ABSTRACT

A proposed integrative approach measured consumer response to various incentives to switch brands. The response measure consisted of both actual behavior (i.e., switching behavior) and an evaluative measure, which underlies the behavior. Self-perception theory was utilized to assess consumer switching behavior in response to intrinsic versus extrinsic motives. The integrative approach was tested in the context of a multistage longitudinal field study concerning five product classes. Findings show that there is a difference depending upon whether switching behavior was induced by extrinsic (e.g., price, coupon) or intrinsic (e.g., a desire to try a new brand) incentives. Unlike intrinsically induced switching, extrinsic incentives motivated consumers to switch despite a high level of satisfaction with the last purchased brand. However, this switching behavior resulted in weaker intentions to repurchase the new brand.

When Consumers Switch Brands

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INTRODUCTION

Brand switching is sometimes induced by extrinsic incentives, such as sales promotions. Often, however, consumers switch brands as a result of intrinsic motives such as a desire to try a new brand. In this paper we contrast the effects of intrinsically versus extrinsically induced switching first, on the disposition to switching and second, on the likelihood of repeating the purchase of the new brand.

A conclusion derived from many studies is that the introduction of a sales promotion campaign almost always yields an immediate increase in sales. However, this strategy will not necessarily yield results for a period extending beyond the length of the specific promotion. This conclusion is based on studies conducted in a variety of marketing-related contexts. Brown (1974) conducted a survey among instant coffee purchasers and tracked their brand loyalty/switching behavior shortly after some changes in advertising and promotional strategies were made by two major manufacturers. His major finding was that promotions yield fast responses in sales, but these promotions do not produce new long-term buyers.

Doob, Carlsmith, Freedman, Laudaur, and Tom (1969) used a field experimental approach whereby new brands of frequently purchased consumer products were introduced in several stores. In some of the stores the brands were sold at a discounted price while in the control stores these brands were sold at the regular price. After an introductory period the discounts were retracted in the experimental stores, therefore, equalizing the prices charged in all stores. Over the subsequent period a sharp reduction in sales was observed for those experimental stores where the discount was retracted. Interestingly, following the discount retraction, total sales in the control stores were greater than those in the experimental stores although during the discount period the opposite pattern was observed.

Similarly, Scott (1976) experimentally manipulated the magnitudes of incentives (e.g., free, half price, full price) to stimulate a two-week trial of a newspaper. She observed a curvilinear relationship between trial rate and the amount of incentive when the incentive was retracted. Specifically, very substantial incentives resulted in a low rate of subscription to the newspaper when the offer was retracted. Significantly more consumers subscribed in the half price condition than subscribed in a control group composed of consumers who had not received the 2-week trial offer. The difference in subscription rates between the full price condition and the no trial condition was insignificant.

Finally, Dodson, Tybout, and Sternthal (1978) found that offering a deal enhanced brand switching; but, the magnitude of impact on brand switching depended upon the type of incentives induced. Media distributed coupons, cents-off deals and package coupons have been ranked as high, medium, and low with respect to affecting brand switching. However, the media distributed coupons
undermined repeat purchasing to a greater extent than cents-off coupons when the offer was retracted.

The latter study by Dodson et al. offered self-perception theory as the conceptual framework to explain consumer response to the inducement and retraction of extrinsic (i.e., external to the consumer) incentives to switch brands. According to this theory, individuals assess their own behavior and the circumstances in which the behavior occurs for determining their attitude toward an object. Thus, in the absence of an extrinsic incentive, consumer switching behavior is likely to be attributed to the liking of the brand. In contrast, when an extrinsic incentive motivates the consumer to switch to a new brand, the issue of whether to attribute it to a liking for the brand or to taking advantage of the extrinsic incentive may substantially reduce the likelihood of repurchase disposition.

