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NAVIGATING BRAND SWITCHING: THE MODERATING ROLE OF SWITCHING COSTS ON BRAND LOYALTY AND CUSTOMER DISSATISFACTION

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Abstract

In an increasingly competitive global marketplace, understanding the drivers of consumer migration from one brand to another known as brand switching has become critical for sustainable business survival. This study investigates the dual influences of brand loyalty and customer dissatisfaction on brand switching intention and behavior, drawing upon a sample of 200 consumers across Central Java, Indonesia, who have experienced brand transition in consumer goods and service sectors. Brand loyalty represents the psychological and behavioral commitment to maintain enduring preference for a specific brand, while customer dissatisfaction captures negative disconfirmation arising from unmet expectations, service failures, or perceived value deficits. Employing a quantitative research design and data analysis via IBM SPSS Statistics, the study applies multiple statistical procedures including validity and reliability testing, normality assessment, exploratory factor analysis, correlation analysis, and multiple linear regression. Results reveal that brand loyalty exerts a significant negative influence on brand switching ($\beta = -0.382$, $p < 0.001$), indicating that stronger commitment substantially reduces migration likelihood. Conversely, customer dissatisfaction demonstrates a significant positive influence ($\beta = 0.476$, $p < 0.001$), confirming that unaddressed negative experiences accelerate brand departure. Collectively, both predictors explain 52.4% of variance in brand switching behavior, suggesting additional contributing factors such as switching costs, competitor attractiveness, and social influence remain to be explored. These findings bridge an empirical gap in the Indonesian consumer behavior literature by simultaneously examining restraining and driving forces within a unified model. Practically, results emphasize that retention strategies must cultivate active loyalty while systematically identifying and resolving dissatisfaction triggers.

Keywords: *Brand Loyalty; Customer Dissatisfaction; Brand Switching; Consumer Behavior; Multiple Regression*

1. INTRODUCTION

Foreign direct investment (FDI) remains a catalyst for growth in many emerging countries (Hayat, 2019). In ASEAN, FDI drives infrastructure development, technology

transfer, industrial diversification, and labour market expansion (Bhujabal et al., 2024). In ASEAN countries such as Indonesia, Malaysia, Vietnam, Thailand, and the Philippines, FDI is treated as the barometer of global investors' trust and economic stability (Hayat, 2019). Over the last 2 decades, these 5 countries have adopted more liberal economic policies to attract regional and global investment (Asongu et al., 2018; Peres et al., 2018; Saini & Singhania, 2018). In many cases of ASEAN disorder, 1 Malaysia Development Berhad (1MDB) was one of the most recognised scandals in ASEAN governance history (Jones, 2020). The scandal was officially leaked in 2015 and has become one of the biggest corruption cases involving a modern sovereign wealth fund. According to many international investigators, millions of dollars were misused through complex shell companies across multiple countries with no jurisdiction (Jones, 2020). Because the 1MDB scandal involves various Malaysian senior politicians, it attracted international media attention, even outside the ASEAN region (Maksum, 2020). Logically, a corruption episode like this should raise an empirical question: Does the 1MDB scandal significantly affect FDI inflows in Malaysia relative to other ASEAN countries? Or can the Malaysian macroeconomy absorb that disruption without long-term damage? Therefore, this paper will treat FDI as the main variable because it can be interpreted as an indicator of global investors' trust (Lee et al., 2024).

Many previous panel studies show that corruption and FDI inflows have a significant negative relationship. Corruption is perceived as a hidden cost that may create business uncertainty (Cuervo-Cazurra, 2006; Hakimi & Hamdi, 2017). So, corruption disorders will most likely influence the tendency of capital inflows in a country (Chih et al., 2023). Accordingly, these findings support the view that institutional quality plays a significant role in determining capital inflows (Bhujabal et al., 2024). However, much of the existing literature on corruption and FDI relies on aggregate, country-level corruption indices measured across countries and over time (Krifa-Schneider et al., 2022; Qureshi et al., 2021; Thede & Karpaty, 2023). For example, Hakimi and Hamdi (2017) used the International Country Risk Guide corruption index to examine the relationship between corruption and FDI across MENA countries. Thereby capturing average institutional differences rather than the effect of a specific corruption event. In contrast, this study treats the public exposure of the 1MDB scandal in 2015 as a discrete, country-specific governance shock and compares the subsequent change in Malaysian FDI with contemporaneous changes among its ASEAN peers. This event-based, quasi-experimental approach therefore examines whether a major corruption scandal produced a detectable change in international investment, rather than whether countries with different average levels of corruption receive different amounts of FDI.

