DETERMINANTS OF CUSTOMER LOYALTY: A REVIEW WITH REFERENCE TO BANKING SERVICES

Shakti Bodh Bhatnagar*

Dr. Asif Ali Syed**

Dr. Jitendra Kumar Mishra***

Abstract:

Retail banking in India is in growth stage offering an opportunity to leverage huge potential available to banks. Being fascinated by the promising business prospects of the banking industry, banks are competing for a larger share for themselves. This makes customer loyalty extremely important for banks to keep up with their growth objectives. This paper aims to identify the loyalty supporting factors for better customer retention by banks.

This paper attempts to capture the loyalty supporting factors from the available literature and prepare a conceptual framework to help services business in general and banks in particular to enhance customer loyalty for their services.

Keywords: Customer Loyalty, Factors supporting loyalty, Retail Banking, Service loyalty

---

* Shakti Bodh Bhatnagar, Doctoral Student, Aligarh Muslim University, Aligarh (UP), India

** Dr Asif Ali Syed, Assistant Professor, Department of Business Administration, Aligarh Muslim University, Aligarh (UP), India

*** Dr Jitendra Mishra, Director, MATS Institute of Management and Entrepreneurship (MIME), Bangalore (Karnataka), India

Introduction:

Customer loyalty is striven by every organization in today's competitive environment. It offers a competitive advantage to the organizations (Lovelock, 2001; Dick and Basu, 1994; Reichheld 1993). Service loyalty has been differentiated with product loyalty. Initially loyalty was primarily understood as product concept(Newman and Werbel, 1973; Jacoby and Chestnut, 1978). Literature suggests that loyalty in case of services was identified to be different from products and studied accordingly. Intangibility of the services makes it difficult for the consumers to obtain information and due to this difficulty, obtaining information about services is more costly (Zeithaml, 1981).

Achieving customer loyalty requires a thorough understanding about the factors that affect customer loyalty. Nordman (2004) divides loyalty supporting factors into factors that support loyalty by causing dedication and factors that supports loyalty by causing restraint. As per Bendapaudi and Berry (1997) customers remain loyal to the service provider because of two reasons; first they remain loyal because they want to be loyal, Secondly they may be loyal because they do not have any other option. Bendapaudi and Berry (1997) defined relationship as dedication or constraint based and they are not mutually exclusive. Jhonson (1982) stated that if customers are loyal as they are able to exit the relationship because of economic, social or psychological costs, then is termed as constraint based loyalty. Bendapaudi and Berry (1997) reported that customers in dedication-based relationship desire continuance. They suggested that constraint enables the relationship to persist. On the other hand dedication makes the relationship to grow. Both dedication and constraint lead to relationship maintenance i.e. to behavioral loyalty. Both dedication and constraint based loyalty will be different on attitudinal dimension, meaning customer attitudes towards relationship.

The link between attitudes and behavior is debated many times. Researchers have suggested that customer attitudes are normally considered to precede customer behavior (Jacoby and Chestnut 1978; Dick and Basu 1994) on the other hand some researchers have pointed out that attitudes may also be affected by behavior (Solomon et al., 1999).

Context of the Study

This study is done in the context of retail banking industry which is a service industry. Banking industry has been evolving over a period of time. Earlier there were only nationalized banks and services were also very few. As the economy opened up, private sector banks and international banks started operations in India and brought in lots of new services. These new services raised the service levels and customers started expecting the same service levels from all the players in the market Customers started to switch banks and began using those banks which were providing better services. Therefore, retaining customers i.e. making customer loyal became extremely important to the banks. Banks have also started to see growth in their business as newer services have been introduced by them. Customers use banks to not to just keep their money safe, they expect more. They expect banks to be efficient in the way they manage public money at the same time banking relies on customer's trust.

Retail Banking

Retail banking is not a new phenomenon in India. It was always there but the forms were different. As Gopinath(2005) has mentioned that retail banking has become synonymous with mainstream banking. He classified retail banking in; class retail banking and mass retail banking. Class retail banking refers to services offered to a targeted clientele. In mass retail banking, the standardized banking products and services is being offered to the customers. Retail banking focused solely at a niche customer segment may also be termed aspersonal banking. This may be termed as private banking if the high net-worth customers are given specific services as per their needs.

Loyalty Supporting Factors

Nordman (2004) classified loyalty supporting factors into two sections; factors which support loyalty through dedication and factors which support loyalty through constraint. **Satisfaction** is one of the many reasons for customer loyalty (Bolton and Lemon, 1999; Smith et al., 1999; Mittal and Kamakura, 2001). Day (1977) reported that loyalty is the response of satisfaction realized by customer in post evaluative behavior. Oliver (1980) suggested that in order to retain customers over a period of time, it is important that ongoing customer satisfaction is achieved. LaBarbera and Muzursky (1983) emphasized on achieving certain threshold of satisfaction in order to get customer loyalty. Anderson and Sullivan (1993) suggested that investing in satisfaction is similar to buying an insurance policy. Kasper (1988) extended the study done by Newman and Werbel (1973) and found that satisfaction and dissatisfaction plays an important role in customer's repeat purchase behavior.

In an important study Dick and Basu (1994) linked relative attitudes, which is made up of emotions, moods, primary affect and satisfaction, to loyalty. Economic satisfaction and social satisfaction play an important role in maintaining long term relationship (Geyskens et al. 1996). According to Ndubisi (2006) there exists a close relationship between customer satisfaction indicators like service quality, communication, trust, commitment, and conflict handling and repurchase behavior. Yu (2007) examined relationship between several dimensions of customer satisfaction with individual customers repurchase intentions. These studies have positively linked customer satisfaction to customer loyalty, while quite a few studies have reported that there is no significant relationship between satisfaction and loyalty. Mittal and Lassar (1998) found that close to one third of those customers who gave highest ratings on satisfaction were ready to switch.

