Key Factors Driving Customers’ Word-of-Mouth Intentions in Full-Service Restaurants: The Moderating Role of Switching Costs

Heesup Han¹ and Kisang Ryu²

Abstract
To date, little empirical study has tested the effects of service encounter performance, satisfaction, trust, commitment, and switching costs on word-of-mouth (WOM) intentions in a single framework. To fill this gap, this study attempted to investigate the roles that these variables play in determining WOM intentions of customers in a full-service restaurant by considering monetary and nonmonetary switching costs as moderators in WOM intentions, along with satisfaction, trust, and commitment. The results of the structural equation modeling showed that encounter performance, satisfaction, trust, and commitment had essential roles in generating WOM intentions, whereas satisfaction, trust, and commitment were found to act as partial or complete mediators in the proposed framework. Last, the tests verified the moderating effects of monetary and nonmonetary switching costs on the bonds linking encounter performance and satisfaction to WOM intentions. However, the paths from trust and commitment to WOM intentions were not moderated by switching costs. A key finding was that the perception of high switching costs may diminish customers’ intent to share word of mouth. Rather than attempt to create high switching costs, however, restaurateurs may improve WOM and reduce defections by paying careful attention to service excellence and meeting guests’ needs and desires.

Keywords
service encounter performance, satisfaction, trust, commitment, monetary and nonmonetary switching costs, word-of-mouth intentions

Because word-of-mouth (WOM) has long been recognized as a vitally influential force in the marketplace, many studies have investigated the factors that influence WOM and the relationships among those factors in forming WOM intentions and behavior. Henning-Thurau, Gwinner, and Gremler (2002), for instance, empirically verified the significant relationships among customer satisfaction, commitment, and WOM. In their study, satisfaction and commitment were relational quality variables, and WOM was a relational outcome variable. Their findings indicated that satisfaction was strongly related to commitment, and both satisfaction and commitment were key drivers in generating WOM. Combining satisfaction and trust into one construct (relationship quality), Kim, Han, and Lee (2001) also demonstrated the significant relationship between relationship quality, commitment, and WOM intentions.

Service failures are likely the main reason for customer dissatisfaction and resulting negative WOM (Keaveney 1995). On the other hand, high levels of customer satisfaction, trust, and commitment induce customers to decide or behave favorably toward a firm, including recommending the restaurant and sharing positive WOM (Back and Lee 2009; Kim and Han 2008; Kim, Han, and Lee 2001). Thus, the challenge for restaurant operators is to find an effective way to generate favorable WOM by understanding the particular roles of service encounter performance, satisfaction, trust, and commitment in helping restaurant customers engage in favorable WOM.

One way service providers of all types attempt to keep customers from defecting is by increasing switching costs, which involve customers’ costs in changing services from...

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one provider to another, including not only monetary expenses but also nonmonetary factors such as time, effort, and psychological costs (Dick and Basu 1994). Despite the popularity of loyalty programs and other switching cost builders, research indicates that the perceptions of high switching costs possibly create a passive reason for customers to stay with a current provider although they may withdraw support by reducing positive WOM (Fullerton 2003; Han, Back, and Barrett 2009). Thus, another challenge for restaurant industry professionals is to identify the effectiveness or usefulness of switching costs in generating favorable WOM, particularly as costs relate to service encounter performance, satisfaction, trust, and commitment.

While the significant relationships among the constructs of service encounter performance, customer satisfaction, trust, commitment, and WOM intentions are quite apparent, key questions remain unaddressed. No researcher has yet attempted to develop a comprehensive model that integrates all these drivers with the effect of switching costs for restaurant customers. In addition, while the impact of switching costs on the link between satisfaction and intentions has been examined (e.g., Han, Back, and Barrett 2009; Yang and Peterson 2004), their effect on the paths from encounter performance, trust, and commitment to WOM intentions has not been researched. Moreover, previous research has not clearly articulated an independent role for each dimension of switching costs in determining WOM intentions. This study attempts to reduce these gaps, with a model that aimed to test the moderating roles of monetary and nonmonetary switching costs in forming WOM intentions, and to examine the mediating roles of satisfaction, trust, and commitment in engendering WOM intentions.

**Literature Review**

**Service Encounter Performance**

This study bases its definition of a service encounter on Surprenant and Solomon’s (1987) definition, which involves the personal interaction between customers and employees of a service firm. It almost goes without saying that many empirical studies have verified that the performance of services during a face-to-face service encounter is an influential factor on satisfaction, trust, and behavioral intentions, such as word of mouth, repeat repurchase, and loyalty (e.g., Bitner 1990; Briggs and Grisaffe 2010; Gremler, Gwinner, and Brown 2001; Zeithaml, Berry, and Parasuraman 1996).

