2014

"Through the Looking Glass; Understanding Consumer Inaction in Retail Financial Services"

Tara Rooney
Technological University Dublin, tara.rooney@tudublin.ie

Katrina Lawlor
Technological University Dublin, katrina.lawlor@tudublin.ie

Eddie Rohan
Technological University Dublin

Recommended Citation

Rooney, T., Lawlor, K. and Rohan, E. "Through the looking glass; understanding consumer inaction in retail financial services". DIT 2014.

“Through the Looking Glass; Understanding Consumer Inaction in Retail Financial Services”

Dr Tara Rooney
Dublin Institute of Technology

Dr Katrina Lawlor
Dublin Institute of Technology

Dr Eddie Rohan.
Dublin Institute of Technology

Contact Details: Tara Rooney, Institute of Technology Blanchardstown, Blanchardstown Road North, Dublin 15. Email: tara.rooney@itb.ie, tel: +353 (0)1 885 1092

Abstract

Understanding why consumers choose to remain in relationships which they find less than satisfactory is a key concern for relationship marketing theory. In this paper we explore the alternative choices available to consumers after exit has been considered and then declined. Applying a narrative methodology within a social constructionist framework, the paper presents a theory of Relationship Neutrality. We go through the looking glass, into to a world of relationship contradictions and irrationality to consider long term relationship engagement which is different from the one theory has grown accustomed to.

Key Words: *Dissolution, Inertia, Disaffect, Narrative*

Purpose of the Study

Theory prefers to focus on the positive aspects and benefits of relationship marketing however it is also the case that relationships can exist in a dissatisfied state (Gummesson 2008) and can be engineered to engender a culture of forced retention (Donaldson and O’Toole 2007, Egan 2008). It is now accepted as fact that consumers can and do remain in relationships in a non-committal or dissatisfied state for extended periods of time (Stewart 1998, Dawes and Swailes 1999). What is less understood are the reasons why consumers choose to continue in these types of situations rather than acting rationally, and exit to a more attractive or more suitable alternative (Yanamandram and White 2012). Consumer relationship dissolution theory does not attend to the possible alternative options for consumers who choose to decline exit in favour of continuance, nor does it consider the behaviour of consumer inaction within the dissolution process. Truly understanding the dissolution and exit process is only possible by also understanding why consumers choose not to exit (Colgate, Nugent and Lee 2007).

In this paper we focus on consumer inaction in services relationships. Specifically we consider the reasons why consumers decline exit after repeated negative experiences. The research will delve into the contemplative space within which a hidden dissolution occurs and consider the motivations and rationalisations leading to consumer inaction within that process. Theorisations provide an alternative option to our current understanding of consumer relationship maintenance, one which is not positive in the consumers mind. What is clear is that the dynamics of deciding not to exit are complex, involving cognitive, behavioural and sociological influencers.

Relationship Dissolution

When faced with relationship breakdown consumers have two broad choices; to exit or to remain. From a marketing perspective, much research has been conducted in the field of consumer exiting (Stewart 1998, Keaveny 1995) which tends to focus on the reasons influencing the decision to exit (Tähtinen and Halinen 2002). Remaining is the alternative option and in the literature this is generally deemed to be a positive outcome within the dissolution process. In this instance, the focus is on the moderators of relationship exit with the suggestion that relationships can in fact grow and improve after recovery.

Looking at dissolution models, two issues are of note. In the first instance, theory tends to take a wide view of relationships rarely taking into account the challenges that might be present within individual relationships. For instance, the process of dissolution can be long or slow depending on the nature of the relationship (Roos and Strandvik 1997, Coulter and

Ligas 2000). Relationships can end abruptly, without any warning or can simply ‘fizzle-out’ with time (Pressy and Matthews 2003, Michalski 2004). Secondly, research often views dissolution as a static staged process, involving a single contributory factor resulting in exit (Michalski 2004). Dissolution theory refers to this as a ‘trigger’ pushing the individual towards exit (Roos and Strandvik 1997). Indeed much of the research in the late 1990’s and early 2000’s focused on how the relationship ended and the factors that influenced termination (see: Keaveny 1995, Roos and Strandvik 1997, Stewart 1998) but conceptualisations remained poor (Tähtinen and Halinen 2000). A more process-led view of dissolution is required, similar to the social psychology literature where it is acknowledged that dissolution does not signal a downward spiral in the relationship, as termination is but one possible option for individuals (Duck 1982).

A barrier to the development of such an approach in the marketing literature is the reality that most dissolution theory, like relationship marketing theory, tends to focus on the factors that moderate dissolution (such as high levels of satisfaction and good alternatives), rather than the factors that drive the process (Yang, Sivadas, Kang and Oh 2012). Nor does current marketing theory attend to the transition points within the dissolution process and consider how consumers move from one phase to another, for instance from the brink of exit to continuing the relationship. Rather it remains focused on the ending process itself (Michalski 2004) with the result that theory has somehow jumped ahead of understanding how this process works to focus on the application of recovery and retention strategies. It is the case that empirical research concerning the motivations, drivers and process of dissolution is lacking.

Consumer Alternatives to Exiting

After considering exit, Lee (1984) specifies that individuals will then enter a resolution phase whereby they make a decision about the future of the relationship. This contemplative space is ultimately where the decision to remain or leave occurs. At this time the individual goes through a process of transformation where they will either move toward exit or will cognitively reassess the relationship anew in order to allow it to continue. For the most part, dissolution takes place in the mind rather than in reality (Duck 1982) and researchers dealing with interpersonal issues have begun to consider this hidden element of dissolution to focus on the transition between stages within the process (Conville 1991). Marketing literature has yet to consider how individuals move between these stages, what these stages are or how external recovery tactics impact consumer decisions at this juncture.

