The role of brand credibility in low contact relational services: A
Study in two industries

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ABSTRACT

The present study investigates the role of the credibility of the brand in managing current customers of relational services. This research supports the extension of the role of the brand into the important field of customer relationship management, which has tended to view satisfaction and service quality as the key tools for increasing customer retention. Results from samples of retail bank and long distance telephone company customers indicate that brand credibility serves in a defensive role: it significantly enhances word-of-mouth and reduces switching behaviors among customers; these relationships are mediated by customer satisfaction and commitment. Implications of the study for theory and practice are discussed.

Keywords: customer relationship management, brand credibility, satisfaction, commitment, customer behavior
INTRODUCTION

The management of customer churn, or turnover, is a top priority of executives in service industries such as retail banking and telecommunications. It is accepted wisdom in marketing that new customer acquisition is a far more costly undertaking than establishing a broader and deeper relationship with existing customers (see, e.g., Heskett et al., 1994; Reicheld and Sasser, 1990; Rust et al., 1995). Hence, in general the loss of a customer should be viewed with concern by banks and telecommunications firms, both being examples of longer-term relational services requiring the establishment of a formal relationship between customer and firm.

Evidence for the rising recognition of the importance of customer churn to firm profitability is easily found in these industries. For example, recent research by Teradata (2004) demonstrates that US bankers are quite aware of this problem: 79% of survey respondents (out of a total of 101 bank executives from financial institutions with assets of $25 billion or more) indicated that “preventing customer churn is the key competitive issue for American bankers in 2004.” Similarly, the telecommunications industry, and the wireless carriers in particular, have had to concentrate significant efforts on customer retention: Carroll (2002) quotes a Yankee Group report stating that from about 20% to 80% of annualized wireless subscribers churned in 2001, depending upon the carrier; more recent numbers for the US telecommunications industry show that only about a quarter of customers want to continue their current telecom relationship (Myron, 2004). Indeed, the difficulty in predicting customer churn is well known (Carroll, 2002; Teradata, 2004; Dropping, 2005).

Examination of the academic literature also supports the significance of examining churn or retention in these industries (e.g., Bell et al., 2005; Evans, 2002; Gustafsson et al., 2005; Lee and Cunningham, 2001). While extant studies recognize a degree of inertia in the telecommunications and retail finance sectors, due to switching costs (e.g., Bell et al., 2005), there
is also significant interest in examining factors that enhance customer retention or reduce customer churn in these industries (e.g., Gustafsson et al., 2005).

In this paper we take a broader, more strategic look at customer franchise management in a retail service context. Specifically, we wish to examine the role that the brand can play in customer retention, as well as in promoting certain beneficial behaviors by customers that lead to long-term benefits for the firm. The reason we believe that such a view is inherently strategic lies in the observation that brands embody the long-term experience that a customer has with a service provider; in effect, the brand is a “summary statistic” characterizing the cumulative temporal relationship between two parties, the customer and the service provider (Erdem and Swait, 1998). In our view, the brand comes to embody the credibility of the firm (Erdem and Swait, 1998, 2004), which can only be built and solidified over time through repeated customer/firm interactions, but can quickly be lost if trust is violated by the firm; this makes brand credibility a firm-wide responsibility that must concern all functions at all times. Building the credibility of a brand is recognized by consumers to be a long-term and continuing investment by the firm; hence, they behave towards the firm as if it were posting a bond that is forfeited when its promises are not kept (Erdem and Swait, 1998; Wernerfelt, 1988).

No studies to our knowledge have examined the role of brand credibility (rather than brand reputation or brand image) on retention of current customers [Footnote 1]. Furthermore, none have studied the effect of brand credibility on commitment and satisfaction, which play an important role in customer retention (Gustafsson et al., 2005).

Credibility has been noted as playing a key role in customer perceptions of the retailing environment, particularly in the context of pricing tactics, advertising, salesperson interactions and online catalogs (e.g., Bobinsky et al., 1996; O’Shaughnessy, 1972; The Wall Street Journal, 2000; Yang et al., 2003). In the present study we examine the role of brand credibility among current
customers of the retail service brand.

LITERATURE REVIEW AND FORMULATION OF HYPOTHESES

The Role of Brand in Services

As explained beforehand, the brand constitutes a strategic, long-term asset for the retail firm, which may be called upon to help with customer relationship issues like customer retention and customer beneficial behaviors (e.g. recommendations). Within the scope of our research we include long-term, formalized service relationships that are entered into by customers, as exemplified by those with retail banking and telecommunications. Such relationships tend to last years (though less often today than in the past), but are interestingly characterized by relatively low interaction levels between firm and customer.

We propose that the brand is an important relational tool in the firm’s CRM arsenal, as suggested by research from Erdem and Swait (1998). This work builds on the information economics paradigm (Stigler, 1961, Stiglitz, 1987) to propose that brands are valuable to consumers because (1) they reduce perceived risk of consumption and (2) they economize decision-making costs. The basis for these assertions is that the brand is an efficient market signal that the firm deploys to address market information asymmetries (i.e. consumers know less about a firm’s product or service than does the firm, hence they are at a disadvantage). Such information asymmetries are the case even among existing customers. Brands are good signaling devices to existing as well as potential customers because existing customers recognize that acts compromising the brand (e.g. repeated and persistent service failures, a history of billing errors) can be punished by cashing in the “bond” implicitly posted by the firm (Wernerfelt, 1988). What “bond” is this? It is made up of all the brand investments the firm has made over the years.
(advertising, sponsorships, and social responsibility actions are all examples of such investments), as well as the revenue stream that these investments enable. These investments will be totally and irretrievably lost if consumers become disenchanted with the brand and leave the franchise; and clearly, corresponding future profits will be compromised. Essentially, brands give consumers leverage over firms, encouraging firms to behave appropriately, i.e. keeping the promises they make to consumers.

