



## **How Does Customer Experience Shape the Attitude Towards and Intention to Brand Switching?**

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### **Abstract**

Customer Experience (CeX) and Brand Switching Behavior (BsB) of customers play an important role in the market performance of brands. The underlying relationship between these two constructs to shed light into the success factors in the contemporary consumer markets. This study aimed to (1) explore the relationship between CeX and BsB behavior including Attitude Toward Switch (AtS) and Intention to Switch (ItS), (2) understand the effects of CeX on Customer Satisfaction (CuS), Brand Trust (BaT) and Brand Loyalty (BL), and (3) propose and test a sequential model of these relationships. The results of the study confirmed that positive CeX which has a statistically significant effect on CuS, BaT and BL, eventually leads to the decreasing levels of AtS and ItS through the effect of BL. On the other hand, CuS and BaT are also found to be effective on BL. Finally, AtS is found to be effective on the ItS.

**Keywords:** Customer Experience, Brand Switching Behavior, Attitude Toward Switching, Intention to Switch.

### **1. Introduction**

Today, business world intensively experiences the social and economic effects of the rapid transformation process, mainly boosted by technological advances, by being exposed to an increasing frequency of action-reaction circuit like a fast-evolving business karma. Three important dynamics, namely, disruptive innovation, neo-customers and social interaction, are the factors which force companies to adapt themselves into the new normal by leaving the conventional business models in order to survive in the market.

In this post-digital era, hyper-connected consumers turned from need-oriented into want-oriented individuals and are characterized as demanding, less loyal and easily switching customers. This situation leads to the shorter duration of customer journeys with the brands which eventually causes to diminishing of loyal customer base and negative effects on the market performances of brands.

Brands need to implement a more holistic marketing approach in order to retain their customer base and prevent churn in this new market conditions. Successful brands in the post-digital era will be those which will adapt to the new dynamics in both strategic and tactical levels in order to create and sustain superior customer experience which is required for brands to be competitive in their markets.

As Customer Experience (CeX) and Brand Switching Behavior (BsB) of customers are the two important constructs which play an important role in the market performance of brands, both professionals and academicians need to explore the relationship between these two constructs in detail. In this perspective, this study aims to (1) explore the relationship between CeX and BsB behavior including Attitude Toward Switch (AtS) and Intention to Switch (ItS), (2) understand the effects of CeX on Customer Satisfaction (CuS), Brand Trust (BaT) and Brand Loyalty (BL), and (3) propose and test a sequential model of these relationships between the mentioned constructs.

This study is divided into the two sections: one is conceptual and the other is empirical. The explanation of conceptual background related to the CeX, CuS, BaT, BaL and BsB constructs has been made and the presentation of conceptual background of the two constructs, conceptual research model has been introduced together with the hypothesis developed based on the findings of the previous studies in the current literature. Subsequent section contains the research methodology in detail covering measures and sampling methodologies, construct validity and validation checks and testing of hypothesis. In the final section, managerial implications, limitations of the study and suggestions for further research are presented.

## **2. Conceptual Background**

### **2.1. Customer Experience (CeX)**

The critical factor which brings a sustainable competitive advantage to companies in the market is their agility to implement a holistic approach to the marketing strategy by focusing on each stage of their customers' interaction with the company, its personnel, channels and products. Each interaction points of a customer with the elements of marketing programs implemented, together with each stage, which the customer goes from searching of the products to post-purchase evaluation, are the parts of the customer's journey with the brand, which in turn constitutes the basis and origin for the formation of the overall CeX. The increasing weight of CeX approach in the strategic and tactical settings of companies created the need for academicians as well as professionals to define this construct and at the same time to explore its relationship with other marketing theory constructs in order to have a deeper understanding of its effects on market performance.

Whatever is the perspective of CeX construct such as customer, consumption, product, service or shopping oriented (Başer et al. 2015), it is defined in the current literature from a holistic perspective as a construct including sensory, affective, cognitive,

physical and social dimensions (Verhoef et al. 2009; Schmitt, 1999). CeX is the result of positive customer perceptions (Ha and Perks, 2005) and it is originated via the direct and indirect interactions of customers with the brand (De Keyser et al. 2015).

In the light of the previous conceptualizations in the literature, Lemon and Verhoef (2016) defined CeX as “a multidimensional construct focusing on a customers’ cognitive, emotional, behavioral, sensorial and social responses to a firms’ offerings during the customers’ entire purchase journey”. The authors proposed the overall CeX model composed of five stages of customer journey including past experiences, pre-purchase stage, purchase stage, post-purchase stage and finally future experiences.

