

The Effect of Customer Equity on Brand Commitment and Brand Switching on Samsung Smartphone Users

Ni Made Candra Devi and Gede Suparna

ABSTRACT

One of the benefits of smartphones in terms of software is the availability of data access services. The large selection of products offered by smartphone companies allows brand switching to occur. This brand shift occurred because of the decline in the community's economy due to Covid-19 which made people tend to buy goods at cheaper prices, although cheap, they can be utilized and used according to the functions and needs of consumers. This research is important because it is so that business owners know what things make consumers commit and switch to a brand. This research was conducted in Badung Regency, and the number of samples used was 110 respondents. Data was collected using a questionnaire survey approach. Data were analyzed using PLS (Partial Least Square) data analysis technique. The results of this study indicate that Customer Equity has a positive and significant effect on brand switching. Customer Equity has a positive and significant effect on brand commitment. Brand commitment has a negative and significant impact on brand switching. Brand commitment is positively and significantly able to mediate customer equity and brand switching.

Keywords: Brand Commitment, Brand Switching, Customer Equity.

Submitted: June 25, 2022

Published: January 15, 2023

ISSN: 2507-1076

DOI: 10.24018/ejbmr.2023.8.1.1529

M. M. C. Devi *

Faculty of Economy and Business,
Udayana University, Bali, Indonesia
(e-mail: madecandradevi@gmail.com)

G. Suparna

Faculty of Economy and Business,
Udayana University, Bali, Indonesia
(email:gede_suparna@unud.ac.id)

**Corresponding Author*

I. INTRODUCTION

The Covid-19 pandemic and measures to prevent it harm the global economy. As a result of the COVID-19 pandemic, several countries have locked down or implemented social distancing to prevent a more rapid and widespread transmission, causing a very severe world economic contraction. Some business activities are stopped or closed, employees are laid off or work from home (WFH), and the purchasing power of the world community has decreased. In addition to employees who work from home, students are also required to do learning from home. Because online learning requires all students to always be connected to internet connectivity, students who previously did not need a smartphone become really in need of these objects (Widyantari & Suparna, 2016)

Indonesia is experiencing the impact of the Covid-19 pandemic in all fields, such as public health, education, economy, and social life (Muliati, 2020). This pandemic has caused several regional governments such as the Province of Bali to implement a large-scale social restriction (PSBB) policy to the limitation of community activities (PPKM) which has implications for limiting community activities, educational activities, economic activities, and social activities (Iping, 2020).

Give a significant impact on the socio-economic conditions of the community, especially the vulnerable and poor. Economic activity declined sharply, and some businesses experienced temporary closures during the pandemic or even partially closed permanently. Offices in the

non-essential sector are required to implement 100% WFH or work from home, while the essential sector allows employees to work from the office for a maximum of 50% by implementing strict health protocols. WFH must be supported by smartphones and the internet, but smartphone sales have decreased during the pandemic. The decline in sales of several smartphone brands occurred due to a sharp decline in consumer purchasing power, people prioritized spending on consumption, and some consumers switched to other brands of equal value but at lower prices (Ayu & Suparna., 2015).

This study examines Samsung brand smartphones because Samsung is a smartphone brand that has a strong brand image but experienced a decline in sales during the pandemic period from 2020 and 2021. Meanwhile, Xiaomi brand smartphones experienced a very significant increase. This study examines whether the decline in purchasing power during the pandemic and its preventive measures lead to switching behavior from consumers. For this reason, a survey was carried out by digging up initial information about the possibility of switching behavior to other brands, from 30 respondents who live in Badung Regency said that the Covid-19 pandemic affected consumers' decisions to choose smartphones products without prioritizing the brand equity of the smartphone brand. In addition, consumers also mentioned that there was no sense of high commitment to smartphones, this happened because the decline in people's purchasing power resulted in a reduced sense of commitment in consumers which made consumers tend to switch to choosing products with cheaper prices but of comparable quality and can be used. according to the benefits (Leea & Park, 2019).