Furthermore, this paper estimates the causal effect of the 1MDB scandal on Malaysian FDI, compared with peers in other ASEAN countries, including Indonesia, Vietnam, the Philippines, and Thailand, using the Difference-in-Differences (DiD) method

over the 2000–2024 period (Callaway & Sant'Anna, 2021). Research using DiD methods to study the impact of corruption and capital inflows on peer countries remains limited. Also, many papers do not cover long enough time horizons, so turbulence arising from corruption scandals over medium- or long-term horizons cannot be captured properly. Specifically, this paper asks whether the 1MDB scandal significantly affected Malaysian FDI inflows relative to those of its ASEAN peers after 2015. Moreover, this study uses a two-way fixed-effects DiD model and controls for variables such as GDP per capita growth, unemployment, and trade openness (Goodman-Bacon, 2021). In short, this study aims to contribute to the FDI literature by applying a quasi-experimental method and an ASEAN study to examine one of the biggest investment scandals, namely 1MDB.

FDI is consistently recognised as a necessary catalyst for economic development in emerging markets, although its effect depends on the sector receiving the investment and host-country conditions. Theoretically, FDI decisions are shaped not only by institutional reputation but also by macroeconomic factors, connectivity reliability, and long-term investment commitments. Among these factors, the unemployment rate is a key indicator of business stability. From an investment perspective, a high unemployment rate indicates not only a social problem but also weaknesses in domestic demand, underutilised production capacity, and unstable political conditions. GDP growth per capita is another important determinant. GDP per capita growth is a proxy for the host country's purchasing power. According to many theories, multinational companies seek not only a low-cost production base but also a host country with robust growth, as this can translate directly into expanded domestic demand. For example, in the ASEAN context, countries like Indonesia and Vietnam often use their localised economic growth as one of many attractive factors for FDI. Therefore, GDP per capita growth in this paper serves not only as a control variable but also as a signal of localised economic growth in the host country.

Trade openness also plays an important role in capturing a country's fundamental FDI activities, because lower trade barriers and greater international integration can facilitate both market-seeking and export-oriented investment. In the ASEAN context, this signal is necessary to indicate a host economy's readiness for foreign investment (Dananjaya, 2026). A more globally integrated host is perceived as more dependable for foreign investment.
Much of the literature on the cross-country relationship between corruption and FDI shows a predominantly negative relationship (Chih et al., 2023; Qureshi et al., 2021; Thede & Karpaty, 2023). The theoretical mechanism underlying these findings draws on the grabbing hand hypothesis, or sand in the wheels, in which corruption is described as an unexpected transactional cost borne by foreign investors, thereby delaying the inflow of funds (Hakimi & Hamdi, 2017). Corruption also signals inconsistent law enforcement. Instability in legal regulation for international investors is often the main obstacle to investment, and reducing investment risk is necessary (Cuervo-Cazurra, 2006). Given these points, research using the

Corruption Perceptions Index generally finds that more corrupt countries receive far less investment than they should (Hakimi & Hamdi, 2017).

However, another perspective, called the grease-the-wheels hypothesis, argues that in certain institutional contexts, especially in more complex bureaucracies, corruption is needed to facilitate transactions and business activities. Although this view is in the minority, it is necessary to show that the effect of corruption on FDI is not uniform but depends on the channels through which corruption occurs (Aluko et al., 2024; Krifa-Schneider et al., 2022). Nevertheless, most corruption literature empirically shows that corruption scandals ultimately deplete investor trust, especially when they directly involve an institution that manages sovereign wealth, as happened with 1MDB (Jones, 2020; Poon, 2021).

In short, this 1MDB case raises a question: if a country-level corruption scandal such as 1MDB is expected to reduce investor trust, can the damage be reflected in Malaysian FDI inflows relative to its ASEAN peers? Although the empirical expectation is clear, evidence on how the governance shakeout affects FDI remains limited, especially in the ASEAN context (Aluko et al., 2024; Jones, 2020; Krifa-Schneider et al., 2022; Poon, 2021; Thede & Karpaty, 2023). Thus, the gaps in the empirical literature strongly motivate this paper's quasi-experimental approach to estimating the effect of the 1MDB scandal on Malaysian FDI.

In ASEAN and other emerging-market contexts, many studies have used event-based methods to examine how political instability and governance shake-ups may be transmitted to FDI decisions. According to previous studies, the shakeout often does not result in short-term gains; instead, it takes time for the turbulence to be absorbed and reflected in the market (Guo et al., 2021). Thus, a longer time is preferable to a short one for explaining the governance shakeout phenomenon. Interestingly, many studies also report null or non-significant results, indicating that, in some cases, institutions experiencing governance turbulence continue to accept FDI inflows (Callaway & Sant'Anna, 2021).

