



Factors Influencing the Switching Behavior of Customers with Regards to
Movie Theaters: A Case Study of Major Cineplex

by

Mr. Jakkrit Chittaropas

A Final Report of the Three-Credit Course
CE 6998 Project

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Computer and Engineering Management
Assumption University

November 2004

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The Graduate School of Assumption University has approved this final report of the three-credit course, CE 6998 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

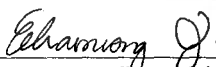
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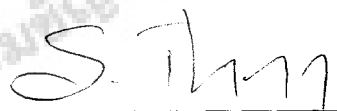
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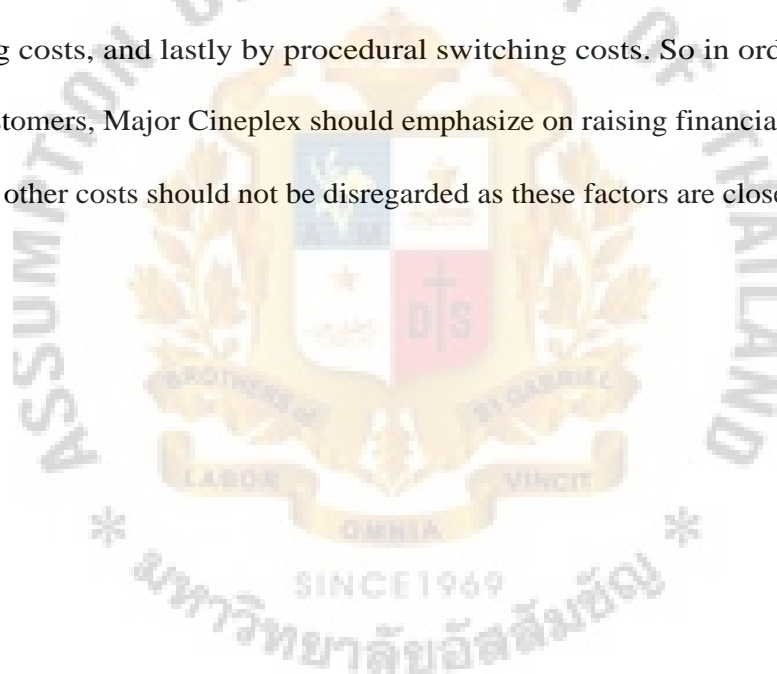
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ABSTRACT

The research to further explore the field of customers' switching costs has been conducted in Bangkok with the case study in the service industry from the example of the Major Cineplex Company. The data collected is done by the survey method utilizing self-administered questionnaires, then the data has been processed and analyzed by using the SPSS program.

The result of the research suggested that financial switching costs are the most important as well as effective means to retain customers, followed closely by relational switching costs, and lastly by procedural switching costs. So in order to effectively retain customers, Major Cineplex should emphasize on raising financial switching costs, however, other costs should not be disregarded as these factors are closely related.



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Finally, the writer wishes to give his deepest appreciation to his family for their love, understanding and encouragement. The writer dedicates this thesis to them with love and gratitude.

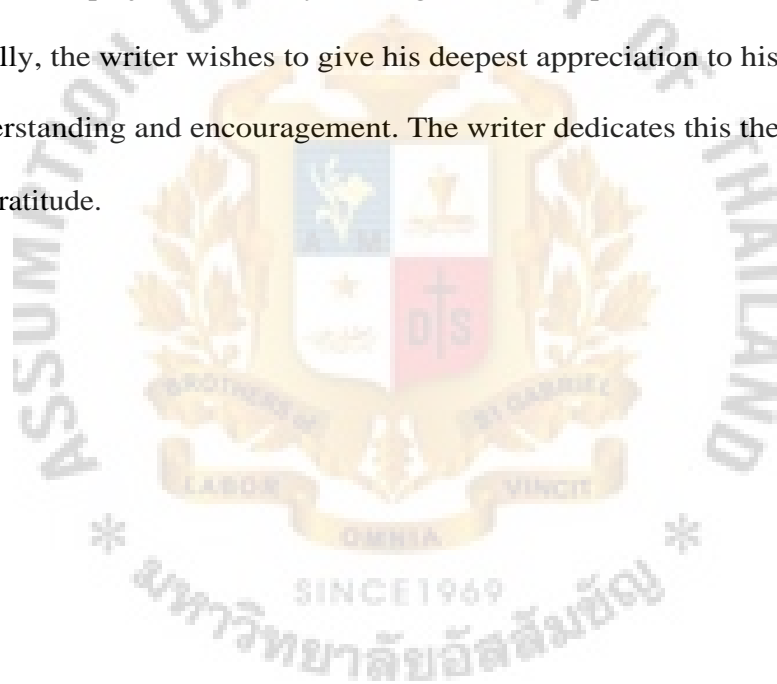


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I. INTRODUCTION

1.1 Industry Background

The total value of the movie industry in Thailand in 2003 was Baht 3,900 million increase, 15% from the previous year due to the sharp expansion of the Thai film industry which accounted for 30% in the year 2003. Subject to the revenue sharing system, value of the film market in Bangkok is as high as 80% of the overall value of the film industry in 2003, of which the Company shares 50% and the remaining share or 20% is the market value of movies sold through the agent system in upcountries.

The film distributors have expected that the value of the film market in 2004 is Baht 4,500 million or the increase of 15% from the year 2003 as a result of continuous growth of the Hollywood film industry with approximately 320 films waiting to be screened, of which 20-25 are Blockbuster ones. Moreover, such growth is also boosted by the prosperity of the Thai films with 60-70 films waiting to be screened this year.

The potential growth for Thailand's theater business depends on several indicators such as the population per screen in the amount of 170,000 persons per cinema for Thailand, which can be considered extremely high when compared with 7,000 persons per screen in the USA. Moreover, the average ticket price in Thailand is equivalent to USD2.7, in comparison with USD10 in the USA. The average viewing frequency in Thailand is 0.5 movies per person per year whereas the viewing frequency in the USA is 6 movies per person per year.

Furthermore, the theatre business in Thailand is in the under screen state since movies have been produced and waiting to be screened more than the number of cinemas as a whole. Consequently, the period of screening of each movie must be limited to 1-2 weeks only whereas the average screening period of each movie in the

USA is 4-6 weeks. Besides, in the upcountry of Thailand, there are multiplex cinemas in few provinces. Most cinemas are old, out-of-repair, and old-fashioned. Therefore, there is potential for high growth in the up countries, especially in the big provinces of Thailand. Moreover, the population in provincial areas have high purchasing power while there is lack of entertainment in terms of modern-styled and standard cinemas, so they have the high demand for this form of entertainment.

Now, only 3 operators run the multiplex theatre business and have more than 2 branches. In total, these operators share 95% of market value. The competition of the theater business in 2004 still focuses on the multiplex systems only and the competition trend shall mainly emphasize on the marketing strategy, not on locations.

1.2 Company Background

Major Cineplex Plc., the leader of theatre and entertainment business in Thailand, currently operates 5 main businesses; theatre business, karaoke and bowling, rental and service business, advertising business, and strategic investment.

Theatre Business

Major Cineplex's cinemas are the multiplex cinema system, which consists of at least 5 screens in one location. Currently, the Group owns 15 branches that involve 130 cinemas with 32,500 total seats in various locations as listed below.

Table 1.1. Branch Location.

Branch	Cinemas	Seats
1. Sukhumvit	8	2,150
2. Ratchayothin	15	4,450
3. Rangsit	16	3,450
4. Ramkamhaeng X	7	2,050
5. Central World Plaza	6	1,300
6. Chiang Mai	7	2,000
7. PinIda°	8	3,050
8. Rama III	10	2,700
9. Bangna	10	2,000
10. Bangkapi	10	2,150
11. Seri Center	6	1,000
12. Rama II	9	1,600
13. Nakorn Sawan	5	1,100
14. Udon Thani	7	2,000
15. Nonthaburi	7	1,500
Total	130	32,150

At the Ratchayothin Branch, in particular, an IMAX spectacular cinema has also been specifically provided for customers with a total of 600 seats. In general, the Company's cinemas are decorated and maintained with the emphasis on attractiveness, luxury, and modernity equipped with variable styles of seats, which have been placed

by mainly taking account of convenience and comfort of customers. Besides, the V.I.P. rooms and coffee corners have been especially arranged for customers in most branches. With regard to the equipment of all cinemas, the Company has installed big screens, which run the full width of each cinema's breadth, as well as the recent quality sound system.

The Company's operations of the cinema business involve only the construction of cinema structure, cinema decoration, screening technology system, and sound system or may be collectively called the hardware investment. Other related investment shall be continued by both domestic and international film distributors who deliver movie films to the Company for further screening and are in charge of the whole marketing costs incurred for the production of that particular movie. According to the revenue gained from the ticket sales, the Company shall share it with the films' owners in the amount of 48-50%. Furthermore, the Company has gained additional income from the concession services with the sales of soft drinks and popcorn, the sales of Major Cineplex's discount cards as an extra service to encourage the volume of ticket sales, the advertisements on screens, the rental space outside the theatre areas, and the sponsor fees gained from the participation of activities with owners of movies and products.

The Company provides theatre services every day from 10:00 - 24:00 hours and is able to screen 4-7 rounds of movie per day per theatre. The screening period of each movie shall be 1-2 weeks or longer than that subjected to the popularity of each movie.

Bowling and Karaoke

For the diversity of services and support of main business, the Company has provided bowling and karaoke services to customers under the name of "Major Bowl", Thailand's best bowling centre. The Company places a policy on expanding branches of the Major Bowl along with the expansion of Major Cineplex cinemas.