**Customer Satisfaction**

Although customer satisfaction has been defined in various ways in the marketing and consumer literature, we use the definition resulting from the customer’s evaluation process (Back and Parks 2003; Han, Back, and Barrett 2009). Thus, we draw from Oliver’s (1980) idea that customer satisfaction results when customers’ experience in a service encounter compares favorably with their expectations. Numerous studies in the service industry have empirically validated the linkages among satisfaction, trust, commitment, and WOM (Back and Lee 2009; Han and Ryu 2009; Ladhari 2007). Henning-Thurau, Gwinner, and Gremler (2002), for example, empirically verified the significant relationship among customer satisfaction, commitment, and WOM. They found that satisfaction is positively related to commitment, and both satisfaction and commitment are key drivers of WOM. Moreover, Ladhari (2007) found that satisfaction greatly contributed to increasing likelihood of generating positive WOM, and Back and Lee (2009) identified country club member satisfaction as an important determinant of member loyalty.

**Trust**

Trust is an essential element of these relationships. A customer holding a high level of trust toward an organization easily perceives positive outcomes, and believes that these positive outcomes will continue into the future (Aydin, Ozer, and Arasli 2005). Trust has frequently been studied as an antecedent of WOM. Building on earlier studies (e.g., Bendapudi and Berry 1997 and Moorman, Zaltman, and Deshpande 1992), Gwinner, Gwinner, and Brown (2001) and Henning-Thurau, Gwinner, and Gremler (2002) found that trust has a strong relationship with WOM. Trust also acts as a mediator. Briggs and Grisaffe (2010) found that customer trust significantly mediates the relationship between service performance and behavioral intentions. In a restaurant setting, Kim and Han (2008) found that trust as a component of relationship quality mediates the influence of such factors as quality of performance and value on intent to share positive WOM and to repeat a purchase. In addition, trust has been frequently recognized as playing a central role in affecting commitment (Morgan and Hunt 1994; Ok, Back, and Shanklin 2005).

**Commitment**

Hospitality operators seek commitment from their customers in part because committed customers are less likely to switch providers and tend to spend more money than noncommitted customers (Reichheld and Sasser 1990). Commitment is believed to be a vital component for building WOM intentions (Brown et al. 2005; Pritchard, Havitz, and Howard 1999). Kim, Han, and Lee (2001) found a positive relationship between commitment and repeat purchases and WOM intentions. Their findings indicated that commitment also is an intervening variable between relationship quality (i.e., satisfaction and trust) and WOM and repeat-purchase intentions. Pritchard et al. (1999) also identified commitment as...
an important proximal cause of relational outcomes such as WOM and repeat purchase.

Word-of-Mouth

As we said at the outset, WOM has long been recognized as a powerful force in attracting and retaining consumers (Henning-Thurau, Gwinner, and Gremler 2002; Wangenheim and Bayon 2004). The internet has required revision of past WOM definitions. This study follows the formulation of Stokes and Lomax (2002), who limited the perspective of WOM to informal interpersonal communication between customers that is independent of corporate influence. Similarly, WOM intentions in this study include all product and service-related informal interpersonal communication intentions between a customer and others, with such communications being free from any corporate influence.

Switching Costs

We have seen little empirical research regarding the role of switching costs in explaining restaurant customers’ decision-making processes (Han 2009; Jones et al. 2007). We have found no research investigating an independent role of switching costs in generating WOM intentions in a restaurant setting. Many researchers agree that switching costs include both monetary and nonmonetary aspects (Klemperer 1995; Kim, Kliger, and Vale 2003). As we said above, nonmonetary costs include time, effort, and psychological stress. In that regard, the psychological perceived risk is highest when a customer faces the uncertainty of an unfamiliar brand, particularly a service brand (Sharma et al. 1997). For this reason, our study highlights the different impact of monetary and nonmonetary switching costs in the proposed complicated relationships among service encounter performance, satisfaction, trust, commitment, and WOM intentions.

Perhaps the most critical finding regarding high switching costs is that they apparently have a detrimental effect on WOM intentions. Fullerton (2003), in his study of the mobile phone sector, found that the positive effects of affective commitment on advocacy (i.e., recommendation and WOM praise) are tremendously diminished by the presence of high monetary and nonmonetary (psychological) switching costs. His study suggested that switching costs significantly affect the relationship between affective commitment and behavioral intentions. Additionally, in a service context, many researchers agree that relationships between customers and service providers are often significantly built on economic and psychological switching costs (Fournier, Dobscha, and Mick 1998; Gundlach, Achrol, and Mentzer 1995; Rigby, Reicheld, and Scheffer 2002). In this regard, Fullerton (2003) concluded that although customer commitment enhances customer retention, when customers feel trapped in a relationship with a service provider because of high perceived switching costs, they respond to these feelings by reducing favorable WOM.