Reichheld (1996) suggested that 60%to80%ofcustomerswhodefected were satisfied or very satisfied before they switched. He concluded customer satisfaction does not guarantee loyalty. ZeithamlandBitner(2003) suggested that satisfaction is the customers' evaluation of product or service in terms of whether that product or service has met their needs and expectations. Since every customer's evaluation is different from another, the level of satisfaction varies with customer. According to Bitner and Zeithaml (2003) if organization ends up providing better services which exceeds customers' needs and expectations, higher satisfaction can be achieved. Hence it is controlled, equally, by organizations.

Trust between the service provider and the customer is an important determinant of loyalty and is dependent upon both the partners in the relationship. Trust is "a willingness to rely on an exchange partner in whom one has confidence" (Moorman et al., 1992). The perception of confidence in the exchange partner's reliability and integrity depends on trust between the parties involved in exchange (Morgan and Hunt, 1994). Trust thus comes from customer's willingness and perception of confidence and it generates from the partners that is, the service provider or the organization (Moorman et al., 1992;Morgan and Hunt, 1994). Morgan and Hunt (1994) stated that trust is a major determinant of relationship commitment and brand trust leads to brand loyalty. Also, trust is directly linked to purchase and attitudinal loyalty (Chaudhuri and Holbrook 2001). Trust further acts as a strong trigger in order to enhance customer retention(Teichert and Rost 2003) and increase in trust is directly linked to the commitment level in a relationship (Kingshott and Pecotich (2007).

Commitment has been studied widely and researches show that it is largely a function of both customer and organization. Dwyer et al. (1987) reported commitment as "an implicit or explicit pledge of relational continuity between exchange partners". Moorman et al. (1992) described commitment as "an enduring desire to maintain a valued relationship". Morgan and Hunt (1994)defined commitment as "an exchange partner believing that ongoing relationship with another is so important as to warrant maximum effort at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely". Thus, the customer and the service provider put in effort to ensure the relationship endures. Liljander and Strandvik (1993) in his study reported that the concepts of commitment and loyalty are related. Morgan and Hunt's (1994) suggested that satisfaction leads to trust and trust leads to commitment which results in loyalty.

Fullerton (2003) reported that committed customers are less likely to switch. However, studies on criticism for commitment to loyalty link have found that only commitments are not enough, continuous benefits should also be there to ensure mutual relationship to continue (Dwyer et al. 1987). Bigne et al. (2001) have also suggested that since it is not necessary that customers will follow the same behavioral performance all the time and also, customers may go for great choice while evaluating purchase hence these two may act as limitations while applying commitment as a concept to loyalty. According to Evanschitzky et al. (2006) emotional bonds are more important than economic incentives and switching cost while understanding loyalty. White and Yanamandram (2007) endorsed that commitment is central to successful relationship marketing.

Another factor that drives customer loyalty is **service quality.** Many researchers have suggested that there is a direct correlation between service quality and customer behavioral intentions and retention (Oliver, 1980; Lehtinen and Lehtinen, 1982; Ennew and Binks, 1996; Ranaweera and Neely, 2003; Venelis and Ghauri, 2004). Gronroos (1984) defined service quality as “A perceived judgment, resulting from an evaluation process where customers compare their expectation with the service they have received”. Boulding et al. (1993) reported a positive relationship between service quality and repurchase intentions. The researches that confirm the customer link to service quality are; Gronroos (1982) and (1984), Lehtinen and Lehtinen (1982) and Lewis and Booms (1983). They confirmed that customer evaluate services by comparing final service outcome and their own expectation as per previous experiences. Gronroos (1982) and (1984), and Parasuramanand Zeithaml (1985) and (1988) termed the result of this comparison as ‘Perceived Service Quality’. Parasuramanand Zeithaml (1988) explained that perceived service quality is related to satisfaction but not equivalent to it. Customer’s expectation also varies from customer to customer, and hence it is customer dependent.

According to Parasuramanand Zeithaml (1988) service quality reflects a kind of attitude formed due to the difference between service to be received and how the customers perceive the services that are being received. This led to conceptualization of service quality as overall impression of the consumer of the relative inferiority or superiority of the services. Bitner (1990) reported that high level of perceived service quality will affect service loyalty, and the service quality is very much in control of the service provider as well. Zeithaml et al. (1990) and Zeithaml and Parasuraman (2004) in their studies found that services are evaluated by customers as not only the outcome of the service but they are also evaluated by production and delivery process along with peripherals related to service and is thus under service provider’s control. Gronroos (1982) suggested three dimensions of service quality as technical quality, functional quality and corporate image. All these three functions are largely controlled by organizations. Similarly research done by Lehthinen and Lehthinen (1982) identified three dimensions of service quality as - physical quality, corporate quality and interactive quality. Here also organizations have a vital role in all three modes of service quality.

Switching cost has also been found as a way to retain customers. Organizations have been building exit barriers by building switching costs. Switching cost was firstly coined as transactions costs by Williamson (1975). He explained switching costs as a cost that firm has to bear while changing supplier. Porter (1980) explained switching costs as a one-time cost which a buyer faces while switching from one service provider to another. Jackson (1985) suggested that it includes psychological, physical and economic costs that a customer faces in changing a supplier. Gremler (1995) defined it as “Those costs, including investments of time, money or effort that are perceived by customers as factors that make it difficult to purchase from a different firm”. Burnham et al. (2003) defined it as “Those costs that customers associate with the process of switching from one supplier to another”. These definitions clearly suggest that these are entirely in the purview of the organizations. It is their decision to build these costs for the customers in order to retain them.

