

# Brand switching behaviour

[Business](#), [Company](#)



Executive summary In a modern business world product maker and consumer are playing an important role. They cannot be separated each other in every business activities. Nowadays people are facing free global trading which required producer to be innovative, creative, and competitive in every aspect. They must be able to attract their consumer to be loyal to their product. The responsibility of the producer is not only creating some products, in fact, they have to make sure that every single product that they have created must be competitive compare with others by not forgetting about the safety aspect of their product itself to the market.

On the other hand as a consumer, we have a right to choose which product that are suitable for us in order to fulfill our demands. Besides that, as a consumer we also are required to understand and know the information details of the product that we are going to purchase. However, both parties are different that make them cannot be separated. Producer are required to be more creative by producing a good product and the other side consumers are required to be more wisely choosing a good product.

The best issue in order to interrelation between those 2(two) parties is BRAND-SWITCHING of SUV cars in Indonesia that I am going to emphasize on. Acknowledgements Before I begin to write my dissertation, I would like to express the deepest acknowledgement to God (Allah S. W. T) and all the people who support me finishing all the requirements to settle my master program in International Business. Firstly, God have giving me a strength to be patient to solve all the problems that I have faced during the class period. Besides that, I also believe He will never stop to give me a strong spirit to finish my dissertation.

Secondly, parents are important for me. They are my best supporter in my live and I do believe without their attention, I will never can finish my master study. Thirdly is my respective supervisor Mr. Alan Go who always give me a best way and an amazing idea how to finish my dissertation nicely. And last but not least, I would like to thank to my special Fiance who always beside me to cheer me up when I lose my idea. In addition, I believethat by doing my dissertation is my chance to implement all the knowledges that I have studied and give an explanation to what I ave understood.

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CHAPTER 1		1.
0INTRODUCTION		As per the American Marketing Association, a brand can be defined as “ a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler, 1995).

Aaker (1995) defines a brand on different levels rather than taking it as a physical product like brand attributes, symbols, brand-consumer relationships, benefits of self-expression, customer profiles, associations with the culture of the country of origin, and corporate identity. In simple

terms a brand can be defined as a characteristic feature that distinguishes the goods and services of a particular marketer from the rest of the marketers. The earliest signs of branding was seen in Europe where crafts people used to put trademarks on their products to protect the customers from inferior quality.

Branding has been around for centuries and is a pivotal component of present date marketing with increase in the consciousness level of customers regarding various brands. Brand switching is said to have occurred when a customer using a product of a particular brand changes to product of other brand. Often referred to as brand jumping, it is the process of changing from routine use of one product or brand to steady usage of a different but similar product. For example, a customer goes to a shop and finds that the product of a particular brand he uses daily is not available and takes a similar product from some other brand.

This type of brand switching is temporary. However, brand switching can be long lasting also where a customer changes from the product of a brand to a newer product or brand for longer period of time. This type of brand switching usually occurs in the products that are used for longer durations and where likelihood of switching away is harder like cars. This brand switching is often influenced by the competitiveness among the brands available in the market. Or in other words it may be said that intensity of brand switching would be higher if the degree of competitiveness between the brands is higher.

For last decade automobile industry has seen a big boom and new entrants have entered into the automobile market giving a tough time to consumers

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while choosing their brand of choice. However, this also brings a lot of benefits to the consumer community. The entry of new car brands into the market further increases the number of options and choices one has in choosing the brand he likes. In this case, consumers have a variety of choice to easily compare different types of options and features available in different cars provided by these available alternative brands and decide on the features, cost etc. .

1Background of the study Currently in Indonesia, other than the car brands that have existed for long like Suzuki, Toyota, Honda, Daihatsu, Mitsubishi, Isuzu, Nissan, and many others; new entrants such as Hyundai, Kia, Proton and many more have also come in into the automobile sector. Based on a survey conducted by GAIKINDO (Association of Indonesian Automotive Industries), the highest market share in automobile sector for Indonesia region is dominated by Honda. Among all other card brands, Honda is considered the most competitive compared to other car brands in Indonesia.

As per the study Honda is ranked first with a market share of 37. 2% while Toyota got the 2nd position with a market share of 28. 4%. Table. 1, given below shows the market share of various car brands in Indonesia. No| ATPM| Market Share (%)| 1| Honda| 37. 2| 2| Toyota| 28. 4| 3| Suzuki| 12. 2| 4| Daihatsu| 10. 4| 5| Mitsubishi| 7. 1| 6| Other brands| 4. 7| Table 1: Market Share Car Sales in Indonesia Source: Gaikindo Survey2011 In past few years marketers have noticed and reported many changes which have taken place in the market like increased competition and customers' new preferences.

This severe competition has mostly resulted from product similarity and large numbers of competitive brands in the same market as reported by

marketers and researchers. Companies are thus pushed to study this budding intensity of competition by their competitors, and also try to know their customers including both existing as well as prospective buyers. In Indonesian markets also, many changes have been seen in consumers' behaviors especially in the automobile sector due to the changing lifestyle. Probably, during recent years, one of the most fretful behavioral changes among Indonesian consumers is the mounting eagerness of buying SUVs.

In a company's perspective customer satisfaction is an important solution to prevent customers from switching brands. Companies are now trying to increase their customer loyalty through different loyalty programs such as loyalty card and membership club in order to maintain their customers and to lure new customers. In the meantime, marketers are trying to find out reasons as to why consumers change brands and how marketing tools like promotional tools and advertisements affect the behavior of consumers' in choosing a brand.