Since products and services offered in the market became commodities, CeX came ahead as the main differentiating factor for brands in the competition which eventually lead to the creation of economic value for the companies (Pine and Gilmore, 1998). Successful creation of CeX in a sustainable way creates a long term positive perception in consumers’ memory (Carbone and Haeckel, 1994) which in turn results in positive outcomes for the brands in different contexts such as retailing (Grewal et al. 2009), business to business commerce (Biedenbach and Marell, 2010) and online shopping (Rose et al. 2012) environments.

## **2.2. Customer Satisfaction (CuS)**

The new competitive landscape requires companies to adapt consumer centric strategies in order to be in compliance with the new dynamics and requirements of the contemporary markets. CuS has been regarded as one of the most important targets of customer centric business practices (Szymanski and Henard, 2001) and the management of customer satisfaction became an important strategic requirement for the companies (Mittal and Kamakura, 2001). Johnson and Fornell (1991) defined customer satisfaction as a “customers’ overall evaluation of the performance of an offering to date” which is composed of transaction specific and cumulative (Boulding 1990). When customer makes a purchase, a post-transaction judgement leads to the transaction specific satisfaction level (Oliver, 1993). On the other hand, when customer has an accumulation of several experiences with the brand over a period, these lead to a more generalizable judgement of customer regarding the brand and it becomes an important indicator of future CuS (Fornell, 1992).

It is widely accepted by both professionals and academicians that CuS is effective in shaping the behavior of customers in a positive manner which in turn supports the companies to realize the strategic targets (Keiningham et al. 2003). Higher satisfaction leads to decreasing price elasticity of demand eventually making customers less resistant to price increases (Anderson, 1996) and accepting the prices offered more easily (Huber et al. 2001). Eventually this provides companies the opportunity to implement higher margins (Reichheld and Sasser, 1990). Satisfied customers have also higher propensity for involving into the positive word-of-mouth (Söderlund, 1998) and this increases future efficiency of advertising and promotion programs of companies (Luo and Homburg, 2007).

CuS is also effective in increasing the customer retention rate of companies which in turn contributes to the financial efficiency by positively affecting the Return on Investment (RoI) and Return on Assets (RoA) criteria (Anderson et al. 1994; Rust et al. 2002) and this

eventually leads to the increasing financial performance (Chi and Gürsoy, 2009) as well as shareholder value (Anderson et al. 2004). The level of CuS is also affective on the firms' market performance and it is a tool for predicting future market shares of companies (Rego et al. 2013).

### **2.3. Brand Trust (BaT)**

From psychology to economics and extending towards the management and marketing disciplines, the trust construct has been the focus of many academicians as well as professionals. As the marketing discipline evolved into a more holistic and relational approach over time, this concept, which involves the relational aspects of two parties, has become an important subject also in marketing literature (Ganesan, 1994). In a business context, trust is the perception of customers with respect to the firms' commitment to act in line with their interests based on shared values and objectives (Doney and Cannon, 1997). In this perspective, in order trust to be established and sustained between the firm and their customers over time, the former needs to develop required capabilities and capacities which will facilitate the accomplishment of firms' obligations as well as promises towards the customers. The ongoing value exchange between the company and customers and the accumulation of experience in this relationship is the main source of trust (Ravald and Grönroos, 1996).

Among the many definitions of BaT in the marketing literature, the definition provided by Delgado et al. (2003) as "the confident expectations of the brands' reliability and intentions" is one of the most explanatory of the construct from marketing perspective. The two dimensions, namely reliability and intentions, are the core components of this construct from marketing perspective (Ganesan, 1994). Reliability refers to the ability as well as willingness of the brand to create value for customers by accomplishing the obligations whereas intentions are related to the perception of customers with respect to the brands' positive intentions and efforts to support their interests and solve their problems during their relationship (Delgado-Ballester and Munueva-Aleman, 2005).

As the most critical factor for the establishment of long term customer relationships (Morgan and Hunt, 1994), a well-established BaT is a tool for customers to mitigate the perception of risks related to the purchases (Power et al. 2008). Customers with high BaT levels show higher propensity to repurchase both in offline (Zboja and Voorhees, 2006) and online (Kim et al. 2008) shopping context and they are less hesitant to accept brand extensions (Reast, 2005). All these positive outcomes of BaT on consumer behavior creates a positive association with the brand equity of the company (Delgado-Ballester and Munuera-Aleman, 2005) and indirectly supports market share of the companies (Chaudhuri and Holbrook, 2001).