Because of the implicit bond posted by the firm via the brand, signaling theory postulates that brands are credible (i.e. believable and trustworthy) signals: they motivate firms to be truthful about their products/services and to deliver on claims made about them. This concept of brand credibility is based on Hovland et al.’s (1953) early research on the credibility of the communicator, and was adapted to the context of the brand by Erdem and Swait (1998, 2004) and Erdem et al., (2002). Based on this definition, brand credibility comprises two key facets: trustworthiness (i.e. the belief that the firm is willing to deliver on its promises) and expertise (i.e. the belief that the firm is capable of delivering on its promises). Note that trustworthiness is distinct from trust and can be described as a characteristic of an entity (e.g. person or brand). A fundamental theme in this conceptualization concerns the motivation of the communicator, i.e. whose interests the communicator has at heart, or the sincerity and trustworthiness of the communicator (Hovland et al., 1953). Brand credibility is a key element in Keller’s (2001) Customer-Based Brand Equity Pyramid, representing one aspect of the consumer’s response to the brand. This is consistent with our conceptualization of brand credibility as representing the relationship over time of a customer with a brand. This perspective of a relationship between the brand and customer has also been developed by Fournier (1998) and Blackston (2000), among others.

We adopt a defensive marketing perspective of the brand. Consider that the brand adds
value in two ways: it first attracts new customers by developing brand awareness and recognition, but then also serves as a reminder to current customers to think about the firm, and to do so favorably (Rust et al., 2000). It is in this latter case that the concept of furthering the relationship with the brand becomes meaningful. The brand can be described as a mechanism to engage both buyer and seller in a long-term relationship and play a key role in building this relationship (Dall’Olmo Riley and Chernatony, 2000; Davis et al., 2000).

Thus, the brand can act as a defensive marketing tool to maintain current customers as well as an offensive marketing tool to gain new customers. The importance of defensive marketing in the retail service context has been recognized through the knowledge that the cost of attracting a new customer far exceeds that of retaining the same customer (e.g. Heskett et al., 1994; Reicheld and Sasser, 1990; Rust et al., 1995). It is important to understand that in the context of services, the primary service brand and the organization are often synonymous (Berry, 2000). As a result the brand takes on a wider corporate meaning in the context of services [Footnote 2]. In the context of relational services, the focus of the brand is on the customer’s experience with the organization and how this establishes brand perceptions and meaning (Brodie et al., 2002). This is consistent with our view that the consumer’s perceptions about a brand’s credibility are (essentially) a summary statistic of the relationship with the brand to date.

**The Impact of Brand Credibility on Customer Behavior**

For the purposes of the present study, we are interested in two forms of customer behavior with respect to relational services: (1) customer retention within the firm’s franchise (conversely, propensity to switch from) and (2) customer engagement in unprompted and beneficial word-of-mouth (WOM) behaviors, specifically, recommendation of the firm’s services to others (especially those currently outside the firm’s customer base).

Several related literatures (e.g. sociology, organizational behavior, consumer behavior,
marketing and psychology) indicate that switching propensity and word-of-mouth have certain antecedents that originate from social exchange theory. The decision of whether or not to engage in these outcome behaviors – switching propensity and word-of-mouth – is theorized to be based on two motivations: (1) a more summative, past experience-based one that evaluates the benefits that the consumer receives from the relationship; (2) and a more subjective, future-oriented one, that considers other sources for relationship maintenance. Few studies have examined the simultaneous impact of both past experience-based factors and future-oriented factors, such as the satisfaction and commitment components addressed in the present study, despite the discussion by Lemon et al. (2002) about how this dual consideration enhances modeling customer retention. This is elaborated upon in the following paragraphs.

Considering the more future-oriented motivation, social exchange theory has introduced the concept of commitment, which concerns the factors (e.g. social and psychological) that drive an individual to a consistent line of behaviors or cognitions (Gundlach et al., 1995; Pritchard et al., 1999). Commitment was first introduced into the business domain via the management literature, through the use of the organizational commitment construct, which has been shown to be highly influential in the context of organizational research: it has been found to be associated with decreased turnover (Allen and Meyer, 1990; Porter et al., 1974), higher motivation (Farrell and Rusbult, 1981) and organizational involvement (O’Reilly and Chatman, 1986). Customer relationship commitment has been found to be important in a marketing sense to reduce switching (Bansal et al., 2004; Morgan and Hunt, 1994), increase purchases (Verhoef et al., 2002) and enhance favorable future intentions, such as customer loyalty (Garbarino and Johnson, 1999; Pritchard et al., 1999).

Commitment has been recognized as a complex phenomenon comprising several dimensions. While several components have been proposed, we focus on two aspects – loyalty
commitment (LC) and continuance commitment (CC) – as these two are most relevant for consumer-based contexts (e.g. Fullerton, 2003; Bansal et al., 2004). These two dimensions are united through their reflection of the underlying notion of the desire to maintain a relationship in the future; however, different motivations underlie this intention (Geyskens et al., 1996). Affective commitment, akin to our loyalty commitment, is a positive emotional commitment reflecting the psychological attachment to the relationship partner (Geyskens et al., 1996; Gilliland and Bello, 2002; Gruen et al., 2000; Verhoef et al., 2002). Our conceptualization reflects this affective nature and also includes an active intention to continue the relationship in the future, and recognition of some form of investment. Thus it incorporates the affective, instrumental and temporal forms of commitment recognized by Garbarino and Johnson (1999). We term this wider construct loyalty commitment. Continuance commitment, in contrast, reflects a cognitive evaluation of the costs associated with leaving an organization and the associated recognition of the need to maintain the relationship considering the perceived switching costs or lack of viable alternatives (e.g., Geyskens et al., 1996; Gilliland and Bello, 2002; Gustafsson et al., 2005; Meyer and Allen, 1997; Verhoef et al., 2002). Also known as calculative commitment, it therefore comprises a more negative, psychologically-based motivation that is appropriately distinct from affective or loyalty commitment.