### 1. Statement of problem

For researchers, brand switching has remained a motivating topic in the recent years. Several factors have been studied that influence the growing switching behavior among consumers, among which advertising and promotion have been found as key determinants. The consumers may not change their brand preference immediately from one brand to another, then how and why consumers want to move from one brand to another or why do they just think of moving up to the next alternative is a critical issue for understanding customers' brand switching behaviour.

And, it is also useful for increasing the effectiveness of marketing communication. In Indonesia, the penetration of new car brands

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like Hyundai, Proton and others have made the car market become more and more competitive and SUV is a typical product category of automobile industry which is also extremely competitive nowadays. Facing the growing competition, it was necessary to take an insight into Indonesian car market to help marketers find out the ways which would be used to improve the effectiveness of marketing tools.

The reason for choosing SUV to be the research topic was that the competition in SUV segment of car market in Indonesia is extremely intensive and is one of the most competitive markets in Indonesia.

1. Objectives of the Study The primary objective of this study was to determine the impact of various external factors on the brand switching behaviour of the Indonesian customers for SUV segment of cars. However, there were two secondary objectives of this study: 1. To examine the impact of advertising and promotion on brand switching in Indonesian car market. . To study the interaction between advertising/promotion and price-consciousness, and to investigate how customers' responses to advertising and promotion can be influenced by price consciousness. 1. 4Research Questions Following were some of the questions that this study intended to find answers: 1. Does Advertising and Promotion have an impact on the consumers' brand switching behavior? 2. What is the influence of price consciousness on promotion/advertising and the brand-switching behavior among the consumers of SUV cars in Indonesia? . 5Significance of the study Factors influencing brand switching has been an important topic for research as its implications are of enormous significance to the manufacturers. As advertising and promotion have been identified as massive determinants, in



addition to some other factors, to explain the brand switching behaviour of the consumers, therefore, the findings of this study will help car manufacturers in deciding upon the level of effort they need to put into promotion and advertising.

Maintaining customers has been of primary importance to most of the companies due to the greater saturated markets. The findings of this study will present some key factors to the car manufacturers to improve customer satisfaction and therefore maintaining the existing ones. The efficacy of advertising and promotion is an essential element for marketers to identify so as to develop the brand consequently and attract more customers. For this purpose, they need to understand the relationship between advertising/promotion and brand switching and the interaction with other important factors.

The reason why customers switch to other brands has not been clearly understood due to a huge number of substitutes nowadays, who provide numerous choices and benefits to the customers. The majority of marketers have been concentrating on finding out the ways of improving the customer satisfaction with the belief that the satisfied customers will not change the brands. It seems logical and reasonable, and the statement that satisfied customers will prevent existing customers to switch to other brands cannot be denied.

However, some studies have also shown that the satisfied customers also switch the brands and therefore we cannot over shade this fact as well. Therefore, marketers are fond of getting inputs on finding out the major reasons of brand switching by applying the marketing tools in perspective of <https://assignbuster.com/brand-switching-behaviour/>

several other factors like demographics, pricing and psychological intuitions. This study therefore has the implications for the car manufacturers of Indonesia on how they must design their advertising/promotional strategies with respect to certain other factors to keep their existing customers and attract the new ones.

The advertising contents and promotional tools used by marketers are not always significantly related with brand switching. This study will help the marketers to identify those tools and contents which they can use in establishing a satisfactory relationship with the customers so as to prevent brand switching in their cars. This research focussed on one aspect of marketing mix elements which influence brand switching, namely advertising/promotion (marketing communication tools), and several other relevant determinants were also tested simultaneously, like the influence of demographic factor, product category, and price consciousness in the Indonesian car sector. The research was conducted under the background of Indonesian Car market, and the focus was on the SUV product category of automobile market. Hopefully, this research would benefit fast moving automobile companies in Indonesian market through their improvement of the effectiveness of their advertising and promotional tools.

CHAPTER 2  
2. LITERATURE REVIEW  
2.1 Brand switching  
Brand switching is said to have taken place when an individual or a group of individuals jump from using one brand to another.

This shift can take place due to several reasons like the presence of close substitutes with better benefits in the market place, the sound promotional activities by the competitors and the price wars among various companies

within an industry which gives consumers the benefit of choosing among various variants (variety seeking). This phenomenon of variety seeking which gives consumers power to choose has been explained by Menondan Khan (1995). His study explained that switching behavior can result from the availability of several other variants of offers of other similar products.

Mutyalestari (2009) argued that the brand switching may occur due to a certain problem that a user may face from the product that he has been using that makes him to make a move to another one seeking more benefits.

Pratikno (2003) declared in general customers switch from one brand to another in case of the products with low involvement characteristic. Customers stop using a particular brand and shift to the other after using one for a particular period of time i. e. it is a post purchase behavior ([www.swa.co.id](http://www.swa.co.id)).

According to Purwani and Dharmmesta (2002), the switching behavior of the consumers is not that simple to be backed by the concept of being dissatisfied from one to look for the satisfaction from another. There are certain other factors that include financial and non-financial drivers of the switching behavior certified by the consumers. The main factors that make individuals to stop using one brand and switch to another are: that they perceive that they are getting less benefits to satisfy their needs expected from a particular product called core product problem; that they are disappointed with the services provided to them from the owners of the brand that they hold called augmented product problem; that even if an individual is satisfied from the product or service he is using, he/she may still switch to another brand if he perceives that it can provide additional benefits to

him/her and that the consumer of a product wants to move from using that product and is looking to try something else and this concept is called variety seeking (www. mars-e. com). Some car buyers switch from one brand to another at trade in time, whereas others display consistency of choice from purchase to purchase.