The initial descriptive study ofKlemperer (1987) has theoretically differentiated customer switching costs as: (a) transaction costs; (b) learning costs; and (c) artificial (or contractual costs). Klemperer’s (1995) descriptively divided perceived switching costs into six different categories based on the kind of cost or loss involved: technology compatibility costs, transaction costs, learning costs, risk costs, contractual costs and psychological costs.Gremler and Brown (1996) suggested that switching in services is more than what they have to encounter in goods. The studies done by Bendapudi and Berry (1997); Dick and Basu (1994); Oliver (1997) have recognized switching costs as predictor of customer retention.Fornell (1992) points an important difference between retention of customer because of satisfaction and switching cost. In case of retention through satisfaction, since customers are satisfied it becomes harder for competitors to take away those customers.

Dick and Basu (1994) suggested that while making decisions customers gives more weight to switching costs than to satisfaction. Hence switching costs can be more critical.Gremler (1995) further suggested that switching costs is one of the main factors which understanding the imperfect correlation between satisfaction and customer loyalty. Empirical studies done by Burnham et al. (2003) and Ranaweera and Prabhu (2003) have confirmed the link between switching cost and customer loyalty. Burnham et al. (2003) claimed that switching costs acts as a better predictor of retention of customers than satisfaction. While the study done by Jones et al. (2000) in the context of banks have found insignificant relationship between switching costs and repurchase intentions. They added that switching costs increases customer retention in the case when the customer satisfaction is low. Gremler (1995), Gremler and Brown (1996), Lam et al. (2004), Ranaweera and Prabhu (2003) and Shin and Kim (2008) have suggested direct effect of switching costs on customer loyalty.

Image of brand affects loyalty in two ways. First, customers may exercise their choice to present their own image. Secondly, people classify themselves as per social identity theory and may exercise their option accordingly. Ashforth and Mael (1989) have reported that consumers like to choose their partners who share similar objectives and values. Aaker (1999) has described that consumers prefer brands which has similar personality traits as them. The brand image is entirely driven by organizations and hence it is in their control. Similarly the concept of **corporate image** can also be discussed along with this. Barich and Kotler (1991) defined corporate image as “the overall impression a firm has left on the minds of the people”. Keller (1993) defined it as “the perception of a firm reflected in the associations held in consumer’s memory”. Kennedy (1977) suggested the two dimensions of corporate image, namely functional and emotional. Bravo et al. (2010) has developed 5 dimensional scale to measure corporate brand image. These dimensions were; service offering, location, social responsibility, global impression and personnel. As customers cannot play any role changing the image or corporate image, brand image and corporate image are under the control of the organization.

Customers stay loyal to organizations as they share **bonds** with the service provider. Bonds can be characterized as positive, negative and neutral (Liljander and Strandvik 1995 and Arantola 2003). Negative bond arises due to switching barriers while positive bonds makes customer to stay loyal and cause dedication. These bonds are of various types, which makes customer to stay loyal. **Economic or financial bonds** can be perceived as positive by customers if the current service provider is perceived to provide superior economic conditions, like, special pricing (Arantola 2003). **Pricing** is controlled by organizations and hence it is organization driven. **Legal Bonds**, which is essentially developed by organizations, helps in retaining the customer. **Knowledge bonds**, if reduces risks and increases customer’s comfort levels, can be perceived as positive by customers (Arantola 2003). Here knowledge bonds refer to both organization knowing the customers and customer knowing the organization.

Structural bonds exist if service level and structure (physical structure that is created by the organizations) appeal to the customer (Berry and Parasuraman 1991, Arantola 2003).**Geographical bond** is to do with preference of location and if the customer remains loyal to the bank because the location preference then it can promote dedication (Liljander and Strandvik 1995, Arantola 2003). This is more or less driven by customer's definition of proximity or locational convenience. **Psychological, emotional, value, cultural and language bonds** exist when customer feels compatible with service provider's values, culture and language. This compatibility motivates them to stay in the relationship (Liljander and Strandvik 1995, Arantola 2003, Johnson 1982). As these are customer's choice, they are driven by customers. **Emotional bonds** exists when customer is afraid to switch because he is afraid if he / she is going to hurt the feelings of the service provider. He is feels embarrassment of leaving as he has a sense of loyalty towards the current service organization (Colgate et al, 2007). **Social bonds** refer to the benefits that customer enjoys and prevents him from switching. The benefits being referred to are relational benefits like knowing the staff, customer being recognized by the staff, the customer's understanding with the staff or perceiving the staff as friendly (Colgate et al, 2007).Both these bonds, emotional and social bonds, are largely customer's evaluations and hence are driven by them.

Alternative attractiveness or lack of alternatives is another factor which is responsible for retaining customers. Jones et al. (2000) defined alternative attractiveness as "the customer perceptions regarding the extent to which viable competing alternatives are available in the marketplace". Emerson (1962) argued that dependence is primarily explained by the fact that if any alternatives exist. Further, customer dependency on the organization depends on lack of alternatives available in the market (Holloway 2003; Jones et al. 2000, 2002 and 2007).Alternative attractiveness is customer's perception of other companies who could alternatively provide the service that customer is using currently. According to Park et al. (1994)alternatives attractiveness is a measure of attractiveness as perceived by customers. Lack of alternativeness makes customer to think that switching is not worthwhile and hence contributes to customer retention Colgate and Lang (2001). Jones et al. (2000) on the other hand have stated that alternative attractiveness acts as a moderating variable in explaining repurchase intention and does not directly influence it.