Colgate, Nguyen and Lee (2003) refer to this type of situation as the “Switching Dilemma” and argue that there are two possible outcomes to a consumer’s desire to switch; one is that they actually exit and the other is inertia. At this point the consumer starts to evaluate the costs of leaving versus the costs of remaining. Ultimately the decision to remain is partly influenced by recovery tactics and partly a result of the cognitive process within the consumers mind. Marketing theory fails to consider the latter preferring to focus on the strategies to prevent exit.

Explaining Consumer Inaction

The decision not to exit can, in the event, be more complicated than the decision to exit but nonetheless, is considerably less well understood. While it is the reality that switching variables restrict or influence exiting decisions, other more behavioural issues may be at play. Martin (2008) argues that most consumer choice involves an unconscious component. Nonconscious consumption is an unawareness of external marketing efforts and their effects on repurchasing. It is a learned behaviour in the absence of awareness (Kirshnan and Trappey 1999). Recently theory has shifted away from viewing the consumer as a rational being who actively makes consumption decisions, to focus on the importance of an influential unconscious thought process. Such a shift will require a theoretical change of perspective in how marketers view consumers (Martin and Morich 2011). The argument is that where consumers do not switch when dissatisfied a non-conscious effect is in operation (Huang and Yu 1999, White and Yanamandram 2004). Where this inaction is repeated over time it eventually becomes a default reaction with the effect that future behavioural responses become stereotyped, increasing cognitive barriers and making any prospect of exit very unlikely (Wheatley and Wegner 2001). Contrary to what one might think, this automaticity of behaviour can eventually change beliefs whereby individuals will alter their perceptions to fit or explain an illogical pattern of behaviour (such as not exiting). In the social psychology field, this has been shown to be true even in instances where it is known that the behaviour actually physically or mentally damages the individual, as is the case with Obsessive Compulsive Disorders (Gillan 2014).

Ambivalence can also discourage consumers from enacting exit. However, as a term it is widely misrepresented in the literature. Wheeler and Jones (2006) define emotional ambivalence as the "simultaneous holding of contradictory, opposing or mutually exclusive opinions or feelings about an object, idea or situation" (p. 255). Ambivalence is high in situations where an alternative brand choice yields equal value to the current brand choice and so is likely to be more prevalent in marketplaces where alternatives are perceived as similar. It is also a learned behaviour (Wheeler and Jones 2002) with a slow and incremental development (Stanley, Rhoades and Markman 2006), best suited to long term marketplace relationships. Ambivalent individuals are less likely to make decisions and so will seek the opinions of others prior to action (Zemborian and Johar 2007) making their reactions delayed and responses slower (Boeham 1989). The paradoxical consequence of ambivalence is reduced commitment but a greater likelihood that the relationship will endure.

It is important to acknowledge that decisions are not made in a vacuum and previous decisions often influence future decisions. It is therefore misguided to look at consumer decision making without considering the temporal embedment of past decisions (Van, Zeelenberg and Van Dijk 2007, p. 65). Inaction inertia is a behaviour where an individual will decline a switch based on past inaction. These past decisions not to switch can influence current motivations (Tykocinski, Pittman and Tuttle 1995). The initial missed opportunity to switch is viewed as the ‘inaction’ and the subsequent decisions not to switch are viewed as the ‘inertia’. A consumer’s decision to forgo exit based on their past decisions is often due to regret; anticipated and experienced. Anticipated regret manifests itself if it is perceived that the decision to switch to an alternative will result in a worse situation (Tykocinski and Pitman 1998, Sevdalis, Harvey and Yip 2006). It is therefore tied to Loss Aversion Theory, which states that potential losses are weighed more heavily in the human psyche that potential gains (Kahneman and Tversky 1979). Experienced regret on the other hand, occurs where the consumers past decision not to exit triggers unpleasant thoughts, reminding the consumer of the regret experienced with missing the previous opportunity to switch (Tykocinski and Pittman 2001). This often involves counter-fractional thoughts which represent ‘what-if’ scenarios (Kahneman and Tversky 1982), such as “what-if I had switched last week and received a 50% price reduction”. Inaction inertia is therefore linked to perceptions of self and identity suggesting that the concept of self-relevance maybe be a contributory factor in deciding not to exit a relationship (Bhattacharya and Sen 2003). Tykocinski and Pittman

(2001) present this as the ‘emotional’ view consumers pursue to avoid self-recrimination for poor past decisions.

Relationship Inertia and Inaction

Within the literature Inertia is conceptually very poorly understood (Hallowell 1996, Egan 2008). Moderators of the behaviour are well documented and include; low levels of product involvement (Sheth and Parvatiyar 2000), high exit barriers (Battacharya and Bolton 2000, Stanley, Rhodes and Markmann 2006), adequate levels of satisfaction (Egan 2008) and simplification of the consumption experience (McMulland and Gilmore 2003). In one sense it is regarded as a driver of consumer relationships (Egan 2008), representing a state of adequate satisfaction and a degree of resignation (Fournier, Dobscha and Mick 1998). Alternatively it has been purported to signify a type of laziness induced loyalty (Godson 2009) and as such is often identified as a contributor to retention (Sheth and Parvatiyar 1995). Some go so far as to suggest that it is a passive consumer strategy to maintain a relationship status quo (Ye 2005) and in the long term can actually build strong loyalty (Daniel 1999).

As a concept it has strong theoretical associations with habitual repurchasing where it is often referred to as inertial loyalty, evident in low involvement products where the brand is purchased out of habit (Griffin 2002). Not surprisingly therefore it is often discussed as a type of loyalty, as a moderator of loyalty or as a passive state of loyalty (Dick and Basu 1994). It has also been linked to commitment. Wu (2011) for instance, argues that where commitment is high, inertia will be stable and develop affect-based loyalty over time. The reverse also hold true.

Relationship Disaffection and Inaction

Within the field of interpersonal theory, Kayser and Rao (2006) suggest that the development of disaffection within a relationship signifies the attitudinal replacement of positive associations with a detachment and an emotional disconnection. Their five staged process of disaffection in marital dissolution demonstrates how individuals progress from feelings of disillusionment, to hurt, anger, ambivalence and finally disaffection. This evolving emotional disconnect means that the disaffected partner holds neither positive nor negative views of the relationship but rather chooses to exist in a state of apathy.