In their application of self-perception theory, Dodson et al. predicted that the presence of extrinsic incentives undermines attribution to internal causes. Consequently, the extrinsic incentives reduce the likelihood that repurchase behavior will persist when the extrinsic causes are removed. To the extent that consumers attribute switching behavior to intrinsic motives, their behavior is likely to determine subsequent repeat purchase disposition.

Unfortunately, however, the Dodson et al. data have not included any measures of intrinsic causes to switch brands. In fact, rarely have marketing researchers directly contrasted consumers' attribution of switching behavior to either intrinsic or extrinsic causes. Despite the voluminous amount of literature relating extrinsic factors to brand repurchase/switching behavior (e.g., Beckwith, 1972; Frank, 1962; Jones, 1970a,b; Jones and Zufryden, 1982; Kuehn, 1962; Lambin, 1970; Lilien, 1974; Montgomery, 1969; Parsons, 1975; Simon, 1979; Telser, 1962; Zufryden, 1973) and studies relating intrinsic factors to actual purchase behavior (e.g., Achenbaum, 1972; Assael and Day, 1968; Bonfield, 1974; Day, 1969; Harrell and Bennet, 1974; Oliver, 1977, 1980, 1981; Smith and Swinyard, 1983; Swan and Trawick, 1981; Warshaw, 1980; Wind, 1977) little has been done to match the impact of extrinsic and intrinsic factors on consumer purchase patterns and to investigate the factors to which consumers attribute their behavior. An exception can be found in Brown's (1970) study reviewed earlier. However, this study did not track the extrinsic and intrinsic factors over all the switching occurrences. Instead it assessed in a single questionnaire consumer attitudes toward the brand in a certain period after the reported switching or repurchase took place.

In light of the foregoing review it is suggested that a more rigorous approach, which contrasts extrinsic and intrinsic effects on consumer switching behavior, is needed to assess consumer disposition to switch brands and their willingness to repeat the purchase of the new brand after the switching event. The present study uses extrinsic incentives (e.g., coupons) and intrinsic incentives (e.g., a desire to try a new brand) as motives to which consumers attribute
their switching behavior. As dependent measures it includes satisfaction with past consumed brands, intention to repurchase the new brand, and actual purchase behavior. Further, the study incorporates the actual history of successive purchases of the brand consumed prior to switching as a mediating factor in explaining switching disposition. The study is based on a multistage longitudinal field study which permitted the evaluative processes (i.e., satisfaction and intention) and reported purchase behavior to be tracked over 10 consecutive interpurchase periods.

AN INTEGRATIVE APPROACH

Figures 1A and 1B illustrate the proposed relationships between the various factors investigated in the study. Discussion of the study is presented in two phases. Phase 1 describes consumers' satisfaction/dissatisfaction with the brand used before brand switching. Phase 2, describes consumers' intention formation to repurchase the new brand consumed after switching took place.

Our approach will be to list and illustrate the propositions and subsequently provide a rationale for each of the specific relationships. In Phase 1, a distinction

FIGURE 1A
Phase 1
Pre-Switching State

Satisfaction
with Last
Purchased
Brand (SAT_{t-1})

Dissatisfaction
with Last
Purchased
Brand

Extrinsically Induced Brand Switching
E_2

Intrinsically Induced Brand Switching
I_2

Limited Experience
With Last
Purchased Brand

Extensive
Experience With
Last Purchased
Brand

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is made between extrinsically versus intrinsically induced brand switching. Accordingly, we propose that the level of satisfaction with the previously consumed brand at the switching period is higher if switching was induced by extrinsic incentives (e.g., price, coupon) rather than intrinsic motives (e.g., the desire to try a new brand). Furthermore, the magnitude of this difference is enhanced if consumers had an extensive experience with the brand consumed before switching. To illustrate, consider the two curves in Figure 1A (the upper curve representing past satisfaction level if switching was induced by extrinsic factors and the lower curve denotes the same for intrinsically induced switching). If we denote the satisfaction level before switching by SAT\(_{t-1}\), the switching event by SW and the cause of switching by the subscripts EXT (EXTrinsic) and the INT (INTrinsic), then:

\[
(SAT_{t-1} \text{ SW}) \text{ EXT} > (SAT_{t-1} \text{ SW}) \text{ INT}
\]

