

PUSH-PULL FACTORS IN MIGRATION TO REGIONAL AREAS: A SERVICE MARKETING PERSPECTIVE AND RESEARCH AGENDA

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ABSTRACT

Understanding the net flows of populations in and out of regional areas has been seen as an important issue for both scholars and policy makers (Eliasson, Westlund, & Johansson, 2015; Lee, 1966; Longino, 1992; Macisco & Pryor, 1963; Moon, 1995; Ravenstein, 1885). In particular, it is noted that the perception of factors encouraging or discouraging migration are as important as known objective factors (Lee, 1966; Lewis, 1982). Interestingly, research on the migration push-pull model, has been successfully applied to the area of switching service providers in marketing (Bansal, Taylor, & St. James, 2005). In this paper we propose that there are a number of research propositions from the service marketing application of migration theory, which are relevant to regional development. These include the motivations to relocate (or push factors) such as satisfaction with current living arrangements, value for money of current location and bill shock. Pull factors such as benefits of relocation, attitude towards alternative locations and the use of recommendations. Moderating factors which may prevent relocation or migration, include switching costs and the impact of inertia. A conceptual model is presented in this paper of these factors, which outline a possible research agenda for policy makers and academics in this area. We conclude that service marketing has much to offer in understanding important switching decisions, especially the life changing events of relocation.

INTRODUCTION

Australian regions are in a state of crisis. Recent shift share analysis conducted by the Faculty of Business at Charles Sturt University demonstrated that 40 of 42 Australian non-urban regions had either negative employment growth between 2006 and 2011 or lower growth than their urban counterparts. This is expected to be exacerbated by the decline in mining revenues in recent years. The decline and stagnation in regional areas, is also being translated into a decline in population, along with a significant aging demographic in many regional centres (Wilson, 2015). Recent research from the Australian Bureau of Statistics, shows around 90% of all population growth in the last two years occurred in major capital cities (Australian Bureau of Statistics, 2015), with many inland regional areas facing unchanged or declining population growth. This presents a major challenge for policy

makers in regional economic development on how to grow the regions economically, if the population in them remains at a stationary level.

In recent times there have been attempts by local government in regional areas to promote the benefits of living in regional areas. In NSW this is evidence by 'Evo-Cities' campaign see <http://www.evocities.com.au/en/> . This campaign focuses on lifestyle, employment and investment opportunities in NSW regional centres (Albury, Armidale, Bathurst, Dubbo, Orange, Tamworth and Wagga Wagga). These cities were selected for:

- Quality infrastructure
- Positive population growth
- Business numbers
- House prices
- Quality education
- Excellent facilities (health, sporting, community etc)
- Culture and entertainment
- Lifestyle offer

In Victoria, there are similar moves with a \$1 billion dollar fund to promote economic development in its southern regions (Business Review Weekly, 2011)

