

Brand Switching – A Conceptual Analysis

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ABSTRACT-When a consumer using a product of a brand switches to product of another brand, brand switching occurs. Higher the degree of competitiveness among the brands available to the consumers, higher would be the intensity of brand switching. Because of the severe competition among the cellular phone service providers, the occurs of brand switching would be presumed to be frequent and high. Brand Switching has seen various phases and has been influenced by several factors like advertising, price, quality and brand loyalty. These influencing factors have given rise to creation of many brand switching models such as Zero-step model, Markovian Stochastic process and Three choice model. These models of brand switching helps marketers to bring out the growing reasons for brand switching which are stochastic reasons, Expectation disconfirmation reasons and utility maximization reasons. The buyers repeat purchase rate helps the marketer guess his brand switching intentions in advance. Brand switching analysis is also useful to forecast the brand dynamic evolution.

Keywords: Brand Switching, Expectation Disconfirmation, Stochastic Reasons, Utility Maximisation.

INTRODUCTION

Brand Switching is the consumer's decision to purchase a product of a brand different from that previously or usually purchased. Brand switching is when a consumer or group of consumers switches their allegiance

from one brand of a certain type of product to another. This brand switching may be

temporary, or it may be long lasting. Sometimes known as brand jumping, brand switching is the process of choosing to switch from routine use of one product or brand to steady usage of a different but similar product. Brand switching is the most common with products that have no great perceived variation in quality across brands such as bottled water, dairy products, or paper towels etc. Brand switching takes place most commonly by price promotions, in-store displays, superior availability, perceived improvements or innovations in competitive brands, desire for novelty, number of available brands, perceived risk, frequency of purchase, changes in quality, or level of satisfaction with the most recent purchase.

It is possible to research when consumers in a marketplace determine their attitude to brands and their likelihood to switch from a brand they are using at the moment, and in particular to which other brand they might switch. This allows the building of a picture of likely brand switching behavior. If consumer's propensity to switch is known, the market can be modeled to indicate future market share. Such modeling could also indicate the relative positioning of the competing brands.

FACTORS INFLUENCING BRAND SWITCHING

The following are the factors that influence brand switching of customers:

Advertising

Much of the advertising process is aimed at encouraging brand switching among consumers, thus helping to grow market share for a given brand or set of brands. Convincing consumers to switch brands is sometimes a difficult task. It is not unusual for customers to build up a great deal of brand loyalty due to such factors as quality, price and brand loyalty. To encourage switching brands, advertisers will often target these three areas as part of the strategy of encouraging brand switching.

Price

Price is often an important factor to consumers who are price-consciousness. Advertisers will often use a price comparison model to entice long time users of one brand to try a new one. The idea is to convince the end user that it is possible to purchase the same amount of product while spending less money. Ideally, this means that the consumer can use the savings for other purchases, possibly even a luxury item of some sort. The idea of more discretionary resources in the monthly budget can be effective in encouraging of jumping of brands.

Quality

Price is not always enough to encourage brand switching. When this is the case, comparing the quality of one brand to another is a common approach among consumers. The new brand will work just as well as the more established brand if that is of good quality. When coupled with a cost savings, the comparison of quality can often sway long time consumers at least long enough to give the newer product a try.

There are consumers who are less concerned with cost. For these users, the approach is to present the new brand as brands of superior quality when compared to the established one. For example, a product that can be used to dust wood, glass, and plastic surfaces may be more attractive than a product that is formulated for dusting glass only. The

implication is that one product can take the place of three products, and may motivate brand switching.

Brand Loyalty

It is always essential to have a better understanding of brand loyalty in order to understand brand switching. It is also useful to segment the market based on brand loyalty and to understand the needs of loyal customers and potential brand switchers, as well as their attitude towards key brand attributes.

Resistance to Change

There are many factors influencing the changing attitude of consumers. But the most important among them is resistance of a consumer. 'People don't resist change, they resist being changed'. If consumers have to be changed, they should be helped in deciding that the change is in their best interest. People need to be influenced, not forced.

MODELS OF BRAND SWITCHING

Brand switching models can be classified into three types based on the factors that affect the choice process:

Zero-Step Model

This states that the consumer's current choice in making a purchase is unaffected by past behavior or experience. Jain (1990) points out that the choice process involved in buying a house is a zero-step model. In addition, scholars such as Bass (1984) believe that the choice processes of buying frequently purchased consumer goods also follow a zero-step model.

Markovian Stochastic Process

In a Markovian stochastic process, a consumer's past choice affects their current choice. The brand switching model provided by Blumen, in which the consumer's current choice is affected by his or her impression of the last

choice, is a Markovian stochastic process. In this model, the consumer's degree of satisfaction of the past affects his or her current choice of product. If having previously chosen a brand increases the chance of choosing the same brand, this is referred to as brand loyalty or as inertia. If, however, the consumer's previous choice of a brand does decrease the chance that they will choose the same brand currently, this is called variety-seeking.

Three - Choice Model

McCarthy (1992) expanded on the two-choice model proposed by Blumen (1955), creating the three-choice pattern. As in the two-choice model, the consumer's past choice of product influences their current choice of product in a three-choice model. However, in a three-choice model, the consumer's level of satisfaction with the current choice of product affects substitute choice behavior, as influenced by brand recognition and attitude towards brand. Thus, in the three-choice model it is possible that when the consumer becomes dissatisfied with current choices, substitute or future choices will result.