These two types of commitment have been found to have differential effects on outcomes (Bansal et al., 2004; Gilliland and Bello, 2002; Gustafsson et al., 2005; Verhoef et al., 2002). Despite the clear conceptual link between loyalty and affective commitment, empirical research has produced mixed findings (e.g., Bansal et al., 2004; Fullerton, 2003; Garbarino and Johnson, 1999; Gruen et al., 2000; Morgan and Hunt, 1994). Similarly, recognition of the sunk investment costs associated with “membership” in a service is expected to generate a motivation to obtain output equivalent to their investment (Houston and Gassenheimer, 1987), hence we would expect
that continuance commitment would reduce switching intentions. Again, however, results of the relationship between these constructs have been mixed (Bansal et al., 2004; Fullerton, 2003; Gruen et al., 2000). Nonetheless, research in organizational behavior provides support for the relationship between these two types of commitment and important outcomes for the firm, including reduction of employee turnover (Allen and Meyer, 1990; Meyer and Allen, 1997). This leads us to our first pair of hypotheses:

**H1**: Increases in Loyalty Commitment lead to decreases in Switching Propensity.

**H2**: Increases in Continuance Commitment lead to decreases in Switching Propensity.

The other outcome of interest is beneficial word-of-mouth (WOM) activities, specifically recommendation of the service provider to other people. We add this outcome as it extends the focus of interest to other benefits of retaining customers (Rust et al., 1995). We argue that customers who want to maintain a relationship with a service provider for affective reasons are likely to put considerable effort in this cause (Harrison-Walker, 2001). Brown et al. (2005) similarly support the effect of commitment on word-of-mouth. In general, it would seem that such cooperative behavior would be forthcoming as a function of customers’ affective commitment sentiments. In contrast, customers who perceive that they will remain with a provider to avoid costs are more likely to exhibit passive behaviors. Given the active nature of word-of-mouth activity, and consistent with Harrison-Walker’s (2001) discussion, we do not propose that continuance commitment will influence word-of-mouth behaviors. Thus,

**H3**: Increases in Loyalty Commitment lead to increases in Word-of-Mouth recommendation behaviors.

We now consider the more summative, past experience-based motivation for continuing the relationship, that of customer satisfaction, which has been the strategic focus of many organizations over the last two decades (Anderson and Sullivan, 1993). Based on Heskett et al.’s
(1994) Service Profit Chain, cumulative satisfaction, representing the overall evaluation of consumption experiences over time, increases customer retention, which in turn increases profits. The proposition that satisfaction leads to loyalty and reduces switching is suggested by Oliver’s (1999) model of loyalty development, as well as Bagozzi’s (1992) framework of appraisal (service quality) → emotional response (satisfaction) → coping (behavioral intentions), has been supported in many previous studies.

Further, given that satisfaction is largely an emotional response (Spake et al., 2003; Westbrook and Oliver, 1991), we propose that satisfaction also indirectly impacts switching propensity by reinforcing affective commitment levels. Thus, high levels of overall satisfaction reflect a positive response to fulfillment of customer needs over time, which leads to customer’s loyalty commitment.

Nonetheless, the relationship between satisfaction and loyalty commitment has received mixed support. While Bettencourt (1997) found support for this relationship in the context of grocery retailing and Garbarino and Johnson (1999) find support in their low relational or transactional sample, Bansal et al. (2004) find no support at all in the context of auto-repair. Given the passive and more cognitive nature of continuance commitment, we do not propose a relationship between satisfaction and continuance commitment. Thus, two hypotheses are specified below:

**H4:** Increased Satisfaction increases Loyalty Commitment.

**H5:** Increased Satisfaction decreases Switching Propensity.

Consistent with the role of satisfaction in reducing switching propensity, satisfied customers are also known to engage in word-of-mouth behaviors (Brown et al., 2005; Swan and Oliver, 1989; Westbrook, 1987). However, surprisingly little research has focused on this link. Positive WOM behaviors can be a key promotional tool, if appropriately harnessed by the firm
(Silverman, 1997). Thus we propose that:

**H6**: Increased Satisfaction leads to increased supportive Word-of-Mouth recommendation activities.

Loyalty commitment (LC), as implemented in our research, reflects an emotional and positive sentiment of the customer towards staying in the firm’s customer base. As noted above, we have suggested that it is antecedent by the customer’s satisfaction with services provided by the firm. It is through this affective component of loyalty that we now build a bridge to the brand.

As argued in prior sections, the brand can serve an important role in defensive marketing actions because it functions as a signal to consumers. An important characteristic of this signal is its credibility (Erdem and Swait, 1998). Brand credibility has itself two components, explained earlier: trustworthiness (believability) and expertise (capability). If customers believe that the firm is capable of delivering on its promises of service quality, i.e. it has the expertise to perform well, this should directly contribute to higher satisfaction. Gwinner et al., (1998), Hennig-Thurau et al. (2002) and Harris and Goode (2004) find support for the effect of trust in the service provider on satisfaction with the service provider. Similarly, business or service provider expertise, comprising aspects such as technical knowledge, ability to demonstrate knowledge and competence and proof of expertise in the field, has been found to increase customer satisfaction (Franco, 1990; Wray et al., 1994). Thus, we propose that the components of trustworthiness and expertise of the brand are drivers of overall satisfaction, representing cumulative satisfaction with the service.

High trustworthiness should also lead to high sentiments of loyalty commitment, since trust of a relational partner justifies customers’ positive affect for and reliance on the firm (e.g. Geyskens et al., 1996; Gilliland and Bello, 2002; Morgan and Hunt, 1994; Wetzels et al., 1998). An important contribution to this effect is “shared experiences”, if you will, between the firm and customer. This temporal reinforcement is an important contribution of brand credibility on loyalty.
commitment, since the brand is essentially a summary statistic of past experiences between the two parties in the relationship (Erdem and Swait, 1998). We also expect that expertise will enhance loyalty commitment, in the same way that the knowledge of the seller influences positive customer outcomes (e.g., Sweeney et al., 1999). Since continuance commitment concerns the rational calculation about a customer’s inability to leave a relationship, Gilliland and Bello (2002) argue that trust, which involves a psychological reliance on a partner, is not an antecedent. Other researchers have hypothesized a negative relationship between trust and continuance commitment, although empirical results show the relationship to be negative in some cases (Geyskens et al., 1996) and positive in others (Wetzels et al., 1998). However, we believe that since brand credibility reflects not only trust, but also expertise, it should also be an antecedent of this form of commitment. That is, whatever the objective reasons to have continuance commitment (e.g. contracts, lack of competitors, income constraints, high switching costs), these reasons are reinforced in consumers’ minds in the context of relational services when (a) the firm has the capability (i.e. expertise) to deliver on its promises, and (b) when the firm can be trusted to deliver on its promises. That is to say, ceteris paribus, high credibility brands will have higher continuance commitment than lower credibility brands. Put a third way, heightened perceptions of trustworthiness and expertise of a brand are hypothesized to make the exogenous factors militating in favor of a customer’s permanence within the franchise loom larger than if credibility were low.

The reasoning above leads, therefore, to these hypotheses:

H7: Increases in Brand Credibility lead to increases in Satisfaction.