Unlike the evolving apathy and indifference associated with disaffection, dissatisfaction is considered to be transitory and temporary and so can be accompanied by intermittent feelings of love (Kayser and Rao 2006). So, an individual may be unhappy with their partner after a particular incident, but they can still love that person and once the dissatisfaction has abated, the relationship can return to an amicable state. This is similar to what Sbarra (2006) calls 'sadness recovery'. In interpersonal relationships, because dissatisfaction is viewed as temporary, dwindling after a specific outcome (positive or negative) has been achieved, it does not necessarily generate long term feelings of disharmony and so exit may never consciously materialise as a viable option when one is dissatisfied. This is in contrast to what the marketing literature might suggest. Disaffection can therefore be considered as an alternate outcome within the dissolution process, but one of a more long term and stable nature.

Research Methodology

The methodology took an interpretative perspective applying a Narrative approach of fourteen varied participants within a large educational institution. Given the theoretical requirements of duration necessary for behaviours such as inertia, disaffection and ambivalence to develop, a year long longitudinal design was pursued. To demonstrate financial maturity, participants were also required to have held their Personal Current

Account (PCA) with their bank for a minimum period of ten years. In initial semi-structured life history interviews participants outlined their past experiences with Irish financial institutions. This industry was chosen because of the documented high levels of retention and correspondingly low levels of satisfaction within the sector (Aldlaigan and Buttle 2005, Amarach 2014). The interview process followed Kvale's (1996) steps to narrative interviewing. In eight cases follow-up interviews were conducted over a number of months to complete individual's narratives. An overview of the sample population and interview process is provided in Table 1.1.

Table 1.1 Sample Population

No	Gender	Age	Occupation	Marital Status	Interview Duration	Additional Material	Follow-up's
1	Male	Early 30's	Trade	Married	1hr 10 min	None	2 * 15 min
2	Male	Early 30's	Computer Programmer	Single	1hr 05 min	None	2 * 15 min
3	Female	Late 40's	Secretary	Married	40 min	Narrative	2 * 15 min
4	Female	Early 40's	Secretary	Married	1hr 15 min	Photos Narrative	1 * 10 min
5	Female	Early 50's	Manager	Married	1hr 10 min	Photos Narrative	1 * 30 min
6	Female	Early 30's	Lecturer	Married	1hr 20 min	Narrative	1 * 5 min
7	Male	Mid 20's	Engineer	Single	1hr	None	3 * 10 min
8	Male	Mid 40's	Buildings Officer	Married	40 mins	Long Post interview dialogue	None
9	Male	Late 20's	Operative	Married	1hr 20 mins	None	1 * 20 min
10	Female	Late 30's	Admin Staff	Single	1hr	Narrative	None
11	Male	Late 30's	Lecturer	Married	1hr	Narrative	None
12	Male	Late 30's	Lecturer	Married	1hr	None	None
13	Female	Late 30's	Postgrad Student	Married	1hr 20 min	None	None
14	Male	Early 30's	Trade	Married	1 hr	None	None

Two levels of analysis were applied. *Level One* comprised of Analysis of Narratives which involved the production of each participant's life story, comprising of narrative reflections, descriptions and other narrative structures. This approach applied Riessman's (2002) levels of representation and Leiblich, Tuval and Zilber's (1998) holistic approach to narrative interpretation. *Level Two* analysis involved extracting and categorising participant stories. A story was considered any piece of text that had a beginning, middle and end and was a unique tale of specific events. This approach applied Gabriel's (2000) taxonomy which classifies stories as tragic, epic, comic and romantic. It also categorises hybrid versions of these, for instance tragic/comic. Stories demonstrating more than two categorisation themes were not included for analysis as Gabriel states that this dilutes the potency of the story. In total 37 stories were collected and six classifications identified. The study labelled this two tiered approach, *The Narrative Seesaw Method* due to the fact that both approaches involved separately analysing two different forms of narrative whilst simultaneously working together to gain insights.

Research Findings and Interpretations

The following section presents an overview of the research findings. Table 1.2 outlines the stages of participant relationships as identified by the research. Column three provides specific titles of collected stories and narratives which support interpretations.

Table 1.2 Thematic Strands Identified in the Research

Identified Thematic Strands	Relationship Characteristics	Stories and Narrative Excerpts	Motivation to Engage/Disengage
1. Positive Beginnings	Unique/Special Relationship Privilege,Valued, Healthy Relationship	Romantic (Example: *"I'm Different"*, *"Bank Draft for my Daughter"*, *"The Box of Chocolates*")	Familiarity with staff, perceptions of equality, superior service, a sense of personalisation.

2. Early Disappointments	Negative change to the relationship, Disconfirmation of previous positive experiences, Entrapment, Beginning of Disaffect	Romantic/Tragic (Example: *“You mean I’m like everyone else!”)*	Increased bank charges, mortgage changes, poor service, unjust charges, inflexibility of the bank.
3. Dealing with Disappointments – Stay or go	Succumbing to disappointment, Dealing with false promises, Managing feelings of betrayal, Holding grievances, Apportioning culpability and blame.	Tragic, Comic, Comic/Tragic (Example: *“The Statement Saga”, “The Stolen Card”, “Still a Student”)*	Attempted resolution deemed sufficient, winning a minor victory, time pressures, ‘better the devil you know’ philosophy.
4. Strategies for dealing with problem relationships	Threats, bargaining, deception, trickery, manipulation, psychological plot holes, spreading negative word of mouth, redefining the relationship as a positive.	Comic, Comic/Tragic, Romantic/Tragic (Example: “*Trapped in a Fixed Mortgage Rate”, “Going to the Police”, “The Machiavellian*”	Personal requirement to attempt to manage the situation and retain a perceive level of control under the circumstances.
5. Reasons for staying/not exiting	Lazy, poor alternatives, low expectations, familiarity with systems and procedures, sunk costs, convenience, bank erected barriers, perceptions of similarity across banks.	Tragic, Comic, Comic/Tragic (Example: *“Just GET ME THE LOAN”, “The Gold Card*”	Being overwhelmed by a multidimensional assessment of the reasons identified in column two.
6. Collective Consciousness and Financial Folklore	The power and dominance of banks, The insignificance of consumers, barriers are contrived and real, normalised inaction, banking insincerity and lies, Love/Hate relationships	Permeated all types of stories	Collective power a perception rather than a reality. Metanarrative acts as a justification for inaction.

