**European Journal of Molecular & Clinical Medicine**

**ISSN 2515-8260 Volume 9 Issue 4, 2022**

# AN EXPLORING THE KEY DRIVERS OF BRAND SWITCHING IN COMPETITIVE MARKETS

**Dr. Shikha Singh[1*]**

[1*]Asst. Professor, School Of Management, Ajeenkya D Y Patil University, Pune
Email: dr.shikhasingh5@gmail.com

***Corresponding Author:** Dr. Shikha Singh[1*]
*Asst. Professor, School Of Management, Ajeenkya D Y Patil University, Pune

## Abstract
In today's fiercely competitive market, brand switching has become a common phenomenon among consumers, especially in the fast-moving consumer goods (FMCG) sector. Understanding the key drivers behind brand switching is crucial for FMCG companies seeking to foster customer loyalty and maintain a competitive edge. This research explores the determinants of brand switching in the FMCG industry, focusing on the influence of price, brand image, quality of service, and customer satisfaction. The study employs a qualitative research approach and conducts in-depth interviews with 200 FMCG customers who have purchased products from various companies. Thematic analysis is employed to examine the data, and reliability analysis, multiple regressions, and Pearson correlation are utilized for data analysis. The research findings reveal that these four key factors significantly influence brand switching behavior. Price is identified as a critical factor, along with brand image, service quality, and customer satisfaction. The study highlights the dynamic nature of the FMCG market, where customers frequently switch brands based on these factors. Based on the findings, several recommendations are provided for FMCG companies to foster customer loyalty and deter brand switching. Strategies include careful price management, brand image enhancement, service quality improvement, and a strong focus on customer satisfaction. Keeping a watchful eye on competitors and staying adaptable to evolving customer preferences are also essential in this competitive landscape. This study contributes to the understanding of brand switching behavior in the FMCG sector and offers practical insights for companies striving to create enduring customer relationships amid intense competition.

**Keywords:** brand switching, fast-moving consumer goods (FMCG), price, brand image, service quality, customer satisfaction, customer loyalty.

## 1. INTRODUCTION
In the context of exploring the key drivers of brand switching in competitive markets, it's essential to recognize the pivotal role that brands play within an organization. Brands have evolved into strategic assets that provide a competitive advantage, contribute to shareholder value, generate revenue, and foster societal well-being. In the modern era of the internet and media proliferation, the marketing function encompasses not only product promotion but also the creation, communication, and delivery of value to customers. In highly competitive markets, both domestic and international brands are readily available to Indian consumers. The influx of new entrants, known for their superior quality and innovative features, presents significant challenges for Indian manufacturers. Marketers employ branding to transform their products into recognizable brands, allowing them to carve out a unique space in consumers' minds. Through branding, customers form associations and establish a sense of "trust" by creating a distinctive brand identity. According to (Zhang, et. al, 2018), brand excellence has the potential to command price premiums, drive substantial sales, and withstand the pressures of distribution. For instance, when consumers think of soft drinks, the brands Coke or Pepsi often come to mind. Similarly, in the context of cold remedies, brands like Vicks Vaporub or Dettol are frequently associated with the category. These examples

ISSN 2515-8260 Volume 9 Issue 4, 2022

illustrate how brands significantly influence consumers' purchasing decisions. Some brand images, such as those of Cadbury's, Pears, or Pond's, become deeply ingrained in consumers' memories and come to represent a wide range of concepts and emotions. Brands are cultivated by adding unique attributes to a basic product, setting it apart from competitors (Shahzad, & Shaiq, 2023).
In the realm of brand switching in competitive markets, brands serve as more than mere identifiers; they also convey specific values, imparting a distinct personality to the brand while highlighting the product's advantages (Shekhar, 1994). This exploration of brand dynamics underscores the intricate interplay between brands, consumer choices, and the competitive landscape.