Most existing research on corruption and FDI either relies on broad cross-country corruption indices that do not isolate specific scandal events. Many 1MDB papers approach the case purely from a political science and governance perspective, without translating its consequences into quantifiable investment outcomes. Not to mention that studies applying quasi-experimental designs to corruption shocks in the ASEAN context remain comparatively limited, and those that do exist tend to use shorter post-treatment windows. Correspondingly, by applying a two-way fixed-effects DiD design to a 2000–2024 ASEAN-5 panel, this paper provides a causal estimate of the effect of the 1MDB scandal on Malaysian FDI inflows. Based on the theoretical framework and empirical literature that have been discussed, this research proposes the following hypothesis:

H_1: The 1MDB scandal has a significant negative effect on Malaysian FDI inflows relative to ASEAN peers after 2015.

2. LITERATURE REVIEW

2.1 Brand Loyalty

Brand loyalty is defined as a biased behavioral response expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of such brands, and is a function of psychological decision-making processes (Jacoby & Chestnut, 1978; Chaudhuri & Holbrook, 2001). Contemporary scholarship bifurcates loyalty into two interrelated dimensions: behavioral loyalty observable repurchase patterns and attitudinal loyalty psychological attachment comprising trust, identification, and emotional bonding (Keller, 2016). Attitudinal loyalty is the more potent predictor of long-term stability, as behavioral repetition without underlying commitment reflects merely inertia, which collapses rapidly when alternatives appear marginally superior (Huang & Yu, 2022).

Empirically, loyalty demonstrates consistent inverse association with switching. In a study of mobile telecommunications customers, Aydin et al. (2022) reported that each unit increase in loyalty reduced switching intention by 0.41 standard deviations. Similar results emerged from FMCG markets, where loyal customers were 3.2 times less likely to consider alternatives despite comparable pricing (Singh & Khan, 2023). However, loyalty is not impervious; sustained negative experiences erode commitment incrementally, suggesting a mediating or moderated relationship rather than a static firewall (Tuzovic et al., 2022).

2.2 Customer Dissatisfaction

Customer dissatisfaction arises when perceived performance fails to meet the expected standard, producing negative disconfirmation (Oliver, 2014). Unlike satisfaction, which exists across a narrow band of acceptable performance, dissatisfaction activates once a threshold of unmet expectation is breached, triggering emotional responses ranging from mild disappointment to intense brand betrayal (Grégoire & Fisher, 2008). Consequences extend beyond simple departure: dissatisfied customers engage in negative word-of-mouth, amplify grievances through social media, and exhibit heightened price sensitivity toward remaining purchases (Omran, 2026).

Not all dissatisfaction yields identical outcomes. The exit-voice-loyalty-neglect framework predicts that customers with high investment will complain rather than leave, while those with low attachment will depart silently (Hirschman, 1970; Baghi & Gabrielli, 2021). This heterogeneity underscores why dissatisfaction alone does not perfectly predict switching its effect depends critically on concurrent levels of loyalty.

2.3 Brand Switching

Brand switching is the final behavioral outcome in a sequence beginning with intention formation, information search, and alternative evaluation (Keaveney, 1995). Determinants are conventionally categorized into push factors dissatisfaction, service failure, pull factors competitor offers, novelty-seeking, and mooring factors switching costs, social influence,

loyalty (Bansal et al., 2005). This study focuses exclusively on the primary push-mooring dyad dissatisfaction and loyalty acknowledging pull factors as important but exogenous to the present scope.

2.4 Hypothesis Development

Consistent with theoretical expectation and empirical precedent:

H1: Brand loyalty has a significant negative effect on brand switching.H2: Customer dissatisfaction has a significant positive effect on brand switching.H3: Brand loyalty and customer dissatisfaction jointly have a significant effect on brand switching.

2.5 Summary of Previous Studies

Table 1. Summary of Selected Prior Empirical Findings

Author(s), Year	Journal or Context	Sample	Key Constructs	Major Finding
Hanifati & Salehudin (2021)	South East Asian Journal of Management; Indonesia	245 tech consumers	Perceived quality, brand personality, loyalty, switching	Loyalty → switching $\beta = -0.34$, $p < 0.01$
Aydin et al. (2022)	Journal of Retailing and Consumer Services; Turkey	384 telecom users	Loyalty, satisfaction, switching costs	Loyalty reduces switching intention strongly
Singh & Khan (2023)	Journal of Marketing Communications ; India	312 FMCG buyers	Brand equity, loyalty, switching	Dissatisfaction mediates quality → switching link
Setyati & Dirgantara (2024)	Indonesian Journal of Sustainability Policy; Indonesia	198 retail customers	Brand performance, satisfaction, switching	Dissatisfaction coefficient $\beta = 0.51$, $p < 0.001$
Putra et al. (2026)	American Journal of Economic & Management Business; Indonesia	276 automotive consumers	Price, trust, loyalty, switching	Loyalty effect weaker among price-sensitive segments
Obiegbu & Larsen (2025)	Marketing Theory; UK/Europe	412 platform users	Personalization, experience, loyalty	Failed personalization erodes loyalty → switching