As the methodology took a life history approach the findings are presented such that they take the reader through the key phases of participants banking relationships as identified above. Due to space constraints only short excerpts from stories and narratives will be provided. The first three phases will relate directly to one participant ‘G’, to demonstrate how the relationship progressed.

Positive Beginnings refers to the first phase of the relationship when participants historically recounted how their banking relationship began. All of the stories in this respect were classified as Romantic and often involved retrospective evaluations of a ‘special’ and ‘amicable’ relationship that was mutually beneficial to both parties. Collected stories and narrative excerpts included tones of respect and trust and were characterised by feelings of uniqueness with participants perceiving the relationship as special, valued and healthy. This is evident in the excerpt below in which participant ‘G’ places herself in a position of perceived status. No evidence of conflict or difficulty is presented as the relationship is one of respect and mutuality. There is a sense of familiarity and almost friendship between the protagonist and other characters in the tale i.e. the bank management and staff. This is evident in the fact that she is recognised and personally known by them.

So when I started working here, I set up a bank a/c for myself.….I would probably be in a unique position where I would have an extremely good relationship with the bank.….. So everybody in the bank would know me.… from the porter in the building (laugh) to the manager in the bank. So I’m in a different position probably than most people.….. So, from my own point of view, I have banked with them now, with … for possibly about … 15 years.

Motivations to remain in the relationship at this time are based on familiarity with staff, perceptions of equality, superior service and a sense of personalisation.

The *Early Disappointments Phase* identifies stories where individuals recounted historical episodes which they acknowledged as the beginning of difficulties within the relationship. Typically these recollections would start slowly, but would quickly expand as the participant began to remember more details. This process would then create a spiral effect within the interviews in which other events would be recalled. In the case of participant ‘G’, assessments of these ‘disappointments’ evidenced a gradual change of attitude toward the relationship over time and usually created feelings of imprisonment and entrapment as evidenced below.

I actually just got a letter the other day stating that they are starting to introduce charges (for the PCA). So I’ll be approaching the bank now and asking them about this…. Normally they don’t charge me for using the ATM’s or lodging money or for anything……I’m going to approach them about that and hopefully because I’ve been with them for so long that they won’t…. I would be very disappointed if they said that they were going to charge me, because I think the fact that I’ve been a loyal customers for so long. ……I think I’d have to think about it again. And maybe check out other options. But I wouldn’t like to have to do that.

The emotions ‘G’ feels are of annoyance and there is an underlying tone of anxiety due to what she perceives as undisclosed motivations by the bank. The subtext suggests a sense of the unknown, giving an impression of unease. Rationalisations to explain the situation begin to creep in toward the end of the excerpt. This tale is akin to affections being rebuked and evidences a developing awareness that the relationship is not as amicable as perhaps originally thought.

Most of the story’s in this category were tragic or hybrid romantic/tragic tales and occasionally peppered with slight undertones of an epic dimension. The stories reveal feelings of betrayal within mature relationships. Perceived degrees of duplicity depended on the longevity of the relationship; the longer its duration, the greater the sense of betrayal but paradoxically making exit less likely. Narrators of tragic stories often presented themselves as victims who were wholly undeserving of unfair treatment, due their long history of successful interactions which made reciprocity and understanding an expectation rather than an unexpected bonus. These narratives capture the process of relationship deterioration and support theory on hostage relationships but adds to understanding by examining the process by which an individual arrived at that feeling.

Participants also reflected on the reasons for *Remaining*. While in nearly all instances the participants expressed an intention to exit at some point in the relationship, none actually followed through on this intention. Only one participant partially exited from an unrelated product as an act of revenge and even though this participant's primary difficulty remained unresolved, he retained the product associated with it. This was common practice and choosing to continue with a relationship was the norm rather than the exception.

'G' was re-interviewed six months later on two occasions to determine the outcome of the event narrated above. It emerged that she had written to her bank who *'politely informed her that there was nothing they could do*'. This effectively blocked further avenues of appeal and extinguished the earlier romanticised notions of hope and amicability with the effect that her commitment to the relationship was withdrawn. In a subsequent interview the situation had deteriorated even further and other cracks appear in the relationship. Despite this, and even though the relationship had clearly spiralled downward into a state of disenchantment, she chose to remain with the bank. In response to this decision she simply stated:

G: *'I couldn't be arsed, it's too much work and it's not possible as my salary is paid into that account'.*

When asked how she felt about the outcome the following response was given:

G: *'They're feckers. I had to try not to slap the clerks. But I'm annoyed at myself and should have put more effort in. I'm shocked that so many people feel that they still want to be with my bank. I'm incapable of explaining it but that's what people do"*.

At this point in the relationship the emotional attachment 'G' expressed in her first interview has abated and she now feels regret because retrospectively she believes she could have tried harder to achieve change. In a further attempt to avoid self-recrimination for not exiting, she legitimises her inaction as a widespread phenomenon among consumers, extracting comfort from generalising her own situation to other consumers. This has the solace-seeking effect of normalising her resistance to switch. At this end point in her life history she defines herself as *‘not loyal’* which cognitively represents as an emotional act of rebellion and, while she is not totally content with this outcome, she can tolerate the new situation. The act of retracting her loyalty serves as a minor psychological victory. She has attitudinally changed her feelings toward the relationship, but on the surface nothing has changed because behaviourally she continues to retain the services of her bank, albeit with an increased sense of paranoia.

