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When consumers switch product form: A cross-country study between UK, Brazil and China

EXTENDED ABSTRACT TRACK

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Abstract: This study is a cross-cultural comparison of product form switching in FMCG; to understand the adoption of new products within emerging markets. Brazil and China represent the emergent markets, whilst the UK provides comparison as a developed market. Laundry detergent is the chosen category of study as it is an FMCG but with complex habits, emotions, considerations and touchpoints impacting the final decision making process. Data were collated through 139 focus groups across the UK, Brazil and China and analysed using journey mapping techniques. The results of the consumer journeys demonstrate that FMCG product switching is a complex multifaceted process.

Keywords: consumer journey, cross-cultural, form switch

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1. Introduction

New product adoption is less effective in developed markets, with only 44% of Europeans and 31% of North Americans purchasing a new product during their last shopping trip. As a result, between 2011 and 2013, 76% of new SKUs introduced in Europe did not remain on the shelves for longer than a year. In emerging markets, however, 69% of consumers in Asia-Pacific, 57% in Africa/Middle East and 56% in Latin America purchased a new product during their last shop. Furthermore, emerging countries resulted in 98% of the growth of growing FMCG brands in 2013 (Kantar, 2014), demonstrating that emerging markets offer opportunities for new products that perhaps developed markets do not.

This study consequently, provides insight into consumers in the UK, Brazil and China within the particular retail landscape of the laundry detergent category. It approaches the adoption of new products in FMCG by further understanding the process of form switch. The aim of this study is therefore to uncover the consumer product form switching behaviour by analysing the process of purchasing and adopting new products, across three different countries; the UK, Brazil and China.

2. Research Background and Contributions

In the literature to date, switching has been researched in relation to defining factors that impact customer switch intentions within the context of brand switching (Van Trijp, Hoyer and Inman, 1996; Macbeth, 2002) and service industries (Mittal and Lasser, 1998; Roos, 1999; Colgate and Lang, 2001; Bansal, Taylor and James, 2005). This area of scholarship maintains that brand switching is created by one singular cause such as variety-seeking behaviour or breaking habits (Tähtinen and Halinen, 2002), however, as Bogomolova and Grudinina (2011) argue habit breaking is a process, rather than a singular event, with a variety of factors at play. Consequently, switching products or brands is also a process with a culmination of decision stages (Halinen and Tähtinen, 2002), however, existing studies offer incomplete comprehension of the factors in this process, especially the underlying psychological influences. Consequently, further study is required on actual consumer behaviour relating to switching especially within FMCG, as opposed to intention based research with the brand or service context. We develop an understanding of product form switching behaviour as a process by using consumer journey mapping techniques.

The literature that does focus on the adoption of innovation in FMCG centres on brand extensions (Hem, De Chernatony and Iversen, 2003), which involves the extension of the brand into new categories. Literature

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on line extension (Nijssen, 1999; Ambler and Styles, 1997) and new product development (Edgett, Shipley and Forbes, 1992; Creusen, Hutlink and Eling, 2013) are the most relevant but instead of focussing on the consumer, the research explores managerial perspectives and company procedures relating to the process of releasing the new product. Subsequently, this study provides thorough comprehension of consumer-based product form level switching in FMCG to help clarify the adoption of incremental innovation products.

Finally, our analysis of product form switching is in a cross-cultural context, relating to three countries across Europe (UK), Asia-Pacific (China), and Latin America (Brazil). While much of the empirical work has been undertaken in Western developed countries (Dijksterhuis, 2016), this study contributes to a comprehension of product form switching in emerging markets and with cultural differences. Consequently, a further understanding of product switching and the theory of switch behaviour could be extrapolated and generalised across developed and emergent markets.

3. Methodology

Data from 408 participants were collected via 139 focus groups; 39 (N = 110) were conducted in the UK in July 2016, 40 (N = 118) in Brazil in February 2017 and 60 (N = 180) in China in July 2017. In the UK, 78% of the participants were female (N = 86) and 22% were male (N = 24) male. Participants were aged between 18 and 79, with a mean age of 40 years. Household size ranged from 1 to 8 with an average of 2.9. From the Brazilian sample, 72% (N = 85) were female and 28% were male (N = 33). The ages of participants were from 18 to 71, with an average of 34 years. The number of people living in each household was higher, ranging from 1 to 9 with an average of 3.2. In China, 98% (N = 177) were female and 2% were male (N = 3). Participants were aged between 23 and 64, with an average of 40 years. The number of people living in each household was lower, ranging from 1 to 5 with an average of 2.6.

Focus group discussions were 90 to 120 minutes in duration and included an assortment of activities such as categorisation exercises, benefit chips and journey mapping worksheets. For instance, each participant was provided with 17-25 different laundry products, including 3-5 different laundry forms (e.g. liquid, powder, soap bar, tablet and capsule). These forms were chosen for their ability to illustrate different innovation stages during product evolution. Data were captured by photographs of the exercises and video recordings and subsequent transcriptions, which were fed into the NVIVO 11 software. Data were analysed in an iterative manner; with the researchers moving between the qualitative data and emerging theoretical arguments (Corbin

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and Strauss, 2008). Structures were based on journey mapping techniques; the idea of pre-purchase, purchase and post-purchase and the touchpoints reached along the way. Data were independently coded and validated by two researchers to ensure validity of data analysis.