The significant moderating role of switching costs in the relationship between trust and intention to share WOM and repeat a purchase has been investigated by some researchers (Aydin, Ozer, and Arasil 2005; Bloom et al. 1978). For instance, Aydin, Ozer, and Arasil’s (2005) study found a weaker relationship between trust and behavioral intentions in a customer group with high perceived switching costs than in a customer group with low perceived switching costs (again for the mobile phone sector). This is because the customer generally wants to avoid the associated perceived risks and uncertainty derived from the termination of the current relationship. That is, although customers’ trust level is low, customers who perceive high switching costs still form favorable behavioral intentions for a firm, and thus the link from trust to intentions become weaker.

Recently, many researchers have begun to investigate the moderating effect of switching costs specifically on the link between customer satisfaction and behavioral intentions (or loyalty) (Han, Back, and Barrett 2009; Jackson 1985; Lee, Lee, and Feick 2001; Jones, Mothersbaugh, and Beatty 2000). Lee, Lee, and Feick et al. (2001) found that dissatisfied mobile phone customers who perceived high switching costs would not change carriers. Most critically, they concluded that dissatisfied customers can be mistakenly regarded as loyal. Further, Jeong, Jang, and Han (2010) examined the moderating effect of switching costs and found that monetary and nonmonetary switching costs independently moderate behavioral intentions. Particularly, their study showed that although customers are not fully satisfied, they still build favorable intentions for a firm if they perceive high switching costs.

Although the moderating effect of perceived switching costs on the relationship between service quality and behavioral intentions has not been specifically identified, some research has attempted to examine the effect of switching costs on the relationship between service quality and behavioral intentions or loyalty. Bell, Ahu, and Smalley (2005) found that high switching costs have a significant moderating role in the relationship between functional service quality and customer behavioral intentions. Urbany (1986) found, for instance, that switching costs significantly affect the relationship between service quality and retention. His study also suggested that despite a low quality level, if customers perceive high switching costs, they do not switch.

Mediating Effect of Study Variables

The literature suggests that satisfaction, trust, and commitment are key mediating constructs in forming behavioral intentions (e.g., Henning-Thurau, Gwinner, and Gremler 2002; Kim and Han 2008; Morgan and Hunt 1994). In these studies, behavioral intentions frequently involve a custom-
er’s willingness to engage in WOM activities and repeat a purchase. In examining determinants of restaurant customers’ loyalty intentions, Kim and Han (2008) showed that satisfaction and trust have significant mediating effects in generating future intentions. Morgan and Hunt (1994) found that unidimensional trust and commitment mediated the relationship among a variety of relational variables (i.e., relational antecedents and outcomes). In addition, Henning-Thurau, Gwinner, and Gremler (2002) found that commitment mediates the effect of relational benefits (e.g., trust) and WOM communication. These findings from previous studies indicate that satisfaction, trust, and commitment are key mediating variables in customers’ decision formation.

Hypotheses and Conceptual Model

Overall, this discussion implies that high-level service performance increases customer satisfaction, trust, commitment, and the likelihood of spreading favorable WOM, and that monetary and nonmonetary switching costs have a moderating role in forming WOM intentions. Given the findings of existing research, this study proposes the following eleven hypotheses. Exhibit 1 shows the research model, which presents the associations among study constructs as well as moderating effects of monetary and nonmonetary switching costs.

Hypothesis 1: Service encounter performance is positively associated with customer satisfaction.

Hypothesis 2: Service encounter performance is positively associated with trust.

Hypothesis 3: Service encounter performance is positively associated with WOM intentions.

Hypothesis 4: Customer satisfaction is positively associated with trust.

Hypothesis 5: Customer satisfaction is positively associated with commitment.

Hypothesis 6: Customer satisfaction is positively associated with WOM intentions.

Hypothesis 7: Trust is positively associated with commitment.

Hypothesis 8: Trust is positively associated with WOM intentions.

Hypothesis 9: Commitment is positively associated with WOM intentions.

Hypothesis 10a: The impact of service encounter performance on WOM intentions will be higher for customers who perceive a lower level of monetary switching costs than for customers who perceive a higher level of monetary switching costs.

Hypothesis 10b: The impact of customer satisfaction on WOM intentions will be higher for customers who perceive a lower level of monetary switching costs than for customers who perceive a higher level of monetary switching costs.

Hypothesis 10c: The impact of trust on WOM intentions will be higher for customers who perceive a
lower level of monetary switching costs than for customers who perceive a higher level of monetary switching costs.

Hypothesis 10d: The impact of commitment on WOM intentions will be higher for customers who perceive a lower level of monetary switching costs than for customers who perceive a higher level of monetary switching costs.

Hypothesis 11a: The impact of service encounter performance on WOM intentions will be higher for customers who perceive a lower level of nonmonetary switching costs than for customers who perceive a higher level of nonmonetary switching costs.