### **2.4. Brand Loyalty (BaL)**

Brand loyalty is characterized as being a psychological process resulted in a biased behavioral response towards a particular brand in a consistent way among the competing alternatives in the market (Jacoby and Kyner, 1973). A complete and effective BaL requires customers to show both behavioral and attitudinal loyalties at the same time. At one side, behavioral loyalty occurs when customers make a repeat purchase of the same brand (Blattberg and Sen, 1974). At the other side, strong commitment to re-purchase the brands'

product or service in a continuous way in the future proves the attitudinal loyalty of customers towards a brand (Dick and Basu, 1994).

Current marketing literature lists the advantages of having a loyal customer base as providing a protecting shield for companies by preventing competitor firms entering into the market, reducing costs related to marketing practices, increasing the willingness of customers to pay more for the brand, and preventing the brand from the counter-actions of other players in the market (Aaker, 1991; Reichheld, 1996; Mellens et al. 1996). A loyal customer base contributes to the financial performance of the company's by increasing the profitability through customer retention (Hallowell, 1996) and it also helps to boost the market share by supporting the creation of strong customer based brand equity (Dodds et al. 1991).

### **2.5. Brand Switching Behavior (BsB)**

The main motivation of consumers which lies behind choosing a brand is the value they get by involving into a relationship with the company. This relationship continues if both parties benefit from the outcomes of this relationship in parallel to their expectations. When customers prefer to continue their relationship for longer periods with the brand, they purchase more in volume with higher frequency and they are less resistant to price premiums (Reichheld and Kenny, 1990). These customers have also higher propensity to engage into the positive word-of-mouth and facilitate the acquisition of new customers for the brand which eventually leads to increasing market share (Heskett et al. 1997).

In cases where customers become unsatisfied with the relationship outcome, then the process of dissolution begins (Michalski, 2004). The most widely cited trigger event of BsB in marketing literature is the customers' dissatisfaction with the product or service performance (Keaveney, 1995; Kanwal and Lodhi, 2015). The perception of customers related to the economic outcome of the relationship such as price is also an important determinant of their intention to continue their relationship. If customers perceive the value for money they receive lower than the expected one, then they evaluate the price paid as unfair and their propensity to switch the brand increases (Bansal et al. 2005). The improvement of the relationship between the customer and the brand depends on the strength of the commitment showed by the brand's organization and this directly affects the satisfaction level and consequently the intention of customer to switch the brand (Hosseini and Amini, 2016). The strength of the effects which these triggering factors impose on BsB of customers are moderated by several factors including the involvement level of customer with the product (Shukla, 2004) and switching cost of customer to another brand (Burnham et al. 2003).

Any failure by the brand to retain the customers will result in customer churn which means the switching of customer to a competitor brand in the market. This will have important negative consequences for the market performance of the brand since it faces decreasing future cash flows and increasing advertising costs to replace the lost customer base (Keaveney, 1995).

In the light of the existing marketing literature and for the purpose of this study, the BsB has been split and integrated into the model in two dimensions, namely Attitude to Switch (AtS) (Gamble et al. 2009) and Intention to Switch (ItS) (Antón et al. 2007).

### 3. Research Model and Hypothesis Development

The proposed research model in Figure 1 aims to test the effect of Customer Experience on Brand Switching Behaviour by exploring the relationship between Customer Experience, Customer Satisfaction, Brand Loyalty, Brand Trust, Attitude to Switch and Intention to Switch in a sequential order.