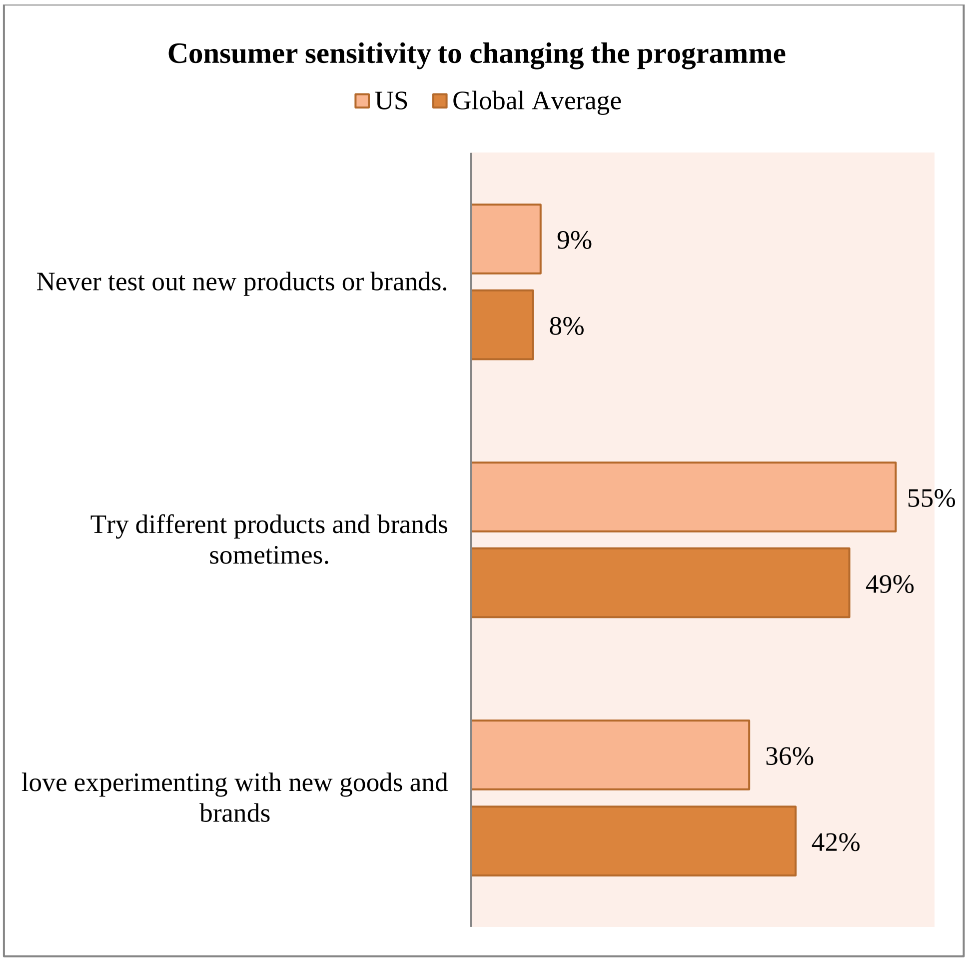


**Figure 1:** Nielson's Global Consumer loyalty Survey 2019

In the context of exploring the key drivers of brand switching in competitive markets, it is essential to understand the shifting landscape of consumer loyalty. Traditionally, a product's purchase at least three times was considered a milestone in earning a consumer's loyalty for over half of US consumers. However, a Nielsen study reveals that only a small percentage, 8% of consumers worldwide and 9% in the US, claim loyalty to brands or products they have consistently purchased (as shown in Figure 1). Brand loyalty is no longer as steadfast as it once was. Consumers now tend to seek out new brands following negative experiences, and many seem eager to explore new options. Nearly half of customers (49%) admit to occasionally exploring new brands and products. Another 42% express even greater enthusiasm, stating they genuinely enjoy experimenting with different brands. While a significant majority of Americans (55%) occasionally test new brands and products, a slightly smaller group (36%) genuinely relishes such experimentation.
The reasons behind brand switching are not surprising. A significant 38% of global consumers cite value for money as a key determinant in their purchase decisions, with 32% mentioning price or

