AGRIEKONOMIKA
http://journal.trunojoyo.ac.id/agriekonomika
Volume 14, Nomor 1, 2025
DOI: https://doi.org/ 10.21107/agriekonomika.v14i1.27980

Agriekonomika has been accredited as a scientific journal by the Ministry of Research-Technology and Higher Education Republic of Indonesia: ***No. 23/E/KPT/2019*** *SINTA 2*

Brand Switching Behavior on Consumer Loyalty of Branded Packed Rice in Pangkalpinang City

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Received: November 2024; Accepted: March 2025; Published: April 2025

ABSTRACT

The purpose of this study was to analyze the factors that influence brand switching and consumer loyalty for branded packaged rice. This research was conducted in Pangkalpinang City. The sample was taken using purposive sampling method as many as 100 people. Data analysis using Smart Partial Least Square with the help of SmartPLS 4 software. Price perceptions and product quality have a significant effect on brand switching and loyalty. Perceived price and product quality have an indirect effect on brand switching and branded packaged rice consumer loyalty.

Keywords: branded packaged rice, brand switching, loyalty, rice, SEM-PLS

INTRODUCTION

Most Indonesians consider rice to be a very important commodity as many make it their daily staple food. As much as 98.35% of Indonesian households consume rice as their main staple food (BPS, 2023). Therefore, rice is widely available and easily found in both traditional and modern markets.

The rice market in Pangkalpinang City is divided into two, namely the bulk rice market and the branded rice market. Bulk rice is unpackaged rice that is usually available in traditional markets and sold in liters or kilograms packed in plastic bags, while branded packaged rice is rice that is sold under a certain brand and packaged in sacks or special packaging with varying sizes ranging from 5 kg, 10 kg, to 25 kg (Lestari & Saidah, 2023).

Pangkalpinang City is the capital of Bangka Belitung Islands Province with a population of 226,297 people (BPS, 2023). The large population of Pangkalpinang City and the important role of rice as a staple food make the rice market in Indonesia develop very quickly (Ramadhan et al., 2023). This has resulted in the emergence of various packaged rice with new brands in the market, so there are many variations of packaged rice brands available. The variety of packaged rice brands on the market causes consumers to have many choices in buying packaged rice.

The types of branded packaged rice circulated in Pangkalpinang City are medium and premium rice. There are several new brands of packaged rice traded in Pangkalpinang City, namely, Daun, Setra Ramos, Bintang, Cinta Wave, Tani Jaya, Putri Desa and many others. The number of brands of packaged rice in circulation creates many variations that can affect brand switching.

Based on observations made by researchers, consumers tend to look for other brand options when there are lower price offers or attractive discounts from new brands available. This is because rice is a major necessity in daily life, so consumers are more sensitive when there are price changes (Vermila, 2015).

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p-ISSN 2301-9948 | e-ISSN 2407-6260

Rice quality is also assumed to influence brand switching. Based on field observations, it was found that some consumers switched brands because the quality of the rice they consumed did not meet their expectations. Some consumers do not like the crumbly texture of the rice, so they look for other brands that have a fluffier rice quality. This is supported by research (Zainudin, 2014), consumers tend to look for products that meet good quality standards and match their preferences.

Consumers often rely on recommendations from others in deciding to switch packaged rice brands. This recommendation is considered a testimonial or proof of satisfaction with a brand, thus generating interest for others to try the packaged rice brand. This statement is also supported by research (Widargo & Dermawan, 2023) which states that brand image has a positive influence on brand switching behavior.

The loyalty of Pangkalpinang City rice consumers can be said to be quite low, because consumers continue to switch to other brands due to various factors, namely recommendations from others, running out of stock, wanting to find variety, experiencing post-consumption dissatisfaction and others. When consumers feel that their needs are met, it is assumed that they will remain loyal to the brand in the long term. According to Sinulingga et al., (2023) if they feel that their needs are not met or no longer match their needs, they will look for alternative brands again in the future.

Based on the description above, the hypothesis of this study is as follows.