Note that the proposition holds that this difference will be larger for the right-hand side of the two curves (i.e., \(E_2 - I_2\) than for the left-hand side (i.e., \(E_1 - I_1\)).
The studies reviewed earlier suggest that extrinsic incentives indeed influence switching behavior. The present study also incorporates the history and past experience with the brand consumed prior to switching. We hypothesize, as discussed below, that this experience mediates consumer disposition to switch brands.

In providing a rationale for the greater difference evoked by accumulated experience, consider the following. First, concerning extrinsic effects (e.g., price, coupon), past research lends support to the proposition that price elasticities are significant for most segments of the population (Massy and Frank, 1965; McCann, 1974). Furthermore, as experience with the brand accumulates, price elasticity increases (McCann, 1974). Since repeat purchasers generally hold more favorable attitudes toward the consumed brand (Howard and Sheth, 1969) we derived the proposition that repeat purchasers (as compared to inexperienced purchasers) are willing to switch brands even though their satisfaction with the last consumed brand is higher if switching was influenced by price incentives. It should be noted that little has been done to assess the differential effects of experience on coupon redemption. However, since both price and coupon incentives refer to reduced price there is no a priori reason to believe that they differ with respect to switching behavior as a function of past satisfaction.

Regarding switching behavior which originates from intrinsic causes (I₁, I₂ in Figure 1A) past purchase experience is also likely to interact in response processes. If switching was influenced by the desire to try a new brand (a trait which generally characterizes innovators who may not repeat the purchase of the same brand many times consecutively) then it may occur despite a high level of satisfaction with the previously consumed brand (Faison, 1977; Hirschman and Wallendorf, 1980). On the other hand, for consumers who had extensive experience, the consumed brand may become too familiar and boring and thus result in switching, which reflects dissatisfaction with that brand (Howard and Sheth, 1969). Hence, consumers may switch brands despite a higher level of past satisfaction if prior experience with the previously consumed brand was limited rather than extensive.

Phase 2 of this conceptualization addresses the question: Do consumers who switched brands despite high levels of past satisfaction (e.g., switching that was influenced by price or coupon) have higher or lower intentions to repurchase the new brand than those whose switching was intrinsically induced and preceded by dissatisfaction with the last brand? (See Figure 1B for an illustration of this hypothesis.)

Thibout and Kelley's (1959) comparison level theory was originally developed to predict satisfaction development from interaction among individuals. According to the theory, satisfaction results from the discrepancy between outcomes and a certain comparison level. La Tour and Peat's (1979) application of the theory in the context of a product purchase setting suggests that intention to repurchase a brand is a function of the difference between outcomes and a certain comparison level. Thus, the higher the perceived brand performance, as com-
pared to a comparison level, the higher the intention to repurchase the brand. In a more recent paper, Woodruff, Cadotte, and Jenkins (1983) viewed the comparison level as an experience-based norm which is in accord with the foregoing conceptualization.

Comparison level theory suggests that the higher the satisfaction with the preswitching brand, the smaller the relative advantage of the new brand over that comparison level (for equal levels of satisfaction with the new brand). Consequently, the switching act may be temporary and result in lower intention to repurchase that new brand. Thus, we propose (given that the propositions as outlined in Figure 1A are confirmed) that the correlations between satisfaction with the new brand and the intention to repurchase it are higher if switching is induced by intrinsic factors (such as, the desire to try new brands) than by extrinsic factors (e.g., price or coupon incentives). Note that the predictions offered by self perception theory support this proposition in that the attribution of switching to intrinsic causes is more likely to result in willingness to repeat purchase than attribution of switching to extrinsic incentives.