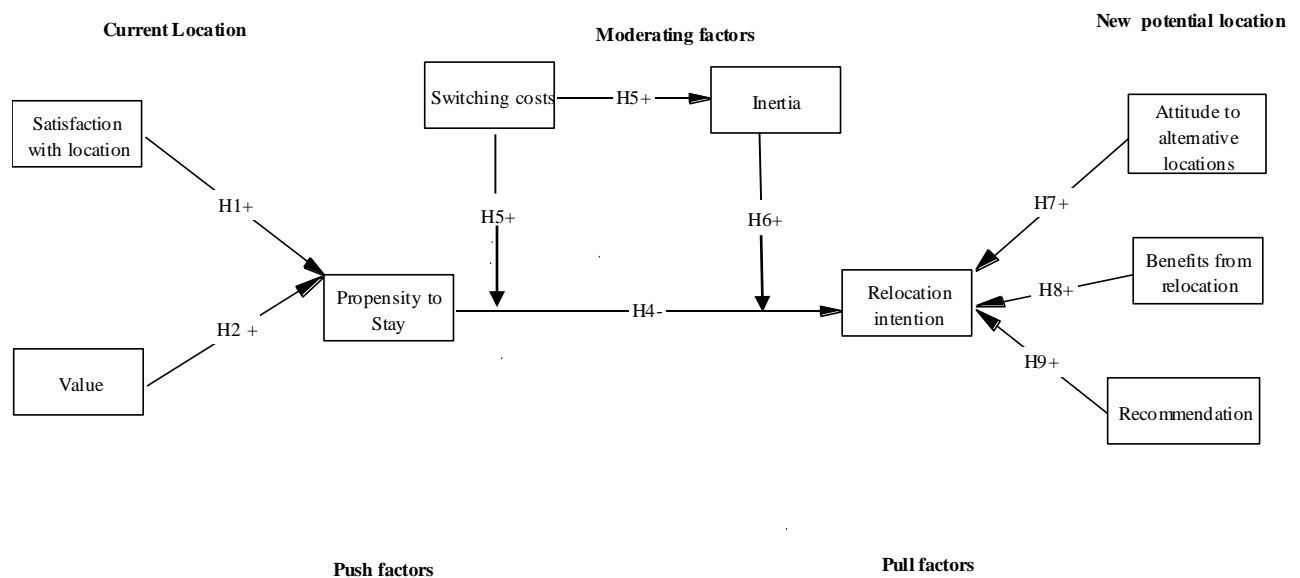
The issue, remains that relocation, or migration may not be based on actual economic and socio-economic reality but on the perceptions of these areas and the ease of relocation or migration (Lee, 1966; Lewis, 1982). To this end, this paper outlines an important contribution services marketing can make to understanding and motivating people to relocate to regional areas. Ironically, the model presented comes from the literature of switching service providers, which in turn has its genesis in migration research. We call this model a push-pull model of regional relocation, which includes moderating factors and switching costs. This paper outlines the model, and provides some propositions for future research. We first discuss overall the use of switching models in services marketing, before applying them to relocation.

Switching models in services marketing as they apply to relocation

Research on the migration push-pull model, has been successfully applied to the area of switching service providers in marketing (Bansal et al., 2005). The Keaveney model for customer switching identified eight major factors behind service provider customer exit (or push factors) including: pricing, inconvenience, core service failure, service encounter failure, response to service failure, competition, ethical problems and involuntary switching. Keaveney (1995, p79) also briefly investigated the switching-in criteria (or pull factors) for the new service provider. The research provides evidence that attraction to new service providers is rarely based on price competitiveness. Research by Bansal & Taylor (1999) examined the switching behaviour of consumers in the mortgage consumers and examined the impact of other factors including switching costs, service quality, subjective norms and

perceived relevance. Actual switching behaviour was also examined, though their research did not include the impact of situational events or stochastic reasons for switching service providers. It may also be argued, that their model of switching does not include any reference to the perceived benefits of switching and thus is more an examination of push factors of switching. If we envision the decision to change service providers as almost relocation decision for many consumers then we can apply this understanding to understanding regional migration. Figure 1 shows the conceptual model, with linked hypotheses, of an understanding of the decision to relocate. The following sections briefly outline the justification for the model and the conceptual development of hypotheses for future research.

Figure 1: Conceptual Model



Push factors in regional relocation.

Satisfaction with current location

Satisfaction with service providers has been shown in past research to be an important determinant of the brand switching process (Dagger & David, 2012; Dagger & Sweeney, 2007; Hallowell, 1996; White & Yanamandram, 2004). In particular, satisfied customers are likely to stay, although the relationship between loyalty and satisfaction has been shown to be problematic (Dagger & David, 2012), and, past some point of inflection, dissatisfied consumers, are likely to seek alternative service providers (Mittal & Kamakura, 2001; Stewart, 1998b; White & Yanamandram, 2004). A similar proposition can be suggested for relocation, as research has shown, dissatisfaction with employment and educational opportunities is a driver for younger people to leave regional centres (Alloway & Dalley-Trim, 2009; Alston, 2004). Likewise, migration to more rural and regional areas may be triggered by the stress of living in big cities and the desire for a sea-change (Smailes, Griffin, & Argent, 2014).

Therefore the first hypothesis to be considered is:

H1: There will be a positive relationship between satisfaction with current location and propensity to stay (or in other words, dissatisfaction with the current location triggers the desire and intention to move).