Beattyet al. (1988) extended the theory of reasoned action and explained that frequently repeated behavior makes **habit** to form. The repeated behaviors involved prior mental deliberation in other words reasoned action results into habit. Verplanken (2006) has suggested that past behavior may affect future behavior but may not necessarily result into habit.Oliver (1999) has reported that habit can be conceptualized as inertial behavior. Dick andBasu (1994) explained it as spurious loyalty. Becker et al. (1994) and Dynan (2000) suggested that consumption due to habit leads to insensitivity towards monetary concerns such as product price. Like in case of habit, **inertia** implies that consumer continues to take services from the existing service provider even when relative customer attitude is negative. This was termed as spurious loyalty by Dick and Basu (1994). White and Yanamandram (2004) suggested that this is quite common in retail banking. These both are customer concepts and driven by them. In case of inertia, and inert customer will not change its service provider and in case of habit its is customer who forms the habit by repeating the same behavior.

Relational benefits that customer gets after investing in relationship is another reason why customer chose to stay with the service providers (Colgate and Lang, 2001). Relational benefits refer to the benefits that the customers perceive them to exist as a result of being involved in a relationship.Arantola (2003) divided these benefits into monetary rewards, soft rewards and recognition. Various researchers have stated the importance of **customer's cumulative experience with brand** has a major say in development of loyalty. Dick &Basu (1994) suggested that for loyalty, cumulative experience of the brand is required along with transaction specific evaluation, which is termed as satisfaction by them. Tax, Brown, and Chandrashekaran (1998) found that in order to develop loyalty it is important that customers have positive experience with the brand in the past. Similarly Oliver (1999) reported that for loyalty to grow it is important that customers evaluate their experience with the brand. Hess et al. (2003) and Olsen and Johnson (2003)suggested that consumer's evaluation of prior service experience is key to loyalty.

Research on customer loyalty hasreported that price has influence on loyalty. Oliver (1999) has stated that purchase attribute is critical in the initial stage of loyalty development. Sirdeshmukh et al. (2002), Lam et al. (2004) and Gil-Saura and Ruiz-Molina (2009) have all suggested that high value will lead to high level of loyalty.

Customer's feeling of loyalty is also governed by the **relationship** it shares **with the seller**. Sirdeshmukh et al. (2002) suggested that trust in management practiceshas direct effect on customer's feeling of loyalty.Johnson and Grayson (2005) have suggested that satisfaction and experience with the seller induces trust in seller. Grewal, Krishnan, and Lindsey-Mulliken (2008) have suggested that if seller is able to build trust with its customers, it can act as competitive advantage. This clearly suggests that it is controlled and driven by organizations. Similarly, **service time** is also controlled by organizations and it has links to loyalty. Murphy and Enis (1986) suggested that service time would affect repatronage intentions. Williamson (1979 & 1985) suggested another concept, in that **specific knowledge about customer** is important. Lee and Cunningham (2001) suggested that this specific knowledge helps to customize the service which leads to customer satisfaction and loyalty. This is also achieved through organizations efforts in knowing the customers well.

Information search costs are in the domain of switching cost. Lee and Cunningham (2001) suggested that when the information search costs are higher, it makes overall switching costs also higher it promotes loyalty. These costs are in the purview of the organizations to induce so that loyalty can be generated. Similarly, risks perceived by customers also acts as a deterrent for customers to switch (Lee and Cunningham, 2001).Bettman(1973) and Cox (1967) suggested that **perceived risk** is there in all purchases to some extent and affects various aspects of purchasing behavior. Many researchers (Cunningham, 1967; Guseman, 1981; Roselius, 1971) have suggested that perceived risk leads to loyalty. Another factor of **geographical proximity to the service provider** is preferred by consumers as they prefer convenient location. Inconvenient locations promotes switching tendency and discourage service loyalty (Lee and Cunningham, 2001). This is relative to customers, as some location can be convenient to some and inconvenient to others.

Varki and Wong (2003) have found that consumers who are involved have greater desire to continue the relationship. Mittal and Lee (1989) have explained **involvement** as reflecting personal relevance or importance of the decision. This personal relevance will vary with customers and hence is customer dependent. Involvement is usually called as relationship involvement or customer involvement. Richinsand Bloch (1991) have stated that highly involved customers show higher satisfaction and Pritchard et al. (1999) stated that involved customers are more satisfied and become more loyal to the brands.

Relationship length is also related to customer retention. Bolton et al., (2004) suggested that the probability of customers, who are having higher duration of service, is higher for them to continue the relationship. Palmatier et al., (2006) explained relationship length as the length of time that a relationship between exchange partners has existed. Grayson and Ambler (1999) stated that longer the relationship, greater will be the investment made by both parties. These investment made by both parties correspond to greater levels of relationship value (YeungandSoman, 2007). These higher investment leads to stronger customer-service provider relationship (Palmatier et al., 2006).

Technology, mainly internet banking, has been a major factor for customers to decide on being loyal to the bank. A study conducted in Canada finds that a good website causes more online customers to stay with their banks than lower fees, financial advice or a broader product selection (Deutsche Bank Research, 2005). Every bank's technology usage and feature given therein is completely decided by organization.