promotional factors. The allure of private label brands has also risen, driven by consumers' heightened sensitivity to price considerations. While financial factors like price and value play a significant role in purchase decisions, consumers also frequently choose products based on attributes such as superior quality or functionality (20%) and the convenience and comfort they offer (20%). Moreover, brand trust emerges as a crucial factor in purchase decisions, according to other studies. Research conducted by Edelman reveals that a substantial portion of both US and international consumers weigh a company's ethical behavior and trustworthiness before making a purchase. This same research underscores the significant influence of brand trust on consumer advocacy and brand loyalty in today's competitive markets (Idrees, et. al, 2023).

### 1.1. Factor Affecting to Customers changing brand in FMCG goods

When delving into the exploration of the key drivers of brand switching in competitive markets, several critical factors come to the forefront:

- Price Dynamics: Price in the context of brand switching comprises three distinct elements: the perceived sacrifice, the non-financial considerations, and the target price (Le & Trang, 2021). The actual financial cost of a product, or what the customer paid, may not always align with the perceived price – the price as remembered and interpreted in the customer's memory. In the fast-moving consumer goods (FMCG) industry, pricing holds paramount importance, particularly for customers.
- Brand Image: The concept of a brand is a recurring theme in marketing literature. Brand building is essential not only for tangible goods but also for service-oriented businesses. It represents the mental image of a brand that customers formulate and retain in their minds based on their rational and emotional responses (Govender, 2017).
- Service Quality: Service quality in the FMCG sector is determined by innovation, communication, and the provision of value-added services. It holds the power to influence customer satisfaction in both manufacturing and service industries. Furthermore, it establishes an indirect linkage between customer relationships, service quality, and brand loyalty, holding implications for the future of the FMCG market and customer services.
- Customer Satisfaction: Customer satisfaction encompasses the choices made by customers in response to their overall buying experiences, irrespective of any single purchase encounter. In the context of this study, customer satisfaction is defined as the collective impression of customers regarding their usage of FMCG products. Additionally, the study defines "switching intent" as a negative consequence for a service provider, signifying the likelihood of a customer switching from the current product or service to a competitor. This switching intent is conceptualized as a customer's desire to replace the existing service provider with an alternative.

### 1.2. Overview of FMCG Sector

The key drivers of brand switching in competitive markets, it's pertinent to consider the significant landscape of the Fast-Moving Consumer Goods (FMCG) industry in India. This sector stands as the fourth-largest contributor to the Indian economy. It encompasses a diverse array of products, including soaps, personal care items, dental care products, cosmetics, pharmaceuticals, consumer electronics, soft drinks, packaged food items, and chocolates (Kordi Ghasrodashti, 2018). Various businesses exert their influence over different subsectors within the industry, given its wide product range. Notably, the FMCG industry in India reported revenues of $63.86 billion in FY18 and is anticipated to reach $114.8 billion in 2020, according to industry projections. The consumer spending in India is witnessing rapid growth, which has made the FMCG sector an attractive target for new businesses. With contemporary trade outlook projecting annual growth rates of 20-25%, it is expected that India's retail industry will surge from $840 billion in 2017 to a projected $1.1 trillion in 2020. This growth is poised to enhance the profitability of FMCG firms.

Furthermore, the Indian FMCG market is anticipated to experience a Compound Annual Growth Rate (CAGR) of 14.9%, increasing from $110 billion in 2020 to a projected $220 billion by 2025. Remarkably, the Indian FMCG sector witnessed a remarkable 16% expansion in CY21, marking a 9-year high. This growth was driven by increased demand and value expansion due to higher product prices, particularly for essential goods. Additionally, India's market for regulated food items is projected to rise from $263 billion in 2019-20 to $470 billion by 2025.