Brand switching behavior is a consumer behavior when they want to switch from one brand to another similar brand. This is very often the case in consumer behavior, where many factors influence this brand switching. When consumers want to switch brands, consumers will take into account the maximum value or benefits that will be obtained. Maximum value means the comparison between the benefits that consumers get and the sacrifices that consumers make for a product that is consumed (Injilia *et al.*, 2018)

Companies must know what factors cause brand switching. The company will experience losses in the form of future income and lose customers when consumers switch brands. The shifting of customers to other companies is possible due to factors such as unpleasant events that make customers switch to other products. Many factors influence the emergence of brand switching behavior such as price and sales promotion (Sohrabi, 2017). Companies must understand brand switching because by studying brand switching, a company can find out what things usually make consumers do brand switching. Companies also need to create a competitive advantage by analyzing competitors to find out information about the competition in the market. To win in a competition, in marketing current products, manufacturers are not only based on product quality but also depend on the strategy generally used by companies, namely the innovation (Suparna & Priti, 2017)

This brand switching is also caused by customer equity. Customer equity is the value given by the customer to a product, if the value given by the consumer is low, the consumer will make a brand switch. Companies are also required to understand customer equity because through customer equity the company can find out what strengths and weaknesses are in their products. Munazza and Ilhaamie (2019) found the results that Customer Equity had a positive effect on Brand Switching behavior, as were the results of research from Edin and Mustafa (2018) and Grigoriou *et al.* (2018). Because customer equity with brand switching has not been consistent. So the researchers chose brand commitment as a mediation. Brand commitment is a consumer's decision to use or purchase a brand for a long period (Angelique, 2019). The reason researchers choose brand commitment as mediation is that if the consumer's value on customer equity is high, the consumer will be committed to the product, but if the value given by the consumer is low, the consumer will make the switch to another brand.

II. LITERATURE REVIEW

Customer Equity measures customer value not only based on current customer profitability but also on long-term contribution over time. The long-term value of the company is largely determined by the value of the company's customer relationships, which is called customer equity. Customer Equity is the value that consumers give to a company that issues a product. Customer equity can be the most important component for producers. Permanent consumers for producers are important assets for the future of producers. This shows how consumer equity can determine various decisions taken by producers. The relationship between

Customer Equity and Brand Switching is that if the value given by consumers to the products issued by the company is not good, consumers will switch to other brands. Research conducted by Munazza and Ilhaamie (2019) found the results that Customer Equity had a positive effect on Brand Switching behavior, as were the results of research obtained by Edin and Mustafa (2018) and Grigoriou *et al.* (2018). Based on empirical and theoretical studies from the results of previous studies, the following hypotheses can be built.

H1: Customer Equity has a positive and significant effect on Brand Switching

Commitment is about consumer tendencies and continues in a buying relationship with a company or a brand. The relationship between Customer Equity and Brand Commitment according to Bhadra & Rego (2019), with the presence of customer equity, producers can find out the value given by consumers to products issued by a certain brand, if the value given is high or satisfactory, a sense of commitment will emerge in consumers. Commitment will emerge as a result of trust and confidence in a brand. In the research conducted by Bhadra and Rego (2019) found the results that there is a relationship between Customer Equity and Brand Commitment. Based on empirical and theoretical studies from the results of previous studies, the following hypotheses can be built.

H2: Customer Equity has a positive and significant effect on Brand Commitment

Even though a consumer is committed to a company's brand, if the company's products experience a decline in product quality, it makes consumers who were initially committed to switching to other products that consumers consider better in terms of appearance and product durability. Commitment is something that is not easy to change. Also, people are unlikely to commit to something they don't value. The sense of commitment that consumers have can change due to the decline in product quality in a brand, so some consumers choose to continue using the product or even switch to other products. Wong *et al.* (2019) revealed that Brand Commitment has a negative effect on Brand Switching, as well as the results of research from Andres (2017), Clarissa *et al.* (2018) and Munazza and Ilhaamie (2019). Based on empirical and theoretical studies from the results of previous studies, the following hypotheses can be built.