On that decision, whether to remain loyal to the previously purchased make or switch brands, hangs the fortune of automobile manufacturers. But the observed decision has its genesis much earlier in a process that includes the buyer's prior experience, product knowledge, satisfaction, media search, consideration-set formation, and retailer search. According to Lin (2003 444) the behaviour of consumers switching brands can be seen from the following characteristics: i) Brand loyalty is low due to the absence of product differentiation that makes consumers evaluate brand and use the brand because of other factors. i) Involvement is Consumer knowledge about the cost, effort and experience when buying consumer products for the future prospects such as product mix, quality, know-how to use, fulfilling demand and price information. iii) Customer satisfaction is satisfaction with services that can respond to the needs of consumers and consumer demand as the popularity of the brand, product packaging, service attitude and ease of purchase. The Switching behavior can be due a variety of various intrinsic and extrinsic factors.

The factors can be psychological factors like curiosity, mental makeup of customers . The various other factors can be Advertisement and other promotional tools. Modern day marketers understand the importance of implementing both individual and organizational promotional incentives.

Sales promotion activities have been seen as an important factor that plays a significant part in the switching to other brands. The various sales promotion tools implemented by the companies are price discounts, Coupons, Warranties and Guarantees.

Marketers have also recognized the importance of reducing cognitive dissonance which comes into the mind of customers after the purchase is made. The need is to reduce the doubts that strike the minds of customers after purchase is made by duly communicating with the customers or the customer may switch to some other brand. To view more details on the brand switching, from exploratory research conducted by Keaveney (1995), the factors that can lead to brand switching are as follows: i) Pricing category includes all switching behaviour including price, cost, service charge, and penalty. ii) Inconvenience is discomfort category which includes all instances where the consumer finds the location of customer service, hours of operation, and waiting time. iii) Core service failure or services encounter failure and response to services failure is due to a failed service not administered properly by the provider. iv) Competitors' price promotions, better service, in-store promotion, product promotion, and packaging quality suitable for entry into the variable category competitors. v) Ethical problems are critical switching factors where the customer describes the illegal, immoral, unsafe, unhealthy and other behaviours that do not conform to social norms. vi) Involuntary switching which reflects when consumers will move due to factors beyond the control of consumers and service providers.

2. Advertising and brand-switching The relationship between brand switching and advertising has been studied by many researchers and

therefore diverse points of views have been presented so far. The influence of advertising on the behaviour of customers before buying a product has been studied by numerous researchers.

Some studies argue that it is necessary to review the stages through which the customers go in response to the advertising before making a purchase because of certain transitional phases through which customers go before the final purchase. Therefore this study divides the review of previous researches conducted in two categories for the better understanding.

## 2. Advertising effectiveness

In case of frequently used products, Ehrenberg (2000) argued that the majority of the revenue for the companies comes from the customers who repeat their purchases.

The author also stated that the investigation on the effectiveness of advertising should not be carried out for the purpose of finding out the purchase behaviour of the customers only or the effectiveness of advertisements' persuasiveness on them, rather it should be carried out to find out the responsiveness of the customers because there can be no such evidence to see the persuasiveness the advertising will lead to in customers. In addition, the study of Ehrenberg (2000) also stated that the reinforcement of the advertising activities may not necessarily produce immediate results but it will be beneficial in the long-term.

The customers can show the reverse switch behaviour by buying back the brands they used to purchase before and can even show the repeat purchase behaviour if the advertising and promotion activities are appropriate. The effectiveness of advertising is mostly measured by the increment in the sales. However, these short term effects are not the

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complete criteria an advertiser may look for. The longer effects need to be taken into consideration in spite of the fact that it may take too long in most of the cases.

As suggested by the study of Lavidge and Steiner (1961), through sales increment, although we can measure the effectiveness of advertisement in the short run but the long term effects contribute to the majority of the results of an advertisement activity and should not be ignored. Ehrenberg (2000) also supported this concept by stating that the long term effects must not be ignored and the effects can not necessarily be direct. So it is necessary to study both short term and long run effects of an advertising campaign according to Lavidge and Steiner.

The effectiveness of an advertisement cannot be accepted if it fails to achieve its objective. Advertising effectiveness need to be defined clearly as per Beerli and Martin Santana (1999). Their study emphasized on the importance of having a clear objective of advertising. As per the study, the goal of every company is to increase sales but the advertisement goals must be defined separately from business goals to fulfil the main purpose of advertising which is to communicate to the existing and potential customers and pass the necessary information to them.

In simple words, the effectiveness of advertising is said to be high if it successfully achieves its objectives. Therefore, high effectiveness of advertising, is not only reflected by the increment in sales, somewhat advertising effectiveness can be measured on the basis of following three objectives according to Lavidge and Steiner (1961); developing brand awareness and providing product knowledge, creating brand preference and

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positive feeling, building up trust and stimulating purchase. There are many factors that judge the effectiveness of advertisement simultaneously. The According to the research conducted by Lodish et al. 1995), advertising expenses and sales revenue does not show a strong correlation because several other factors influence simultaneously like brand strategy, diverse product categories and media strategy. Biel and Bridgwater (1990) in their study found that the responsiveness of viewers of the advertisement, the likings and feelings towards the advertisement, has a major role to play in determining the effectiveness of the advertisement particularly for fast moving shopper goods. They stated that the more an advertisement is liked by the viewers, the more effective it will be.