Notably, the advertising landscape has also seen substantial growth, with TV advertising registering a significant increase, reaching 461 million seconds between July and September, the highest level since before 2021. FMCG, in particular, maintained a strong position with a 29% increase in advertising volumes compared to the same period in 2019. The e-commerce sector also demonstrated robust growth, expanding by 26% compared to 2020. This dynamic environment of the FMCG industry in India provides a unique backdrop for examining the key drivers of brand switching in competitive markets.

## 2. RESEARCH OBJECTIVE

- To conduct a comprehensive analysis of the diverse and intricate variables that influence customers in transitioning from one brand to another in highly competitive markets.
- To identify and recommend effective strategies those Fast-Moving Consumer Goods (FMCG) products can employ to foster unwavering customer loyalty and act as a robust deterrent against brand switching.
- To delve into the elements that act as impediments, exploring the barriers that hinder customers from engaging in brand switching within the fiercely competitive FMCG sector

## 3. LITERATURE REVIEW

The objective of **(Appiah, et. al, 2019)** study was to see clients' brand exchanging conduct in a market that is cutthroat. They emphasized how, by and large, when it came to buyer decisions, the writing has given viable utility a higher need than social undertones. The review utilized a grounded hypothesis strategy and inside and out interviews with UK cell phone clients to close this hole. The review's discoveries showed that non-utilitarian components — like sociopsychological benefits — were not completely addressed in that frame of mind of past examination. The outcomes highlighted the meaning of character hypothesis in empowering clients to keep up with brand dependability.

The objectives of **(Grigoriou, et. al, 2018**) were to approve a hypothetical model and decide the parts of exchanging conduct. A low coefficient of assurance (R2) was tracked down in their relapse examination between the free and subordinate factors. The review took a gander at how buyers in created and arising economies utilized portable broadcast communications administrations. It tried to recognize potential abberations in buyer conduct between different commercial centers and appreciate the essential reasons for such errors.

In their, **(Shaila and Shweta, 2017)** focused in on the Mumbai locale while analyzing the factors impacting clients' tendency to move brands inside the telecom business. They utilized factor investigation and the chi-square test, among other measurable tests, to gather information utilizing organized polls. The review's discoveries, which have useful implications for telecom organizations, showed that exchanging conduct was straightforwardly impacted by cost, network quality, fulfillment, steadfastness, and value-added administrations.

The ecological preconditions of market direction as well as the connection between market direction and consumer loyalty in developing business sectors were examined by **(Guo, et. al, 2019).** They found, utilizing information from India, that shaky economic situations empowered the reception of market direction, which raised purchaser bliss and, thus, expanded client dedication.

In a field with minimal past examination**, (Al-Kwifi, et. al, 2014)** inspected brand exchanging among clients of clinical imaging items. They directed a web-based review and utilized B2B brand exchanging as the establishment for their calculated model. The review showed the varieties in exchanging factors across various market sections and reasoned that the main elements impacting brand exchanging were those found in item includes.

The drivers of client exchanging conduct in the Indian financial area were researched by **(Vyas and Raitani, 2014).** Through the dispersion of a poll to Rajasthani banking clients, they assembled quantitative information. The review demonstrated that variables including estimating, notoriety, reactions to support disappointment, client joy, administration quality, administration merchandise, contest, client responsibility, and compulsory exchanging extraordinarily impacted exchanging conduct. The outcomes affect advertising strategies, client support methodology, and the plan of items and administrations in the financial business.

## 4. RESEARCH METHODOLOGY

### 4.1. Research Approach

The study is to explore the factors influencing brand switching behavior among Indian FMCG consumers in the dynamic market of Maharashtra. A qualitative research approach was adopted for this investigation. Qualitative research, originally introduced by anthropologists and sociologists in the early 20th century, offers an in-depth understanding of the intricacies involved in various activities. This approach allows for an exploration of the processes, ensuring that the findings accurately represent real-world events. Qualitative research is particularly suitable for delving deeper into a topic, uncovering trends in attitudes and ideas, and obtaining a rich understanding of consumer behavior.

