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FACTORS AFFECTING CUSTOMER SWITCHING INTENTION IN THE CASE OF HABESH BEER FACTORY

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**A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in
Partial Fulfillment of the requirement for the Award of Masters of Arts in
Marketing Management**


**Department of Marketing Management Addis
Ababa University School of Commerce**

June 14, 2021

Addis Ababa

APPROVAL

The undersigned certify that they have read and hereby recommend to the Addis Ababa University School of Commerce to accept the thesis Amanuel Yifru and entitled “FACTORS AFFECTING CUSTOMER SWITCHING INTENTION IN THE CASE OF HABESH BEER FACTORY,” In partial fulfillment of requirement for the award of Master Degree in Marketing Resource Management.

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I Amanuel Yifru, Registration Number/I. D GSE/8511/11, do here by declare that this Thesis is my original work and that it has not been summated partially or in full, by any other person for an award of a degree in any other university/ institution.

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This is to certify that Amanuel Yifru carried out her project on the topic entitled “Factors Affecting Customer Switching Intention in The Case of Habesh Beer Factory”.

This work is original in nature and is suitable for submission for the award of Master Art in Marketing Management.

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Acknowledgement

First and for most I would like to thank God the almighty for being my guiding light and strength throughout my life without whom the completion of this paper wouldn't be possible. Secondly my deepest and sincerest appreciation and gratitude goes to my advisor Dr. Andinet(PhD) for his priceless suggestions, assistance and guidance throughout the undertaking of this research. I would also like to thank the respondents for participating in this research work, by sharing their leisure time to fill the questionnaire. Last but not least, I would like to extend my deepest love, respect and appreciation to Mr. Salhadin k., Ms. Bitanya Tadesse (Habesha bear Marketing department), Mr. Daniel teshome (Habesha bear Graphics designer) and my family and friends for their support, understanding and encouragement.

Thank you all!

Amanuel Yifru, 2021 GC

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Abstract

Every customer in the market has his/her own brand choice. Customers consider certain attributes before purchasing products. The objective of this study was to identify factors affecting customer switching intention in Habesha beer. The variables included in this study are Consumer situational variation, Trust, Reference grouping, Customer satisfaction, and Product quality. The study used both primary and secondary sources of data. A quantitative research approach for data collection was used. 384 questionnaires were distributed out of which 320 were usable questionnaires. This represents a response rate of 83 %. The data were analyzed using descriptive statistic to calculate general information of the respondent and inferential statistics to test like multiple regressions, normality, reliability, correlation and multicollinearity of data. The study revealed moderate to high correlation between the independent variables (i.e., Consumer situational variation, Trust, Reference grouping, Customer satisfaction, and Product quality) and the dependent variables (i.e., customer switching intention). The most correlated dimension with overall switching intention is customer satisfaction ($r = 0.828$, $p < 0.05$) followed by product quality ($r = 0.822$, $p < 0.05$), trust ($r = 0.817$, $p < 0.05$), reference grouping ($r = .758$, $p < 0.05$), and consumer switching variation ($r = .602$, $p < 0.05$). Generally, through the analysis of the correlation coefficients the relevance of various dimensions of switching dimensions namely customer satisfaction, product quality, trust, reference grouping, precisely indicates the strong relationship between these dimensions and consumer switching intention.

Key words: *switching intention, product quality, customer satisfaction trust, reference grouping, consumer switching variation*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Beer is the most widely consumed alcoholic beverage in the world and more than 133 billion liters are sold every year (Mulugeta et al., 2017). There is great advantage for beer market in Ethiopia due to the demographic structure of the country (Doo, 2015). The country has the largest young working age group in the worlds which are an important target group for beer companies (Getye, 2019).

Thus, the beer production in the country has grown from one million hectoliter to around four hectoliters from 2003 to 2011. The annual growth rate which is around 20% is one of the highest compared to many countries in the continent and the annual beer production per year is above 10 hectoliters. The Beer industry in Ethiopia has gone through tremendous growth in the last two decades it has transformed into one of the most competitive industries in Ethiopia with millions of birr spent on promotions alone (African Journal of Marketing Management, 2017).

There are large global beer companies operating in Ethiopia. For example, South Africa which has the second largest brewery company in the world has operations in Ethiopia (Lobo, 2016). The presences of large global companies such as Diageo and Heineken have increased the level of competition in the market. In such a context, the traditional way of competition for the domestic players such as Meta and Bedele will not be feasible. Thus, knowing the factors which influence beer consumption is important for local beer manufacturers. The aim of this study is to identify the antecedents of switching behavior intention in the case of Habesha beer.

In today's globalization and highly competitive environment, companies fight to share the given market in order to survive in the business and secure long-term profitability. This can be done both by retaining customers and/or attracting new ones. Such environments have enhanced customer awareness which leads to a great transformation from traditional product-oriented strategy to customer-oriented strategy in accordance with the basic principle of relational marketing that focus on customer loyalty. The objective of relationship marketing is to build loyalty by creating and maintain positive attitude towards the company, thus businesses are shifting from adapting profit-oriented strategy to customer-oriented strategy in order to win the competitive environment and become profitable (Gilmore, 2003).

Nowadays business decision makers are searching for new innovative strategies to keep their existing customer's loyalty towards their products and services, and also to further increase the base of loyal customers (Lauren and Lin, 2003). Therefore, this paper has examined factors affecting customer switching intention in the case of Habesha beer factory. This is important because knowing these factors could help Habesha beer.

Thus, companies operating in Ethiopia can benefit much from this study because the research helps to address why customer opted to switch to other beer brands and which enable their existing customer to be loyal & stay long with beer brand.

1.2 Back ground of the organization

Habesha Breweries Share Company was founded in 2009 by more than 8,000 visionary Ethiopian shareholders who had a mission of building and running an efficient customer-oriented business that will deliver the most sought-after beverage brands to Ethiopians in collaboration with Swinkels Family brewers. The brewery is not only a place where the finest malt meets the purest water of Debre Berhan, but it's also a constant reminder of what unity can do to build a better Ethiopia. Habesha started production in July 2015, 20 days after commencing production with 700 hectoliters of production capacity and 300 KM radius of distribution. The factory found in Debre Birhan and the head quarter founds in Addis Ababa. Currently the company expands its production capacity into 1.2 million hectoliters. In terms of share capital distribution, Habesha Beer has 8,800 shareholders including Idirs, Equbs, and Ethiopians in the Diaspora, with shares of 4,000 Br to 5,000,000 Br. Within a short time, Habesha becomes successful and starts competing with the existing giant companies in the market. The beer product is available throughout Ethiopia and also enter the international market and is available in DMV area, the state of Georgia, Costco, 7-Eleven, Germany, Holland, Sweden, United Kingdom, France, Italy, and Switzerland. The company has worked tirelessly for the unity and togetherness spirit and it becomes the underdog among competition but rose above the quality standards of beverages that many had anticipated. Currently the brewery has two portfolios of Products, Habesha beer and Negus malt. Habesha Beer is an alcoholic beer product with 5% alcohol and the brand is well known for its unique aroma, test and attractive golden color, its catchy advertisements, which have a traditional and authentic fell and look, also allows the brand to build a strong emotional connection with Ethiopians. During the past years, the brand has achieved competitive market leadership in many locations that is founded as a result of its high-quality taste

and impeccable branding. Celebrated for raising the Ethiopian identity, Habesha has positioned itself as a daring force and a recent favorite. Negus malt is the second product of Habesha Breweries Share Company and it is alcohol-free dark malt with coffee, Tenadam (rue) and other natural flavors. The product was launched in Ethiopian beverage market in February 2019 and currently it is performing very well.

1.3 Statement of the Problem

The transformations in the global as well as local breweries industry has created a situation in which the survival and profitability of beer companies is dependent largely on their capacity to provide customer satisfaction (Nderituet. al, 2014).

Globally researches have been made on various areas like attitude and loyalty to two brands of beer of the same producer in Denmark and measured in three dimensions affective, cognitive, and conative (Frantisek, 2017), factors influencing brand preference of beer consumption in port-Harcourt metropolis, rivers state, Nigeria employing advertisement, peer group influence, situational variation as independent variables and brand preference of beer as dependent variable (Amadi et. al, 2013), factors influencing brand loyalty to craft breweries in North Carolina the researcher found that connection with the community, satisfaction, and uniqueness are the three factors that most align themselves with brand loyalty (Alison, 2012).

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 (Xia et al., 2006). 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; 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; Van Trijp et al., 1996; Raju, 1984) and insurance (Crosby and Stephens, 1987). As can be discussed above by different scholars their research

investigates on various sector than beer industry these also trigger the researcher further explores the area under investigation.

In addition, Alison & Honorata (2012) have explored factors influencing brand loyalty to craft breweries in northern Carolina and the modeling of brand loyalty in Poland respectively that have shown that some antecedents of brand loyalty. Honorata (2012) in his study lists high quality of product marked with the brand, low price, high brand image, content and form of advertising, the value represented by the brand, attractive packaging, an efficient distribution system, long-standing tradition, frequent promotions, goodwill, regional proximity brand as the external factors determining the beer brand loyalty.

Though there are numerous studies conducted on factors affecting switching intention in the context of developed countries, less research has explored this issue in the context Ethiopia. This issue is important because factors such as the economic environment which are different between a developed country and a developing country have an effect on consumer behavior. And yet we do not know whether the factors affecting switching intention in the context of different industries in developed countries could also affect switching intention in countries such as Ethiopia in the context of the beer industry. The reason behind choosing this study is to address this gap, the shifts of the consumers from one beer brand to the other as a result of increasing the number of alcoholic beverage companies and the number consumers of this alcoholic beverage in an incredible manner and knowing which factors consumers consider to be remain loyal to Habesha beer brand.