Therefore, to persuade a customer to purchase a product, the companies need to design their advertisement in such a way that it is liked by everyone. Effective advertisement would be therefore explained by the properties of being meaningful and relevant rather than having more advertisement function. And the properties that must be there in an advertisement so as to be high in effectiveness depends on the product category and therefore has to be different for different products depending upon the utilization of the product (Biel and Bridgwater 1990). 2. 2. 2Customer responses to advertising

The effect of advertising were studied by Vakratsas and Ambler (1999) after analyzing numerous number of researches on the effect of advertising and finally came to the conclusion that there were basically three kinds of models that would describe this concept: The first model referred to as “ market response” model, does not consider the short term effects or the immediate



effects on the customers. The individual behaviour of purchase or brand choice have been explained as the major behavioural measures that have been related to advertising, price, and promotional tools.

Moreover, “ aggregate-level” and “ individual-level” are the two levels of studies. While the “ aggregate level” uses the market-level data like brand advertising expenditures or market share, the “ individual-level” uses single source data which is individual brand choice (Vakratsas and Ambler, 1999). The relationship between the impact of advertising sales and advertising spending studied by Lodish et al. (1995) is one of the examples of aggregate-level studies. Vakratsas and Ambler (1999) grouped the second category as hierarchy effect models. There are several other hierarchy models that define the process of effects of advertisement. Hierarchy effect models presume that the influence of advertising on consumers involves certain levels and steps and is therefore a process with the presence of several intermediate advertising effects. “ AIDA (Attention Interest Desire Action) studied by E. St. Elmo Lewis in 1989 is one of the examples of Hierarchy model (Vakratsas and Ambler, 1999; Ehrenberg, 2000). Although the validity of the hierarchy models have been questioned (Palda, 1966) but the effect of advertisements on the customers follows some steps and therefore the process needs to be studied.

The consumers may not change their brand preference immediately from one brand to another, then how and why consumers want to move from one stage to another or why do they just think of moving up to the next alternative level is a critical issue for understanding customers’ brand switching behaviour. And, it is also useful for increasing the effectiveness of

marketing communication. Lavidge and Steiner (1961) stated that it is necessary to evaluate the changes at every stage of influence, than only to concentrate on the measures of sales volume and brand awareness so as to know whether an advertisement has been effective or not.

The classical psychological model (Lavidge and Steiner, 1961) can give us these three aspects of the customer responses. Beerli and Martin Sartana (1999) also stated that the three-component behaviour is the best way to measure the responsiveness of the consumers' behaviour, namely; cognition, affection and conation or rational, emotional and striving states (Lavidge and Steiner, 1961). In addition, Ehrenberg (2000) stated that the effectiveness of advertising can be studied by measuring the important three factors of product awareness, product trial, and repeat purchase.

An advertisement has a direct and immediate impact on the customers' beliefs, attitudes and behaviour (Vakratsas and Ambler, 1999). They concentrated on these three personal characteristics giving more focus towards the behavioural aspect like the impact on brand choice. 2. 3Promotion and brand-switching Promotion has been thought as one of the most successful tool to influence the buying behaviour of customers and increase the sales volume in the short-run (Laroche et al. , 2003). Neslin et al. 1985) stated that promotion can be used as an important tool for accelerating the sales. Gupta (1988) declared that what brands consumers will choose and the quantity in which they will make the purchase directly depends on the price and promotions. Laroche et al. (2003) came up with three major advantages of the promotions; initiating purchases which an individual had not planned, encouraging customers to buy the non-promoted

merchandises and increasing the number of visits an individual will make to the store.

Promotional activities have a major impact on the brand switching behaviour of the consumers than increased sales due to increase in consumption (Oliveira Castro et al. 2005, p. 309). Their study also stated that when a customer buys a particular brand, his/her purpose is not only the functions of the product but mainly to satisfy the emotional needs. Therefore this purchasing behaviour of the customers need to studied not in a single direction. The authors stated two dimensions; utilitarian and symbolic factors, through which consumers on buying a particular brand look for benefits from these two perspectives i. . utility and informational benefits. Increased purchasing and new purchase from existing customers & new customers respectively have resulted from promotion which in turn results in increased sales. Usually, promotion is more focused to get new customers instead of exciting old consumers to buy more same products. However, Ehrenberg and Hammond (1994), argue that impacts of price promotion are more on old consumers rather than new customers.

Contrary to this, studies by Gupta, 1988; Bell, Chiang and Padmanabhan, 1999 show that the promotion is not so high on the existing customers but it mostly affects the consumers who switch from other brands. More than 80% of sales increase is by promotion which only includes a negligible percentage of increase that come from switching within a brand (Gupta 1988). Promotion is one of the aspects in the marketing mix which have been studied in terms of its relationship with customers' responsiveness, especially at the stage of

behaviour: the actual purchase behaviour (Shi, Cheung, and Prendergast, 2005).

It has been established by many researchers that there exists a strong correlation between promotional activities and brand switching and promotional activities and has been seen that many companies use promotional tools to acquire a strong customer base and make the customers using other brands switch towards their brands. However a marketer cannot build a sustainable competitive advantage by the use of promotional tools only. Many other researchers do not rate the promotional tools the prime factor that contribute towards brand switching because they believe the customer becomes loyal to any brand that designs its products so as to best satisfy its customers. They conducted various researches before promotional activities were undertaken and after the promotional activities and found that there was no great deal of brand switching on part of customers. According to Shi et al 2005, price discounts, buy-one-get-one-free, and in-store demonstrations significantly influence brand choice among the various promotion tools studied in Hong Kong.