### 4.2. Sample size and Sampling Technique

Random sampling was employed to select participants for this study. A total of 200 customers who had recently purchased FMCG products from different companies were interviewed. Each interview lasted between 45 to 60 minutes, offering ample time for respondents to provide detailed responses. Transcripts of the interviews were generated to eliminate any potential inconsistencies during the analysis stage. Follow-up questions were utilized to encourage elaboration and avoid making assumptions about respondents' statements. Efforts were made to ensure the eligibility of participants for the survey. While the sampling aimed to be geographically representative, it is essential to acknowledge the study's inherent limitations.

### 4.3. Tools Used for Data Collection

A semi-structured interview guide was developed based on the literature related to dissatisfaction and brand switching behavior. In-depth, one-on-one interviews were conducted with participants, focusing on key factors. This exploratory and qualitative design allowed interviewers to delve deep into participant responses, gaining insights into their behavioral patterns. The research incorporated both primary and secondary data sources, commencing with preliminary secondary research gathered from various local and global publications, including web articles and related studies.

### 4.4. Tools used for Data Analysis

Each of the ten interviews underwent rigorous pre-transcription reading. The most frequently employed method was thematic analysis, which sought to identify themes or patterns within the data. The interview data from this study was analyzed using SPSS 25.0.

**4.4.1. Reliability Analysis:** Reliability analysis was conducted to assess the properties of measurement scales and the items that constitute those scales.

**4.4.2. Multiple Regressions:** Multiple regression analysis, a statistical technique, was employed to analyze the relationship between a single dependent variable and multiple independent variables.

**4.4.3. Pearson Correlation:** The Pearson correlation coefficient, a statistical test, was used to measure the statistical relationship between two continuous variables. This method is considered the most robust for assessing the relationship between variables of interest, providing information not only about the magnitude of the association but also its direction.

## 5. DATA ANALYSIS AND INTERPRETATION

This section's data was compiled using a quantitative approach. Additionally, regression and correlation tests are used to test research hypotheses in order to demonstrate the dependencies between variables.

### 5.1. Reliability Analysis

**Table 1:** Cronbach's Alpha **value**

| | **Reliability Statistics** | |
|---|---|---|
| | Cronbach's Alpha | N of Items |
| Price | .712 | 5 |
| Brand Image | .711 | 5 |
| Quality of Service | .823 | 5 |
| Customer satisfaction | .712 | 5 |
| Brand Switching | .702 | 5 |

