RESEARCH OF FACTORS INFLUENCING CUSTOMER SWITCHING BEHAVIOUR IN FARMERS’ MARKETS IN LITHUANIA

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Abstract
In recent years, farmers’ markets have become one of the most popular places for alimentary shopping. People searching for the alternative and healthier products often choose farmers’ markets instead of shopping centres. However, farmers’ markets face the same or even tougher competition than the conventional shopping places: farmers not only compete with powerful shopping chains, they have to compete among each other for every single customer. Therefore, customer loyalty becomes inevitable in this industry. Knowing the factors that lead customers to switch to another vendor becomes very important for consumer retention. The aim of the research is to determine the factors influencing customer switching behaviour in farmers’ markets in Lithuania. In order to reach the aim, the research was conducted in several stages: 1) the expert evaluation was provided to determine the factors influencing the customer switching behaviour that would be relevant to the industry; 2) a questionnaire survey regarding latter factors was provided; 3) the influence of the factors on customer switching behaviour regarding the different states of customer loyalty was assessed.

Key words: customer loyalty, farmers’ markets, Lithuania, switching behaviour.

Introduction
As a consequence of globalization, local agriculture and alternative food systems continue to be a growing topic of discussion in both popular media and academic study (Betz & Farmer, 2016). Increasing consumer awareness of local foods, renewed appreciation for taste and seasonality in produce, a growing willingness by farmers to produce, process and market higher value food products create a foundation for the emergence of farmers’ markets (Hamilton, 2005). Moreover, being the places of commerce and social life, farmers’ markets have historically been the centres of urban life: some of these markets are much more than outlets for produce, and function as restaurants and grocery stores. (Francis & Griffith, 2011). According to Åsebo et al. (2007), one of the reasons why the concept of farmers’ market has achieved success in an increasing number of cities is the immediacy between producer and consumer. Being a space for direct marketing, farmers’ markets provide agricultural producers with an access to customers without supply-chain intermediaries (Sullivan et al., 2013). According to Vecchio (2011), such direct selling strategies experience a rising usage by farmers due to the fact that they (1) promote and reward non-tangible characteristics; (2) provide a link between urban consumers and rural food producers; (3) allow producers to capture a larger share of the consumers’ expenditures by eliminating the intermediaries in the supply chain. Despite all their benefits, farmers’ markets face a competition not only from the conventional shops and groceries, vendors in the same markets compete among each other for the same consumers. According to Byker et al. (2012), the decision to shop (or not to shop) at the farmers’ market is just one of the choices consumers make; the choice of the vendor is also very important. Thus, the customer loyalty becomes a key success factor for many vendors.

Customer loyalty has been the subject of much research during recent years because of the belief that higher loyalty leads to better results in the marketplace (Lee & Bellman, 2008). The importance of retaining current customers is recognized when markets become more competitive (McMullan & Gilmore, 2008). Curasi and Kennedy (2002) propose that customer loyalty exists when the customer exhibits repurchase behaviour and has a relatively positive attitude or commitment regarding the object (e.g. brand, product, organization, vendor, service provider, etc.). Therefore, one of the key aims of farmers vendin in markets becomes gaining and maintaining customer loyalty, which could result in constant sales and positive attitude. Increasing the market share means persuading competitors’ customers with weak loyalty-based opinions and beliefs to defect (Fraering & Minor, 2013). Yu et al. (2005) argue that as the features, quality, and appearance of products and services become increasingly similar, customers more and more exhibit fickle and non-loyal purchasing behaviours – they switch. Moreover, there is an assortment of complex and interrelated factors that influence an individual’s choice (Byker et al., 2012).

Despite the body of literature analysed, the scientific discussion in the area of customer loyalty to the vendor at farmers’ markets and factors influencing their switching behaviour is still scarce. Latter insights lead to the consideration of scientific problem formulated by a question: what factors influence customer switching behaviour in farmers’ markets in Lithuania? To solve the problem of the research, the aim of the paper is to determine and assess the
factors influencing the customer switching behaviour in farmers’ markets in Lithuania.

Materials and Methods

In order to determine the factors influencing customer switching behaviour in farmers’ markets in Lithuania, the questionnaire survey was created. The questionnaire was composed of the three main parts: (1) customer loyalty assessing part; (2) the part related to the factors influencing customer switching behaviour; (3) the demographic part.