METHOD

The present study is based on a panel whose members completed 10 questionnaires on a biweekly basis for a 5-month period. Out of 125 consumers who responded to the first questionnaire and indicated their willingness to participate in the panel 87 completed all 10 questionnaires and were included in the final analysis. Respondents were asked to report the name of the brand currently in use (the questions referred to a set of grocery products), satisfaction with the current brand and intention to repeat the purchase of the same brand. If consumers switched brands since the last questionnaire, they were asked to indicate the reason for switching brands. The alternative responses included in the questionnaire were: price reduction, "had a coupon," advertising, new brand on shelf, availability ("current brand was out of stock"), desire to try a new brand ("wanted to try a new brand") or other reasons (i.e., open-ended response). Consumers were instructed to indicate one or more of the reasons to which they attributed their behavior. The five product classes analyzed included margarine, coffee, toilet tissues, paper towels, and macaroni.

ANALYSIS AND RESULTS

Switching behavior served as the basis for analysis while repurchase behavior was accumulated as past experience with the same brand. To obtain

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1 This section contains a brief description of the methodology. More details can be found in LaBarbera and Mazursky (1983), in which a part of this data base was used to investigate other focal issues.
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consumer satisfaction with the previously consumed brand (i.e., in the period preceding the switching behavior), lagged variables of satisfaction and switching behavior were computed (Hull and Nie, 1979).

Missing values for consumers who did not purchase any brand within the product class during any of the ten periods were deleted from analysis. In addition, because satisfaction with the brand prior to the switching event constituted the basis of the response measure, reported switching behavior in the first period of the panel were discarded. Four hundred and eighty-nine cases of brand switching behavior were reported. They were matched with the satisfaction levels of the previously consumed brand and the currently consumed brand. A similar procedure was conducted in the intention measure for the analysis concerning Phase 2. To obtain a measure of past experience of consecutive purchases of the previous brand, a variable called CONSEC was defined. It counted the number of consecutive purchases of the preswitching brand, based on the lagged switch (i.e., past switching behavior) variables. Thus, in the present study, each switching case constituted the unit of analysis while past satisfaction, past consecutive purchases of the previous brand and the reasons for switching are used for testing the propositions. A flowchart illustrating this analysis is provided in Figure 2.

Price consideration, coupon redemption and the desire to try a new brand accounted for 76.5 percent \((n = 374)\) of the total of 489 reported reasons for brand switching. Other reasons were reported infrequently (each of them accounted for less than 5 percent of the total switching reports) and were excluded from subsequent analysis.

Phase 1

The data concerning consumer preswitching satisfaction were analyzed. First, a cross-classification analysis was made of the levels of satisfaction/dissatisfaction with the previously purchased brand, given that the brand was switched, and the reported reasons for brand switching. Two observations from the analysis are noteworthy. First, extrinsic incentives (i.e., price and coupon) were reported more frequently as the reason for switching than intrinsic reasons (i.e., the desire to try a new brand). The observation is consistent both for consumers who switched despite a high level of past satisfaction and consumers who switched reporting a dissatisfaction with the previous brand. The second observation indicates that a high proportion of consumers switched brands despite a high level of past satisfaction. In about 23.5 percent of the cases consumers reported high satisfaction with the previous brand although they subsequently switched to other brands.

To test whether differences exist in preswitching satisfaction between extrinsically and intrinsically induced switching, and the intervening role of experience in magnifying these differences, an analysis of the mean differences in satisfaction levels was performed. The correlations between satisfaction levels
and extent of past consecutive purchase experience were separated for each reported reason for switching. Tests were undertaken to determine whether a positive slope exists between $E_1$ and $E_2$ posited in Figure 1A. Similarly, tests were made to investigate whether the $I_1$, $I_2$ curve has a negative slope. With two exceptions, the signs of the correlations in all the tests support the propositions as postulated in Figure 1A. Among the three incentives to switch it appears as if coupon redemption is the most effective factor in inducing switching among satisfied repeat purchasers of a certain brand. Concerning price consideration, only two product classes showed significant positive correlation and the average correlation is nonsignificant. Finally, for intrinsically induced switching, results concerning three product classes were significantly negative (at $p < 0.10$ level) and the overall correlation was $r = 0.24$ ($p = 0.03$), as expected.

