Customers’ Continuance Intention Regarding Mobile Service Providers: A Status Quo Bias Perspective

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ABSTRACT

Using a status quo bias perspective, this paper examines the relation between customers’ inertia and continuance intention, identifying the moderating role of contractual subscription on this relationship. The authors’ model is validated using data collected from 457 mobile phone service customers and partial least squares. Results show that customers continue with mobile service providers due to their inertia resulting from habit and switching costs. The effect of customers’ inertia on their continuance intention is stronger when they have a contractual subscription with the mobile service provider. The authors’ results show the importance of including inertia when studying customers’ continuance intention and taking into account the specific moderating effect of contractual subscription.

KEYWORDS
Continuance Intention, Contractual Subscription, Customer Inertia, Mobile Service Providers, Status Quo Bias

INTRODUCTION

The mobile phone service market shows considerable and continued growth in terms of market size, variety of services and intense competition (Fuentelsaz et al., 2012; GSMA, 2015). Although a dynamic market, mobile phone services are ranked below the average in customer satisfaction compared with other information technologies (IT) services (Malhotra & Malhotra, 2013). With such a low ranking, it is not surprising to see high switching behaviors (Shin & Kim, 2008). In Europe, switching behaviors concerning mobile services have significantly increased recently, with rates exceeding 41% in Spain, 37% in the Netherlands, 35% in Germany, 33% in France and 32% in the U.K. (Khedhaouria & Beldi, 2014; Rusby & Sale, 2015). Hence, to discourage switching behavior in mobile service customers, providers must understand what motivates their customers to continue their services (Kim et al., 2013).

The Expectation Confirmation Model, or ECM (Bhattacherjee, 2001), has mostly been used to predict IT continuance intention (Nabavi et al., 2016). The ECM posits that continuance intention is fundamentally a purposeful behavior based on conscious decisions related to expectations of benefits from future usage and satisfaction about prior usage (Bhattacherjee, 2001). Other research indicates that continuance intention might be habitual based on subconscious decisions related to repeated behavioral sequences (Limayem et al., 2007; Limayem & Cheung, 2011).

DOI: 10.4018/JGIM.2016100101

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The ECM is appropriate for predicting continuance intention concerning a mobile technology in which customers interact with the technology without consuming any service but is not appropriate to predict the intention to continue using mobile services provided by an operator (Kim et al., 2013). Users of mobile services are not only mobile technology users but also service consumers (Ng & Kwahk, 2010; Boakye et al., 2014). Therefore, to understand customer continuance intention better it is important to seek alternative theoretical perspectives (Bhattacherjee & Lin, 2015) that consider the service aspect.

Continuance intention refers to a customer’s tendency to continue an existing behavior (Bhattacherjee, 2001) and to maintain the so-called status quo (Kim & Gupta, 2012; Zhou, 2014a). Understanding why customers maintain the status quo can be useful for mobile service providers to retain their customers (Ng & Kwahk, 2010). The status quo bias theoretical perspective (Samuelson & Zeckhauser, 1988) offers a useful framework to explain customers’ tendency to remain with their current service providers (Kim & Gupta, 2012). The framework highlights the role of inertia in explaining the bias resulting from rational decision making whereby customers consider the costs of switching from the status quo to new service providers (Chen & Hitt, 2002; Bawa, 1990). Indeed, inertia reflects a bias toward the status quo because a customer systematically favors continuing using the same service provider even when there are better alternatives (Polites & Karahanna, 2012). Inertia is conceptualized as resulting from conscious (i.e., switching costs and satisfaction) and subconscious (i.e., habit) choices leading to continuance intention (i.e., maintaining the status quo) (Ng & Kwahk, 2010; Kim & Gupta, 2012; Polites & Karahanna, 2012).

Studies on inertia are well documented in the information system (IS) literature (Chen & Hitt, 2002; Gupta et al., 2007; Kim & Kankanahalli, 2009; Kim, 2009; Kim et al., 2005; Lapointe & Rivard, 2005; Lending & Straub, 1997). However, few empirical studies discuss the effect of inertia on customer continuance intention for IT services in general (Bhattacherjee & Hikmet, 2007; Kim & Gupta, 2012; Polites & Karahanna, 2012) or for mobile services in particular (Ng & Kwahk, 2010; Zhou, 2014a).

Therefore, based on a status quo bias perspective (Samuelson & Zeckhauser, 1988), the objective of our study is to examine the effect of inertia on the intention of customers to continue using their current mobile services. Our model includes conscious (i.e., switching costs and satisfaction) and subconscious (i.e., habit) variables that are hypothesized to lead to continuance intention (i.e., the status quo) (Ng & Kwahk, 2010; Kim & Gupta, 2012; Polites & Karahanna, 2012). Furthermore, our model accounts for contractual subscription as a moderator of this relationship because it has been suggested that customers with a contractual subscription are more likely to perceive that they are “locked in” to their service providers, which biases them toward the status quo (Valletti & Cave, 1998; Gerpott et al., 2001; Richards, 2015). Our model is validated using data collected from 457 mobile service customers and partial least squares (PLS).

The results demonstrate that customers may continue with mobile service providers (1) due to inertia resulting from habit and perceived switching costs; and (2) due to their habit and satisfaction with services. Results also show that the effect of customer inertia on continuance intention is stronger in the case of a contractual subscription.

Our study is original because it proposes a comprehensive model based on the status quo bias perspective to predict customer continuance intention for mobile services. From a theoretical perspective, our study contributes to the IS literature on continuance intention by identifying the mechanisms by which status quo bias, through inertia and contractual subscription, influences customer continuance intention and by showing how antecedents such as habit, switching costs and satisfaction are associated with both inertia and continuance intention. From a practical perspective, our research provides useful insights for mobile service providers to understand better how to retain their customers.
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