The customer loyalty assessing part. The first part of the questionnaire was composed to determine the stage of customer loyalty to the farmers’ market and to the particular vendor in it. The model of the determination of customer loyalty stage (Bakanauskas & Pilelienė, 2008) was adapted to reflect the situation. This part contained six questions.

The chosen model for the determination of customer loyalty stage helps in dividing consumers into four segments based on the stages of their loyalty: (1) ‘Neutral customer’, (2) ‘Potentially loyal customer’, (3) ‘Unconsciously loyal customer’, and (4) ‘Genuinely loyal customer’. The first two questions in the questionnaire were determining whether the respondent is aware of the existence of farmers’ markets and has ever visited any. Considering the problem of the research, those respondents who replied negatively to any of these questions were attached to the first stage of customer loyalty and were eliminated from the further study. The third question enabled the determination of the customers characterised by the second stage of customer loyalty – ‘Potentially loyal customers’. Potentially loyal customers were those who indicated that they have purchased products at a farmers’ market once. However, considering the limited expertise in the research field, latter respondents also were eliminated from the further research. The fourth question in the questionnaire made it possible to identify the respondents who were not willing to purchase products at farmers’ markets in the future. All the respondents who evaluated their purchase intentions in the future negatively were called ‘Lost’ and were asked to terminate the research.

The fifth and sixth questions were related to a particular vendor at a farmers’ market. The fifth question indicated those respondents who had their favourite vendor(s); while the sixth question indicated the genuinely loyal customers. Genuinely loyal customers were those who indicated their total willingness to recommend their favourite vendor to others. The intentions to recommend were measured using 5-point Likert scale; therefore, all the respondents who had not indicated their total willingness to recommend (had not chosen the answer ‘5’) were considered as ‘Unconsciously loyal’. Only those respondents who indicated having a favourite vendor(s) were asked to participate in further research by completing the second part of the questionnaire.

The part related to the factors influencing customer switching behaviour. The second part of the questionnaire was composed with the aim to determine and evaluate factors, affecting loyal customers switching behaviour. Depending on the effect, the factors that affect customer switching behaviour are divided into those supporting (loyalty repressing factors) and repressing switching behaviour (loyalty supporting factors). In the scientific literature, 11 factors supporting customer switching behaviour and 10 factors repressing customer switching behaviour are distinguished (Zikienė, 2012). Firstly, the expert evaluation was provided to determine the factors influencing customer switching behaviour that would be relevant to the industry. After the evaluation, 8 factors supporting customer switching behaviour and 6 factors repressing customer switching behaviour were distinguished. Factors, affecting customer switching behaviour, relevant to the industry and their meanings are presented in Table 1.

To revise the loyal customer specific factors affecting customer switching behaviour in farmers’ market, 28 questions were prepared. In order to find out which of them are specific (relevant) for loyal customers, every factor affecting customer switching behaviour was ‘converted’ into 2 specific situations or examples, directly associated with the farmers’ market. 2 specific situations were formulated in order to get more specific and accurate data. The questionnaire used the questions-statements, answers to which have been evaluated using Likert scale. Every question-statement was formulated taking into consideration the nature of the research: as empirical research was used to find out those factors affecting customer switching behaviour that may determine (‘form’) probable customer switching behaviour, it is true to say that questions used for survey can be attributable to the forecasting type of research questions.

Respondents were asked to evaluate every question-statement in range from 1 to 10 by expressing their agreement or disagreement, respectively. On the basis of evaluations reported by respondents, regression analysis (one variable value prediction by another variable value) was made, in order to find out loyal customer specific factors affecting customer switching behaviour in farmers’ market.

Suitability of research data for regression analysis requirements. In order to process the research data using the method of linear regression, it is appropriate to verify whether there is a linear dependency between the factors involved in the formation of loyal customer switching behaviour and factors that support or repress customer switching behaviour. As
**Factors affecting switching behaviour**