REASONS FOR BRAND SWITCHING

Whilst consumers switch between brands for any number of individual reasons, they are grouped into three major areas:

1. Stochastic reasons,
2. Expectation disconfirmation reasons and
3. Utility maximisation reasons.

Each group of reasons has different implications for a brand switch.

Stochastic Reasons

If a brand switch occurs for primarily stochastic reasons then the switch is beyond the control of the service provider. For example, the switch may have occurred because the switcher has shifted location and their current financial service provider does not have branches in that area. Like stochastic models where the

probability of a consumer making a specific purchase are fixed over a given time period, switching for stochastic reasons will result in no change in the purchase probabilities of the previous brand. Not only will the brand remain in the consumer's consideration set, the purchase probabilities will be the same as before the switch occurred.

Expectation Disconfirmation Reasons

Expectation disconfirmation has been proffered as a substantial cause of brand switching. In this paradigm, consumers evaluate consumption experiences and make satisfaction decisions by comparing perceived performance with some consumption standard. For example, if the levels of service provided by their bank branch do not meet their expectations, then a brand switch may take place. A brand switch occurring for reasons of expectation disconfirmation will greatly reduce the probability of the brand switched from being repurchased, and that brand is likely to be removed from the consideration set.

Utility Maximisation Reasons

The probability of a brand being included in a consideration set is a trade-off between costs and benefits. Utility maximisation presumes that consumers are consistently searching for a better utility, and when they succeed they will switch brands. For example, if another financial service provider is offering lower fees and charges than their current service provider then a switch may take place. If the reason for the brand switch is utility maximisation then the brand that has been switched from will, still remains in the consumer's consideration set.

Now, however, it will be ranked second behind the newly preferred brand. To determine what happens to a consumer's consideration set when a brand switch occurs, three propositions were developed:

- 1.If the brand switch occurs for stochastic reasons, not only will the previous brand remain in the consumer's consideration set, it will have the same purchase probabilities as before the switch occurred.
- 2.If the brand switch occurs for expectation disconfirmation reasons, then the probability of the previous brand being repurchased will be greatly reduced, and the brand is likely to be removed from the consideration set.
- 3.If the brand switch occurs for utility maximisation reasons then the previous brand will still remain in the consumer's consideration set, but will now be ranked second behind the newly preferred brand.

CONTROLLING THE BRAND'S SWITCH DESTINY

A shift in global regulatory environment, complex consumer behavior, and unpredictable competitive response contribute to the complexity of the switch decision. An effective strategy for maximizing the profitability of a switch begins at the optimal timing of the actual switch may not always coincide with the end of patent protection, sales, or loss of competitive advantage. Multivariate models are now available to help pharmaceutical marketers develop more preemptive strategies for switching.

Brand image and attitude towards a brand will influence future brand choice substantially. In addition, the proportion of consumers repurchasing the same brand is quite high. In the appliances market, consumers are paying increasing attention to the after-sales service and quality of different brands. In response to such changes, firms need to refocus their marketing efforts. In particular, manufacturers need to deliver more service values, providing speedy responses to consumers' questions and requests for repairs.

As for quality, the consumers' perceived value consists of price Vs quality and image.

The most important factors influencing repeated purchasing are the ease of use, innovative design, design excellence, and extra features. By paying attention to these factors such as increasing product value through innovative technologies, thoughtful design, and unusual features, manufacturers can create a good brand image. Moreover it was found that the only key factor that brand switchers pay more attention to than repeat buyers is the depth of product line. Although the difference is not significant, a lack of a diversity of sizes and models could lead to brand switching. In addition to offering a range of models, manufacturers need to communicate the features of their products through advertising.

From the analysis of brand switching among consumers it was found that while there is a moderate degree of brand loyalty in any market, there is also a considerable amount of repeat purchasing behavior exhibited by non-loyal consumers. Firms need to focus on ways of retaining these potential converts. Another interesting finding is that a weaker brand image usually correlates with a low degree of brand loyalty and that brand choice is affected by past experience. The implication here is that firms need to build a powerful brand image and increase consumer satisfaction in order to increase brand loyalty. This may be achieved through prompt response to consumer feedback.

CONCLUSION

It is possible to research consumers in a marketplace in order to determine their attitude to brands and their likelihood to switch from a brand they are using at the moment to any other brand that they might prefer to switch, which allows the building of a picture of likely brand switching behaviour. If consumer propensity to switch is known, it leads to mocking up hypothetical a market which may indicate its future market share. This brand switching

analysis is one the useful tools to forecast the brand dynamic evolution.

Hence this paper is a theoretical analysis of the fundamental influences that a brand switching behavior of consumers would pose in the age of cut-throat competition in the fast moving consumer goods sector. The author is of the opinion that consumer goods market which is prone to brand switching, because of low risk involvement, marketers should adopt strategies that would help them retain their current customers and influence other customers to buy their products. Marketing agents should emphasize on improving the quality of their products and keep up their promotional promises so that their current customers do not switch over to some other products due to dissatisfaction. Marketing strategists should also emphasize on building a good brand image for their products or services.

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