Hypothesis 11b: The impact of customer satisfaction on WOM intentions will be higher for customers who perceive a lower level of nonmonetary switching costs than for customers who perceive a higher level of nonmonetary switching costs.

Hypothesis 11c: The impact of trust on WOM intentions will be higher for customers who perceive a lower level of nonmonetary switching costs than for customers who perceive a higher level of nonmonetary switching costs.

Hypothesis 11d: The impact of commitment on WOM intentions will be higher for customers who perceive a lower level of nonmonetary switching costs than for customers who perceive a higher level of nonmonetary switching costs.

Methods
Survey Instruments

To measure the study constructs, we adapted measurement scales validated in previous studies (Burnham, Frels, and Mahajan 2003; Garbarino and Johnson 1999; Kim, Lee, and Yoo 2006; Mattila and Enz 2002; Maxham and Netemeyer 2002; Morgan and Hunt 1994; Price, Arnould, and Deibler 1995; Yang and Peterson 2004), using multiple items and 7-point Likert-type scales (shown in the appendix). Service encounter performance was measured with five items; customer satisfaction, trust, and commitment were assessed using three items each; WOM intentions were evaluated with two items; and monetary and nonmonetary switching costs were measured with two items each. We revised the scales based on the results of a pretest and on suggestions from two hospitality professors and two full-service restaurant managers. A pilot test of the final survey questionnaire with thirty restaurant customers indicated an acceptable level of reliability since all Cronbach’s alpha coefficients ranged higher than .70. In addition, the correlation patterns (i.e., within construct and between construct correlations) using the correlation matrix provided general evidence for convergent and discriminant validity (Churchill 1979).

Sample and Data Collection

A field survey was conducted over the course of two weeks early in 2009 at three full-service restaurants with different brand names (one American-style restaurant, one Korean-style restaurant, and one Japanese-style restaurant) in three metropolitan cities of the United States (two in a southeastern state and one in a midwestern state). We asked for approval for data collection from the manager of a randomly selected full-service restaurant in each city. These restaurants offered full table service, recorded check averages between $15 and $25, and provided customers with high-quality food, service, and atmosphere. The restaurants varied in size from 125 to 150 seats and employed 15 to 20 workers. Respondent selection included a convenience and self-selection factor, since customers could choose whether they actually wanted to evaluate the service encounter on this survey. Using a self-administered questionnaire, we collected data at different times of the day and on different days of the week to ensure an adequate representation of the population. The host distributed the questionnaire to every customer at randomly selected tables when they were seated, explained the purpose of the study, and assured guests that all responses would remain confidential and anonymous. The questionnaire had a cover letter that also mentioned confidentiality and anonymity. Customers who agreed to participate filled out the questionnaire sometime during the meal, and the wait staff collected the completed surveys at the end of the meal. We received a total of 263 surveys out of the 350 distributed (response rate = 75%). We had to exclude two surveys because of incomplete responses and extreme outliers, Mahalanobis’ $D^2 (20) > 45.315, p < .001$, leaving us with 261 responses for data analysis.

Respondents’ mean age was 40.84 years, and 56.8 percent were female. The most commonly reported household income range (42.7%) was $55,000 to $69,999. Three-fifths of the respondents held bachelor’s degrees or graduate degrees, and a majority were Caucasian (63.6%), followed by African American (17.8%), Hispanic (10.1%), and Asian (7.0%).

Tools for Data Analysis

The collected data were analyzed using structural equation modeling (SEM) on SPSS for Windows and AMOS 5. SEM assesses a series of dependent relationships simultaneously, is particularly efficient for modeling involving multiple independent and dependent variables, and is useful for testing mediation and moderation (Hair et al. 1998). In keeping with Anderson and Gerbing’s (1988) guidelines, we first estimated a measurement model using confirmatory factor analysis (CFA) followed by the SEM for model evaluations, modeling comparison, and research hypotheses testing. The hypothesized moderating role of monetary and nonmonetary switching costs was assessed with a series of modeling tests for metric invariance.
of the modified scales exists.
cated that only preliminary evidence for the construct validity
the problematic level of .80 (Hair et al. 1998), this test indi-
faction, trust, and WOM intentions. Although they were below
However, high correlations were found among items for satis-
structs (discriminant validity) (Churchill 1979; Hinkin 1998).
were different from the correlation patterns between con-
ration of the correlations among scales revealed that the
structure accounted for 58.9 percent of the variance of com-
and all predictors of intentions explained about 74.9 percent of WOM intentions.