<table>
<thead>
<tr>
<th>Factors supporting switching behaviour</th>
<th>Price issues. The problems associated with a recently raised or a continuously growing price of a product or service, misleading price, taxes, charges, etc.</th>
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<tr>
<td></td>
<td>Inconveniences. Incidents when customers are kept waiting, inconvenient working hours of the organization, inconvenient location of the organization providing products or services.</td>
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<tr>
<td></td>
<td>Core service failures. Incidents associated with the mistakes or other technical issues when selling a product or providing a service, mistakes in invoicing.</td>
</tr>
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<td></td>
<td>Dissatisfactory quality. Quality of the product or service being unacceptable for the customer.</td>
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<td></td>
<td>Service encounter failures. Problems arising during the interaction between a product seller or service provider and customer. Rude or disobliging behaviour of the salesperson or service providing person, lack of knowledge or competency, forcing customers to wait.</td>
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<td></td>
<td>Variety seeking. It is natural for the person to seek for variety, especially if he/she gets bored or “bellyful” of a particular product or service. Routine and variety-seeking behaviour usually happens cyclically by individual periods replacing each other and gaining dominating features.</td>
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<td>Change of the place of residence of the customer. Change of the place of residence can affect customer switching behaviour if services or products of a particular provider are unavailable near customer’s new place of residence. Change of the place of residence can also mean a change in living circumstances and occurrence of new needs of the customer.</td>
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<td></td>
<td>New value. Appearance of a totally new product or service in the market capable of offering an added value for the customer can also encourage him/her to switch to another product/service provider.</td>
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<tr>
<th>Factors repressing switching behaviour</th>
<th>Economic costs. Economic costs are usually treated as costs that can occur when switching to another product/service provider an admission fee must be paid or some benefits available from the former product/service provider are lost.</th>
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<tr>
<td></td>
<td>Search and evaluation costs. Decision to switch to another product/service provider always requires additional information, search and evaluation of this information. Customer invests his/her time and efforts in information gathering about the competing organizations, its evaluation and making the final decision.</td>
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<td></td>
<td>Perceived risk and uncertainty costs. Customer behaviour is based on the wish to reduce risk, and different strategies are used to achieve this (Sheth &amp; Parvatiyar, 2000). One of the ways to reduce risk is to become loyal to a particular product, service, organization or brand by reducing choice as well. Becoming a loyal client reduces uncertainty costs (Sheth &amp; Parvatiyar, 2000).</td>
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<td></td>
<td>Lack of perceived available or attractive alternatives. Some non-essential factors influencing relationships between organizations and customers such as market structure or insufficient number of available alternatives can serve as a limitation for customer switching behaviour, and it is particularly likely that if the customer does not notice or simply other alternatives do not exist in the market, he/she will tend to continue relationship with the current organization (Bendapudi &amp; Berry, 1997; Colgate &amp; Lang, 2001).</td>
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<td></td>
<td>Social costs. Social costs are perceived by customers as costs that can be incurred when switching to another organization given the social interaction with the organization is abandoned or with its personnel with whom close relationships have been developed.</td>
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<td></td>
<td>Psychological costs (customer’s apathy, passiveness, inertia, behaviour formed by habits, lack of motivation). These character features of customers build particular psychological barriers that prevent switching behaviour. Apathy, passiveness, and inertia are even considered to be characteristic features of loyal customers (Nordman, 2004; Colgate et al., 1996). Inertia involves customers in a long-term relationship with the organization due to their lack of motivation or low involvement in purchase process. Lack of time, lack of interest, habitude and even laziness become those features that form fake loyalty and prevent customer switching behaviour.</td>
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The empirical study was aimed at determining which factors supporting or repressing potential switching behaviour of loyal customers would take part in the formation process of switching behaviour, regression analysis was performed twice. In both cases, factors affecting customer switching behaviour were selected as dependent variables, and factors supporting or repressing customer switching behaviour were selected as independent variables, respectively.

The suitability of applying the linear regression method for this case was assessed by taking into account the assumptions of linear regression and
verifying whether they have not been violated. Both when factors supporting and repressing customer switching behaviour were selected as independent variables, the coefficients of determination (R) squared in simple linear regression were the same as squared Pearson’s correlation coefficient. For the present research, when the factors supporting switching behaviour of loyal customer were selected as an independent variable, the squared determination coefficient was equal to 0.832, and when factors repressing switching behaviour of loyal customer were selected as independent variable the squared determination coefficient was equal to 0.754. According to the requirements applied to regression model, when the squared determination coefficient is greater than or equal to 0.25, the regression model is considered suitable. Suitability of regression model is also determined by p value (when p value is below the level of significance (coefficient of determination) then the theoretical model and observations may be claimed to be matching). In both cases, when the factors supporting and repressing customer switching behaviour were selected as independent variables, p values in the ANOVA table were equal to 0.

The demographic part. The demographic part of the questionnaire was composed of four question regarding respondents’ demographic characteristics: gender, age, place of residence, and average income per person per month.

