

Analysis of factors affecting Brand Switching in the Smartphone Industry

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Abstract: *This research paper is concentrated on finding the root causes leading to Brand Switching in the smartphone sector. The first phase of the research began by identifying various causes that can lead to brand switching and variables like cost, availability, brand image, WOM etc. surfaced up. Then with a help of a survey, input was taken where 129 respondents gave their point of view about the different variables as well as the personal causes which they think has lead them to shifting to a new brand. The importance of the various assumed variables were taken on Likert scale from the respondents which provided us with enough data to analyse for the most and least influential factors. With analysis of the data collected we observed that the root cause of brand switching is poor performance of previous brand and more promising quality and technology offered by the new brand. This gave us deep insights that how customer's priority has shifted from buying a budget friendly product to buying a more promising and durable product. A variety of causes observed were categorized into more generic heading in the Black Box model used in the paper which helps us in understanding them in a more systematic fashion.*

1. Introduction

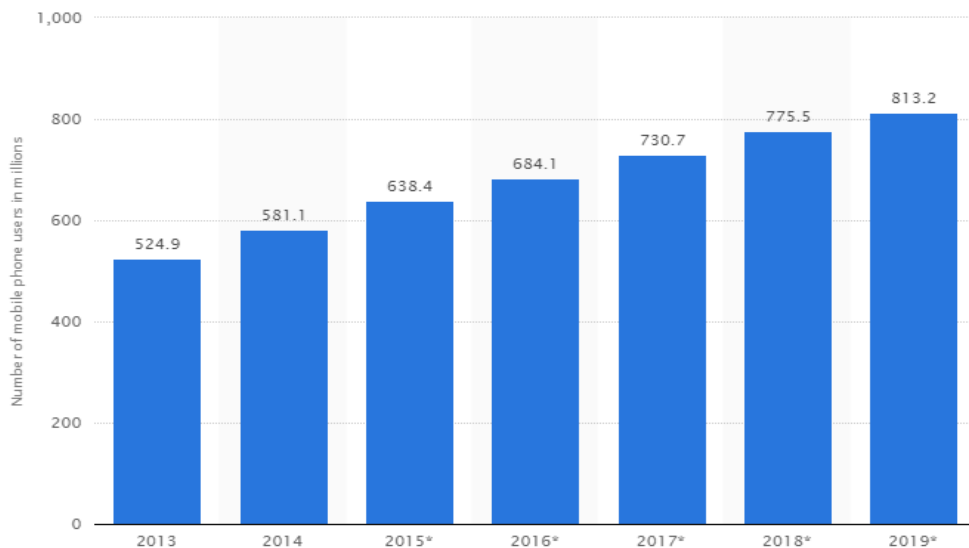
India is a growing superpower and is deeply touched with modern technologies. The number of smartphones users has grown exponentially over time and is still expanding. According to the statistics, the penetration of the market is still just 33.4 % of the total population (refer figure 1 for details), thus making it a very promising market. The bigger the market, the more number of players it attracts, thereby brand switching is very common in this sector. "In emerging economies, investors have to think beyond the conventional entry modes" [1]. In the past few years, Indian markets have flooded with many foreign companies and the smartphone sector is not aloof from this. In fact, statistics show that the from the first quarter of '13 to the fourth

quarter of '16 almost all the major leaders have changed, from Samsung, Micromax, Karbonn, Nokia and Sony being the key players in 2013 it has come to Samsung, Xiaomi, Motorola and Lenovo, dominating at the end of 2016. [2]

Thus, we note that the foreign investment has increased at a large scale in the market and are taking over the indigenous brands as well. Customer makes their decision to opt for a particular brand with lots of parameters on his mind like cost, availability, brand image, quality/rating, word of mouth communication, etc. Now the thing to ponder at, is what has lead the attention of consumers towards these brands. The aim of this research paper is to look at the various factors and their weightage in making the final decision to opt for a brand. The results are based on a quantitative research conducted in a group of over 125 people who are regular, well informed users of the product.