As revealed from the literature review, factors which support loyalty or enhance loyalty are customer driven or organization drive or both. Therefore, a classification of these factors into these three domains will be helpful developing an understanding and thereby building customer loyalty. The factors that are discussed in the literature review have been classified and presented in the diagram below:

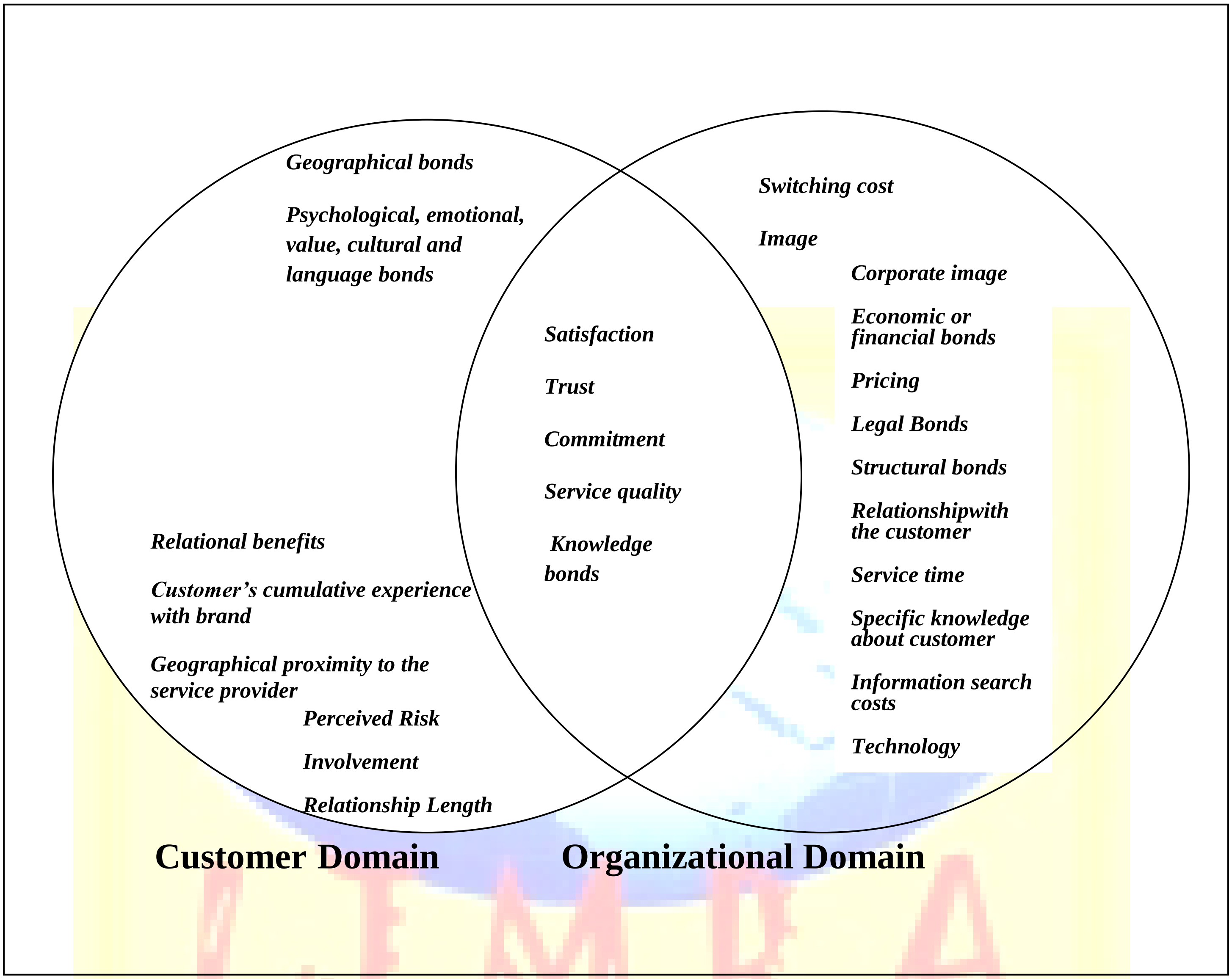

Figure 1: Map of Factors Supporting Customer Loyalty

Looking at the classification as given in the figure given above, bank as an organization will have majority of loyalty factors in their control. Out of the given factors which are under organization's control, few factors like switching cost, legal bonds, knowledge bonds, information search cost are the factors which will have negative effect on customer attitude but will help in retaining customers. These factors are fewer in comparison to factors which has positive affect both on customer attitude and customer's behavioral loyalty. The impact of these factors will vary from factor to factor. The actual extent of the impact of these factors can be understood through empirical study.

Conclusion:

As seen from the review it is found that considerable research has been done on factors which support loyalty. It is also seen that loyalty is not only supported by factors which has positive impact on attitudes to make customers loyal, but loyalty is also supported by factors which causes restrain and influence loyalty. The 3 domains of the factors which support loyalty present an interesting picture. It is seen that the factors that are in the domain of customers are mostly intangible and more to do with consumer psychology. In case of organizational domain, the loyalty supporting factors are more of tangible in nature. Meaning, organization has many factors in their control on which when they will act, will help them to retain customers.

Suggestions:

The suggested classification presents a clear picture of factors which are in manager's control. The managers of the organizations may use this understanding in creating loyal customers. The managers may evaluate their efforts on each and every factor and objectively examine the extent to which they are putting in their efforts to enhance loyalty. In this way managers will be able to know the actual loyalty efforts. While studying the customer domain factors, managers can examine their organization on each customer related factor and evaluate their strength on each customer domain factor to identify areas of strengths and weaknesses.

Limitations of the Study:

This is a qualitative study and it can be further explained by an empirical study. The empirical study can be carried out to establish the classification of factors in to the two domains as suggested. Another empirical study can be done to come out with the strength of these control domains. We may evaluate the strengths of these two domains and can come out with empirical evidence of strength which will help managers to direct their efforts accordingly.

References:

Aaker JL (1999). The Malleable Self: The Role of Self-Expression in Persuasion. J. Mark. Res., 36(1). 45–58.

Anderson, E. W. and Sullivan, M. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms. Marketing Science. 12 (Spring). 125-43.