Hence, due to the importance of the issue and absence of sufficient empirical studies on Ethiopian beer industries pertaining to this topic incorporating crucial variables collectively is what motivated the researcher to examine determinant of customer switching intention of Habesha beer factory in Ethiopia.

1.4 Research Questions

This research addresses the following research questions:

- Does customer satisfaction influence customer switch intention in Habesha beer factory?
- Does reference group's influence customer switching intention in Habesha beer factory?
- Does consumer's situational variation influence customer switch intention in Habesha beer factory?

- Does quality of product have an effect on customer switching intention in Habesha beer factory?
- Does Trusts have an effect on customer switching intention in Habesha beer factory?

1.5 Objective of the Study

General Objective

The general objective of the study is examining factors affecting customer switching intention in the case of Habesha beer factory.

Specific Objectives

- To determine the effect of customer satisfaction on customer switching intention.
- To examine the effects of reference groups on customer switching intention.
- To examine the effects of consumer's situational variation on customer switching intention.
- To identify the effect of product quality on customer switching intention
- To investigate Trust has an effect on customer switching intention in Habesha beer factory?

1.6 Scope/ Delimitation of the Study

The study has focused on factors affecting customer switching intention the case of Habesha beer factory only it is not including the other beer industry in the market due to time and financial constraint. This paper has also delimited to the data that is obtained from only sample customers of switching intention of beer brands in Habesha beer in Addis Ababa only and the use of convenience sampling may also be delimitation in the area under study.

1.7 Significance of the study

This study is very significant in examining factors affecting customer switching intention in the case of Habesha beer factory. Many parties will be benefited from the findings that emerged from the results of the study and these are the following organ that will be benefited;

Management: is interested in identifying indicators of success and failure to take the necessary actions to improve the customer's number in the company and choose the right decisions. Moreover, this research has significant role to play in shading light on how to better understand what variables that have an impact on beer companies of customer switching intention.

Other beer companies: Additionally, this study has a paramount importance in providing a better ground for beer company's sales managers, business professionals, business initiatives and policy makers. Moreover, the research will also contribute an insight point as a stepping stone for further study in the area to future researchers.

Investors: has fascinated in such studies in order to protect their investment, and directing it to the best investment. And Customers has possibly involved in knowing the ability of beer companies to provide a better beer product based on the indicators of success of the companies.

Academicians: could have a chance to know the determinant of customer switching intention on Beer Companies which supports students to be familiar with it and find out a solution on their teaching and learning process.

Government: might be concerned in knowing which companies operate successfully or failed to take the necessary measures so as to avoid crises of the bankruptcy in these companies.

1.8 Organization of the Study

The research paper is organized in to five chapters. Chapter one is an introduction part where back ground of the study, statement of the problem, objectives of the study, scope, significance of the study will be presented. Chapter two is review of literature in which theories, empirical evidence and conceptual frame work has been identified. Chapter three contains research methodology where research design, research approach, population, sampling method, sample size, sources of data, instruments, data analysis technique, model specification validity, reliability and ethical consideration will be covered. Chapters four focus on the results and discussions in which the findings result that are interpreted. Finally, chapter five present the conclusions, summary of major findings, forwarded recommendations and Directions for future researches.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This section has present theoretical and empirical review on the factors affecting customer switching intention in the case of Habesha beer factory. Accordingly, the first part will present theoretical literature about different factors affecting customer switching intention in the case factory and also will explain about customer switching intention theory. The second part has discussed about various empirical studies. The gaps in existing literature are described in the third part and the conceptual framework depicted in the fourth part along with hypothesis and variable determination.

2.1 Theoretical Review

2.1.1 Switching Intention

Switching intention is an interesting topic to be studied in marketing field. Companies always try to offer superior customer value so that their customer stays loyal to their company. Therefore, the reason why companies are market oriented is to keep customer satisfaction. This due to customer dissatisfaction is one of the factors that lead to brand switch (Kotler, 2003).

Peter and Olson (2000) define switching intention as a purchasing pattern that characterized by a change or switch from one brand to another. While Schiffman and Kanuk (2000) define switching intention with a group of shoppers who perform product switch from one choice to another.

2.1.2 Development of brand switching literature

The marketing literature studies brand switching at two levels: consumer marketing and business marketing or organizational buying. At the consumer level, the consumer takes full control over the switching process, from evaluating different brands to making a final decision. However, at the organizational buying level, the switching process becomes more complicated because organizational buying behavior involves complex environmental influences and different individuals' involvement in the decision-making process (Sheth, 1973; Barclay, 1991). Therefore, the factors behind brand switching at the consumer and organization (buyer) levels are expected to be different. Factors that are used to explain brand switching behavior can be classified Under five categories:

- (1) Marketplace characteristics;
- (2) Interpersonal relationships;

- (3) Switching costs;
- (4) Marketing strategies; and
- (5) Consumer characteristics.

2.1.2.1 Model of consumers' service switching Behavior

One of the earliest theoretical frameworks for explaining consumer switching was proposed by (Keaveney, 1995). The author made an initial attempt to develop a generalized model of service switching through an exploratory study using grounded theory techniques to classify problems, incidents and non-service factors that could induce service switching as well as the consequence of consumer switching behaviors. Using a sample of over 500 respondents in some 45 different kinds of services in North American context, as alluded earlier, the study found, eight causal antecedents to service switching behavior. These antecedents were price, inconvenience, core service failure, service encounter failure, involuntary, switching ethical problems, attraction by competition, and employee response to service failure. For each of these categories, the author identified several sub-categories. For example, under price, the author identified four sub-categories, namely: high prices, deceptive prices, unfair pricing practices, and price increases

The study also produced some initial empirical evidence on relative importance of switching incidents. It found that forty-five percent of the respondents described switching incidents composed of a single factor or category, in which the most frequently mentioned problems were core service failure, pricing, and service encounter failures. It also found that 55% of critical switching incidents were complex, in which those involving two factors were 36%, composed of core service failure in all cases and one more factor such as unsatisfactory response to service failure. The most mentioned critical incidents were in the category of core service failure (44%), followed by service encounter failure (34%) and price (30%) and the least important factors were involuntary switching and ethical problems. Moreover, the study provided empirical evidence on the consequence of switching behavior. It found that 75% of switchers have told at least one person who is proximate relative, co-workers or friend. Most of the switchers engaged in active search for new providers and 85% of them found new service providers through active search, while the others found new providers through marketing communication such as direct marketing, sales promotion and advertising media.

However, Keaveney noted that this initial model requires further empirical evidence for its validation and application to different service contexts using different methodology (Keaveney, 1995). Their study was a generalized model and its applicability may not be adequate in identifying all the attendants and consequence of consumer switching. Again, the authors noted the need for future research to test actual cause and effect among the identified variables of their study, to examine the switching process itself in terms of the cognitive and affective dimensions, and to conduct parallel study among other service providers.

A. *Service Provider Switching Model*

(M. S. Morgan and C. S. Dev, 1994) conducted an initial study into the switching process and developed the “Service Provider Switching Model” (SPSM). The authors were the first to develop a theoretically grounded predictive model for customer switching process in service industry. Their main purpose was to extend the attitude behavior literature to marketing phenomena by exploring the relationship between general attitude (service quality) and specific behavior (switching service providers). Their model, SPSM, was based on the Theory of Planned Behaviour (TPB) (Ajzen, 1991). The authors integrated the constructs of service quality and satisfaction and other variables suggested in prior marketing research into the Theory of Planned Behavior (TPB) to examine the factors that influence consumer-switching.

The Theory of Planned Behavior (TPB) is an expectancy-value model proposed in the psychology literature that provides a framework to study and explain behavior from intentions in virtually any human behavior context (Ajzen, 1991). The TPB assumes that human beings are rational and makes systematic use of information available to them and that people consider the implications of their actions before they decide to engage or not in certain behavior. The TPB asserts that behavior is determined by Perceived Behavioral Control (PBC) and the intentions to engage in that particular behavior. Thus, intentions and PBC directly predict behavior. The central factor in the TPB is the intention to perform a given behavior. Intentions capture the motivational factors that influence behavior and indicate how hard people will work to achieve a given behavior. The individual’s intentions to perform a specific behavior is held to be determined by a combination of attitudes toward the behavior (favorable or unfavorable), subjective norms (perception of social pressures to perform or not to perform the behavior), and perceived behavior control (the perceived difficulty or ease of performing the behavior). The model has been empirically tested and validated in several social

science contexts, and has been practically useful in explaining behavior ranging from shoplifting (M. Tonglet, 2002), job search to attending a language rights rally (W. R. Louis, D et.al 2004).

B. A Catalytic Switching Model/SPAT

According to (Nimako ,2012) a model for describing the consumer switching process indicating the various stages involved in the consumer switching process. According to the author, the model purposefully provides a methodology for analyzing relationships using switching behavior as a reference point. The Switching Path Analysis (SPAT) covers the ending of the former relationship and the beginning of a new one. The model suggests that three main elements that are involved in the switching process are triggers, switching path and switching determinants. They maintain that the triggers are what cause a consumer to start thinking about their need for switching (Nimako, 2012). This in turn puts the consumer on a switching path, and what the consumer expresses on their path as reasons for switching is referred to as switching determinants. The model emphasizes the fact that the results of the switching process can be either that consumer totally or partially switches.