The Company's bowling and karaoke business is in the form of entertainment sports. It is differentiated from the old form of bowling that is the actual sport. Its bowling services have been provided with reflex light instruments including bowls, pins, and lanes to suit the entertainment environment in the form of boutique bowl. The Company has also provided karaoke service as an alternative of entertainment for customers, as well as food and group caterings and tournament. The company has a total of 236 lanes and 93 karaoke rooms.

Advertising Business

The screen advertising business has been operated by "Major Cineplex Company Limited", their subsidiary company. Its scope of business includes the provision of advertising services in all cinemas of the Company, services on movie promotion, and other marketing services. The advertising media in cinemas involve the channels of advertising on screens, video screens equipped in the hall on the ground floor of each branch, 3-page turnover advertising posters in front of the theater, television monitors at the concession counters, the Company's website at www.majorcineplex.com, the Company's magazine under the name of "Tick a Seat", and outdoor advertising boards. Moreover, the Company has jointly organized the film promotion and marketing activities with the film distributors and/or various product owners in their cinema areas.

The customers of the advertising media business in cinemas of the Company can be categorized into 2 groups, in which the number of customers in each group is quite similar. These two groups consist of advertising agencies and direct customers, which are the companies that own various products and have the same targeted customers as the Company.

Rent and Services Business

The Company has operated the Rental and Services Business in each branch with the objective of creating the diversity of its services. The Company has placed the importance on retail shops that must best suit the taste and expenditure behaviors of customers who visit the cinemas. Most shops that rent the Company's space are front-line shops proposing unique and outstanding products and services to customers. The rental space opened for shops can be categorized into 2 types: long -term leasing agreement for over 3 -year period, and short-term leasing agreement not exceeding 3 years, accounting for 26% and 74% of the total 145 shops in 18,700 square meters respectively. The extra services provided along with the rental space include electricity, air condition, fire prevention system, cleansing system, security system, central area services such as elevators, escalators, and car parks in each branch. The details of the Company's rental space are provided below:

Table 1.2. Rental space cost and number of shop.

Major Cineplex	Rental Space	Shops**	Occupancy Rate
1. Sukhumvit	3,800	33	100
2. Ratchayothin	8,000	51	100
3. Ramkamhaeng	450	5	100
4. Central World Plaza	1,000	8	100
5. Chiang Mai	100	2	100
6. Rangsit	3,700	31	100
7. Bangkok	400	5	100
8. Rama III	400	6	67
9. Nakorn Sawan*	200	1	26
10. Udonthani*	300	-	-
11. Nonthaburi*	350	3	67
Total	18,700	145	-

*New branches opened in 2003

* **Number of Shops are shops per Sq. Meter

Investment in Joint Venture

The company also forms joint venture with Nontanund Entertainment Co.,Ltd and Pacific Marketing and Entertainment Group Ltd. with 80% investment stake each in leading films distributors. Major Cineplex vertically integrates into distribution business as a strategic move to match with its core business. To utilize and secure the main key visibility to market, exhibition business, of Major Cineplex, vertical integration also gives access to a much larger market, home VDO market, to Major Cineplex.

As a result of this strategic move, film distribution business benefits from reasonable film cost and disciplined market. Also, customers benefit from more selected films and more films diversity.

Moreover, to capture the customers with lifestyle-centric thinking, Major Cineplex also put 49% investment stake in one of the lifestyle entertainments, California Fitness. The investment not only targets the same crowd of customers but California Fitness also completes the entertainment complex of Major Cineplex.

California Fitness has a proven model of success and strong brand recognition as well as convenient location in prime areas. Currently, California Fitness has only one location at Silom and two pre-sale offices (at Pinklao and Sukumvit 23) with a total of 25,000 members.

In the fourth quarter of 2004, California Fitness plans to be listed on the Stock Exchange of Thailand, uncovering hidden value for Major Cineplex. By year-end of 2006, California Fitness plans to operate at least 8 flagship clubs in Bangkok, an increase of about 10 times in club space from a current sole club.

For final proof of the company's leading position in lifestyle entertainment, Major Cineplex has invested 25% stake as a leader in Thailand's real estate and Neighborhood Shopping Center. Siam Future launches Major Cineplex into a new expansion environment "Lifestyle Center" and fuels rapid growth with better screen penetration for Major Cineplex. Siam Future also eases Major Cineplex's capital expenditure requirements for expansion.

Currently, Major Cineplex has only one branch in Siam Future's lifestyle center at Chachoengsao province which was just opened in July 2004. Major Cineplex has planned to open one more branch in Siam Future's lifestyle center at the end of 2004 at Changwatana and, at least, another 3 locations in the near future.

Supervision, Internal Control and Auditing

The Board of Directors has realized and been aware of its roles, duties, and responsibilities to the Company and the Company's shareholders. Therefore, the Board has complied with the Code of Best Practices for the board of directors of listed companies and the principles of good corporate governance as prescribed by the Stock Exchange of Thailand with the strong emphasis on its quality management, transparent operations, and adequate and accurate disclosure of information to the general public for the best benefit of its shareholders and other related parties. The Company also implemented the principles of good corporate governance in terms of policies and supervision, the adequate internal control and internal auditing in respect of the organization itself and its environment, risk management, supervision of the management performance, information technology and data transmission, and follow-up measures.

Rights of Shareholders and General Shareholders' Meeting

The Company normally organizes annual general meetings of shareholders in compliance with the related regulations and laws. In the year 2003, the Company held an annual general meeting of shareholders, and an extraordinary meeting of shareholders. Notices of shareholders' meetings were distributed to all shareholders at least 14 business days prior to the date of each meeting along with the meeting agenda. In every shareholders' meeting, the Company extends an equal treatment to all shareholders with regard to receiving the information, expressing opinion and raising questions concerning the Company's operations at the meeting. The Company shall promptly prepare the minutes of the meeting describing complete details available for further references. The Company shall also propose an alternative to shareholders by

designating at least 1 independent director as the proxy of shareholders who wish to assign representatives in case they cannot attend in person.

Rights of Stakeholders and Conflicts of Interest

The Company has focused on the importance of rights of stakeholders and attended to the rights of all parties involving employees, business partners, creditors, customers, competitors, and communities to ensure that all groups of stakeholders be treated with good care and fairness. The Company also considers and has a clear policy on the procedures of approving related transactions that shall always be conducted in written notice to prevent any transaction with the potential of a conflict of interest.

Leadership, Vision, and Business Ethics

All the Company's directors and executives are endowed with their personal skills, quality, ethics, knowledge, experience, and expertise in various facets of businesses. They have given their time and efforts to set up duties, policies, and directions for the Company's operations, to supervise the management team to ensure that the Company's operations are applied to its determined policies efficiently and proficiently in order that the highest economic value is provided to its business and the best prosperity is given to its shareholders. Apart from the above, the Company has set up regulations including penalties as a guideline of working and performing duties with honesty and transparency to be followed up by all directors and employees.

The Balance Provided by Non-Managerial Directors and Sub-Committees

The Board of Directors consists of eight persons, four directors from the Company's executives and four independent outsiders, and of whom three fourths are the Audit Committee. The Board of Directors passed the resolution to appoint sub-

committees for the supervision of the Company's operations. The management structure of the Company comprises the Board of Directors, the Audit Committee, the Executive Board of Directors, the Remuneration Committee, the Executive Committee, and the Management team. As of the end of the year 2003, the president of the board and the chief executive officer is the same person. The Company has recognized that the same person for both titles may be granted unlimited power and has tried to find out the best-suited person to fulfill the chief executive officer position. Taking account of a person with proper qualifications and accepting that one must take some extent of period, but the Company expects to have the qualified person shortly. However, as to the current practice of the Company, the chief executive officer shall be granted the authority and responsibilities by the Board of Directors or the Executive Board of Directors as prescribed in the obligations and the Articles of Association of the Company. Also, the delegation shall not include the power to approve any transaction that he or other persons may get involved, be stakeholders, or have conflicts of interest in any way with the Company and affiliated companies.

Meetings of the Board of Directors and Remuneration of Directors and Executives

In the year 2003, eight general meetings of the Board of Directors were held. For every meeting, the letters of invitation to the meeting shall be issued to each director at least seven business days before the date of each meeting. Details of meeting attendance by the board members are as follows:

Table 1.3. Board of Director.

Name	Title	Number of Attendance/Number of Meeting (Times)
Mr. V icha Poolvaraluck	President	8/8
Mr. Verawat Ongvasith	Vice President	7/8
Ms. Paradee Poolvaraluck	Director	8/8
Ms. Tosaporn Angsuwarangsee	Director	8/8
Dr. Vachara Phanchet	Director	2/5
Mr. Chai Jarungtanapibal	Independent Director	7/8
Mr. Wallop Tangtrongjitr	Independent Director	7/8
Mr. Chew Hi Sien Hester Arthur	Independent Director	5/8

In the meeting of the Board of Directors No. 8/2002, the Board passed the resolution for the appointment of the Remuneration Committee. The Remuneration Committee, which consists of qualified persons, shall consider the proper remuneration of the Board of Directors and the Management of the Company, both the remuneration in cash and other forms of remuneration (not in cash), given upon the necessity and best benefit of the Company in terms of organization management and operation performance, as well as maintenance of invaluable personnel. In 2003, a sum of Baht 7.01 million was paid to the Company's four executives, excluding the chief executive officer, in the form of salary, bonus, vehicles, and mobile calls. Other remuneration in the form of the Company's warrants (ESOP-W1), which was given to directors and executives as follows:

Table 1.4. Company's warrants.