Results
Measurement Model
The results of the measurement model showed a good fit to
the data ($\chi^2 = 303.323$, $df = 148$, $p < .001$), root mean square
error of approximation [RMSEA] = .064, comparative fit
index [CFI] = .967, normed fit index [NFI] = .939. SEP = service encounter performance; CS = customer satisfaction; WOMI = word-of-mouth intentions; MSC = monetary switching costs; NMSC = nonmonetary switching costs; AVE: average variance extracted.

<table>
<thead>
<tr>
<th>SEP</th>
<th>CS</th>
<th>Trust</th>
<th>Commitment</th>
<th>WOMI</th>
<th>MSC</th>
<th>NMSC</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEP</td>
<td>.897*</td>
<td>.450</td>
<td>.458</td>
<td>.388</td>
<td>.243</td>
<td>.065</td>
<td>.031</td>
</tr>
<tr>
<td>CS</td>
<td>.671%</td>
<td>.928</td>
<td>.594</td>
<td>.420</td>
<td>.630</td>
<td>.047</td>
<td>.020</td>
</tr>
<tr>
<td>Trust</td>
<td>.677</td>
<td>.771</td>
<td>.930</td>
<td>.503</td>
<td>.471</td>
<td>.030</td>
<td>.016</td>
</tr>
<tr>
<td>Commitment</td>
<td>.623</td>
<td>.648</td>
<td>.709</td>
<td>.933</td>
<td>.406</td>
<td>.106</td>
<td>.088</td>
</tr>
<tr>
<td>WOMI</td>
<td>.493</td>
<td>.794</td>
<td>.686</td>
<td>.637</td>
<td>.954</td>
<td>.048</td>
<td>.018</td>
</tr>
<tr>
<td>MSC</td>
<td>.254</td>
<td>.216</td>
<td>.173</td>
<td>.326</td>
<td>.219</td>
<td>.798</td>
<td>.318</td>
</tr>
<tr>
<td>NMSC</td>
<td>.177</td>
<td>.140</td>
<td>.125</td>
<td>.297</td>
<td>.135</td>
<td>.524</td>
<td>.696</td>
</tr>
<tr>
<td>Mean</td>
<td>5.159</td>
<td>5.516</td>
<td>5.476</td>
<td>4.639</td>
<td>5.672</td>
<td>3.556</td>
<td>3.425</td>
</tr>
<tr>
<td>SD</td>
<td>1.242</td>
<td>1.121</td>
<td>1.243</td>
<td>1.552</td>
<td>1.538</td>
<td>1.711</td>
<td>1.434</td>
</tr>
</tbody>
</table>

Results of the measurement model are presented in Exhibit 3 and Exhibit 4. The overall fit of the model was adequate ($\chi^2 = 216.879$ [$df = 94$, $p < .001$], RMSEA = .071, CFI = .972, NFI = .952). Service encounter performance explained 53.3 percent of the variance of customer satisfaction; both service encounter performance and satisfaction explained 71.7 percent of the total variance of trust; antecedents of commitment accounted for 58.9 percent of the variance of commitment; and all predictors of intentions explained about 74.9 percent of WOM intentions.

Further analysis was conducted to test the mediating role of satisfaction, trust, and commitment in forming WOM intentions. As shown in Exhibit 4, indirect effects of service encounter performance on trust ($\beta_{SEP \rightarrow CS \rightarrow Trust} = .451$, $p < .01$), commitment ($\beta_{SEP \rightarrow CS and Trust \rightarrow Commitment} = .584$, $p < .01$), and WOM intentions ($\beta_{SEP \rightarrow CS, Trust, and Commitment \rightarrow WOMI} = .742$, $p < .01$) were all significant. In addition, indirect impacts of satisfaction on commitment ($\beta_{CS \rightarrow Trust \rightarrow Commitment} = .346, p < .01$) and WOM intentions ($\beta_{CS \rightarrow Trust and Commitment \rightarrow WOMI} = .125, p < .05$) were positive and significant. Further, trust indirectly affected WOM intentions ($\beta_{Trust \rightarrow Commitment \rightarrow WOMI} = .134, p < .01$).
Exhibit 3:
Results of the structural model

Exhibit 4:
Structural parameter estimates

<table>
<thead>
<tr>
<th>Hypothesized Path</th>
<th>Coefficient</th>
<th>tValue</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1: Service encounter performance → Customer satisfaction</td>
<td>.730</td>
<td>11.842**</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 2: Service encounter performance → Trust</td>
<td>.283</td>
<td>4.444**</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 3: Service encounter performance → Word-of-mouth intentions</td>
<td>.199</td>
<td>3.107***</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 4: Customer satisfaction → Trust</td>
<td>.618</td>
<td>9.180***</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 5: Customer satisfaction → Commitment</td>
<td>.236</td>
<td>2.574***</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 6: Customer satisfaction → Word-of-mouth intentions</td>
<td>.840</td>
<td>9.412***</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 7: Trust → Commitment</td>
<td>.561</td>
<td>6.005***</td>
<td>Supported</td>
</tr>
<tr>
<td>Hypothesis 8: Trust → Word-of-mouth intentions</td>
<td>.025</td>
<td>0.280</td>
<td>NS</td>
</tr>
<tr>
<td>Hypothesis 9: Commitment → Word-of-mouth intentions</td>
<td>.188</td>
<td>2.950***</td>
<td>Supported</td>
</tr>
<tr>
<td>$R^2$ (customer satisfaction)</td>
<td>.533</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$ (trust)</td>
<td>.717</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$ (commitment)</td>
<td>.589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$ (word-of-mouth intentions)</td>
<td>.749</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Indirect effect