H1 : Price perception affects brand switching
H2 : Price perception affects loyalty
H3 : Product quality affects brand switching
H4 : Product quality affects loyalty
H5 : Brand switching affects loyalty
H6 : Price perception affects
H7 : Product quality affects loyalty through brand switching

RESEARCH METHODS

The research location was selected using the purposive method with the consideration that Pangkalpinang City is a distribution center for goods including branded packaged rice. This condition makes it easy for new brands to enter, causing many variations in branded packaged rice. This research method uses the survey method. Data were collected using instruments such as questionnaires and interviews with 100 people who have switched brands of packaged rice and have bought more than twice after switching brands.

The data analysis method uses Structural Equation Modeling with Partia Least Square (SEM-PLS). In SEM-PLS there are outer models and inner models (Hair et al., 2021). The outer model is used to ensure that the measurements used in the study are valid and reliable to be used as measuring instruments. In the outer model there is a validity test with measuring instruments convergent validity, AVE, HTMT, fornell lacker criterion, cross loading, while the reliability test uses Cronbach's alpha and composite reliability. Inner model or structural model is used to predict the cause-and-effect relationship of latent variables. Inner model measurement through colinearity, f-square, path coeffisient, q-square (Hair et al., 2019).

RESULT AND DISCUSSION

The respondents in this study show a wide variety in terms of gender, age, income, latest education, occupation. The differences in demographic conditions that vary lead to different choices in switching brands. The table of distribution of respondent characteristics is presented in Table 2.

Table 1.
Latent Variables and Research Indicators

Latent Variable	indicator	Reference
Price Perception (X1)	Price affordability (X1.1) Price match with quality (X1.2) Price match with benefits (X1.3)	Nurcahyo & Khasanah, (2016)
Latent Variable	**indicator**	**Reference**
Product quality (X2)	Rice hygiene (X2.1) Rice wholeness (X2.2) Texture (X2.3) Aroma (X2.4)	Setiawan & Safitri, (2019)
Brand switching (Y1)	Dissatisfaction after previous brand consumption (Y1.1) Desire to look for variations of other brands (Y1.2) Disconnect stop use of the previous brand (Y1.3)	Candra, (2014)
Loyalitas merek (Y2)	Make repeat purchases (Y2.1) Recommend products (Y2.2)) Demonstrate immunity from the attractiveness of competing products (Y2.3)	Hurriyati, (2008)

Source: Primary Data Processed (2024)

The highest percentage of packaged rice brand switching in Pangkalpinang City occurred in the RM rice brand to 118 with a percentage of 13%. This is because the rice brand 118 is always available in the market and easy to find. According to the Head of Disperindag 2024, the supply of rice brand 118 to Bangka Belitung is quite stable, so it is rarely out of stock. The second highest percentage of packaged rice brand switching occurred in the RM rice brand to Sendok with a percentage of 8%. This is because the Sendok rice brand has a more affordable price, so it is often used as an option to switch brands because consumers feel they get economic benefits. In addition, consumers feel that the quality of Sendok branded rice is in accordance with the price paid. The percentage of switching brands of other packaged rice is presented in Figure 1.

SEMPLS Outer Model is declared valid and reliable which is shown through validity and reliability tests. The validity test is shown through convergent validity, namely the loading factor value is more than 0.70 and the AVE value is greater than 0.50, which indicates that each indicator contained in the latent variable is more than 50%. Cronbach's alpha is declared reliable because it has a value greater than 0.60, meaning that each indicator is consistent in measuring its construct, while composite reliability is also reliable because perceived price, product quality, brand switching and loyalty have a value greater than 0.70, which means that the indicator already reflects the construct being measured.

In table 4. it is known that the indicators on each construct have a higher cross loading value on the measured construct compared to the loading value on other constructs in the same row. This means that the indicators can clearly distinguish the target construct from other constructs, fulfilling the discriminant validity criteria.

In table 5. it can be seen that the Average Variance Extracted (AVE) of all

variables used is said to be valid. This is because the average value of the variance taken is higher than the correlation value involving the related latent variables.