The research was provided in Lithuania in the winter of 2016. The population of the research was chosen proportionally to reflect all 10 counties of Lithuania. 400 questionnaires were distributed and 349 were returned; 36 men and 313 women participated in the research. The respondent age distribution: 7.2 per cent of respondents were under 25 years old; 48.1 per cent of respondents were 26-35 years old; 30.4 per cent were between 36 and 45 years old; 5.4 per cent of respondents belonged to the age group of 46-55 years; 8.9 per cent of respondents were 56 and over.

Considering the respondents’ income distribution, the following results were obtained (respondents were asked to indicate their monthly income for one family member): the income of 6.6 per cent of respondents was between 151-300 Euros per month; 26.4 per cent of respondents indicated their monthly income for one family member between 301 and 450 Euros; the income of 18.1 per cent of respondents was indicated to be 451-600 Euros per month; and 16.9 per cent indicated their income to be more than 600 Euros per month.

Results and Discussion

In order to reach the aim of the research, the market structure was assessed in accordance with the customer loyalty. Stage I. According to the research methodology, those respondents who have never visited nor have ever purchased a product at farmers’ markets were attached to the first loyalty stage. The research results indicating the belonging to the first loyalty stage revealed that only 5.7 per cent of respondents can be attached to the first loyalty stage and called ‘Neutral’. After answering the first questions of the questionnaire, all the latter customers were eliminated from further research as having low expertise with the problem.

Stage II. The third question of the questionnaire also was intended to indicate respondent’s belonging to the second loyalty stage. Customers belonging to the second loyalty stage can be called ‘Potentially loyal’, because they had purchased a product at a farmers’ market once and hence they had some knowledge about the object. Even 32.7 per cent of respondents indicated that they had purchased a product at a farmers’ market once.

Lost. All the remaining 61.6 per cent of respondents indicated that they have performed more than one purchase at farmers’ markets; therefore, they can be attached to a higher than the second loyalty stage. However, the filter question was provided to determine respondent’s willingness to purchase products at farmers’ markets in the future. 12.6 per cent of respondents indicated their doubts of purchasing at farmers’ market in the future and 0.6 per cent indicated that they would definitely not buy anything there again. Hence, all the respondents attached to the second loyalty stage and to the ‘lost’ segment were eliminated from further research for having low expertise or low involvement, respectively.

Loyal. In order to select a more reflective sample, the respondent who had indicated their loyalty to a farmers’ market (were attached to the third or fourth loyalty stages) were asked to indicate if they had their favourite vendor there. After answering this question, only 49 per cent of the total sample was considered as a suitable for the further research.

Results of the research of factors influencing loyal customer switching behaviour. With respect to the factors influencing possible switching behaviour of loyal customers that were determined in the research methodology taking into account their relevance in the current industry (farmers’ markets), the following independent variables influencing the dependent variable were included into the regression model: factors supporting the switching behaviour – new value, dissatisfactory quality, core service failures, change of the place of residence of the customer, price issues, inconvenience, variety seeking, service encounter failures. In case of the second regression, the dependent variable was influenced by the following independent variables: factors repressing
the switching behaviour – lack of perceived or attractive alternatives, perceived risk and uncertainty costs, economic costs, social costs, psychological costs, search and evaluation costs.

Results of the regression analysis revealed that the potential switching behaviour of loyal customers is formed under the influence of both factors having the potential to support and having the potential to repress the switching behaviour, however their influence differed. Determination coefficient of factors supporting switching behaviour was equal to 0.832, and the determination coefficient of factors repressing switching behaviour was equal to 0.754. Thus, it may be concluded that the influence of factors supporting switching behaviour on the process of loyal customer switching behaviour formation was greater by 9.37%.

This suggests that:

- Surveyed customers reported they feel loyal to the chosen vendor for the value they receive rather than for high switching costs; however, the actually small difference denoting the effect of factors supporting switching behaviour, and those repressing switching behaviour on the formation process of loyal consumer switching behaviour demonstrates there are sufficient number of switching barriers, or the switching costs are sufficiently high;

- Loyal customer facing adverse consequences while interacting with certain vendor (or if other factors supporting switching behaviour occur) are tend to switch to another vendor;

- When facing factors supporting switching behaviour, loyal customer’s decisions to switch to another vendor are restricted by significantly high switching barriers: customers tend to assess all the possible costs of terminating relations with the regular vendor.

