A Study on the Effects of the Perceived Value about Smart Phone’s Customer Behavior: Focusing on Switching Intention

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Abstract. This study has analyzed the process of the China customer’s perception after they have purchased smart phones. It has carried out to verify how the perceived values influence on customer satisfaction, brand trust, customer loyalty and switching intention. A survey was conducted on the Xiaomi and the Galaxy users in Shanghai City of China. This study is expected to contribute to the establishment of competitive advantage strategies for the smart phone competitors in the China market. In addition, the outcome of our study can be used as basic data for the smart phone supplies to the China market when they want to establish differentiated marketing strategies.

Keywords: Perceived Value, Customer Satisfaction, Brand Trust, Customer Loyalty, Switching Intention

1 Introduction

TrendForce[1] announced the market shares in the Chinese smart phone market in the year of 2015. According to Gartner [2], when middle-class customers in China purchase mobile phones, the primary factors that they consider are brands and service quality.

This study examines the process after Chinese customers purchase smart phones. To this end, a survey was conducted by an entrusted internet-based research agency among Xiaomi and Galaxy users in Shanghai, China, in order to examine the correlations among perceived value of smart phone users, customer satisfaction, brand trust, customer loyalty, and switching intention and also to verify the moderating effects shown among customers of Xiaomi and Galaxy, which are recognized as competitors in the Chinese smart phone market. As mentioned earlier, this study analyzes the effect of perceived value among smart phone users in the Chinese smart phone market on brand trust, customer satisfaction, customer loyalty, and switching intention, as
well as difference among these variables. It is expected that the findings of this study will contribute a lot to establishing marketing strategies to be more competitive than other companies in the Chinese smart phone market. In addition, if smart phone suppliers in the Chinese smart phone market desire basic materials for the establishment of marketing strategies differentiated from those of competitors, the findings of this study can be utilized and helpful for such strategies.

2 Theoretical Background

2.1 Relations among Perceived Value, Customer Satisfaction, Brand Trust, Brand Loyalty, and Switching Intention

According to Lattin and McAlister [3], customer needs for variety may result from desires for changes, pursuits of things new, or satisfying only some of various needs. to satisfy the rest of the needs, customers may develop the desire to pursue variety. Morgan and Hunt[4] verify that the perceived value between purchasers and suppliers has positive effects on buyers’ commitment to and trust in suppliers. Fournier[5] also states that customers prefer brands that correspond to their values and that are appropriate for expressing themselves. Preferred brands are stamped on customers’ minds and the level of preference tends to increase. He also states that perceived value has positive (+) effects on satisfaction with brands, trust, and loyalty while they are in a negative (-) relation with switching intention.

3 Methodology and Empirical Analysis

3.1 Study Model

This study examines the relations among the following factors based on the precedent studies: perceived value in relation to Chinese smart phone brand switching intention, customer satisfaction, brand trust, customer loyalty, and switching intention. To this end, hypotheses on the effects are developed and verified. In addition, a hypothesis on the mediating effect and moderating effect depending on the brand types - product characteristics of Galaxy and Xiaomi – is developed and verified. In a way of dimension reduction, the research model is simplified to address only the 5 factors: perceived value, customer satisfaction, brand trust, customer loyalty, and switching intention. This study proposes the research model shown in <Figure 1>. To examine the moderating effect of each channel depending on the brand types of smart phones, Galaxy and Xiaomi, the channels from hypothesis 1 to hypothesis 10 are ana-
lyzed, and then channels of significant influence are examined with regard to the moderating effect.

Fig. 1. Study Model

3.2 Data Collection

This study includes a survey conducted by SoJump (問卷星), the entrusted internet-based survey agency, among 600 individuals including 300 users of Galaxy products and 300 users of Xiaomi products who were all aged 20 or older to verify the proposed research model. With 83 questionnaires with unfaithful answers excluded, 507 were collected and used in the analysis.

3.3 Result Analysis

To test the research model of this study, a path analysis was conducted by means of AMOS 21. As the fitness of the research model (total) was analyzed, $\chi^2=268.098$, df=142, P=0.000, CFI=0.959, TLI=0.951, IFI=0.960, and RMSEA=0.042, which indicates that the model was satisfactory in general.