The explanation to these the effects on these promotion tools on brand switching has been provided by other researchers also. According to Ram & Sheth 1989, a great affect has been observed on customers trying new products due to the demonstrations in stores and showrooms. Lichtenstein et al 1997 found that other promotional tools like “ cents-off and free gifts” also have a considerable effect on the buying behaviour of customers. 2. 4The influence of price consciousness According to Linear Learning Model by Lilien 1974, price has been measured as a determinant factor in brand switching.

A consumer cannot buy everything that he wishes to buy e. g. every customer who wishes to buy a Mercedes car cannot have it because of the income factor. The study of consumer behaviour had revealed that the most of consumers are price conscious. They will go for products that give them the desired benefits at an affordable price. In contrast to a product of a particular Brand which is high priced a consumer will go for a product of some other brand that offers him the same benefits but is relatively priced at a level that the consumer can afford.

The consumers do not respond in a similar way to price promotion . Many consumers may not respond to price promotion at all and may stick to their preferred brand only. However most of the customers will acknowledge the price promotion and respond to it in a positive way. According to Krishna 1992, customer expectations regarding pricing are different for different brands. The customers may purchase in bulk from preferred brands and may purchase fewer items from less preferred brands in response to price expectations.

According to the study by Mela et al 1997, advertisement and promotion impact the price sensitiveness differently. The customers become less price sensitive under the influence of advertisement and more price sensitive when the promotional incentives are offered.

2. 5Theoretical Framework of the study

2. 6Assumptions based on the literature review Some assumptions were made on the basis of the studies previously done and will be tested with the help of survey questionnaire. Five such assumptions were made on the basis of previously reviewed research.

1.

In the Indonesian market Advertising and promotion have a significant impact in the brand switching behavior among SUV users. For the testing of this assumption the customer's attitude and behavioral change with respect to advertising and promotion will be tested. 2. Price consciousness has a significant role to play in customer's response to advertisement and promotion in brand switching. Correlation analysis will act as a powerful tool in testing the relationship between price consciousness and brand switching behavior and same will be used for testing of this assumption.

The test will be carried out to find out whether there exists a positive or negative correlation between price consciousness and brand switching and to evaluate whether price sensitivity influences brand switching and also the relationship between consumer attitude and price consciousness 1. 7 Conclusion Indonesia one of the unique countries with hundred cultures exist. One of the most important aspects in Indonesia is transportation. Indonesians are more interested to have a car compare using a public transportation.

As a result, there are many types of brands that people can choose, even sometimes they have to jump from one brand to another brand with some reasons. CHAPTER 3 3. 0METHODOLOGY The main purpose for which a research project is carried out is to prove a stated hypothesis true or wrong, the various objectives are stated firstly for the purpose of establishing further research objectives, the data collection methods need to be reviewed carefully so that a method most suitable for the research can be selected which will be most reliable for the researcher to gather information.

The respondents for the research questionnaire were two different classes of Indonesian consumers middle and rich class because of their different purchasing behavior and tastes and preferences. As the previous research on the relationship between customer characteristics and brand switching depicts that customer characteristics may to some extent influence brand switching, it is evident to examine the influence of advertising on brand switching for every group separately and to compare the difference between different groups in terms of advertising effectiveness and subsequent brand switching. 3. 1Data Collection:

There are different types of data collection, such as primary, secondary, quantitative and qualitative, which can be used to collect the data for all kinds of researches. Both qualitative and quantitative methods can be used to collect the primary data. Quantitative research produces or deals with defining the data in terms of numbers or figures. The main data types used in this research are discussed below: 3. 1. 1Primary Data Questionnaire: A questionnaire contains various questions relevant to the research with specified answers among which the respondents may choose an answer which they fel most appropriate for a particular question.

The questionnaire may contain multiple choice questions or may be designed using various scales. Postal survey: Can reach a large number of people geographically. Interviewee is able to fill in the survey of multiple-choice questions in their own time and return it by post. Telephoneinterview: Telephonic interviews are regarded as an cost and time efficient method of collecting data. Moreover with the help of telephonic interviews the data can

be collected with speed and information can be processed quickly without any undue delay in time.

The data where it can be quantified can be counted in numbers and analysed with the help of various statistical methods. Qualitative methods give a general idea about the data. Qualitative methods are used where a researcher needs to evaluate the psychological aspects of customers like motivation, attitude, social class, life style etc. Where qualitative methods are adopted the results cannot be quantified in numeric terms. The various qualitative methods that are used during research programs are: In-depth Interviews: Under this method a trained interviewer discusses various topics with the respondents freely.

The questions usually preferred are open ended that allow the respondents to share their feelings and thinking. In this qualitative method the results cannot be numerically measured. Group Discussions: Group Discussions are somewhat similar to In-depth interviews yet involve a gathering of small number of people who discuss various topics under the instructions of a group leader. There is a great deal of interaction among the members under this method and is most commonly used.

Diary panel: members of the public (panel) were asked to keep a diary of purchases made over a particular period of time, which can extend to up to a year. This provides information that cannot be collected in a personal interview. Observation Method: Under observation method a trained observer is selected who monitors the behaviour of the various respondents under study that are selected from a particular environment. 3. 1. 2 Secondary Data There is a tremendous amount of already collected data available for <https://assignbuster.com/brand-switching-behaviour/>



researchers. These sources can be classified into internal and external sources.

