 13-21.
- Dabholkar, P. A., & Walls, S. (1999). Service evaluation and switching behaviour for experiential Services: An empirical test of gender differences within a broader conceptual framework. *Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behaviour, 12*, 123-137.
- Danaher, P. J., Conroy, D. M., & McColl-Kennedy, J. R. (2008). Who wants a relationship anyway? Conditions when customers expect a relationship with their service provider. *11*, (1), 43-62.
- Davidow, M. (2000). The bottom line impact of organizational responses to customer complaints. *Journal of Hospitality and Tourism Research, 24*(4), 473-490.
- Davidow, M. (2003). Organizational responses to customer complaints: What works and what doesn't. *Journal of Service Research, 5*(3), 225-250.

- Dawes, J., & Rowley, J. (1999). Negative evaluation of service quality – A framework for identification and response. *Journal of Marketing Practice: Applied Marketing Science*, 5(2), 46-55.
- De Vaus, D. A. (1995). *Surveys in social research* (4th ed.). North Sydney: Allen and Unwin.
- De Wulf, K., & Odekerken-Schroder, G. (2003). Assessing the impact of a retailer's relationship efforts on consumers' attitudes and behaviour. *Journal of Retailing & Consumer Services*, 10 (March), 95-108.
- De Wulf, D. K., Odekerken-Schroder, G., & Iacobucci, D. (2001). Investment in consumer relationships: A cross-country and cross-industry exploration. *Journal of Marketing*, 65(October), 33-50.
- Deffenbacher, J. L. (1994). Anger Reduction: Issues, assessment and intervention strategies. In A. W. Siegman & T. W. Smith (Eds.), *Anger, hostility and the heart* (pp. 239-269). Hillsdale, NJ: Erlbaum.
- DeVyre, C. (1994). *Good service is good business*: Prentice Hall, Australia.
- Dewitt, T., & Brady, M. K. (2003). Rethinking service recovery strategies - The effect of rapport on consumer responses to service failure. *Journal of Service Research*, 6 (2), 193-207.
- Dodson, J. (2000). Find out why your customers leave. *Internet Week* (800), 33-34.
- Duck, S., & Wood, J. T. (2006). What goes up may come down: Sex and gender pattern in relational dissolution. In M. A. Fine & J. H. Harvey (Eds.), *Handbook of divorce and relationship dissolution*. New Jersey: Laurance Erlbaum Associates.
- Duck, S. W. (1982). A typography of relationship disengagement and dissolution. In S. D. R. Gilmour (Ed.), *Personal relationships: Dissolving personal relationships*. New York: Academic Press.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(April), 11-27.
- Dwyer, R. F. (1997). Customer lifetime valuation to support marketing decision making. *Journal of Direct Marketing*, 11(4), 6-13.
- Edvardsson, B., & Strandvik, T. (2000). Is a critical incident critical for a customer relationship? *Managing Service Quality*, 10(2), 82-91.
- Einhorn, M. A. (1994). Optimal non-uniform pricing with generalized consumer choice. *Journal of Industrial Economics*, 42(March), 105-112.

- Eisingerich, A. B., & Bell, S. J. (2008). Perceived service quality and customer trust: Does enhancing customers' service knowledge matter? *Journal of Service Research, 10*(3), 256-268.
- Eggert, A., & Ulaga, W. (2002). Customer-perceived value: A substitute for satisfaction in business markets? *Journal of Business & Industrial Marketing, 17*(2/3), 107-118.
- Etgar, M. (1979). Sources and types of intra-channel conflict. *Journal of Retailing, 55*, 77-78.
- Fajer, M. T., & Schouten, J. W. (1995). Breakdown and dissolution of person-brand relationships. *Advances in Consumer Research, 22*(1), 663-667.
- Fern, E. F. (1982). The use of focus groups for idea generation: The effects of group size, acquaintanceship, and moderator on response quantity and quality. *Journal of Marketing Research, XIX* (February), 1-13.
- Fichman, M., & Levinthal, D. A. (1991). Honeymoons and the liability of adolescence: A new perspective on duration dependence in social and organizational relationships. *Academy of Management Review 16*(2), 442-468.
- Field, A. (2005). *Discovering statistics using SPSS* (2nd ed.). London, UK: Sage Publications.
- Fisher, C. (2004). *Researching and writing a dissertation* (1st ed.). Harlow: Pearson Education Limited.
- Fisk, T. A., Brown, C. J., Cannizzaro, K. G., & Naftal, B. (1990). Creating patient satisfaction and loyalty. *Journal of Health Care Marketing, 10* (June), 50-55.
- Flint, D. J., Woodruff, R. B., & Gardial, S. F. (2002). Exploring the phenomenon of customers' desired value change in a business-to-business context. *Journal of Marketing, 66*(4), 102– 117.
- Folkman, S., Lazarus, R. S., Dunkel-Schetter, C., DeLongis, A., & Gruen, R. J. (1986). Dynamics of a stressful encounter: Cognitive appraisal, coping, and encounter outcomes. *Journal of Personality and Social Psychology, 50*(5), 992-1003.
- Fontana, A., & Frey, J. H. (1994). Interviewing - The art of science. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research*, Thousand Oaks, London: Sage publications.
- Ford, D. (1997). *Understanding Business Markets: Interaction, Relationships and Networks* (2nd ed.). London: Academic Press.
- Ford, D., Håkansson, H., & Johanson, J. (1986). How do companies interact? *Industrial Marketing and Purchasing, 1*(1), 26–41.

- Fornell, C. (1992). A national customer satisfaction barometer: The Swedish experience. *Journal of Marketing*, 56(January), 6-21.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
- Fornell, C., & Wernerfelt, B. (1987). Defensive marketing strategy by customer complaint management: A theoretical analysis. *Journal of Marketing Research*, 24, 337-346.
- Fornell, C., & Westbrook, R. A. (1984). The vicious circle of consumer complaints. *Journal of Marketing*, 48 (Summer), 68-78.
- Fournier, S. (1994). *A consumer-brand relationship framework for strategic brand management*. (Unpublished doctoral dissertation). University of Florida., Florida, USA.
- Fournier, S. (1998). Consumer and their brands: Developing relationship theory in consumer research. *Journal of Consumer Research*, 24(4), 343-373.
- Fournier, S., & Yao, J. L. (1997). Reviving brand loyalty: A reconceptualization within the framework of consumer-brand relationships. *International Journal of Research in Marketing*, 14(5), 451-472.
- Fox, M., & Poje, M. (2002). Churn – Are rural Telco's immune? *Rural Telecommunications*, (July / Aug).
- Frazier, G. L. (1983). Inter-organizational exchange behaviour: A broadened perspective. *Journal of Marketing*, 47(Fall), 68-78.
- Frith, H., & Gleeson, K. (2004). Clothing and embodiment: Men managing body image and appearance. *Psychology of Men and Masculinity*, 5, 40-48.
- Gadde, L. E., & Mattsson, L. G. (1987). Stability and change in network relationships. *International Journal of Research in Marketing*, 4(1), 29-41.
- Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58(April), 1-19.
- Ganesh, J., Arnold, M. J., & Reynolds, K. E. (2000). Understanding the customer base of service providers: An examination of the differences between switchers and stayers. *Journal of Marketing* 64(July), 65-87.
- Garton, L., Haythornthwaite, C., & Wellman, B. (1999). Studying on-line social networks. In S. Jones (Ed.), *Doing internet research: Critical issues and methods for examining the net* (pp. 75-105). Thousand Oaks, CA: Sage.

- Gassenheimer, J. B., Houston, F. S., & Davis, J. C. (1998). The role of economic value, social value, and perceptions of fairness in inter-organizational relationship retention decisions. *Journal of the Academy of Marketing Science*, 26(4), 322-337.
- Gefen, D., & Ridings, C. M. (2002). Implementation team responsiveness and user evaluation of customer relationship management: A quasi-experimental design study of social exchange theory. *Journal of Management Information Systems*, 19(1), 47-69.
- Gerrard, P., & Cunningham, J. B. (2000). The bank switching behaviour of Singapore's graduates. *Journal of Financial Services Marketing*, 5(2), 111-128.
- Gerrard, P., & Cunningham, J. B. (2004). Consumer switching behaviour in the Asian banking market. *The Journal of Service Marketing*, 18(2/3), 215.
- Giller, C., & Matear, S. (2001). The termination of inter-firm relationships. *Journal of Business and Industrial Marketing*, 16(2), 94-112.
- Goldberg, M. E. (1990). A quasi-experiment assessing the effectiveness of TV advertising directed to children. *Journal of Marketing Research*, 27(4), 445-454.
- Goodwin, C., & Roos, I. (1992). Consumer responses to service failures: Influence of procedural and interactional fairness perceptions. *Journal of Business Research*, 25(2), 149-163.
- Gottman, J. M., & Krokoff, L. J. (1989). The relationship between marital interaction and marital satisfaction: A longitudinal view. *Journal of Consulting and Clinical Psychology*, 57, 47-52.
- Greenberg, J. (1990). Organizational justice: Yesterday, today, and tomorrow. *Journal of Management*, 16(2), 399-432.
- Gregoire, Y., Tripp, T. M., & Legoux, R. (2009). When customer love turns into lasting hate: The effects of relationship strength and time on customer revenge and avoidance. *Journal of Marketing*, 73 (November), 18-32.
- Gregorie, Y., & Fisher, R. J. (2008). Customer betrayal and retaliation: When your best customer become your worst enemies. *Journal of the Academy of Marketing Science*, 36, 247-261.
- Grewal, D., Roggeveen, A. L., & Tsiros, M. (2008). The effect of compensation on repurchase intentions in service recovery. *Journal of Retailing*, 84(4), 424-434.
- Griffin, D. W., & Ross, L. (1991). Subjective construal, social inference and human understanding. In M. D. Zanna (Ed.), *Advances in experimental social psychology* (Vol. 24, pp. 319-359).

