Repercussion of the Price and the Trust on Brand Switching Through Customer Satisfaction on Indonesian Gadget User

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Abstract

Numerous of brands selection on smartphones makes customers have a tendency to choose products with different brands when making a repeat purchase. Purpose of this study was to analyze the repercussion of the price and the trust on Brand Switching through customer satisfaction. Research type is causal research. Population and sample in this study were 80 Indonesian gadget users. Analysis technique of the research is Partial Least Square (PLS). Findings of the study confirm that price and trust partially do not significantly influence customer satisfaction but partially significant effect on brand switching. The findings also sustain that customer satisfaction has a significant effect on brand switching.

Keywords: *Price, Trust, Customer Satisfaction, Brand Switching.*

INTRODUCTION

Indonesia is a developing country with amassed population, and is a fit target market for many world manufacturers, especially smartphone sales in developing their products in Indonesia. Numerous of brands selection of smartphones makes customers have a tendency to choose products with different brands when making a repeat purchase. This happens because consumers certainly determine and adjust their needs to a product.

Business world competition is more and more tight making businessmen try to find the right strategy in marketing their products to consumers. One of the crucial things to upturn sales numbers is to minimize the brand switching level of the customers through improving satisfaction in the customer's mind. Min and Wan in Saleh, Althonayan, Alhabib, Alrasheedi, & Alqahtani, (2015) identified customer satisfaction as one of the main factors of brand transfer and described it as multidimensional. To be exactly, it is present in all services provided by service companies, therefore, lack of satisfaction in business can cause dissatisfaction with all services, hence, brand transfer. This is supported by research findings Saleh et al., (2015) which certify that customer satisfaction has a significant negative effect on brand switching.

In an effort to increase customer satisfaction, there are several factors that can stimuli, one of which is price. According to Cristo, Saerang, & Worang, (2017) price is one of the significant factors in sales. Many companies go bankrupt because they set prices that are not in line with the market. In addition, trust is also a factor that can affect customer

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satisfaction. This is verified in the research of Bricci, Fragata, & Antunes, (2016) which supported that trust has a significant effect on customer satisfaction. Furthermore Bricci et al., (2016) explained that trust is seen as the willingness of individuals to increase their vulnerability to the actions of others whose behavior cannot be controlled.

Active participation from the whole community will make local development faster because of the greater sense of belonging toward the area. (Mubarok, Mufti et al, 2020 : 602).

LITERATURE REVIEW

Price

Consistent with Dharmesta & Irawan, (2017) the price is the amount of money (plus a few items if possible) needed to get a combination of goods and their services. According to Tjiptono, (2016) prices can be interpreted simply as amount of money (monetary units) and/or other aspects (non-monetary) that contain certain uses needed to get a product. Price also communicates the intended positioning value of a company's product or brand to the market. Well-designed and marketed products can be sold at high prices and generate huge profits (Kotler & Keller, 2016)

Trust

Leninkumar (2017) views customer trust as thoughts, feelings, emotions, or behaviors that are manifested when customers feel that providers can be relied upon to act in their best interest when they give up direct control. Trust is a company's willingness to depend on business partners. Trust depends on several interpersonal and inter organizational factors such as competence, integrity, honesty and kindness (Kotler & Keller, 2016).

Mowen & Minor, (2012) say that customer beliefs are all knowledge owned by customers and all conclusions made by customers about objects, attributes and benefits.

Customer Satisfaction

Consumer satisfaction is an emotional response felt by consumers in the evaluation of a product consumed (Tjiptono, 2016. Consumers response who are satisfied, will react by recurring and willing to buy other products offered by the company and these consumers will indirectly help the marketing process through positive word of mouth (Kotler & Keller, 2016).

Customers experience various levels of satisfaction or dissatisfaction after experiencing each service according to the extent to which their expectations are met or exceeded. Because satisfaction is an emotional state, their post-purchase reaction can be anger, dissatisfaction, irritation, neutrality, excitement or pleasure (Lovelock & Wright, 2005).

Brand Switching

Brand is the name, term, sign, symbol, design or combination of the three that aims to identify goods or services from the seller and distinguish them from other competitors (Kotler & Keller, 2016). The foremost key in a brand is the provision of attributes that identify a product and make it different from other brands.

Brand switching is a buying pattern characterized by changes or changes from one brand to another (Peter & Olson, 2014). Meanwhile, according to Hawkins & Mothersbaugh, (2016), brand switching is the consequence of consumer dissatisfaction that will result in a product where consumers buy termination products for a brand and replace them with other brands.

