CONSUMER BRANDSWITCHING BEHAVIOR: EVIDENCE FROM MALAYSIAN
SMARTPHONE USERS

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Abstract

The flagship smartphone war switches battle grounds lead top brands vendor’s market share in Malaysia has declined. Furthermore, researchers found that Malaysians change their mobile phones more frequently than other technology devices. Therefore, there will be chances for smartphone users to switch brand when they are considering to replace their phone. As such, understanding the dynamics behind brand switching has become a growing concern for smartphone marketeers. The aim of this study is to examine the factors affecting brand switching among smartphone users. This study has viewed various factors that might affect consumer brandswitching towards smartphone namely price, brand image, product features and sales promotion. A total number of 150 respondents were sampled using quota sampling technique. The research instrument utilized in this study was questionnaire and distributed at the malls in Penang. The results obtained were analyzed using frequency analysis, reliability analysis and multiple linear regressions. The finding of this study was that brand image and product features had significant relationship with brand switching. It is found that product features had strongest relationship with consumer brandswitching behaviour in purchasing smartphones. However, price and sales promotion was found to have no significant relationship with brand switching. Therefore, this study would benefit marketeers to understand which factors are influencing the consumer brandswitching behavior and which of the factors carry the most impactful relationship, and thus help them to develop a strategy in order to be successful in retaining their customers.

Keywords: Brand Switching; Price; Brand Image; Product Features; Sales Promotions

1.0 INTRODUCTION

The global smartphone industry has grown rapidly and competitively in this technology advancement era. The smartphone industry has achieved a growth rate of 29% in 2014 (Business Insider, 2015). Market research shows that Asia is the cradle for smartphones in the world (Business Cirlce, 2014). Besides that, Malaysia is rated among top five countries where smartphone usage exceeds that of the computers. The others from Asia such as China, the smartphone and computer usage ratio are 70%: 65%, while in Hong Kong the ratio is 74%: 61%, the ratio in South Korea is 80%: 70%, and lastly Singapore is the highest which is 85%: 74% (Digital News Asia, 2014). Sajith Sivanandan, managing director of Google Malaysia claimed that this is an “amazing” distinction because Asia has become the main market for smart phones as usage increases (My 360 Gadgets, 2014).
According to Google’s study, statistics earlier in the year 2014 indicate that the smartphone penetration in Malaysia is considered to be very phenomenal where every 1 in 2 adults are smartphone users (eCommerce MILO, 2014). A result shown in report from Growth from Knowledge Research Firm (GFK) reported that Malaysians spend a substantial sum of money on smartphones (GFK, 2015). Smartphones have become central to the lives of Malaysian consumers. Besides that, a quick reference to IDC report shows that leading smartphone vendors such as Apple and Samsung are facing more competition in the smartphone market due to the sea of Chinese and Taiwanese vendors with offerings of cheaper and just as capable smartphones (Soyacincau, 2015). In other words, customers might adapt to brand switching when they realize that there are other brands that offer similar product with a lower price range.

Besides that, GFK highlights a resurgent market for bigger screen smartphones (Digital News Asia, 2015). Today, smartphone consumers purchase decisions are based on product functionality (Tanzila, Sohail & Tanveer, 2015). Based on the finding from a research done by Ahmed, Gull and Rafiq (2015), new features are one of the influencing factors causing switching behavior among mobile phone users. This is further supported by Sata (2013), that consumer gives importance on new technology features as key motivating factor that made consumers purchase a new mobile phone. Therefore, it is shown that product features are causing brand switching among smartphone users.

In addition, the competitive market has made marketeers to introduce a variety of sales promotion and advertisements strategies in order to highlight competitive advantage against their competitors. The consequences of sales promotion are manifold, for example, depletion of stock, new customer appeal and increase in sales (Mughal et al., 2014). Further, sales promotion has impact on consumer decision making process (Omotayo, 2011). Price discounts is one of the sales promotion activities that helps consumers move from consumers' current set to a consideration set by changing consumers' attitudes and purchase intentions (Chakrabortty, Hossain, Azad & Islam, 2013). In other words, sales promotions will cause switching behavior among smartphone users.