H8: Increases in Brand Credibility lead to increases in Loyalty Commitment.

H9: Increases in Brand Credibility lead to increases in Continuance Commitment.

We present in Figure 1 the path diagram depicting these nine hypotheses graphically. The paths are labeled with the corresponding hypothesis number, as well as a -/+ sign to indicate
expected sign of the parameter. It will be noted in the diagram that an explicit covariance between the errors of the two commitment constructs is included. Such a path recognizes that there may be a higher order construct of commitment, which we do not model since our interest is on the different facets of commitment (McCallum, 1995) [Footnote 3].

--- INSERT FIGURE 1 ABOUT HERE ---

We note that this model is continuously updated through customer-firm interactions, that is, satisfaction, commitment and associated outcomes update brand credibility in the next period. The construct sequence in our proposed model, i.e. that brand credibility is an antecedent to other constructs, is further discussed in the context of our alternative model in our results section.

We now proceed to present our test of the structural model in Figure 1.

**METHOD**

**Sample selection and Data Collection**

The services selected for the testing of this model were retail banking and long distance (LD) telephone services. Both require customers to be “members,” that is, to sign up and be a customer of the service for some length of time. However, customers are also likely to have minimal contact with service personnel in such organizations. As we made clear in the introduction, it is a priority of firms in these sectors to minimize switching/churn, and it is obvious that it is also important to enhance word-of-mouth advertising for their services. Hence, these industries were considered appropriate for assessing the model that we put forward in this study. A total of 460 respondents who had an active bank account and 266 who used a long distance telephone company participated in the study. The data were gathered in a large North American metropolitan area. Self-completion questionnaires were distributed at various locations, with the request for an adult in the household, who was the key person in dealing with a bank account, to
complete the questionnaire and mail it back to us. The same procedure was used for the long
distance (ld) sample. While the samples were convenience in nature, our two “real world”
consumer samples are more appropriate for testing consumer theory than student samples (Wells,
1993). Participants were asked to respond to questions about the bank/ld company with which they
have their primary relationship, defined to respondents as the bank/ld company “you regularly
use.” Questions covered perceptions of the bank/ld’s promotion and service, as well as questions
on respondents’ feelings towards the service provider, perceptions of the relationship with the
service provider and demographics. The sample comprised more men than women (70%+ in each
sample), which while not consistent with the population profile, is possibly due to our request for
the key bank account holder to complete the questionnaire. The majority of the sample were 40
years or older, and close to a third, over 60 years of age. The sample income levels were well
distributed, with the median category being $40,000-$59,999.

Non-response bias was assessed through the extrapolation method of Armstrong and
Overton (1977), which assumes that late responders are comparable to non-respondents. A series
of randomly selected items across the questionnaire revealed no significant differences beyond
what might have occurred by chance (five percent of cases). Hence it was concluded that there was
no non-response bias.

Measures

Prior research was used as the source of measures for the constructs defined in the model
tested in the present study. Brand credibility, representing the belief that the brand is capable and
willing to act on its promises, and comprising aspects of expertise and trustworthiness, was
measured based on scales used by Erdem and Swait (1998). Satisfaction measures were taken from
Oliver (1997) and recognized a range of satisfaction aspects (e.g. anchor item, attribution, affect).
Loyalty commitment in this study reflects the underlying affective notion of commitment,
including the desire to maintain a relationship in the future. Continuance commitment reflects the need to maintain the relationship considering the perceived switching costs. Our loyalty commitment items included affective, instrumental and temporal aspects of commitment identified by Garbarino and Johnson (1999), and were based on measures adapted from the organizational behavior literature on workplace commitment (Meyer and Allen, 1984, 1997), as well as Bettencourt’s (1997) adaptation of this scale in measuring customer commitment [Footnote 4]. Continuance commitment was similarly based on scales developed by Meyer and Allen (1984, 1997). Items for the outcomes, switching propensity and word-of-mouth behavior, were taken from Zeithaml’s (1996) scales of behavioral intentions. Note that word-of-mouth items are a subset of the items developed by Zeithaml et al. (1996) in the broader context of loyalty.

All items were measured on seven-point Likert scales. Details on the origin of the scales used in the study are shown in Table 1, while the specific items used following scale purification can be seen in Appendix A.

--- TABLE 1 ABOUT HERE ---

**Measure purification, reliability and validation**

To investigate whether brand credibility could be considered as two dimensions, that of trustworthiness and expertise, an exploratory factor analysis was conducted. Results indicated that brand credibility was most appropriately viewed as unidimensional in both samples. Following this, the scale items for all six constructs were assessed using reliability analysis. Scales were improved by examining the item-to-total correlations and, where conceptually appropriate, deleting an item. Most reliabilities ranged from 0.81 to 0.94, which is generally acceptable given Nunnally’s (1978) suggestion of 0.80 being more than adequate for basic research. Switching propensity was an exception, however, having a reliability of 0.61 and 0.68 for banks and LD
respectively (Table 2). The average variance extracted achieved the minimum requirement of 0.50 (Fornell and Larcker, 1981) in all cases with the exception of switching propensity in the bank sample, with a value of 0.47 (Table 1). Discriminant validity was evaluated using the two approaches suggested by Anderson and Gerbing (1988) and Garver and Mentzer (1999). The first test examines the confidence interval for the correlation between a pair of constructs. If the 95% confidence interval of the absolute value of the estimated correlation excludes one, discriminant validity is supported. The second test compares the bivariate model between a pair of constructs in which the structural path between constructs is allowed to vary, to the same model in which the path is fixed to one. In this second test, the chi-square values are compared to identify whether constructs are the same or significantly different. Both tests of discriminant validity support the conceptual distinction between all pairs of constructs, even when measurement error is considered. The results for the first test involving correlations and standard errors are given in Table 2 [Footnote 5]. Following the procedure of Verhoef et al. (2002), we then further assessed the measurement model, based on purified measures through a confirmatory factor analysis for all constructs. The results revealed that the proposed model provided a good fit to the data despite the significant chi-square value which is common in structural equation modeling, especially in the case of large sample sizes (Bagozzi and Heatherton, 1994). Specifically, results for banking were $\chi^2=638.440$ df=260, RMSEA=0.06, NFI=0.94, CFI=0.96, and for long distance providers, $\chi^2=510.399$ df=260, RMSEA=0.06, NFI=0.90, CFI=0.95. All factor loadings were significant, with a minimum absolute t-value of 10.46, supporting the convergent validity of the items (Anderson and Gerbing, 1998).