Next, the data were analyzed to directly address a major inquiry of the present study, namely, which incentives are more influential in inducing switching among satisfied consumers. Operationally, the differences between the upper and lower curve, i.e., $(E_1, E_2) - (I_1, I_2)$ were determined. The first analysis refers to the overall difference between the curves without accounting for the
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intervening effect of experience. An analysis of the difference between levels of past satisfaction and reasons for switching was first performed. Subsequently, to test the differences between extrinsically and intrinsically induced switching, the first two incentives (price and coupon) were pooled and contrasted with the third incentive (desire to try a new brand). While, as expected, in four of the five product classes the mean satisfaction level was the lowest for intrinsically induced switching, the appropriate tests show no significant differences.

This finding is not surprising because we had no a priori hypothesis concerning the left hand side of the two curves in Figure 1A. The propositions outlined earlier, focused more on the intervening role of past experience which suggested that more substantial differences should be found in the $E_2 - I_2$ difference. To test this difference, a similar procedure was conducted for the subgroup of experienced consumers. The analysis for this subgroup yielded significant differences among the three switching motives ($F = 7.23, p < 0.0001$). The t-tests which pooled the extrinsic incentives and contrasted them with the intrinsic factor confirmed the proposition in four of the five product classes out of which three were statistically significant. For the fifth product class the results were consistent with the proposition only for the comparison between coupon redemption and intrinsic incentive to switch. The t-value of this contrast for the entire subgroup was 3.68 ($p < 0.001$).

Phase 2

Phase 2 focused on the postswitching state and the formation of the intention to repurchase the new brand. The hypothesis outlined earlier held that satisfaction with the new brand will be a more important factor in forming the intention to repurchase if switching was intrinsically rather than extrinsically induced. Overall, the results indicate high correlations between satisfaction and intention to repurchase the new brand ($r$ is between 0.44 and 0.90). The magnitude of the correlations first between price incentives and intrinsic motive and then between coupon redemption and intrinsic motive were compared. For eight of the ten comparisons the differences between the appropriate correlations were in the expected directions although in some cases the magnitude of these differences was small. A test for comparisons between correlations (based on the

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2 For purposes of this analysis consumers who repurchased the previous brand at least twice were considered experienced while those who repurchased the brand less times consecutively were regarded as inexperienced. The decision to use this cutoff point represents a compromise between the inclusion of more previous purchase experience and a sufficient representation of responses in the analysis. It should be noted that a sensitivity analysis in which one period was added or deleted from this cutoff point did not affect the results significantly.

3 An analysis of the actual repurchase of the new brand was limited due to the structure of data setting. Since the data were organized in a dynamic setting to account for lagged variables and past experience, the inclusion of future purchases would have significantly decreased the number of observations of past purchases. Therefore, the intention to repurchase was taken as a measure of disposition toward future behavior.
Z transformations) yielded significant differences for the first comparison, but failed to reach significance for the second comparison. Overall, in four of the five product classes the magnitude of the differences was larger for the price versus intrinsic motive comparison than for the coupon versus intrinsic incentive comparison.

CONCLUSIONS AND IMPLICATIONS

The present study relates actual choice behavior to a measure of the underlying evaluative process and tests the extent to which price, coupons, and the desire to try a new brand impinge on this process. This approach was carried out by focusing on actual switching and measuring the level of satisfaction with the brand purchased before the switching event. Next the differential effect of the three investigated incentives on consumer switching disposition was tested, while the intervening effect of past purchase experience was taken into account.