Meanwhile, according to Daniel Pang, Asean senior research manager of the client devices and mobility division of IDC Market Research (M) Sdn Bhd said that depending to economic situation, Malaysians will switch brand according to image or features (Soyacincau, 2015). In other word, brand name or brand image will be one of the factors for smartphone users to switch brand too if they are affordable. Besides that, they also think that the price they paid for the premium flagship smartphone should offer better features than the current smartphone. In conclusion, brand name or brand image or features will be factors for smartphone users to switch brand. Therefore, this research investigated the relationship between factors affecting consumer brandswitching among smartphone users and also identified the critical factors in brand switching.

2.0 LITERATURE REVIEW

2.1 Brand Switching

Brand switching occurs when the consumers switch to other brand of products which is similar and within the same category of products (Kumar & Chaarlas, 2011). Consumers are likely to switch brand according to their personal preferences. Many studies find that consumer’s move to another brand because of their extrinsic motives namely price and coupons and also intrinsic motives such as desire to try out a new brand (Sahay & Sharma, 2010). Besides that, brand switching is also based on problem solving strategies and occurs when consumers find a satisfying bargain (Sahin, Kitapci & Zehr, 2013; Susanti, 2015). According to Rajkumar and Chaarlas (2012), a portion of the consumers will switch brand at least once when they make their current or subsequent choices. However, if switching cost is high, then
customers tend to avoid changing brand (Malik, Mahmood & Rizwan, 2014) and retain customers from changing brands (Sahin, Kitapci & Zehir, 2013). As such, commitment for the brand will increase when switching cost is high and will reduce switching intention among customers.

2.2 Price

According to Kotler (2012), price is the amount of money being charged or in exchange for a product or service. Consumers are likely to look for a lower price range product or substitute product to purchase (Kunal & Yoo, 2010). According to many researchers, price is an important determinant that affects the purchase behavior of smartphones (Sujata et al., 2015). It is found out that price are one of the crucial factors that affect the brand switching behavior (Kotler & Armstrong, 2010; Arshad et al., 2011; Sathish, Kumar, Naveen & Jeevanantham, 2011). Availability or increase in price of other brands at competitive level is one of the reasons that is responsible for product switching from one brand to another (Awogbemi, Oloda & Osama, 2012). Furthermore, a consumer may intend to switch brand if the price changes beyond the accepted range that he/she is comfortable with (Sahay & Sharma, 2010). Therefore, price is one of the pull factors that entice switching of mobile phones (Nykanen, 2013; Ahmed, Gull & Rafiq, 2015).

2.3 Brand Image

Brand image is defined as the set of beliefs, ideas, and impression that a person holds regarding an object (Kotler, 2001). There is a positive effect of brand image on the customer loyalty; good brand image will be able to prevent customers from switching to another brand (Kansra & Kumar, 2012; Malik, Ghafoor & Iqbal, 2012). However, customers will tend to switch to another brand whenever customers’ needs change and the brand cannot respond to these changing needs (Andreani, Taniaji & Puspitasari, 2012). A good brand image becomes a strong attraction to drive competitor customers to purchase the products that are offered (Anwar & Sofyan, 2011), thus brand switching will occur. On the other hand, a favorable brand image would have a positive impact on consumer behavior towards the brand in terms of increasing loyalty, thus less or no switching intention (Forsido, 2012). As such, brand image has a great effect on consumers’ next behavior (Khan, Ghauri & Majeed, 2012), in other words, brand image will affect the decision to repurchase or switch to other brands.