2. Review of Literature

True brand loyalty and spurious brand loyalty are defined as the biased, behavioural response, expressed over time, by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, (a) which is a function of psychological (decision making, evaluative) processes resulting in brand commitment (b) which is a function of inertia respectively. (Jacoby and Chestnut (1978, pp. 80-81)). A key differentiating factor between the two concepts is that, true brand loyalty is based on brand commitment while spurious brand loyalty isn't. A true brand loyal consumer is committed to his brand and thus, he insists on buying the same brand the next time he needs to buy the product whereas a spurious brand loyal consumer is not committed to his brand and thus, may or may not buy the same brand the next time. To understand the brand loyalty, repurchase or switching tendency of consumers, we first need to understand consumer behaviour [4].



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Figure 1. Number of mobile phone users in India from 2013 to 2019 (in millions)

Consumer behaviour is the study of the various psychological, social, anthropological, economic, demographic, etc. factors that influence a consumer's decision while purchasing a product. It is used to analyse the characteristics of consumers, to predict and understand their needs. The key consumer behaviour factors are personal influences like those by friends and family, users of the product and social influences like class, status symbol, occupation, education which play an important role in brand switching. Brand switching can be explained as the decision of a consumer to purchase a product of brand different from the current brand used by him. It may be induced by either extrinsic or intrinsic factors. Extrinsic factors

mostly include sales promotions, discounts, advertisements, popularity, cost, etc. while intrinsic factors may include boredom, curiosity, desire to try a new brand, etc. [3]

To understand consumer behaviour better, a model called the stimulus-response or "black box" model has been considered in this paper. It focuses on the consumer as a thinker and problem solver who react to variety of external and internal variables/factors when deciding whether or not to buy. The external and internal factors is just a categorization of the earlier mentioned factors as shown in figure 2 and will be seen in further detail as the paper progresses.

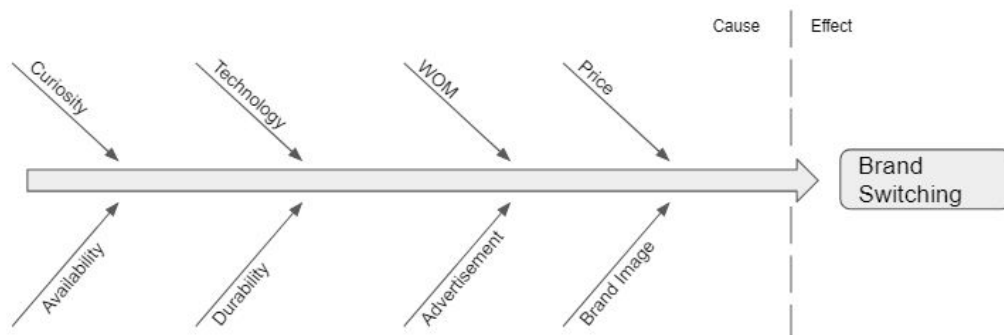


Figure 2. Factors affecting Brand Switching

3. Research Objectives

- Review literature to understand differences between the concepts of Brand loyalty, repurchase and switching
- To study the various reasons leading to brand switching in the smartphone market in Delhi
- To inspect the impact of various factors like gender, experience with product and frequency of usage of product on Brand switching tendency
- To identify and analyse the most and least influential factors on Brand switching tendency

4. Research Methodology

We have opted for quantitative research method for the purpose of identifying and analysing our desired information. The aim of this research would be to determine the relationship between the brand switching behaviour of consumers due to various factors like price, brand value, advertisements, etc. The method chosen is ordinal natured and it's a number based discipline, thus, it can statistically measure various parameters affecting customer attitude. The data which we will obtain through quantitative research can be projectable to a large population. We have also chosen this method because it has the ability to effectively translate data into easily quantifiable charts and graphs. Within quantitative research we have further two partitions, experimental and descriptive. In experimental research we first collect data and then conduct an experiment and then again collect the data and analyse the effects. We have also chosen a descriptive method wherein we collect the data all at once and then use it to establish relation between factors. Since we needed to determine the impact of the variables in switching of brands this method would be best suited for our purpose. [5]

