THE AFFECT OF PRICE AND TRUST TOWARD BRAND SWITCHING OF SMARTPHONE IN MANADO

PENGARUH HARGA DAN KEPERCAYAAN TERHADAP PERPINDAHAN MEREK SMARTPHONE DI MANADO

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Abstract: The smartphone revolution has triumphed in Indonesia especially in Manado in terms of penetration and innovation. Therefore, as the competition becomes more intensified, it is important to any companies to anticipate any changes in its customers' preferences, especially all variables related to the price and trust that are much revealed in prior studies. This study is to know the affect of price and trust on brand switching. Switching behaviour of subscribers has many factors behind it, but in this case we just need to analyze two factors which is price and trust. By using 100 respondents, we used multiple regression to analyze the data. The results reveal that price and trust are significantly positive related to brand switching. Based on the result, the author suggest for smartphone companies to be careful about the safety product by consistently give right products without defect and to maintain price in order to meet customer expectation. Consistent price that compatible with the product usability increase customer satisfaction and encourage repeat purchases.

Keywords: price, trust, brand switching

Abstrak: *Revolusi smartphone telah marak di Indonesia terutama di Manado dalam hal penetrasi dan inovasi. Oleh karena itu, seiring persaingan semakin intensif, penting bagi perusahaan untuk mengantisipasi setiap perubahan preferensi pelanggannya, terutama semua variabel yang berkaitan dengan harga dan kepercayaan yang banyak terungkap dalam penelitian sebelumnya. Penelitian ini untuk mengetahui pengaruh harga dan kepercayaan terhadap perpindahan merek. Perilaku perpindahan dari pelanggan memiliki banyak faktor di baliknya, namun dalam hal ini kita hanya perlu menganalisis dua faktor yaitu harga dan kepercayaan. Dengan menggunakan 100 responden, kami menggunakan regresi berganda untuk menganalisis data. Hasilnya menunjukkan bahwa harga dan kepercayaan secara signifikan positif terkait dengan perpindahan merek. Berdasarkan hasil tersebut, penulis menyarankan untuk perusahaan smartphone untuk dapat berhati-hati terhadap keselamatan produk dengan konsisten memberikan produk yang tepat tanpa cacat dan menjaga harga agar bisa memenuhi harapan pelanggan. Harga yang konsisten sesuai dengan kegunaan produk akan meningkatkan kepuasan pelanggan dan mendorong pembelian ulang.*

Kata Kunci: harga, kepercayaan, perpindahan merek

INTRODUCTION

Research Background

Smartphone is a cellular telephone with an integrated computer and other features not originally associated with telephones, such as an operating system, Web browsing and the ability to run software applications. There is no standard definition that clearly delineates a smartphone, many devices marketed simply as cell phones offer similar features to those marketed as smartphones. There are requirements for designation as a smartphone: A recognized mobile operating system, such as Nokia's Symbian, Google's Android, Apple's iOS or the BlackBerry OS.

Competition in the smartphone industry in Manado is getting fierce, because at the end of 2016 recorded 28 smartphone vendor in Manado such as Samsung, Oppo, Apple, Xiaomi, Sony, Vivo, Asus, Evercoss, Nokia, Lenovo, Blackberry, Coolpad, Smartfren, Wiko, Zte, Oneplus, Nexian, Motorola, Microsoft, Meizu, LG, K-touch, Huawei, Himax, Acer, Advan, Alcatel, Axioo, (Teknokita.com). It means that there are many brands of smartphones competing in manado market today.

Seeing this phenomenon, companies should be able to fulfill what is required by the consumer to prevent consumers switching brands. Quality product at a competitive price is a key factor to win the competition. With so many brands available, resulting in consumers to easily switch from one brand to another brand Menon and Khan (1995).

Research Objectives

The objectives of this research are to analyze the influence of:
1. Price toward brand switching of smartphone in Manado
2. Trust toward brand switching of smartphone in Manado

THEORETICAL FRAMEWORK

Marketing

Kotler and Keller (2016) defined Marketing : The activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners, and society at large. In business there is always a competition between the companies. The company will continue to strive to expand the market and maintain the company's existence. Marketing is an important element in the company to determine the success or failure of a business. Therefore, the company must implement the correct understanding of marketing to survive.