The *Dealing with Disappointments Phase* exposes the emotions and the strategies common amongst participants. To deal with disappointments participants responded with exiting threats which provided them with an opportunity to express anger whilst simultaneously feeling proactive. A threat to terminate the relationship is more of a release valve to vent one’s anger, rather than being a declaration of real intent as demonstrated in an excerpt from a story recounted by participant ‘F’ below:

‘It was anger, frustration with them but not to the point that we were considering moving. Having said that, we might have threatened it in a phone call (laugh) …. But I don’t remember at the time thinking we were actually going to move!’………We did threaten to leave for a lower interest rate…The angle is that you have to threaten to leave. You have to say ‘well, we’ve looked around’…. And I’ve made up figures with what they (other providers) offered as the discount (laugh)…. And they will give it to you!’

Other strategies to deal with disappointments were bargaining and deception. The strategy of Deception was complex and commonplace. In simple terms, it involved knowingly and intentionally lying and concealing information from the bank. In the context of this study, it is viewed as the effortless ability of participants to fake honesty and artfully deceive when necessary. This was deemed an acceptable rule of engagement by the participants as the perception was that banks are less that truthful with consumers. This phenomenon is evident in an excerpt from “The Machiavellian Protagonist”, a lengthy story narrated by participant

‘D’. Classified as a Comic/Tragic Story it highlights a tactical, artful and somewhat manipulative approach to relationship management. The narrative reveals how stealth can empower customers in their attempts to gain positive outcomes. By successfully concealing the truth the participant can feel powerful in an unbalanced relationship structure. The context to this story is that the participant is now unemployed and therefore cannot acquire the documentation needed for loan approval with the bank in question. He had however secured a loan based on his previous earnings with a rival bank a few weeks prior to his altered employment status and this encounter with his bank. He is in a sense ‘trying his luck’ and ‘taking a chance’ that questions will not be asked so that he may gain a more favourable outcome.

I did go into the bank last week. They noticed I was getting a draft made up for a large sum of money, and they asked what it was for ‘a house?’ I said that it was, and they said had I applied to them (for a mortgage) and I said ‘No that I hadn’t….So they led me into a room…She went out of her way to sell me a mortgage. ‘We’re sooo much cheaper…I could save sooo much money’….. She said that it would be ‘painless’. All I had to do was produce a letter from work!.... That (requirement) grew to wanting P60’s (i.e. certificates of earnings and tax paid) for the last two years … all sorts of documentation. So I said … ‘you should stop the conversation now’…Again she pressed …I told them that I had a better offer and that two weeks down the line she might tell me that they weren’t actually going to give me approval - which was going to be the case! - so I would be left with nothing.

The research suggests that no single reason dominated a participant’s decision not to exit, rather their inaction was multidimensional. However all participants did enter an *Acceptance Phase* once exit had been declined. This phase comprised of narratives and stories that demonstrated a level of participant acknowledgement of remaining in the relationship and the process through which they arrived at this point. These accounts provide substantial evidence that on-going negative experiences in financial relationships defy theory as they do not lead to termination, as might be expected. Even multiple service failures do not to accumulate over time to increase the probability of a termination. On the contrary, the evidence here suggests that as the relationship ages and matures a tolerance for errors appears to increase, with the likelihood of exit actually diminishing. This is evident in the excerpt below from participant ‘F’ who, at the time of narration, was experiencing great difficulties with his bank. The internal conflict of deciding to remain is evident as he moves from possibly ending the relationship to considering the difficulties involved. It should be noted that in a follow up interview it transpired that this participant did not exit but rather took out an additional financial product with the lender.

I was happy to trust them (at the start) and just that they’d look after us and look after everything for us and we’d stay with them. Money was going in, as I say, everything went through the one account. Well (pause), everything is still with them at the moment. But I mean that’s going to change in the morning! I think we’ll keep our….But we’ll keep our accounts with them, I suppose… I want to call them & say ‘Look you are way over the top’, & they just say ‘well take it or leave it!’…… We could just stop tomorrow! It’s pure laziness, I suppose. I mean we haven’t gone down & withdrawn everything. But eh, we have (pause), eh (long pause), we could change tomorrow! … So you know it’s difficult!

Also evident was the propensity for participants to mentally alter the events as they had occurred and reshape them in a more positive context to cognitively allow participants self-rationalise not enacting exit after expressing the intention to do so. This is evident in the ‘Statement Saga Story’ excerpt below narrated by participant ‘P’ which was disclosed in a second follow up interview to establish if the participant, who had a very negative experience with his bank, had exited as he had intended. In the excerpt the participant is justifying why he did not switch and has changed the facts to such a degree that he is now apportioning blame to himself. This interview occurred six months after the initial problem arose. It should be pointed out that the participant had to be reminded of the original incident as he was unable to recall it precisely. This was surprising given the level of irritation and anger it had caused during the first interview. A further point of interest is that the initial grievance was over the cost of statement reprints which were Euro 2.50 per page. At the time of this follow up interview the participant had completely forgotten the source of his anger. The research refers to these as ‘narrative plotholes’ and they were common across participants. Essentially they demonstrate precisely how individuals change their beliefs and perceptions to explain irrational behavior. The end result is that continuance cannot be resisted and eventually becomes a bad habit.

O yeah, yeah. But you see they give out, they post out your statements anyway, every half a year, every so often, every once or twice a year. But I just couldn't find them. But they charge you for a reprint. It was to pay tax, and so I needed to give my accountant my bank statements for the year. She told me that it would cost… I'm not sure actually how much it was --- I'd say it was a Euro. It wouldn't surprise me if it was a Euro a sheet. And I just kind of said to myself 'Well that's kind of very expensive. But I mean, what could I do? I needed it'.

Forgetfulness did not just extend to altering beliefs to match behaviour, it was also evident in participant's inability to name certain product providers, most notably in the insurance category (life assurance, home insurance). In some instances participants were oblivious to whom supplied their life or home insurance and thus appeared to be engaging with a complete level of absent mindedness and unconsciousness.