The primary data collection was carried out through a survey conducted among consumers based in New Delhi which was filled by 129 respondents. Our main target audience was the youth aged 19-24 years as we believe these are the consumers who use the product at hand, smartphones, the most and are very selective about it. They make an informed decision before purchasing a product in this market. The survey was in divided into 2 sections. The first section collected the personal details of the respondents like their name, age, phone used, frequency of usage, etc. for a socio-economic profile analysis while the second section was more oriented

towards understanding how each factor like quality, price, advertising, popularity, etc. affected the choice of a consumer while buying a new phone. This data in section 2 was collected on a 5 point Likert Scale. Additional subjective reasons were also collected to understand the mind-set of the consumers better. The data was separated on various basis like gender, experience, frequency of usage, etc. and then analysed to identify the most influential and least factors in all cases. Mean and variance were calculated and p-test was done to understand the relationship between the various factors.

5. Results

From the analysis of the data collected through the survey, the following results were obtained

- I. Roughly 66.8% of the respondents chose to remain Brand Loyal
- II. The Brands in decreasing order of repurchase choices are Apple, Xiaomi, Motorola, Samsung
- III. The 4 factors which most influenced the consumer to switch a brand respectively were obtained to be (on Likert Scale)
 - A. Poor performance experience with current phone (Mean 4.411)
 - B. Quality of the phone (Mean 4.240)
 - C. Features of the phone (Mean 4.062)
 - D. Price of the phone (Mean 3.992)
- IV. The 3 factors which least influenced a consumer's decision to switch a brand respectively were obtained to be
 - A. Advertisements (Mean 2.403)
 - B. Boredom with a Brand (Mean 2.589)
 - C. Popularity of a Brand (Mean 2.899)

6. Discussion

To understand the nature of our respondents, their social and economic profiles were studied. It is usually assumed that with an increase in age, experience of using the product and dependence on the product, the customers become more selective of their product. The socio-economic profile of the respondents is as shown in Table 1.

Table 1. Socio-Economic Profile Analysis of respondents

| Variable | Category | No. of respondents |
|---------------------------|--------------|--------------------|
| Gender | Male | 91 |
| | Female | 38 |
| | Total | 129 |
| Age | 18-22 | 116 |
| | >=23 | 13 |
| | Total | 129 |
| Occupation | Student | 115 |
| | Employed | 13 |
| | Freelancer | 1 |
| | Total | 129 |
| Usage of phone (in hours) | 1-2 | 25 |
| | 3-5 | 74 |
| | >=6 | 30 |
| | Total | 129 |