- Gronhaug, K., Hejnesand, I., & Koveland, A. (1999). Fading relationship in business markets: An exploratory study. *Journal of Strategic Marketing*, 7(3), 175-190.
- Grönroos, C. (1988). The six criteria of good perceived service. *Review of Business*, 9(3), 10-13.
- Gronroos, C. (1990). *Service management and marketing*. Lexington, MA: Lexington Books.
- Gronroos, C. (2000). *Service management and marketing*. New York: Wiley.
- Grönroos, C. (2004). The relationship marketing process: communication, interaction, dialogue, value. *Journal of Business and Industrial Marketing*, 19(2), 33-113.
- Gruen, T., Summers, J. O., & Acito, F. (2000). Relationship marketing activities, commitment, and membership behaviours in professional associations. *Journal of Marketing*, 64(July), 34-49.
- Guest, G., Bunce, A., & Johnson, L. (2006). How many interviews are enough? An experiment with data saturation and variability. *Field Methods*, 18(1), 59-82.
- Guest, L. P. (1964). Brand loyalty revisited: A twenty- year report. *Journal of Applied Psychology*, 48(April), 93-97.
- Gundlach, G. T., & Murphy, P. E. (1993). Ethical and legal foundations of relational marketing exchange. *Journal of Marketing*, 57(October), 35-46.
- Gutek, B. A. (1995). *The dynamics of service: Reflections on the changing nature of customer/provider interactions*. San Francisco: Jossey-Bass.
- Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational benefits in service industries: The customers' perspective. *Journal of the Academy of Marketing Science*, 26(2), 101-114.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1995). *Multivariate data analysis with readings* (4th ed.). Englewood Cliffs, NJ: Prentice Hall.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis - A global perspective* (Seventh ed.). Upper Saddle River, New Jersey: Pearson Education, Inc.
- Hair, J. F., Bush, R. P., & Ortinau, D. J. (2006). *Marketing research: Within a changing information environment* (3rd ed.). New York: McGraw-Hill/Irwin.
- Halinen, A., & Tahtinen, J. (2002). A process theory of relationship ending. *International Journal of Service Industry Management*, 13(2), 163-180.

- Halstead, D., & Page, T. J. (1992). The effects of satisfaction and complaining behaviour on consumer repurchase intentions. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, 5, 1-11.
- Harari, O. (1992). Thank heaven for complainers. *Management Review*, 81 (January), 59-60.
- Hart, C. W. L., Heskett, J. L., & Sasser, W. E. (1990). The profitable art of service recovery. *Harvard Business Review*, 68 (July-August), 148-156.
- Havila, V., & Wilkinson, I. F. (2002). The principle of the conservation of business relationship energy: or many kinds of new beginnings. *Industrial Marketing Management*, 31, 191-203.
- Heide, J. B., & A.M. Weiss. (1995). Vendor consideration and switching behaviour for buyers in technology markets. *Journal of Marketing*, 59(July), 30-43.
- Heide, J. B., & John, G. (1988). The role of dependence balancing in safeguarding transaction-specific assets in conventional channels? *Journal of Marketing*, 52 (January), 20-35.
- Heide, J. B., & John, G. (1990). Alliances in industrial purchasing: The determinants of joint action in buyer-supplier relationships. *Journal of Marketing Research*, 27(February), 24-36.
- Helfert, M., Herrmann, C., & Zellner, G. (2003). Customer regain management in e-business: Processes and measures. In *Proceedings of the COLLECTeR (Europe) Conference*, 97-110.
- Hellier, P. K., Geursen, G. M., Carr, R. A., & Rickard, J. A. (2003). Customer repurchase intention - A general structural equation model. *European Journal of Marketing*, 37(11/12), 1762-1800.
- Hennig-Thurau, T., & Klee, T. (1997). The impact of customer satisfaction and relationship quality on customer retention: a critical reassessment and model development. *Psychology & Marketing*, 14(8), 737-764.
- Hennig-Thurau, T. K., T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding relationship marketing outcomes: An integration of relational benefits and relationship quality. *Journal of Service Research*, 4(3), 230-247.
- Herrington, R. L., Gleaves, D. H., Mitchell, A. E., Castellani, A. M., Joseph, J. I., & Snyder, D. K. (2008). Assessing disharmony and disaffection in intimate relationships: Revision of the marital satisfaction inventory factor scales. *Psychological Assessment*, 20(4), 341-350.
- Hess, R. L. J., Ganesan, S., & Klein, N. M. (2003). Service failure and recovery: The impact of relationship factors on customer satisfaction. *Journal of the Academy of Marketing Science*, 31(2), 127-145.

- Hinde, R. A. (1979). *Towards understanding relationships* (1st ed.). London: Academic Press.
- Hirschman, A. O. (1970). *Exit, voice and loyalty: Responses to decline in firms, organizations and states*. Cambridge, MA: Harvard University Press.
- Hocutt, M. A. (1998). Relationship dissolution model: Antecedents of relationship commitment and likelihood of dissolving a relationship. *International Journal of Service Industry Management*, 9(2), 189-200.
- Hocutt, M. A., Bowers, M. R., & Donovan, D. T. (2006). The art of service recovery: fact or fiction? *Journal of Services Marketing*, 20(3), 199-207.
- Hoffman, K. D., & Chung, B. G. (1999). Hospitality recovery strategies: Customer preference versus firm use. *Journal of Hospitality & Tourism Research*, 23, 71-84.
- Hoffman, K. D., Kelley, S. W., & Rotalsky, H. M. (1995). Tracking service failures and employee recovery efforts. *The Journal of Services Marketing*, 9(2), 49-61.
- Homburg, C., Hoyer, W. D., & Stock, R. M. (2007). How to get lost customers back? A study of antecedents of relationship revival. *Journal of the Academy of Marketing Science*, 35(May), 461-474.
- Hooks, K. L., & Higgs, J. L. (2002). Workplace environment in a professional services firm. *Behavioural Research in Accounting*, 14, 105-128.
- Huang, J., & Xiong, W. (2010). The Effect of win-back investment on lost consumers' intention of reinitiating relationship. *Frontiers of Business Research in China*, 4(3), 485-497.
- Huppertz, J. W., Arenson, S. J., & Evans, R. H. (1978). An application of equity theory to consumer-merchant exchange situations. *Journal of Marketing Research*, 15(May), 250-260.
- Huston, T. L., Caughlin, J. P., Houts, R. M., Smith, S. E., & George, L. J. (2001). The connubial crucible: Newlywed years as predictors of marital delight, distress, and divorce. *Journal of Personality and Social Psychology*, 80(2), 237-252.
- Huston, T. L., & Houts, R. M. (1998). The psychological infrastructure of courtship and marriage: The role of personality and compatibility in romantic relationships. In T. Bradbury (Ed.), *The developmental course of marital dysfunction* (pp. 114-151). Cambridge, England: Cambridge University Press.
- Ilieva, J., Baron, S., & Healey, N. M. (2002). Online surveys in marketing research: Pros and cons. *International Journal of Market Research*, 44(3), 361-376.

- Jackson, B. (1985). Building customer relationships that last. *Harvard Business Review*, (November-December), 120-128.
- Jacobson, N. S. & Christensen, A. (1996). *Integrative couple therapy: Promoting acceptance and change*. New York: Norton.
- Jacobson, N. S., & Margolin, G. (1979). *Marital therapy: Strategies based on social learning and behaviour exchange principles*. New York: Brunner/Mazel.
- Jap, S. D. (2001). The strategic role of the sales force in developing customer satisfaction across the relationship lifecycle. *The Journal of Personal Selling & Sales Management*, 21(2), 95-108.
- Jap, S. D., & Anderson, E. (2007). Testing a life-cycle theory of cooperative inter-organizational relationships: Movement across stages and performance. *Management Science*, 53 (2), 260-275.
- Jap, S. D., & Ganesan, S. (2000). Control mechanisms and the relationship life cycle: Implications for safeguarding specific investments and developing commitment. *Journal of Marketing Research*, 37(2), 227-245.
- Ji, M. F. (2002). Children's relationships with brands: True love or one-night stand? *Psychology and Marketing*, 19(4), 369-387.
- Johnston, R. (1995). Service failure and recovery: Impact, attributes and process. In T. A. Swartz, Bowen, D.A and Brown, S.W. (Ed.), *Advances in services marketing and management* (Vol. 4, pp. 211-228). Greenwich, CT: JAI Press.
- Jones, M. A., Mothersbaugh, D. L., & Beatty, S. E. (2000). Switching barriers and repurchase intentions in service. *Journal of Retailing*, 72, 259-274.
- Jones, T., Dacin, P. A., & Taylor, S. F. (2011). Relational damage and relationship repair: A new look at transgressions in service relationships. *Journal of Service Research*, 14(3), 318-339.
- Jones, T. O., & Sasser, W. E. (1995). Why satisfied customers defect. *Harvard Business Review*, (November - December), 88-99
- Jöreskog, K., & Sörbom, D. (1996). *LISREL 8: User's Reference guide*. Chicago: Scientific Software International.
- Kalwani, M. U., & Narayandas, N. (1995). Long-term manufacture-supplier relationships: Do they pay off for supplier firms? *Journal of Marketing*, 59, 1-16.
- Kates, S. M. (2000). Out of the closet and out of the street! Gay men and their brand relationships. *Psychology & Marketing*, 17(6), 493-513.
- Kayser, K. (1993). *When love dies – The process of marital disaffection*. New York: The Guildford Press.

- Kayser, K. (1996). The marital disaffection scale: An inventory for assessing emotional estrangement in marriage. *The American Journal of Family Therapy*, 24(1), 83-88.
- Kayser, K., & Rao, S. S. (2006). Process of disaffection in relationship breakdown. In M. A. Fine & J. H. Harvey (Eds.), *Handbook of divorce and relationship dissolution*. New Jersey: Lawrence Erlbaum Associates Inc.
- Keaveney, S. M. (1995). Customer switching behaviour in service industries: An exploratory study. *Journal of Marketing*, 59 (April), 71-82.
- Keaveney, S., & Parthasarathy, M. (2001). Customer switching behaviour in online services: An exploratory study of the role of selected attitudinal behaviour, and demographic factors. *Journal of Academy of Marketing Science*, 29(4), 374 - 390.
- Kelley, H. H., & Thibaut, J. W. (1978). *Interpersonal relationships: A theory of interdependence*. New York: Wiley.
- Kelley, S. W., & Davis, M. A. (1994). Antecedents to customer expectations for service recovery. *Journal of the Academy of Marketing Science*, 22(1), 52-61.
- Kelley, S. W., Hoffman, K. D., & Davis, M. A. (1993). A typology of retail failures and recoveries. *Journal of Retailing*, 69(4), 429-452.
- Kersten, K. K. (1990). The process of marital disaffection: Interventions at various states. *Family Relations*, 39(3), 257-265.
- Kline, R. B. (1998). *Principles and practice of structure equation modelling* (1st ed.). New York: The Guildford Press.
- Kline, R. B. (2005). *Principles and practice of structural equation modelling* (2nd ed.). New York: The Guilford Press.
- Kohli, C., & LaBahn, D. W. (1997). Creating effective brand names: A study of the naming process. *Journal of Advertising Research*, 37 (January/February), 67-75.
- Kohli, C., & Thakor, M. (1997). Branding consumer goods: Insights from theory and practice. *Journal of Consumer Marketing* 14(3), 206-219.
- Kon, M. (2004). Customer churn - Stop it before it starts. *Mercer Management Journal*, 17, 54-60.
- LaBarbera, P. A., & Mazursky, D. (1983). A longitudinal assessment of customer satisfaction/dissatisfaction: The dynamic aspect of the cognitive process. *Journal of Marketing Research*, 20 (November), 393-404.