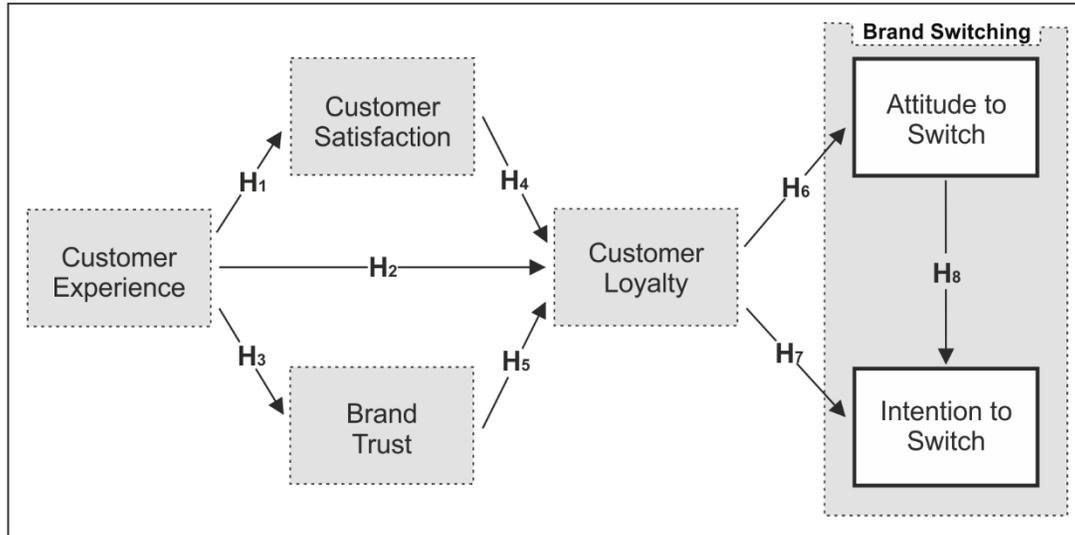


Figure 1. Conceptual Model

#### 3.1. The Relationship between CeX and CuS

The new normal of consumer expectations from their relationship with brands goes well beyond of a transactional nature, which includes a successful completion of a transaction, to a more holistic dimension which creates a total customer experience from end to end of the customer journey. The new dynamics of this relationship makes CeX as the most important pre-requisites of CuS. Brands need to deliver superior customer experience in order to satisfy their customers and protect themselves from competitor threats.

Studies in the literature confirm also the positive effect of CeX on CuS in different context and situations. In the business to business context, CeX has a strong impact on the overall satisfaction of customers (Venkat, 2007). Retail customers also have higher satisfaction levels when their CeX with the brand is in line with their expectations (Başer et al. 2015). Similarly, in the services context, CeX has a positive effect on CuS (Maklan and Klaus, 2011). Studies conducted on online consumer behavior also confirm the positive effects of CeX on the CuS in online shopping context (Rose et al. 2012). Thus, in the light of the existing marketing literature we hypothesize that:

**H<sub>1</sub>:** Customer Experience (CeX) has a positive effect on Customer Satisfaction (CuS).

#### 3.2. The Relationship between CeX and BaT

Another critical success factor in establishing long-term customer relationships which may lead to increasing financial and market performance is to create and sustain a strong trust of customers towards the brand. As the brand trust concept in marketing is borrowed from social psychology which studies personal relationships in its core (Delgado-Ballester

and Munuera-Aleman, 2001), it requires recurring interactions of the brand with the customers to be established (Zhou et al. 2012). Thus, experiences of customers with the brand, which are the accumulation of these interactions, are the most critical antecedents for the creation of the brand trust (Wang and Emurian, 2005).

Marketing literature includes many studies which confirm the positive relationship between CeX and BaT in different contexts. In retail industry, positive CeX is found to be affective on BaT (Başer et al. 2015; Kim, 2005). Consumers in online shopping environment also have higher BaT when they have strong CeX with the brands (Ha and Perks, 2005; Janda and Ybarra, 2006). Thus, in the light of the existing marketing literature, we hypothesize that:

**H<sub>2</sub>:** Customer Experience (CeX) has a positive effect on Brand Trust (BaT).

### **3.3. The Relationship between CeX and BaL**

It is widely accepted by both professionals as well as scholars that establishing long-term customer relationships are the most critical pre-requisite of superior financial and market performance. Long-term customer relationships with customers to be established requires having a loyal customer base. Based on the new dynamics of the contemporary markets, having a loyal customer base requires to develop and sustain positive customer experiences throughout their journey with the brand.

Studies in the marketing literature, which explored the relationship between these two constructs, confirmed the effect of CeX on BaL in several contexts and situations. Iglesias et al. (2011) studied the relationship between CeX and BaL on several retail product categories and confirmed the positive effect of CeX on BaL. Similarly, Şahin et al. (2011) reported the positive effect of CeX on BaL in global retail brands setting. Parallel to the previous findings, CeX has found to be effective on BaL also in business-to-business services context (Biedenbach and Marell, 2010). Online shopping experience also found being an important contributor to the BaL by increasing online purchase intention of customers (Khalifa and Liu, 2007). Consequently, in the light of the existing literature, we hypothesize that:

**H<sub>3</sub>:** Customer Experience (CeX) has a positive effect on Brand Loyalty (BaL).

### **3.4. The Relationship between CuS and BaL**

Whatever is the country, industry or context which the brand operates in, it is a rule of thumb that customers are looking for their needs to be met by the offerings of the companies they work with. When the result of the value exchange equation is positive for the customers, which results into increasing satisfaction level with the brand, customers tend to continue their relationship with the brands by showing both behavioral as well as attitudinal loyalty.