As a result of the hypothesis test with 0.1 of significance level, hypotheses H3, H4, H6, and H7 were rejected, and all the other hypotheses were adopted. As for the rejected hypotheses H3, H4, H6, and H7, the values of $\hat{\delta}$ were 0.166, 0.178, 0.170, and 0.249 respectively while the P-values were 0.172, 0.355, 0.303, and 0.356 respectively. Thus, the significance level was 0.1 or higher, and the hypothesis that each independent variable would affect independent variables was rejected. As for adopted hypotheses H1, H2, H5, H8, H9, and H10, the values of $\hat{\delta}$ were 0.649, 0.355, 0.398, 0.671, -0.419, and -0.526 respectively, and the P-values were 0.000, 0.004, 0.011,
0.000, 0.091, and 0.000 respectively. Since the significance level was 0.1 or lower, the hypothesis that each independent variable would affect independent variables was adopted. <Table 1> shows the result of testing study hypotheses through the path analysis with the structural equations model utilized.

**Table 1. Hypothesis Test**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Channel</th>
<th>Non-standardized Estimation</th>
<th>Standardized Estimation</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>Perceived value → Customer satisfaction</td>
<td>0.649</td>
<td>0.719</td>
<td>0.08</td>
<td>5</td>
<td>7.59</td>
<td>*** Adopted</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>Perceived value → Brand trust</td>
<td>0.355</td>
<td>0.390</td>
<td>0.12</td>
<td>2</td>
<td>2.89</td>
<td>0.00 Adopted</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>Perceived value → Customer Loyalty</td>
<td>0.166</td>
<td>0.146</td>
<td>0.12</td>
<td>2</td>
<td>1.36</td>
<td>0.17 Reject</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>Perceived value → Switching intention</td>
<td>0.178</td>
<td>0.105</td>
<td>0.19</td>
<td>3</td>
<td>0.92</td>
<td>0.35 Reject</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>Customer satisfaction → Brand trust</td>
<td>0.398</td>
<td>0.395</td>
<td>0.15</td>
<td>6</td>
<td>2.55</td>
<td>0.01 Adopted</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>Customer satisfaction → Customer Loyalty</td>
<td>0.170</td>
<td>0.135</td>
<td>0.16</td>
<td>5</td>
<td>1.03</td>
<td>0.30 Reject</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>Customer satisfaction → Switching intention</td>
<td>0.249</td>
<td>0.133</td>
<td>0.27</td>
<td>0</td>
<td>0.92</td>
<td>0.35 Reject</td>
</tr>
<tr>
<td>Hypothesis 8</td>
<td>Brand trust → Customer Loyalty</td>
<td>0.671</td>
<td>0.538</td>
<td>0.14</td>
<td>4</td>
<td>4.65</td>
<td>*** Adopted</td>
</tr>
<tr>
<td>Hypothesis 9</td>
<td>Brand trust → Switching intention</td>
<td>-0.419</td>
<td>-0.225</td>
<td>0.24</td>
<td>8</td>
<td>1.68</td>
<td>0.09 Adopted</td>
</tr>
<tr>
<td>Hypothesis 10</td>
<td>Customer Loyalty → Switching intention</td>
<td>-0.526</td>
<td>-0.353</td>
<td>0.15</td>
<td>1</td>
<td>3.49</td>
<td>*** Adopted</td>
</tr>
</tbody>
</table>

**Fit Index**

$\chi^2=268.098, df=142, P<0.000, CFI=0.959, TLI=0.951, IFI=0.960, RMSEA=0.042$
4 Conclusions

First, as interests in smart phones among Chinese customers increase and the demands for smart phones are increasing accordingly, smart phone manufacturers advancing into the Chinese market need to establish marketing strategies in consideration of perceived value in order to increase their market shares. Second, smart phone suppliers conducting business in China need to examine the causal link from perceived value to customer satisfaction, brand trust, loyalty, and switching intention. In particular, companies such as Apple and Lenovo need to understand the purchase behavior patterns of Galaxy and Xiaomi. Finally, if smart phone suppliers in the Chinese smart phone market desire basic materials for the establishment of marketing strategies differentiated from those of competitors, the findings of this study can be utilized and helpful for such strategies, which is one significance of this study.

References