Name	Title	Number of Warrants (Million)	Percentage
Mr. Vicha Poolvaraluck	President and Chief Executive officer	4.50	23.08%
Mr. Thanakorn Pulivekin	Vice President	2.10	10.77%
Mr. Chai Jarungtanapibal	Independent Director	0.95	4.36%
Mr. Verawat Ongvasith	Vice President	0.75	3.85%
Ms. Paradee Poolvaraluck	Director	0.50	2.56%
Ms. Tosaporn Angsuwarangsee	Director	0.50	2.56%
Mr. Wallop Tangtrongjitr	Independent Director	0.50	2.56%
Mr. Chew Hi Sien Hester Arthur	Independent Director	0.50	2.56%
Mr. Anavach Ongvasith	Chief Marketing officer	1.50	7.69%
Mr. Chatpoom Kuntiviriya	Chief Finance officer	1.15	5.90%

Relationship with Shareholders and Investors

The Company has set up the Investor Relations department to assume duties of relations to communicate with shareholders, investors, and related governmental agencies to ensure that the disclosure of information and any activity performed by the Company shall be accurate, clear and comprehensive. In the year 2003, the Company regularly had the announcements about quarterly performance, the non-deal road show

and the company visit by both domestic and international investors. Moreover, to strengthen the relationship with investors, the Company has participated in seminars and exhibitions for wider distribution of information.

1.3 Objectives

- (1) To analyze the factors influencing customers to go to the movie theater.
- (2) To analyze the factors influencing the switching behavior of customers regarding movie theaters.
- (3) To develop the strategy that would prevent Major Cineplex customers from switching to other movie theaters.

1.4 Scope

The scope of the project is Factors that influence the switching behaviour of customers with regards to movie theatres' then to create the marketing strategy that would prevent customers from switching to other movie theatres.

1.5 Deliverables

Full Report

- (1) Introduction
- (2) Literature reviews
- (3) Research Methodology
- (4) Data Analysis
- (5) Conclusion & Marketing Strategy

II. LITERATURE REVIEWS

2.1 Consumer Switching Costs: A Typology, Antecedents, and Consequences

In view of the potential importance of switching costs, the impact of all strategic moves on switching costs should be considered.

Michael Porter (1980:122).

One of the major ways of achieving business success in today's highly competitive market is to have a clear understanding about it. Once the necessity of understanding the market is realised, the most important task of an organisation is to forecast where consumers are moving and to be in front of them (Kotler, 1988/1999). According to Slater and Narver (1994), this requires obtaining information about customers, viewing the information from a total business perspective, deciding how to deliver superior customer value and taking actions to provide the same. Troy (1996) observed that customer value is the outcome of a process that begins with a business strategy anchored in a deep understanding of customer's needs. According to him, creation of superior customer value is a continuing competitive challenge in sustaining successful market-driven strategies. Recently Xavier (1999) has commented that the basic idea around competitive advantage is that companies compete with each other to offer value to customers and the player who offers better value will be able to gain the greater market share which, in turn, will lead to better profitability.

The need to improve an organisation's understanding of buyers is escalating because of increased buyers' demands. Dickson and Ginter (1987) pointed out that the differences in buyers' response allow the market demand to be divided into segments, each with a distinct demand function. Since only rarely does a market segment buy one brand and rarely is a brand bought by only one segment, the study on patterns of

purchase behaviour and brand choice has gained wide importance in marketing decision making.

Customer satisfaction has traditionally been regarded as a fundamental determinant of long-term consumer behaviour (Oliver, 1980; Yi, 1990). The more satisfied customers are, the greater is their retention (Anderson and Sullivan, 1993; Fornell, 1992), the positive word of mouth generated through them (Reichheld and Sasser, 1990; Schneider and Bowen, 1999), and the financial benefits to the firms who serve them (Fornell *et al.*, 1995). It is no surprise, therefore, that a fundamental aim of firms is to seek to manage and increase customer satisfaction. However, the reduced regulation, increased price competition, and diminished consumer loyalty have propelled customer retention and customer relationship management (CRM) to the forefront of marketing concerns (Marketing Science Institute 2002). As the primary tool for managing customer retention, customer satisfaction has received unflagging attention in the marketing literature (cf. Anderson and Sullivan 1993; Fornell 1992; Fournier and Mick 1999; Szymanski and Henard 2001). Firms around the world have adopted customer satisfaction measures as a de facto standard for monitoring progress, motivated by the belief that customer retention and profitability will follow. While evidence accumulates that satisfaction influences repeat purchase behavior, it typically explains only a quarter of the variance in behavioral intentions (see the meta-analysis by Szymanski and Henard 2001), and the relationship between satisfaction and loyalty is now recognized as more complex than originally proposed (Fournier and Mick 1999; Mittal and Kamakura 2001; Oliver 1999). Yet firms appear to be stuck in a "satisfaction trap," a myopic belief that customer satisfaction and service quality are the only tools for managing customer retention (Reichheld 1996). To break out of this trap, marketers must devote themselves to more fully understand the various forces/reasons of customer

retention. This research investigates an often noted, but seldom studied, forces/reasons of repeat choice behavior: the switching costs that reduce customers' desire to leave an incumbent provider.

Firms regularly make marketing choices that affect consumers' perceived switching costs. Consider an example from the U.S. long-distance telephone industry. In 1991, MCI launched the Friends & Family program. This marketing program asked customers to invest time and effort building "circles," or databases of friends and family members, in order to receive a discounted calling rate. Between 1991 and 1997, MCI gained almost five share points in the long-distance market. In 1995, AT&T scrapped its long-standing use of time-varying prices and began offering a 100 a minute plan for all long-distance calls. Between 1991 and 1997, AT&T lost 18 percent of the market it had once dominated. While additional factors are likely to have influenced these share changes, the author suggests that the AT&T pricing change reduced the costs its customers faced in comparing alternatives and thus weakened AT&T's customer retention. The MCI Friends & Family program, on the other hand, increased the time and effort investments its customers would lose upon switching and thus strengthened MCI's customer retention.

In the marketing, management, and economics literature, a consensus has emerged that switching costs are prevalent in a wide variety of industrial and consumer contexts (Fornell 1992; Klemperer 1995). There is evidence that switching costs have a significant impact on repeat choice behavior (Weiss and Heide 1993), on the strategies managers should (and do) adopt (Eliashberg and Robertson 1988; Karakaya and Stahl 1989), and on the resultant industry and competitive structures (Farrell and Shapiro 1988). Switching costs have also been associated with higher profits (Beggs and Klemperer 1992), with inelastic response to price (Farrell and Shapiro 1988), with

increased product preannouncements (Eliashberg and Robertson 1988), and with barriers to market entry and sustainable strategic advantage (Karakaya and Stahl 1989; Schmalensee 1982; Kerin, Varadarajan, and Peterson 1992).

Given their importance, it seems natural that firms would want to manage their customers' perceptions of switching costs. Regrettably, the existence of perceptions of switching costs has, by and large, been supported by anecdotes, logic, and simplistic measures that do not reflect the multidimensional nature of switching costs discussed in the literature. There is little surprise, then, in the calls for solid empirical research on the switching cost construct and its management (Gatignon and Robertson 1992; Klemperer 1995).

Research also shows that switching barriers may have both main and interaction effects on retention (Gremler and Brown, 1996; Bansal and Taylor, 1999; Lee *et al.*, 2001). As a consequence, when switching barriers are high, service firms may continue to retain customers even if they are not highly satisfied. While the aim of most firms is to offer 100 per cent customer satisfaction, this is often not feasible. For example, the American customer satisfaction index for the second quarter of the year 2002 shows the cross-industry, overall index to be only 73 per cent (ACSI Index, 2002). In this context, identifying alternative means of retaining customers, such as through switching barriers, is particularly useful. The author aims to propose the argument that examining the role of switching barriers could help service firms and a cost-effective alternative to pursuing satisfaction alone.

2.2 Definition of Switching Costs

Porter (1980) suggested that switching costs are "onetime" costs (p. 10), as opposed to the ongoing costs associated with using a product or provider once a repeat-purchase relationship is established. In this paper, switching costs is described as the

onetime costs that customers associate with the process of switching from one provider to another. While switching costs must be associated with the switching process, they need not be incurred immediately upon switching. Furthermore, switching costs need not be limited to objective, "economic" costs. When consumers simplistically state that "it's just not worth it" to switch providers, they may perceive impediments ranging from "search costs, transaction costs, learning costs, loyal customer discounts, customer habit, emotional cost and cognitive effort, coupled with financial, social, and psychological risk on the part of the buyer" (Fornell 1992:10). These costs are seldom explicitly assessed, but they become salient and evident when consumers are faced with a reason to consider switching.

2.3 A Switching Cost Typology

On the basis of a review of the literature and interviews with industry managers and consumer focus groups, the author developed multi-item scales for comprehensively measuring consumer switching costs. Following accepted scale development procedures (Anderson and Gerbing 1988; Churchill 1979), the author found evidence for eight distinct switching cost facets. The facets are described next; the methodology by which they were derived is presented later in the Method and Results section.

2.4 Switching Cost Facet Definitions

- (1) Economic risk costs are the costs of accepting uncertainty with the potential for a negative outcome when adopting a new provider about which the consumer has insufficient information (Guiltinan 1989; Jackson 1985; Klemperer 1995; Samuelson and Zeckhauser 1988). Three perceived consumption risks (Bettman 1973) are relevant here: performance risk, financial risk, and convenience risk.