Finally, the research identified a *Grand Banking Narrative* which was built on a foundation of established financial folklores and contributes to the construction of a consumer culture of inaction in banking. The most common beliefs held by participant's deals with issues like the social construction of power, dominance and control in consumer banking relationships. Typical themes identified with respect to this metanarrative were; insincere marketing, a love/hate paradox, consumer insignificance, banks as powerful social agents, inaction as normal, a high resistance to change and a collective consciousness of empathy.

Discussion

This paper advances our understanding of relationship dissolution and consumer inaction by considering those instances where individuals who wish to cease a relationship choose to decline exit in favour of continuance. In contrast to existing theory which bases consumer behavior on the assumption that consumers act rationally, this research suggests otherwise evidencing a dissolution process full of contradictions, self-deception and irrationality. Like Buridan's Ass, consumers are unable to exert free will and act rationally, instead choosing to deny stated intentions and remain in relationships they find disappointing.

We theorise that consumer inaction is driven by three effects; Behavioural, Psychological and Sociological. Behaviourally inaction is driven by what the research theorises as Relationship Neutrality which is classified as comprising of four states centered around motivations to act, the factors necessary for engagement and the outcomes to be gained. The four categories are; choice inertia, constraint inertia, out of mind inertia and disaffection and are summarised below in Table 1.3.

Table 1.3 Neutral Relationship Typologies

	Motivation	**Requirement**	**Outcome**
Choice-Based Inertia	Simplification of consumption experience	Adequate levels of satisfaction Perceived indifference between suppliers	High resistance to change Habitual Behaviour Ambivalence No relationship development
Constraint-Based Inertia	Perceived inability to exit	Inadequate levels of satisfaction High barriers to exit	Hostage/Captive relationship High thresholds for errors Relationship dissatisfaction Calculative trust and commitment Possible disaffect emerging Inaction Inertia effects - Loss Aversion/Prospect Theory
Out of Mind Inertia	To establish a relationship with no mental commitment or engagement.	Relationship duration	High Resistance to change due to lack of awareness No relationship is perceived to exist Extreme forgetfulness and high levels of unawareness Levels of unconscious consumption and habit
Disaffection	Emotional detachment from the relationship	Duration Repeated dissatisfaction No perceived alternative High Investments	Resentment, disaffection Prolonged disaffection results in extremely low levels of exit Calculative trust and commitment Loss Aversion

The first two categories are consistent with existing theory and are based on perceptions of the choices available and the anticipated/experienced constraints (Stanley, Rhoades and Markmann 2006, White and Yanamandram 2004, Bhattacharya and Bolton 2000). The remaining two are proposed as new theoretical choices that operate at an unconscious and conscious level with the consumer deciding that these are the mechanisms by which the relationship will be managed. While these states are mutually exclusive, the research does formulate a link between “constraint based inertia” and the state labelled “disaffection” whereby the former can eventually evolve into the latter. When this transformation does occur it represents a severe deterioration in the relationship to the point that the consumer has little or no emotional association with their supplier.

We propose that disaffection gives new insight into the overall emotional state of consumers as evidenced by this research. It represents a point of complete emotional disconnection from the relationship (Kayser and Rao 2006) and refers to those consumers who experience frequent dissatisfaction but refrain from exiting. What was previously understood as dissatisfaction in some negative relationships can now be better understood as disaffection. Loss Aversion theory plays a significant role here, where negative rather than positive outcomes dominate an individual’s thinking and so they tend to frame the benefits of exiting as potential losses and thus choose to remain (Kahneman and Tversky 1979).

The research further theorises a strong Psychological effect and presents a number of neutral relationship enablers. To this end, a process of *Relationship Redefinition* is in operation which the study found to be critical to permit continuance as it provides a self-relevance mechanism to justify and rationalise remaining. Contingent to this process is a transition within the relationship where the individual moves from considering exit to declining exit. The research labels this as the *Reframing Process*. It demonstrates how consumers move though the stages of dissolution and the process of change rather than the change itself. This often involves the consumer reconstructing events as they occurred and distorting them to reframe them as a positive. This reduces an individual’s feelings of internal conflict by allowing them to change their beliefs about a negative incident to cognitively defend their behaviour.

Finally, the research identifies a Sociological effect operating within the retail financial services sector. This very strong social component assists and legitimises consumer inaction in the guise of a *Grand Banking Narrative*. The upshot is that consumers develop an adversarial approach to a powerful partner such as a bank. Consumers drive this narrative and sustain this narrative, seeking solace for their decisions not to exit through the stories of others.

Implications

The theory of neutral interactions presents a significant step forward in understanding the role and function of inaction within customer relationships and can provide a solid conceptual basis on which to build more realistic dissolution strategies. It considers the contemplative space in which dissolution takes place and offers alternative strategic options for consumers who choose not to exit but remain, even if discontented. Of particular relevance is the process of hidden dissolution which signifies an attitudinal shift toward the relationship without the expected behavioural change (exit). This facet of relationship dissolution has been largely ignored within the literature. The evidence presented here suggests that deep and widespread disaffection underpins consumer inaction in this instance. This may also have implications for other industries where consumer switching is traditionally low, such as utilities, social network providers and telecommunications. To this end, a disaffection model is required as an alternative or complementary measurement to dissatisfaction as the latter is merely a temporary feeling, quickly forgotten and therefore difficult to capture, while the former is a long term more stable effect. Disaffection therefore offers a more sincere and enlightened awareness of relationship quality.

The research further highlights the cognitive behaviour which allows individuals to transit between exiting intentions and back to relationship continuance. Understanding that consumers reframe negative incidents and alter beliefs to accommodate irrational decisions presents new avenues for research.