Table 2.
Respondent Characteristics

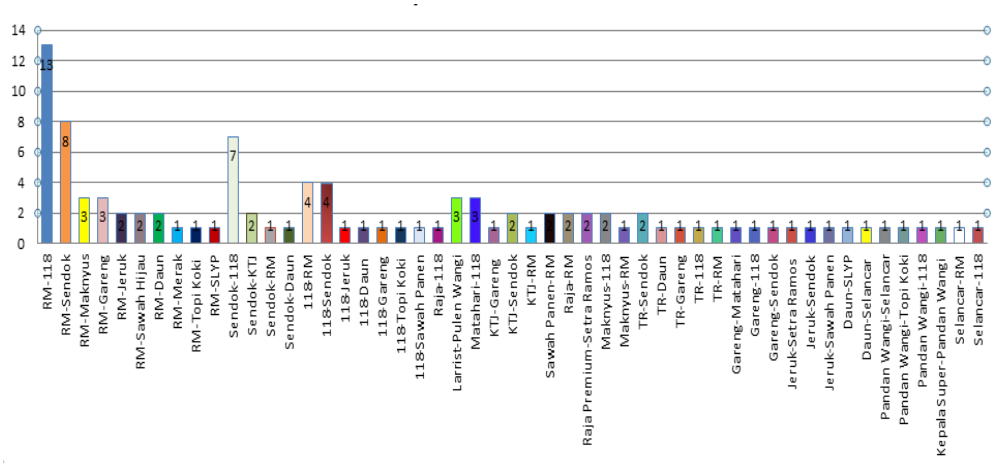
Characteristics	Frequency (people)	Percentage
Gender		
Male	81	81%
Female	19	19%
Age		
15-24	8	8 %
25-34	45	45 %
35-44	25	25 %
45-54	18	18 %
55-64	4	4 %
Characteristics	Frequency (people)	Percentage
Last Education		
SD	8	8 %
SMP/MTS	8	8 %
SMA/SMK/MA	54	54 %
Characteristics	Frequency (people)	Percentage
Diploma	7	7 %
S1	23	23 %
Job		
Housewife	50	50 %
PNS	6	6 %
Private Employee	17	17 %
SOE Employee	2	2 %
Self-employed	14	14 %
More	11	11 %
Revenue		
> Rp 3.500.000	58	58 %
Rp 2.500.000 – Rp 3.500.000	23	23 %
Rp 1.500.000 – Rp 2.500.000	15	15 %
< Rp 1.500.000	4	4 %

Source: Primary Data Processed (2024)

Based on the data presented in Table 6. it can be seen that the r-square correlation coefficient value for the brand switching variable (Y1) is 0.440. The correlation between the variable price perception (X1), product quality (X3), with the brand switching variable (Y1) shows a moderate. As much as 44% of brand switching can be explained by these four variables. Meanwhile, the remaining 64% is influenced by other factors not explained in this study. The correlation coefficient value for the loyalty variable (Y2) is 0,64. The r-square value is close to +1, so the correlation between the brand switching variable (Y1) and loyalty (Y2) shows a strong, unidirectional, and positive relationship. It can be interpreted that the loyalty variable (Y2) 64.3%, can be explained by

the brand switching variable (Y1). Meanwhile, the other 35.7% is influenced by other variables not explained in this study.

Path Coefficient measurement can be seen in direct effect (direct effect) and indirect effect (indirect effect). The results of direct effect and indirect effect testing are presented in Table 7.