Internal sources are sources within the organisation in its day-to-day operations. These include data on sales, advertising, promotion and reports and so on. External data is collected from sources that exist outside the organisation. These include various commercial, government and industry sources of data. A source of secondary data is that data which has already been collected for some other research purpose and has been used for some other project. Secondary data is collected for the designing of literature review and background on customer brand switching and the car market.

The information required was collected from the Internet, various search engines, Libraries, Journals, Market findings, industry and various library databases. The prime benefit of using secondary data is its accuracy at the time it was produced, the source from which it was taken, and it provides relevant information on how the industry has grown over the years. The secondary data provides numerical data, which can help to properly evaluate social, demographic and economic happenings, and is time and cost efficient.

In addition to this, usage of secondary data means the privacy of people is not affected to a great extent. The common fault of using secondary data is that the data is already used from some other research objectives and purposes, that are altogether different from the present hypothesis under investigation. In addition to this secondary data becomes out of date, as it has been collected before a long time for some other purpose. Moreover access to secondary data becomes very difficult in certain cases due to <https://assignbuster.com/brand-switching-behaviour/>

privacy concerns. 3. Selected Methodology The research methodology used for the project is qualitative research with the main objectives of analysing the reason for which the customers make a switch from among different brands in the car industry SUV sector in Indonesia. The quantitative methods will be adopted for data collection in numbers and the application of qualitative research will assist in having a proper insight of the consumer behaviour. Eventhough the primary data has its disadvantages it still has been used as the main method of data collection.

Firstly primary data can be very time consuming, questionnaires in particular, as many different people need to fill them in. Additionally, questionnaire can give misleading results as the respondents may be reluctant in giving the truthful results. Method used in the research is qualitative research, to fulfil the objectives of the study, which is to study the behaviour of consumers switching brands of four-wheeled vehicles. In collecting the data, some methods which were used are: 3. 2. 1Interview An exclusive interview was performed with some car manufacturing companys' key management as a source to get information and descriptions.

A brief idea about tactics, history and background was known so as to get initial description about factors that can affect consumers' behavior in car brand switching. Apart from them, some users of the SUV cars were also interviewed to understand and analyze their viewpoints and draw some research related facts. 3. 2. 2Observation Observation might become one of the data collection techniques which can be controlled if it is done appropriately according to the aim of the research. Field research that can be done is seeing insight of company's target market. The observation was

done on the company showrooms of the car outlets to study the settings and the behavior of the customers and sales people. The behavior of SUV-car consumers was also studied through observation so as to help in generalizing their tastes and preferences. 3. 2. 3 Questionnaire Questionnaire could be a way of data collections to investigate an issue, which is generally related to the interests of a group of people. This method uses a list of questions and circulate proposed in writing to a number of respondents to get a reply or a response. The point to ask in the questionnaire is based on the research question.

So, questionnaire was made, to know deeper about the customer brand switching decisions. Whether client or consumers will notice and be interested with the new identity of the company, and so on. Questionnaires were self-administered, in the presence of the researcher to ensure they are completed correctly and the researcher can resolve any problems that may arise, to collect primary data. This will provide the opportunity to find out the selected sample's responses as quantitative data can pick out small differences, which would be ideal for testing the hypothesis of the project.

Self-Administered questionnaire was chosen as opposed to using postal or drop in questionnaires because it has low cost per survey and less interviewer bias. Moreover, the responses are gathered in a short period of time as compared to postal or drop in surveys (Malhotra et al. 2003). Results will also be up to date and relevant as research being carried out is directly related to the project. Another reason for using primary data is that there is little literature, research and evaluation relating directly to customer switching in the SUV-car sector of the car industry. . 3 Questionnaire

Structure The questionnaire consists a total of 27 questions. All questions were closed ended (also referred to as fixed alternative questions) and semi-structured which consisted of multiple choice questions, where respondents selected and marked their answers from a pre-specified list which was closest to their opinion or wrote in their answers if it was not an option in the list. It not only makes answers easier to interpret and tabulate but to code as well.

In order to make the thesis purposive, Questions were designed to be logical, clear, unambiguous and easy to understand, and as the questionnaire was being self-administered, any confusion towards it could be resolved instantaneously. The lengths of the questions were short and concise and non-biased by providing all possible answers. To get the desired results, the questionnaire was split into sections or parts, which was designed to get the logical responses. The questionnaire began by getting the basic information like whether the respondent owns a SUV, how many, if not then, whether they would consider getting one.

This was asked so that it could be determined whether the respondents qualified as someone who belonged in the sample to be researched. The respondents who were considering getting a SUV car were given more attention and their behaviour was studied through observation additionally. There were four parts included in the survey questionnaire: brand switching, price consciousness, customers' responses to advertising, and customers' responses to promotional tools. At first, customers' brand switching behavior was evaluated. The related questions include " the reasons for changing car brand, the number of brands changed before".

The part two of the questionnaire investigated the price sensitivity of customer. Three questions were asked to test to what extent customers will be influenced by price change. The third part of the questionnaire focussed on customers' response to advertising by a car manufacturer. Customers' brand switching behavior related to advertising contents were tested by probing different questions. The last part of the questionnaire was to test the relationship between brand-switching and promotional tools. Mainly, four promotional tools were tested in terms of their effects on brand choice behavior.