The adverse social narrative identified in this study has a very significant impact in determining how consumers behave and unless it can be changed then the relationships banks have with both existing and potential consumers cannot be altered. Organisations should work together to facilitate circulating an industry narrative that is as positive as possible. The storied tapestry surrounding banks is collectively of far more significance than simple word of mouth as individual experiences are contextualised within the banking metanarrative. We propose that a refocus of word of mouth theory is required as it is only one part of this overarching socially driven process. However, the influence exerted by the social narrative also acts as a barrier to exit by legitimising experiences and providing collective social rationalisations for inaction. This in effect suggests that banks can deliver poor quality relationships and customers will not leave, fundamentally questioning the value of investing in consumer relationships within the retail financial services industry.

References

Aldlaigan, A. & Buttle, F. (2005), "Beyond satisfaction: customer attachment to retail banks", *International Journal of Bank Marketing*, vol. 23, no. 4, pp. 349-359.

Amarach Consulting (2014), *The TSB Switching Index report*, Amarach Research, Dublin.

Bennett, R. (1996), "Relationship Formation and Governance in Consumer Markets: Transactional Analysis versus the Behaviourist Approach", *Journal of Marketing Management*, vol. 12, no. 5, pp. 417-436.

Bhattacharya, C. & Bolton, R.N. (2000), "Relationship marketing in mass markets", *Handbook of relationship marketing*, pp. 327-354.

Bhattacharya, Chitrabhanu B., and Sankar Sen. (2003), "Consumer-company identification: A framework for understanding consumers' relationships with companies." *Journal of marketing* vol. 67, no. 2 pp. 76-88.

Boehm, C. (1989), "Ambivalence and compromise in human nature", *American Anthropologist*, vol. 91, no. 4, pp. 921-939.

Bruhn, M. (2003), *Relationship marketing: Management of customer relationships,* Pearson Education.

Colgate, M., Nguyen, V. & Lee, C. (2003), "An analysis of why New Zealanders remain with their service providers", *University of Auckland Business Review,* vol. 5, no. 1, pp. 57-66.

Colgate, M., Tong, V.T., Lee, C.K. & Farley, J.U. (2007), "Back from the brink: why customers stay", *Journal of Service Research*, vol. 9, no. 3, pp. 211-228.

Conville, R. (1991), *Relational Transitions, The evolution of personal Relationships.* New York: Praeger.

Coulter, R.A. & Ligas, M. (2000), "The long good-bye: The dissolution of customer-service provider relationships", *Psychology & Marketing*, vol. 17, no. 8, pp. 669-695.

Duck, S. 1982, "A topography of relationship disengagement and dissolution", *Personal relationships,* vol. 4, pp. 1-30.

Dawes, J. & Swailes, S. (1999), "Retention sans frontieres: issues for financial service retailers", *International Journal of Bank Marketing,* vol. 17, no. 1, pp. 36-43.

Dick, A.S. & Basu, K. (1994), "Customer loyalty: toward an integrated conceptual framework", *Journal of the academy of marketing science,* vol. 22, no. 2, pp. 99-113.

Donaldson, B. & O'Toole, T. (2007), *Strategic market relationships: from strategy to implementation*, John Wiley & Sons.

Egan, J. (2008), *Relationship marketing: exploring relational strategies in marketing,* Pearson education.

Fournier, S., Dobscha, S. & Mick, D.G. (1998), "Preventing the premature death of relationship marketing", *Harvard business review*, vol. 76, no. 1, pp. 42-49.

Gabriel, Y. (2000), *Storytelling in Organizations: Facts, Fictions, and Fantasies: Facts, Fictions, and Fantasies,* Oxford University Press.

Gillan, C. (2014), "Why can't I stop?", *New Scientist*, 2 August 2014.

Godson, M. (2009), *Relationship marketing,* Oxford University Press.

Griffin, J. 2002, *Customer loyalty: how to earn it, how to keep it,* Jossey-Bass.

Gummesson, E. (1996), *Why relationship marketing is a paradigm shift: some conclusions from the 30R approach*, MCB, Bradford, Presented at 1st Management & Decision Internet Conference on Relationship Marketing.

Gummesson, E. (2008), *Total Relationship Marketing: Marketing Management, Relationship Strategy, CRM, and a New Dominant Logic for the Value-creating Network Economy* , 3rd edn, Elsevier, Oxford, London.

Hallowell, R. (1996), "The Relationships of Customer, Customer Loyalty, and Profitability: an Empirical Study International Journal of Service Industry Management", vol. 7, no. 4, pp. 27-42.

Huang, M. & Yu, S. (1999), "Are consumers inherently or situationally brand loyal?—A set intercorrelation account for conscious brand loyalty and nonconscious inertia", *Psychology & Marketing,* vol. 16, no. 6, pp. 523-544.

Kahneman, D. & Tversky, A. (1979), "Prospect theory: An analysis of decision under risk", *Econometrica: Journal of the Econometric Society,* vol. 42, no. 7, pp. 263-291.

Kahneman, D. & Tversky, A. (1982), "Variants of uncertainty", *Cognition,* vol. 11, no. 2, pp. 143-157.

Kayser, K. & Rao, S.S. (2006), "Process of disaffection in relationship breakdown", *Handbook of divorce and relationship dissolution in* M. A. Fine and H. Harvey, Routledge, New York.

Keaveney, S.M. (1995), "Customer switching behavior in service industries: an exploratory study", *The Journal of Marketing,* , pp. 71-82.

Krishnan, H.S. & Trappey, C.V. (1999), "Nonconscious memory processes in marketing: A historical perspective and future directions", *Psychology & Marketing,* vol. 16, no. 6, pp. 451-457.

Kvale, S. (1996), *Interviews: An Introduction to Qualitative Research Interviewing* Sage Publications, United States of America.

Landman, J. (1993), *Regret: The persistence of the possible.* Oxford University Press.

Lee, L. (1984). Sequences in separation: A framework for investigating endings of the personal (romantic) relationship. *Journal of Social and Personal Relationships,* vol. 1, pp. 49-73.

Lieblich, A., Tuval-Mashiach, R. & Zilber, T. (1998), *Narrative research: Reading, analysis, and interpretation,* Sage.

