ISSN: 2958-2326

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African Journal of Commercial Studies
Publisher's Home Page: https://ijcsacademia.com/

Research Paper Peer Reviewed Open Access

Antecedents for Consumer's Switching Behavioural Intention Retail Banks in Zimbabwe: Integrating the Theory of Planned Behaviour

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African Journal of Commercial Studies, 2024, 5(3), 179–185

DOI Link: https://doi.org/10.59413/ajocs/v5.i.3.5

Article Info

Volume 5, Issue 3

Publication history:
Accepted on 19 September 2024;
Published on 23 September 2024

Article DOI:
10.59413/ajocs/v5.i.3.5

Abstract

The purpose of this research is to examine the antecedents of the behavioural intention of consumers to switch a retail bank for another in Zimbabwe. The study used positivism research philosophy, where quantitative data was collected from a purposively chosen sample of 150 participants. Data was analyzed using a logistic regression equation with two dependent variables. Our study confirms the probability of switching retail banks in Zimbabwe was driven by factors such as; brand image, changing demographics, brand loyalty, brand image, ease of use, and perceived usefulness. The recommends that retail banks should invest more in building brand image to retain loyal customers. A combination of technological innovations and transaction cost reductions could help to increase brand loyalty, brand image, and the attraction of new customers while retaining the old ones. The study contributes to the literature on bank switching behaviour by pioneering the use of binary choice models.

Keywords: Antecedents, Retail Banking, Switching Behaviour, Brand Image, Brand Loyalty, Zimbabwe

1. Introduction and Background

The term brand refers to a name, design, symbol, feature among others that helps one to identify a firm's products from competitors. Switching from one retail bank to another is a key concern as it shows that the original brand is no longer meeting the desires or requirements of the customer's expectation. According to Anderson et al (1994) the major adverse effect of eh switching behaviour is the loss of customers and consequently a firm's market share. In fact, if more customers switch a bank, the firm is forced to depend on unpredictable market mix which in turn can harm the firm's reputation in the eyes of its major customers. It is estimated that in Zimbabwe, on average the retail banking sector loses 30 percent of its customers (Nyakuwanikwa et al., 2024).

Continued loss of customers to competitors erodes profitability as findings report that the relative costs of customer retention are significantly less than those for acquiring new ones (Fornell and Wernerfelt, 1987; Nyakuwanikwa et al., 2024). Hence, it is important to understand factors the underpinning retail bank switching behaviour firstly to reduce transaction costs and also to promote long-term brand loyalty (Anderson and Sullivan, 1993; Rust and Zahorik, 1993). On the other hand, competitive banks could also use these factors as a mechanism for consolidating their brands and attract prospective bank switchers (Yani-de-Soriano and Slater, 2009) and to increase their market share (Fornell et al., 1996; Colgate and Lang, 2001; Ahmed and Al-Kwifi, 2014). According to the Banking Survey (2020), the introduction of the multiple currency system in 1990 has also seen several retail banks in Zimbabwe losing substantial market shares. For example, the market share of Agribank dropped from 11% to 8%, ZB bank lost at least 3% from 13.5% to around 10%, and National Merchant Bank dropped from 9% to around 7%. In addition, the deregulation of the banking sector has significantly reduced entry barriers whilst reducing exit barriers. As a result of the deregulation of this sector, retail banks grew from 5% to 200% (Reserve Bank of Zimbabwe (RBZ), 2023; Zouari and Abdelhedi, 2021; Mackay and Major, 2017; Senanu and Narteh, 2022).

There is insufficient understanding why consumers keep on switching retail banks in Zimbabwe, yet most of them are offering similar offerings with minimum differentiation. Even more important, the characteristics of retail banking services such as small loans advancement, high deposit ratios per customer and difficult personal account opening procedures tend to be information-sensitive, and have the potential to create high uncertainties during the process of bank switching (Nyakuwanikwa et al., 2024). The rest of the paper is organized as follows. Section 2 covers theoretical and empirical literature review, section 3 presents the methodology, section 4 covers findings and section 5 present recommendations and implications.

2. Theoretical and empirical literature Review

2.1. The Theory of Planned Behaviour

The theory of Planned Behaviour (TPB) was developed by Ajzen (1980) to compensate for the shortcomings in the theory of reasoned action. The theory of planned behaviour postulates three conceptually independent determinants of behavioural intention to adopt an innovation as being caused by attitude towards the behaviour, subjective norm and behavioural control. Attitude toward the behaviour is defined as the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question. Subjective norm is a social factor which refers to the perceived social pressure to perform or not to perform the behaviour. The degree of perceived behavioural control refers to the perceived ease or difficulty of performing the behaviour. In the model perceived behavioural control is assumed to reflect past experiences with the use of a new services as well as anticipated impediments and obstacles. Arguably, the more favourable the attitude and subjective norm with respect to a behaviour, and the greater the perceived behavioural control, the stronger should be an individual's intention to perform the behaviour under consideration (Fishbein, 1975).

