

## **Switching Barriers (Customer Retention)**

*Customer retention can also be enhanced through the creation of switching barriers (as opposed to building positive relationships).*

*Your task in this exercise is to review the following examples, in order to identify the likely satisfaction level of the customer involved*

### **Selected Customer Comments**

- “I’m still with my bank – even though their service isn’t great – but it’s just too much effort to open new accounts and loans somewhere else”
  - “I haven’t been happy with my regular airline lately. But I’ve got so many frequent flyer points, it would be a shame to lose them”
  - “I don’t like my mobile phone company anymore. But I can’t switch, there’s a \$800 penalty if I break the contract early”
  - “I’d like to go to a new university. But I’m not sure whether I would get credit for all my subjects. I might end up having to do three extra ones!”
  - “My accountant’s just OK, but all my records are at the accountants, it would be difficult to move”
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### **Student Discussion Questions**

1. For each of the above examples, how satisfied does the customer appear to be? (Use the scale of very satisfied, just satisfied, or dissatisfied.)
2. What is the effective switching barrier in each of the above examples? That is, why does the customer choose to remain loyal and not switch?
3. Do you think that firms should deliberately introduce switching barriers or is this likely to decrease customer satisfaction levels?
4. Which types of switching barriers, in addition to the above list, are you also aware of?