Source: Primary Data Processed (2024)

Figure 1:
Percentage of branded packaged rice switching

Table 3.
Outer model results

Variables	Iindicator	Loading factor	AVE	Cronbach's alpha	Composite reability
Price perception	X1.1	0.907	0,767	0.850	0.908
	X1.2	0.839			
	X1.3	0.880			
Product quality	X3.1	0.871	0,756	0.892	0.925
	X3.2	0.851			
	X3.3	0.885			
	X3.4	0.870			
Brand switching	Y1.1	0.869	0,738	0.823	0.894
	Y1.2	0.877			
	Y1.3	0.830			
Loyalty	Y2.1	0.922	0,819	0.889	0.931
	Y2.2	0.918			
	Y2.3	0.874			

Source: Primary Data Processed (2024)

The Q-square value of the brand switching test results (Y1) is 0.643 and loyalty (Y2) is 0.632. This study shows a good observation value because the adjusted R-square value is greater than 0. This means that this study has a predictive relevance of 0.643 on the brand switching variable (Y1), which indicates that the model can explain 64.3% of this variable. Meanwhile, the loyalty variable (Y2) has a predictive relevance of 0.632, which indicates that the model can explain 63.2% of this variable.

Table 4.
Discriminant Validity Measurement (Cross loading)

Indicator	Price perception	Product availability	Product quality	Brand image	Brand switch	Loyalty
X1.1	0.907	0.509	0.557	0.589	0.907	0.509
X1.2	0.839	0.430	0.401	0.408	0.839	0.430
X1.3	0.880	0.453	0.528	0.630	0.880	0.453
X2.1	0.405	0.871	0.445	0.614	0.405	0.871
X2.2	0.430	0.851	0.499	0.614	0.430	0.851
X2.3	0.457	0.885	0.545	0.550	0.457	0.885
X2.4	0.548	0.870	0.542	0.644	0.548	0.870
Y1.1	0.450	0.521	0.869	0.646	0.450	0.521
Y1.2	0.511	0.514	0.877	0.637	0.511	0.514
Y1.3	0.527	0.470	0.830	0.476	0.527	0.470
Y2.1	0.554	0.547	0.638	0.922	0.554	0.547
Y2.2	0.470	0.592	0.670	0.918	0.470	0.592
Y2.3	0.680	0.737	0.564	0.874	0.680	0.737

Source: Primary Data Processed (2024)

Table 5.
Discriminant Validity Measurement (Fornell Lacker Criterion)

Variables	X1	X2	Y1	Y2
Price perception	0.876			
Product quality	0.532	0.648		
Brand switching	0.575	0.552	0.859	
Loyalty	0.633	0.654	0.689	0.905

Source: Primary Data Processed (2024)

Table 6.
R-square and Q-Square

Variables	R-Square	Q-Square
Brand switching (Y1)	0.440	0.428
Loyalty (Y2)	0.643	0.632

Source: Primary Data Processed (2024)

Effect of Price Perception on Brand Switching

The emergence of various new packaged rice brands on the market with more varied and affordable prices has caused consumers to become more interested in switching brands. This happens because of the variety of choices that offer prices that are more in line with their budget. price perception has a significant effect on brand switching. If the price of rice consumed is considered unaffordable, then consumers will switch to look for rice that suits their purchasing power. Consumers also switch brands because the quality they are used to changes, as a result, consumers look for other brands that offer prices paid in accordance with the quality received. In addition, consumers often face situations. As their needs increase, they look for packaged rice brands that offer prices that are within their purchasing power. In this condition, consumers feel economically advantaged because they can buy branded packaged rice at a lower price, thus saving their expenses. This is supported by research (Widargo & Dermawan, 2023) which explains that price perception has a

positive effect on brand switching.

1. Effect of Price Perception on Loyalty

Price perception has a significant effect on loyalty. Consumer loyalty is seen when they feel the price paid is in accordance with the quality of rice obtained after switching brands. Consumers become loyal because they feel that the price offered by the new brand is not only affordable, but also comparable to the quality and benefits received. When consumers find that the price paid provides appropriate value, both in terms of quality and benefits, they tend to remain loyal to the brand. This is in line with research (Armadini et al., 2024) that price perception affects loyalty. This is also supported by research (Pratama, 2021) which states that affordable prices allow more consumers to buy products repeatedly.