- Lacey, R., Suh, J., & Morgan, R. M. (2007). Differential effects of preferential treatment levels on relational outcomes. *Journal of Service Research, 9* (3), 241-256.
- Laczniak, R. N., & Muehling, D. D. (1993). The relationship between experimental manipulations and tests of theory in an advertising message involvement context. *Journal of Advertising, 22*(3), 59-74.
- Lam, S. Y., Shankar, V., Erramilli, M. K., & Murthy, B. (2004). Customer value, satisfaction, loyalty, and switching costs: An illustration from a business-to-business service context. *Journal of the Academy of Marketing Science, 32*(3), 293-311.
- Lambert, D. M., & Harrington, T. C. (1990). Measuring nonresponse bias in customer service mail surveys. *Journal of Business Logistics, 11*(2), 5-25.
- Lapidus, R. S., & Pinkerton, L. (1995). Customer complaint situations: An equity theory perspective. *Psychology & Marketing, 12*(2), 105-122.
- Lazarus, R. S. (1984). On the primacy of cognition. *American Psychologist, 39*, 124-129.
- Levinger, G. (1965). Marital cohesiveness and dissolution: An integrative review. *Journal of Marriage and Family, 27*(1), 19-28.
- Levinger, G. (1976). A social psychological perspective on marital dissolution. *Journal of Social Issues, 32*(1), 21-47.
- Levinger, G. (1983). Development and change. In H. H. Kelly, E. Berscheid, A. Christensen, J. H. Harvey, T. L. Huston, G. Levinger, E. McClintock, L. A. Peplau & D. R. Peterson (Eds.), *Close relationships*. New York: W. H. Freeman.
- Levitt, T. (1983). *The Marketing Imagination*. New York: The Free Press.
- Lewicki, R. J., & Bunker, B. B. (1996). Developing and maintaining trust in working relationships. In R. M. Kramer & T. R. Tyler (Eds.), *Trust in organizations: Frontiers of theory and research* (pp. 114-139). Thousand Oaks, CA: Sage.
- Liao, H. (2007). Do it right this time: The role of employee service recovery performance in customer-perceived justice and customer loyalty after service failures. *Journal of Applied Psychology, 92*(2), 475-489.
- Liljander, V., & Strandvik, T. (1995). The nature of customer relationships in services. In T. A. Swartz, D. E. Bowen, & S. W. Brown (Eds.), *Advances in services marketing and management* (vol. 4). London: JAI.
- Liljander, V., & Strandvik, T. (1997). Emotions in service satisfaction. *International Journal of Service Industry Management, 8*(2), 148-169.

- Lovelock, C. H., Patterson, P. G., & Walker, R. H. (2001). *Services marketing: An Asia Pacific perspective*. Sydney: Prentice Hall Australia Pty Ltd.
- Mai, L.-W., & Conti, P. G. (2008). Dissolution of a person-brand relationship: An understanding of brand-detachment. *European Advances in Consumer Research*, 8, 421-430.
- Malhotra, N. K. (1996). *Marketing research: An applied orientation* (2nd ed.). Upper Saddle River, NJ: Prentice-Hall.
- Malhotra, N. K. (1999). *Marketing research - An applied orientation*. Upper Saddle River, New Jersey: Prentice Hall.
- Malhotra, N. K. (2003). *Marketing research: An applied orientation* (3rd ed.). Upper Saddle River, N.J: Pearson Education Inc.
- Malhotra, N. K., Agarwal, J., & Peterson, M. (1996). Methodological issues in cross-cultural marketing research: A state-of-the-art review. *International Marketing Review*, 13(5), 7-43.
- Matthews, C., & Murray, D. (2007). Helping bank customers switch: A case study. *Journal of Financial Services Marketing*, 11(4), 360-370.
- Mattila, A. S., & Patterson, P. G. (2004). The impact of culture on consumers' perceptions of service recovery efforts. *Journal of Retailing*, 80, 196-206.
- Maxham, J. G. (2001). Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions. *Journal of Business Research*, 54, 11-24.
- Maxham, J. G., III, & Netemeyer, R. G. (2002). A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts. *Journal of Marketing*, 66, 57-71.
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrated model of organizational trust. *Academy of Management Review*, 20(3), 709-734.
- McColl-Kennedy, J. R., Patterson, P. G., Smith, A. K., & Brady, M. K. (2009). Customer rage episodes: Emotions, expressions and behaviours. *Journal of Retailing*, 85 (June), 222-237.
- McCullough, M. E., Rachel, K. C., Sandage, S. J., Worthington, E. L., Brown, S. W., & Hight, T. L. (1998). Interpersonal forgiving in close relationship: Theoretical elaboration and measurement. *Journal of Personality and Social Psychology*, 75 (December), 1586 - 1603.
- McDougall, G. H. G., & Levesque, T. (2000). Customer satisfaction with services: Putting perceived value into the equation. *Journal of Services Marketing*, 14(5), 392-410.

- McNamara, C. P. (1972). The present status of the marketing concept. *Journal of Marketing*, 36 (January), 50–62.
- Meredith, J. R., Raturi, A., Amoako-Gyampah, K., & Kaplan, B. (1989). Alternative research paradigm in operations. *Journal of Operations Management*, 8(4), 297-326
- Michalski, S. (2002). Relationship dissolution – a theoretical and empirical study of customer switching and customer reactivation processes in the banking industry. *Nordic Workshop on Relationship Dissolution*, Visby - Sweden.
- Michalski, S. (2004). Types of customer relationship ending processes. *Journal of Marketing Management*, 20, 977-999.
- Michell, P. C. N., Cataquet, H., & Hague, S. (1992). Establishing the causes of disaffection in agency-client relations. *Journal of Advertising Research*, 32(2), 41-48.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook* (2nd ed.). Thousand Oaks, California: Sage Publications Inc.
- Mittal, B. & Lassar, W. M. (1998). Why do customers switch? The dynamics of satisfaction versus loyalty. *The Journal of Service Marketing*, 12(3), 177-194.
- Mittal, V., & Kamakura, W. A. (2001). Satisfaction, repurchase intent, and repurchase behaviour: Investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38 (February), 131-142.
- Mohr, J., & Nevin, J. R. (1990). Communication strategies in marketing channels: A theoretical perspective. *Journal of Marketing*, 54(Oct), 36-51.
- Monroe, K. B. (1990). *Pricing: Making profitable decisions*. New York: McGraw-Hill.
- Moorman, C., Deshpande, R., & Zaltman, G. (1993). Factors affecting trust in market research relationships. *Journal of Marketing*, 57(January), 81-101.
- Moreau, C. P., Lehmann, D. R., & Markman, A. B. (2001). Entrenched knowledge structures and consumer response to new products. *Journal of Marketing Research*, 38(1), 14-29.
- Morgan, R., & Hunt, S. B. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58 (July), 20-38.
- Murray, K. (1991). A test of services marketing theory: Consumer information acquisition activities. *Journal of Marketing*, 55, 10-25.
- Narayandas, D. (1998). Measuring and managing the benefits of customer retention: An empirical investigation. *Journal of Service Research*, 1(November), 108-128.

- Narayandas, D. (2005). Building loyalty in business markets. *Harvard Business Review* (September), 131- 139.
- Ndubisi, N. O., Wah, C. K., & Ndubisi, G. C. (2007). Supplier-customer relationship management and customer loyalty - The banking industry perspective. *Journal of Enterprise Information Management*, 20(2), 222-236.
- Neal, W. D. (1999). Satisfaction is nice, but value drives loyalty. *Marketing Research*, 11(Spring), 21-23.
- Neslin, S. A., Gupta, S., Kamakura, W., Lu, J., & Mason, C. H. (2006). Defection detection: Measuring and understanding the predictive accuracy of customer churn models. *Journal of Marketing Research*, 43(2), 204-211.
- Noordewier, T., John, G., & Nevin, J. R. (1990). Performance outcomes of purchasing arrangements in industrial buyer-vender relationships. *Journal of Marketing*, 54(October), 80-93.
- Normann, R. (2000). *Service management strategy and leadership in service business* (3rd ed.). Hoboken, NJ: Wiley.
- Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17(November), 460-469.
- Oliver, R. (1997). *Satisfaction: A behavioural perspective on the consumer*. NY: Irwin/McGraw-Hill.
- Oliver, R. (1999). Whence customer loyalty? *Journal of Marketing*, 63, 33-44.
- Oliver, R., & Swan, J. E. (1989). Consumer perceptions of interpersonal equity and satisfaction in transactions: A field survey approach. *Journal of Marketing*, 53(April), 21-35.
- Olkkonen, R., & Tuominen, P. (2006). Understanding relationship fading in cultural sponsorship. *Corporate Communications: An International Journal*, 11(1), 64-77.
- Olkkonen, R., & Tuominen, P. (2008). Fading configurations in inter-organizational relationships: A case study in the context of cultural sponsorship. *Journal of Business and Industrial Marketing*, 23(3), 203-212.
- Olsen, M. J. S. (1992). *Kvalitet i banktjänster: Privatkunders upplevda problem med banktjänsterna studie med hjälp av kritiskhändelse-metoden [Quality in*

Retail Banking: Customers' Perceived Problems with Bank Services - A Study Using Critical Incident Method]. Doktorsavhandling vid Stockholms Universitet och Centrum för tjänsteforskning (CTF). Karlstad, Sweden.

- O'Malley, L., & Tynan, A. C. (1999). The utility of the relationship metaphor in consumer markets: A critical evaluation. *Journal of Marketing Management*, 15, 587-602.
- Oppenheim, A. N. (1992). *Questionnaire design, interviewing and attitude measurement*. London: Pinter.
- Page, M., Pitt, L., & Berthon, P. (1996). Analysis and reducing customer defections. *Long Range Planning*, 29(6), 821-834.
- Palmatier, R. W. (2008). Inter-firm relational drivers of customer value. *Journal of Marketing*, 72(July), 76-89.
- Parasuraman, A. (1987). Customer-oriented corporate cultures are crucial to services marketing success. *Journal of Services Marketing*, 1(1), 39-46.
- Parasuraman, A., & Grewal, D. (2000). The impact of technology on the quality-value-loyalty chain: A research agenda. *Journal of the Academy of Marketing Science*, 28(1), 168-174.
- Patton, M. Q. (1990). *Qualitative evaluation and research methods* (2nd ed.). Newbury Park, CA: Sage.
- Peppers, D., & Rogers, M. (1993). *The one to one future*. New York: Doubleday.
- Perrien, J., Lalonde, M.-F., & Filatrault, P. (1994). Divorce in a relationship: The case of commercial banking. *Journal of Professional Services Marketing*, 10(2), 157-168.
- Perrien, J., Paradis, S., & Banting, P. M. (1995). Dissolution of a relationship. The sales force perception. *Industrial Marketing Management*, 24(2), 317-325.
- Perrin-Martinenq, D. (2004). The role of brand detachment on the dissolution of the relationship between the consumer and the brand. *Journal of Marketing Management*, 20, 1001-1023.
- Ping, R., & Dwyer, F. R. (1992). A preliminary model of relationship termination in marketing channels. In I. G. L. Frazier (Ed.), *Advances in distribution channel research*. Greenwich: JAI Press.
- Ping, R. A. (1993). The effects of satisfaction and structural constraints on retailer exiting, voice, loyalty, opportunism, and neglect. *Journal of Retailing*, 69(3), 320-352.