The analysis of the influence of factors supporting or repressing switching behaviour on the formation process of potential switching behaviour revealed that not every researched factor was statistically significant; therefore, their influence regarding the probability of occurrence of switching behaviour among loyal customers was not equal. Regression indicators of factors supporting or repressing loyal customer switching behaviour, i.e. non-standardized coefficients describing each factor (B), and p value which is dependent on the selected significance level α=0.05 demonstrate that one of the studied factors supporting switching behaviour, i.e. change of the place of residence of the customer, and two of the factors repressing switching behaviour, i.e. social costs and lack of perceived or attractive alternatives, were statistically insignificant. Based on the information revealed by the unstandardized coefficient (B), the following factors affecting switching behaviour demonstrated the greatest influence on the formation of switching behaviour (listed from most to least significant): dissatisfactory quality, inconvenience, new value, service encounter failures, price issues, variety seeking, core service failures). When elaborating the statistically significant factors that repress switching behaviour the following factors repressing switching behaviour demonstrated the largest influence on formation of switching behaviour of loyal customers (listed from most to least significant): economic costs, perceived risk and uncertainty costs, search and evaluation costs, and psychological costs. Coefficients of factors affecting switching behaviour of loyal customers are listed in the Table 2 below.

Based on the results of regression analysis obtained during the study of the factors supporting

### Coefficients of factors affecting switching behaviour of loyal customers

<table>
<thead>
<tr>
<th>Factors supporting switching behaviour</th>
<th>Unstandardized Coefficients B</th>
<th>Sig.</th>
<th>Factors repressing switching behaviour</th>
<th>Unstandardized Coefficients B</th>
<th>Sig.</th>
</tr>
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<tbody>
<tr>
<td>(Constant)</td>
<td>.824</td>
<td>.002</td>
<td>(Constant)</td>
<td>1.585</td>
<td>.000</td>
</tr>
<tr>
<td>Dissatisfactory quality</td>
<td>.152</td>
<td>.000</td>
<td>Economic costs</td>
<td>.213</td>
<td>.000</td>
</tr>
<tr>
<td>Inconvenience</td>
<td>.147</td>
<td>.000</td>
<td>Perceived risk and uncertainty costs</td>
<td>.183</td>
<td>.000</td>
</tr>
<tr>
<td>New value</td>
<td>.140</td>
<td>.000</td>
<td>Search and evaluation costs</td>
<td>.155</td>
<td>.000</td>
</tr>
<tr>
<td>Service encounter failures</td>
<td>.097</td>
<td>.000</td>
<td>Psychological costs</td>
<td>.133</td>
<td>.000</td>
</tr>
<tr>
<td>Price issues</td>
<td>.095</td>
<td>.004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variety seeking</td>
<td>.079</td>
<td>.007</td>
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<td></td>
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<tr>
<td>Core service failures</td>
<td>.075</td>
<td>.004</td>
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</table>

Dependent variable: Factors affecting switching behaviour
switching behaviour of loyal customers, the following conclusions can be made:

- The adjusted coefficient of determination describing the influence of factors supporting the formation process of potential switching behaviour of loyal customer was seen to have high significance (0.832), therefore the probability of occurrence of switching behaviour among loyal customers was high;
- Dissatisfactory quality as one of the factors supporting switching behaviour demonstrated the greatest influence on the occurrence of switching behaviour. Product quality remains the product feature based on the assessment of which loyal customers decide whether to buy the product repeatedly or not. Product quality, a widely empirically studied factor supporting product loyalty, is also one of the most significant factors influencing customer loyalty;
- Inconvenience, as a second most significant factor supporting the potential switching behaviour of loyal customers, reveals the importance of both the location of the particular farmers’ market and the availability of a certain vendor at the time and place required by the customer. Based on the research results, it may be concluded that in case of circumstances causing inconveniences, loyal customer tends to buy the necessary goods from another vendor;
- New value also demonstrated a significant influence on the formation process of the potential switching behaviour of loyal customers. Based on the research results, it may be claimed that the emergence of a new product in the market potentially providing higher value for the customer would encourage loyal customers to switch to another vendor in the farmers’ market. It may also be concluded that the value customer received at the time new product emerged did not fully satisfy loyal customers and the emergence of new value was seen as potentially influencing the switching behaviour;
- Service encounter failures as the fourth most significant factor supporting customer switching behaviour directly influences the growth of dissatisfaction of loyal customers and reveals the negative interaction to encourage loyal customer to switch to another vendor. Research findings deny the assumption that loyal customers are more tolerant to the failures of the selected product seller/service provider. It may be concluded that loyal customers do not tend to forgive product suppliers for their failures, and see negative interaction as a significant reason to switch to another vendor;
- Price with the significance it acquires based on its influence on the formation process of the potential switching behaviour of loyal customers is close to the previously discussed factor – service encounter failures. Despite loyal customers are thought to be less sensitive to the price issues, in the long term, high or rising prices and cheaper alternatives from other vendors would encourage even a loyal customer to switch to another vendor;
- Variety seeking, as a factor supporting switching behaviour, also takes part in the formation process of the potential switching behaviour of loyal customers. Although loyal customers do not tend to identify variety seeking as one of the most important factors affecting switching behaviour, research data revealed that variety seeking in loyal customers can form naturally (natural demand or striving for variety) or be acquired, i.e. triggered by other individuals, competitive offers, etc. This finding has also been confirmed by the previously stated fact that cheaper offers from other vendors can in the long term encourage loyal customer to switch to another vendor;
- Core service failures as a factor supporting switching behaviour demonstrated the least influence on the potential switching behaviour of loyal customers. The potential of service failure to affect emergence of customer switching behaviour may be interpreted through product seller’s/service provider’s investments in relations with customers, their experience, and perceived image. Based on the research results, it may be claimed that a certain dependency relationship exists between positive experience, close relations, and approach to the issues arising during the process of selling/purchasing: service errors and failures tend to be seen by loyal customers as not significant for occurrence of potential switching behaviour.