2.1.3 Customer switching intention

Customer switching intention is defined as ‘the customer’s self-reported likelihood of terminating a current service relationship’ (Wirtz, Xiao, Chiang, & Malhotra, 2014). In the beer industry, customer switching can be partial or total. Partial switching implies termination of just one or some of the accounts and total switching indicates termination of all accounts (Pick, 2014). In order to prevent switching and maintain current customers, beer factory should find out why customers switch to other beer products. Considering the impact of customer behavior on the beer products’ achievements, and in order to gain better insight into the industry-customer relationship, it is of great importance to identify and investigate the factors affecting customer switching intention and their structural relationships that result in the intention to switch to other competitors.

2.1.4 Customer Retention and Churning

A fundamental premise of marketing involves the acquisition and retention of customers, given the incremental cost difference between acquiring a new customer and retaining an existing one. Further, as scholars have noted, customer retention may result in perceptual, motivational, and behavioral consequences that are beneficial to the service provider (Bansal & Taylor, 1999; Burnham, Frels, & Mahajan, 2003). Thus, market driven firms place particular emphasis in their marketing on retaining

existing customers while seeking to acquire new ones (Gustafsson, Johnson, & Roos, 2005). This paradigm gave rise to the practice of relationship marketing (Verhoef, 2003).

2.1.5 Factors Affecting Customer switching intention

According to Abaei and Ashtiani, 2015, studies infer that customer-satisfaction negatively affects customer switching behavior. Therefore, customer's satisfaction does not lead to customer switching behavior. This indicates that customers switching behavior is related to customers abandoning. In other words, customers' dissatisfaction with beer factory affects customers abandoning from utilizing the beer.

Research has shown that only 1 out of every 25 dissatisfied customers complain to the firms. The remaining 24 shows their displeasure by engaging in what is known as firm-switching behavior or negative word-of-mouth communication. It is estimated that unhappy customer will tell between 10 or 11 people about their bad experience (Kenneth Eclow and David L.Kurtz, 2003).

Authors	Context	Goals	Methodology	Variables examined
Han et.al.(2011)	Hotel industry	Examining the role of satisfaction and switching barriers in switching intention.	Causal analysis	Customer satisfaction, Switching Barriers (Switching costs, Relational investment, and Lack of alternatives' attractiveness).
SOLOMON AJEBEW(2019)	Brewery	examining the major determinant brand loyalty of Dashen beer market in Ethiopia.	casual analysis	customer satisfaction, perceived quality, brand experience and brand switching cost
Osama Sam Al-Kwafi(2015) & Zafar U. Ahmed(2015)	Different sectors(house hold products, technological products and service providers)	explore the historical development of brands and the development of literature on brand switching to define the antecedents that cause switching behavior among consumers and the impact of switching on market share of companies.	Different study uses a specific set of factors to explain brand Switching	Different between different product categories but the common one is brand attractiveness.

KOPPALA VENUGOPAL(2017), ASCHALEW ADANE(2017) & YIMER ASEMARE (2017)	Beverage	To identify factors affecting consumer brand switching buying behaviors at North Gondar region, Ethiopia	cross-sectional survey	product quality, promotion, social influence and availability.
Cunningham(2004)	Service	Identifying the types of incidents which cause consumers to switch between banks	Causal analysis	service failures, pricing and inconvenience, with pricing
GETYE MEKONNEN(2019)	Berewerey	To examine factors that affecting customer loyalty within beer industry in case of Addis Ababa City.	Causal analysis	Advertising influence, consumer's situational variation, product quality and reference group's.
Susan M. Keaveney(1995)	Service	To identify Customer switching behavior damages market share and profitability of service firms.	Exploratory	Pricing, Inconvenience, Core Service Failures, Service Encounter Failures, Ethical problem, attraction, Competition.
Hung-Chang Chiu (2004), T, Yi-Ching Hsieh (2004), Yu-Chuan Lic, Monle Lee(2004)	Service	To explain the relationships among relational bonds, customer value, and customer loyalty in three different consumer groups	Case analysis	stayers, dissatisfied switchers, and satisfied switchers.
Habtamu Tadesse(2019)	Beverage	To examine and identifying the effect of brand equity on consumer buying behavior in	Case Analysis	brand equity brand awareness, brand association, brand loyalty, and perceived quality.

2.1.5.1 Customer satisfaction

Customer satisfaction is one of the most important concepts in the marketing literature (Vega-Vazquez, Revilla-Camacho, & Cossio-Silva, 2013). It is a principal factor in achieving organizational goals, and is considered a baseline standard of performance and a possible standard of excellence for any organization (Hussain, Al-Nasser, & Hussain, 2015). In the literature, there are two general conceptualizations of satisfaction, namely, transaction specific satisfaction and cumulative satisfaction (Clarke & Hill, 2012; Lam et al., 2004). Transaction-specific satisfaction refers to a specific service encounter, while cumulative satisfaction refers to the overall evaluation of all encounters and experiences between the customer and the supplier (Van Vaerenbergh, Orsingher, Vermeir, & Lariviere, 2014).

2.1.5.2 Reference Group Influence

An average consumer belongs to one group or the other and to a reasonable extent, the group one belongs to or wishes to belong has one purchasing and consumption influence on him or her. Supporting this view is Engel et al (2001) who opine that each consumer is a member of many groups, but those that influence behavior are called reference group.

Though related in many aspects, different authors have given different definition of the term reference group. Accordingly, reference groups are groups with which an individual identifies Mordern (2008), groups whose presumed perspective or values are being used by individual as the basis for his or her current behavior (Hawkins, et al, 2001), persons or groups that serves as point of comparison for an individual in forming either general or specific values, attitudes or behavior (Schiffman and Kanuk, 2009), group of people who influence persons attitude, values and behavior (Stanton, 2004) and or groups used by individual to evaluate self and whose standards are used as basis of comparison for the individual's behavior (Bearden and Etzel, 2006).

Reference group concept has been used by advertisers in their effort to persuade consumers to purchase product and brands, portraying products being consumed in socially pleasant situations. The use of prominent/attractive people endorsing products, and the use of obvious group members as spokesperson in advertisement are all evidence that marketers and advertiser make substantial use of potential reference group to influence consumers brand preference in the development of their communications. Alluding to reference groups in persuasive attempts to market products and brands demonstrates the belief that reference group exposes people to behavior and life styles, influence self-concept development, contribute to the formation of values and attitudes, and generate pressure for conformity and attitudes to group norms (Kotler, 2004).

2.1.5.3 Situational Variation of the Consumer

People consume products by themselves, with friends, on the beach, at carnivals, at parties and while having dinners with their boss or other relatives. Within these situations an individual may prefer a brand over the other because benefits sought out by consumers can differ by situation the consumer is in (Yang et al, 2002). According to Belk (2004), situations may be defined as those factors particular to a time and place of observation which have demonstrable and systematic effects on behavior. Consumers evaluate brands on the situation (Vazquez et al, 2002). It is suggested from previous

research that situational factors are a better predictor for consumer behavior than measures involving attitudes.

Research has indicated that consumer preferences change according to the environment in which the Consumers find themselves (Quester and Smart, 2008, Lai, 2001, Belk, 2004). Consumer might choose a brand based on being in different situations and will therefore be motivated to drink a certain brand (Yang et al, 2002). That consumer may face similar environments but there are several motivating conditions that play a role on brand choice depending on the consumer.

2.1.5.4 Product quality

According to Dapkevicius and Melnikas (2009), perceived quality has a significant relationship with customer satisfaction. A customer based on quality can judge a product as superior or inferior. Kotler, et al., (2009), argues that perceived quality acts as an intermediary between extrinsic cue and customer perceived value. According to Kotler and Armstrong (2007), customers do have the inherent ability to segment products based on quality. Significantly, products with high quality perceptions have higher satisfaction rates compared to products with poor quality. According to Anderson and Mittal (2000), perceived quality can easily be construed to mean overall assessment of product's ability to satisfy a customer's needed. The connection between perceived quality and customer satisfaction has been determined in previous research.

McCullough et al., (2000), argues that the relationship between product qualities is not only significant, but also strong and positive. Nonetheless, other researchers' have indicated contradicting finding especially in the breweries industry concerning the positive association between the perceived quality and customer satisfaction. There has been no agreement as to whether there exists a relationship between apparent quality and contentment on purchase intentions (Oliver, 2007). According to Tslotsou (2005), some researchers have argued that there is no connection between the two quality and customer satisfaction. Others researchers' have contended that perceived quality is not necessarily an individual matter as companies may have a lot of influence over perceived quality.

Cengiz (2010) explains further that perceived quality is the extent of compliance rate between the customer's perceived performance and customer expectations. When the former meets or surpasses the latter then the customer derives a feeling of satisfaction but when it fails to meet the latter, then the customers overall assessment of the experience is dissatisfaction. According to Oliver (2007),

therefore, it corrects to say that perceived quality is a subjective concept that is based on a post-use evaluation of the performance of the product against expectation.

2.1.5.5 Trust

Trust is considered as an important factor to build the relationships among the customers and the organizations. It is trust which makes customer close to the organization (Morgan and Hunt, 1994). 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 (Nawaz and Usman, 2011).

2.2 Relationship between customer satisfaction, peer group influence, situational variation product quality, and Trust as independent variables and customer switching intention of beer as dependent variable

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a product-oriented firm. The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 1992). Most researchers and practitioners accept the notion that customer satisfaction is positively associated with desirable business outcomes (Keinninghan, Perkin, Akosoy and Estrin, 2005). Therefore, companies should strive to improve their customer satisfaction level consistently.