Value

The greater the amount of perceived value consumers receive from the current provider, the less likely they are to consider changing to alternative (Andrews, Benedictus, & Brady, 2010; Tseng & Lo, 2011; Wang, 2010). Relating this cost of living pressures in larger cities may trigger the consideration of relocation (Blakely, Bista, & Khan, 2007; McCrea, Stimson, & Western, 2005).

Thus the next hypothesis is:

H2: There is positive relationship between value and propensity to stay in the same location.

We also expect that the propensity to stay will reduce the likelihood of relocation (Moon, 1995) Hence:

H3: There is a negative relationship between propensity to stay and intent to relocate.

Moderating factors: Switching costs and Inertia

While dissatisfaction and value have been shown to be important drivers for a reason to change providers or relocate, they are not sufficient conditions for this process to occur. There is considerable evidence that switching costs and barriers inhibit consumers' desire for change and reduce the impact of any price related reasons to switch (Aydin & Özer, 2005; Dagger & David, 2012; Grzybowski & Pereira, 2011; Jones, Reynolds, Mothersbaugh, & Beatty, 2007; Patterson & Smith, 2003; Sengupta, Krapfel, & Pusateri, 1997). The same can also be said for relocation where there are considerable switching costs, both monetary (Laurence, 1995) and psychic costs as well (Easthope & Gabriel, 2008; Healy & Hillman, 2008).

Switching costs may also encourage consumers to not engage in the changing providers, by encouraging a feeling of "inertia", or that the switching process is just too hard to contemplate (Arnade, Gopinath, & Pick, 2008; Bawa, 1990; Gewei, 2005; Han, Kim, & Kim, 2011; Krishnamurthi, Mazumdar, & Raj, 1992; Prince, 2011; Seetharaman & Chintagunta, 1998; White & Yanamandram, 2004). There is evidence for this in internal migration research, where despite the collapse of Ansett in the 1990s, many employees were not willing to relocate, due to the perceived high cost of housing and lack of employment opportunities in other areas (Weller, 2009).

Therefore the next hypotheses is:

H4: Switching costs have a positive effect on inertia.

H5: Switching costs moderately reduce the impact of the propensity to stay on relocation intent.

H6: Inertia moderately reduces the impact of the propensity to stay on relocation intention.

Pull factors in relocation

One of the important factors which influences consumer switching intentions is the attitude towards alternative providers (Patterson & Smith, 2003). A consumer may be unlikely to switch if they perceive that the alternatives are not much better than their current provider (Stewart, 1998a). The same may be true for internal migration, as people will consider relocation only if they have a positive attitude to the alternatives (Argent, Smailes, & Griffin, 2007; Blakely et al., 2007; Le, 2008; Weller, 2009).

Thus:

H7: Attitude towards alternative locations has a positive effect on the intention to relocate.

Consumers may also switch, (or relocate) even if they are satisfied on the basis of a better opportunities and lower costs of living (Eliasson et al., 2015) Therefore:

H8: Benefits from relocation have a positive effect on relocation intention.

It is recognised that consumers in evaluating service providers, value word of mouth and recommendations (Keaveney, 1995; Turnbull, Leek, & Ying, 2000; Wang & Acar, 2006). The same can be said for relocation, which is a complex decision and is hard to trial. The overall reputation of a regional centre can also have a positive effect on relocation intention (Andersen, 2010; Baker & Huber, 2013)

Hence:

H9: Use of recommendations will have a positive effect on the intention to relocate

CONCLUSION

This paper presented an alternative manner in which to consider internal migration in Australia, both from and to regional areas. Information gained from using this perspective is valuable in councils, businesses and policy makers to better targeting those wishing to relocate to regional areas, and providing incentives, if possible for those to stay in rural centres. The framework provided in this paper examines as much while people stay put as they do move, and provides back to the discipline of migration, full circle the implications it provided to service provider switching.

This research is not intended to replace the long history of migration and regional economic research (Greenwood, 1985; Hicks, Basu, & Sherley, 2014; Lee, 1966; Lewis, 1982; Ravenstein, 1885; Tobler, 1995), but rather to it aims to provide greater insights into the motivations and actions of those who do relocate within Australia. We also argue that insights from other disciplines are required to provide more enlightened policy advice and program evaluation on regional development in Australia, as understanding the reasons for the movements of people is central to the understanding of regional markets and economies.

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