

## Understanding the effect of switching costs on customer retention and revenge: A cross-cultural perspective

### Abstract

Switching costs are defined as “the onetime costs that customers associate with the process of switching from one provider to another” (Burnham and al. 2003). Previous research recognized their importance in customer retention strategies (Haj-Salem et al. 2014; Blut et al. 2014). A recent meta-analysis (Pick and Eisend 2013) suggests that the effect of switching costs on customer loyalty vary according the type of the service industry and the type of switching costs. It pointed also that the quasi-totality of the previous research on switching costs were conducted in Western cultures, and whether the impact of switching costs may differs between cultures remains unexplored.

To address this shortcoming, the present paper pursues the objective to contribute the literature by enriching the conceptualization and operationalization of the switching costs construct. To do so, the present paper identifies gaps in terms of lack of attention to the cognitive appraisal and emotional patterns of customers. Thus, after reviewing switching costs concept and cultural values in marketing research we propose a theoretical model derived from the cognitive appraisal theory (e.g., Lazarus, 1991; Lazarus, 1993; Lazarus and Folkman, 1984), and adapt switching costs along the cognitive and negative emotions of customers. In this paper, we explore the different mechanisms that explain why people behave differently in the same situation of switching costs. In other word, we explain that customers evaluate positive and negative dimensions of switching costs and those evaluations influence their cognitive and emotions appraisal differently. In addition, we discuss the potential moderating effects of individualism /collectivism on customer’s coping behaviors (i.e., switch, revenge and inertia) while they encounter switching costs as a stressful situation. Our paper will contribute to marketing research in general by shedding new light on the effect of switching costs on loyalty across different cultures. Practical implications will be also proposed in the discussion part.

**Key words:** Switching costs, culture, cognitive appraisal theory, negative emotions, revenge

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