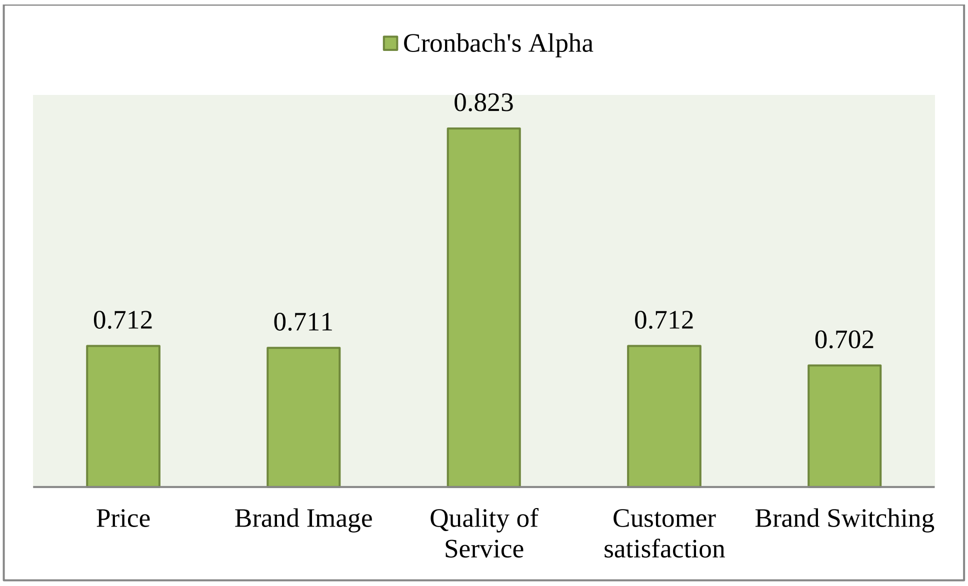


**Figure 2:** value of Cronbach's Alpha

Table 1 provides an overview of the Cronbach's Alpha values for various key factors under examination, including Price, Brand Image, Quality of Service, Customer Satisfaction, and Brand Switching. In this study, the Cronbach's Alpha values demonstrate the reliability of the measures used to assess each factor. The Cost factor shows a Cronbach's Alpha of 0.712, demonstrating a sensibly elevated degree of interior consistency among the things connected with evaluating perspectives. Essentially, Brand Image scores 0.711, recommending that the things connected with brand insight are inside steady. Nature of Administration, with a Cronbach's Alpha of 0.823, shows a serious level of inward consistency. This suggests that the things connected with administration quality are firmly adjusted in their estimation. Customer Satisfaction which scores 0.712, likewise displays a decent degree of interior consistency.

**Table 2:** Model

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | $R^2$ | Adjusted $R^2$ | S.E |
| 1 | .912[a] | .966 | .911 | .80011 |
| a. Predictors: (Constant), Price, Brand Image, Quality of Service and Customer satisfaction | | | | |

**Table 3:** Summary of ANOVA

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 234.071 | 4 | 58.518 | 166.005 | .000[b] |
| | Residual | 158.124 | 195 | .811 | | |
| | Total | 392.195 | 199 | | | |
| a. Dependent Variable: Brand Switching | | | | | | |

**Table 4:** Coefficient of Determination of the Variable

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .712 | .311 | | 2.123 | .013 |
| | Price | .052 | .095 | .512 | 4.512 | .003 |
| | Brand Image | .412 | .105 | .362 | 3.412 | .001 |
| | Quality of Service | .163 | .089 | .103 | 2.659 | .003 |
| | Customer satisfaction | .712 | .092 | .612 | 7.911 | .002 |
| a. Dependent Variable: Brand Switching | | | | | | |