The relationship between CuS and BaL is one of the most studied areas in marketing literature and many of these studies confirm the positive relationship between these two constructs. Awan and Rehman (2014) studied this relationship in durable goods sector and confirmed the positive effect of CuS on BaL. Similarly, Bloemer and Ruyter (1998) confirm the same positive effect of CuS on BaL in retail store context. In the services industry, CuS has found to be effective determinant of BaL in both business-to-business and business-to-consumer context (Lam et al. 2004; Msallam, 2015; Hallowell, 1996; Mc

Alexander et al. 2003). Finally, e-satisfaction is also found to be positively effective in the e-store loyalty (Anderson and Srinivasan, 2003; Harris and Goode, 2004). Thus, in the light of the existing marketing literature, we hypothesize that:

**H<sub>4</sub>:** Customer Satisfaction (CuS) has a positive effect on Brand Loyalty (BaL).

### **3.5. The Relationship between BaT and BaL**

One of the most leading characteristics of consumers in contemporary consumer markets is their search for authenticity and sincerity which leads to the formation of trust. For customer to engage into long lasting relations with brands, the formation of trust is one of the primary requirements. Professionals and scholars agree that customers who trust the brands they engage into an exchange relationship, tend to be loyal to these brands.

Studies in the marketing literature which aimed to explore this relationship also confirm the positive effect of BaT on BaL in different contexts. Retail customers who trust to the brand they prefer, tend to show both behavioral and attitudinal loyalty (Chaudhuri and Holbrook, 2001; Delgado Ballester and Munuera-Aleman, 2005). In the retail services industry, the trust of consumers to the brand positively affects the loyalty level of customers to the service provider (Lewis and Sourelli, 2006). BaT is also found to positively contribute to the BaL levels in the business-to-business services context by affecting the formation of loyalty related attributes (Chumpitaz and Paparoidamis 2007). Consumers who engage with brands in online environments tend to have higher level of store loyalty in cases where they trust to brands they prefer (Harris and Goode, 2004; Ribbink et al. 2004). Consequently, in the light of the existing literature, we hypothesize that:

**H<sub>5</sub>:** Brand Trust (BaT) has a positive effect on Brand Loyalty (BaL).

### **3.6. The Relationship between BaL and BsB**

Contemporary markets have been characterized with extreme competition due to the high propensity of customers to switch their brands unless they have emotional bounds with the brands they prefer. The emotional aspect of the relationship is the most critical aspect of creating a loyal customer base which eventually leads both behavioral (Blattberg and Sen, 1974) as well as attitudinal loyalty (Dick and Basu, 1994).

Positive experiences of customers with the brands result in their intention to continue to purchase the brand in the future (Lubis et al. 2015) and this leads to a lower propensity for switching the brand since customers do not want to be exposed to additional search costs (Reichheld and Sasser, 1990). Customers who show strong brand loyalty tend to have smaller sizes of consideration sets and these customers show more willingness to make their purchases from the same brands (Sambandam and Kenneth, 1995). Thus, in the light of the existing literature, we hypothesize that:

**H<sub>6</sub>:** Brand Loyalty (BaL) has a negative effect on Attitude to Switch (AtS).

**H<sub>7</sub>:** Brand Loyalty (BaL) has a negative effect on Intention to Switch (ItS).

### **3.7. The Relationship between AtS and ItS**

As one of the main studying areas of social psychology, the relationship between attitude and intention, has been also the subject of investigation in the marketing literature, especially after the evolution of marketing to a more relational perspective. From the

perspectives of the theory of planned action and expectancy value model, attitudes eventually lead to behavioral outcomes based on the beliefs inherent in the memory (Ajzen and Fishbein, 2000).

The relationship between attitude and actual behavior has been the subject of many studies in marketing literature. Positive attitudes of customers toward the brand are found to be effective on their intention to make recurring purchases from the same brand (Baldinger and Rubinson, 1996). In the retail stores context, the behavioral intention of customers is mainly predicted by their attitude towards the store brands (Guerrero et al. 2000). The positive effect of attitudes toward an object on intention is also valid in e-shopping context where positive attitude of consumers towards e-shopping influences their intention to shop online (Ha et al. 2009). The findings in different contexts and situations shows a strong relationship between attitude towards an object and the corresponding intention. Thus, in the light of the existing literature, we hypothesize that:

**H<sub>8</sub>:** Attitude toward the Switch (AtS) has a positive effect on Intention to Switch (ItS).

#### **4. Research Methods**

In this research, quantitative data was collected by using survey which was designed in five-point Likert and semantic scales. The scales employed in this research were taken from corresponding literature. In order to determine the validity and the reliability of these scales, confirmatory factor analysis (CFA) and reliability analysis were conducted respectively (Civelek, 2018). Subsequently, the hypotheses which were put forward in conceptual model were tested by structural Equation Modelling (SEM) method. This method is a multi-variable statistical method (Byrne, 2010). Conceptual model of this research contains direct and indirect relationships among the variables. Therefore, SEM was chosen as analysis method for eliminating measurement errors (Meydan & Şeşen, 2011). All of the analysis was conducted in AMOS and SPSS statistics programs.