- (2) Evaluation costs are the time and effort costs associated with the search and analysis needed to make a switching decision (Samuelson and Zeckhauser 1988; Shugan 1980). Time and effort are associated with collecting the information needed to evaluate potential alternative providers. Mental effort is required to restructure and analyze available information in order to arrive at an informed decision (Shugan 1980).
- (3) Learning costs are the time and effort costs of acquiring new skills or know-how in order to use a new product or service effectively (Alba and Hutchinson 1987; Eliashberg and Robertson 1988; Gultinan 1989; Wernerfelt 1985). Learning investments are often provider-specific, meaning new investments must be made to adapt to a new provider (Klemperer 1995).
- (4) Setup costs are the time and effort costs associated with the process of initiating a relationship with a new provider or setting up a new product for initial use (consider installing and configuring software) (Gultinan 1989; Klemperer 1995). Setup costs for services are dominated by the information exchange needed for a new provider to reduce its selling risks and understand the customers' specific needs (Gultinan 1989).
- (5) Benefit loss costs are the costs associated with contractual linkages that create economic benefits for staying with an incumbent firm (Gultinan 1989). In switching to a new provider, consumers may lose points they have accumulated and discounts or benefits that are not afforded to new customers (Gultinan 1989).
- (6) Monetary loss costs are the onetime financial outlays that are incurred in switching providers other than those used to purchase the new product itself

(Heide and Weiss 1995; Jackson 1985; Klemperer 1995; Porter 1980; Weiss and Heide 1993). Adopting a new provider often involves onetime expenditures such as deposits or initiation fees for new customers (Guiltinan 1989). In addition, switching products or providers may involve replacing transaction-specific assets, or "co-assets," in which the consumer has invested (Kerin et al. 1992; Weiss and Heide 1993).

Personal relationship loss costs are the affective losses associated with breaking the bonds of identification that have been formed with the people with whom the customer interacts (Guiltinan 1989; Klemperer 1995; Porter 1980). Consumers' familiarity with incumbent provider employees creates a level of comfort that is not immediately available with a new provider.

Brand relationship loss costs are the affective losses associated with breaking the bonds of identification that have been formed with the brand or company with which a customer has associated (Aaker 1992; Porter 1980). Consumers often draw meaning from their purchases and form associations that become part of their sense of identity (McCracken 1986). These brand- or company-based relational bonds are lost in switching providers.

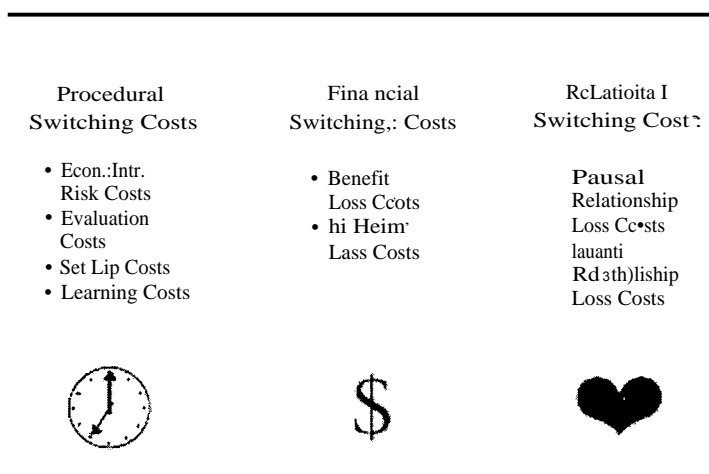


Figure 2.1. A Typology of Consumer Perceptions of Switching Costs.

2.5 Switching Cost Types

To provide a more parsimonious typology of switching costs, the author investigated the relationships between the eight switching cost facets. Analyses described in the Method and Results section suggested that the eight facets could be further organized as three higher-order switching cost types (see Figure 1). These were titled as follows:

- (1) **Procedural switching costs:** Consisting of economic risk, evaluation, learning, and setup costs; this type of switching cost primarily involves the expenditure of time and effort.
- (2) **Financial switching costs:** Consisting of benefits loss and financial-loss costs; this type of switching cost involves the loss of financially quantifiable resources.
- (3) **Relational switching costs:** Consisting of personal-relationship loss and brand relationship loss costs; this type of switching cost involves

psychological or emotional discomfort due to the loss of identity and the breaking of bonds.

2.6 Obstacles to the Study of Switching Costs

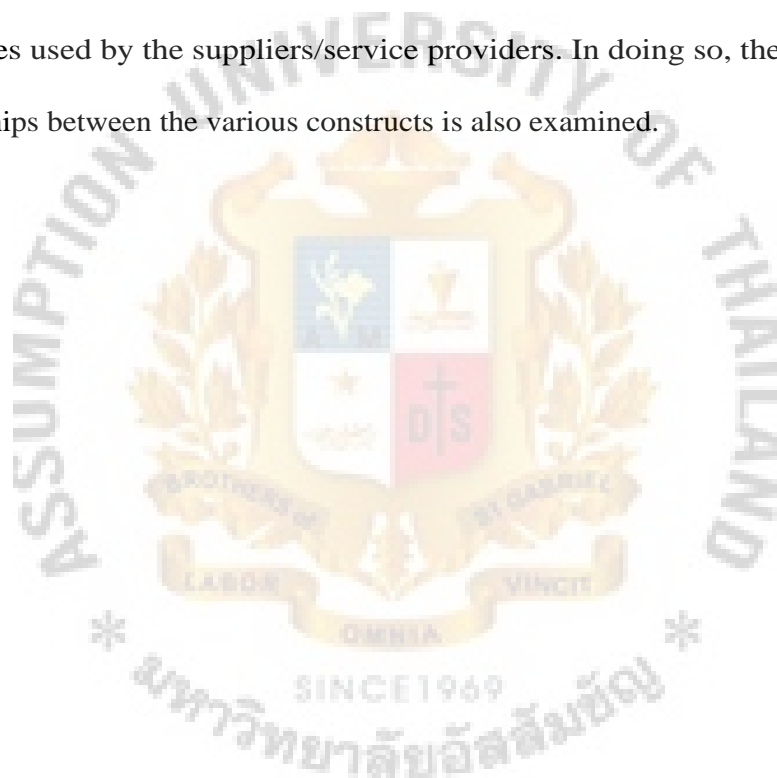
Despite the importance of trust and commitment though, the scholarly inquiry on the issue is hampered in three ways. One is the limited academic research to empirically document the factors that affect trust and commitment in marketing exchange relationships. Rather, the mainstream of the research effort has been directed toward the study of inter organizational/personal relationships such as joint ventures or customer relationship management (Sarkar et al., 1998; Gullen et al., 1995).

A second issue relates to the failure to distinguish trust from related factors, i.e., factors that precede the development of trust and influence it (Moorman et al., 1993). On the contrary, with the notable exception of a limited number of empirical studies (e.g., Sarkar et al., 1998; Morgan and Hunt, 1994; Ruyter et al., 2001), many empirical studies assess trust by measuring sincerity, goal congruence (Sullivan and Peterson, 1982), honesty, beliefs about information sharing (Crosby et al., 1990), etc. Consequently, the conditions, which vest the relationship with trust and commitment, remain veiled.

Finally, a third reason is the conflicting evidence regarding the directionality of the relationship between trust and commitment. Morgan and Hunt (1994) and Ruyter et al. (2001), for instance, suggest a causal relationship from trust to commitment, whereas Aulakah et al. (1996) suggest the reverse. Furthermore, when it comes to the marketing of services, with the exception of the study of Moorman et al. (1993), the empirical documentation is even slimmer. Yet, services are increasingly becoming a vital component of the product that the customers buy, even when it comes to such tangible

products as computers or cars (VanderMerwe and Lovelock, 1994; Zeithaml and Bitner, 1996; Gronross, 1990).

In view of these difficulties to underpin our understanding of trust and commitment development in services marketing relationships, an investigation of one specific factor and its roles in cultivating trust and commitment is attempted: The quality of the service, as it is perceived by the client and the customer bonding techniques used by the suppliers/service providers. In doing so, the causality of the relationships between the various constructs is also examined.



III. RESEARCH METHODOLOGY

3.1 Research Framework

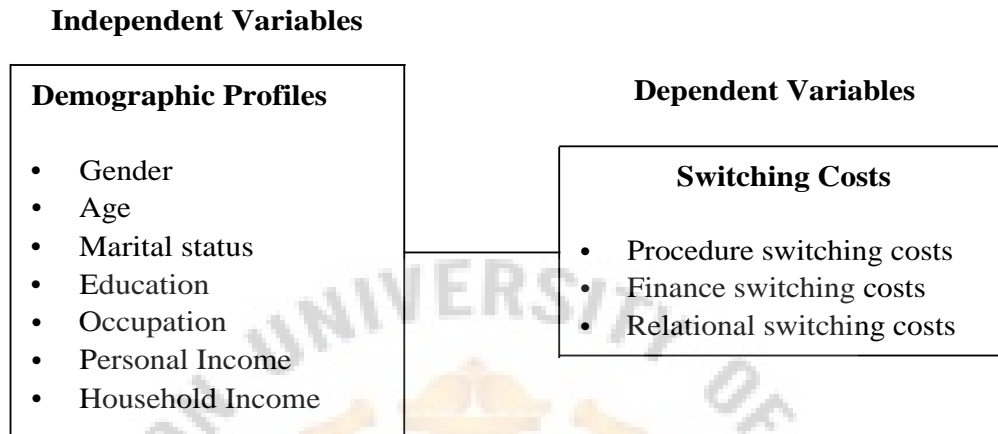


Figure 3.1. Research Framework.

3.2 Research Hypothesis

Hypothesis is unproven proposition or supposition that tentatively explains certain facts or phenomena. It is a statement, an assumption, about the nature of the world (Zigmund, 2000). In this research, the result of hypothesis testing will bring about the conclusion, whether different customer demographic profiles have differences between switching costs or not. Below are the hypotheses to be tested in this research.

Hypothesis 1:

H1o : There is no significant difference between Gender and Procedure switching costs.

H1a : There is significant difference between Gender and Procedure switching costs.

Hypothesis 2:

H2o : There is no significant difference between Gender and Finance switching costs.