Essentially, competitive advantage grows from the value that the value that the company can create for its customers. (Reni, Andi et al, 2019 : 60).

Companies that have competence in the fileds of marketing, manufacturing and innovation can make its as a sourch to achieve competitive advantage (Daengs, Istanti, Negoro, & Sanusi, 2020:1419).

METHOD

Types of Research

Research type is causal research. Sugiyono, (2016: 11) affirm that causal research is a cause and effect research type because there is a relationship of variables to objects, so in this study there are independent and dependent variables. Quantitative methods can be interpreted as research methods based on the philosophy of positivism, used to examine populations or specific samples, collecting data using research instruments, analyzing quantitative / statistical data, with the aim of testing established hypotheses.

The inner model, which is sometimes also called the inner relation, structural model and substantive theory, specifies the influence between research variables (structural model). (Istanti, Enny, 2020 : 635).

Definition of Variable Operations

Based on the previous explanation, it is identified there are two variables, the dependent variable and the independent variable. Following is the definition of each research variable used:

1. Price (X1)

Price in this study was measured through several indicators that refer to Stanton, (2013), namely:

a. Affordability of prices

b. Price match with product quality

c. Price competitiveness

d. Price matches benefits

2. Trust (X2)

Trust in this study is measured through several indicators that refer to Fian & Yuniati, (2016) consisting of:

a. Perception of Integrity (Integrity)

b. Benevolence

c. Perception of Competence

3. Customer Satisfaction (Z)

Customer satisfaction here is measured through several indicators that refer to Tjiptono, (2016), namely:

a. Overall Satisfaction

b. Confirmation of Expectation

c. Comparison To Ideal

4. Brand Switching (Y)

Brand switching measured through several indicators that refer to Nurjanah, Joko, & Subandiyah, (2017), namely:

a. Switching brands because it does not match the product.

b.   Feeling disappointed using another product

c.   Finding out the benefits of the product

d.   Compare other brands

e.   Occasional change

f.   Experience using other products

Data Types and Sources

Data type used is quantitative and the data need a primary data. Primary data can be defined as data collected from original sources for a particular purpose (Kuncoro, 2009: 136). The primary data obtained from filling out questionnaires by Indonesian gadget users.

Data Collection Method

Data collection method in this study under survey method by distributing questionnaires directly. The questionnaire is a data collection technique in which the participant / respondent fills and completed the question or statement then return to the researcher (Sugiyono, 2016: 192). Collection by giving questionnaires to respondents is expected to be able to obtain the required information relevant to existing problems. The method is carried out by distributing questionnaires to respondents who have been determined. Likert scale used in answering the questionnaire.

Analysis and Discussion

By using data analysis expected to be easily understood by the reader. The method used is Structural Equation Model (SEM). To answer the hypothesis used Partial Least Square (PLS). According to Ghozali (2016) calculations are carried out using the Smart Partial Least Square (PLS) tool, because it is multi-lane and the model used is Reflective. Calculation model is performed using the Smart PLS tool because in this study it has a multi-path relationship and is formative and reflective. In addition, because sampling is less than 100 respondents. Formative models are models that show the direction of the relationship from indicators to latent variables. Reflective models are models that show the relationship of latent variables to indicators.

Inner Model Evaluation

The inner model which is sometimes also called (inner relation, structural model and subtantive theory) specifies the effect between research variables (structural model).

Inner Model Test or Structural Model Test

Analysis results of the suitability level of the structural model that were built show the conclusion that the overall model has been relevant to explain the variables studied and their effects on each variable. For endogenous latent variables in the structural model which has an R^2 of 0.67 indicating that the model is good, R^2 of 0.33 indicates that the model is moderate, R^2 of 0.19 indicates that the model is weak (Ghozali, 2012). The PLS output as described below:

Table 1. R-Square Value

|	R-Square
Price (X_1)	
Trust (X_2)	
Customer Satisfaction (Z)	0.044
Brand Switching (Y)	0.602

Results on the table above show that the Price and Trust variables that affect Customer Satisfaction have an R^2 of 0.044 which means the model is weak. Whereas Price, Trust,

and Customer Satisfaction that affect Brand Switching have an R2 value of 0.602 which indicates a moderate model.