- Ping, R. A. (1994). Does satisfaction moderate the association between alternative attractiveness and exit intention in a marketing channel? *Journal of the Academy of Marketing Science*, 22(4), 364-371.
- Ping, R. A. (1995). Some un-investigated antecedents of retailer exit intention. *Journal of Business Research*, 34(3), 171-180.
- Ping, R. A. (1997). Voice in business-to-business relationships: Cost-of-exit and demographic antecedents. *Journal of Retailing*, 73(2), 261-281.
- Ping, R. A. (1999). Unexplored antecedents of exiting in a marketing channel. *Journal of Retailing*, 75(2), 218-241.
- Ping, R. A. (2003). Antecedents of satisfaction in a marketing channel. *Journal of Retailing*, 79, 237-248.
- Podsakoff, P., & Organ, D. (1986). Self-reports in organizational research: Problems and prospects. *Journal of Management*, 12(4), 531-545.
- Podsakoff, P. M., Mackenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioural research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879-903.
- Popkowski Leszczyc, P. T. L., & Timmermans, H. J. P. (1997). Store-switching behaviour. *Marketing Letters*, 8(2), 193-204.
- Price, L. L., & Arnould, E. J. (1999). Commercial friendships: Service provider-client relationships in context. *Journal of Marketing*, 63(October), 38-56.
- Raimondo, M. A., Miceli, G. N., & Costabile, M. (2008). How relationship age moderates loyalty formation: The increasing effect of relational equity on customer loyalty. *Journal of Service Research*, 11(2), 142-160.
- Ravald, A., & Gronroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing*, 30(2), 19-30.
- Reichheld, F. E. (1993). Loyalty-based management. *Harvard Business Review*, (March-April), 64-73.
- Reichheld, F., & Sasser, W. E. (1990). Zero defections: Quality comes to services. *Harvard Business Review*, 68 (September/October), 105-111.
- Reichheld, F. F. (1996). *The loyalty effect*. Boston, MA: Harvard Business School Press.
- Reichheld, F. F., & Teal, T. (1996). *The loyalty effect: The hidden force behind growth, profits, and lasting value*. Boston, MA: Harvard Business School Press.

- Reinartz, W., & Kumar, V. (2002). Mismanagement of customer loyalty. *Harvard Business Review*, July, 4-12.
- Richins, M. L. (1983). Negative word-of-mouth by dissatisfied consumers: A pilot study. *Journal of Marketing*, 47(winter), 68-78.
- Rindfleisch, A., & Heide, J. B. (1997). Transaction cost analysis: Past, present, and future Applications. *Journal of Marketing*, 61(October), 30-54.
- Robson, C. (1993). *Real world research* Blackwell, Oxford.
- Roos, I. (1996). Customer switching behaviour in retailing. *Working Paper 327*. Swedish School of Economics and Business Administration. Helsinki.
- Roos, I. (1999). Switching processes in customer relationships. *Journal of Service Research*, 2 (1), 68-85.
- Roos, I. (2002). Methods of investigating critical incidents. *Journal of Service Research*, 4(3), 193-204.
- Roos, I., & Gustafsson, A. (2007). Understanding frequent switching patterns. *Journal of Service Research*, 10(1), 93-108.
- Roos, I., & Strandvik, T. (1997). Diagnosing the termination of customer relationships. *Relationship marketing conference*, Dublin.
- Rusbult, C. E. (1980). Commitment and satisfaction in romantic associations: A test of the investment model. *Journal of Experimental Social Psychology*, 16(2), 172-186.
- Rusbult, C. E. (1983). A longitudinal test of the investment model: the development (and deterioration) of satisfaction and commitment in heterosexual involvements. *Journal of Personality and Social Psychology*, 45, 101-117.
- Rusbult, C. E. (1987). Responses to dissatisfaction in close relationships: The exit-voice-loyalty-neglect model. In D. Perlman & S. Duck (Eds.), *Intimate relationships: Development, dynamics, and deterioration* (pp. 209-237). Newbury Park, CA: Sage.
- Rust, R. T., & Zahorik, A. J. (1993). Customer satisfaction, customer retention and market share. *Journal of Retailing*, 69(2), 193-215.
- Rust, R. T., Zahorik, A. J., & Keiningham, T. L. (1996). *Service marketing*. New York: HarperCollins.
- Sackmary, B. (1998). Internet survey research: Practice, problems and prospects. In *Proceedings of the American Marketing Association Summer Educators' Conference*, Boston, MA.

- Salo, A., Tahtinen, J., & Ulkuniemi, P. (2009). Twists and turns of triadic business relationship recovery. *Industrial Marketing Management*, 38, 612-632.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). Essex: Pearson Education Limited.
- Sawyer, A. G., Lynch, J. G. & Brinberg, D. L. (1995). A Bayesian analysis of the information value of manipulation and confounding checks in theory tests. *Journal of Consumer Research*, 21(March), 581-595.
- Schweikhart, S. B., Strasser, S., & Kennedy, M. R. (1993). Service recovery in health service organizations. *Hospital & Health Services Administration*, 38(1), 3-21.
- Sekaran, U. (2000). *Research methods for business: A skill-building approach* (3rd ed.). New York: John Wiley & Sons, Inc.
- Sharma, N., & Patterson, P. G. (2000). Switching costs, alternative attractiveness and experience as moderators of relationship commitment in professional consumer services. *International Journal of Service Industry Management*, 11(5).
- Sharma, P. (2011). Country of origin effects in developed and emerging markets: Exploring the contrasting roles of materialism and value consciousness. *Journal of International Business Studies*, 42, 285 – 306.
- Sheaves, D. E., & Bames, J. G. (1996). The fundamentals of relationships: An exploration of the concept to guide marketing implementation. *Advances in Services Marketing and Management*, 5, 215-245.
- Sheehan, K. B., & Hoy, M. G. (2000). Dimensions of privacy concerns among online consumers. *Journal of Public Policy and Marketing*, 19, 62-73
- Sherrod, D. (1989). The influence of gender on same-sex friendships. In C. Hendrick (Ed.), *Review of personality and social psychology* (Vol. 10), *Close relationships* (pp. 164-186). Newbury Park, CA: Sage.
- Shook, C. L., Ketchen, D. J., Hult, G. T. M., & Kacmar, K. M. (2004). Research notes and commentaries: An assessment of the use of structural equation modelling in strategic management research. *Strategic Management Journal*, 25, 397-404.
- Shostack, G. L. (1984). Designing services that deliver. *Harvard Business Review*, (January - February), 113 - 119.
- Silber, I., Israeli, A., Bustin, A., & Zvi, O. B. (2009). Recovery strategies for service failures: The case of restaurants. *Journal of Hospitality Marketing & Management*, 18, 730–740.

- Simpson, J. A. (1987). The dissolution of romantic relationships: Factors involved in relationship stability and emotional distress. *Journal of Personality and Social Psychology*, 53(4), 683-692.
- Singh, J., & Sirdeshmukh, D. (2000). Agency and trust mechanisms in consumer satisfaction and loyalty judgments. *Journal of the Academy of Marketing Science*, 28(1), 150–167.
- Smith, A. K., & Bolton, R. N. (1998). An experimental investigation of customer reactions to service failure and recovery encounters: paradox or peril. *Journal of Service Research*, 1, 5-17.
- Smith, A. K., & Bolton, R. N. (2002). The effect of customers' emotional responses to service failures on their recovery effort evaluations and satisfaction judgments. *Journal of the Academy of Marketing Science*, 30(1), 5-23.
- Smith, A. K., Bolton, R. N., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36, 356–372.
- Snyder, D., & Regts, J. M. (1982). Factor scales for assessing marital disharmony and disaffection. *Journal of Consulting and Clinical Psychology*, 50(5), 736-743.
- Snyder, D. K. (1999). Affective reconstruction in the context of a pluralistic approach to couples therapy. *Clinical Psychology: Science and Practice*, 6, 348–365.
- Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement and validation. *Academy of Management Journal*, 38(5), 1442-1465.
- Spreng, R. A., Harrell, G. D., & Mackoy, R. D. (1995). Service recovery: Impact on satisfaction and intentions. *Journal of Services Marketing*, 9(1), 15-23.
- Stanley, S. M., & Markman, H. J. (1992). Assessing commitment in personal relationships. *Journal of Marriage and the Family*, 54(Aug), 595-608.
- Stauss, B., & B.Weinlich. (1995). Process-oriented measurement of service quality by applying the sequential incident method. In *the Proceedings of a Workshop on Quality Management in Service*, Tilburg, the Netherlands.
- Stauss, B., & Friege, C. (1999). Regaining service customers. *Journal of Service Research*, 1(4), 346-361.
- Sternberg, R. J. (1986). A triangular theory of love. *Psychological Review*, 93, 119-135.
- Stewart, K. (1998). The customer exit process – A review and research agenda. *Journal of Marketing Management*, 14, 235-250.

- Stewart, T. A. (1997). A satisfied customer isn't enough. *Fortune*, 136(July), 112-113.
- Storbacka, K. (1995). The nature of customer relationship profitability – Analysis of relationships and customer bases in retail banking (2nd ed.): *Publications of the Swedish School of Economics and Business Administration*, No 55, Helsinki.
- Strandvik, T., & Holmlund, M. (2000). Customer relationship dissolution - What do we know and what do we need to know, Meddelanden från Svenska handelshögskolan. *Working Papers (434)*. Swedish School of Economics and Business Administration.
- Strandvik, T., & Liljander, V. (1994). Relationship strength in bank services. In *the Proceedings of Research Conference on Relationship Marketing*, June 11-13, Atlanta, Georgia, USA.
- Sung, Y., & Campbell, W. K. (2009). Brand commitment in consumer– brand relationships: An investment model approach. *Journal of Brand Management* 17(2), 97-113.
- Swan, J. E., & Oliver, R. L. (1991). An applied analysis of buyer equity perceptions and satisfaction with automobile salespeople. *Journal of Personal Selling & Sales Management*, 11, 16-26.
- Sweeney, J. C., & Chew, M. (2002). Understanding consumer-service brand relationships: A case study approach. *Australasian Marketing Journal*, 10(2), 26-43.
- Sweeney, J. C., Soutar, G. N., & Johnson, L. W. (1999). The role of perceived risk in the quality-value relationship: A study in a retail environment. *Journal of Retailing*, 75(1), 77–105.
- Tabachnick, B. G., & Fidell, L. S. (2001). *Using multivariate statistics* (4th ed.). Boston: Allyn and Bacon.
- Tähtinen, J. (2002). The process of business relationship ending – Its stages and actors. *Journal of Market-Focused Management*, 5, 331-353.
- Tähtinen, J., & Halinen, A. (2002). Research on ending exchange relationships: A categorization, assessment and outlook. *Marketing Theory*, 2(2), 165-188.
- Tähtinen, J., & Vaaland, T. I. (2006). Business relationship facing the end – Why restore them? *Journal of Business and Industrial Marketing*, 21(1), 14-23.
- TARP (Technical Assistance Research Program) (1979). Consumer complaint handling in America: An update study, Part 1 (Vol. Contract HHS-100-84-0065). Washington, DC: United States Office of Consumer Affairs.