Having satisfactorily established the discriminant and convergent validities for the measurement model, we now proceed to present and discuss the structural equation model estimation results.
RESULTS

Table 2 provides descriptive statistics for the constructs and pairwise correlations for both samples. Note that the two types of commitment have a relatively low but significant correlation (0.39 and 0.54 for banks and long distance phone companies respectively), while switching propensity was negatively related to commitment, satisfaction, brand credibility and word-of-mouth.

--- TABLE 2 ABOUT HERE ---

The structural model was tested using AMOS 5.0 (e.g. Gruen et al., 2000). The global goodness-of-fit statistics (see Table 3 and Figure 1 for structural path coefficients) suggest that the structural model fits the data structure well (Banks: $\chi^2=648.59$ df=265, RMSEA=0.06, NFI=0.93, CFI=0.96; ld: $\chi^2=524.17$ df=265, RMSEA=0.06, NFI=0.90, CFI=0.95). Considering the explanatory power of the proposed model, 81% and 57% of the variance in the word-of-mouth construct for banks and ld, respectively, is explained, while 47% and 46% of the variance is accounted for in switching propensity.

--- TABLE 3 ABOUT HERE ---

Results indicated support for all hypotheses with the exception of H8 in the case of the long distance sample, although the parameter was of similar size to the banking sample and in the expected direction. A key result of the analysis was that brand credibility has a dominant effect on satisfaction (total effect of 0.89 in both samples), supporting H7. While brand credibility also has a moderate positive impact on both loyalty commitment (bank sample) (H8) and continuance commitment (both samples) (H9), the dominant influence of brand credibility on loyalty commitment comes through satisfaction in both samples (0.50 indirect vs. 0.22 direct in the case of banks; 0.32 vs. 0.22 long distance). Thus, satisfaction with the organization has a direct effect on loyalty commitment, supporting H4; as well, it is seen that loyalty commitment has the direct role
of channeling the positive utility derived from a highly credible brand to enhance behaviors that benefit the firm.

Satisfaction and loyalty commitment both serve to directly enhance word-of-mouth activity among customers, as well as to reduce switching propensity, thus supporting H1, H3, H5 and H6. It is clear in both samples that satisfaction is more likely to generate word-of-mouth activity compared to reducing switching propensity, while loyalty commitment is more likely to reduce switching propensity than to generate word-of-mouth activity. Finally, continuance commitment reduces switching propensity, as expected (H2). An important finding is that brand credibility plays a key role in enhancing word-of-mouth activity (total effect of 0.78 in the banking sample and 0.66 in the long distance sample) as well as in reducing switching propensity (total effect of -0.57 in the banking sample and -0.46 in the long distance sample). These findings will be further addressed in the discussion section.

Consistent with recent approaches to acceptance of the proposed model, we also tested an alternative model (Bagozzi and Yi, 1988). This alternative model considers that brand credibility is an outcome of the evaluative constructs of satisfaction, affective and calculative commitment, particularly the first two. In this model, satisfaction and commitment update credibility rather than the reverse, which we proposed and examined above. Alternatively put, since the study was cross-sectional, we examine whether evaluations of commitment and satisfaction “color” perceptions of brand credibility. This conceptualization is shown in Figure 2.

--- FIGURE 2 ABOUT HERE ---

As can be seen in Table 3 (bottom), the proposed model was superior to the competing model based on all fit indices. The proposed model had a lower normed $\chi^2/df$ index and superior RMSEA, NFI and CFI indices. Findings were consistent across the bank and LD studies. As our models are non-nested, we further compare our proposed and alternate models using the Akaike
Information Criterion (AIC) (Arbuckle, 1997; Bozdogan, 1987) and the Browne-Cudeck Criterion (BCC) (Arbuckle, 1997; Browne and Cudeck, 1989). These indices penalize models that have more parameters and have been established as useful when comparing non-nested models (e.g. Ben-Akiva and Swait, 1986; Swait and Sweeney, 2000). Findings indicated that the proposed model was also superior to the alternate model based on the lower AIC and BCC criterion values associated with this model. This offers further support for the proposed model across both industries. We therefore conclude that the proposed model is superior on both measurement and conceptual grounds.

**DISCUSSION**

In this study, we set out to address the role that the brand plays in promoting positive behaviors among current customers of membership-based retail services. We argued that the brand embodies the credibility of the firm – essentially beliefs about the firm’s trustworthiness and expertise – generated through customers’ experience of the brand over time. Such experiences are created through traditional marketing mix activities as well as service-specific activities, e.g. customer contacts with the firm. We tested our hypotheses in two service industries, that of retail banks and long distance telephone service providers, industries in which customers have a quasi-membership status, in that the services are continuous, can be used at any time without an upfront fee, and customers have relatively high switching costs. The effect of the brand on current customers has not been studied in such industries, yet represents a fruitful avenue for research given the customer disenfranchisement in such industries and associated customer churn (Carroll, 2002; Dropping, 2005; Myron, 2004; Teradata, 2004). Customers cannot be taken for granted, even in industries with high barriers to change.

Our findings suggest that brand credibility primarily impacts customer satisfaction, and secondarily, loyalty commitment. The effect of brand credibility on loyalty commitment was
primarily indirect through customer satisfaction. This indicates that both experiential constructs, brand credibility (representing trustworthiness and expertise) and satisfaction (summarizing customer consumption experiences over time), influence loyalty commitment (representing psychological attachment and a desire to continue the relationship in the future). Brand credibility also positively impacts continuance commitment as hypothesized. This latter finding is in contrast to propositions and findings of some previous authors based on trust concepts (e.g. Geyskens et al., 1996), but supports our notion that brand credibility enhances this passive and rational form of commitment.

Further, word-of-mouth was primarily generated through satisfaction rather than loyalty commitment in both samples, while switching propensity was reduced through all three mediators (loyalty commitment, satisfaction and continuance commitment, respectively, in terms of impact size). This differential effect of satisfaction and commitment on outcomes can be conceptually supported. Satisfaction represents a summative experience-based evaluation, as discussed, and thus can form the content of a word-of-mouth message (Harrison-Walker, 2001). In contrast, both loyalty commitment and switching propensity reflect future intentions and future potential activity, respectively. The relatively greater effect of loyalty commitment in reducing switching behavior, also observed by Fullerton (2003) and Wetzels et al. (1998), is likely due to the stronger and more active basis of loyalty commitment compared to continuance commitment.