Based on the results of regression analysis obtained during the study of the factors repressing switching behaviour of loyal customer, the following conclusions can be made:

- The influence of factors repressing the switching behaviour of loyal customers on the formation process of switching behaviour was found to be by 9.37 per cent lower compared to that of factors supporting the switching behaviour. The adjusted coefficient of determination for the factors repressing switching behaviour was found to be 0.754 (the higher the adjusted coefficient of determination, the better behaviour of independent variables in regression model describes the values of dependent variable). Based on the value of the adjusted coefficient of determination, it may be claimed that the total influence of all four independent variables (economic costs, perceived risk and uncertainty costs, search and evaluation costs, and psychological costs) on the formation process of the potential switching behaviour of loyal customers is substantial (the closer to 0 is the coefficient, the larger is the influence of the independent variable);
- Of all the statistically significant factors repressing the switching behaviour, economic costs demonstrated the highest impact on the repression of
potential switching behaviour among loyal customers. Economic costs represent high investments by vendors in the development of relations with loyal customers. As a result, customers receive added value or greater value. It is true to state that economic costs potentially incurred by loyal customers are perceived as sufficiently significant: loyal customers appreciate added values received in return for their loyalty;

• Perceived risk and uncertainty costs is the second significant factor repressing potential switching behaviour of loyal customers. The common perception is that perceived risk and uncertainty costs are always higher in the markets of highly differentiated products/services. This leads to the conclusion that loyal customers perceive the range of products offered by vendors as highly differentiated: customers do not expect other farmers’ vendors to offer products that provide the same value;

• Search and evaluation costs as a factor repressing switching behaviour are also seen as substantially significant to loyal customers. It may be concluded that loyal customers tend to consider the process of search and evaluation as time-consuming and demanding. As the consumer buying behaviour is based on the willingness to reduce the potential risks, it may be claimed that loyal customers do not tend to risk switching to another unknown vendor.

• Psychological costs have the least influence of all the statistically significant factors repressing customer switching behaviour on the potential switching behaviour of loyal customers, however, the influence is sufficiently significant. Consumer inertness, passivity, and habitual behaviour are often described as characteristics that repress the switching behaviour. Based on the research results, it may be concluded that these characteristics of loyal customers create certain psychological barriers that repress their switching behaviour.

Conclusions

After performing the research on factors influencing the customer switching behaviour in farmers’ markets in Lithuania, it has to be emphasized that the market still has a huge potential to grow. Research results indicated that only half of Lithuanians are loyal customers of farmers’ markets. Moreover, the defection rate is quite high. Considering the results of factors influencing the switching behaviour, it can be concluded that customers are loyal to the chosen vendors for the value they receive rather than for high switching costs.

In order to keep the loyal customers and minimize the switching rates, markets’ vendors have to consider the improvements of their product quality; also, to keep the variety-seeking customers, regular introduction of new or improved products is necessary to ascertain the new value for customers. Improving the customer perceived value in terms of product and service quality will enhance the effect of the factors repressing the customer switching behaviour in terms of the creation of various switching costs. Moreover, based on the research results it can be suggested for every vendor to perform their own customer analysis in terms of their loyalty structure and defection potential.

References