- TARP (Technical Assistance Research Program) (1986). Consumer complaint handling in America: An update study, Part 1. Washington, DC: United States Office of Consumer Affairs.
- Tasci, A. D. A., Gartnerb, W. C., & Cavusgilc, S. T. (2007). Measurement of destination brand bias using - A quasi-experimental design. *Tourism Management, 28*, 1529-1540.
- Tax, S. S., & Brown, S. (1998). Recovering and learning from service failure. *Sloan Management Review, 40*(1), 75-88.
- Tax, S. S., Brown, S. W., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: Implications for relationship marketing. *Journal of Marketing, 62*(April), 60-76.
- Taylor, H. (2000). Does internet research work? Comparing electronic survey results with telephone survey. *International Journal of Market Research, 42*(1), 51-63.
- Tedeschi, J. T., & Norman, N. (1985). Social power, self-presentation, and the self. In B. R. Schlenker (Ed.), *The self and social life* (pp. 293-322). New York: McGraw-Hill.
- Thibaut, J. W., & Kelley, H. H. (1959). *The social psychology of groups*. New York: John Wiley & Sons.
- Thomas, J. S., Blattberg, R. C., & Fox, E. J. (2004). Recapturing lost customers *Journal of Marketing Research, XLI* (Feb), 31-45.
- Thwaites, E., & Williams, C. (2000). Service recovery: A naturalistic decision-making approach. *Managing Service Quality, 16*(6), 641-653.
- Tierney, P. (2000). Internet based evaluation of tourism website effectiveness: Methodological issue and survey results. *Journal of Travel Research, 39*(4), 212-219.
- Tokman, M., Davis, L. M., & Lemon, K. N. (2007). The WOW factor: Creating value through win-back offers to reacquire lost customers. *Journal of Retailing, 83*(1), 47-64.
- Tomlinson, E. C., Dinnen, B. R., & Lewicki, R. J. (2004). The road to reconciliation: Antecedents of victim willingness to reconcile following a broken promise. *Journal of Management, 30* (2), 165-187.
- Tomlinson, E. C., & Mayer, R. (2009). The role of causal attribution dimensions in trust repair. *Academy of Management Review, 34*(1), 84-104.
- Tsai, C. T., & Su, C. S. (2009). Service failures and recovery strategies of chain restaurants in Taiwan. *The Service Industries Journal, 29*(12), 1779-1796.

- Tucker, L. R., & Lewis, C. (1973). A reliability coefficient for maximum likelihood factor analysis. *Psychometrika*, 38(1), 1-10.
- Tuominen, P., & Kettunen, U. (2003). To fade or not to fade? That is the question in customer relationships, too. *Managing Service Quality*, 13(2), 112-123.
- Vaaland, T. I., Haugland, S. A., & Purchase, S. (2004). Why do business partners divorce? The role of cultural distance in inter-firm conflict behaviour. *Journal of Business-to-Business Marketing*, 11(4), 1-21.
- Vaillant, C. O., & Vaillant, G. E. (1993). Is the U-curve of marital satisfaction an illusion? A 40-year study of marriage. *Journal of Marriage and the Family*, 55(1), 230-239.
- Varca, P. E. (2009). Emotional empathy and front line employees: Does it make sense to care about the customer? *Journal of Services Marketing*, 23(1), 51-56.
- VanLaningham, J., Johnson, D. R., & Amato, P. (2001). Marital happiness, marital duration, and the U-shaped curve: Evidence from a Five-Wave Panel Study. *Social Forces*, 78(4), 1313-1341.
- van Teijlingen, E. R., & Hundley, V. (2001). The importance of pilot studies. *social research UPDATE* (Vol. 35): Department of Sociology, University of Surrey, UK.
- Verhoef, P. C. (2003). Understanding the effect of customer relationship management efforts on customer retention and customer share development. *Journal of Marketing*, 67(October), 30-45.
- Verhoef, P. C., Franses, P. H., & Hoekstra, J. C. (2002). The effect of relational constructs on customer referrals and number of services purchased: Does age of the relationship matter? *Journal of the Academy of Marketing Science*, 30 (summer), 202-216.
- Vickery, W. E., & Opler, M. E. (1948). A redefinition of prejudice for purposes of social science research. *Human Relations*, 1, 419-428.
- Vogel, V., Evanschitzky, H., & Ramaseshan, B. (2008). Customer equity drivers and future sales. *Journal of Marketing*, 72 (November), 98-108.
- Walster, E., Ellen, B., & William, W. G. (1973). New directions in equity research. *Journal of Personality and Social Psychology*, 25(2), 151-176.
- Wang, S., & Huff, L. C. (2007). Explaining buyers' responses to sellers' violation of trust. *European Journal of Marketing*, 41(9/10), 1033-1052.
- Wei, C.-P., & Chiu, I.-T. (2002). Turning telecommunications call details to churn prediction. *Expert Systems with Applications*, 23(2), 103-112.

- Wells, W. (1993). Discovery oriented consumer research. *Journal of Consumer Research*, 19, 489-504.
- Wheaton, B., Muthen, B., Alwin, D. F., & Summer, G. F. (1977). Assessing reliability and stability in panel models. In D. R. Heise (Ed.), *Sociological Methodology* (pp. 84-136). San Francisco: Jossey-Bass.
- Wieringa, J. E., & Verhoef, P. C. (2007). Understanding customer switching behaviour in a liberalizing service market: An exploratory study. *Journal of Service Research*, 10(2), 174-187.
- Williamson, O. E. (1975). *Markets and hierarchies*. New York: Free Press.
- Williamson, O. E. (1985). *The economic institutions of capitalism*. New York: Free Press.
- Wilson, D. T. (1995). An integrated model of buyer-seller relationships. *Journal of the Academy of Marketing Science*, 23(4), 335-345.
- Wilson, A. (2006). *Marketing research: An integrative approach* (2nd ed.). London: Prentice-Hall.
- Windsperger, J., & Dant, R. P. (2006). Contractibility and ownership redirection in franchising: A property rights view. *Journal of Retailing*, 82(3), 259-272.
- Wirtz, J., & Mattila, A. S. (2004). Consumer responses to compensation, speed of recovery and apology after a service failure. *International Journal of Service Industry Management*, 15(2), 150-166.
- Woodruff, R. B. (1997). Customer value: The next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25(2), 139-153.
- Woodside, A. G., Frey, L. L., & Daly, R. T. (1989). Linking service quality, customer satisfaction, and behavioural intention. *Journal of Health Care Marketing*, 9(4), 5-17.
- Wright, K. B. (2005). Researching internet-based populations: Advantages and disadvantages of online survey research, online questionnaire authoring software packages, and web survey services. *Journal of Computer-Mediated Communication*, 10(3), article 11.
- Xie, Y., & Peng, S. (2009). How to repair customer trust after negative publicity: The roles of competence, integrity, benevolence, and forgiveness. *Psychology & Marketing*, 26(July), 572-589.
- Yang, Z., & Peterson, R. T. (2004). Customer perceived value, satisfaction, and loyalty: The role of switching costs. *Psychology & Marketing*, 21(10), 799-822.

- Yi, Y., & La, S. (2004). What influences the relationship between customer satisfaction and repurchase intention? Investigating the effects of adjusted expectations and customer loyalty. *Psychology & Marketing*, 21(5), 351-373.
- Yin, R. K. (1994). *Case study research: Design and methods* (2nd ed.). Thousand Oaks, CA Sage.
- Zeithaml, V. A. (1981). How consumer evaluation processes differ between goods and services. In J. H. Donnelly & W. R. George (Eds.), *Marketing of services* (pp. 186-190). Chicago, IL: American Marketing Association.
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52(2), 2-22.
- Zemke, R., & Bell, C. (1990). Service recovery: Doing right the second time. *Training*, 27(6), 42-48.
- Zemke, R., & Bell, C. (1992). How can you recover from service mistakes? *World Executive Digest*, January 60-61.
- Zikmund, W. G. (2003). *Exploring marketing research*. Cincinnati, Ohio: Thomson/South-Western.
- Zikmund, W. G., & Babin, B. J. (2010). *Exploring marketing research* (10th ed.). Mason, USA: South-Western Cengage Learning.

Every reasonable effort has been made to acknowledge the owners of copyright material. I would be pleased to hear from any copyright owner who has been omitted or incorrectly acknowledged.

Appendix I

Cover letter used for in-depth interview

CURTIN UNIVERSITY School of Marketing

Dear Participant,

I am a PhD student in School of Marketing, Curtin University. My PhD research project titled, “An Investigation of The Phenomenon of Customer Relationship Fading and Its Restoration” aims at exploring the possible reasons for the fading of relationship between a customer and the service provider. The research will also investigate into how service providers can make their offers attractive to the ‘fading customers’ so that the customers don’t leave the company.

For this purpose, I would like to invite you to participate in a qualitative survey. You have the right to refuse to participate in this survey. All the information provided by you will be kept confidential and will be used for academic purpose only. It would be highly appreciated if you could spare about thirty minutes to participate in a one-to-one discussion based on a semi-structured open ended questionnaire. Your detail response will help me to figure out the key variables that influence customers towards fading relationship. If you have any queries regarding this discussion, please contact me by phone at 0425355381 or by email at fazlul.rabbanee@postgrad.curtin.edu.au. Alternatively, you can also contact my PhD supervisor Prof. B. Ramaseshan, Head of School, School of Marketing, Curtin University of Technology by email at Ram.Ramaseshan@cbs.curtin.edu.au or by telephone at 08 92664674.

Thank you for your participation.

Regards

Fazlul K. Rabbanee
Doctoral Research Student
School of Marketing
Curtin University of Technology.