##### **4.1 Measures and Sampling**

The scales adopted from prior studies were used to measure the constructs. Customer Experience scale with 12 items (Brakus et al. 2008), Customer Satisfaction scale with 6 items (Oliver, 1980), Brand Trust scale with 8 items (Delgado-Ballester et. al. 2003) and Brand Loyalty scale with 3 items (Yoo & Donthu, 2001) was adopted from previous studies in the marketing literature and Five-point Likert scale ranging from strongly disagree to strongly agree was used in their measurement. Attitude to Intention scale was adopted from Bansal and Taylor (2002) who operationalized 7 of 12 bipolar adjective items generated by Ajzen and Driver (1992). Similarly, Intention to Switch scale adopted also from the study of Bansal and Taylor (2002) who generated the 3 bipolar items from the studies of Oliver and Swan (1989) and Zeithaml et al. (1996). More than 750 distributed, 565 valid questionnaires were gathered from prominent cities throughout Turkey.

##### **4.2 Construct Validity and Reliability**

30 items were included in the confirmatory factor analysis after the data purification. CFA was performed so as to determine the construct validity (Anderson & Gerbing, 1988). CFA results indicated that the fit indices of the model were in adequate level:  $\chi^2/DF=1835$ , CFI=0.893, IFI=0.895, RMSEA= 0.073. CMIN is The Likelihood Ratio Chi-Square Test. Analysis indicate the conformity between the initial model and acquired model. A

CMIN/DF ratio is below the threshold level of 3. Furthermore, other fit indices reached the acceptable level (Bagozzi & Yi, 1990).

As shown in Table 1, standardized factor loads of each item are larger than 0.5 and significant according to the results of CFA. Additionally, average variance extracted values were calculated. Results are beyond the threshold level of 0.5 except one value (Byrne, 2010). These results indicate existence of the convergent validity of the scales. To evaluate discriminant validity, the square roots of AVE values of each variable were also calculated. The diagonals demonstrate the square root of AVE values in Table 2. Composite reliability and Cronbach  $\alpha$  values are shown in Table 2. These values are beyond the threshold level (i.e. 0.7) (Fornell & Larcker, 1981). Construct Correlation, average variance extracted values, composite reliabilities and Cronbach  $\alpha$  values of each constructs are shown in Table 2.

Table 1. Confirmatory Factor Analysis Results

Variables	Items	Standardized Factor Loads	Unstandardized Factor Loads
Attitude to Switch	ASWT31	0.684	1
	ASWT37	0.763	1.285
	ASWT33	0.783	1.172
	ASWT35	0.866	1.445
	ASWT32	0.839	1.355
	ASWT36	0.888	1.494
	ASWT34	0.880	1.405
Customer Satisfaction	CSTF22	0.823	1
	CSTF24	0.898	1.115
	CSTF26	0.943	1.210
	CSTF27	0.628	0.900
	CSTF25	0.716	0.987
Customer Experience	CEXP07	0.594	1
	CEXP05	0.580	0.971
	CEXP02	0.746	1.150
	CEXP03	0.806	1.399
	CEXP04	0.696	1.178
	CEXP08	0.553	1.019
	CEXP09	0.519	0.872
Brand Trust	CEXP10	0.537	0.945
	BTRS21	0.514	1
	BTRS20	0.621	1.177
	BTRS19	0.784	1.362
Customer Loyalty	BTRS18	0.877	1.454
	CLYT29	0.794	1
	CLYT28	0.694	0.869
Intention to Switch	CLYT30	0.765	0.925
	ISWT38	0.798	1
	ISWT40	0.878	0.894
	ISWT39	0.868	1.053