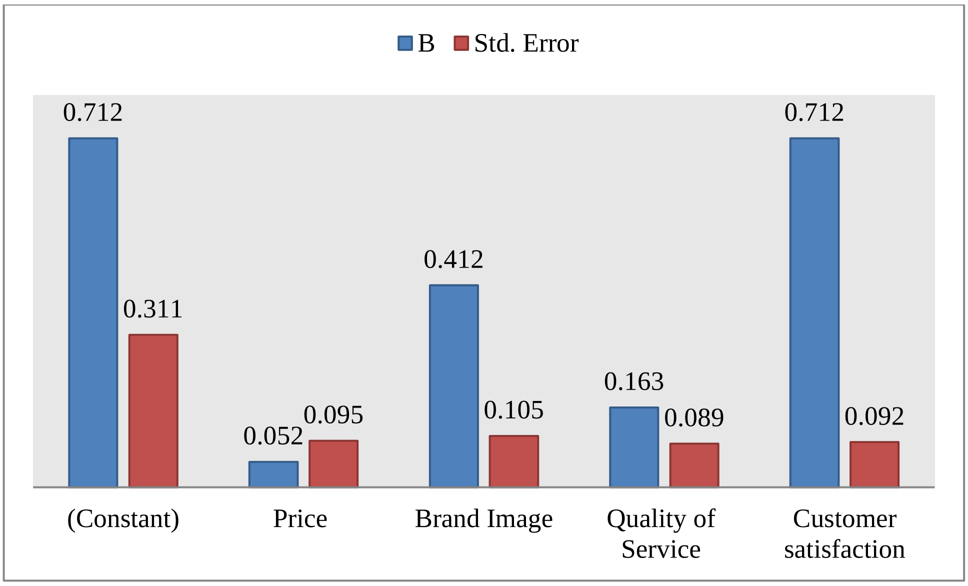


**Figure 3:** Coefficient of Determination of the Variable

Table 3's Model Rundown shows that the relapse model makes sense of Brand Exchanging fluctuation well. The R Square value of 0.966 shows that Price, Brand Image, Quality of Service, and Customer Satisfaction make sense of a huge level of Brand Switching variation. In spite of having more factors, the model's Changed R Square score of 0.911 suggests it stays prescient. The model's expectations are near reality as per the low Standard Blunder of the Gauge (0.80011).

Moving on to Table 4, which provides the Coefficient of Determination of the variables, we can see the impact of each predictor on Brand Switching. The Constant, representing the intercept, has a coefficient of 0.712, indicating its contribution to the model. Notably, Price, with a coefficient of 0.052, demonstrates a positive and statistically significant impact on Brand Switching ($p = 0.003$), suggesting that pricing factors influence customers' decisions to switch brands. Similarly, Brand Image exhibits a substantial effect with a coefficient of 0.412 ($p = 0.001$), highlighting that the perception of a brand significantly influences brand-switching behavior. Quality of Service, with a coefficient of 0.163 ($p = 0.003$), indicates a positive but relatively weaker influence. Notably, Customer Satisfaction emerges as a strong predictor, with a coefficient of 0.712 ($p = 0.002$), signifying its significant impact on Brand Switching.

## 6. RECOMMENDATIONS AND CONCLUSION

This research has shed light on the critical drivers of brand switching in the competitive fast-moving consumer goods (FMCG) sector. Price, Brand Image, Quality of Service, and Customer Satisfaction were identified as significant factors influencing customers' decisions to switch brands. The study underscores the dynamic nature of the FMCG market, with customers exhibiting a propensity to switch brands based on various factors. Pricing, brand image, and customer experience emerged as pivotal elements that directly impact brand switching behavior. Companies must recognize the importance of these variables and strategically focus on each to foster customer loyalty. As the FMCG industry continues to evolve and customer preferences change, the key takeaway is that businesses must remain adaptable, continually enhance their brand image, maintain competitive prices, deliver quality services, and prioritize customer satisfaction. By doing so, they can effectively deter brand switching and establish enduring customer relationships in the fiercely competitive FMCG market.

Based on the findings of this research exploring the key drivers of brand switching in competitive markets, several recommendations emerge for FMCG companies and marketers seeking to foster customer loyalty and minimize brand switching:

- Price Strategies: FMCG companies should carefully consider their pricing strategies. While offering competitive prices is crucial, focusing on perceived value and benefits derived from the product can help mitigate brand switching. Employ strategies such as value bundling, loyalty programs, and targeted discounts to retain price-sensitive customers.
- Brand Image Enhancement: Companies should continually monitor and improve their brand image to create long-term customer loyalty.
- Service Quality Improvement: In the FMCG sector, customer service can make a significant difference. Ensuring that customers have a positive experience, from purchasing to post-purchase support, can enhance customer satisfaction and reduce the likelihood of brand switching. Develop customer-centric services, address concerns promptly, and seek feedback for continuous improvement.
- Customer Satisfaction Focus: Prioritize customer satisfaction as a key business objective. Regularly gather feedback from customers, analyze their preferences and pain points, and make necessary adjustments to meet their needs. A satisfied customer is less likely to switch brands, making it imperative for companies to create positive customer experiences.
- Competitor Monitoring: Stay informed about competitors' activities and strategies. Recognize that customers have various alternatives in a highly competitive market. By keeping track of your competitors, you can proactively adjust your offerings and marketing tactics to remain attractive to customers.