H3: Brand Commitment Has a Negative and Significant Effect on Brand Switching

Because the influence of Customer Equity on Brand Switching has not been consistent, the researchers thought of mediation. With customer equity, a consumer can determine which product the consumer will choose. Customer equity is also useful for producers because customer equity can be a method to link marketing programs and the probability that a customer will benefit the company in the future. Customer Equity is the value given by consumers to a brand. So if the value given by consumers to a brand is high, the consumer will automatically commit to that brand. In addition, even though consumers are committed to a certain brand, there is a decrease in product quality in that brand, so consumers will make brand switching. Fatma (2020) shows that Brand Commitment can positively and significantly mediate Customer Equity and Brand Switching. Based on empirical

and theoretical studies from the results of previous studies, the following hypotheses can be built.

H4: Brand Commitment can positively and significantly mediate Customer Equity and Brand Switching

III. METHODOLOGY

This research design when viewed from the variables and relationships to be studied, can be categorized as an associative research design. (This is evidenced by the research design that seeks to examine and explain the relationship between the variables of Customer Equity, Brand Commitment, and Brand Switching on Samsung brand smartphones. The location of this research was conducted in Badung Regency.

Customer Equity is something that can be the most important component for producers because customer equity can determine various decisions made by consumers. Customer equity measurement indicators are supported by the components of value equity, brand equity, and relationship equity:

- i. Brand commitment is a consumer's decision to use a smartphone from the Samsung brand for a relatively long period. The indicators of brand commitment are emotional attachment to the brand, the brand is very important, interest in the brand, satisfaction with the brand, the brand offering better quality than other brands.
- ii. Brand Switching is a consumer's decision to switch from a Samsung smartphone to another smartphone brand because of the emergence of a sense of dissatisfaction in consumers. Brand switching indicators consist of post-consumption dissatisfaction, desire to accelerate discontinuation of use, desire to look for other product variations.

The population in this study were all people of Badung Regency who had made a brand shift from Samsung smartphones to other brands. Determination of the sample of this study using the non-probability sampling method. The non-probability sampling technique chosen is purposive sampling, namely the technique of determining the sample by considering certain conditions or criteria.

The criteria for respondents who were taken as samples were consumers who lived in Badung Regency, had a minimum education of high school/equivalent and had changed brands from Samsung smartphones to other brands. The number of indicators in this study was 11 indicators. In this study, the authors used a sample of 110 respondents. In this study, data collection was carried out using a questionnaire survey distributed through social media. The questionnaire is an efficient method of collecting data if the variables are known with certainty. The questionnaires used in this study were distributed online using a google form and distributed through social media such as Whatsapp, Line, and Instagram. Measurement of research data using a Likert scale

with a scale of 1 to 5. The data analysis technique in this study uses Partial Least Square (PLS).

IV. RESULTS AND DISCUSSION

A. Description of Research Variables

The customer equity variable gets the respondent's assessment with a score of 4.21, meaning that the respondent considers that the Samsung brand is well known for its good quality with good quality, and there is a tendency that respondents will recommend Samsung smartphones to friends and family. The customer equity indicator that gets the highest score is "Respondents will use Samsung if they have more benefits than other brand smartphones" with a score of 4.25, meaning that respondents will use Samsung smartphones if they have more benefits than other brand smartphones. This happens because now there are many smartphone products available which of course have the same benefits as Samsung smartphones and are sold at lower prices. Therefore, respondents want Samsung smartphones to provide more benefits than other smartphones. The lowest value was given by respondents on the indicator "respondents will recommend Samsung smartphones to friends and family" of 4.14. This indicates that the company must increase advertising on Samsung products and establish communication with consumers by hearing consumer complaints about their products and of course correcting all complaints given by consumers so that consumers recommend Samsung smartphones again to their friends and family.

The brand commitment variable gets the respondent's assessment with a score of 2.41, meaning that there is no sense of emotional attachment and respondent's interest in Samsung smartphones. Besides that, respondents also consider that the Samsung brand is not very important, meaning that there is no sense of loyalty anymore in the respondent. The indicator that gets the highest rating from respondents is "respondents are interested in Samsung brand smartphones" with a score of 2.56, meaning that there is no interest in Samsung smartphones because the quality of Samsung products is the same as the quality of other smartphones products that are sold at lower prices than Samsung smartphones. The lowest score was given by respondents on the indicator "respondents have an emotional attachment to Samsung brand smartphones" with a score of 2.31 meaning that there is no sense of emotional attachment of respondents to the Samsung brand due to feelings of regret after using Samsung smartphones so that respondents will easily switch to other brands.