$\beta_{SEP \rightarrow CS \rightarrow Trust} = .451^{***}$

$\beta_{SEP \rightarrow CS & Trust \rightarrow Commitment} = .584^{***}$

$\beta_{SEP \rightarrow CS, Trust & Commitment \rightarrow WOMI} = .742^{***}$

$\beta_{CS \rightarrow Trust & Commitment \rightarrow WOMI} = .346^{**}$

$\beta_{Trust \rightarrow Commitment \rightarrow WOMI} = .125^*$

Goodness-of-fit statistics: $\chi^2 = 216.879 \ (df = 94, p < .001)$, RMSEA = .071, CFI = .972, NFI = .952

Note: NS = not supported; SEP = service encounter performance; CS = customer satisfaction; WOMI = word-of-mouth intentions; RMSEA = root mean square error of approximation; CFI = comparative fit index; NFI = normed fit index.

*p < .05, **p < .01.
groups, but that was not the case for the nonmonetary switching cost
their insignificant direct relationship.

ator in the relationship between trust and intentions, causing
mediators. However, commitment acted as a complete medi-
all significant, these variables can be described as partial
the hypothesized direct paths (excluding hypothesis 8) were
WOM intentions in the proposed model. In particular, since
Exhibit 5). For monetary switching costs, a full-metric
constraining any factor loadings across groups (nonrestricted
group had 102 cases.
For nonmonetary switching
cost group comprised 149 respondents, and the low
group had 112 cases. For nonmonetary switching
costs, the high group included 159 respondents and the low
group had 112 cases. For nonmonetary switching
costs: the high group had 159 respondents and the low
nonmonetary switching-cost groups had an excellent fit
to the data (monetary switching costs: $\chi^2 = 374.862, df =
199, p < .001$, RMSEA = .058, CFI = .959, NFI = .917, nonmonetary
switching costs: $\chi^2 = 341.304, df = 198, p < .001$, RMSEA = .053, CFI = .961, NFI = .912). These baseline models were compared with a series of nested
models, in which a particular path across groups was con-
strained to be equal.

For the two monetary switching-cost groups, the paths
from service encounter performance, $\Delta \chi^2(1) = 7.552, p < .01$,
and customer satisfaction to WOM intentions, $\Delta \chi^2(1) = 5.863,
p < .05$, were significantly different. As hypothesized, the
impact of service encounter performance and satisfaction on intentions was greater in the low monetary switching-
cost group ($\beta_{SEP \rightarrow WOMI} = .347, p < .01; \beta_{CS \rightarrow WOMI} = .919,
p < .01$) than in the high group ($\beta_{SEP \rightarrow WOMI} = .013, p > .05; 
\beta_{CS \rightarrow WOMI} = .633, p < .01$). Hence, hypotheses 10a and 10b
were supported. However, hypotheses 10c and 10d were not
supported, because we found no significant difference
between the groups in the paths from trust, $\Delta \chi^2(1) = 0.006,
p > .05$, and commitment to WOM intentions, $\Delta \chi^2(1) = 0.034, p > .05$. With regard to nonmonetary switching costs,
we found significant differences in the links between ser-
vice encounter performance and WOM intentions, $\Delta \chi^2(1) =
4.049, p < .05$, and between satisfaction and intentions,
$\Delta \chi^2(1) = 5.024, p < .05$, for the two groups. The path co-
efficients for the low nonmonetary switching-cost group
($\beta_{SEP \rightarrow WOMI} = .246, p < .05; \beta_{CS \rightarrow WOMI} = .913, p < .01$)

\[ \text{WOMI} = .105, p < .05 \]. These findings implied that satisfac-
tion, trust, and commitment acted as mediators in forming
WOM intentions in the proposed model. In particular, since
the hypothesized direct paths (excluding hypothesis 8) were
all significant, these variables can be described as partial
mediators. However, commitment acted as a complete medi-
ator in the relationship between trust and intentions, causing
their insignificant direct relationship.