Suitability of the structural model can be seen from Q2, as follows:

Q2 = 1 [(1 R1) * (1 R3)]

= 1 [(1 0.044) * (1 0.602)]

= 1 [(0.956) * (0.398)]

= 1 - [0.380]

= 0.620

Results of the Q2 calculation show that the Q2 value is 0.620 which indicates that the Q2 value is in the "strong" category. As explained by Ghozali (2016), the Q2 value can be used to measure how well the observational value generated by the model and also the estimated parameters. So the Q2 value of the predictions made by the model is considered to have predictive relevance.
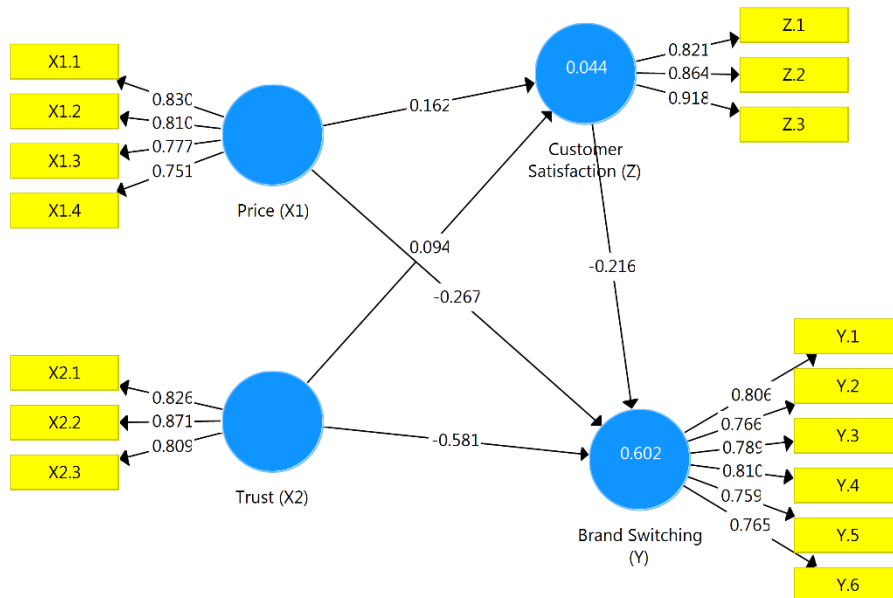
Exogenous variables in the inner model under study, are Price and Trust, then endogenous variables in the inner model under study are Brand Switching and intervening variables namely Customer Satisfaction. Results of the inner weight values in Figure 1 above obtained the following equation:

Z = 0.162 X1 + 0.094 X2

Y = -0.267 X1 - 0.581 X2 - 0.216 Z

Hypothesis Testing Results

Hypothesis 1 Test (H1)

First hypothesis is unconfirmed the truth, this is known from the t value of 1.475, which means smaller than 1.96, this means that Price has no significant effect on Customer Satisfaction. However, the direction of relationship between the two variables is positive, which means the better the price is given, the more significant Customer Satisfaction will be increased by having a significant effect of 0.162 insignificantly.

Hypothesis 2 (H2)

Second hypothesis in the study confirmed the truth, this is known from the t value of 0.749 which means smaller than 1.96, this means that Trust has no significant effect on Customer Satisfaction. However, the direction of relationship between the two variables is positive which means there is a direct relationship so that it can be interpreted that the better the Trust, the more it can increase Customer Satisfaction by having a significant effect of 0.094 insignificantly.

Hypothesis 3 (H3)

Third hypothesis of the research confirmed the truth, this is known from the t value of 3,530 which means greater than 1.96, this means that Price has a significant effect on Brand Switching. The direction of relationship between the two variables is negative which means the better the price is given, the more significant Brand Switching will be reduced by having an outsized effect of -0.267.

Hypothesis 4 (H4)

Fourth hypothesis of the research is confirmed the truth, this is known from the t value of 8.804 which means greater than 1.96, this means that Trust has a significant effect on Brand Switching. The direction of relationship between the two variables is negative which means there is a relationship that is not unidirectional so it can be interpreted that the higher the Trust, the more it can reduce Brand Switching by having an outsized effect of -0.581.

Hypothesis 5 (H5)

The fifth hypothesis of the research is confirmed the truth, this is known from the t value of 2,657 which means greater than 1.96, this means that Customer Satisfaction has a significant effect on Brand Switching. The direction of relationship between two variables is negative which means there is a relationship that is not unidirectional so it can be interpreted that the higher the level of Customer Satisfaction, the more it can reduce Brand Switching by having an outsize effect of -0.216.

Effect of Price on Customer Satisfaction

Price does not have a significant effect on Customer Satisfaction, because the T-statistic value is 1,475 which means it is smaller than 1.96. So it can be interpreted that the better the price level offered on gadget products will not necessarily have an impact on increasing customer satisfaction.