Depending on the strength of identification with reference group, an individual may conform to the standard, norms and values of the group. Consequently, purchase behavior for a brand will alter so as to come in line with the group preference for a brand of beer Clow and Back (2002). Witt and Bruce (2005) concluded in their study of influence of small, informal social group on brand choices showed that the power of group cohesiveness in predicting brand choice was greater in products with high social involvement such as beer than in low involvement product like brands of deodorants. Perkins (2000) revealed in his study that peer influence was much stronger predictor of beer consumption than other background factors including parents' attitudes, gender and religion.

Brand preference has been found to be influenced significantly by the brand of the product choicer. According to Vazquez et al (2002), consumers evaluate brands in different manner based on the situation. Research has indicated that consumer preferences change according to their environment. A consumer might choose a brand on being in different situations and will therefore, be motivated to

drink a certain brand (Yang et al 2002). That the switching intention change across environments because the benefit sought by consumers changes. The effect of this may not be homogenous even though consumers face the same objective environment, different motivating conditions and brand preferences may arise.

2.3 Empirical Review

The study has reviewed various empirical studies that are related with factors affecting customer switching intention in the case of Habesha beer factory by incorporating various empirical studies conducted in developed countries, emerging market countries and African countries.

As can be discussed by (Fereja & Birhanu Demeke, 2019), in their study shade alight on the title Factors Determining Consumer Beer Brand Preference in Addis Ababa, Ethiopia. The objective of the study was to assess factors determining consumer beer brand preference in Addis Ababa, Ethiopia. The finding from the multinomial logistic regression revealed what factors determine the probability attached to respondent's beer brand preference. Accordingly; age, perceived beer quality, perceived social benefit, situational influence and peer influence had positive sign and significantly affect the probability of preferring St. George beer. However, family sizes had sign and significantly affect the probability of preferring St. George.

As per Frantisek (2017) conducted on attitude and Loyalty to Two Brands of Beer of the Same Producer in Denmark, the focus of the presented research is attitude and loyalty to two brands of beer produced by the Carlsberg Group – Tuborg and Carlsberg. Both beers are lagers. The Carlsberg Group markets Tuborg as a more premium brand, and it also aims to promote it to women. Unlike in the Netherlands with one brand – Heineken and unlike in the Czech Republic with many well-known brands by a multitude of producers, the Danish case gives a unique opportunity to investigate if customers truly prefer one of two brands or are approximately equally low with regards to both brands as it is produced by the same company and tastes very similarly (if not the same). The survey was conducted in Denmark. Respondents were Danish not international) university students; such selection was done in order to ensure familiarity of respondents with both brands.

Moreover; customer satisfaction, situational and peer influence had positive sign and significantly affect the probability of preferring Habesha beer. Whereas family size had negative sign and significantly affect the probability of preferring Habesha beer. Furthermore; advertisement and situational influence had positive sign and significantly affect the probability of preferring Walia beer.

Whereas sex and marital status had negative sign and significantly affect the probability of preferring Walia beer. Still there is untapped market potential that producers should take such as a market segmentation strategy and design their products in a manner that make the products appeal to different categories of individuals that can influence of personal factors on customer satisfaction.

According to a study conducted by Amadi et al (2013) on factors influencing brand preference of beer consumption in port-Harcourt metropolis, rivers state, Nigeria, the objective of this study was to identify the factors influencing preference for a brand of beer in Port-Harcourt metropolis and determine their relationship with brand preference of beer consumption. The variables included in this study is advertisement, peer group influence, situational variation as independent variables and brand preference of beer as dependent variable. A sample of 354 beer consumers was systematically selected for this study. A structured questionnaire based on likert type scale was used to elicit information from the sampled respondents in three zones for which Port-Harcourt metropolis was divided. The instruments were validated and their reliability established through a test – retest method. Our hypotheses were supported. Result of the data analysis revealed significant positive relationship between advertisement, peer group influence, situational variation and brand preference of beer consumers. The implication of this finding is that beer producing firms who wants to be on the cutting edge of competition should develop a more effective advertising campaign program to increase consumer's preference for their brand.

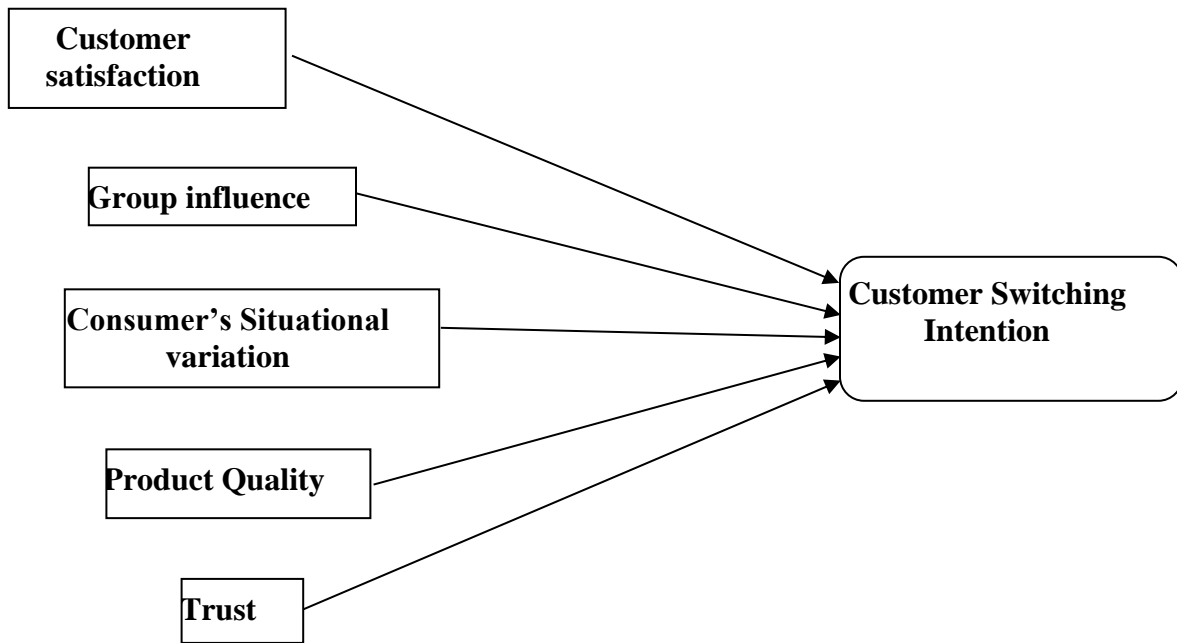
Further research conducted by (Istvánné Hajdu Anita Major Zoltán Lakner1 (2007), in Consumer Behavior in the Hungarian beer market Based on a direct-question survey, focusing mainly on educated younger consumers, this article offers an overview of the most important characteristics of Hungarian beer consumption. It is important to stress that beer consumption is situational; meaning tied to specific consumption situations. Research results prove that logistic regression analysis is a suitable method for determining why consumers opt for specific beverages in specific consumption situations. To analyze targeted marketing, the application of heuristic methods and decision trees provide a high degree of accuracy. This has proven true for consumers that drink non-alcoholic beers.

2.4 Conceptual framework and Hypothesis & Variable determination.

2.4.1 Conceptual framework

Depending on the previously assessed related literatures, the researcher has selected the under explained factors as measurement scales for the study under investigation to determine factors affecting customer switching intention in Habesha beer factory, the dependent variable is customer switching intention.

Figure 2. 1: Conceptual framework



Source: Compiled by the researcher mainly based on Amadi et al (2013)

2.4.2 Hypothesis & Variable determination

Customer satisfaction

The most important concept of customer satisfaction is accepted all around the world is the expectancy disconfirmation theory. This theory was presented by Oliver in 1980, he presented that satisfaction stage is the resultant of distinction between anticipated and supposed performance. Satisfaction will be encouraging when the actual level of services or products is better than the anticipated (positive disconfirmation), whereas (negative disconfirmation) when the product or services level is lower than expected (Saleem & Raja, 2014).

(Agbor, 2011) defined customer satisfaction as, customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post consumption) (Daniel and Berinyuy, 2010).

It is commonly used in studies. Basically, satisfaction is a speedy or quick experience of the customers after using the product through which the overall satisfaction can be assessed (Lam, et al, 2004). Various studies tells that the loyalty is affected by the satisfaction through the satisfaction level we can predict the purchase intentions and behavior of consumer towards the brand product (Egbert, 2002).

Practical studies illustrate that satisfaction is the producer of brand loyalty, intention to rebuy the product and behavior of brand towards its customers (Russell- Bennett et al., 2007). Brand loyalty can increase by the satisfaction of customer and repeat the purchase of the same product services.

***H1:** Customer satisfaction has positive and statistically significant effect on customer switching intention.*

Group influence

An average consumer belongs to one group or the other and to a reasonable extent, the group one belongs to or wishes to belong has one purchasing and consumption influence on him or her. Supporting this view is Engel, Kollart and Blackwell (2001). According to, Amadi et al (2013) discussed that reference group has positive impact on customer loyalty.

Social influence has an effect on brands that consumers choose. There is a social risk associated with every purchase decision a consumer makes. Opinion leaders, family/friend influence, reference groups, social class, culture, and subculture can affect the brands that a consumer purchases. This social risk is often associated with what the consumer believes are acceptable brands based on the brand perceptions in the individual's social group. For example, a consumer may purchase a higher priced, upscale brand in order to identify and be accepted by a higher social class (Hoyer and MacInnis, 2004).