2.4 Product Features

Features of a product are characteristics that integrate in to meeting the satisfaction, needs and wants of a customer (Kotler et.al. 2009). For smartphone, it is with hardware and software components that stir with purchase intention of the customers (Mohan, 2014). In addition, new features and functionality are one of the influencing factors causing switching behavior among mobile phone users (Nykanen, 2013; Ahmed, Gull & Rafiq, 2015). Consumers typically emphasize the technical and technological features as motivation and reasons for their switching behavior towards mobile, such as some specific smartphone related features (Nykanen, Tuunainen, Piispanen, & Tuunanen, 2015). Based on the findings by Kansra and Kumar (2012), 79% which is majority of the respondents of their study says that better features provided by other brand is one of the main important factors for switching from the current brand. Therefore, it is clear that consumers will prefer or likely to switch to another brand of smartphone that has additional features (Mohan, 2014).

2.5 Sales Promotion
Sales promotion is aimed at increasing customers intended response to a particular product. The motion behind sales promotion is to attract and retain customers. It also a tool that provides incentives to those who are about to switch brands (Park, Choi & Moon, 2013). Moreover, marketing efforts namely, sales promotion having the potential to cause switching behaviour (Mendex, Bendixen, Abratt, Yurova & O’Leary, 2015). According to Esfahani and Jafarzadeh (2012), the variety seekers who prefer to switch brand, these consumers are more likely to be sensitive to promotions because they stimulate brand switching. Various researches were carried out on the effect of sales promotion. The stark findings found that sales promotion enhances brand switching behaviour among consumers (Karani & Fraccastoro, 2010; Obeid, 2014; Wong & Yazdanifard, 2015).

Therefore, this study focused on investigating the factors namely; price, brand image, product features and sales promotion that affect consumer brand switching behavior among smartphone users. There are many studies on consumer brand switching in cellular phone service and telecommunication service (e.g. Rajkumar & Chaarlas, 2012; Makwana, Sharma & Arora, 2014; Awogbemi, Oloda & Osama, 2012). However, there are limited studies in consumer brand switching among smartphone users in Malaysia. As such, this study will provide an insight to smartphone marketeers in Malaysia in understanding the nature of brand switching behavior and derive with strategy to sustain market share.

3.0 METHODOLOGY

In this study, the target population would be the smartphone users in Penang, Malaysia. The sample size for this study was 150 respondents. Quota sampling method which is a second type of purposive sampling ensures that certain groups are adequately represented in the study through the assignment of a quota (Sekaran & Bougie, 2013). As such, data collection obtained from six targeted malls at Penang. Shopping malls were chosen as survey location as it is able to ensure the traffic to reach the respondents. 30 set of questionnaires were distributed to each mall.

4.0 RESULT ANALYSIS

Based on the frequency analysis data, there were 89 male respondents and 78 female respondents taken part in this study. For the respondents age group, there were 18 respondents between 16 years old to 20 years old, 39 respondents between 21 years old to 25 years old, 44 respondents between 26 years old to 30 years old, 26 respondents between 31 years old to 35 years old, 22 respondents between 36 years old to 40 years old, and 18 respondents are 41 years old and above. Most of the respondents are between 26 to 30 years old. Next is the respondents’ income group, there were 43 respondents whose income is RM1,000 and below, 94 respondents whose income is between RM1,001 to RM3,000, 23 respondents whose income is between RM3,001 to RM5,000, and 7 respondents whose income is more than RM5,000. Most of the respondents’ income were between RM1,001 to RM3,000. Based on the data analysis, there were 3 respondents whose highest education level were UPSR, 58 respondents were SPM, 18 respondents were STPM, 23 respondents were diploma, and 65 respondents were degreeholders. Most of the respondents’ highest education level was a degree. Lastly, for respondents’ occupation, there were 47 respondents of students, 62 respondents were employed, 25 respondents were self-employed or business owner, and 33 respondents were unemployed. Majority of the respondents were employed.

The Cronbach’s alpha test was administered to determine the internal consistency or how unified the items are in a test or assessment (Salkind, 2012). The reliability value that is less than 0.6 is considered to be poor, those in the 0.7 range are moderate, and those over 0.8 are considered very well (Sekaran, 2006). As the results, the Cronbach’s Alpha value of all variables, namely price, brand image, product features and sales promotions are 0.836, 0.775, 0.825, and 0.829 respectively. This shows the internal consistency
is in good category. The Cronbach’s Alpha value of brand switching is 0.928 which is excellent. This indicated that the internal consistency is reliable.