Brand

Kotler (1994:444) Brand is a name, term, sign, emblem or design, or a combination of all that is expected to identify the goods or services of one seller or group of sellers and are expected to distinguish goods and services from the products of a competitor. Brand is actually a seller promises to consistently providing privileges, benefits, and certain services to the buyer

Brand Switching

Kumar and Charles (2011) identified that Brand switching is the process in which consumer switches from the usage of one product to another product but of same category. In our daily life consumers switch from one brand to another brand although are highly satisfied from it.

Price

Sumarni and Soeprihanto (2010:281) the price is, The amount of money (plus a few products that may be) required to obtain a number of combinations of items and their ministry. After the manufactured products ready to be marketed, the company will determine the price of these products.

Trust

Nawaz and Usman (2011) Trust is build when organization promises to provide the quality service to customers and it is successful to provide them that service quality then the trust is build. Trust is considered as important factor to build the relationships among the customers and the organization.

Previous Research

Chandio, et al (2013) this research is about Factors Behind Brand Switching In Cellular Networks by. This research variable is Brand Loyalty, Price, Service Quality, Trust and using quantitative method. So the results suggest if there is high brand loyalty then brand switching will be less. So cellular organizations have to be careful regarding it that the needs, wants and the expectations of the customers has to be analyzed and then formulate the appropriate strategies to focus.

Raza, Siddiqi and Nasim (2015) this research is aboutFactor Affecting Brand Switching In Telecommunication Sector. This research variable is service quality, price, brand image, value offered, trust, satisfaction, customer loyaltyand using quantitative method. This research indicates that there are five factors play an important role in switching consumers in telecom industry. These factors are: Service Quality, Brand Image, Trust, Satisfaction, Customer Loyalty.

Ashfaq (2015) this research is about Factors Leading To Brand Switching In Cellular Phones:A Case Of Pakistan. This research variable is Brand Image. Product Pricing, Product Featuresand using quantitative method. Provide better features and price to the customers. This would help them to have a good relationship between the clients. However the company could make the brand according to the expectation of the customers. Always consumer's satisfaction would make the brand successful and to protect the switching percentage of the brand.
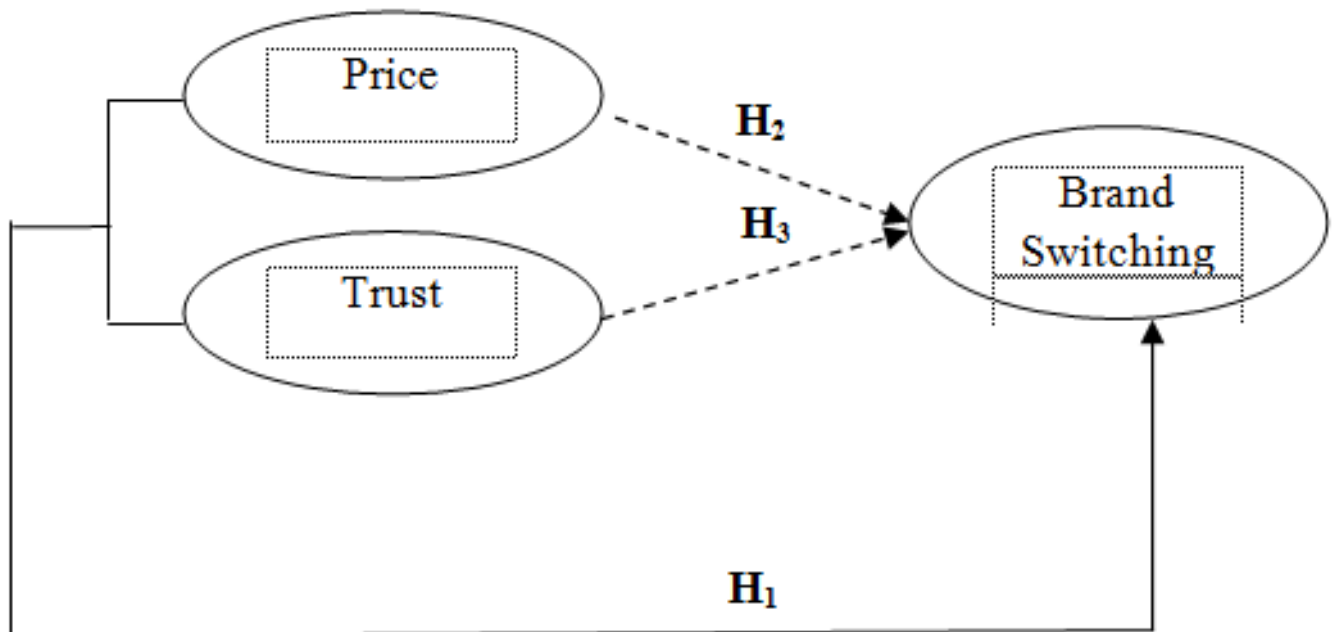
Conceptual Framework