The comparative significance of subjective norm, perceived behavioural control and attitude in predicting the intention to use a new service varies across behaviours and contexts. According to Fishbein (1975), intentions are expected to capture the motivational factors that influence an individual's behaviour. Intentions therefore indicate how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behaviour. The stronger the intention to engage in a behaviour, the more likely should be its performance (Fishbein, 1975). As observed by Locke et al (1978), behavioural intentions would be expected to influence performance to the extent that the person has behavioural control, and performance should increase with behavioural control to the extent that the person is motivated to try. Perceived behavioural control is compatible with Bandura (1982) perceived self-efficacy and is concerned with value judgements of how well an individual can execute courses of actions such as switching of banks. For instance, Bandura (1982) shows that an individual's behavioural intention to adopt a new technology is strongly influenced by perceived behavioural control that their confidence in their ability to perform. According to Bandura, self-efficacy can influence choices of activities, preparation of for an activity, thought patterns, emotional reactions and effort exerted during performance.

2.2. Empirical literature review

The literature records significant research that investigated consumer brand switching, which is conceptualized as terminating the relationship with a certain brand and moving toward a more attractive alternative (Ping, 1993); usually the switching comes after the first purchase decision of a certain brand (Liu et al., 2008). Most of the existing literature on consumer brand switching examines differentiated competitive markets and focuses on frequently purchased consumer products such as software programs (Pae and Hyun, 2006), financial services (Bell et al., 2005; Ganesh et al., 2000; Colgate and Lang, 2001; Kim et al., 2003), hairstyling and banking (Jones et al., 2000), auto repairs and hairstyling (Bansal et al., 2005), mobile phones (Ranganathan et al., 2006; Lam et al., 2010), airlines (Klemperer, 1987), automobiles (Bayus, 1991), online services (Keaveney and Parthasarathy, 2001), retailing (Seiders et al., 2005), service industry (Burnham et al., 2003; De Ruyter et al., 1998; Sharma and Patterson, 2000), TV-entertainment (Lemon et al., 2002), television (Bayus, 1992), coffee (Jain et al., 1990), household products (Shukla, 2004; Trijp et al., 1996; Raju, 1984) and insurance (Crosby and Stephens, 1987).

Trivedi and Morgan (1996) found that the extent of brand switching can change over time, and the degree of switching can be different for selected brands such as household items, hotels, automobiles and TVs. The strongest influence behind brand switching is market leader effect (a brand with wider market share), followed by the unique product features that distinguish a brand from a competitor. Contradicting some findings from previous studies, Shukla (2004) observed that product usage and related level of satisfaction fail to explain the brand switching behaviour; however, product involvement was found to have a moderate impact on readiness to switch, which means that consumers would like to experience the new brand and find out if it matches their preference. The study recommends that, to lessen the brand switching behaviour among their customers, marketers should keep a constant eye on sales to understand the usage pattern associated with their brands and the satisfaction derived from it, and understand how customers involve themselves with the product.

Seiders et al. (2005) investigated the relationship between satisfaction and switching behavior using more moderating factors such as marketplace characteristics (convenience of offering and competitive intensity), relational characteristics (relationship age and relationship program participation) and consumer characteristics (household income and involvement). The empirical study was conducted in the context of the retail home furnishing business. Their findings emphasize that consumer and marketplace characteristics play important moderating roles on purchasing.

3. Methodology

Starting with Logit model in the following functional form:

$$P_i = E(Y = 1IX_i) = \partial_i + \partial_2 X_i \tag{1}$$

where P_i is the probability of adopting CE in Zimbabwe. X_i. are a set of independent variables. Equation 1 can be transformed into cumulative logistic function represented by equation 2

$$\Pr(y_i = 1|x_i) = \frac{e^{x_i \partial}}{1+e^{x_i \partial}} = \frac{1}{1+e^{-\partial x_i}} = \Lambda(x_i^{\partial}) \tag{2}$$

Where $x_i\partial$ is just a linear function of some kind which if substituted in G: $\Re \twoheadrightarrow (0,)$, that G is a probability function that takes values between 0 and 1. We get the following likelihood function;

$$\mathcal{L} = \prod_{1=1}^{N} \Lambda\,(x_i\partial)^{y_i}[1 - \Lambda(x_i\partial)]^{1-y_i} \tag{4}$$

We can also linearize equation (11) by assuming natural logs;

$$ln\mathcal{L} = \sum_{i=1}^{N}(\,y_i \ln[\Lambda(x_i\partial)] + (1 - y_i)\ln\,[1 - \Lambda(x_i\partial)] \tag{5}$$

Substituting equation (10) into equation (12) we obtain;

$$ln\mathcal{L} = \sum_{i=1}^{N}\left\{y_i ln\left[\frac{1}{1+e^{-\partial x_i}}\right] + (1 - y_i) ln\left[1 - \frac{1}{1+e^{-\partial x_i}}\right]\right\} \tag{6}$$

3.1. Model Specification

The Xi in the linear predictor in equation (6) can be expanded into a more general familiar dichotomous regression equation in the form of equation (7) above as follows:

$$P\,(h = 1/X) = f\{\boldsymbol{F}\,(GP, Cf, SF, BD, 3R, SN, EB, CB, EP)\} \tag{7}$$