Arantola, H. (2003). Relationship Drivers in Provider-Consumer Relationships. Empirical Studies of Customer Loyalty Programs, Doctoral dissertation. 111, Swedish School of Economics and Business Administration, Helsinki, Finland.

Ashforth B. E. and Mael, F. (1989). Social Identity Theory and the Organization. Acad. Manage. Rev., 14(1). 20–39.

Barich, H., and Kotler, P. (1991). A framework for marketing image management, Sloan Management Review, pp. 94-104.

Beatty, S. E., Kahle, L. R., and Homer, P. (1988). The Involvement-Commitment Model- Theory and Implications, Journal of Business Research, vol. 16, no. 2, pp 149-167.

Becker, Gary S., Grossman, M. and Murphy, K. M. (1994). An Empirical Analysis of Cigarette Addiction. The American Economic Review, 84(3). 396-418.

Bendapudi, N. and Berry, L. L. (1997). Customers motivations for maintaining relationships with service providers. Journal of Retailing. Spring, Vol. 73, Issue 1, pp. 15-38.

Bennett, R., and Rundel-Thiele, S. (2005). The brand loyalty life cycle: Implications for marketers. The Journal of Brand Management, 12(4). 250-263.

Berry, L. L. and Parasuraman, A. (1991). Marketing Services. Competing Through Quality. Lexington, MA: Free Press/Lexington Books.

Bettman, J. R. (1973). Perceived risk and its components: A model and empirical test. Journal of Marketing Research, 10, 184-190.

Bigne, J. E., Sanchez, M. I., and Sanchez, J. (2001). Tourism image, evaluation variables and after purchase behaviour: inter-relationship. Tourism management, 22(6). 607-616.

Bitner, M. J. (1990). The Effects of Physical Surroundings and Employee Responses. The Journal of Marketing, 54(2). pp: 69-82.

Bolton, R. N., and Lemon, K. N. (1999). A dynamic model of customers usage of services: usage as an antecedent and consequence of satisfaction. Journal of marketing research, 171-186.

Bolton, R. N., Lemon, K. N., and 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(3). 271-292.

Boulding, W., Kalra, A., Staelin, R., and Zeitarnl, V. A. (1993). A Dynamic Process Model of Service Quality: Expectations to Behavioural Intentions, Journal of Marketing Research., vol. XXX, pp 7-27.

Bravo, R., Montaner, T., and Pina, J. M. (2010). Corporate brand image in retail banking: development and validation of a scale. The Service Industries Journal, 30 (8). 1199-1218.

Burnham, T. A., Frels, J. K., and Mahajan, V. (2003). Consumer switching costs: a typology, antecedents, and consequences. Journal of the Academy of Marketing Science, 31(2). 109-126.

Chaudhuri, A. and Holbrook, M. (2001). The Chain of Effects From Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. Journal of Marketing. 65 (April). pp. 81-93.

Colgate, M. and Lang, B. (2001). Switching barriers in consumer markets: An investigation of the financial services industry. Journal of Consumer Marketing. Vol. 18, No. 4, pp. 332-347.

Colgate, M., Tong, V. T. U., Lee, C. K. C., and Farley, J. U. (2007). Back from the brink: why customers stay. Journal of Service Research, 9(3). 211-228.

Cox, D. (1967). The Audience as Communicators, in D. Cox (ed.). Risk Taking and Information Handling in Consumer Behaviour, Boston, p172-87.

Cunningham, S. M. (1967). Major dimensions of perceived risk , in Cox, D.F. (Ed.). Risk- taking and Information Handling in Consumer Be avior, Harvard University, Boston, MA, pp. 82-108.

Day, R. L. (1977). Extending the Concept of Consumer Satisfaction, Advances in Consumer Research, W. D. Perreault, ed. Atlanta: Association for Consumer Research, pp 149-154.

Dick, A. S. and Basu, K. (1994). Customer Loyalty: Toward an Integrated Conceptual Framework. Journal of Academy of Marketing Science. 22 (Summer) pp. 99-113.

Dwyer, F. Robert, Paul H. S., and Sejo O., (1987). Developing Buyer-Seller Relationships, Journal of Marketing, 51 (April). 11-27.

Dynan, K. E. (2000). Habit Formation in Consumer Preferences: Evidence from Panel Data. American Economic Review, 90(3). 391-406.

Emerson, R. M. (1962). Power-Dependence Relations. American Sociological Review, 27(1). 31-41.

Ennew, C. T. and Binks, M. R. (1996). The Impact of Service Quality and Service characteristics on Customer Retention: Small Businesses and their Banks in the UK1. British Journal of Management. 7(3). 219-230.

Evanschitzky, H., Iyer, G. R., Plassmann, H., Niessing, J., and Meffert, H. (2006). The relative strength of affective commitment in securing loyalty in service relationships. Journal of Business Research, 59(12). 1207-1213.

Fornell, C. (1992). A national customer satisfaction barometer: the Swedish experience, Journal of Marketing, Vol. 56, pp. 6-21.

Fullerton, G. (2003). When does commitment lead to loyalty?. Journal of service research, 5(4). 333-344.

Geyskens, I., Steenkamp, J. B. E., Scheer, L. K., & Kumar, N. (1996). The effects of trust and interdependence on relationship commitment: A trans-Atlantic study. International Journal of research in marketing, 13(4), 303-317.

Gil-Saura, I., and Ruiz-Molina, M. R. (2009). Retail customer segmentation based on relational benefits. Journal of Relationship Marketing, 8, 253–266.

Gopinath, S. (2005). Address as Deputy Governor as a Key-Note Speaker at the IBA - Banking Frontiers International Conference on Retail Banking Directions: Opportunities and Challenges on May 28, 2005 in Mumbai.