Figure 1. Conceptual Framework

Research Hypothesis

The hypothesis of this research are:

H_1 :   Price and Trust have significant effect on Brand Switching simultaneously
H_2 :   Price has significant effect on Brand Switching partially
H_3 :   Trust has significant effect on Brand Switching partially

RESEARCH METHOD

Type of Research

This research is causal type of research with quantitative as the method of the research.

Place and Time of Research

The place of this research will be conducted in Manado. The research started from August 2016

Research Procedures

1. Determination factors
2. List indicators in questionnaire
3. Make list of question for questionnaire based on indicators.
4. Distribute the questionnaire to the population, which is all the smartphone user.
5. Collect the questionnaire if the population already fullfill the queastionnaire.
6. Input the data from questionnaire and this procedure called data tabulation.
7. Next procedure is the researcher input the data to SPSS program. This procedure called data processing.
8. The last procedure is data analysis. The researcher analyse the data that already done processing from SPSS program, if there is a significant effect from variables Price, Trust on variable Brand Switching. The researcher will find out from the result if the Price and Trust simultaneously and significantly influence on Brand Switching and if the Price and Trust either partially and significantly influence on Brand Switching.

Population and Sample

Sekaran and Bougie (2009:35), population is the entire group of people, events, or things which a researcher desire to research. The population of this research are all the smartphone user who have experience in brand switching, in total 100 people.

Data Collection Method

Data collection technique used in this study is questionnaire. Measurement scale used is the Likert Scale, Sekaran and Bougie (2009:220).

Operational Definition of Research Variable
Brand Switching

Is the process in which consumer switches from the usage of one product to another product but of same category, Kumar and Charles (2011).

Price

Price is the amount of money charged for products or services, Kotler (1997:92).

Trust

Trust is considered as important factor to build the relationships among the customers and the organization. It is trust which makes customer closer to the organization, Morgan and Hunt (1994).

Data Analysis Method

Validity and Reliabiliy

To analyze the validity of questionnaire, Pearson Product Moment was used. An instrument measure is valid if the instrument measure what ought to be measured. If probabiility of correlation is less than 0.05 (5%) then the research instrument is considered valid. Reliability test is established by testing for both consisency and stability of the answer of questions. The reliability test in this research used Alpha Cronbach. If Alpha is less han 0.6 then it is unreliable.

Multiple Linear Regression

The analysis used in this study is the multiple linear regression analysis. Linear Regression is a statistical method used to form a model of the relationship between the dependent variable (the dependent;

responses, Y) with one or more independent variables (independent, predictor, x). If the number of variable are only one, it is known as simple linear regression, whereas if there is more than one independent variable, called linear regression.

Regression analysis has at least three functions, namely for the purpose of data or description of the phenomenon being studied cases, for control purposes, as well as prediction purposes.

Regression is able to describe the phenomenon of data through the creation of a numerical model of relationship. Also regression can be used to control things that are observed through the use of regression models obtained. In addition, the regression model also be used to make predictions for the dependent variable. Predictions on the concept of regression should only be done in the data range of the independent variable used to form the regression model.

Multiple regressions are used to express the effect of independent variables and the dependent variable. The formula of linear regression (multiple linear regressions) in general as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Description:

Y	=	Dependent Variable (Employee Performance)
X₁	=	Work Discipline
X₂	=	Team Work
α	=	Constant
β₁& β₂	=	The Regression Coefficient of Each Variasi
e	=	Error

RESULT AND DISCUSSION

Testing of Classical Assumption

Multiple linear regression models should meet some basic assumptions as seen below:

Multicollinearity Test

Table 1. Result of Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	**Std. Error**	**Beta**	**t**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	3.169	.898		3.528	.001		
	Total.x1	.284	.096	.287	2.952	.004	.622	1.607
	Total.x2	.357	.079	.440	4.529	.000	.622	1.607