\[ \Delta \chi^2(1) = 9.962, p > .01 \] (insignificant)

\[ \Delta \chi^2(11) = 19.962, p > .01 \] (insignificant)

\[ \Delta \chi^2(11) = 26.081, p < .01 \] (significant)

\[ \Delta \chi^2(10) = 11.823, p > .01 \] (insignificant)

\[ \Delta \chi^2(10) = 11.823, p > .01 \] (insignificant)

\[ \Delta \chi^2(11) = 19.962, p > .01 \] (insignificant)

\[ \Delta \chi^2(11) = 26.081, p < .01 \] (significant)

\[ \Delta \chi^2(10) = 11.823, p > .01 \] (insignificant)

\[ \Delta \chi^2(10) = 11.823, p > .01 \] (insignificant)

Note: RMSEA = root mean square error of approximation; CFI = comparative fit index; NFI = normed fit index.
a. One item of the variance constraints was relaxed.
were found to be greater than for the high group ($\beta_{\text{SEP} \rightarrow \text{WOMI}} = .113, p < .05; \beta_{\text{CS} \rightarrow \text{WOMI}} = .651, p < .01$), supporting hypotheses 11a and 11b. Again, the effect of trust, $\Delta \chi^2(1) = 0.056, p > .05$, and commitment on WOM intentions, $\Delta \chi^2(1) = 0.235, p > .05$, was not statistically different between these groups, meaning that hypotheses 11c and 11d were not supported. Exhibits 7 and 8 present the findings from the invariance tests for the monetary and nonmonetary switching-cost groups.

**Discussion**

**Theoretical Implications**

In contrast to previous studies, we took a relatively holistic approach with multivariate data analyses to extend previous studies regarding the formation of WOM intentions. We believe our study makes a contribution because it adopts a two-dimensional view in examining the role of switching costs in WOM. We found that monetary and nonmonetary switching costs significantly moderated the paths from service encounter performance and satisfaction to WOM intentions. More critically, this verifies the role of low switching costs with regard to the effects of encounter performance and satisfaction on WOM intentions. This finding extends previous research by highlighting the potential negative outcomes of both monetary and nonmonetary switching costs in inducing positive WOM intentions. However, our results also showed that the level of restaurant customers’ trust and commitment is independent of any perceived switching costs. Our study demonstrates that monetary and nonmonetary switching costs significantly moderate the structural relationships in the formation of WOM intentions.
nonmonetary switching costs have an independent moderating role in the proposed theoretical framework. Thus, this research goes beyond recent hospitality research using switching costs as one construct in explicating intention formation (e.g., Back and Lee 2009; Han 2009; Han, Back, and Barrett 2009; Han, Back, and Kim 2011; Jones, Mothersbaugh, and Beatty 2000). To more clearly comprehend the formation of WOM intentions, researchers should consider using these two dimensions of switching costs.

Satisfaction, trust, and commitment do serve as mediators in the proposed framework of this study, but it is clear that this is a complicated matter and researchers should take care in modeling these constructs. This result was consistent with the findings of previous studies (e.g., Henning-Thurau, Gwinner, and Gremler 2002; Kim and Han 2008; Morgan and Hunt 1994).

**Managerial Implications**

For restaurant practitioners, creating ways to enhance service performances eventually contributes to increased satisfaction, trust, commitment, and WOM intentions. Efforts to enhance the service encounter performance would contribute to building social bonds between service employees and individual customers, increasing customers’ confidence level, enhancing their enduring desire to maintain a valued
relationship, and finally boosting their intention to recommend and spread positive WOM. Further, restaurant operators should truly understand individual customers’ preferences and characteristics, the better to develop targeted and appealing services, promotions, and activities intended to increase customers’ satisfaction, confidence, and commitment with a goal of increasing favorable WOM. The results indicated that restaurant customers who perceive low monetary switching costs but were highly satisfied reported greater intentions to engage in favorable word-of-mouth, as compared to those who felt they had high switching costs. These findings were consistent with Fullerton’s (2003) notion that customers tend to diminish positive WOM communication when they feel locked into a relationship with a service provider. Having said that, we acknowledge that most restaurant operators (and indeed all service businesses) do seek to build various monetary and nonmonetary switching costs, notably, through loyalty programs, to encourage repeat business. Given our finding that the perception of high monetary switching costs can diminish favorable word of mouth, we instead suggest that restaurateurs focus on excellent service and meeting other customer needs to discourage customers from defecting.