Managerial Implications

This research offers implications for management of customer relationships. Our findings show that service brand managers, particularly those in relational services such as those studied, should recognize the key role of the credibility of the brand in managing current customers. The generation of customer satisfaction and loyalty commitment are particularly important in developing word-of-mouth and reducing switching; brand credibility was shown, in this study, to
be a key tool in enhancing both of these evaluations. Brand credibility concerns the
trustworthiness (believability) and expertise (perceived ability) of the brand to deliver what is
promised. This conceptualization recognizes that customers can have a relationship with the brand,
and that the brand communicates with the customer. Brand credibility thus represents the summary
of brand-to-customer and customer-to-brand communication over time.

Brand credibility can be enhanced in several ways. First, credibility can be increased by
ensuring clarity of the brand message (see also Erdem and Swait, 1998). The brand should be clear
in its focus and what it stands for, as well as reveal the culture of the organization, thus capturing
the link between organizational values and the brand position. The brand should further be
consistent in its marketing mix decisions, including communication with the customer. This
emphasizes in particular the role of human resources, databases and systems in firms in which
customers have membership status, such as those that were the focus of this study. Thus, retailers
as well as marketers in general need to have a consistent approach to customers, which may be
achieved through strong interfunctional co-ordination and systematic approaches to database
management, technology management and human resource management. Specific examples of
how consistency can be enhanced include tracking the performance of individual staff on new
computer systems, balancing recruitment procedures across central offices and branches, and staff
training, in order to avoid heterogeneity of service and to ensure that databases are current and
accurate. Such procedures enable the firm to deliver the service as promised, and to anticipate and
respond to customer needs on a one-to-one basis, demonstrating the believability of advertising
claims. Brand credibility should extend across other stakeholder groups beyond current customers,
including all staff, in order that all groups share a common perception. Brand credibility is also
enhanced through brand investments, such as advertising, logos and sponsorships, and socially
responsible corporate actions, showing that the firm believes in and is committed to the brand
An indirect result of this research is the observation that the blind pursuit of customer satisfaction should not \textit{per se} be management’s major CRM goal. Instead, an understanding that the brand plays a significant role in retaining and expanding a customer franchise should lead management to strongly concentrate on avoiding actions that diminish in any way the brand’s credibility. Thus, premature launches of new services, such as new retail outlets, which are often justified in terms of competitive pressures, can produce deleterious impacts on a brand’s credibility because of service quality lapses, delays in service delivery, etc. Attempting to mitigate customer satisfaction decreases through tactical actions (e.g. discounts, apologies) may lead to some positive effect, which will nonetheless be offset by brand credibility losses due to perceived lack of trustworthiness of the firm. In principle, and \textit{ceteris paribus}, a conservative approach to change should be taken by management: do not make promises to consumers which are recognizedly difficult or even impossible to meet. The long-term negative effect of non-delivery on promises is likely to more than offset any momentary advantage the brand may reap in the market place in the short term.

\textbf{Limitations and Future Research}

Clearly, the increased focus on services and the paucity of work on brand credibility in this area suggests a fruitful area for further research. The context of the present study has been retail banking and long distance telecoms, services with which the average consumer has a long-term relationship. Indeed, in our sample the average duration of a relationship with a bank is well over 3 years. The results may differ in a service context in which consumer use is more \textit{ad hoc}, such as hotels or restaurants. Although our model was supported in two industries, the generalization of our results to a spectrum of goods and services should be a topic for future research. The cross-sectional design is also a limitation of the research; however, many other researchers have
investigated directional relationships, such as the effect of trust on commitment (Morgan and
Hunt, 1994) and commitment on satisfaction (Brown et al., 2005), using a cross-sectional design.
Our alternative model goes partway in addressing this shortcoming.

Another important area of future investigation is the level of branding on which to focus.
When considering branding in the service context, the corporate brand is usually the brand the
consumer buys. However, there are instances of service sub-brands. For example, Marriott Hotels
have four chains: Courtyard, Fairfield Inn, Residence Inn and Marriott, offering different levels of
quality. How does the concept of brand credibility change when considering sub-brands? Further,
the vast majority of service firms employ less than 5 people, and most of these firms are known by
the name of their owner or a simple brand name, such as “Casanova Hair Design.” Indeed, service
brand names that come to mind all represent large firms, often of national or international scope,
such as British Airways, Hilton Hotels, Bank America, British Telecom, AT&T, and UPS. What
role does brand credibility play in the case of small firms?

The increase of e-business also raises the question of the importance of brand credibility in
the online situation. What is the meaning of brand credibility in such an environment, both to
existing customers and to potential customers? For instance, it has been argued that there is more
information available in an online situation, that is, the aforementioned information asymmetry
between consumer and firm might be smaller than in traditional markets; this may make brand
credibility less important in online environments than in other markets. Such a premise depends
crucially on the existence of credible information sources in the online environment that do not
operate, or are difficult to access, in other markets. However, it has also been suggested that the
brand may become more dominant in an online situation, serving to build trust and increase
consumer comfort in online retailing services (Davis et al., 2000). Hence, another question for
future research is whether brands and the role of brand credibility will become more or less important in an online situation.

Finally, our model focuses on customer loyalty and retention, and we were not able to identify the profitability of customers to their respective service providers through our survey. Future research should identify customer profitability, perhaps linking the database of a given service provider to a survey of such customers. Clearly testing such a model on customers who contribute more than they cost would further deepen understanding of the role of brand credibility in the context of CRM.
REFERENCES


FIGURE 1
Structural Path Diagram

Brand Credibility
- Trustworthiness
- Expertise

Satisfaction
- H4(+)
  - H7(+)
    - 0.89/0.89
  - H6(+)
    - 0.72/0.59

Loyalty Commitment
- H5(-)
  - H3(+)
    - 0.22/0.24
- H1(-)
  - -0.35/-0.45

Continuance Commitment
- H2(-)
  - -0.14/-0.16

WOM Recommendations

Switching Propensity

Behavioral outcomes

Brand attitude variables

Legend
Bank/LD

Brand summary
FIGURE 2
Alternative Model Path Diagram

Brand attitude variables

- Satisfaction → Loyalty Commitment
- Loyalty Commitment → Continuance Commitment
- Continuance Commitment → Brand Credibility
- Brand Credibility
  - Trustworthiness
  - Expertise
- Brand Credibility → WOM Recommendations
- Brand Credibility → Switching Propensity