***H2:** Group's influence has positive and statistically significant impact on customer switching intention.*

Consumer's Situational variation

According to Belk (2004), situations may be defined as those factors particular to a time and place of observation which have demonstrable and systematic effects on behavior. Consumers evaluate brands on the situation (Vazquez et al, 2002). It is suggested from previous research that situational factors are a better predictor for consumer behavior than measures involving attitudes. According to, Amadi et al (2013) discussed that consumer's Situational variation has positive impact on customer loyalty.

H3: Consumer's situational variation has positive and statistically significant effect on customer switching intention.

Product Quality

Kotler, et al., (2009), argues that perceived quality acts as an intermediary between extrinsic cue and customer perceived value. According to Kotler and Armstrong (2007), customers do have the inherent ability to segment products based on quality. Significantly, products with high quality perceptions have higher satisfaction rates compared to products with poor quality. As per Olga (2015) discussed that product quality has positive impact on customer loyalty.

There has been research to support the theory that companies do not have to incur costs to make their product superior in order to have superior quality. Instead, attention to quality as a differentiating approach in dealing with competitors often can make a larger overall impact on quality (Calantone and Knight, 2000; Berden et al. 2000). Quality is important for impacting brand choice because it is the portion of personal risk that a consumer takes on the decision making processing in evaluating the purchase of a product (Berden et al. 2000; Hoyer and MacInnis, 2004).

H4: Quality of product has positive and statistically significant effect on customer switching intention.

Trust

Trust is considered as an important factor to build the relationships among the customers and the organizations. It is trust which makes customer close to the organization (Morgan and Hunt ,1994). Trust is built when organization promises to provide the quality service to customers and it is successful to provide them that service quality then the trust is built (Nawaz and Usman, 2011).

Brand Credibility or brand trust means the image of the brand in the mind of the customer or consumer, it is the mixture of multi characteristics term. The characteristics of the term contain reliability what is advertised by the manufacturer of brand in term of, truthfulness, claim justification and, delivering

and trust spreading. Brand credibility contains three terms expertise, good looks, and trustworthiness (Sternthal and Craig, 1982; Erdem and Swait, 2004). Market share and brand's customer based are affected by the brand credibility (Chaudhuri and Holbrook, 2001). The manufacturers are looking for the motivators that can gradually increase the brand credibility. Brand credibility also supports the manufacturers and customer's relationship and makes them strong and long run. The importance of brand credibility in making the decision and other choices is vital.

***H5:** Trust has positive and statistically significant effect on customer switching intention.*

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with research methodology that will be used to carry out the research. In its first part there is research design, then after it present subsequently about research approach, population, sample and sampling technique, data type, sources and instruments, data analysis, model specification, validity and reliability and ethical consideration is taken into account.

3.1 Research approach

When conducting a research, there are different ways of approaching the problem. According to Creswell (2009), there are three approaches of research; quantitative, qualitative and mixed. The following discussions briefly presents the basic features of these research approaches. Quantitative research is a means for testing objective theories by examining the relationship among variables (Creswell, 2009). On the other hand, qualitative research approach is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem with intent of developing a theory or pattern inductively (Creswell, 2009). Finally, mixed methods approach is an approach in which the researchers emphasize the research problem and use all approaches available to understand the problem (Creswell, 2003).

Hence, based on the above discussions of the three research approaches and by considering the research problem and objective, this study has used quantitative approach.

3.2 Research design

Cooper, et al. (2003) discussed those explanatory studies unlike descriptive studies, go beyond observing and describing the condition and tries to explain the reasons of the phenomenon. Thus, explanatory research design is used in this research because the study undertakes to examine the factors affecting customer switching intention and identify those factors that significantly influence on customer switching intention in case of beer factory in Addis Ababa which is appropriate for the objective of the study.

3.3 Population of the study

A research population can be defined as a well-defined collection of individual or objects (unit of analysis) which are known to have similar characteristics that the researcher wishes to study. The unit of analysis may be an individual, object, organization, country or any other entity that the researcher wishes to draw

scientific inference about (Mark, et al., 2007). Hence, the target populations of the study are consumers of Habesha beer served in out lets those are distributor of Habesha beer in Addis Ababa city. The respondents are managers, marketing sells personnel's having sound expertise in the beer factory and consumers of beer in the mentioned out let to get better information the subject under study.

3.4 Sampling design

The research is conducted using non-probability sampling. Convenience sampling technique, which is non-probability sampling, is used to select the out lets such as: groceries, bars and respondents among consumers of Habesha beer in the mentioned out lets respectively. Convenience sampling technique has been used to select the respondents among the total number consumers found from the selected out lets.

3.5 Sample Size

Sekaran (2005) explained population is the entire group of people, events or things of interest that the researcher wishes to investigate. Accordingly, the target population of this research has dwellers of Addis Ababa city who consume Habesha Beer.

Since it is difficult to determine the exact number of the total population of this research it is difficult to estimate the exact number of the whole population and hence the formula to find out the sample size (n) of large number of populations is given as under:

$$n = \frac{z^2 \cdot p \cdot q}{e^2}$$

$$e^2$$

Sources : (Kothari, 2004)

Where n= sample size

z= the value of standard value at a given confidence level

p= sample proportion

$$q= 1-p$$

e = acceptable error

So in this case we set $e= 0.05$, $z = 1.96$ and $\hat{p} = 0.5$, and we get

$$n = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2}$$

$(0.05)^2$

$n = \frac{0.9604}{0.0025}$

0.0025

$n=384.16 \approx 384$

As a result, based on the formula this study needs a sample of 384 regular consumers who purchases Habesha Beer frequently and use permanently. Consequently, the researcher has distributed for three hundred eighty-four (384) sampled respondents who are regular users of Habesha Beer.

3.6 Data source and types

Data is collected from both primary and secondary sources. Primary data is a type of data, which is collected and accumulated specifically for the research project at hand. This can be collected from questionnaire. Secondary data involves the collection of information from studies that other researchers have conducted on a given issues or phenomenon (Creswell, 2009). Therefore, to achieve the objectives of this study, primary sources of data is gathered from consumers of Habesha beer selected from the existing outlets in Addis Ababa. Based on the research objectives, a five-point Likert-scale questionnaire has distributed to the selected 384 existing outlets customers.

3.7 Data collection procedures

The researcher has collected primary data from selected customers using five-point Likert-scale questionnaire. The questionnaire data collection has finalized in two months.

3.7.1 Measures

The items used to measure the predictor and the outcome variables of the study were adapted from instruments that were developed and tested in existing studies (see appendix 1). The constructs examined in this study were measured on a scale of 1 (Strongly Disagree), 2 (Disagree), 3 (Indifferent), 4 (Agree) and 5 (Strongly Agree).

3.7.2 Items used for measuring the independent variables

The first part of the questionnaire consists the demographic information of respondents and the second part used to measure the determinants of customer switching intension with the following variables Customer satisfaction, product quality, Consumer's Situational variation, group influence and, trust, customer switching intention with the and the third part used to measure the Switching Intention.

3.8 Procedure of Data Collection

During the data collection first a brief explanation about the questioner is given to each participant on how to answer the questions through examples. The researcher tried to convince participants to take time and answer the questionnaire in bar, restaurant, hotel, etc. During the collection of questionnaires, the researcher checked whether all the questions had been properly answered.

3.9 Research Model

The objective of this study is to examine factors affecting customer switching intention in the case of the beer factory in Addis Ababa City. Accordingly, to test factors affecting customer switching intention the researcher estimated a linear regression model in the following form.

$$CL = \alpha + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+\beta_5X_5+ \varepsilon$$

Where,

CL= customer switching intention

α =Constant

β =Coefficient of estimate

X2 = Group's influence

X3 = Consumer's situational variation

X4 = Product quality

X5= Trust

ε = the error term

3.10 Data analysis method

The questionnaires are distributed, collected, coded and analyzed using the statistical package for social science (SPSS 20). The data was analyzed using both descriptive and inferential statistics. Descriptive analyses include frequency of distribution (to interpret demographic variables of respondents) and mean (to find the mean scores of switching intention dimensions) and inferential analysis will be suitable for hypothesis testing that include correlations and regression.

To examine the relationship between customer switching intention and independent variables, Pearson correlation is used. Multiple Regression analysis is used to test hypotheses and identify the significant factors influencing customer switching intention. Multiple regression analysis is used to examine the relationship between the four independent variables and one dependent variable.

3.11 Validity and Reliability

3.11.1 Validity

The purpose of research is to provide valid conclusions regarding a wide range of researchable phenomena. Validity refers to the conceptual and scientific soundness of a research study or investigation, and the primary purpose of this study is to produce valid conclusions. To produce valid, or meaningful and accurate, conclusions researchers must strive to eliminate or minimize the effects of extraneous influences, variables, and explanations that might detract from the accuracy of a study's ultimate findings. Put simply, validity is related to research methodology because its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of any given study. Survey question is made based on literature review and frame of reference to ensure result validity.

3.11.2 Reliability Test

Reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacharjeend, 2012). Measurement reliability of a scale may be obtained by one of the following methods: test-retest, alternative forms and internal consistency. To measure internal consistence Cronbach's alpha is the most widely used measure to assess the reliability. In this study Cronbach's coefficient alpha was executed. Cronbach's coefficient alpha is an estimator of internal consistency. Alpha coefficient ranges in value from 0 to 1. The higher the score, the more internally reliable the generated scale is. Cronbach's coefficient alpha value over 0.7 is believed to be acceptable reliability coefficient (Pallant, 2005).