These promotional tools include “ price discount, in-store demonstration, coupons and free gifts”. The responsiveness of these promotional tools will be evaluated in the results and findings part later. The main body of the questionnaire consisted of questions that covered the information needed to test the hypothesis. The focus here was around the reasons why consumers switched away from a particular brand to another. The reasons for switching were broken down into the options related to our research i. e. , the impact of promotion and advertising on them and the effect of price consciousness.

The questionnaire ended by asking information about the individual. This comprised of demographics about the respondent, which could provide a method for identifying differences of key results in response by subgroups in terms of age, gender, location and working status. Demographics are primary factors, which can influence factors such as attitude and behaviour, such as switching and consumer loyalty. This could be used later when analysing the results to comparing to switching behaviour. This survey

questionnaire was designed based on the several research works, and comes from the assumptions made previously.

Research on price and advertising/promotion responsiveness, is the basis of the questionnaire. The four promotional tools are based mainly on Shi et al. (2005)'s research, the evaluation of price consciousness was designed according to Huff and Alden (1998)'s research 3. 4Data Analysis Once questionnaires were completed and the data had been collected, they were entered onto a spreadsheet using SPSS. This enabled responses for individual questions to be coded, calculated, analyzed and interpreted, which were later used to form cross tabulations and pivot tables.

The pivot tables were then used to explore and compare responses from different questions to one another, as well as to test the hypothesis. The main statistical techniques used in analyzing the data are Regression analysis and correlation analysis that will be discussed. Quantitative research methods such as general linear model (Univariate), regression and correlation will be the main data analysis methods. General linear model can be used to analyze the impacts of each variable and the effects of their interaction on dependent variable (Foster, 2001).

So it will be used to analyze the impacts of different age groups, product categories, and the interaction between them on the responsiveness of advertising and promotion (the attitudes towards advertising contents and the importance of promotional tools). Given that correlation analysis can present to what extent two variables can change together (Foster, 2001), it will be adopted to test the relationship between price consciousness and brand switching, and the relationship between customers' price

consciousness and their responses to advertising contents and promotional tools. Meanwhile, because several independent variables ( e. . reasons for brand-switching) can be applied to predict the dependent variable (e. g. brand-switching) through regression analysis (Foster, 2001), regression will be used to analyze the reasons of brand-switching, such as the main reason for brand-switching, the effects and the importance of advertising/promotion in terms of brand-switching compared to other reasons.

### 3. 5 Conclusion

There are various research collection methods need to be review so that a suitable method can be revealed. In this chapter, I do characterize the consumer based on 2(two) types, rich people and poor people.

The first step that I do to process this research collection of the data of the market and business situation. Secondly is choosing of the method. In this part I do believe that qualitative research method is suitable for this project. Thirdly is creating structured questioners for the market itself and producing some feedback. Lastly, analyzing the data itself is important to get the whole picture of our research.

## CHAPTER 4 4. 0FINDINGS AND ANALYSIS 4. 1

### The relationship between advertising/promotion and brand-switching

This study studied the relationship between advertising/promotion and brand-switching.

The two major reasons for brand switching assumed by this study are advertising and promotion. To find out the significance level of the above said reasons on brand switching behaviour of customers, regression analysis has been carried out to examine the affiliation between these two possible reasons and brand-switching. Testing has been done by taking ‘ the frequency of brand-switching (the number of switched brand in the past ten

years)' as dependent variable and ' the two reasons for brand-switching' as independent variables.

The results of regression analysis clearly confirm that the two factors viz: promotion and advertising greatly affect brand-switching behavior of customers. But it is worth to mention here that though these two reasons tested in the linear model only cannot interpret brand-switching at a larger scale and there could be many other important reasons missing, however, the effects of promotion and advertising have been proved. In addition it is also clear from the results that promotion has larger impact on brand-switching than advertising.

The importance of promotion and advertising as compared can be seen from the correlation analysis given in Table 2 below. Table 2: Correlation Analysis of Brand-switching with its two possible reasons

Reasons for Brand Switching	Pearson Correlation with Brand Switching	Sig.
Promotion	0.367**	0.000
Advertising	0.328**	0.000

(\*\* means very significant correlation)

Table 3 provides the correlation analysis of relationship between brand-switching and promotional tools adopted by the companies. The results show that the relationships between brand-switching and price discounts, in-store display, and coupons (e. . Free 1year Warranty) are significant. Given below is the Table 3 showing the detailed figures of correlation analysis. Table 3: Correlation Analysis of Brand Switching and Promotional Tools

Promotional Tools	Pearson Correlation	Sig.
Discount	0.216***	0.0061
In-Store Display	0.314***	0.0000
Coupons	0.188**	0.0171
Free Gifts (Insurance)	0.119	0.1350

(\*\*\* means very significant correlation, \*\* means significant correlation)

The relationship between



advertising tools and brand switching has been analysed through correlation and the results have been shown in Table 4 given below.

It is clear that brand image and good quality have a significant impact on brand switching behaviour among Indonesian SUV cars users. Table 4: Correlation Analysis of Brand Switching and Advertising Content Advertising Content| Pearson Correlation | Sig. | Brand Image| 0. 210\*\*\*| 0. 008| Good Quality| 0. 324\*\*\*| 0. 006| MoneyValue| 0. 019| 0. 813| Celebrity| 0. 118| 0. 017| Interestingness| 0. 010| 0. 623| (\*\*\*) means very significant correlation)

#### 4. 2 The impact of Customers' Price Consciousness

It has been assumed that price consciousness has a relation with brand-switching, however, the results of correlation analysis show that there is no strong relationship between brand-switching and customers' price sensitivity (Pearson correlation: -. 020, sig. : 0. 801). On the other hand, it has been found that price consciousness may to some extent determine the effectiveness of some promotional tools in terms of leading to brand switching, when correlation analysis was applied to test the relationships between customers' price consciousness and the influences of promotional tools on brand switching (See Table 5 below).