Customer satisfaction is very dependent on customer perceptions and expectations. A company needs to know several factors that affect customer perceptions and expectations (Yuliarmi in Cristo et al., 2017). Price is one of the important factors in sales. Many companies go bankrupt because they set prices that are not in line with the market. Besides price, service quality is another factor that influences the level of customer satisfaction. Companies that prioritize good quality services will have an impact on customer satisfaction (Walker in Cristo et al, 2017). The findings in this study are in line with the findings of research conducted by Cristo et al., (2017) which proves that price does not significantly influence customer satisfaction.

Effect of Trust on Customer Satisfaction

Trust has a significant effect on Customer Satisfaction, because the T-statistic value is 0.749 which means it is smaller than 1.96. So it can be interpreted that the higher the level of customer trust in gadget products will not necessarily have an impact on increasing customer satisfaction.

Consistent with Bricci et al., (2016) trust is seen as an individual's willingness to increase a customer's vulnerability to the actions of others whose behavior cannot be controlled. The findings in this study prove that trust has a significant positive effect on customer

satisfaction. This indicates that the higher the trust of a customer, the more customer satisfaction will increase. The findings in this study are not in line with the findings of Bricci et al., (2016) which certify that trust has a significant effect on customer satisfaction.

Effect of Price on Brand Switching

Price has a significant influence on Brand Switching, because the T-statistic value is 3,530 which means it is greater than 1.96. So it can be interpreted that the better the price level offered on gadget products will further reduce the potential for customer brand switching.

Sumarni and Soeprihanto in Tumbol, Lapian, & Worang, (2017) the price is amount of money needed to get a combination of their goods and services. After the product is ready to be marketed, the company will determine the price of the product. The findings in this study prove that price significantly influences brand switching with a negative effect. This means that the better the price level offered to customers, the less likely the customer is to switch to another brand. This is in line with the findings of Tumbol et al., (2017) which proves that prices are significantly positively related to brand transfer.

Effect of Trust on Brand Switching

Trust has a significant effect on Brand Switching, because the T-statistic value is 8,804 which means it is greater than 1.96. So it can be interpreted that the better the level of customer trust in gadget products will further reduce the potential for customer brand switching.

Tumbol et al., (2017) explain that trust is considered as an important factor for building relationships between customers and organizations. This trust is what makes customers closer to the organization. The findings in this study prove that trust has a significant influence on brand switching negatively. This can be interpreted that the higher the customer trust, the lower the customer behavior to move to other brands. The same thing was proven by Tumbol et al., (2017) where in his research it was proved that trust was significantly positively related to brand transfer

Repercussion of Customer Satisfaction on Brand Switching

Customer Satisfaction has a significant effect on Brand Switching, because the T-statistic value is 2,657 which means it is greater than 1.96. So it can be interpreted that the better the level of customer satisfaction for gadget products will further reduce the potential for customer brand switching. Thus the fifth research hypothesis that reads, is declared accepted and confirmed true.

Customer satisfaction is a subjective concept, therefore, subject to different interpretations. Customer satisfaction is primarily a mental comparison between expectations and performance that is felt after a specific purchase (Saleh et al., 2015). Findings of the study established that customer satisfaction has a significant effect on brand switching with a negative influence. This negative influence indicates that the higher the customer satisfaction, the lower the movement of customers to other brands. These findings support the findings of research conducted by Saleh et al., (2015) where in his study that there was a significant negative relationship between customer satisfaction and brand switching intentions.

The analysis shows the effect contribution of brand orientation formed and grown in the company toward the high or company's performance marketing in ensuring the achievement and prospect marketing performance that is more able to ensure the sustainability of the company and was able to provide policies to be taken to advance the company that eventually would affect to the processes between function within the company and turnover caused by the marketing activities which is that brand orientation which is formed from the cost leadership strategy, differentiation strategy and focus

strategy contributed to the improvement of marketing companies to ensure achievement of the perfoemance and the company's prospects related to the competitive market measures, consumer behavior measures, the size of customers agency and innovative measures.

CONCLUSION

Price and trust has no significant effect on Customer Satisfaction, Price, trust and customer has a significant effect on Brand Switching, Market orientation has effect on the brand orientation, Brand orientation has effect on the marketing performance, The better brand orientation is formed it will result in increasing the marketing performance.

The better the market orientation of a company will raise the awareness and action to develop relationships learning between companies, suppliers, experts and consumers so as to enlarge the marketing performance improvement.

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