Multiple linear regressions were used to test the variables (price, brand image, product features and sales promotion, brand switching). The value of the calculated $R^2$ is used to measure the strength of the relationship between the variables. The value of $R^2$ falls in the range of 0 and 1. The closer the result of $R^2$ is to 1, the stronger the relationship between variables.

### Table 1 Summary of Results for Multiple Regressions Analysis

<table>
<thead>
<tr>
<th>Dimension</th>
<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-6.94</td>
<td>0.104</td>
<td>-6.677</td>
<td>0.000*</td>
</tr>
<tr>
<td>Price</td>
<td>-6.022</td>
<td>-0.19</td>
<td>-3.83</td>
<td>0.702</td>
</tr>
<tr>
<td>Brand Image</td>
<td>0.452</td>
<td>0.314</td>
<td>5.766</td>
<td>0.000*</td>
</tr>
<tr>
<td>Product Features</td>
<td>0.877</td>
<td>0.629</td>
<td>11.878</td>
<td>0.000*</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>0.088</td>
<td>0.066</td>
<td>1.182</td>
<td>0.239</td>
</tr>
</tbody>
</table>

$R=0.941$, $R^2=0.885$, $F=310.325$, *p* <0.05

Table 1 showed that the relationship between variables are strong, the $R^2$ is 0.885, means 88.50% of the variables (price, brand image, product features and sales promotion) can be explained by the brand switching. Based on the Beta of each of variable from the test results, there was a strong relationship to the brand switching. Among all the variables, product features has the strongest relationship towards consumer brand switching, which scored the highest Beta of 0.629. The second strongest relationship is brand image, which scored a Beta of 0.314, next followed with sales promotion which scored at 0.066. Lastly, the price has scored the lowest Beta value which is -0.019, which has the lowest relationship among the factors affecting consumer brand switching which means that price does not fully affect the consumer brand switching attitude towards smartphones.

It was found that price scored the Beta at -0.019 and significant at 0.702 (*p*= >0.05). Therefore price does not significantly influence the consumer brand switching. The Beta coefficient for price is -0.019, it shows that price is having negative relationship towards consumer brand switching. This might be due to price is not the main factor that influences respondents to switch their smartphones; they consider other factors such as product features, brand image and sales promotion prior than price. It is also indicated that if price increases, brand switching level will be lower. On the other hand, product features have the strongest support towards the consumer brand switching among smartphone users, which scored the highest Beta of 0.629, and significant at 0.000 (*p*<0.05). Therefore, product features positively and significantly influenced the consumer brand switching attitude. This provides evidence that respondents are greatly influenced by smartphone product features for their switching decision. This probably due to increasing number of choices of smartphone brands in market, therefore customers always prefer the brand that offers best product features and thus switching behavior will occur.

Besides that, brand image scored the second highest Beta, which is 0.314, and significant at 0.000 (*p*<0.05). The Beta score of 0.314 has shown brand image has moderate support on consumer brand switching. In other words, brand image has positive significant relationship in influencing consumer brand switching. This might be caused by the perception that the famous and well known brand represents a higher social status in the society, therefore people choose and switch to the brands that have strong brand image. Meanwhile, sales promotion scored the Beta at 0.066 and significant at 0.239 (*p*>0.05). Sales promotion does not significantly influence consumer brand switching. In addition, the Beta
coefficient for sales promotion is 0.066 which poorly supports the consumer brandswitching among smartphone users.

5.0 DISCUSSION

Findings of this study indicated that price does not have significant relationship in affecting consumer brandswitching; it shows a weak support for brand switching among smartphone users. In today’s world, smartphone has become a must product in daily life; therefore the consumers probably choose the smartphone that has strong and favorable brand image or smartphone that has great and advanced features. In this scenario, price is not a factor that causes consumer brandswitching. The smartphone market offers a galore of prices. It is a common knowledge that there is a strong correlation between price and consumer satisfaction. Consumers are willing to pay a high price for a product that delights them and price is always associated with social status (Woon et. al, 2013). Besides that, research also suggests that retailers wrongly associated consumers seeking price confirmation with brand switching (Woon et. al, 2013). Therefore, price is not the main factor that influences brand switching.