$p < 0.01$  for all items

Table 2. Construct Correlation, AVE and Reliability

Variables	1	2	3	4	5	6
1.Attitude to Switch	(.807)					
2.Customer Satisfaction	-.119	(.810)				
3.Customer Experience	-.148	.430*	(.649)			
4.Brand Trust	-.187*	.498*	.510*	(.712)		
5.Customer Loyalty	-.311*	.424*	.452*	.466*	(.752)	
6. Intention to Switch	.595*	-.210*	-.282*	-.315*	-.428*	(.848)
Composite reliability	.917	.903	.833	.799	.796	.885
Average variance ext.	.651	.656	.422	.508	.566	.720
Cronbach $\alpha$	.929	.909	.851	.784	.773	.876

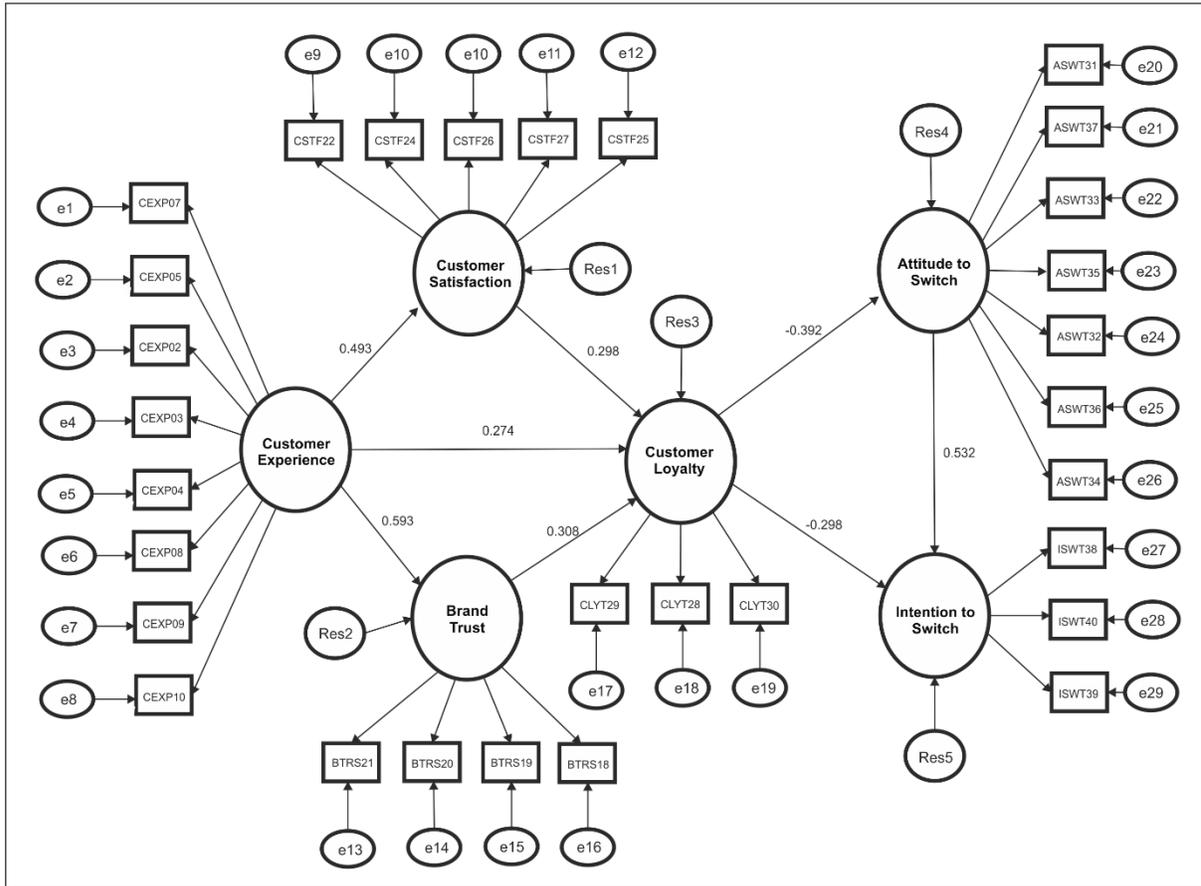
\*p &lt; 0.05

Note: Diagonals show the square root of AVEs

### 4.3 Test of Hypotheses

In order to test the hypotheses, structural regression model was analyzed by using maximum likelihood estimation methods. Evaluation of the structural regression model was made according to the goodness of fit indices. The  $\chi^2$  statistic and the root mean square error of approximation (RMSEA) are the absolute goodness of fit indices. The comparative fit index (CFI) and the incremental fit index (IFI) are the relative goodness of fit indices (Akgün, et al. 2014). As shown in Figure 2, goodness of fit indices indicates that model adequately fitted.  $\chi^2/DF$  value is 1.687 and under threshold levels (i.e. 3). CFI is 0.900, IFI is 0.902. RMSEA is 0.067. These values are satisfactory. As shown in Table 3, all hypotheses have been accepted.