3.12 Ethical consideration

In order to keep the confidentiality of the data to be given by respondents, the respondent is not be require to write their name and assure the anonymity and confidentiality of their response. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher did to avoid misleading or deceptive statements in the questionnaire and the questionnaires are handed out up on their consent only.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 General Information about Respondents

The main objective of this paper is to examine ‘**Factors Affecting Customer Switching Intention In The Case Of Habesha Beer Factory**’. In this chapter, the data obtained in the study are analyzed, presented, interpreted and discussed. The chapter starts by providing the demographic and personal information of the respondents. The descriptive and inferential statistics are presented thereafter.

The study used both primary and secondary sources of data. A quantitative research approach for data collection was used. 384 questionnaires were distributed out of which 320 were usable; this shows a response rate of 83 %. This response rate is quite satisfactory compared to other self-administered questionnaires (Baruch, 1999). Accordingly, the analysis of this study is based on the responses obtained from these respondents. The demographics feature of the respondents is illustrated in the following table.

Table 4. 1: Demographic distribution of the respondents

The first section of the questionnaire demanded personal information from respondents. These questions include: gender, age, and income level.

		Frequency	Percentage
Gender	Male	179	56
	Female	141	44
Total		320	100%
Age	18-25	80	25
	26-30	110	34.3
	31-40	40	12.5
	41-45	60	18.75
	>50	30	9.38

Total		320	100%
Income group	<3,000.00	54	16.9
	Birr 3,501-5,000	70	21.9
	Birr 5,001-8,000	150	46.9
	Birr 8,001-10,000	46	14.4
Total		320	100%

From the data presented in table 4.1, the majorities (56%) of the respondents were female and the remaining (44%) of the respondents were male. This indicates that the number of proportion between male and female consumer in Habesha beer is not proportional.

Likewise, as explained in the table above, the majority (i.e., 34.3%) of the respondents were between the age group of 26-30 years old, followed by the age group of 18-25 years which account for 25 % of the total respondents. 18.75% of the respondents were accounted by the age group of 41-45. 12.5 % of the respondents are in the age group of 31-40 while the remaining 9.38% of the respondents are above > 50 years of age. This indicates that the majority of the respondents, i.e., 34.3% are young people and economically population (26-30).

The study covered upper and lower income levels. Less than 3,000.00 Birr income group, income group of 3,501.00-5000.00, income group 5,001.00 – 8,000.00, income group 5,501-8000 Birr and income group 8,001-10,000 respondents were representing the majority income groups fall in the range of 5,001.00-8,000.00.

4.2. Analysis of Measures

4.2.1. Reliability Test

A reliability analyses was conducted to each variable of the instrument. The reliability of the measures was examined through the calculation of Cronbach’s alpha coefficients. For scale acceptability, Hair et al. (1998) suggested that Cronbach’s alpha coefficient of construct is 0.6 the cut-off point. If each domain obtains the value 0.6, it means that, the items in each domain are understood by most of the respondents.

On the other hand, if the findings are far from the expected value of 0.6, this might be caused by respondents' different perception toward each item of the domain.

Table 4. 2: Reliability Test for the dimensions

Indicators	Number of items	Cronbach Alpha
Consumer Situational Variation	5	0.782
Trust	4	0.756
Reference grouping	4	0.774
Customer satisfaction	4	0.793
Product quality	3	0.862
Overall switching intention of customer	3	0.731

Source: own survey, 2021

The Cronbach's alpha values are reported as follow. **Consumer Situational Variation** yield Cronbach's alpha =0.782, **Trust** Cronbach's alpha =.756 The Cronbach's alpha for **Reference grouping** was at .774, Cronbach's alpha for **Customer satisfaction** was at 0.793, Cronbach's alpha for **Product quality** was at 0.862 and Cronbach's alpha for **Overall switching intention of customer** is 0.731.

The above Cronbach's alpha values for all the variables are greater than 0.60 and this indicates that the items in each of the domains are well understood by the respondents. The items have good internal consistency in responses.

4. 3. Pearson's Correlations between Constructs

According to shukran, (2003), the relationship is expressed by value within the range -1.00 to +1.00 as Pearson product moment indicates. Pearson correlation is +1 in the case of a perfect increasing (positive) linear relationship (correlation). Pearson correlation -1 in the case of a perfect negative linear relationship (correlation) between variables. To determine the relationship between customer switching dimensions (i.e., Consumer situational variation, Trust, Reference grouping, Customer satisfaction, and Product quality) and customer switching intention, Pearson correlation is computed.

The outputs as can be evidenced from the correlation matrix table below., there is a positive significant relationship in between the variables and that all correlation coefficients

Table 4.3: Pearson's Correlation matrix between variables

		Consumer situational variation	Reference group	Trust	Customer satisfaction	Product quality	SWICHING INT
Consumer situational variation	Pearson Correlation	1	.588**	.492**	.515**	.610**	.602**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Reference group	Pearson Correlation	.588**	1	.849**	.784**	.774**	.817**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
TRUST	Pearson Correlation	.492**	.849**	1	.830**	.724**	.758**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
Customer satisfaction	Pearson Correlation	.515**	.784**	.830**	1	.738**	.828**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
Product quality	Pearson Correlation	.610**	.774**	.724**	.738**	1	.822**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
SWICHING INT	Pearson Correlation	.602**	.817**	.758**	.828**	.822**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

****Source: Own Survey, 2021**

A Pearson correlation coefficient was calculated for the relationship between switching dimensions and customer switching intention. A strong positive correlation and a significant linear relationship are obtained between all switching dimensions and over all switching intention level. The correlation

coefficients (r) for all variables range from 0.602 to .828, which show a moderate and high correlation. The most correlated dimension with overall switching intention is customer satisfaction ($r = 0.828$, $p < 0.05$) followed by product quality ($r = 0.822$, $p < 0.05$), trust ($r = 0.817$, $p < 0.05$), reference grouping ($r = 0.758$, $p < 0.05$), and consumer switching variation ($r = 0.602$, $p < 0.05$). Generally, through the analysis of the correlation coefficients the relevance of various dimensions of switching dimension namely customer satisfaction, product quality, trust, reference grouping, precisely indicates the strong relationship between the dimensions and customer switching intention.

4.4 Model Assumption Tests

In this section of the study, the result of basic assumptions of multiple regression are presented. These tests include normality and multicollinearity.

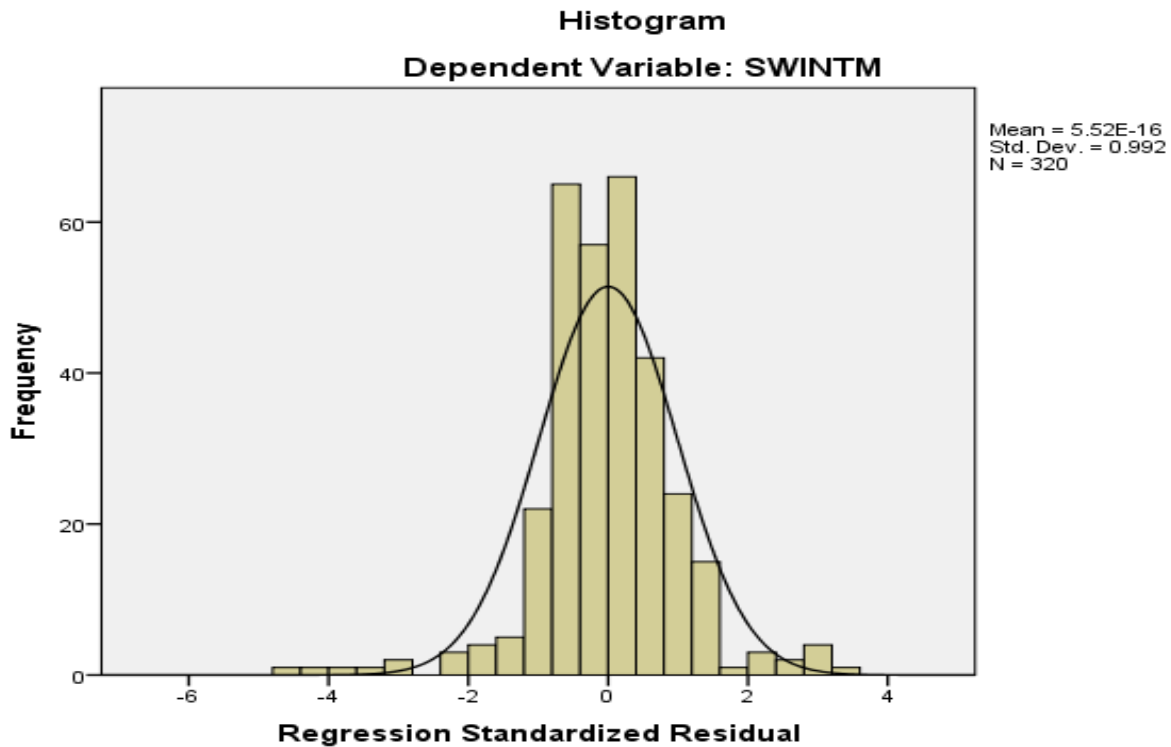
4.4.1 Normality, linearity of residuals

One of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the normal probability plots of the regression standardized residuals that were requested as part of the analysis. These are presented in normal P-P Plots of regression standardized residuals graph. In normal probability plots the points will lie in reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The finding from normal P-Plot reveals no violation of normality assumptions.

4.4.1.1. Test of normality

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and using Skewness and Kurtosis numerically. Figure 4.1 depicted that the scores are normally distributed.