Behavioural outcomes

Brand summary

- (+) indicates a direct positive relationship

### TABLE 1
Details of Scales Used to Represent Constructs

<table>
<thead>
<tr>
<th>Scale</th>
<th>No. of items following purification</th>
<th>Source of measure</th>
<th>Example item</th>
<th>Reliability Banks</th>
<th>Reliability Long distance Banks</th>
<th>Reliability Long distance</th>
<th>Average Variance Extracted Banks</th>
<th>Average Variance Extracted Long distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Credibility</td>
<td>6</td>
<td>Erdem and Swait (1998)</td>
<td>This (brand)’s claims about its service are believable</td>
<td>0.88</td>
<td>0.87</td>
<td>0.56</td>
<td>0.53</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5</td>
<td>Oliver (1997)</td>
<td>My choice to use this bank was a wise one</td>
<td>0.96</td>
<td>0.94</td>
<td>0.82</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>Loyalty Commitment</td>
<td>6</td>
<td>Meyer and Allen (1984, 1997)</td>
<td>The relationship I have with my bank is something I really care about</td>
<td>0.92</td>
<td>0.93</td>
<td>0.66</td>
<td>0.67</td>
<td></td>
</tr>
<tr>
<td>Continuance commitment</td>
<td>3</td>
<td>Meyer and Allen (1984, 1997)</td>
<td>It would be stressful for me to leave my main bank now</td>
<td>0.81</td>
<td>0.89</td>
<td>0.66</td>
<td>0.63</td>
<td></td>
</tr>
<tr>
<td>Switching propensity</td>
<td>2</td>
<td>Adapted from Zeithaml et al. (1996)</td>
<td>I would take some of my business to another bank that charges lower rates than my bank</td>
<td>0.61</td>
<td>0.68</td>
<td>0.47</td>
<td>0.52</td>
<td></td>
</tr>
<tr>
<td>Word-of-mouth</td>
<td>3</td>
<td>Adapted from Zeithaml et al. (1996)</td>
<td>I would say positive things about my bank to other people</td>
<td>0.90</td>
<td>0.85</td>
<td>0.76</td>
<td>0.65</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Banks Mean (sd)</td>
<td>Long Distance Mean (sd)</td>
<td>Correlation matrix (bank – upper right, ld – lower left, standard error in brackets)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------</td>
<td>-------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Brand credibility</td>
<td>4.92 (1.10)</td>
<td>5.54 (1.01)</td>
<td>1 0.88 (0.01) 0.71 (0.03) 0.21 (0.05) 0.82 (0.02) -0.56 (0.05)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Satisfaction</td>
<td>5.13 (1.41)</td>
<td>5.56 (1.18)</td>
<td>2 0.89 (0.02) 0.76 (0.02) 0.24 (0.05) 0.88 (0.01) -0.61 (0.05)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Loyalty Commitment</td>
<td>4.29 (1.41)</td>
<td>4.16 (1.53)</td>
<td>3 0.53 (0.05) 0.55 (0.05) 0.39 (0.04) 0.69 (0.03) -0.64 (0.05)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Continuance commitment</td>
<td>3.55 (1.55)</td>
<td>3.12 (1.73)</td>
<td>4 0.23 (0.06) 0.23 (0.06) 0.54 (0.05) 0.25 (0.04) -0.37 (0.06)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Word of mouth</td>
<td>4.74 (1.50)</td>
<td>5.26 (1.25)</td>
<td>5 0.64 (0.05) 0.73 (0.04) 0.53 (0.05) 0.13 (0.06) -0.55 (0.05)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Switching propensity</td>
<td>4.36 (1.42)</td>
<td>4.08 (1.63)</td>
<td>6 -0.43 (0.07) -0.49 (0.06) -0.64(0.05) -0.45 (0.07) -0.40 (0.07)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Means based on 7-point Likert scale, where the higher the number the greater the perceived brand credibility etc.
### TABLE 3
Path Estimates for Proposed Model