Appendix II

Sample transcript of the in-depth interview

CURTIN UNIVERSITY
School of Marketing
Relationship Fading – Drivers, Process and Efforts for Restoration
Transcript of In-depth Interview

Dear Sir/Madam,

Customers change their service providers for a variety of reasons. I am conducting a research to understand the reasons and process of switching service providers. The findings of the research would help the service firms to put in place strategies to enhance value to customers by reducing the need for switching.

Kindly answer the following questions with reference to the service firm/brand with which you were happy and had relationship earlier but currently you are considering changing the service firm/brand. If you are not planning to switch any of your current service providers, please answer the questions with regards to your previous experiences of switching an affective relationship with a service firm/brand. Please note that there is no 'right' or 'wrong' answer. I would appreciate if you could answers the questions with as much detail as possible.

1. Tell me about any service firm or brand with which you have had a long relationship but currently you intend to change it. Or, if you are not planning to switch any of your service providers at the moment, but have previous experiences of switching; please tell me about that experience.

Ans: I am looking for an alternative internet service provider; probably that's my current switching intention. I am also interested to change my airlines and hotels.

Please select the service category that you use the most and had the smoothest relationship earlier.

Ans: Mobile phone.

Who is your provider?

Ans: XXX

How long have you been a customer of the current service provider company?

Ans: Hmm... close to seven years.

2. What things did the firm/brand do well to you?

Ans: Actually it was pretty good and it was lot different from other competitors when they first started out. And retail wise, they were pretty everywhere, easy to get them and their phone service is not bad, they are quite hands on in a number of things, and they was more accessible in comparison to lot of other mobile providers. That one of the things I suppose I liked.

3. What things they didn't do well for you?

Ans: It's a long story. Because I was always pretty okay with them and one thing that I have been with them for long time as a good customer, I pay bill on time and I did everything on time, so I would suppose how much they earn from me is quite sufficient. Then I tried to upgrade my mobile phone and that was in my mind. They sent me email containing different offers but I never had anything there that I liked and I did not upgrade my service. One thing /an episode happened one day i.e. as I didn't upgrade, one day somebody called me and told me that he will give me special deal if I want to upgrade. I was not in a contract and I lowered my cap and he said do whatever you like, no problem. He also gave an honest opinion to me which I thought very valuable. As I was not willing to upgrade any more, he gave me an offer of 10\$ for international call up to \$100 of value and very much it was like a free service to me. It was attractive to me as I can be in touch with my friends and family, that's fine.

The only thing seemed questionable to me is that when I asked them things like what other additional services can I get from you i.e. you can actually provide me. Obviously this is not gonna cost you a lot and I was really hoping to get another pack or some information in this regard. Then the customer service representative talked with his supervisor and told me that this the best package they have for me. I mean

this is for everyone... how can it be personalized? I understand it could be for general customers but you are telling me that this is the best for me as I am with the company for seven years. It had nothing special and you are deceiving people to think that... How can you bombard somebody's email and telling that this is special to you and in fact it's not... that is just crazy!!! I am annoyed with them. I started looking around and just waiting for the right time...

I am not telling that that three is the best service provider, I am just too lazy to change. I just think that you have a special offer, it must be truly special. If a person stays with you for a long time, it's not unfair for that customer to get at least something special, you know. It's not that we are expecting something huge, it just a personalize thing. If not then why bother to call the customer?

What things, you think, could have been better?

Ans: I guess personalized offer could have been better. One thing I want to mention is that these services treat you so well initially but when the question of keeping you as a customer they just over promise and they don't deliver. It's so frustrating. They try their best to get the first business but gradually they are just not keeping their efforts as before. Maintaining part they don't do well at all. Simply, they could have been waive my 10\$ bill off and its nothing for them. When I get such kind of services earlier and now they are not offering me similar incentives, it really makes me pitched off. I really very bad about the guy who gave me some incentive earlier but now I am complaining as he is no longer offering me the same.

4. Compare the scenarios of different attributes of the brand/company in two different time periods: when you started the relationship and the situation at present.

Service Quality:

When I first signed up it was okay (though not great) and they were quite new in the market. They had more interest to get customers and I had not enough idea about how the service quality was. I was satisfied and it was as what I expected.

How about the service quality now?

Ans: It's a bit interesting. I am back the guy who called me. It's okay to have a discussion with his supervisor but I was thinking it's a bit funny that when the guy who did contracted with me was in fact local and I know that the call centre is in Australia. But the guy who contacted me to upgrade that call centre was outsourced then I could tell the difference. The guy who was local had more decision making authority than the guy from the outsource call centre. At that time he (the local guy) gave a better deal but when the outsourced guy called, he could not give me a better offer whereas I was expecting really a better deal this time. As a result, current situation is a bit frustrating as it did not meet my expectation.

Price-Quality Ratio:

Initially price was much higher. Quality was considerably better as there were plenty of offers /variety in offers.

Now it's much more competitive. The price is more reasonable, I would say but the quality, I wouldn't say it is much different from before. It was about the same, the prices gone lower and the deals are not also as good as before. They have more restriction on different offers. They tell that they are giving you 'so called' best deal but I think that are more restrictive. They are not as cheap and they are earning money from these deals.

Brand Image: Did the brand image of XXX attracted you when first bought it? Or, as you are now planning to switch, does the alternative company's brand image attracting you?

Ans: Actually no, I don't know, I think I still like what XXX is doing regarding the hand set and all others. I am planning to switch not being attracted to another company's brand image, it's just as I am complaining on the previous issues that I just described. Brand image is not affecting my decision making. In case of changing, I am too lazy to change. But if there is something similar comes up in the market, I am going to change.

Quality of Interaction: How about the quality interaction that you had a number time earlier and now?

Ans: It was better earlier. I think they had more control what they do and they were more prompt earlier. Whereas now they are not like before and I understand this is as call centres are now outsourced that makes them more difficult for them to take decision.

Service Environment:

I think they don't have enough staff. Previously, when they started, there were enough staff but now they don't have enough staff. If go to a store, you will find that there is big line and they have only two staff to serve. As far as store interior, I think it does not affect my decision but I think I never liked staying in the store, it was too crowded and there were no staff to serve people. If I need to check any phone, I will do it somewhere else. In terms of affecting my decision, I am not sure whether such long line and under staff environment affecting my decision or not. As I said, if I have a better choice, I am gonna go. At this present stage, I really don't see anything that I liked.

How about the employees that you interacted?

Ans: Some of them are very good. Earlier they were really good but as I had not any interaction so I wouldn't say they are bad. They are pretty friendly but sometimes I don't know how helpful they are. They were helpful earlier but now my all question goes to that call centre person. Sometimes I really can't understand what she is saying which made it difficult to me to judge whether the service is actually good or not.

Product Variety: Did you find enough variety in the offers of the company?

Ans: There are more packages now, definitely. They have improved in terms of that. But initially the package that they offered was interesting and that's why we signed up with XXX. The product offerings seemed to be quite interesting earlier. I like it and different variety offered by the company, I am kind of familiar so far and in terms of switching to another company, I really don't want to learn new things.

Emotional Attachment / Affective Commitment: Earlier and Now?

Ans: No, I will not feel sad if I am not with XXX. But I was more attached, as I said. I am too lazy to change at the moment.

Comment on the Relationship with XXX

I would not say that it is a real relationship any more. It just exists and functions. I don't get anything spectacular out of it. I don't think, it gives me any WOW factor so far that, Oh my god! I have to recommend this to my friend. It's pretty much like a boring relationship. And I am just staying with it due to my inertia, lack of alternatives and also peer-pressure. Lots of my friends are using XXX; and, XXX to XXX call is free.

5. What are the key factors that drive you lose interest with the firm/brand?

Ans: If I don't get any solution from them, I would be really really keen to switch. And if don't get the service that I expect, I would switch. So the three key factors are:

1. The price. I will look at price and functional value while changing.
2. If I don't get expected service from the contact person. If I don't get my solution from them.
3. Better alternatives.

Another Story [promptly described by the interviewee]:

This is not something related to mobile. I was with YYY for my internet. It was a big company and people referred me about YYY and I was using it more than a year. But I was so pitched off with YYY! Coz, I saw my friend AAA downloading so much with his ZZZ service; so I was looking to it and their customer service is really good and prompt. I really didn't need to wait. You know, best thing about it – they cut off \$100 from my first bill because I was referred by a friend and quality, speed everything is good. They continually upgrade their service and I think it is really really good and they also inform the customers about the upgrade. They also provide the upgraded service to you at the contracted price. That was the biggest reason why I decided to switch from YYY to ZZZ.

6. Comments on your satisfaction and commitment towards the service firm / brand in two different time periods: when you started the relationship and the situation at present.

Ans: I think I am moderately satisfied at the moment (with the mobile service provider), it's just what I need; and I think I am not exceptionally excited about it. As far as commitment, it's just okay. It's not that I am hating, it just so so...

7. For how long you have been considering making the change?

Ans. I thought about it few years back, at least 2 years back. I was with the contract with them and I wanted to switch after the contract but again I didn't find anything attractive at that time and that's why I thought let it go as it is.

8. How much time, you think, it will need to execute the decision?

Ans: In my scenario, if I would find anything better, I would switch. As I didn't get anything better, I just left it as it is. I was in two years contract initially and I was eagerly waiting to get rid of such locked in situation. When it was over, I was excited and I was a free bird but I could not find any good deal out there in the market. Still, I was with XXX without a contract but after sometimes my phone was about to die and its costly to get a mobile set. So, I signed up another contract with XXX. There is nothing wrong with the XXX service, it's just they didn't give me a personalized offer, it's almost the same thing anyway as before. Thus this kind of mobile or any service, you can't care too much about it, you just need to let it go as it is....

What is your perception of the alternative service provider company that you are considering? Please describe how you feel about Service Quality, brand image, interaction, and employees.

And: I don't have anything in my mind. There is so little option... I was considering XYZ but it merged with XXX and there is no meaning to go there leaving XXX. If the offer is good and the price is competitive, I would switch no matter which company it is. May be brand image is also affecting here as some of the brands I really don't think them as trustworthy. Sometimes company update customers with their offers or any other information and I think it's good, I like it. They update you

certain things. This is what ZZZ does. Every month they send a newsletter where they will teach you something new regarding their service, new usage, etc. and it's really good. Email is the best way to communicate in this regard. I hate SMS or postal mail, anything through email, I don't mind. It should not be too frequent; coz, if it is so, it will become SPAM.

9. Do you experience any problem in changing the firm/brand: emotional or any other?

Ans: As I said earlier, I am free bird now and I don't have problem to change my mobile phone service. It's just a matter of finding a suitable alternative.

Do you think you are a variety seeking customers and you are switching just to have a new experience?

Ans: I am definitely not a variety seeker. Never at all and it's not affecting my decision. I prefer things I know and I am a familiarization person. Things what I like, I stick with it unless it aggravate me.