Meanwhile, brand image positively influences the consumer brandswitching behavior. Previous research indicates that brand image has impact on consumer brandswitching. According to Nykanen (2013), brand image is one of the pull factors that entice brand switching of mobile phone. A good brand image becomes a strong attraction to drive competitors’ customers to purchase the products that are offered, thus brand switching will occur (Anwar & Sofyan, 2011). Besides that, Malik, Ghafoor and Iqbal (2012), also stated there is a positive effect of brand image on the customer loyalty, which good brand image will be able to prevent customers from switching to another brand. According to Khan, Ghauri and Majeed (2013), brand image has a great effect on consumers' next behavior, in other words, brand image will affect the decision to repurchase or switch to other brands. Thus, the finding of this study has proved that brand image has significant relationship in influencing consumer brandswitching. As such, consumers are greatly influenced by brand image of smartphone when they are considering in switching brand or making decision for their next purchase of smartphones. Well known brand usually has greater brand image than other brands, and when consumers consider switching brand, they will go for the brand which has favorable image. This statement is supported by Woon et al. (2013). As such, the finding of the research shows that smartphone users can be truly impacted by the brand name as they attempt to purchase a new smartphone.

Based on previous studies, it can be concluded that product features do influence and cause consumers switching behavior. Based on the finding from a research done by Ahmed, Gull and Rafiq (2015), new features are one of the factors that cause switching behavior among mobile phone users. Jainarain (2012) stated that consumers make comparisons between the competitive brands based on the product’s significant attributes. This is further supported by Chow, Chen, Yeow and Wong (2012) that consumers use attributes to make a comparison between competitive brands. Therefore, marketers use product attributes in advertising to influence the consumer's evaluation of substitutes available in the market. Thus, the finding of this study has proved that product features has significant relationship in influencing consumer brandswitching among smartphone users. Therefore, consumers are greatly influenced by product features of smartphone when they consider switching brands or making decision for their next purchase of smartphone. This is supported by Tanzila, Sohail and Tanveer (2015).

However, it is shown that sales promotion did not influence brand switching. This indicated that consumers do not easily switch brand because of sales promotion; eventhough there are many supporting articles which shows that sales promotions do directly influence consumer brandswitching. However, according to Park, Choi and Moon (2013), the objective of sales promotion is to attract, retain and prevent customers from brand switching. In addition, research indicated that sales promotion has a flipside i.e. it leads to price sensitivity, brand switching and lower repeat purchase (Mendez et al., 2015). Besides that,
sales promotion is an important component of marketing mix (Kotler & Armstrong, 2008). As such, it is commonly being used as marketing tool that has an objective to keep the company’s customers connected with company. In other words, sales promotion, advertising and brand loyalty is aimed dissuading customers from switching behaviour (Ahmed, Gull & Rafiq, 2015).

6.0 CONCLUSIONS

Throughout the finding of this research, $R^2$ is 0.885, it is shown that the relationship between the dependent and independent variables are strong which is 88.50%. Although it is considered as a strong relationship among the variables, not all the independent variables (price, brand image, product features, sales promotion) have strong effect to consumer brandswitching towards smartphones. Brand image and product features do have strong and significant relationship in affecting consumer brandswitching while price and sales promotion are not having strong relationship and not fully affecting the consumer brandswitching among smartphone users.

The limitation of this study was only applied in small geographical area, which is in Penang state. The data collected might not represent the perception of consumers in other states of Malaysia. Probably different geographical areas respondents may have different perception towards the factors that affecting their brand switching behaviour for smartphones. Besides that, the factors that are affecting consumer brandswitching behaviour towards purchase of smartphones will be changing due to macro factors such as economic situation of country for example, like currency exchange rate, so it is suggested that future study can include macro factors that might influence the factors that cause consumers to switch brand in purchasing smartphones.

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