H2a : There is significant difference between Gender and Finance switching costs.

Hypothesis 3:

H3o : There is no significant difference between Gender and Relational switching costs.

H3a : There is significant difference between Gender and Relational switching costs.

Hypothesis 4:

H4o : There is no significant difference between Age and Procedure switching costs.

H4a : There is significant difference between Age and Procedure switching costs.

Hypothesis 5:

H5o : There is no significant difference between Age and Finance switching costs.

H5a : There is significant difference between Age and Finance switching costs.

Hypothesis 6:

H6o : There is no significant difference between Age and Relational switching costs.

H6a : There is significant difference between Age and Relational switching costs.

Hypothesis 7:

H7o : There is no significant difference between Marital status and Procedure switching costs.

H7a : There is significant difference between Marital status and Procedure switching costs.

Hypothesis 8:

H8o : There is no significant difference between Marital status and Finance switching costs.

H8a : There is significant difference between Marital status and Finance switching costs.

Hypothesis 9:

H9O : There is no significant difference between Marital status and Relational switching costs.

H9a : There is significant difference between Marital status and Relational switching costs.

Hypothesis 10:

H1Oo: There is no significant difference between Education and Procedure switching costs.

H10a: There is significant difference between Education and Procedure switching costs.

Hypothesis 11:

Hi to : There is no significant difference between Education and Finance switching costs.

H1 la : There is significant difference between Education and Finance switching costs.

Hypothesis 12:

H12o: There is no significant difference between Education and Relational switching costs.

H12a: There is significant difference between Education and Relational switching costs.

Hypothesis 13:

H13o : There is no significant difference between Occupation and Procedure switching costs.

H13a : There is significant difference between Occupation and Procedure switching costs.

Hypothesis 14:

H14o: There is no significant difference between Occupation and Finance switching costs.

H14a: There is significant difference between Occupation and Finance switching costs.

Hypothesis 15:

H15o: There is no significant difference between Occupation and Relational switching costs.

H15a : There is significant difference between Occupation and Relational switching costs.

Hypothesis 16:

H16o : There is no significant difference between Personal Income and Procedure switching costs.

H16a: There is significant difference between Personal Income and Procedure switching costs.

Hypothesis 17:

H17o: There is no significant difference between Personal Income and Finance switching costs.

H17a: There is significant difference between Personal Income and Finance switching costs.

Hypothesis 18:

H18o: There is no significant difference between Personal Income and Relational switching costs.

H18a: There is significant difference between Personal Income and Relational switching costs.

Hypothesis 19:

H190 : There is no significant difference between Household Income and Procedure switching costs.

H19a: There is significant difference between Household Income and Procedure switching costs.

Hypothesis 20:

H20o : There is no significant difference between Household Income and Finance switching costs.

H20a : There is significant difference between Household Income and Finance switching costs.

Hypothesis 21:

H21o: There is no significant difference between Household Income and Relational switching costs.

H21 a : There is significant difference between Household Income and Relational switching costs.

3.3 Research technique

This research uses survey as a major technique of the research. Survey is the research technique in which information is gathered from sample of people by use of questionnaire; a method of data collection based on communication with a representative sample of individuals. Throughout this research, it is to be advised that the term survey means sample survey, which is a survey obtaining a representative sample of the target population. Survey can provide quick, inexpensive, efficient, and accurate means of assessing information about the population (Zigmund, 2000).

3.4 Population & Sampling

Target population

The target population is the specific, completing group relevant to the research project (Zikmund, 1997). The target respondents of this research are all the people who watch the movie at the theater at least once a month

Sample size

To determine the sample size of the respondents, we should use this formula which is called sequential sampling (Zigmund, 2000);

$$1 \sqrt{1 - (ZS/e)^2}$$

Where:

Z = Standardized value corresponding to a confidence level

S = Sample standard deviation or an estimate of the population standard deviation

e = Acceptable magnitude of error, plus or minus and error factor (the range is one-half the total confidence interval)

As the researcher had no information about the actual standard deviation, so the standard error is assumed to be 0.5. For the Confidence level the researcher set the confidence level at 95% (Z value = 1.96). The sampling error is set at 5%.

$$Z = 1.96$$

$$S = 0.5$$

$$e = 0.05$$

So: $N = (1.96*0.5/0.05)^2$

$$N = 384.16 \text{ or } 385$$

The computation shows that the questionnaire must be distributed to at least 385 samples or respondents.

3.5 Operationalization of the Independent and Dependent variables

For this research, the measurement of dependent variables are Likert scale. A measure perception regarding switching factors ranging from least agree to most agree designed to allow respondents to indicate how strongly they agree or disagree with carefully constructed statements relating to an attitudinal object. Respondents can choose five alternatives of answer as follows: strongly agree, agree, normal, disagree, and strongly disagree (Zigmund, 2000)

Table 3.1. Operelationalization of the Independent and Dependent Variables.

Variable	Operelational Definition	Scale of measurement
Independent Variables		
1. Gender	Gender of respondent	Nominal
2. Age	Age of respondent	Nominal
3. Marital status	Marital status of respondent	Nominal
4. Education	Education of respondent	Nominal
5. Occupation	Occupation of respondent	Nominal
6. Personal Income	Personal Income of respondent	Nominal
7. Household Income	Household Income of respondent	Nominal
Dependent Variable		
1. Procedure switching costs	1. I am often a patron of the same movie theatre.	Scale
	2. If new theatre opens up, I will visit.	Scale
	3. Attractive layout of movie theatre and its surrounding influences my decision.	Scale
	4. Uniqueness of the theatres' layout influences my decision.	Scale
	5. I will switch to the theatre that I believe has the most advanced technology.	Scale
	6. Comfort influences my decision in choosing a specific theatre.	Scale
	7. The convenience of seat in different theatres is the same	Scale
	8. All theatres have the same movie schedule	Scale
	9. I will switch theatre if the movie schedule is not convenient for me	Scale

Table 3.1. Operationalization of the Independent and Dependent Variables
(Continued)

Variable	Operational Definition	Scale of measurement
Dependent Variable		
1. Procedure switching costs	10. I will switch to the theatre that offers a wide-range of shopping opportunity in its complex	Scale
	11. Convenient location of theatre influences my decision to go to the specific theatre.	Scale
	12. Availability of parking space is important in my decision to choose theatre	Scale
	13. Movie combination influences my decision to select a specific theatre.	Scale
	14. Ticket price is the same across different movie theatres.	Scale
	15. Ticket price influences my decision to see the specific movie in specific theatres	Scale
	16. I will change movie theatre provided that it offers attractive promotions	Scale
2. Finance switching costs	17. I consider various costs (e.g. transportations, food, etc.) involved in choosing a specific theatre	Scale

Table 3.1. Operationalization of the Independent and Dependent Variables
(Continued)

Variable	Operational Definition	Scale of measurement
Dependent Variable		
3. Relational switching costs	18. Well-recognized theatre's name can influence my decision.	Scale
	19. Services provided by the theatre's staffs influence my choice of theatre	Scale
	20. Friends and family influence my choice of movie theatre.	Scale

3.6 Statistic Treatment of the data

After completion of data collection, the data will be interpreted by Statistical Package for Social Sciences (SPSS). Hypothesis 1-3, and 7-9 are be test by t-test, while hypothesis 2-6, and 10-21 are test by One-Way ANOVA.

IV. DATA ANALYSIS

This research has been conducted by the means of primary data collection method accounting 400 set of questionnaires. The researcher has been able to get response from all 400 respondents. Since there are no errors, the data analysis of this research study has been based on 400 respondents.

4.1 Demographic Profiles

Table 4.1. Gender.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	191	47.8	47.8	47.8
	Female	209	52.3	52.3	100.0
	Total	400	100.0	100.0	

From the target sample of 400 respondents, there are 47.8% males and the rest 52.3% are females.

Table 4.2. Age.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lower than 15 years old	15	3.8	3.8	3.8
	15-20 years old	73	18.3	18.3	22.0
	21-25 years old	123	30.8	30.8	52.8
	26-30 years old	94	23.5	23.5	76.3
	31-35 years old	66	16.5	16.5	92.8
	Higher than 35 years old	29	7.3	7.3	100.0
	Total	400	100.0	100.0	

There are six age ranges of the respondents under study. The first group is the respondents' age lower than 15 years old, which comprises of 3.8% of total sample. The second group is between 15-20 years old with 18.3% of the sample. The third and the highest group is between 21 to 25 years old at 30.8%. The fourth group is between 26 to 30 years old at 23.5%, which is the second-highest age group of the sample. The fifth group is 31-35 years old at 16.5%. And the last group is over 35 years old at 7.3%.

Table 4.3. Marital status.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	334	83.5	83.5	83.5
	Married	66	16.5	16.5	100.0
	Total	400	100.0	100.0	

From four hundreds samples, 83.5% are single and the rest 16.5% are married.

Table 4.4. Education.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	40	10.0	10.0	10.0
	Vocational/Diploma	79	19.8	19.8	29.8
	Bachelor Degree	194	48.5	48.5	78.3
	Master Degree	72	18.0	18.0	96.3
	Higher than Master	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

The survey result shows that the Bachelor degree group ranks highest in the study at 48.5%, followed by vocational/diploma group of 19.8%, while the third group are those with Master degrees at 18%, high school educated group ranks fourth at 10%, and the last group are those with education higher than the Master degree (such as doctorate or PhD) at 3.8%.