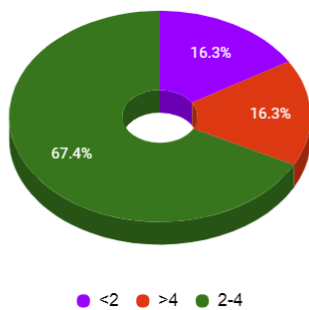


Figure 3. Distribution of number of smartphones used by respondents

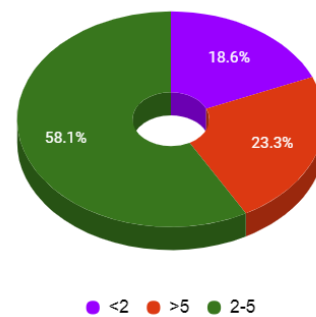


Figure 4. Distribution of respondents on the basis of number of phones switched

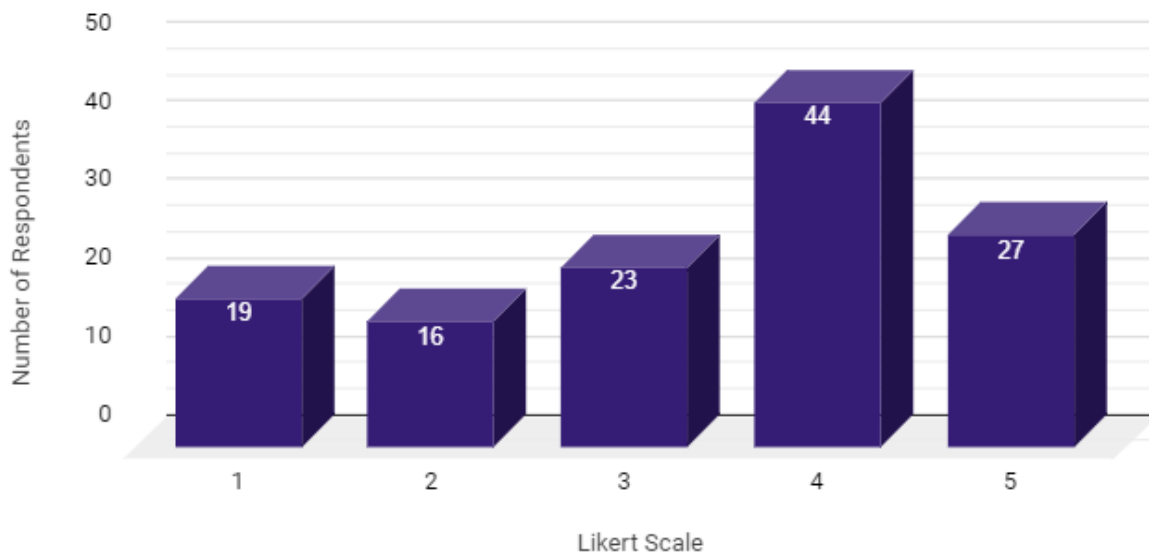


Figure 5. Likelihood of consumers to repurchase a smartphone of the same Brand Again

Of the 129 respondents surveyed, analysing those who preferred to choose the same brand of smartphone again, we found that overall 66.8% of them chose to remain loyal (refer figure 5 for distribution). But only 61.58% of 38 female consumers chose to repurchase the brand while 69% of 91 male consumers chose to repurchase the brand. On applying two tailed p-test to analyse the statistical significance, the p value was found to be 0.151 at a 95% confidence level which is not statistically significant by the conventional criteria 0.05. Hence, there is no significant relationship between the two variables gender and brand repurchase in the market. So, the null hypothesis that there is no difference in the brand repurchase behaviour on the basis of gender is accepted. The p test analysis was also done to inspect for behavioural difference based on the number of phones used as it was hypothesised that more the number of phones a consumer uses, the more selective he becomes towards the product. As the respondents of our survey were mostly aged 18-23, we divided them into 3 categories on the basis of number of phones used (0-1 phone, 2-4 phones, 5 or more phones) as shown in figure 3. A p-test analysis on this data yielded a p-value of 0.67 at a 95% confidence level for categories 1 and 2, 0.0731 at a 95% confidence level for categories 2 and 3 and 0.1487 at a 95% confidence level for categories 1 and 3. None of the above three differences are statistically significant. So, the null hypothesis is accepted and we can conclude that the number of phones previously used does not

7. Conclusion

By reviewing the literature and understanding the different parameters via the survey conducted we reached to the conclusion that, owing to the wide influencing factors and high weightage of one's personal characteristics and choice, Black Box Model would be the best to represent the relationship between the variables and the outcome of selecting a brand.

Black Box Model

The consumer's choice is depicted with the help of a Black Box Model (as shown in figure 6). A black box is a model which can be viewed in terms of its input and output without knowledge of its internal working. Upon taking responses via a survey we collected various factors which play a role in the decision making process of the consumers. Upon observation we realized that these factors can be classified under 3 categories namely Brand Variables, Environmental Factors and Buyer's Characteristics.

- Brand Variables: This category represents the factors controlled by the brands to lure their customer base and consist of the marketing mix of the company, product, price, place and promotion.
- Environmental Factors: These consist of the factors which are induced due to the

| INPUT | | | OUTPUT |
|--|--|--|---|
| Brand Variables | Environmental Factors | Buyer's Characteristics | Buyer's Response |
| Product Price Place Promotion | Availability Demographic Political Economic | Lifestyle Information Search Past Purchase Knowledge Perceptions | Product Choice Brand Choice Purchase Timings Purchase Amount |

Figure 6. Black Box Model

significantly affect a consumer's decision to repurchase a phone or remain brand loyal. So, can conclude that the brand loyalty is independent of the social factors.

locality of the customer, several conditional parameter like availability of a particular brand or its service centres, the demographic and political parameters like

popularity/favour of a particular brand and the economic conditions of people play a crucial role in the choice of customer.