Grayson, K., and Ambler, T. (1999). The dark side of long-term relationships in marketing services. Journal of Marketing Research, 132-141.

Gremler, D. D. (1995). The Effect of Satisfaction, Switching Costs and Interpersonal Bonds on Service Loyalty, doctoral dissertation, Arizona State University.

Gremler, D. D., and Brown, S. W. (1996). Service Loyalty: Its Nature, Importance and Implications, in Advancing Service Quality: A global perspective, (eds) Edvardsson B., Brown S.W., Johnston R., Scheuing E.E., pp 71-180.

Grewal, D., Krishnan, R., and Lindsey-Mullikin, J. (2008). Building store loyalty through service strategies. Journal of Relationship Marketing, 7(4). 341-358.

Gronroos, C. (1982). Strategic Management and Marketing in Service Sector Helsingfors: Swedish School of Economics and Business Administration.

Gronroos, C. (1984). A Service Quality Model and its Marketing Implications. European Journal of Marketing 18(4). pp: 36-45.

Guseman, D.S. (1981). Risk perception and risk reduction in consumer services, in Donnelly, J.H. and George, W.R. (Eds). Marketing of Services, American Marketing Association, Chicago, IL, pp. 200-4.

Hess, R. L., Jr., Ganesan, S., and Klein, N. M. (2003). Service failure and recovery: The impact of relationship factors on customer satisfaction. Journal of the Academy of Marketing Science, 31, 127–145.

Holloway, B. B. (2003). The Role of Switching Barriers in the Online Service Recovery Process. Dissertation/Thesis, Unpublished. The University of Alabama.

Jackson, B. B. (1985). Winning and Keeping Industrial Customers. Lexington, MA: Lexington Books.

Jacoby, J. and Chestnut, R. W. (1978). Brand loyalty: Measurement and Management. New York. John Wiley and Sons, Inc.

Johnson, D., and Grayson, K. (2005). Cognitive and affective trust in service relationships. Journal of Business Research, 58, 500–507.

Johnson, M. P. (1982). Social and cognitive features of the dissolution of commitment to relationships. Personal relationships. 4, 51-73.

Jones, M. A., Mothersbaugh, D. L. and Beatty, S. E. (2000). Switching barriers and repurchase intentions in services. Journal of Retailing. 76(2). 259-274.

Jones, M. A., Mothersbaugh, D. L. and Beatty, S. E. (2002). Why Customers Stay: Measuring the Underlying Dimensions of Services Switching Costs and Managing their Differential Strategic Outcomes. Journal of Business Research, 55(6). 441-450.

Jones, M. A., Reynolds, K. E., Mothersbaugh, D. L. and Beatty, S. E. (2007). The Positive and Negative Effects of Switching Costs on Relational Outcomes. Journal of Service Research, 9(4). 335-355.

Kasper H. (1988) On Problem Perception, Dissatisfaction and Brand Loyalty Journal of Economic Psychology, vol. 9, pp 387-3397.

Keller, K. L. (1993). Conceptualizing, measuring, and managing costumer-based brand equity, Journal of Marketing, Vol. 57, January, pp. 1-22.

Kennedy, S. H. (1977). Nurturing corporate image, European Journal of Marketing, Vol. 11 No. 3, pp. 120-64.

Kingshott, R. P., and Pecotich, A. (2007). The impact of psychological contracts on trust and commitment in supplier-distributor relationships. European Journal of Marketing, 41(9/10). 1053-1072.

Klemperer, P. (1987). Markets with Consumer Switching Costs. The Quarterly Journal of Economics, vol. 102, pp 375-394.

Klemperer, P. (1995). Competition When Consumers Have Switching Costs: An Overview with Applications to Industrial Organization, Macroeconomics, and International Trade. Review of Economic Studies, 62(213). 515-539.

LaBarbera., P. A., and Mazursky, D.(1983). A Longitudinal Assessment of Consumer Satisfaction/Dis satisfaction: The Dynamic Aspect of the Cognitive Process, Journal of Marketing Research, vol. 20, November 1983, pp 393-404.

Lam, S. Y., Shankar, V., Erramilli, M. K. and 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.

Lee, M. and Cunningham, L. F. (2001). A cost benefit approach to understanding service loyalty. Journal of Services Marketing, Vol. 15 No 2 2001, pp 113-130.

Lewis, R. C. and Booms, B. H. (1983). The Marketing Aspects of Service Quality, in Emergence Perspectives on Services Marketing, L. Berry, G. Shostack and G. Upah, eds., Chicago: American Marketing, 99-107.

Liljander, V. and Strandvik, T. (1995). The nature of customer relationships in services, in Swartz, T.A., D. E. Bowen, and S. W. Brown (Eds.). Advances in Services Marketing and Management. Research and Practice, Vol. 4, JAI Press Inc., London, pp. 141-167.

Lovelock, C. H., (2001). Services Marketing. Prentice Hall, Upper Saddle River, NJ.

Mittal, B. and Lassar, W. M. (1998). Why do customers switch? The dynamics of satisfaction versus loyalty. The Journal of Services Marketing. 12 (3). 177-194.

Mittal, B. and Lee, M. (1989). A Causal Model of Consumer Involvement, Journal of Economic Psychology, vol. 103, pp 363-89.

Mittal, V., and Kamakura, W. A. (2001). Satisfaction, repurchase intent, and repurchase behavior: investigating the moderating effect of customer characteristics. Journal of marketing research, 38(1). 131-142.

Moorman, C., Zaltman, G. and Deshpande, R. (1992). Relationships Between Providers and Users of Marketing Research: The Dynamics of Trust Within and Between organizations. Journal of Marketing Research, 29 (August). pp. 314-329.