Table 4.5. Occupation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	177	44.3	44.3	44.3
	Private Officer	84	21.0	21.0	65.3
	Government Officer	13	3.3	3.3	68.5
	Public Officer	58	14.5	14.5	83.0
	Entrepreneurship	28	7.0	7.0	90.0
	Freelance/For Hire	14	3.5	3.5	93.5
	Expert (doctor, architecture, engineer)	22	5.5	5.5	99.0
	Others	4	1.0	1.0	100.0
	Total	400	100.0	100.0	

The data concerning occupation reveals that students are the highest group of research sample at 44.3%. Other groups are private officers who comprises 21% of sample, government officers with 3.3%, public officers (those working in government-owned enterprises such as Electronic Generating Authority of Thailand or EGAT) at 14.5%, entrepreneurship at 7%, freelancers at 3.5%, experts or specialists at 5.5%, and the rest comprises the others group at 1%.

Table 4.6. Personal Income.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 5,000 8	74	18.5	18.5	18.5
	5,001 - 10,000 8	73	18.3	18.3	36.8
	10,001 - 15,000 8	62	15.5	15.5	52.3
	15,001 - 20,000 8	81	20.3	20.3	72.5
	20,001 - 25,000 8	45	11.3	11.3	83.8
	25,001 - 30,000 8	33	8.3	8.3	92.0
	30,001 - 35,000 8	24	6.0	6.0	98.0
	Above 35,000 8	8	2.0	2.0	100.0
Total		400	100.0	100.0	

Most of the respondents are in the middle income category, with income of 15,001 to 20,000 baht at the highest frequency of 20.3%. The second highest group is the low income group with income below 5,000 baht per month at 18.5%. The third group is making income between 5,001 to 10,000 baht monthly (18.3%). The fourth group owns monthly income of 10,001 to 15,000 baht monthly (15.5%). The fifth group at 11.3% of total respondents has personal income of 20,001 to 25,000 baht monthly. The sixth, seventh, and eighth group have income of 25,001 to 30,000 (8.3%), 30,001 to 35,000 (6%), and above 35,000 (2%) sequentially.

Table 4.7. Household Income.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 10,000 \$	40	10.0	10.0	10.0
	10,001 - 20,000 B	59	14.8	14.8	24.8
	20,001 - 30,000 \$	71	17.8	17.8	42.5
	30,001 - 40,000 \$	77	19.3	19.3	61.8
	40,001 - 50,000 \$	65	16.3	16.3	78.0
	50,001 - 60,000 \$	50	12.5	12.5	90.5
	Above 60,000 \$	38	9.5	9.5	100.0
	Total	400	100.0	100.0	

Most of the respondents reported that their household income is between 30,001 to 40,000 baht (19.3%). The second highest-frequency group has household income between 20,001 to 30,000 baht (17.8%). The third highest at 16.3% of total sample is earning household income between 40,001 to 50,000 baht. The fourth group at 14.8% is living with household income between 10,001 to 20,000 baht monthly. The fifth group with household income between 50,001 to 60,000 baht comprise of another 12.5% of the sample, while those in the sixth group (comprise of 10% of total sample) is making a meager household income of less than 10,000 baht. The last group is a more-affluent group who earns household income of more than 60,000 baht (9.5%).

Table 4.8. What movie theater do you visit the most?.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Major Cineplex	182	45.5	45.5	45.5
	SFX	7	1.8	1.8	47.3
	EGV	165	41.3	41.3	88.5
	UMG	4	1.0	1.0	89.5
	Lido	2	.5	.5	90.0
	Scala	3	.8	.8	90.8
	SF Cinema city	34	8.5	8.5	99.3
	Other	3	.8	.8	100.0
	Total	400	100.0	100.0	

Most respondents (45.5%) are regular customers of Major Cineplex, which confirms the secondary data that Major Cineplex is the leader of theatre business in Thailand. The market follower is EGV, which after the merger with Major Cineplex group will be part of Major Cineplex group, with 41.3% of respondents being regular patrons. SF Cinema ranks third with 8.5%, while other smaller theatres (SFX, UMG, Lido, Scala) occupy the rest of the market.

4.2 Hypothesis testing

Table 4.9. Hypothesis testing.

Hypotheses	Statistics Test	F Value	Level of Significance	Results
H1o: There is no significant difference between Gender and Procedure switching costs.	T-test	0.56	0.45	Accept Ho
H2o: There is no significant difference between Gender and Finance switching costs.	T-test	0.22	0.64	Accept Ho
H3o: There is no significant difference between Gender and Relational switching costs.	T-test	0.24	0.62	Accept Ho
H4o: There is no significant difference between Age and Procedure switching costs.	One-Way ANOVA	9.40	0.00	Reject Ho
H5o: There is no significant difference between Age and Finance switching costs.	One-Way ANOVA	23.94	0.00	Reject Ho

Table 4.9. Hypothesis testing (Continued).

Hypotheses	Statistics Test	F Value	Level of Significance	Results
H6o: There is no significant difference between Age and Relational	One-Way ANOVA	26.68	0.00	Reject H _o
H7o: There is no significant difference between Marital status and Procedure switching costs.	T-test	0.02	0.89	Accept Ho
H8o: There is no significant difference between Marital status and Finance switching costs.	T-test	0.08	0.77	Accept Ho
H9o: There is no significant difference between Marital status and Relational switching costs.	T-test	0.00	0.97	Accept Ho
H10o: There is no significant difference between Education and Procedure switching costs.	One-Way ANOVA	1.56	0.02	Reject Ho

Table 4.9. Hypothesis testing (Continued).

Hypotheses	Statistics Test	F Value	Level of Significance	Results
Hi lo:There is no significant difference between Education and Finance switching costs.	One-Way ANOVA	2.04	0.01	Reject Ho
H12o :There is no significant difference between Education and Relational switching costs.	One-Way ANOVA	2.55	0.00	Reject Ho
H13o:There is no significant difference between Occupation and Procedure switching costs.	One-Way ANOVA	1.36	0.06	Accept Ho
H14o:There is no significant difference between Occupation and Finance switching costs.	One-Way ANOVA	1.42	0.13	Accept Ho
HI 5o :There is no significant difference between Occupation and Relational switching costs.	One-Way ANOVA	1.18	0.30	Accept Ho

Table 4.9. Hypothesis testing (Continued).

Hypotheses	Statistics Test	F Value	Level of Significance	Results
H16o: There is no significant difference between Personal Income and Procedure switching costs.	One-Way ANOVA	25.35	0.00	Reject Ho
H17o: There is no significant difference between Personal Income and Finance switching costs.	One-Way ANOVA	26.77	0.00	Reject Ho
H18o: There is no significant difference between Personal Income and Relational switching costs.	One-Way ANOVA	33.44	0.00	Reject Ho
H19o: There is no significant difference between Household Income and Procedure switching costs.	One-Way ANOVA	8.88	0.00	Reject Ho

Table 4.9. Hypothesis testing (Continued).

Hypotheses	Statistics Test	F Value	Level of Significance	Results
H20o: There is no significant difference between Household Income and Finance switching costs.	One-Way ANOVA	22.62	0.00	Reject H_0
H21o: There is no significant difference between Household Income and Relational switching costs.	One-Way ANOVA	23.21	0.00	Reject H_0

From the table above, one can see that there are only age, education, personal income and household income that reject H_0 , therefore the result suggests that these variables have some correlation with the switching cost whereby difference in age, education, personal income, and household income has a significant different perception in all perspective of switching costs including procedure switching costs, finance switching costs, and relational switching costs.

However, difference in gender and marital status has no significant different perception in all perspective of switching costs, which comprise of procedure switching, costs finance switching costs, and relational switching costs.

4.3 Comparison of Switching costs between each brand

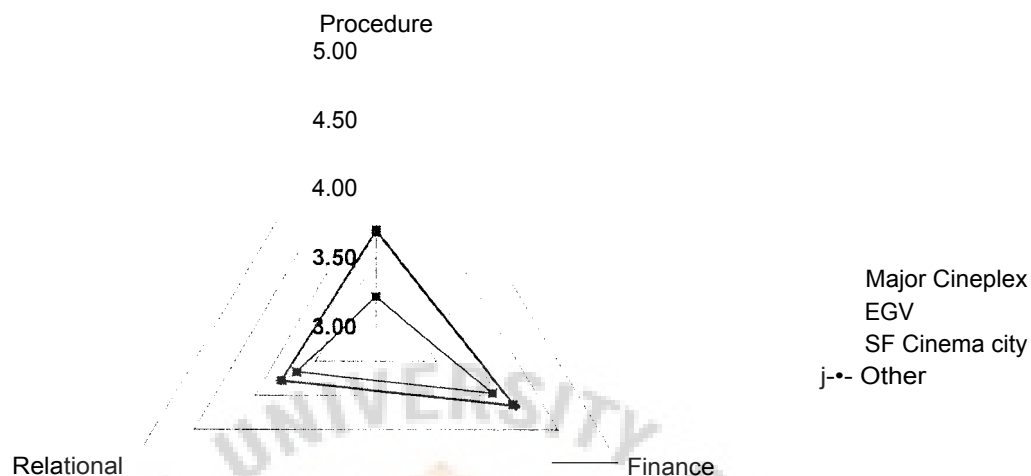


Figure 4.1. Comparison of Switching Cost between Each Brand.

Table 4.10. Comparison of Switching Cost between Each Brand.

	Procedure	Finance	Relational
Major Cineplex	3.70	4.16	3.78
EGV	3.70	4.13	3.78
SF Cinema city	3.69	4.14	3.77
Other	3.22	3.96	3.65

From the figure and table above, it is evident that among the leading competitors in the theatre industry, Major Cineplex shows the highest switching costs in all categories with procedural switching costs of 3.70, financial switching costs of 4.16 and relational switching costs of 3.78. The financial switching cost is the highest factor among the three factors which implies that customers consider financial switching costs as the most paramount, followed by relational switching costs, and lastly by procedural

switching costs. This means that among the major competitors, Major Cineplex establishes the highest degree of customers' switching costs, which suggests that once the company has acquired the customers they are more likely to stay loyal to the company. However, it is worth observing that followers in this market do not perform so poorly and are close behind Major Cineplex in terms of competition, which leads to the conclusion that in the theatre industry, it is most essential to first attract customers for the first trial since when customers become loyal to one theatre they are generally less likely to leave it for competitors unless competitors can, by far, offer superior values to customers.



V. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The research's result shows that age, education, personal income, and household income do have influence on the decision to switch movie theatres in all categories whether it be procedural, financial, or relational switching costs. Specifically, difference in age, education, personal, as well as household income will exhibit different degrees of brand switching behavior.

Furthermore, the research suggests that Major Cineplex as the market leader also exhibits a higher degree of switching costs in all three factors implying that once customers have tried the service provided by Major Cineplex then they will be loyal. In other words, Major Cineplex will be able to retain more customers than competitors once any of them have bought the service. However, it is clear that the company's competitors express quite similar value of switching costs which can then lead to the conclusion that the creation of the first trial is the most important factor to retain customers since once customers become regular and repeat customers of a certain company, and then they will generally be less likely to switch.

Additionally, the survey provides evidence that among all switching costs, financial switching cost is the most important cost determining the customers' choices of being patrons of certain movie theatres. This implies that movie theatres should strive to create certain financial barriers in order to make it more difficult for customers to switch brands, however these barriers should be difficult for competitors to copy otherwise price-war may arise.

The second-most important switching cost is relational switching cost, the result of which further confirms that Thai customers or in more specific terms, customers in

Bangkok and the metropolitan areas regard movie theaters as places of social events or some sources of social gathering for friends, colleagues, families, and others alike.

The third and the least effective way to retain customers in theater business is procedural switching cost. The result offers a means to interpret data in such a way that suggests that Thai customers at large generally prefer the most comfortable and least complicate ways to watch movies at the theater. It also means that if certain movie theaters can erect a barrier to make it more difficult for their customers to switch and use the service of other companies, then the company will be more effective in retaining customers for prolonged periods of time.



Table 5.1. Conclusion Research Hypothesis.

Hypothesis	Description	Result	Interpretation
Hypothesis 1	Test of difference between Gender and Procedure switching costs.	Accept Ho	There is no significant difference between Gender and Procedure switching costs.
Hypothesis 2	Test of difference between Gender and Finance switching costs.	Accept Ho	There is no significant difference between Gender and Finance switching costs.
Hypothesis 3	Test of difference between Gender and Relational switching costs.	Accept H _o	There is no significant difference between Gender and Relational switching costs.
Hypothesis 4	Test of difference between Age and Procedure switching costs.	Reject Ho	There is significant difference between Age and Procedure switching costs.
Hypothesis 5	Test of difference between Age and Finance switching costs.	Reject Ho	There is significant difference between Age and Finance switching costs.
Hypothesis 6	Test of difference between Age and Relational	Reject Ho	There is significant difference between Age and Relational
Hypothesis 7	Test of difference between Marital status and Procedure switching costs.	Accept Ho	There is no significant difference between Marital status and Procedure switching costs.
Hypothesis 8	Test of difference between Marital status and Finance switching costs.	Accept Ho	There is no significant difference between Marital status and Finance switching costs.
Hypothesis 9	Test of difference between Marital status and Relational switching costs.	Accept HO	There is no significant difference between Marital status and Relational switching costs.

Table 5.1. Conclusion Research Hypothesis (Continued).

Hypothesis	Description	Result	Interpretation
Hypothesis 10	Test of difference between Education and Procedure switching costs.	Reject H_0	There is significant difference between Education and Procedure switching costs.
Hypothesis 11	Test of difference between Education and Finance switching costs.	Reject H_0	There is significant difference between Education and Finance switching costs.
Hypothesis 12	Test of difference between Education and Relational switching costs.	Reject H_0	There is significant difference between Education and Relational switching costs.
Hypothesis 13	Test of difference between Occupation and Procedure switching costs.	Accept H_0	There is no significant difference between Occupation and Procedure switching costs.
Hypothesis 14	Test of difference between Occupation and Finance switching costs.	Accept H_0	There is no significant difference between Occupation and Finance switching costs.
Hypothesis 15	Test of difference between Occupation and Relational switching costs.	Accept H_0	There is no significant difference between Occupation and Relational switching costs.
Hypothesis 16	Test of difference between Personal Income and Procedure switching costs.	Reject H_0	There is significant difference between Personal Income and Procedure switching costs.
Hypothesis 17	Test of difference between Personal Income and Finance switching costs.	Reject H_0	There is significant difference between Personal Income and Finance switching costs.

Table 5.1. Conclusion Research Hypothesis (Continued).

Hypothesis	Description	Result	Interpretation
Hypothesis 18	Test of difference between Personal Income and Relational switching costs.	Reject H_0	There is significant difference between Personal Income and Relational switching costs.
Hypothesis 19	Test of difference between Household Income and Procedure switching costs.	Reject H_0	There is significant difference between Household Income and Procedure switching costs.
Hypothesis 20	Test of difference between Household Income and Finance switching costs.	Reject H_0	There is significant difference between Household Income and Finance switching costs.
Hypothesis 21	Test of difference between Household Income and Relational switching costs.	Reject H_0	There is significant difference between Household Income and Relational switching costs.

5.2 Recommendations

Recommendation 1: Emphasize in the generation of first trial

As mentioned earlier, once customers have used the service of any theatre then they will be easily retained since switching costs among major competitors are very similar. So it is paramount to convince customers for the first trial, especially Major Cineplex should concentrate on getting customers at younger years.

Recommendation 2: Enhancing the firm's procedural, financial, and relational costs

Major Cineplex should increase the firm's procedural, financial, and relational costs in order to prevent its existing customers from switching and using the competitors' offerings. This can be done by the following strategies:

(1) Enhancing Procedural Switching Costs

Among the three switching costs, procedural costs rank the lowest in the mind of the customers, however, the firm can increase the procedural costs by continuously improving technology of the theatre. Moreover, comfort of seats and movie schedules should be adapted to suit customers' preference. The movie theatre should be located in a shopping complex or the company should build a movie complex that encompasses numerous shops since customers generally prefer to shop and watch movies at the same time. Also, the company should make sure that it can provide ample parking space to facilitate customers' vehicles.

(2) Enhancing Financial Switching Costs

This is the most important cost in the mind of customers, so it is essential that Major Cineplex must increase this cost in order to retain customers. The financial costs can be enhanced by making it more expensive for customers to switch service to other service providers. This can be done by establishing patronage programs such as point saving or repeat purchase awards.

(3) Enhancing Financial Switching Costs

This is the most important cost in the mind of customers, so it is essential that Major Cineplex must increase this cost in order to retain customers. The financial costs can be enhanced by making it more expensive for customers to switch service to other service providers. This can be done by establishing patronage programs such as point saving or repeat purchase awards.

(4) Enhancing Financial Switching Costs

This is the most important cost in the mind of customers, so it is essential that Major Cineplex must increase this cost in order to retain customers. The financial costs can be enhanced by making it more expensive for customers to switch service to other service providers. This can be done by establishing patronage programs such as point saving or repeat purchase awards.

(5) Enhancing Relational Switching Costs

Relational costs are the second-most important costs that influence customers' retention. The relational costs can be enhanced by increasing brand equity; this has been successfully achieved by Major Cineplex since the recent merger with EGV has left with one company, Major Group with EGV been delisted from the Stock Exchange of Thailand. Another method to increase relational costs is to provide service training to employees in order to provide customer-friendly atmosphere in the theatre along with other dimensions of service provided.

Moreover, Major Cineplex Group can combine the three switching costs to generate one effective promotion campaign. This campaign will be focused on customers by allowing customers to choose the type of movies (can be action, romantic, comedy, etc.) that best suit their needs (procedural switching costs), then the customers can make Major membership cards based on the movie combination that allows customers to receive certain percentage of discount (financial switching costs), then if customers bring their friends or relatives to the movie theatres to watch the movie enlisted in the cards, then they can also be eligible for a discount (relational switching costs).

5.3 Further Research

This research had been done for Major Cineplex Co., Ltd, a company that is in the movie industry, with the sample group being only Bangkok. Therefore, as this research study may not be applicable to other provinces in the industry, there is scope for much further research whenever appropriate. Suggestions for further research include:

- (1) Researching about switching cost of customers in other provinces such as Chiangmai, Khonken, and Phuket so that there would be studies relevant to other parts of Thailand
- (2) Researching in other industries about switching cost such as goods related industries, to see whether there is any difference in service-related versus goods-related industries





APPENDIX A

QUESTIONNAIRE IN ENGLISH

Factors that influence the switching behavior of customers with regards to movie theaters: (A case study of Major Cineplex)

Section 1: Screen Question

How often do you watch movies on average?

- ☐ Less than once a month (end of survey)
☐ Once a month ☐ Twice a month
☐ Once a week ☐ More than once a week

Section 2: Demographic Profiles

1. Gender

☐ Male ☐ Female

2. Age Years

3. Marital Status

☐ Single
☐ Married

4. Your Education

☐ Primary ☐ Secondary
☐ High School ☐ Vocational/Diploma
☐ Bachelor ☐ Master
☐ Higher than Master ☐ Other.....

5. Career

☐ Student ☐ Private Officer
☐ Government Officer ☐ Public Officer
☐ Entrepreneurship ☐ Freelance/For Hire
☐ Expert (doctor, architecture, engineer)
☐ Other.....