- Buyer's Characteristics: The personal experience of a buyer like the past experience or personal perception of the brand also play a crucial role in his choice.

The model considers the buyer's response as a result of a conscious, rational decision process, in which it is assumed that the buyer has recognized the problem. However, in reality many decisions are not made in awareness of a determined problem by the consumer. [4]

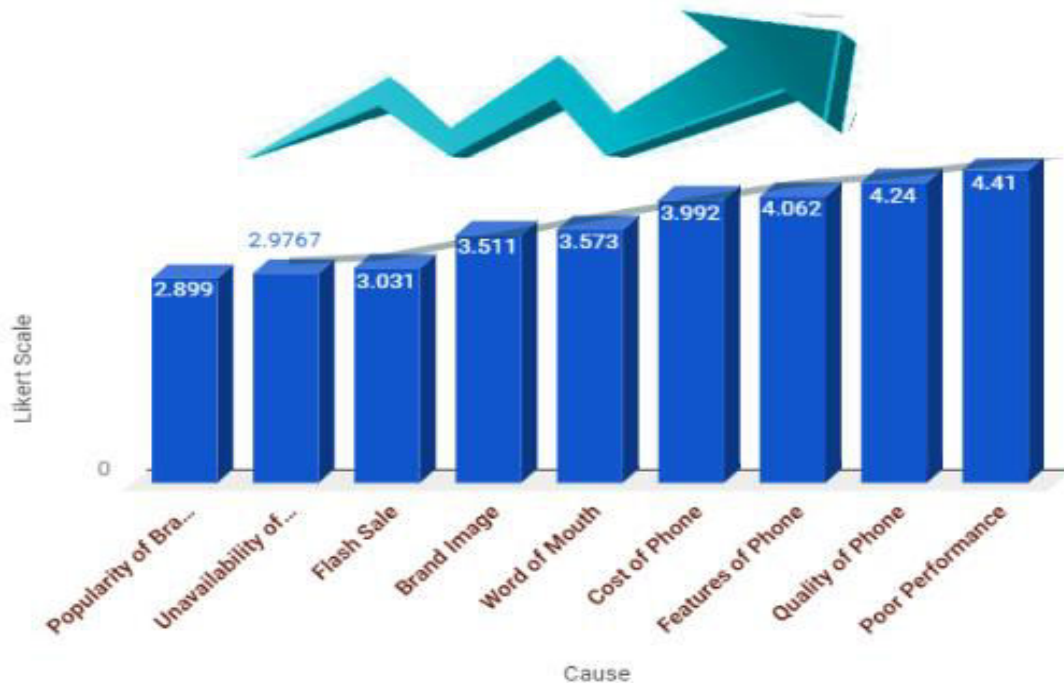


Figure 7. Intensity of the various influencing factors on Brand Switching

Influential factors on Brand switching tendency

The conducted survey briefed us about the behaviour of public while making the call for opting for a particular brand. The chart given below provide us with the idea of the order of factors considered:

With the input taken from 129 respondents we plotted the mean positioning of a particular factor on the Likert Scale and from that drew the conclusion about the weightage of a particular parameter and plotted them on bar graph. The increasing heights indicate higher the influence of a parameter. Thus we reach to a conclusion that the Poor performance experience with a brand, the quality of phone offered and the features of new phone play the key role in switching of brand. Another important conclusion out of this observation would be that the effect of the price of the phone stands fourth in the major key players. This means following to the constant upgradation of technology and the wide variety available in the market and the increase in product cycle for the

most durable products, consumers tend to be highly involved and become more rational in the purchase. This clearly signify that today customers have become more aware of the market and the schemes and their decisions are not just cost driven. This sector represents market of durable products so blindly pursuing market penetration is not enough for companies to win the consumer support. Allenby (1989) and Kannan & Wright (1991) suggest that the design of successful marketing strategies requires a thorough understanding of the structure of the product market and the patterns of competition within those markets. Customers look forward to better technology, better quality and brand image, higher performance parameters and many more apart from the cost factor. If they do not find the required satisfaction from the brand they are using they don't hesitate to switch to other brands.

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