TABLE I: R-SQUARE VALUE OF THE DEPENDENT VARIABLE

	R-square
Customer Equity	-
Brand Commitment	0,084
Brand Switching	0,548

TABLE II: PATH COEFFICIENT

	Original	Mean	STDEV	T Stat.	P Value
Customer Equity=> Brand Switching	0.297	0.299	0.107	2.783	0.006
Customer Equity=> Brand Commitment	-0.289	-0.303	0.097	2.976	0.003
Brand Commitment -> Brand Switching	-0.597	-0.596	0.095	6.320	0.000
VAF	29,7 %	-	-	-	-

Brand switching gets a respondent's assessment with a score of 3.85, meaning that there is a sense of dissatisfaction within the respondent so that the respondent wants to immediately switch to another brand and is not willing to make a purchase on the same smartphone brand in the next purchase.

The indicator that gets the highest rating from respondents is "respondents want to switch to using other brand smartphone products" with a score of 3.92 meaning that because there is a sense of dissatisfaction with Samsung smartphones in consumers, consumers want to immediately stop using Samsung smartphones and want to immediately switch to branded smartphones. Others that are considered to have better quality than Samsung smartphones. The lowest score was given by the respondent on the indicator "respondents are not satisfied with the decision to purchase a Samsung smartphone" with a score of 3.73, meaning that respondents are not satisfied because they have bought a Samsung brand smartphone. After all, it does not match the respondent's expectations of a Samsung smartphone.

B. Partial Least Square Analysis Results

Based on Table I, The R-square of the brand commitment variable is 0.084, which means that 08.4 percent of the variability of the brand commitment construct is influenced by customer equity and brand switching variables, while 91.6 percent is influenced by other variables outside the model. The R-square value of 0.548 means that 54.8 percent of the brand switching variable is influenced by customer equity, while the remaining 45.2 percent is influenced by other variables outside the model.

C. Hypothesis Testing 1 (Customer Equity on Brand Switching)

Based on Table II, Testing hypothesis 1 shows that the relationship between customer equity and brand switching is significant, with a t-statistic value of 2.783 (>196). The path coefficient value is 0.297 which indicates that the direction of the relationship between customer equity and brand switching is positive, meaning that customer equity can affect brand switching because through customer equity a consumer can decide that he will switch to another brand through the value given by consumers to a brand. Hypothesis 1 in this study states that customer equity has a positive and significant effect on acceptable brand switching. Customer equity is a positive or negative statement made by potential customers, actual customers, and former customers about a product or company via the internet. Based on the results of testing the hypothesis, it was found that there was a positive and significant effect between the customer equity variables on brand switching, which means that H1 is accepted. The results of this study are supported by research by Munazza and Ilhaamie (2019) which finds that customer equity has a positive and significant effect on brand switching. The study explains that customer equity which is the value of the customer can make consumers switch brands because of the quality of the product. The results of similar studies by Edin and Mustafa (2018) and Grigoriou *et al.* (2018) also found that customer equity has a positive and significant effect on brand switching variables, either simultaneously or partially. The results of this study mean that customer equity can make brand switching occur in a product.

D. Hypothesis Testing 2 (Customer Equity on Brand Commitment)

Based on Table II, Testing hypothesis 2 shows that the relationship between customer equity and brand commitment is significant, with a t-statistic value of 2,967 (>196). The path coefficient value is -0.289 which indicates that the direction of the relationship between customer equity and brand commitment is positive and significant because the presence of customer equity (the value given by consumers to the product) can foster a sense of commitment in consumers to a brand due to the quality of the product. issued by the brand. Hypothesis 2 in this study states that customer equity has a positive and significant effect on brand commitment and is acceptable. Customer equity is important because it includes the value given by consumers to a product, if the value given by consumers is good, there will be a sense of commitment in consumers toward the product. Similar results obtained by Bhadra and Rego (2019) show that customer equity has a positive and significant effect on brand commitment.

