

Satisfaction trap: The nonlinearity for binding effect of switching cost

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ABSTRACT

In the context of property management, the services provided by providers include technological products (e.g., identification and monitoring systems for entrances and exits and electronic toll collection identification systems), administrative services (e.g., financial preparation production and public equipment maintenance), and activities related to the establishment of personal relationships (e.g., tourism events and networking dinners). In the property management industry, the switching cost is a common actions adopted to bind customers by providing services, products, and technology and thus obtain a competitive advantage in the market. For example, an independent financial statement generation system that is incompatible with the systems of competing providers can be used to establish a strong relationship with customers and consolidate a service provider's status.

However, satisfactory instrumental performance alone does not satisfy customers, because the most crucial considerations for customers involve psychological performance (Swan & Combs, 1976). According to the satisfaction model of self-determination theory, high satisfaction only occurs when an individual perceives that his or her intrinsic needs for competence, autonomy, and relatedness needs are satisfied (Baard *et al.*, 2004). Service providers often use a switching cost as a tool that binds customers when their satisfaction has decreased. External absorptive capacity generally refers to the ability of companies to acquire general knowledge generated outside the environment and from external partners such as customers, suppliers, competitors, research institutions, and consultants (Mariano & Al-Ararrayed, 2018; Peeters *et al.*, 2014; Song *et al.*, 2018; Yang & Tsai, 2019). Therefore, high absorptive capacity enables service providers to evaluate and adjust external knowledge to generate new ideas (Nag & Gioia, 2012; Fabrizio, 2009; Yang & Tsai, 2019) and use the knowledge as a mechanism for using the switching-cost binding effect to delay the effect of reduced satisfaction on intention to stay.

Keywords:

Need satisfaction, Switching cost, Absorptive capacity, Intention to stay.