## REFERENCES

1. Al-Kwifi, S., Ahmed, Z. U., & Yammout, D. (2014). Brand switching of high-technology capital products: how product features dictate the switching decision. Journal of Product & Brand Management, 23(4/5), 322-332.
2. Appiah, D., Howell, K. E., Ozuem, W., & Lancaster, G. (2019) Building resistance to brand switching during disruptions in a competitive market. Journal of Retailing and Consumer Services, 50, 249-257.
3. Attri, R., Dev N., & Sharma V. (2013). Interpretive structural modelling (ISM) approach: An overview. Research Journal of Management Sciences. Vol. 2(2), p. 38
4. Febiastuti, Sheila & Tri Nawarini, Alisa (2018). Factors Influencing Brand Switching Behavior: Role of Variety Seeking Need As Moderator Variable. Journal of Research in Management.
5. Govender, K. K. (2017). Brand choice and brand switching: a case study of relocated consumers. African Journal of Economic and Management Studies, 8(4), 441-461.
6. Grigoriou, N., Majumdar, A., & Lie, L. (2018). Drivers of brand switching behavior in mobile telecommunications. Athens Journal of Mass Media and Communications, 4(1), 7-28.
7. Guo, C., Kulviwat, S., Zhu, J., & Wang, Y. J. (2019). Competing in an emerging market: antecedents and consequences of market orientation and the role of environmental factors. Journal of Strategic Marketing, 27(3), 248-267.
8. IBEF FMCG Report 2020
9. Idrees, M. A., Arman, A., Akhtar, S., & Hussain, S. (2023). Examining the Factors Affecting Customer's Brand Switching in Telecom Sector of Pakistan. Journal of Business and Social Review in Emerging Economies, 9(3), 169-180.
10. Kanwal, Ayesha, 2015. Relationship between Brand Switching Behaviour & Customer Satisfaction: A Case of Cosmetic Industry of Karachi, The International Journal Of Business & Management, Vol. 3, Issue 11 November, 2015, ISSN 2321–8916
11. Kordi Ghasrodashti, E. (2018). Explaining brand switching behavior using pull–push–mooring theory and the theory of reasoned action. Journal of Brand Management, 25(4), 293-304.
12. Le Tan, T., & Trang, N. D. (2021). Factors Affecting Brand Switching: The Case of Cellular Service Provider in Danang, Vietnam. IUP Journal of Brand Management, 18(2), 24-44.
13. Nielson's Global Consumer loyalty Survey 2019
14. SAMCO The wealthy Habit (https://www.samco.in/knowledge-center/articles/best-fmcg-stocks-to-buy-in-india/)
15. Shah, M. A. R., Husnain, M., & Zubairshah, A. (2018). Factors affecting brand switching behavior in telecommunication industry of Pakistan: A qualitative investigation. American journal of industrial and business management, 8(2), 359-372.
16. Shahzad, K., & Shaiq, M. (2023). Exploring the Relationship between Brand Switching and Integrated Marketing Communication in the Apparel Industry of Pakistan. International Journal of Social Science & Entrepreneurship, 3(3), 38-53.
17. Shaila, S., & Shweta, D. (2017). Brand Switching-A Case of Mobile Telecom Industry in India. Annals of the University Dunarea de Jos of Galati: Fascicle: I, Economics & Applied Informatics, 23(1).
18. Vyas, V., & Raitani, S. (2014). Drivers of customers' switching behaviour in Indian banking industry. International Journal of Bank Marketing, 32(4), 321-342.
19. Zhang, Haibin, Chikako Takanashi, Kiminori Gemba and Shuichi Ishida, 2015. Empirical Research on the Influence of Negative Electronic Word-Of-Mouth on Brand Switching Behavior, World Journal of Management, Vol. 6, No. 2, September 2015 Issue, pp. 46 – 61.
20. Zhang, X., Ding, X., Ma, L., & Wang, G. (2018). Identifying factors preventing sustainable brand loyalty among consumers: A mixed methods approach. Sustainability, 10(12), 4685.