4. Results and Discussion

Then data analysis revealed that there were six different switching journeys and one non-switching journey. Four of the consumer journeys involved switching laundry form; *form switch*, *form assortment*, *brand and form switch* and *brand and form assortment*. An assortment journey involves a consumer having a consideration set whilst shopping and switching between products within the consideration set. A switch journey encompasses a change that has not occurred previously and is not part of a consumers' consideration set; in other words, a new product purchase. In the UK *form switch* was the most frequently engaged in journey, whereas in China and Brazil *brand assortment* and *brand switch*, respectively, had the most occurrences.

4.1 Washing habits

We discovered that consumers have complex washing habits involving sorting clothes, measuring detergent, regimen use (using different products for different clothes), hand washing, machine washing, using softener and stain removal. The multifaceted washing habits a consumer possesses heavily influences purchasing considerations. For instance, convenience washers enjoy using capsules and tablets, whereas, consumers who desire a flexibility of dosage prefer powder or liquid forms.

Cross-culturally, UK consumers washing habits are the least complex and involve 1-3 different products, namely washing detergent, softener and stain removal. In Brazil, washing habits are further complex and steeped in history; 2-4 products are used in each wash e.g. detergent, softener, stain removal and bleach. 80% of participants are regimen users, which leads to home storage of a multitude of products. In China, a variety of products are also kept at home; there are more regimen users (89%) and a higher number who hand wash (92%). As a result, there is a desire for a laundry product to have a specific function within the complex regime. Moreover, using multiple products at home increases the likelihood of consumers in emerging markets switching one of their regular purchases.

4.2 Triggers of a switch

A trigger refers to time-related changes (triggering events) and to the specific factors included in them (Gopinath, 2005). Our findings suggest that there are three types of switching triggers; influential triggers

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(market factors), reactional triggers (dissatisfaction) and situational triggers (change in circumstance), which is consistent with previous research in the service sector by Roos and Gustafsson (2011). Reactional and situational triggers are often involved in the *form switch* journeys, indicating that consumers will look to move to a new form if there is a problem with their old product or a change in circumstance, however, influential triggers tend to develop into *brand switch* journeys, indicating that market factors influence a consumer to switch brand. Consumers in the UK are more likely to switch due to a reaction, whereas, consumers in Brazil and China are affected by influential and situational triggers.

4.3 Pre-purchase considerations

The findings from the journeys reveal that consumers often have pre-purchase considerations before switching products. These considerations can be practical, safety orientated, hedonistic, monetary and sensory. In the UK and China *form switch* pre-purchase considerations are practical and hedonistic, whereas in Brazil these considerations are practical and sensory. *Brand switch* journeys, however, have practical and hedonistic pre-purchase considerations in Brazil and China but safety considerations in the UK.

4.4 Pre-purchase touchpoints

In-keeping with the work of Wangenheim and Bayon (2004) on switching in the service sector, our research indicates that word-of-mouth (WOM) has a powerful effect on the switch decision. Generally, family and friend recommendation has the most impact on the switch decision, however, in China advertising is more important as advertisements are a sign that brands and products can be trusted. The switch journeys in the UK and Brazil are more susceptible to family and friend recommendations, whilst the assortment journeys are heavily influenced by nostalgic memories and advertising. In China, advertising and Internet searching impacts switch journeys and family and friend recommendations influence assortment journeys.

4.5 Purchase considerations

The in-store purchase considerations are impacted by monetary factors such as price, promotion and value for money. There are also hedonistic considerations such as brand and buying something new, alongside sensory considerations such as fragrance and packaging aesthetics. The safety and practical pre-purchase considerations are less important when the consumer is in-store and making the purchase decision. In Brazil, the top monetary considerations are price and value for money, whereas, in countries with heavier promotional activity, such as China and the UK, promotion and value for money are the most important considerations.

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4.6 Purchase touchpoints

In-store touchpoints include product packaging, promotions, shelving, engaging with the product and sales people. In Brazil and China, the desire to pick up the product, read the labels and smell the detergent is higher than in the UK. This need for touch is an important touchpoint for the switch journeys in Brazil and the UK, whilst in China it is imperative for the assortment journeys. In China there are significantly more stimuli in-store including product demonstrations, samples, television advertisements and sales people. Sales people can be heavily influential on consumers but also induce negative emotions such as frustration and anger.

4.7 Post purchase considerations

After the product has been purchased, the evaluation phase involves practical and sensory considerations. For *form switch* journeys in Brazil, performance and fragrance are the most important factors; if both are evaluated positively, there will be a strong likelihood of a re-purchase. In China, where the majority of purchase decisions are made impulsively in-store, the evaluation phase is essential. The product is compared to others within the home assortment; it must have an enhanced performance, fragrance and fulfil its function.

4.8 Post purchase touchpoints

Our research indicates that touchpoints within the evaluation phase include communication with household members, the washing environment, a perception of clean, the practicality of the packaging and WOM to others. Consumers in the UK rarely (5%) recommend their new laundry products to friends and family, however 27% of consumers in Brazil and 33% of consumers in China recommend their new products.

5. Conclusion

Overall, we demonstrate that FMCG product switching is not a singular instance resulting only from negative experiences such as dissatisfaction. The qualitative analysis shows that the consumer decision considerations and determinants vary across the seven journeys and three countries. In the emerging markets, the variety of laundry products stored at home provides opportunities for product switching, especially if there is a new function or high performance associated with the product. Moreover, WOM and advertising are important in developing interest and trust of the new product. In-store, it must be pitched or promoted at the correct price; the more brand related stimuli in-store, the more likely an impulse purchase will be made, especially in China. Due to the impulsive nature of the purchase, the product must perform by meeting practical

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and sensory expectations for it to be re-purchased and fully adopted. There are clear differences between the UK as an established market, Brazil and China as emerging, and this impact on the adoption of new products.

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