How about inertia or reluctance or laziness? Do you thing its affecting you decision?

Ans: Not necessarily. Even though I am lazy but still if I find it worth to change, I will change. I rely a lot on references and friends' recommendation. So, word-of-mouth works very well on me. I don't care so much about TV ads or billboard. I am fond of personalize things more that comes to my email.

10. Steps that the firm/brand may adopt in order to retain you as a customer?

Ans: I think, if in a way, they personalize the things little bit more, it will attract me to stay with the company. I think if they appreciate the customers more that will make a difference. I also say that some of the promotional offers are pretty good but how you gonna know about all these promotions. I don't go XXX website and check these promotional offers. So if they have could personalize the offer and let the customers know about it that would be appealing. Say, they should know what kind

of mobile set customers have or at least some close guess and update them on that accordingly. It makes sense and it is applicable to that specific customers. They should not offer any generic thing in the name of special offer. Just don't try to tell me that this is only for me, this is for everybody. This is deceiving.

What kind of other incentives you expect from three to stay with it? Is it financial, social or any other?

Ans: Financial benefits are always good. Social greeting is not that important to me. Product updates through email is also attractive to me.

Can you just rank among the efforts that could be adopted by XXX to keep you as a customer of the company?

Ans: I think customer appreciation comes first and if appreciation does not come into scenario then there would not be any financial, not any social, nothing. Second one is personalized service to a certain extent, at least. I think they should know at least certain group of customers are gonna give them a long term business. They should not consider it as granted that customers will come to them. And also I am deal prone customer and I like surprises. So, any surprise offer will attract me.

Do you have any other stories / service experience in your mind other than XXX or YYY to tell me?

Ans: Banks / Financial: Bank is little bit different. I don't think I really benefitted with their service as I rarely enter into a bank. All I care about is their interest rate. I was with BBB and I am still with BBB. Something is good about it that they have very good interest rate and it make them competitive. When they started, they were not as good as now. Although they are small but they competitive enough and the ATMs are everywhere. I thought that was bonus. Their fixed deposit and interest rates are competitive. I was also with Commonwealth Bank but I cancelled it and stick with BBB. First of all, they rejected my credit card application. One thing I didn't know they had a service charge and they charged my service until I have no money in the account.

So, what do you think CCC bank could do to have you as a customer again?

Ans: I don't know they never appealed me again. I don't know better interest rate or compensation could be considerable.

Another story about Restaurant:

For restaurant Hygiene factor. I went to a restaurant, where I usually go frequently. I was eating a bowl of noodle and I am happily enjoying it. Until my last bit, I saw a fly inside. I was upset of course. I am like okay an earth it is! I called the attendant, s/he called the manager and they were responsive. But they offered me another bowl. C'mon! I don't want another bowl of noodle. They offered me desert and other staff but I really don't want this. They could have been refund me and honestly, I would never ever stop into that place again. If they would refund me, I would consider going back. I think if you don't respond to the customer effectively, it's gone. The customer will say good-bye.

Stories on Airlines:

I have been traveling with DDD Airlines since I was a kid. Ten over years with DDD Airlines. They have a frequent flier program. They never tell us how to claim the points. It was really hard to get information about them and they gave two different cards and how I am supposed to know which card to use. I just didn't get any benefit out of it and Prices is not cheap. Of course, I switched to EEE Airlines after that and I found price is more attractive there. Even though I have to take a transit in Singapore, I don't mind as it is cheap and I can claim my points. Even though I can't claim points, I don't care that much, but still it is cheaper than Malaysian Airlines. But in case of DDD Airlines, it's just the opposite. I had two cards and what I am gonna do? They sometimes send me staff but most of the time those are not relevant to me.

So, how DDD Airlines can get you back as a customer?

Ans: More cheaper flight, I guess. If a customer was in your list for long but now you are not finding him/her now, I guess it's kind of question mark. You can easily track it that this customer was with you so long and now you are not getting points or you don't see him in your list any more, it's definitely a question mark. Not until I go and complain about the company but by the time I complain, I am gone. So, how I am gonna find out where to contact to go back to them. So it's better they can contact me. Even though DDD contact me regarding the frequent flier and give a cheaper deal, still I would think twice as plenty of other option is out there... Moreover, prizes of the frequent flier program could have been better like offering a free domestic travel might be attractive.

Going back to emotional attachment, funny enough that though I really don't care much about the company but when I travel through EEE Airlines, I really feel attached to it. I feel good and I don't have worries and I feel like everything is taken care of, you know what I mean. I am not a person to care about how much money I spent and how much worth it or to get something extra out of it but thinking about EEE Airlines, I always find that it worth and got what the spent money is supposed to do for me. All the things there, I am happy with all those. I really don't need the frequent flier still I am happy.

So, do you think such kind of 'unworry' feeling came to your mind due to their staff inside, interior or due to the brand image?

Ans: It's not all about brand image rather it just the experience I had with them. Its more atmosphere inside, cleanliness overall, the food, interaction... it's just the whole experience. Everything was on time and smooth and they never gave me any trouble and made it nice. In case of DDD, they were on time but may be the interaction of the people inside, may be the brand image took me away. Because in can Singapore Airlines, it put an image of friendly and warm atmosphere and interaction and it came out throughout when I travelled whereas in case of DDD, it's a bit fuzzy. I don't really remember what their image is right now and there is not reinforcement of what have been shown in ad and what is happening inside. So reinforcement of the image inside the flight (according to image shown in the ad) makes me dependable on EEE Airlines. Therefore, the image is really important.

Little things you can ignore but the cumulative effect of these little things might be dangerous. That's why reinforcement is essential.

Thank you so much for your time.

Note: The probing questions are shown in italic.

Appendix III

Questionnaire used in the Phase I of Brainstorming Sessions

CURTIN UNIVERSITY
School of Marketing
Relationship Fading –Efforts for Restoration
Questionnaire for Brainstorming Session – Phase I

Introduction

Customers often lose interest in their current service providers over a period of time for a variety of reasons and intend to switch to another provider. Such gradual process of losing interest towards a brand or a company is termed as *Relationship Fading*. Recognizing this, companies initiate different efforts to retain the customers. I would like to invite you to participate in a survey in order to gain an understanding of different restoration efforts of the companies that will be perceived as appropriate to the customers.

Following is a brief description of *Relationship Fading* and the key features of its different stages. Please read carefully and think whether you are currently experiencing any of these three situations -

Definition of Relationship Fading

Consumer-brand relationship fading can be defined as a process of gradual decline in consumers' intention to continue the relationship with a brand or company manifested in

- ❖ negative feeling towards the company or brand,
- ❖ diminishing frequency and/or volume of transactions with it, and
- ❖ initiation of switching intention.

Process of Relationship Fading

Relationship fading process consists of three sequential phases. Key features of the stages are as below –

Disillusion:

- ❖ At the beginning of the fading process, relational consumers become *disillusioned* due to unfavourable event(s) experienced by them.
- ❖ The unfavourable event(s) may not necessarily be a major crisis but a disappointment due to the crystallized effect of a number of minor events, which often are perceived as surprising, considering the strong and positive relationship the consumer has with the provider.
- ❖ Yet, the disappointment does not lead to switching intentions; much rather, the company seems to be given a second chance and consumers tend to “wait-and-see”.

Disaffection:

- ❖ Consumers move to the stage of *disaffection* once their disappointment is not dealt with adequately by the service firm, which create doubt in the consumer’s mind about the credibility of the service provider.
- ❖ Consumers are out of affection towards the brand and experience negative emotions such as frustration, anger, or rage.
- ❖ As a result they start evaluating the cost-benefits of continuing their current relationship. However, no definite switching intention has been formed yet.

Crossroads:

- ❖ In the third stage (*crossroads*) of the fading process, customers increasingly feel indifferent towards the formerly preferred brand as they find alternative offerings more attractive. Thus they tend to re-interpret their previous relationship with the firm/brand.
- ❖ In this stage, customers actively consider switching. However, they do not necessarily terminate the relationship due to financial, procedural, or relational switching costs and perceived risk of starting a whole new relationship with another brand or company.
- ❖ Consumers are still willing to give the provider “one last chance” meaning that they are not yet lost, but extremely vulnerable to competitive offerings.

Participation Instructions (Please read carefully)

Please choose the fading stage (Disillusion, Disaffection or Crossroads) that you currently belong to in the context of any of the services (such as mobile phone, internet, insurance, doctor / dentist, hair cutting saloon, hotel, airline, restaurant, banking, cable TV, etc.) that you are currently using. Please list (in the following page) the kind of efforts the company could adopt to retain you as a customer and thus restore your relationship with the company.

Possible Restoration Efforts that Deem Appropriate to You for Restoring the Relationship with the Service Provider Company

1. Which Stages of Fading Process you belong to (please give tick mark):
a) Disillusion b) Disaffection c) Crossroad
2. Name the brand or service provider company that you are considering in this case:
.....
3. How long have you been a customer of this company / brand:
(i) < 1 yr. (ii) 1-2 yrs. (iii) 2-3 yrs. (iv) 3-4 yrs. (v) > 4 yrs.
4. Please describe briefly your expectations regarding the efforts that the company could adopt to motivate you to restore the relationship with the company and not switch to another company.

Effort 1:

Effort 2:

Effort 3:

Effort 4:

Effort 5:

Others:

5. Please give tick marks in the appropriate option:

a) Gender: (i) Male (ii) Female

b) Age: (i) 18 – 22 (ii) 23 – 27 (iii) 28 – 32 (iv) 33 – 37 (v) > 37

c) Ethnicity: (i) Domestic Student; (ii) Permanent Resident; (iii) International Student

Thank you!

Appendix IV

Questionnaire used in the Phase II of Brainstorming Sessions

CURTIN UNIVERSITY
School of Marketing
Relationship Fading –Efforts for Restoration
Questionnaire for Brainstorming Session – Phase II

Introduction

Customers often lose interest in their service providers over a period of time for a variety of reasons and intend to switch to another provider. Recognizing this, service firm initiate different efforts to retain their customers. I would like to invite you to participate in a survey in order to gain an understanding of different restoration efforts of the companies that customers find as appropriate.

Following is a brief description of *Relationship Fading* and key features of its different stages. Please read carefully and think whether you are currently experiencing any of these kinds of situation with reference to any of the service/brand/company that you have been associated with for some time.

Definition of Relationship Fading

Customer relationship fading can be defined as a process of gradual decline in customers' intention to continue the relationship with a brand or company manifested in:

- ❖ negative feeling towards the company or brand,
- ❖ diminishing frequency and/or volume of transactions with it, and
- ❖ initiation of switching intention.