The level of nonmonetary switching costs had no significant effect on WOM intentions. We also found that the relationship between commitment and WOM intentions was not moderated by monetary or nonmonetary switching costs. Since the level of customers’ trust and commitment in the context of full-service restaurants does not depend on the existence of either type of switching cost, restaurant operators should strive to develop customers’ trust and commitment. In this context, we again point to the significance of the mediating variables in the proposed framework, namely, satisfaction, trust, and commitment. Helping customers improve their overall dining experiences through various strategies would be an effective tactic for improving satisfaction, trust, and commitment, all of which eventually contribute to generating favorable WOM. In summary, this is one of the few empirical research studies to confirm for restaurant managers that superb service induces customers’ positive evaluation of their dining experiences and a high confidence and commitment level, thereby contributing to generating favorable WOM intentions, and that superb performance more effectively helps the patrons be good ambassadors for a restaurant when satisfaction, trust, and commitment are high. Furthermore, to our knowledge, this study is the first to caution restaurant practitioners that the perception of high switching costs could reduce favorable WOM intentions even when service is excellent. Also new is the finding that increasing trust and commitment for generating favorable WOM intentions is totally independent from the degree of monetary and nonmonetary switching costs.

Limitations and Suggestions for Future Research

A key limitation of this study is that it used a convenience sample. Moreover, the data were collected at full-service restaurants in three metropolitan cities, and thus, we should be cautious about generalizing the results to other restaurant segments or locations. Future studies could test the proposed model using a broader sampling range and in other types of restaurant.

Second, this study did not consider the effects of personality traits and demographic factors in forming WOM intentions. Testing the proposed model by considering the effects of personality traits and demographic factors would be a useful direction for future research.

Third, the proposed moderating impact of switching costs on some paths was not supported. The insignificant impact of switching costs on the trust and intention link may be caused by a complete mediating role of commitment, and the insignificant moderating role of switching costs in the link from commitment to intention may be attributable to suppressor effects (Bollen 1989). Indeed, the direct path from trust to intention was not significant, and the impact of satisfaction on intentions was extremely high in both invariance models for monetary and nonmonetary switching costs (see Exhibits 4 and 7). Future research should further examine the relationships among these variables in a different context and compare different ways of modeling these associations.

Fourth, this research did not delve into the debate regarding what drives positive or negative word of mouth. Most particularly, contrary to the expectations created by several studies, we see no theoretical explanation yet of why customers’ online reviews of restaurants are overwhelmingly favorable (Pantelidis 2010). As an extension of this study, future research should examine the contradictory explanations for what drives either favorable or unfavorable WOM by integrating two-dimensional views of service performances (positive and negative) into the proposed model.

Fifth, Donaldson and Grant-Vallone (2002) illustrated the problem of mono-method bias by showing how it can distort conventional parameter estimates of the substantive relationships between constructs measured using the same method or data source. Therefore, concerns arise about the validity of the conclusions in this study. Future research using multiple sources of data should rule out the threat to validity of self-report and mono-source response bias.

Last, convergent and discriminant validity of the modified scales was not fully satisfactory because of the high correlations among satisfaction, trust, and WOM intentions. Future research should use a more thorough measurement adaptation procedure to ensure conceptual clarity or consistency of the items.
Appendix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measures</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interaction with staff was like interacting with friends (Mutual understanding).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff paid special attention to my requests (Provision of extra attention).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff provided genuine services (Perceived authenticity in the interaction).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff provided efficient and capable services (Service provider competence).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff’s services met my needs and expectations (Meeting customer expectations).</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Very low (1)/Very high (7)</td>
<td>Garbarino and Johnson (1999) and Kim, Lee, and Yoo (2006)</td>
</tr>
<tr>
<td></td>
<td>How would you rate your level of satisfaction with the quality of service?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How would you rate your overall satisfaction with this restaurant?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>How would you rate this restaurant compared with other restaurants on overall satisfaction?</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>Strongly disagree (1)/Strongly agree (7)</td>
<td>Morgan and Hunt (1994)</td>
</tr>
<tr>
<td></td>
<td>I think this restaurant is reliable.</td>
<td></td>
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<tr>
<td></td>
<td>I have confidence in this restaurant.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think this restaurant has high integrity.</td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td>Strongly disagree (1)/Strongly agree (7)</td>
<td>Morgan and Hunt (1994)</td>
</tr>
<tr>
<td></td>
<td>I am very committed to this restaurant.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I intend to maintain a relationship definitely.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think this restaurant deserves my effort to maintain a relationship.</td>
<td></td>
</tr>
<tr>
<td>Word-of-mouth intentions</td>
<td>Strongly disagree (1)/Strongly agree (7)</td>
<td>Maxham and Netemeyer (2002)</td>
</tr>
<tr>
<td></td>
<td>I will spread positive word-of-mouth about this restaurant.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I will recommend this restaurant to my family, friends, and others.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If I switch to a new restaurant, I will not be able to use some services and benefits from this restaurant, such as coupons, gift certificates, and membership services.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Switching to another restaurant will incur a monetary cost, such as no discounts, no special offers, and paying a higher price for foods than in this restaurant.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Even if I have enough information, comparing the restaurants with one another takes a lot of energy, time, and effort.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In general, it would be a hassle switching to another restaurant.</td>
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References