Morgan, R. and Hunt, S. (1994). The commitment-trust theory of relationship marketing. Journal of Marketing. 58, July, 20-38.

Murphy, P. E., and Enis, B. M. (1986). Classifying products strategically. The Journal of Marketing, 24-42.

Ndubisi, N.O. (2006). A structural equation modeling of the antecedents of relationship quality in the Malaysia banking sector, Journal of Financial Services Marketing, Vol. 11 No. 2, pp. 131-41.

Newman, J. W. and Werbel, R. A. (1973). Multivariate Analysis of Brand Loyalty for Major Household Appliances, Journal of Marketing Research, 10 (November). 404-409.

Nordman, C. (2004). Understanding Customer Loyalty and Disloyalty – The Effect of Loyalty-supporting and –repressing Factors. Doctoral thesis No. 125, Swedish School of Economics and Business Administration, Helsinki, Finland.

Oliver, R. (1980). Measurement and evaluation of satisfaction processes in retail settings. Journal of Retailing 57(3). pp: 25 – 47.

Oliver, R. (1997). Satisfaction: A Behavioral Perspective on the Consumer. McGraw-Hill.

Olsen, L. L., and Johnson, M. D. (2003). Service equity, satisfaction, and loyalty: From transaction-specific to cumulative evaluations. Journal of Service Research, 5(3). 184–195.

Palmatier, R. W., Dant, R. P. and Grewal, D. and Evans, K. R. (2006). Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis, Journal of Marketing, 70 (July). 136–53.

Parasuraman, A., and V. A. Zeithaml, (1985). A conceptual model of service quality and its implications for future research. The Journal of Marketing 49(Fall). pp: 41-50.

Parasuraman, A., and V. A. Zeithaml, (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing 64(1). pp: 12-40.

Park, C. W., Mothersbaugh, D. L., and Feick, L. (1994). Consumer knowledge assessment. Journal of consumer research, 71-82. Porter, Michael E. (1980). Competitive Strategy. New York: Free Press.

Pritchard, M. P., Havitz, M. E., and Howard, D. R. (1999). Analyzing the commitment-loyalty link in service contexts. Journal of the Academy of Marketing Science, 27(3). 333-348.

Ranaweera, C. and Prabhu, J. (2003). The influence of satisfaction, trust and switching barriers on customer retention in a continuous purchase setting. International Journal of Service Industry Management. 14(4). 374-395.

Ranaweera, C. and Neely, A. (2003). Best student paper- Some moderating effects on the service quality-customer retention link. International Journal of Operations and Production Management 23(2). pp: 230-248.

Reichheld, F. F. (1993). Loyalty-based management. Harvard Business Review, Mar-Apr. pp. 64-73.

Reichheld, F. F. (1996a). Learning from Customer Defections. Harvard Business Review March-April.

Richins, M. L., and Bloch, P. H. (1991). Post-purchase product satisfaction: incorporating the effects of involvement and time. Journal of Business Research, 23(2). 145-158.

Roselius, T. (1971). Consumer rankings of risk reduction methods, Journal of Marketing, Vol. 35, pp. 56-61.

Shin, D. H. and Kim, W. Y. (2008). Forecasting Customer Switching Intention in Mobile Service: An Exploratory Study of Predictive Factors in Mobile Number Portability. Technological Forecasting and Social Change, 75(6). 854-874.

Sirdeshmukh, D., Singh, J., and Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. Journal of Marketing, 66(1). 15–37.

Smith, A. D., 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.

Solomon, M., Bamossy G. and Askegaard, S. (1999). Consumer Behaviour. A European Perspective. Prentice Hall Inc., Harlow, England.

Teichert, T. and Rost, K. (2003). Trust, involvement profile and customer retention – modelling, effects and implications, International Journal of Technology Management, Vol. 26 Nos 5/6, pp. 621-39.

Varki, S., and Wong, S. (2003). Consumer involvement in relationship marketing of services. Journal of Service Research, 6(1). 83-91.

Venelis, K. and Ghauri, P. (2004). Service quality and customer retention: building long-term relationships. European Journal of Marketing 38(11/12). pp: 1577-1598.

Verplanken, B. (2006). Beyond Frequency: Habit as Mental Construct. British Journal of Social Psychology, 45(3). 639-656.

White, L., and Yanamandram, V. (2007). A model of customer retention of dissatisfied business services customers. Managing Service Quality, 17(3). 298-316.

Williamson, O. E. (1975). Markets and hierarchies. New York, 26-30.

Williamson, O.E. (1979). Transaction cost economics: the governance of contractual relations , Journal of Law and Economics, Vol. 22, October, pp. 223-81.

Williamson, O. E. (1985). The economic institutions of capitalism (free Press, New York).

Yeung, C. W., and Soman, D. (2007). The duration heuristic. Journal of Consumer Research, 34(3). 315-326.

Yu, S. H. (2007). An Empirical Investigation on the Economic Consequences of Customer Satisfaction. Total Quality Management and Business Excellence 18(5). pp: 555-569.

Zeithaml, V. A. (1981). How consumer evaluation processes differ between goods and services. Marketing of services, 9(1). 25-32.

Zeithaml, V. A., and Bitner, M. J. (2003). Services Marketing: Integrating Customer Focus Across the Firm.

Zeithaml, V. A., Parasuraman, A., and Berry, L. L. (1990). Delivering quality service: Balancing customer perceptions and expectations. Simon and Schuster.

Zeithaml, Valarie A., and Parasuraman, A. (2004) Service quality.

Website:

http://www.dbresearch.in/ - Deutsche Bank Research Frankfurt am Main Germany, Jul 2005.