6. Personal Income.....

☐ Below 5,000\$ ☐ 5,001 - 10,000\$
☐ 10,001 - 15,000\$ ☐ 15,001 - 20,000\$
☐ 20,001 - 25,000\$ ☐ 25,001 - 30,000\$
☐ 30,001 - 35,000\$ ☐ Above 35,000\$
☐ Not have income

7. Household Income.....

☐ Below 10,000\$ ☐ 10,001 - 20,000\$
☐ 20,001 - 30,000\$ ☐ 30,001 - 40,000\$
☐ 41,001 - 50,000\$ ☐ 51,001 - 60,000\$
☐ Above 60,000\$ ☐ Not have income

☐ Major Cineplex ☐ SFX
☐ EGV ☐ UMG
☐ Lido ☐ Scala
☒ SF Cinema city ☐ Other (please specify) _____

Low (least agree)	... high (most agree)			
1. I am often a patron of the same movie theatre.				
2. If a new theatre opens up, I will visit.				
3. Attractive layout of a movie theatre and its surrounding influences my decision.				
4. Uniqueness of the theatres' layout influences my decision.				
5. I will switch to the theatre that I believe has the most advanced technology.				
6. Comfort influences my decision in choosing specific theatres.				
7. The convenience of seat in different theatres is the same				
8. All theatres have the same movie schedule				
9. I will switch theatres if the movie schedule is not convenient for me				
10. I will switch to the theatre that offers a wide-range of shopping opportunities in its complex				
11. Convenient location of a theatre influences my decision to go to the specific theatre.				
12. Availability of parking space is important in my decision to choose theatres.				
13. Movie combination influences my decision to select a specific theatre.				

Section 3: Procedural, Financial, and Relational Switching Costs (continue)

Your opinion toward Financial Switching Cost	Low (least agree)		high (most agree)		
	1	2	3	4	5
14. Ticket price is the same across different movie theatres.					
15. Ticket price influences my decision to see the specific movie in specific theatres.					
16. I will change a movie theatre provided that it offers attractive promotions					
17. I consider various costs (e.g. transportations, food, etc.) involved in choosing specific theatres.					

Your opinion toward Relational Switching Cost	Low (least agree)		high (most agree)		
	1	2	3	4	5
18. Well-recognized theatre's name can influence my decision.					
19. Services provided by the theatre's staffs influence my choice of theatre					
20. Friends and family influence my choice of movie theatres.					



APPENDIX B

QUESTIONNAIRE IN THAI

ปัจจัยที่มีผลต่อการเปลี่ยนพฤติกรรมของพฤติกรรมผู้บริโภคที่เกี่ยวกับโรงภาพยนตร์: (กรณีศึกษาของเมเจอร์ซีนีเพล็กซ์)

ส่วนที่ 1: คำถามคัดกรอง

โดยเฉลี่ยท่านชมภาพยนตร์บ่อยเพียงใด?

- _____ น้อยกว่า 1 ครั้งต่อเดือน (จบการถาม)
_____ เดือนละครั้ง _____ 2 ครั้ง ต่อเดือน
_____ สัปดาห์ละครั้ง _____ มากกว่า 1 ครั้งต่อสัปดาห์

ส่วนที่ 2: ลักษณะประชากร

1. เพศ

_____ ชาย _____ หญิง

2. อายุปี

3. สถานภาพสมรส

_____ โสด
_____ แต่งงาน

4. ระดับการศึกษา

_____ ประถมศึกษา _____ มัธยมศึกษาตอนต้น
_____ มัธยมศึกษาตอนปลาย _____ อาชีวศึกษา/ประกาศนียบัตร
_____ ปริญญาตรี _____ ปริญญาตรี
_____ สูงกว่าปริญญาโท _____ อื่นๆ.....

5. อาชีพ

_____ นักเรียน/นักศึกษา _____ พนักงานเอกชน
_____ ข้าราชการ _____ พนักงานรัฐวิสาหกิจ
_____ เจ้าของธุรกิจ _____ อาชีพอิสระ/รับจ้าง
_____ วิชาชีพเฉพาะ (แพทย์, สถาปนิก, วิศวกร) _____
_____ Other.....

6. รายได้ส่วนบุคคล.....บาท

_____ น้อยกว่า 5,000 บาท _____ 5,001 - 10,000 บาท
_____ 10,001 - 15,000 บาท _____ 15,001 - 20,000 บาท
_____ 20,001 - 25,000 บาท _____ 25,001 - 30,000 บาท
_____ 30,001 - 35,000 บาท _____ มากกว่า 35,000 บาท
_____ ไม่มีรายได้

7. รายได้ต่อครัวเรือน.....บาท

_____ น้อยกว่า 10,000 บาท _____ 10,001 - 20,000 บาท
_____ 20,001 - 30,000 บาท _____ 30,001 - 40,000 บาท
_____ 41,001 - 50,000 บาท _____ 51,001 - 60,000 บาท
_____ มากกว่า 60,000 บาท _____ ไม่มีรายได้

8. โรงภาพยนตร์อะไรที่ท่านไปชมบ่อยที่สุด (ตอบเพียงหนึ่งแห่ง)?

_____ เมเจอร์ ซินีเพล็กซ์

_____ เอส เอฟ เอ็กซ์

_____ อีจิว

_____ ยูเอ็มจี

_____ ลิโด

_____ สกาลา

_____ เอสเอฟ ซีนีมา ซิตี้

_____ อื่นๆ (โปรดระบุ) _____

ส่วนที่ 3: วิธีการ, การเงิน, และค่าใช้จ่ายในการเปลี่ยนความสัมพันธ์

ความเห็นของท่านต่อวิธีการเปลี่ยน ความสัมพันธ์ของวิธีการ	ระดับต่ำ (เห็นด้วยน้อยที่สุด) ◀ (เห็นด้วยมากที่สุด)					ระดับสูง				
	1	2	3	4	5	1	2	3	4	5
1. ฉันนิยมดูภาพยนตร์ที่โรงเดิมเสมอ										
2. ถ้ามีโรงภาพยนตร์โรงใหม่เปิด ฉันก็จะไปเยี่ยมชม										
3. ภาพลักษณ์ภายนอกที่ดึงดูดใจของโรงภาพยนตร์ และสภาพแวดล้อมมีอิทธิพลต่อการตัดสินใจของฉัน										
4. ความเป็นเอกลักษณ์ของภาพลักษณ์ภายนอกของโรงภาพยนตร์มีอิทธิพลต่อการตัดสินใจของฉัน										
5. ฉันจะเปลี่ยนไปชมที่โรงภาพยนตร์ที่ฉันเชื่อว่ามีความก้าวหน้าทางเทคโนโลยีมากที่สุด										
6. ความสะดวกสบายมีผลต่อการตัดสินใจมากที่สุดในการเลือกโรงภาพยนตร์เป็นพิเศษ										
7. ความสะดวกสบายของที่นั่งนั้นไม่แตกต่างกัน										
8. ทุกโรงภาพยนตร์มีรอบของภาพยนตร์ที่เหมือนกัน										
9. ฉันจะเปลี่ยนโรงภาพยนตร์ที่มีรอบที่ไม่สะดวกสำหรับฉัน										
10. ฉันจะเปลี่ยนไปที่โรงภาพยนตร์ที่มีร้านขายของมากกว่าในบริเวณโรงภาพยนตร์										
11. ความสะดวกของที่ตั้งโรงภาพยนตร์มีผลต่อการตัดสินใจของฉันในการที่จะเลือกโรงภาพยนตร์ใดโรงภาพยนตร์เป็นการเฉพาะ										
12. ความเพียงพอของที่จอดรถนั้นเป็นสิ่งสำคัญในการตัดสินใจของฉันในการเลือกโรงภาพยนตร์										
13. ภาพยนตร์หลายเรื่องนั้นมีผลต่อการตัดสินใจของฉันในการเลือกโรงภาพยนตร์ใดโรงภาพยนตร์เป็นการเฉพาะ										

ส่วนที่ 3: วิธีการ, การเงิน, และค่าใช้จ่ายในการเปลี่ยนความสัมพันธ์ (ต่อ)

ความเห็นของท่านต่อวิธีการเปลี่ยน ความสัมพันธ์ของการเงิน	ระดับต่ำ (เห็นด้วยน้อยที่สุด)		ระดับสูง (เห็นด้วยมากที่สุด)		
	1	2	3	4	5
14. ราคาบัตรภาพยนตร์ทุกเรื่องนั้นเท่ากันทุกโรง					
15. ราคาบัตรภาพยนตร์มีผลต่อการตัดสินใจของฉันนั้นการเลือกชมภาพยนตร์เรื่องใดเรื่องหนึ่งในภาพยนตร์ใดโรงภาพยนตร์เป็นการเฉพาะ					
16. ฉันจะเปลี่ยนโรงภาพยนตร์หากมีรายการส่งเสริมการขายที่ดึงดูดใจของฉัน					
17. ฉันพิจารณาค่าใช้จ่ายหลายๆอย่าง (เช่น ค่าเดินทาง ค่าอาหาร และอื่นๆ) ที่เกี่ยวกับการเลือกโรงภาพยนตร์ใดโรงภาพยนตร์เป็นการเฉพาะ					

ความเห็นของท่านต่อวิธีการเปลี่ยน ความสัมพันธ์ของค่าใช้จ่าย	ระดับต่ำ (เห็นด้วยน้อยที่สุด)		ระดับสูง (เห็นด้วยมากที่สุด)		
	1	2	3	4	5
18. โรงภาพยนตร์ที่มีชื่อเสียงสามารถจะมีผลต่อการตัดสินใจของฉัน					
19. การบริการโดยพนักงานของโรงภาพยนตร์มีผลต่อการเลือกโรงภาพยนตร์ของฉัน					
20. เพื่อนและครอบครัวของฉันมีอิทธิพลต่อการเลือกโรงภาพยนตร์ของฉัน					
21.					

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