McMullan, R. & Gilmore, A. (2003), "The conceptual development of customer loyalty measurement: a proposed scale", *Journal of Targeting, Measurement and Analysis for Marketing,* vol. 11, no. 3, pp. 230-243.

Martin, N. (2008), *Habit: The 95% of behavior marketers ignore*, FT Press.

Martin, N. & Morich, K. (2011), "Unconscious mental processes in consumer choice: Toward a new model of consumer behavior", *Journal of Brand Management,* vol. 18, no. 7, pp. 483-505.

Michalski, S (2004), “Types of Consumer Relationship ending processes”, *Journal of marketing Management,* vol. 20, pp. 977-999.

Pressey, A.D. & Mathews, B.P. (2003), "Jumped, pushed or forgotten? Approaches to dissolution", *Journal of Marketing Management,* vol. 19, no. 1-2, pp. 131-155.

Riessman, C.K. (2002), "Narrative analysis", In A.M. Huberman & M.B. Miles (Eds.), *The Qualitative Researcher’s Companion,* Thousand Oaks , CA : Sage pp. 217-270.

Roos, I. and Strandvik, T. (1997), "Diagnosing the Termination of Customer Relationships"", *AMA Proceeding, New and Evolving Paradigms: Vie Emerging Future of Marketing, Dublin,* June 12-15, pp. 617-631.

Sbarra, D.A. (2006), "Predicting the onset of emotional recovery following nonmarital relationship dissolution: Survival analyses of sadness and anger", *Personality and Social Psychology Bulletin,* vol. 32, no. 3, pp. 298-312.

Sevdalis, N., Harvey, N. & Yip, M. (2006), "Regret triggers inaction inertia–but which regret and how?", *British journal of social psychology,* vol. 45, no. 4, pp. 839-853.

Sheth, J.N. & Parvatlyar, A. (1995), "Relationship marketing in consumer markets: antecedents and consequences", *Journal of the Academy of marketing Science,* vol. 23, no. 4, pp. 255-271.

Sheth, J.N. & Parvatiyar, A. (2000), *Handbook of relationship marketing,* Sage Publications Thousand Oaks, CA.

Stanley, S.M., Rhoades, G.K. & Markman, H.J. (2006), "Sliding versus deciding: Inertia and the premarital cohabitation effect", *Family Relations,* vol. 55, no. 4, pp. 499-509.

Stewart, K. (1998), "An exploration of customer exit in retail banking", *International Journal of Bank Marketing,* vol. 16, no. 1, pp. 6-14.

Su, X. (2009), "A model of consumer inertia with applications to dynamic pricing", *Production and Operations Management,* vol. 18, no. 4, pp. 365-380.

Tahtinen, J. & Halinen-Kaila, A. (2000), "Ending exchange relationships: what do we know about them?", *Proceedings of the 16th IMP Conference, Bath, UK* Citeseer, Teachers College Press.

Tahtinen, J., & Halinen, A. (2002). Research on ending exchange relationships: a categorization, assessment and outlook. *Marketing Theory*, vol. 2, no. 2, pp. 165-188.

Tversky, A. & Kahneman, D. (1986), "Rational choice and the framing of decisions", *Journal of business,* vol.59, no. 4, pp. 251-278.

Tykocinski, O.E., Pittman, T.S. & Tuttle, E.E. (1995), "Inaction inertia: Foregoing future benefits as a result of an initial failure to act", *Journal of personality and social psychology*, vol. 68, no. 5, pp. 793.

Tykocinski, O.E. & Pittman, T.S. (1998), "The consequences of doing nothing: Inaction inertia as avoidance of anticipated counterfactual regret", *Journal of personality and social psychology*, vol. 75, no. 3, pp. 607.

Tykocinski, O.E. & Pittman, T.S. (2001), "Product aversion following a missed opportunity: Price contrast or avoidance of anticipated regret?", *Basic and Applied Social Psychology*, vol. 23, no. 3, pp. 149-156.

Van Putten, M., Zeelenberg, M. & Van Dijk, E. (2007), "Decoupling the past from the present attenuates inaction inertia", *Journal of Behavioral Decision Making*, vol. 20, no. 1, pp. 65-79.

Wheatley, T., Wegner, D.M., Smelser, N. & Baltes, P. (2001), "Automaticity in action", In N. J. Smelser & P. B Baltes (Eds.), *International encyclopedia of the social and behavioral sciences* (pp. 991-993). London: Pergamon.

Wheeler, P. & Jones, D.R. (2006), "The effects of attitudinal ambivalence and exploratory switching behavior on the use of two decision aids", *International Journal of Accounting Information Systems*, vol. 7, no. 3, pp. 251-271.

White, L. & Yanamandram, V. (2004), "Why customers stay: reasons and consequences of inertia in financial services", *Managing Service Quality*, vol. 14, no. 2/3, pp. 183-194.

Wilson, D.T. (1995), "An integrated model of buyer-seller relationships", *Journal of the academy of marketing science*, vol. 23, no. 4, pp. 335-345.

Wu, L.W. (2011), “Satisfaction, Inertia and Consumer Loyalty in the varying levels of the zone of tolerance and alternative attractiveness”, *Journal of Services Marketing*, Vol. 25, Issue 5, pp. 310-322.

Yanamandram, V.K. & White, L. (2012), "Why do some business relationships persist despite dissatisfaction? a social exchange review", Asia Pacific Management Review, 17 (3), 301-319.

Yang, D., Sivadas, E., Kang, B. & Oh, S. (2012), "Dissolution intention in channel relationships: An examination of contributing factors", *Industrial Marketing Management*, vol. 41, no. 7, pp. 1106-1113.

Ye, G. (2005), "The locus effect on inertia equity", *Journal of Product & Brand Management*, vol. 14, no. 3, pp. 206-210.

Zemborain, M.R. & Johar, G.V. (2007), "Attitudinal ambivalence and openness to persuasion: A framework for interpersonal influence", *Journal of Consumer Research*, vol. 33, no. 4, pp. 506-514.