Where P [h = 1 / X] is the probability that an individual or firm may adopt strategy that helps transform in the economy into a circular one.

$$P\,\left(BSB = \frac{1}{X}\right) = a_0 + \partial_1 BI + \partial_2 BL + \partial_3 DF + \partial_4 PU + \partial_5 EOU + \partial_6 BP + \partial_7 SN + e_t \tag{8}$$

Where BSB is bank switching behaviour, BI (brand image), BL (brand loyalty), DF (demographic factors), EOU (Ease of Use), PU (perceived usefulness), BP bank perception and SN (social norms)

3.2. Data Collection

A structured questionnaire was utilised to collect data from consumers and banks located in Harare. The questionnaire was pre-tested on 10 respondents who provided the feedback that was later used to refine the final questionnaire. The data was analysed using Stata 3.0 because of its ability to analyse logistical regression equation.

4. Discussion and Findings

4.1. Descriptive Statistics

Table 1 shows that perceived usefulness has the highest standard deviation indicating most customers consider the usefulness of products and services before switching banks.

Table I: Descriptive Statistics

variable	Number of observations	Standard deviation	Mean	Minimum	Maximum
BI	150	14.85	48.25	11	15
BL	150	2.86	1.89	1	4
DF	150	0.60	0.55	2	5
EOU	150	3.88	3.58	3	15
PU	150	45.60	49.58	3	60
BP	150	0.37	0.25	5	14
SN	150	10.15	8.15	7	20

4.2. Test of Multicollinearity

Table 2 shows that there is no correlation among all the variables using the threshold of 0.80. The individual effects of independent variables on the switching of banks can be isolated.

Table 2: Multicollinearity Tests

	BI	BL	DF	EOU	PU	BP	SN
BI	1.000						
BL	-0.09	1.00					
DF	-0.02	0.04	1.00				
EOU	0.40	-0.14	-0.05	1.00			
PU	-0.04	0.06	-0.06	-0.01	1.00		
BP	-0.05	0.08	-0.03	0.02	-0.09	1.00	
SN	0.06	0.01	0.07	-0.02	0.06	0.08	1.00

4.3. Marginal Effects

Proper interpretation of marginal effects (ME) is important in discussing Logit regression equations since ME show the magnitude of the effects of changes in the independent variable on the dependent variable (Cameron and Trivedi, 2009). The predicted probability of switching retail banks is 0.85 indicating that 88% consumers are likely to switch banks.

Table 3: Marginal effects

Factor	Dy/Dx	Standard Error	Z	P >|z|	Mean
hBI	-0.45	0.02	-4.10	0.02	45.50
hBL	-0.04	0.12	-3.15	0.01	6.58
hDF	0.15	0.03	2.96	0.04	5.40
hEOU	0.05	0.01	0.40	0.05	8.50
PU	0.05	0.02	2.96	0.00	60.58
BP	-0.17	0.08	-0.25	0.14	10.47
SN	-0.06	0.07	-0.68	0.47	8.65
Marginal effect after logit y=Pr(CE/(predict=088					

[*] dy/dx represents a discrete change of dummy variable from 0 to1

When a retail bank has a strong brand image the probability of customers switching banks decreases by 0.45. The hypothesis was strongly support at (P < 0.02). This finding is in line with similar studies (see Casula et al, 2021; Appiah et al., 2019; Antoni et al, 2019; Cai and Gursoy, 2018). The coefficient of brand loyalty is -0.04 indicating that customers have a high probability of switching retail banks. The hypothesis was supported at P < 0.01.The results agree with several studies (Zouari and Abdelhedi, 2021; Munaandar, 2021; Manzoor et al., 2020) Demographic factors increase the probability of switching retail banks by 15% at (P<0.04) a result confirmed by many studies (Zouari and Abdelhedi, 2021; Mackay and Major, 2017; Senanu and Narteh, 2022). Ease of Use of products and services increase the probability of switching banks by 5% at 5% level of significance. Perceived usefulness of products and services increases the probability of switching banks by a factor of 0.25 at 99% level of significance Factors like brand perception and social norms were found not to influence the probability of switching banks.

5. Conclusion and Recommendations

Since attractive bank brands live and die by the will of market consumers, retail banks must constantly collect information about consumers' behaviour and develop a map for building a better brand, one that is alive and moving based on learning consumers' needs and expectations. This study demonstrates that research on brand switching should continue to investigate, across different industries and using numerous factors, the influence of various factors on consumer behaviour toward replacing a brand. Future research will provide a better understanding of how consumers' preferences and perception of a particular brand can change over time due to several elements, such as technological change, cultural context, demographic aspects, marketing strategy and consumer relationship. Against the background that brand switching behaviour in retail banking sector is a dynamic and complex process, it is important that future research explore this issue from diverse perspectives and introduce new approaches to interpret this behaviour.

Declaration of Competing Interest

The authors declare that they are not aware of any competing financial interests or personal relationships that may have influenced the work described in this document.

Funding

This research did not receive specific grants from any public, commercial, or non-profit sector funding bodies.

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