Tabel 7.
Direct effect and indirect effect

Variables	Original Sampel (O)	T Statistic (|O/STDEV|)	P Values
Price Perception - Brand Switching	0.368	4.345	0.000
Price Perception - Loyalty	0.247	2.852	0.004
Product Quality - Brand Switching	0.390	5.076	0.000
Product Quality - Loyalty	0.376	4.267	0.000
Brand Switching - Loyalty	0.326	3.455	0.001
Variables	Original Sampel (O)	T Statistic (|O/STDEV|)	P Values
Perceived Price - Loyalty - Brand Switching	0.120	3.277	0.001
Product Quality – Loyalty - Brand Switching	0.127	3.115	0.002

Source: Primary Data Processed (2024)

2. Effect of Product Availability on Brand Switching

Quality has a significant effect on brand switching. Consumers often switch brands if the brands they usually buy show inconsistent quality and are considered to be inconsistent unreliable. In addition, some consumers switch to other brands if the aroma of packaged rice is very strong, such as pandan aroma, because consumers are worried about the presence of synthetic ingredients. This is supported by research (Susanti et al., 2021), that product quality has a significant effect on brand switching because most consumers who move from one brand of rice to another are caused by the increased added value offered by the new brand.

3. Effect of Product Availability on Loyalty

Quality has a significant effect on loyalty. If consumers feel suitable for the quality provided by a brand of packaged rice, they will tend to remain loyal to that brand. Consumers choose to remain loyal to the brand because they are worried that they will be disappointed by the quality of packaged rice from other brands. This loyalty is reinforced by repeated positive experiences, which make consumers feel confident that they will not be disappointed with the rice brand. This is supported by research (Cardia et al., 2019) that price has a positive and significant effect on consumer loyalty because high quality products tend to meet, even exceed, customer expectations.

4. Effect of Brand Switching on Loyalty

Brand switching affects loyalty.

The circulation of various brands of packaged rice in the market triggers brand switching, so consumers tend to look for other brand variations outside the brands they usually consume. After Finding a brand that is considered suitable, consumers will show loyalty by making repeated purchases. This loyalty is reflected when consumers continue to choose the brand, on the grounds that they already feel suitable and are worried about the possibility of disappointment from other brands. This is in line with research conducted by (Azhar & Halim, 2023) which states that the intensity of brand switching will decrease if they find a suitable brand, so that loyalty will increase.

5. Effect of Price Perception on Loyalty through Brand Switching

Price perception has an indirect effect on loyalty through brand switching with p values (0.001) <0.05 and t statistics (3.277) > 1.96, with an original sample (O) value of 0.120. The indirect effect test results show a significant effect, meaning that brand switching indirectly affects price perceptions and loyalty.

Price perception has a positive influence on loyalty through brand switching, because consumers tend to be loyal to the packaged rice brand that is perceived to provide the best value based on the price they pay. When consumers feel that the price paid is in accordance with the quality and benefits obtained, they choose to remain loyal to the brand. In the previous condition, consumers had consumed another brand of packaged rice and switched to this brand of packaged rice because they felt that the price of the packaged rice they were now consuming offered better value according to their perceptions.

6. Effect of Product Quality on Loyalty through Brand Switching

Product quality has a significant effect on loyalty through brand switching with p values (0.002) < 0.05 and t statistics (3.115) > 1.96, with an original sample (O) value of 0.127. This shows that product quality has a positive and significant effect on consumer loyalty through brand switching.

This shows that consumers tend to be loyal to packaged rice brands that have good product quality, so that product quality affects loyalty through brand switching. The results of this study indicate that consumer loyalty occurs after they switch brands because they find a brand that meets their expectations, especially after experiencing undesirable rice quality problems from the previous brand.

CONCLUSION

Perceptions of price and product quality affect brand switching in branded packaged rice consumers in Pangkalpinang City. Meanwhile, perceived price and product quality affect consumer loyalty to branded packaged rice consumers in Pangkalpinang City. Perceived price and product quality affect loyalty through brand switching of branded packaged rice in Pangkalpinang City.

ACKNOWLEDGMENT

The author would like to thank the thesis supervisor who has directed and guided in conducting research and the process of making this article.

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