Source: Data processed, 2017

Based on result above, the tolerance value of price and trust is 0.622 meaning that the tolerance value of each variable is more than 0.1. The VIF value of price and trust is 1.607 meaning that the VIF value of each variable is less than 10. Since all the tolerance values are more than 0.1 and VIF value of each independent variable is less than 10, this research is free from multicollinearity.
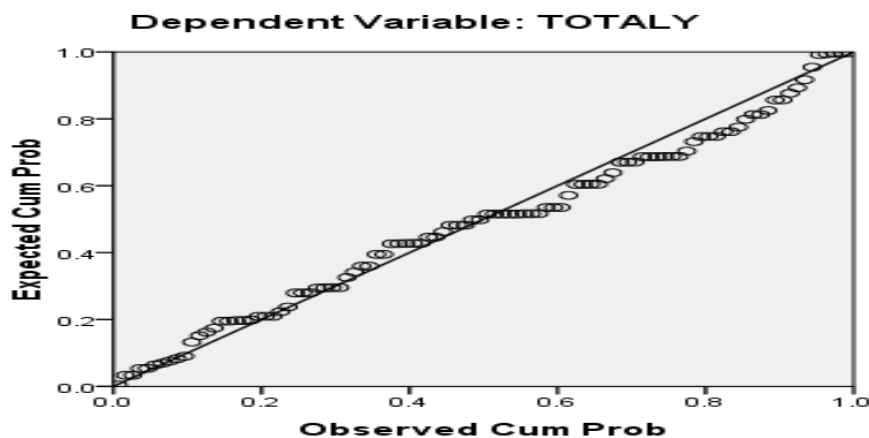
2. Heterocedasticity Test
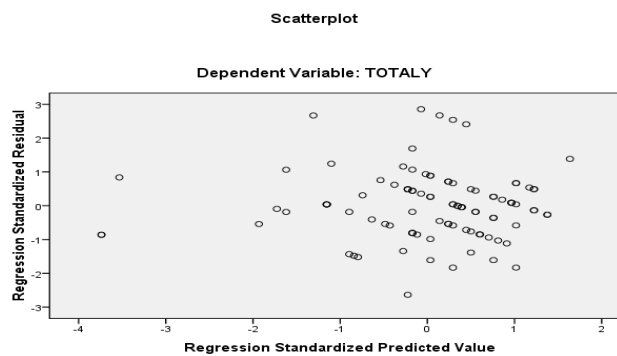
Figure 2. Result of Heterocedasticity Test
Source : Data Processed, 2017

Figure 2 shows that the pattern of the dots is spreading and does not create a clear pattern. The dots are spreading above and below 0 (zero) in the Y axis. It proves that the model is free from heteroscedasticity.

3. Normality Test

Figure 3. Result of Normality Test
Source : Data Processed, 2017

Figure 3 shows that the data spreads near the diagonal line and follow the direction of diagonal line. This proves that the regression model of the affect of price and trust toward brand switching fulfills the normality assumption.

Hypothesis Test
The Hypothesis test such as F-test and T-test will be useful in a situation to find out the relationship between dependent and independent variables.

F Test
Table 2 shows the result of F-test that determine the simultaneous effect of price (X_1) and trust (X_2) on brand switching (Y).

I.P.Tumbol.,J.Lapian.,F.Worang.,The Affect of Price…

Table 2 shows that F_{count} is 36.697with level of significance 0.000. The value of F_{table} = 3.09, it can be concluded that F_{count} = 36.697>F_{table} = 3.09. In this test H_0 is rejected and H_1 is accepted if the F-count ≥ F-

Table 2. F-test Result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	188.190	2	94.095	36.697	.000ᵃ
	Residual	248.720	97	2.564		
	Total	436.910	99			

a. Predictors: (Constant), Total.x2, Total.x1
Source: SPSS Output 2017

table at α = 0.05

T Test

T-test is used to determine the partial effect of each independent variable to dependent variable. In this case it is used to test the partial effect of price (X_1) and trust (X_2) on brand switching (Y), by performing comparison between value of t-count with value of t-table at α=0.05

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.169	.898		3.528	.001
	Total.x1	.284	.096	.287	2.952	.004
	Total.x2	.357	.079	.440	4.529	.000

Table 3. T-test Result
a. Dependent Variable: TOTALLY
Source: *Source: SPSS Output 2017*

Table 3 shows T test Result that t_{count} for price (X1) is 2.952. Value on t_{table} used for comparison is found at the level of significance of 0.004, which is at the value of t_{table} = 1.987. The result for price (X1) is t_{count}= 2.952>t_{table} = 1.987 meaning that H_0 is rejected and H_1 is accepted. Also that t_{count} for trust (X2) is 4.529. Value on t_{table} used for comparison is found at the level of significance of 0.000, which is at the value of t_{table} = 1.987. The result for trust (X2) is t_{count}= 4.529>t_{table} = 1.987 meaning that H_0 is rejected and H_1 is accepted.