Figure 2. Results of SEM Analysis



Note:  $\chi^2/DF = 1.687$ , CFI = 0.900, IFI = 0.902, RMSEA = 0.067

Table 3. Hypotheses test results

Relationships	Standardized Coefficients	Unstandardized Coefficients
Customer Experience → Customer Satisfaction	0.493*	0.581*
Customer Experience → Brand Trust	0.593*	0.516*
Customer Experience → Customer Loyalty	0.274*	0.382*
Customer Satisfaction → Customer Loyalty	0.298*	0.353*
Brand Trust → Customer Loyalty	0.308*	0.493*
Customer Loyalty → Attitude to Switch	-0.392*	-0.519*
Customer Loyalty → Intention to Switch	-0.298*	-0.376*
Attitude to Switch → Intention to Switch	0.532*	0.507*

\*p < 0.05

## **5. Discussion**

### **5.1 Findings and Managerial Implications**

This study aimed to contribute to the marketing literature by exploring the relationship between Customer Experience and Customer Switching Behavior which both play crucial role in financial as well as market performances of companies. The research model proposed and tested included Customer Experience, Customer Satisfaction, Brand Trust, Brand Loyalty, Attitude to Switch and Intention to Switch as the interacting variables in a sequential order. Parallel to the findings in the existing literature, results of this study confirmed the positive effect of Brand Experience on Customer Satisfaction (Maklan and Klas, 2011; Venkat, 2007), on Brand Trust (Kim 2005; Ha and Perks, 2005), and on Brand Loyalty (Iglesias et al. 2011). Furthermore, Brand Experience effect on Brand Loyalty, leads eventually to the decreasing levels of Attitude to Switch and Intention to Switch. On the other hand, results also confirm the findings in the literature regarding the effect of Customer Satisfaction (Rahman, 2014; Lam et al. 2004) and Brand Trust (Lewis and Sourelli, 2006; Rihhink et al. 2004) on Brand Loyalty. Finally, Attitude to Switch is found to be effective on the Intention to Switch of consumers to another brand which confirms the existing findings in the literature ((Baldinger and Rubinson, 1996). The results confirm the sequential model of these relationships which leads Customer Experience to eventually decrease the brand switching intention of customers.

The results lead to several managerial implications which need to be addressed in detail. First of all, taking into consideration the new dynamics of the consumer markets, results of the study confirmed that positive customer experience is the starting point and a precedent of strong loyal customer base, since it directly and indirectly (through customer satisfaction and brand trust) enhances the loyalty level of customers. Creating a unique, superior customer experience in a continuous way in order to have a sustainable competitive advantage in the market, companies need to implement a strategic approach supported by the tactical level actions.

In the strategic level there are some important pre-conditions which are required to be met in order to be able to deliver the superior customer experience in the tactical level. These pre-conditions are the development of a customer-centric organizational culture, down-to-top organizational structure and implementation of customer insight systems into the business processes. Customer-centric organizational culture will provide all business units to bring customer at the center of their business processes and will support the creation of superior value for the customer with the collaboration between the organizational units under one shared headline objective. Delivering superior customer experience needs to establish a down-to-top organizational structure which clears the way for getting customer feedback in a continuous way as the main source of designing a positive customer experience throughout the journey of customers with the brand. While establishing the required infrastructure in order receive continuous customer feedback which will feed the strategy formulation at the top of the organization is a good start, this customer feedback and information needs to be analyzed and turned into useful insights to be the core fuel of strategic formulation. At this point, companies need to develop customer insight systems in the organization in order to transform customer feedback and behavioral data gathered from each interaction of customer with the brand into useful insights.

Brands which effectively satisfy the strategic level requirements of creating a unique and superior customer experience in a sustainable way, will benefit from the creation of satisfied customers with high brand trust as well as loyalty which in turn will support the retention of customer base and reduce the intentions of customers to switch to another brand.

### **5.2 Limitations and Suggestions for Future Research**

In order to pave the way for further research, it is important for the authors to mention some limitations of this study and make suggestions for further research. As the current study explores the relationship between customer experience and consumer switching behavior, the research model can be extended by including other factors independent from customer experience such as switching costs which are also found to be affective on the consumer switching behavior. This will provide a more holistic understanding of the underlying relationships within the constructs employed in the model. Secondly, cross-country differences, and generational comparison may be included in the future studies to reach at more generalizable results.

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