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# Forced channel migration

Consequences and management strategies

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# Table of contents

- › Management summary and conclusions page 3
- 1. Introduction page 8  
*What is (voluntary or forced) channel migration?*
- 2. Relevance page 12  
*How often and where did we experience channel migration?*
- 3. Research page 19  
*What are the consequences of forced channel migration?*
- 4. Recommendations page 57  
*How to implement channel migration successfully?*
- › Appendices page 63  
*CV's of researchers, main references, overview of RUGCIC reports*



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# Management summary and conclusions





## Management summary and conclusions (1)

- › **Channel migration** is defined as: customers' switch from one channel (or channels) to another (or other) channels.
- › *E.g. when customers contact a company via the internet or by telephone and not via an office anymore.*
- › Channel migration can either be **voluntary** (upon a customer's decision) or **forced** (upon a corporate decision).
- › **Central research questions:**
  - What are the effects of forced channel migration?
  - How to implement forced channel migration successfully?



## Management summary and conclusions (2)

- › Forced channel migration implies non-voluntary actions: one channel is being eliminated, forcing customers to use one or more other channel(s).
- › In general people do not like being limited in their choices.
- › This often leads to **reactance**, which is an emotional response to limitations, rules or when free choices are not allowed. Reactance can even make a disappearing option more attractive than before and lead to negative resistance.



## Management summary and conclusions (3)

- › Our research shows that reactance which follows from forced channel migration leads to negative influences on customer satisfaction and retention or churn.
- › But companies still close down contact channels because of economic reasons: sometimes it is less efficient and and too costly to leave channels open.
- › How to implement forced channel migration under such circumstances? Should customers be rewarded to move towards a new channel? Or should they be punished for keeping the old channel?



## Management summary and conclusions (4)

- › Our research shows that rewards work better than punishments like extra costs.
- › **Monetary rewards** work best: provide a discount on the next bill or purchase.
- › Forced channel migration shows **more negative effects** on low value customers in comparison to high value customers.



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# Introduction

What is channel migration?