Table 4. Multiple Regression Coefficient of Correlation (R) and Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.656ᵃ	.431	.419	1.601

a. Predictors: (Constant), TOTALX2, TOTALX1

Source: SPSS Output 2017

The coefficient of correlation (R) measures if there is significant relationship between the independent variables with dependent variable. The value of R is 0.656 proves that independents variables and dependent variable have substantial positive association. The coefficient determinant (R^2) is the contribution percentage of

independent variables to dependent variable. The value of R^2 is 0.431 or 43.1% means that brand switching influenced by price and trust for 43.1%.

Multiple Linear Regression Analysis
Table 5. Multiple Linear Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.169	.898		3.528	.001
	Total.x1	.284	.096	.287	2.952	.004
	Total.x2	.357	.079	.440	4.529	.000

a. Dependent Variable: TOTALLY
Source: *Source: SPSS Output 2017*

Constant value of 3.169 means that in a condition of ceteris paribus, if all independent variables are constant (zero), brand switching (Y) as dependent variable will be 3.169. X_1's coefficient value of 0.284 means that in condition of ceteris paribus, if there is one unit increasing in X_1, whileother variable are constant then Y is predicted to increase by 0.284. X_2's coefficient value of 0.357 means that in condition of ceteris paribus, if X_2 is increased by one scale or one unit, it will improve and increase Y by 0.357. The multiple linear regression result shows that price and trust have relationship with brand switching, where trust has the closest relationship followed by price.

Discussion
Price toward Brand Switching
The result of the multiple regression analysis shows that there is a significant effect of price toward brand switching. Based on the result of the questionnaire, the respondents who are Manadonese mostly agree that price can affect brand switching on smartphone. This result happens because particularly in brand switching cannot directly judge the price and trust of a product so they must rely on information provided by smartphone user. Under normal circumstances, demand and prices have an inverse correlation or negative. This means that the higher the price is set, the smaller demand. But for products of the prestigious (prestige) can be unidirectional or price have a positive relationship. If a company produces price compatible with the usality, satisfied customers will rank that company higher in surveys than companies that fail to provide quality products or services.

Trust toward Brand Switching
The result of the multiple regression analysis shows that there is a significant effect of trust toward brand switching of smartphone. It is shown that trust has the closest relationship on brand switching. In the concept of relationship marketing, trust is one dimension of relationship marketing to determine the extent to which perceived a party concerning the integrity and promise offered by other parties. Based on the result of the questionnaire, the respondents who live in Manado mostly agree that trust affect brand switching of smartphone. Consumers can make a purchase from safety product. Brand switching of smartphone pay attention to this and consider that trust as an important factor as they have paid for it. It is found that in the scenario of brand switching, Trust is the belief that a person will find what they want in exchange partner.

CONCLUSION AND RECOMMENDATION

Conclusions

Based on analysis and discussion, three conclusions can be formulated:

1. The independent variables which are price and trust simultaneously influence brand switching as the dependent variable. The increasing of these two variables simultaneously will increase the brand switching.
2. Price as one of independent variables partially affects brand switching positively.
3. Trust as one of independent variables partially affects brand switching positively.

Recommendations

The recommendations for smartphone owners that can be concluded from the overall result in this research are listed as follow:

1. It is important to maintain price in order to meet customer expectation. Consistent price that compatible with the product usability increase customer satisfaction and encourage repeat purchases.
2. Smartphone store should take care about the safety product. Then it can be compatible with consumer.
3. Pay more attention to trust by consistently give right products without defect, because it can bring positive and significant effect on brand switching.
4. Based on the data, the respondent mostly are female and young people. Beside of the price and trust, they also influenced by the promotion. Smartphone owner should maintain and also improve the promotion to get more consumers. And also make it as attractive as possible.

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