Results indicate a significant difference among experienced consumers' cognitive processes with respect to whether switching behavior is attributed to extrinsic motives (price, coupon) or intrinsic incentives (the desire to try a new brand). If extrinsic incentives are the cause of switching, consumers are willing to switch despite a higher level of satisfaction with the previous brand, as compared to switching caused by intrinsic motives. Regarding consumers with limited consecutive purchase experience, no significant difference was found between consumers' disposition prior to switching behavior. Although most of the literature which deals with response sensitivity focuses either on behavioral response or on consumers' disposition to respond, the present study, which tracks both processes simultaneously, obtained results that are consistent with previous conceptualizations (e.g., Faison, 1974; Hirschman and Wallendorf, 1980; McCann, 1974).

An additional hypothesis stating that differences in switching disposition stemming from different incentives to switch will have an impact on postswitching behavioral intention was generally confirmed. In particular, the analysis focused on the issue of whether extrinsically induced switched is more or less likely to result in intention to repeat the purchase of the new brand as compared to intrinsically induced switching. The correlations between satisfaction and intention to repurchase were higher if switching was intrinsically induced as compared to switching which resulted from price reduction. However, this difference in correlations was not significant in the intrinsically versus coupon-induced switching comparison.

The present study has at least two limitations. First, because it tracked both the cognitive processes and switching behavior, a modification was needed in the measurement of response sensitivity. Although the reason for switching was reported, it was impossible to obtain information on the amount of change in price and value of the coupon to which consumers responded. However,
because the main purpose of the present study was to constrain price and coupon incentives with intrinsic motives, we believe that this limitation does not undermine the generalizability of the conclusions.

A second limitation is related to the application of theories in explaining switching and repeat purchase behavior. The present study assumes that the previously consumed brand is the comparison level. However, consumers may consider more than one brand as a comparison level in forming intentions for future purchases. Given that a panel study restricts the number of items which can be assessed, the consideration of all possible components comprising the comparison level was inhibited.

Notwithstanding these limitations, the study's findings imply that certain deals may be appropriate, depending upon the company's objectives with respect to sales management. Coupons and price reduction policies are likely to induce switching among consumers whose past behavior tendencies show loyalty and satisfaction with the previously consumed brand. Thus, if the company's objective is to attract new consumers to purchase their brand, promotions may indeed be the right vehicle to induce that switching. However, the probability of an extrinsic incentive such as, price reduction to attract consumers beyond the promotion period depends upon the relative advantage of the new brand over the previously consumed brand (or any other comparison level) as perceived by consumers. For consumers who were satisfied with their previous brand and thus, have high comparison levels, the company has to take into account a possible decline in sales, which is likely to occur when price promotion is retracted. For low comparison levels, on the other hand, the company should be less concerned that the retraction of the deal will undermine repeat purchase of their brand.

An important predictor of switching behavior and subsequent loyalty to the new brand is the extent to which switching is attributed either to extrinsic factors (e.g., promotion) or to intrinsic motives (e.g., the desire to try a new brand). If switching is attributed to intrinsic reasons, the rate of brand switching is likely to be smaller than if it is attributed to extrinsic reasons. At the same time, however, the company can rely more on switching, which is attributed to intrinsic motives than on price reduction incentives if it attempts to acquire new loyal customers.

The conclusion derived from this analysis is that promotions are indeed useful in causing switching among consumers who were loyal to the previous brand, but they may undermine repeat purchase of the new brand if consumers attribute switching solely to the promotion itself. One possible strategy intended to avoid sales reduction upon retraction of the promotion is influencing consumers to attribute brand switching to intrinsic reasons rather than to the promotion.

Promotions, according to the present study's findings, are likely to be successful only if they are complemented by additional measures devised to affect consumers in the attribution process. Without such measures, the switching
rate may be high but short lived and produce only a marginal number of new loyal customers.

REFERENCES


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