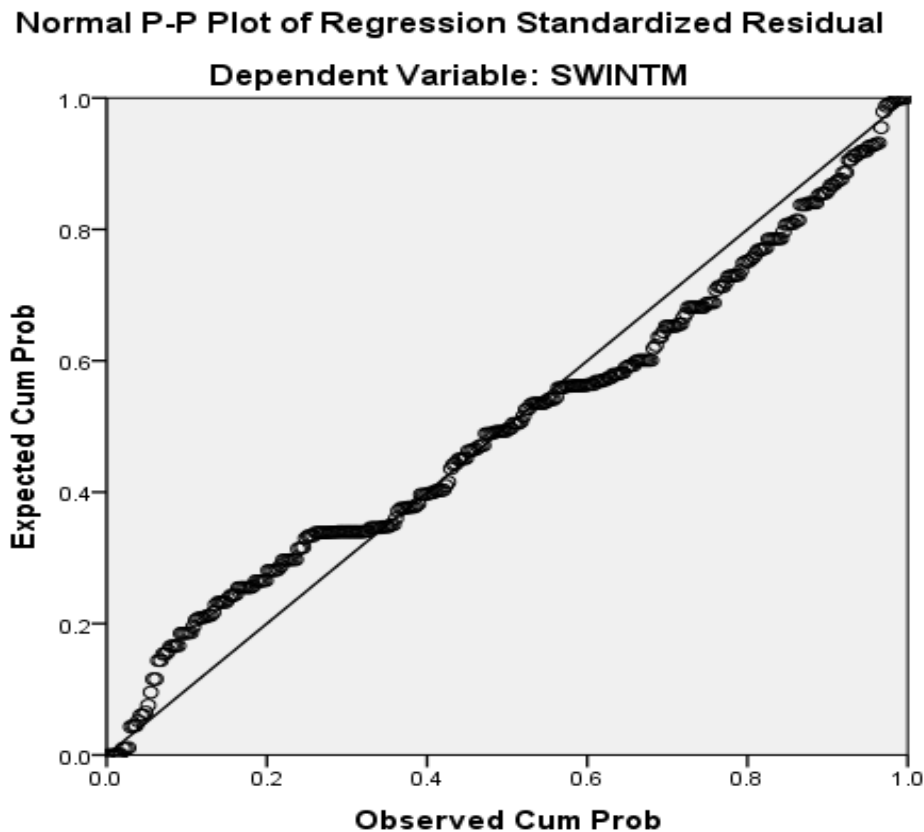
Figure 4. 1: Frequency Distribution of Standardized Residual



Source: Own Survey, computed in SPSS, 2023

Test of linearity In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-P Plot of regression Standardized Residual (See Figure 4.2) to test linearity. Since the points were symmetrically distributed around a diagonal line, linearity pattern was observed. Hence, the straight- line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

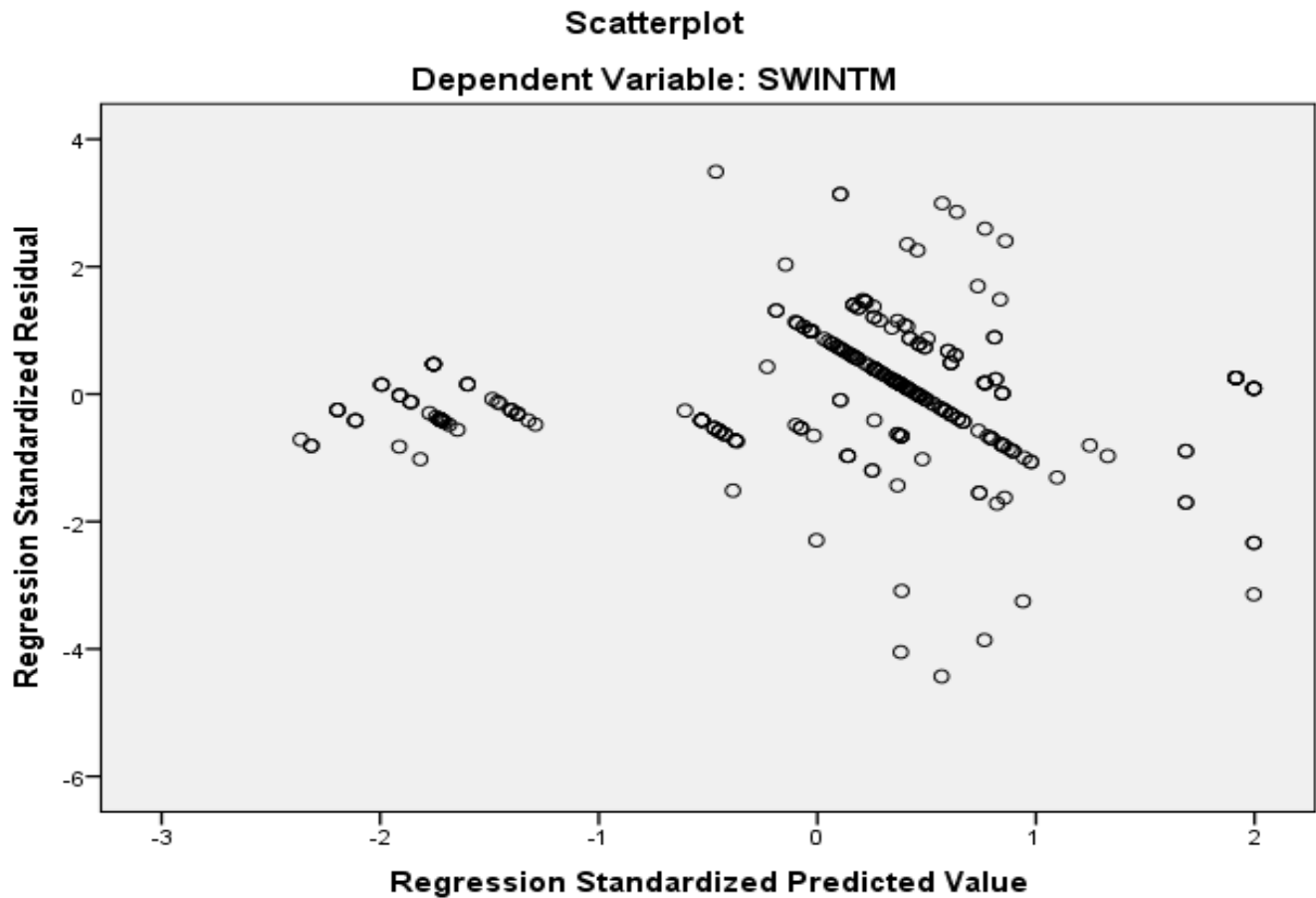
Figure 4. 2: Normal Point Plot of Standardized Residual



Source: Own Survey, computed in SPSS, 2023

Homoscedasticity is the extent to which the data values for the dependent and independent variables have equal variances, as Saunders, et al. (2009) noted. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residual terms should be constant which means the residuals at each level of the predictors should have the same variance; therefore, checking for this assumption is helpful for the goodness of the regression model. Field (2009) suggested that it should plot the standardized residuals, or errors (**ZRESID**) on the Y axis and the standardized predicted values of the dependent variable based on the model (**ZPRED**) on the X axis to get the homoscedasticity result.

Figure 4. 3: Scatter Plot of Standardized Residual



Source: ownsurvey data, 2021

According to Garson (2012), homoscedasticity help as to check for the relationship under investigation is the same for the entire range of the dependent variable and lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range, which can be seen on the scatter plot.

In this regard, as Field (2009) describes, the graph of *ZRESID and *ZPRED should look like a random array of dots evenly dispersed around zero, if the assumption of homoscedasticity has to be met. Likewise, as shown in the above figure 4.3, the points are randomly and evenly dispersed throughout the plot and there are no clear patterns in the distribution. Therefore, it can be concluded that the assumptions of random errors and homoscedasticity have been met.

4.5 Inferential Analysis

4.5.1 Multiple linear regression Analysis

Multiple linear regression analysis was employed to examine the association between switching dimensions and customer switching intention. It is a constructive statistical technique that can be used to analyze the association between a single dependent and several independent variables. One of the vital considerations in multiple regression is the sample size of the data.

Multiple linear regressions Analysis (the switching dimensions as predictors to consumer switching intention)

Figure 4. 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.899	.809	.806	.31
a. Predictors: (Constant), Consumer switching variation, Trust, Reference group, Customer satisfaction, Product quality.				
b. Dependent Variable: consumer switching intention				

Source: own survey data, 2021

In this study, a multiple regression analysis was conducted to test relationship among variables i.e. dependent and independent variables. The analysis was done to establish how the specific remark to evaluate effect of switching dimension on customer switching intention in Habesha beer. The coefficient of multiple determinations (R²) was estimated at 0.809. This means that 80.9% of the variation in the dependent variable is explained by the explanatory variables included in the model and the remaining 19.1 is explained by other variables.

Figure 4. 5: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	127.1	5	25.42	265.375	.000b
	Residual	30.078	314	0.067		
	Total	157.18	319			

a. Dependent Variable: Consumer switching intention

b. Predictors: (Constant), Consumer switching variation, Trust, Reference group, Customer satisfaction, Product quality.

% of the variance is explained by other variables.

Source: own survey data, 2021

From above table 4.6, The F-ratio found in the ANOVA table measures the probability of chance departure from a straight line. The significance value is 0.00 which is less than 0.05 thus the model is statistically significance in predicting how Consumer situational variation, Trust, Product quality, Customer satisfaction, explain Customer switching intention. The F critical at 5% level of significance was 0.00. The ANOVA table above shows that the results are not by chance since the p value is less than 0 .05.