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Banks</th>
<th></th>
<th></th>
<th>Long Distance</th>
<th>Providers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Loyalty Commitment → Switching propensity (-)</td>
<td>-0.35**&lt;br&gt;-3.62</td>
<td>-0.45**&lt;br&gt;-4.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2: Continuance Commitment → Switching propensity (-)</td>
<td>-0.14**&lt;br&gt;-2.30</td>
<td>-0.16**&lt;br&gt;-2.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3: Loyalty Commitment → Word of mouth (+)</td>
<td>0.22**&lt;br&gt;4.82</td>
<td>0.24**&lt;br&gt;3.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H4: Satisfaction → Loyalty Commitment (+)</td>
<td>0.56**&lt;br&gt;6.04</td>
<td>0.36**&lt;br&gt;2.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5: Satisfaction → Switching propensity (-)</td>
<td>-0.32**&lt;br&gt;-3.56</td>
<td>-0.19**&lt;br&gt;-2.38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H6: Satisfaction → Word of mouth (+)</td>
<td>0.72**&lt;br&gt;13.78</td>
<td>0.59**&lt;br&gt;8.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7: Brand credibility → Satisfaction (+)</td>
<td>0.89**&lt;br&gt;22.03</td>
<td>0.89**&lt;br&gt;15.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H8: Brand credibility → Loyalty Commitment (+)</td>
<td>0.22**&lt;br&gt;2.34</td>
<td>0.22**&lt;br&gt;1.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H9: Brand credibility → Continuance Commitment (+)</td>
<td>0.23**&lt;br&gt;4.47</td>
<td>0.23**&lt;br&gt;3.55</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P1: Loyalty and Continuance Commitment Correlation (+)</td>
<td>0.34**&lt;br&gt;5.61</td>
<td>0.52**&lt;br&gt;6.41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proposed Model fit:**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Banks</th>
<th></th>
<th></th>
<th>Long Distance</th>
<th>Providers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ (df)</td>
<td>648.59 (265)</td>
<td></td>
<td></td>
<td>524.17 (265)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\chi^2$/df</td>
<td>2.44</td>
<td></td>
<td></td>
<td>1.98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.056</td>
<td></td>
<td></td>
<td>0.061</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>0.932</td>
<td></td>
<td></td>
<td>0.900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>0.958</td>
<td></td>
<td></td>
<td>0.947</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC (WOM)</td>
<td>0.805</td>
<td></td>
<td></td>
<td>0.566</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC (Switching propensity)</td>
<td>0.466</td>
<td></td>
<td></td>
<td>0.460</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIC</td>
<td>818.589</td>
<td></td>
<td></td>
<td>794.173</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BCC</td>
<td>828.796</td>
<td></td>
<td></td>
<td>712.667</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Alternative Model fit:**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Banks</th>
<th></th>
<th></th>
<th>Long Distance</th>
<th>Providers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ (df)</td>
<td>755.65 (267)</td>
<td></td>
<td></td>
<td>596.26 (267)</td>
<td></td>
<td></td>
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<tr>
<td>$\chi^2$/df</td>
<td>2.83</td>
<td></td>
<td></td>
<td>2.23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.063</td>
<td></td>
<td></td>
<td>0.068</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>0.921</td>
<td></td>
<td></td>
<td>0.886</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>0.947</td>
<td></td>
<td></td>
<td>0.933</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC (WOM)</td>
<td>0.799</td>
<td></td>
<td></td>
<td>0.512</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC (Switching propensity)</td>
<td>0.397</td>
<td></td>
<td></td>
<td>0.330</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIC</td>
<td>921.653</td>
<td></td>
<td></td>
<td>762.256</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BCC</td>
<td>931.621</td>
<td></td>
<td></td>
<td>780.315</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* * coefficient significant at p<0.10, ** coefficient significant at p<0.05
## APPENDIX A
Measurement Items (Bank Sample)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items (*=reverse scored)&lt;sup&gt;a,b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand Credibility</strong></td>
<td>(service brand) delivers what it promises</td>
</tr>
<tr>
<td></td>
<td>XXX’s claims about its service are believable</td>
</tr>
<tr>
<td></td>
<td>XXX has a name you can trust</td>
</tr>
<tr>
<td></td>
<td>XXX reminds me of someone who’s competent and knows what he/she is doing</td>
</tr>
<tr>
<td></td>
<td>XXX doesn’t pretend to be something it isn’t</td>
</tr>
<tr>
<td></td>
<td>XXX is at the forefront of using technology to deliver a better service.</td>
</tr>
<tr>
<td><strong>Loyalty commitment</strong></td>
<td>The relationship I have with this bank is:</td>
</tr>
<tr>
<td></td>
<td>something I really care about</td>
</tr>
<tr>
<td></td>
<td>very much like being a family</td>
</tr>
<tr>
<td></td>
<td>very important to me</td>
</tr>
<tr>
<td></td>
<td>something I will expend every effort to maintain</td>
</tr>
<tr>
<td></td>
<td>something I am very committed to</td>
</tr>
<tr>
<td></td>
<td>something I intend to maintain indefinitely</td>
</tr>
<tr>
<td><strong>Satisfaction with the provider</strong></td>
<td>I am satisfied with this bank</td>
</tr>
<tr>
<td></td>
<td>My choice to use this bank was a wise one</td>
</tr>
<tr>
<td></td>
<td>This is one of the best banks I could have chosen</td>
</tr>
<tr>
<td></td>
<td>Using this bank has been a good experience</td>
</tr>
<tr>
<td></td>
<td>I have truly enjoyed using this bank</td>
</tr>
<tr>
<td><strong>Continuance commitment</strong></td>
<td>It would be stressful for me to leave my bank now</td>
</tr>
<tr>
<td></td>
<td>It would be very disruptive if I decided to leave my bank now</td>
</tr>
<tr>
<td></td>
<td>I am afraid of what might happen if I leave my bank</td>
</tr>
<tr>
<td><strong>Switching propensity</strong></td>
<td>I would continue to do business with my bank if its prices increase slightly*</td>
</tr>
<tr>
<td></td>
<td>I would take some of my business to another bank that charges lower rates than my bank</td>
</tr>
<tr>
<td><strong>Word of mouth</strong></td>
<td>I would say positive things about my bank to other people</td>
</tr>
<tr>
<td></td>
<td>I would recommend my bank to someone who seeks my advice</td>
</tr>
<tr>
<td></td>
<td>I would encourage friends and relatives to do business with my bank</td>
</tr>
</tbody>
</table>

<sup>a</sup> All items measured on 7-point Likert scales  
<sup>b</sup> Listed items represent items following scale purification  
* reverse scored
FOOTNOTES

1. We view brand credibility as different to reputation and brand image. Reputation is more concerned with perceptions of fairness, honesty and perceptions of the other party’s behavior (Ganesan, 1994), while the latter concerns the strength, favorability and uniqueness of various brand associations held in memory (Keller 1993)

2. In the present study, the service retailer is the brand – McDonalds, American Airlines, National Bank, are examples of this services overlap (Berry 2000; De Chernatony and Dall’Olmo Riley 1999). Thus, brand credibility in the service context is almost identical to corporate credibility (e.g. Keller and Aaker, 1992; Lafferty et al., 2002). Research on the topic of company credibility, however, has focused largely on potential customers, typically of goods such as clothing and food (e.g. Keller and Aaker, 1992; Lafferty et al., 2002; Niedrich and Swain, 2003), in contrast to the present study which focuses on existing service customers.

3. We have not developed this as a formal hypothesis (in fact, we label it as P1 – Proposition 1 in Table 3) since this is not a central focus of this research, our interest being in the role of the two aspects of commitment, loyalty and continuance commitment. As noted by Bansal et al. (2004) and Meyer et al., (2002), Loyalty and Continuance Commitments are distinct and distinguishable, albeit related, concepts. The organizational behavior literature, which instigated much of the research with respect to these concepts, has acknowledged through meta-analyses and experience that these are separate, but correlated, dimensions of commitment (see, particularly, Meyer et al. 2002). To us, this strongly suggests that the inclusion of a covariance between the commitment constructs is reasonable and warranted.
4. Morgan and Hunt’s (1994) well known 3-item measure of commitment was derived from the same source.

5. When considering the second chi-square difference test, the minimum chi-square difference was 8.4 between credibility and satisfaction, and 5.5 between credibility and word of mouth. This compares to $\chi_{\text{crit}} = 3.84$. 