E. Hypothesis Testing 3 (Brand Commitment on Brand Switching)

Based on Table II, Hypothesis 3 testing shows that the relationship between brand commitment and brand switching is significant, with a t-statistic value of 6.320 (>196). The path coefficient value is -0.597 which indicates that the direction of the relationship between brand commitment and brand switching is negative, meaning that the nature of consumers can change towards a brand. the brand. Hypothesis 3 in this study states that brand commitment has a negative and significant effect on accepted brand switching. Brand commitment is a consumer's commitment to a product, while brand switching is a shift or brand switching made by consumers to a product because of the lack of the product. Based on the test results on the hypothesis, it was found that there was a negative influence between the brand commitment variables on brand switching, which means that H3 was rejected.

The results of this study are supported by research conducted by Wong *et al.* (2019) which states that there is a negative and significant influence between brand commitment and brand switching. Because if consumers have committed to a brand they will be very unlikely if consumers make the switch to the brand. Andres (2017), and Clarissa *et al.* (2018) suggest that there is a negative and significant influence between brand commitment and brand switching.

F. Mediation Test Results

VAF value (29.7 percent) is in the range of 20 percent to 80 percent, it can be categorized as partial mediation. Brand switching is a brand-switching behavior carried out by consumers for certain reasons or it can also be interpreted as a consumer's vulnerability to switch to another brand.

Based on the results of testing the hypothesis, it was found that there was a positive influence between the customer equity variables on brand switching through the brand commitment variable, which means H4 is accepted. The results of this study are supported by Fatma (2020) who states that the brand commitment variable influences customer equity and brand switching variables.

G. Research Implication

The results of this study are expected to enrich empirical findings regarding customer equity on brand switching and brand commitment, as well as the role of brand commitment in mediating the influence of customer equity on brand switching. The results of hypothesis testing in this study found that statistically, brand commitment can mediate the influence of customer equity and brand switching on Samsung smartphones so that this variable can be maintained as a mediating variable.

H. Research Limitations

Research on Samsung smartphones was only carried out in Badung Regency by taking 110 samples, so it cannot be generalized to other regions. Factors that influence customer equity in this study are brand commitment and brand switching, while many other factors influence customer equity such as electronic word of mouth, brand image, brand awareness, and other variables. This research was only conducted at a certain point in time (cross-section) so it could not describe the actual conditions, so this research must be carried out continuously using longitudinal data.

V. CONCLUSION

Customer equity has a positive and significant effect on brand switching. These results indicate that if the value given by consumers to a product is bad, consumers will switch smartphone brands from those initially using Samsung smartphones to switch to other smartphone brands. Customer equity has a positive and significant effect on brand commitment. These results indicate that the better the value is given by consumers to a product, the higher the consumer's commitment to Samsung smartphones in Badung Regency. Brand commitment has a negative and significant effect on brand switching. These results indicate that if the consumer is committed to a product, it will be less likely that the consumer will switch to another smartphone brand. Brand commitment is positively and significantly able to mediate the influence of customer equity and brand switching. These results indicate that the more committed consumers are to a product, the better customer equity and brand switching will be for Samsung smartphones in Badung Regency. Apart from being direct, customer equity is also able to increase brand commitment and brand switching on Samsung smartphones in Badung Regency

Due to the Covid-19 situation which makes people tend to switch to cheaper alternative products, causing consumers not to recommend Samsung smartphones to their friends and family, this also happens because now there are many types of smartphones that have the same quality as Samsung smartphones. Suggestions from researchers for Samsung smartphone companies so that respondents recommend Samsung smartphones to friends and family are by promoting Samsung products which of course have prices that are equivalent to other brand smartphones and of course have better quality than other smartphone products. The Samsung smartphone company is by knowing consumer opinions about Samsung smartphones so that the company knows what advantages and disadvantages are contained in Samsung smartphones. The Samsung smartphone company is to find

out what causes the dissatisfaction by knowing all consumer complaints about Samsung smartphones.

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