Thus it may be inferred that customers, who are high price conscious, tend to prefer coupons, price discount, and free gifts type of promotions and are more likely to switch to other brands when they are lured by these types of promotional tools/promotions. Table 5: Correlation Analysis of Price Consciousness and Promotional Tools Promotional Tools| Pearson Correlation with Price Consciousness | Sig. | Free Gift (Insurance)| 0. 438\*\*\*| 0. 0000| Discounts| 0. 306\*\*\*| 0. 0000|

Coupons| 0. 194\*\*\*| 0. 0140| In-store Display| 0. 056| 0. 4560| (\*\*\*) means very significant correlation) In the analysing of the relation that exists between customers' attitude towards advertising contents and their price consciousness (Table 6), the outcomes of correlation analysis got the preference for favourable brand image and value in money customers place on their purchases contents in advertising are bonded strongly to the level of customers' price consciousness (See Table 6).

It was found that there exists a negative correlation between price consciousness and preference for strongly favoured brand image content in an advertisement, and there exists a positive correlation between price consciousness and the impact of strong money value in advertising. The other advertisement aspects, like interest, viral communication, and reliable quality, have a negative relation to price consciousness (See Table 6).

Thus it can be established that, customers with small price consciousness may easily make a switch to other brands under the pressure of the interest in content of the advertisement, the viral communication used and the valuable information about sophisticated quality in the advertising. Table 6: Correlation between Price Consciousness ; Advertising Content. Advertising Content| Pearson Correlation with Price Consciousness | Sig. | Good brand Image| - 0. 381| 0. 0000| Good value for money| 0. 295| 0. 0000| Interestingness| - 0. 238| 0. 0020| Celebrity in Ads| - 0. 230| 0. 0030| Good Quality| -0. 158| 0. 460|

4. 3 Analysis Of Assumptions There were two assumptions which were made in the report and whether they hold true or will prove wrong will be tested with the help of statistical tools. In the Indonesian market Advertising and promotion have a significant impact in

the brand switching behavior among SUV users. To study the relationship between the advertising, promotion and brand switching regression analysis was used. During the analysis it was found that advertising and promotion had the most significant bearing on the brand switching and was found to be the most alarming reason for brand switching.

The analysis also made it clear that there is a strong relationship between brand switching and advertising and promotion. Also the assumption was proved with the same analysis. Price consciousness has a significant role to play in customer's response to advertisement and promotion in brand switching. It was found during the analysis that there exists a strong correlation between the advertising and promotion and the price consciousness and it was found that price consciousness has an important bearing on advertisement and promotion and the assumption stated was found out to be true.

The correlation analyses have been run in this study: the relationship with the usage of promotional tools, reasons for switching brand and attitudes towards advertising contents. The results show that the level of customers' price consciousness will to some extent determine which aspects are the main reasons for changing brand, which promotional tools and which aspects of advertising contents will have strong influences on their brand choice decision. In addition, the result of the correlation analysis shows that customers who have high price consciousness are more likely to be attracted in turn by free gift (Insurance), coupons (e. . free 1 year maintenance/service/warranty), and price discount, and they are more easily to change to other brands which have good value for money and which may

not have good brand image. Similarly, high price consciousness customers may be less interested in good brand image, interestingness, celebrity, and good quality in advertising. 4. 4 Conclusion In this chapter, I have discussed about some reasons why people do brand-switching. There are two main aspects that effect brand-switch exists which are advertising and promoting.

Those two aspect playing the important role on brand-switching. However, those two aspects cannot be implemented if there is no supporting aspect, such as, pricing matters of the product. CHAPTER 5 5. 0DISCUSSION 5. 1 Advertising and Brand-switching The influence of advertising and promotion on brand switching behavior among Indonesian SUV car users has been found varying at different stages of purchase and stages of awareness and advertising as depicted by the comparison of the impacts of advertising and promotion on each stage of customer's responses to advertising and promotion.

It becomes clear that the helpfulness of advertising and promotion may increase customers' brand awareness and encourage existing customers to go for the same brand, rather than influencing customers to buy another brand which they have not used yet. This result has also been shown by some arguments of other researchers. As per Simon and Arndt (1980) and Tellis (1988) the main objective of advertising is not to attract new customers but to strengthen the satisfaction of existing customers.

They argue that advertising can strongly influence the customers who already know the brand advertised rather than the new customers who have not used the brand before. It can be seen from the results that the influence of advertising on purchase stage is not the main impact of advertising,

rather increasing customers' brand awareness and repeat purchase may be the main objectives of advertising. Other previous research (Neslin 1994) studied the relationship between brand switching and advertising, and establishes the fact that advertising has a positive effect on brand switching.

The results of their research found that advertising has a positive influence on sales and advertising could increase brand-switching. This study also found advertising as one the main reasons for brand switching. Looking to the above two aspects of the findings of this research, it can be said that the influence of advertising on brand-switching do not challenge each other; rather they illustrate the two different aspects of the influence of advertising on brand switching.

On the one hand, advertising has positive impact on brand-switching; on the other hand, its influence on brand-switching may not be as strong as on other stages of customers' responses to advertising, such as increasing brand awareness and repeat purchase. This study also studied the relationship between brand switching and advertising contents, and it was found that advertising contents have been preferred by customers