Process of Relationship Fading

Relationship fading process consists of three sequential stages. Key features of the phases are as below -

Stage 1: Disillusion

- ❖ At the beginning of the fading process, relational consumers become *disillusioned* due to unfavourable event(s) experienced by them.

- ❖ The unfavourable event(s) may not necessarily be a major crisis but a disappointment due to the crystallized effect of a number of minor events, which often are perceived as surprising, considering the strong and positive relationship the consumer has with the provider.
- ❖ Yet, the disappointment does not lead to switching intentions; much rather, the company seems to be given a second chance and consumers tend to “wait-and-see”.

Participation Instructions (Please read carefully)

Assuming yourself in *Disillusion* stage, please choose **two** restoration efforts (please circle) from the following list that you deem **reasonable** and will suffice your **minimum expectation** to consider staying with the company and restore relationship in this phase of *Disillusion*. You can consider these restoration efforts in any service context such as mobile phone, internet, insurance, doctor / dentist, pharmacy store, hair cutting salon, hotel, airline, restaurant, banking, cable TV or any others of the kind. Please be **practical, realistic and use your cognitive thinking** while choosing restoration efforts.

List of Restoration Efforts in Disillusion Stage
1. Apologize
2. Friendly & Courteousness
3. Fix the problem
4. Compensate
5. Offer incentives / deals
6. Improve service quality
7. Caring interaction
8. Stop false promise
9. Refund
10. Increase the brand image
11. Auto upgrade
12. Better customer service

List of Restoration Efforts in Disaffection Stage

1. Apologize
2. Friendly & Courteousness
3. Fix the problem
4. Compensate
5. Offer incentives / deals
6. Improve service quality
7. Caring interaction
8. Stop false promise
9. Refund
10. Increase the brand image
11. Auto upgrade
12. Better customer service
13. Flexible and variety of offer
14. Offer Special treatment
15. Manager intervention
16. Bonus or Premium
17. Build confidence for future
18. Personalized offer and/or incentives
19. Inform or update the customer
20. Lower price & increase perceived value
21. Replacement
22. Send seasonal greetings & induce socialization
23. Others - Please specify:
 - (i)
 - (ii)

Phase 3: Crossroads

- ❖ In the third stage (*crossroads*) of the fading process, customers increasingly feel indifferent towards the formerly preferred brand as they find alternative offerings more attractive. Thus they tend to re-interpret their previous relationship with the firm/brand.

- ❖ In this phase consumers seriously consider switching. However, they do not necessarily terminate the relationship due to financial, procedural, or relational switching costs and perceived risk of starting a whole new relationship with another brand or company.
- ❖ Consumers are still willing to give the provider “one last chance” meaning that they are not yet lost, but extremely vulnerable to competitive offerings.

Participation Instructions (Please read carefully)

Assuming yourself in *Crossroads* stage, please choose **two** restoration efforts (please circle) from the following list that you deem **reasonable** and will suffice your **minimum expectation** to consider staying with the company and restore the relationship in this phase of *Crossroads*. You can consider these restoration efforts in any service context such as mobile phone, internet, insurance, doctor / dentist, pharmacy store, hair cutting salon, hotel, airline, restaurant, banking, cable TV or any others of the kind. Please be **practical, realistic and use your cognitive thinking** while choosing the restoration efforts.

List of Restoration Efforts in Crossroad Stage
1. Apologize
2. Friendly & Courteousness
3. Fix the problem
4. Compensate
5. Offer incentives / deals
6. Improve service quality
7. Caring Interaction
8. Stop false promise
9. Refund
10. Increase the brand image
11. Auto upgrade
12. Better customer service
13. Flexible and variety of offer
14. Offer Special treatment
15. Manager intervention

- 16. Bonus or Premium
- 17. Build confidence for future
- 18. Personalized offer and/or incentives
- 19. Inform or update the customer
- 20. Lower price & increase perceived value
- 21. Replacement
- 22. Send seasonal greetings & induce socialization
- 23. Others - Please specify:
 - (i)
 - (ii)

Please give tick marks in the appropriate option:

- a) Gender: (i) Male (ii) Female
- b) Age: (i) 20 – 24 (ii) 25 – 29 (iii) 30 – 34 (iv) 35 – 39 (v) 40 – 44 (vi) > = 45
- c) Ethnicity:(i) Domestic Student; (ii) Permanent Resident; (iii) International Student

Thank you!

Appendix V

Questionnaire used in the final survey

This survey focuses on identifying appropriate efforts for companies to restore fading customer relationships. Customer relationship fading can be defined as a process of gradual decline in consumers' intention to continue relationship with a company or a brand manifested in negative feeling towards the company or brand, diminishing frequency and/or volume of transactions with it, and initiation of switching intention.

The following statements describe different aspects of the relationship that you have at the moment with your current internet service provider company. Please indicate the extent of your agreement with each statement by choosing the appropriate option.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. Currently, I am disappointed with my internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am surprised over the unfavourable event(s) experienced by me with my current internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am waiting and observing my current internet service provider before I make a switching decision.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I can't believe that I am having unfavourable experiences with my current internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. My current internet service provider is not addressing my disappointments properly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I am feeling frustrated / angry towards my current internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I doubt the credibility of my current internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I am evaluating the cost-benefits of continuing my relationship with the current internet service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. I am going to switch my current internet service provider immediately.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
10. I am feeling indifferent towards my current internet service provider.	●	●	●	●	●	●	●
11. I cannot switch my current internet service provider now because of monetary and/or non-monetary costs of switching.	●	●	●	●	●	●	●
12. I am considering the risk of starting a whole new relationship with another internet service provider before I actually switch.	●	●	●	●	●	●	●
13. Currently, I am satisfied with my internet service provider company.	●	●	●	●	●	●	●

In light of your current relationship, assume that the internet service provider company is offering you the following efforts to restore relationship with you. Please read following scenario in this regard:

When you called your internet service provider company to enquire about the unfavourable experiences that you had, you found that the company employee patiently listened to your problems and explained why the problems might have occurred. S/he was very polite, caring and empathetic to you throughout the communication.

14. How do you rate the above restoration efforts in light of current relationship with the internet service provider company?

- Below my expectation
- Match with my expectation
- Above my expectation

Following statements relate to the internet service provider company's restoration efforts described earlier. Please indicate the extent of your agreement with each statement by choosing the appropriate option based on the above restoration effort scenario.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
15. The company employee was friendly.	●	●	●	●	●	●	●
16. The company employee was polite.	●	●	●	●	●	●	●
17. The company employee showed respect to me.	●	●	●	●	●	●	●

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
18. The company employee was patient.	●	●	●	●	●	●	●
19. The company employee had the required knowledge and skills to handle the problems.	●	●	●	●	●	●	●
20. The company employee was able to answer my questions.	●	●	●	●	●	●	●
21. The company employee knew the solutions to the problems.	●	●	●	●	●	●	●
22. The company employee made an apology to me for what had happened.	●	●	●	●	●	●	●
23. The company employee apologized for the inconvenience brought to me.	●	●	●	●	●	●	●
24. The company employee did not express regret for the unfavourable events.	●	●	●	●	●	●	●
25. The employee informed his/her senior officer / manager in the office to resolve the issue.	●	●	●	●	●	●	●
26. A senior officer / manager of the company has helped to resolve the problem.	●	●	●	●	●	●	●
27. The company offered me compensation.	●	●	●	●	●	●	●
28. The compensation that I received from the company is adequate.	●	●	●	●	●	●	●
29. I am happy with the compensation that I received.	●	●	●	●	●	●	●
30. I was offered special deals that most customers do not receive.	●	●	●	●	●	●	●
31. I was offered better price than most customers.	●	●	●	●	●	●	●
32. The company offered me special services that they do not offer to other customers.	●	●	●	●	●	●	●

Strongly Disagree Disagree Somewhat Disagree Neither Agree nor Disagree Somewhat Agree Agree Strongly Agree

33. I was offered faster service than most customers

34. In light of the company's restoration efforts (described earlier), are you going to stay with the current internet service Provider Company?

- Yes, I will stay.
- No, I will not stay.

If yes, please indicate the extent of your agreement with following statements by choosing the appropriate option.

Strongly Disagree Disagree Somewhat Disagree Neither Agree nor Disagree Somewhat Agree Agree Strongly Agree

35. I will stay with my current internet service provider company.

36. I will not switch to another internet service provider.

37. I am willing to restore relationship with my current internet service provider.

38. What is your gender?

Male

Female

39. What is your age?

- 20 - 29 years
- 30 - 39 years
- 40 - 49 years
- 50 - 59 years

40. What is your ethnic background?

- Australian
- Asian
- European
- American

- African
- Middle-east
- Others

41. How long have you been a customer of this company?

- Less than 1 year
- 1-2 years
- 2-3 years
- 3-4 years
- 4-5 years
- More than 5 years

42. What is your yearly household income?

- \$30,000 - \$40,000
- \$40,001 - \$50,000
- \$50,001 - \$60,000
- \$60,001 - \$70,000
- \$70,001 - \$80,000
- \$80,001 - \$90,000
- \$90,001 - \$100,000
- \$100,001 - \$110,000
- \$110,001 - \$120,000
- \$120,001 - \$130,000
- \$130,001 - \$140,000
- \$140,001 - \$150,000
- More than \$150,001

Thank you very much for your participation. We really appreciate your cooperation.

Please enter your email in the following box if you are willing to participate in the lucky draw to win one of the three \$100 cash vouchers.

Appendix VI

Cover letter (HTML creative) used in the final survey



Dear Mr. Rabbanee,

You are invited to [participate in a survey](#) focusing on how to restore fading customer relationships within the Internet Service Provider industry.

Your input will enable these companies to develop better strategies for engaging with consumers and re-establishing valuable long-term relationships with them.

The survey is completely voluntary and available online until 30th September 2011. Any information you provide will be strictly confidential and used for academic purposes only.

As a token of appreciation for completing it by the 30th of September, you can choose to enter a prize draw to **win one of three \$100 cash vouchers**. Simply include your email address at the end of the survey to be entered into this draw.

To begin the survey, please click [here](#).

Thank you for your participation.

Regards,
Fazlul K. Rabbanee
Doctoral Research Student
School of Marketing
Curtin University

Enter Prize Draw

Click [here](#) to complete the survey on or before the 30th September 2011 and be in with a chance to win one of three \$100 cash vouchers.

[Find out more here »](#)

Further Information

For further information please contact me by [email](#) or phone 0425 355 381.

Alternatively contact my PhD Supervisor - Head of the School of Marketing at Curtin University, Prof. B. Ramaseshan by [email](#) or phone 08 9266 4674.

This survey has been approved by the Curtin University Ethics Committee (Ethics Approval No. SOM2011018).

You have received this email because of your participation in the Australian Lifestyle Survey.

If you no longer wish to receive emails from Curtin University, please click [here](#) to unsubscribe.