Figure 4. 6: Coefficients

Model		Unstandardize d Coefficients		Standardized Coefficients	T	Sig.	Multi collinearity	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.221	0.104		2.138	0.03		
	Consumer situational variation	0.071	0.03	0.075	2.326	0.02	0.589	1
	Reference grouping	0.259	0.051	0.274	5.108	0	0.211	4.730 9.609
	Trust	-0.075	0.05	-0.081	-1.5	0.14	0.207	4.832 5.197
	Product quality	0.393	0.047	0.4	8336	0	0.265	3.774 4.638
	Customer satisfactio n	0.303	0.04	0.328	7599	0	0.326	3.063 5.129
a. Dependent Variable: Consumer switching intention								

Source: own survey data, 2021

Before we begin the interpretation for the beta coefficients it is important to evaluate the model in terms of the issue of multi-collinearity which is the concern in the multiple regression analysis. The issue has been addressed through the results of variance inflation factor (VIF) and the tolerance level in the model output. The tolerance Values that are less than 0.10 may merit further investigation whereas the VIF result suggested that predictor variables whose VIF values are greater than 10 may merit further investigation. As it can be seen from the table these requirements are not invalidated in our results and there is no issue of multi collinearity.

The results in the table illustrates Product quality (B=0.393) Customer satisfaction (B=0.303), and Reference grouping (B=0.259), switching intention dimensions have a significant influence on over all consumers switching intention at 95% confidence level ($p < 0.05$), indicating that for customers of Habesha beer these factors are important in assessing overall consumer switching intention. However, one switching intention dimensions which are trust has a less significant influence in consumer switching intention as $p > 0.05$. The last output in the analysis of the multiple regression models represents the output for the beta coefficients of each switching dimensions. The regression equation for this research is presented below.

Regress customer satisfaction on the service quality dimensions:

$$Y = \beta_1 + \beta_2 X_1 + \beta_3 X_2 + \beta_4 X_3 + \beta_5 X_4 + \beta_6 X_5$$

Where Y is the dependent variable- Consumer switching intention

Consumer switching variation =X1, Reference grouping =X2, Trust =X3, Product quality =X4 and Customer satisfaction=X5 are the explanatory variables (or the regresses) substituting the results in the model gives us:

$$CS (Y) = 0.221 + 0.71X_1 + 0.259X_2 + 0.075X_3 + 0.393X_4 + 0.303X_5 + e$$

4.6 Hypothesis Tested

Figure 4. 7: correlation statistical tests

Hypothesis	Independent Variables	Analysis used	Dependent Variables	Results
H ₁	Consumer situational variation	Multiple regression	consumer switching intention	Supported
H ₂	Reference grouping	Multiple regression	consumer switching intention Satisfaction	Supported

H ₃	Trust	Multiple regression	consumer switching intention	Not supported
H ₄	Product quality	Multiple regression	consumer switching intention	Supported
H ₅	Customer satisfaction	Multiple regression	consumer switching intention	Supported

The above table 4.8 shows that variables that were tested by correlation statistical tests, which are the four dimensions, have strong relationship with consumer switching intention and the Trust dimensions has weak relationship with consumer switching intention. The research output depicted that trust is less influential factors in consumer switching intention in Habesha beer.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

The summary of the findings of the study, the conclusions inferred from the findings, and recommendations forwarded in relation to what is concluded is presented in the following sub-sections.

5.1. Summary of Findings

The initial result of the analysis presents the outcomes for the demographic nature of the respondents and the reliability test for the instrument and its dimensions. The descriptive statistics and the Cronbach alpha were used to illustrate and test the variables of interest.

The correlation coefficients (r) for all variables range from 0.602 to .828, which show a moderate and high correlation. The most correlated dimension with overall switching intention is customer satisfaction ($r = 0.828$, $p < 0.05$) followed by product quality ($r = 0.822$, $p < 0.05$), trust ($r = 0.817$, $p < 0.05$), reference grouping ($r = 0.758$, $p < 0.05$), and consumer switching variation ($r = 0.602$, $p < 0.05$). Generally, through the analysis of the correlation coefficients the relevance of various dimensions of service quality namely customer satisfaction, product quality, trust, reference grouping, precisely indicates the strong relationship between these dimensions and consumer switching intention.

The coefficient of multiple determinations (R^2) was estimated at 0.809. This means that 80.9% of the variation in the dependent variable is explained by the explanatory variables included in the model and the remaining 19.1% of the variance is explained by other variables. Furthermore, the F-statistic further shows that the explanatory variables considered in this study can significantly explain the variation of dependent variable at 0.000 (99%) confidence levels.

The results in the switching dimension: Product quality ($B = 0.393$) Customer satisfaction ($B = 0.303$), and Reference grouping ($B = 0.259$), switching intention dimensions have a significant influence on over all customers satisfaction at 95% confidence level ($p < 0.05$), indicating that for consumer of Habesha beer these factors are important in assessing overall consumer switching intention. However, one switching intention dimensions which are trust has a less significant influence in consumer switching intention as $p > 0.05$.

5.2 Conclusion and recommendation

One of the objectives of this study was to find out which determinant influence Customer switching intention in Habesha beer and the results of the analyzed questionnaires revealed:

- Product quality, customer satisfaction and Reference groups, were the factors which have a positive significant influence Consumer switching intentions.
- Consumer switching variation and Trust were determinates that has no influence on Consumer switching intentions.

The result found in this research can provide producers a structured approach for formulating their branding strategies. It is straight forward approach illustrates which determinants beer companies should focus on so as to contribute to the company's customer retaining effectiveness in their test and preference.

Prioritize and allocate resources across brand switching components. In this specific case, the researcher recommends managers Habesha beer focuses on all other switching factors other than trust which can be further extrapolate by other researcher in the case beer factory.

Since, the brewery industry is a multimillion industry, with existing high demand in the market that can be noticed from the existing market trends, Habesha brewery should consider these variables (switching dimension) as a major determinant so as to have a better preference by consumers.

Managers in the brewery industry should concentrate their efforts primarily on developing the trust of their brand in the customer's mind. If this dimension is increased, it will contribute positively to the brand's equity which in turn will give high market share, new customers and increase the overall value of Habesha beer brand.

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APPENDICES

APPENDIX A

Addis Ababa University

School of Commerce

Department of Marketing Management

Dear respondent,

I am a Master's student in Marketing Management Addis Ababa University School of Commerce. I would like to express my sincere appreciation for your generous time, honest and prompt responses.

This questionnaire is designed to solicit information purely for academic purpose. It is the major requirement to complete the research on the topic: **“Factors determining customer switching intention in the case of Habesha beer factory”** in pursuance of Masters of Art in Marketing Management.

This questionnaire will take approximately 15-20 minutes and considered your invaluable support in responding to this questionnaire genuinely is paramount importance to the success of this study. You are not required to write your name and all information you provide will be handled in strict confidential manner. If you have any questions about this survey, please do not hesitate to contact me at my phone number **0913043130** or via my email address: **amanuelyifru23@gmail.com**.

Thank you very much for your time and participation.

Part I: Demographic or General Information

INSTRUCTION: Please circle the letter that shows your answer.

1. Gender

a) Male

b) Female

2. Status

a) Student

d) Businessman

b) Employed

e) Housewife

c) Unemployed

3. Age

a) 20-25 Years

c) 30-35 Years

e) Above 40 Years

b) 25-30 Years

d) 35-40 Years

4. Income

a) 15000-20000

c) 25000-30000

e) Above 35000

b) 20000-25000

d) 30000-35000

5. Education

a) Diploma

b) Degree

c) Master's Degree

d) PhD

Part Two: Questions Related to Customer Switching Intention

INSTRUCTION:

Please rate the following Statements by ticking “√” only one box on the right side with the response that the researcher is interested in a number from 1 to 5 that shows Factors Determining Customer Switching Intention in the case of Habesha beer factory.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

1	Customer satisfaction	SDA	DA	N	A	SA
1.1	Brand choice has been successful in meeting my needs to the fullest extent.					
1.2	When I consume my brand of choice, I am mostly satisfied.					
1.3	How my satisfaction by joining the brand’s social and media community activities.					
1.4	In the absence of my favorite brand, consideration to switch to another brand would cross my mind rarely.					
1.5	I believe there is nothing that affects my thoughts towards my brand choice.					
2.	Influence group’s influence	SDA	DA	N	A	SA
2.1	I usually acquire information on my brands from friends or family members.					
2.2	I buy my favorite brand beer due to Influence from friends or referrals.					
2.3	I normally take my brand beer with friends to entertain.					
2.4	I have friends or families who mostly take my favorite beer.					
3.	Customer’s situational variation	SDA	DA	N	A	SD
3.1	Whenever I choose to go out, I always drink the same brand every time.					
3.2	When I don’t get my favorite brand, I buy any available alternative brand.					

3.3	If the prices are same, I would switch from my favorite beer brand to another beer					
3.4	I like to be one of the first to try the newly released beer.					
4.	Product quality	SDA	DA	N	A	SA
4.1	I buy my favorite brand beer because of packaging.					
4.2	I am most attracted to my favorite brand of choice through point of purchase materials.					
4.3	I am mainly concerned to my favorite brand because of premium in bar activations.					
4.4	I primarily prefer to my favorite brand because of good test.					
4.5	I buy my brand beer because of status symbol of the product.					
5	Service	SDA	DA	N	A	SA
5.1	The reputation of the beer service provider is trustworthy					
5.2	The beer provider is reliable and focused					
5.3	The beer provider services are trustworthy					

PART IV: Switching Intention

		SDA	DA	N	A	SA
1.	The reason for changing the brand is usually because of the dissatisfaction of the previous brand					
2.	I usually change to another brand because of its reasonable price and good value for money					
3.	I usually change to another brand because it is a high level of product with a relatively higher price					

Thank you for taking time to complete this questionnaire!!