Source: *Proceed Data, 2026*

Research Gap: As evident above, few studies simultaneously model loyalty and dissatisfaction as competing predictors within a single Indonesian sample. No identified publication reports comparative effect sizes for both restraining and driving forces across consumer goods and service sectors in West or Central Java. This study fills that void.

3. RESEARCH METHOD

3.1 Research Design

This study employs a quantitative cross-sectional design, collecting observational data at a single point in time to test hypothesized relationships between variables. The approach is appropriate given the confirmatory nature of the inquiry and the ability of regression-based techniques to isolate and compare predictive effects (Creswell, 2014). The design accommodates the study's core objective: measuring the independent and combined influences of brand loyalty and customer dissatisfaction on brand switching.

3.2 Population, Sample, and Sampling Technique

The target population comprises consumers residing in Wonosobo Regency and surrounding Central Java communities who have purchased branded products or services within the preceding 12 months and have demonstrated active consideration of alternative brands. A total sample of 200 respondents was determined based on the 10:1 rule of thumb minimum 10 observations per estimated parameter yielding adequate statistical power for up to 20 predictor items (Hair et al., 2019). Sample size calculation also confirmed n = 200 achieves 95% confidence level with ± 6.9% margin of error for proportion estimates.

Respondents were selected via purposive sampling, requiring each participant to have experienced at least one brand-switching event or serious consideration of switching. This criterion ensures the sample captures relevant behavioral variance rather than generalized non-consideration. Demographic stratification achieved representation across gender, age, income, and product categories including telecommunications, fast-moving consumer goods, and fashion retail.

3.3 Data Collection, Instrumentation, and Analysis

Data were gathered using a structured, self-administered questionnaire comprising three sections: (1) screening and consent, (2) multi-item scales measuring each construct, and (3) demographic profiling. All items were adapted from established literature and measured on 5-point Likert scales ranging from 1 strongly disagree to 5 strongly agree. Brand loyalty was assessed using six items derived from Chaudhuri & Holbrook (2001), capturing both repurchase intention and emotional attachment. Customer dissatisfaction employed five items adapted from Oliver (2014), focusing on unmet expectations, perceived performance deficits, and negative emotional response. Brand switching consisted of four items measuring active consideration, information search, trial behavior, and actual migration (Bansal et al., 2005).

Data processing was executed using IBM SPSS Statistics version 26. The analytical sequence proceeded as follows: first, validity and reliability assessment to confirm instrument quality; second, normality testing to verify distributional assumptions; third, exploratory factor analysis to examine dimensionality; fourth, correlation analysis to establish zero-order associations; fifth, multiple linear regression to test hypothesized predictive relationships; and finally, supplementary diagnostic tests including group comparisons and distributional checks. This staged approach aligns with standard quantitative reporting conventions and ensures findings rest upon robust statistical foundations (Pallant, 2020).

4. RESULTS AND DISSCUSSION

4.1 Validity and Reliability

Validity testing through corrected item-total correlation assessed whether each questionnaire item measured its intended construct. An item is considered valid if its correlation coefficient exceeds 0.30 (Hair et al., 2019). Reliability evaluation employed Cronbach's alpha coefficient, with values greater than 0.60 regarded as acceptable for exploratory research and values above 0.70 indicating good internal consistency (Nunnally & Bernstein, 1994).

Table 2. Validity and Reliability Results

Construct	Number of Items	Item-Total Correlation Range	Cronbach's Alpha	Status
Brand Loyalty	6	0.521 to 0.734	0.826	Valid and Reliable
Customer Dissatisfaction	5	0.489 to 0.702	0.791	Valid and Reliable
Brand Switching	4	0.553 to 0.688	0.745	Valid and Reliable

Source: *Proceed Data, 2026*

All items exhibited correlation coefficients above the 0.30 threshold, confirming convergent validity for every measured indicator. Cronbach's alpha values ranged from 0.745 to 0.826, comfortably exceeding the 0.70 benchmark. These outcomes indicate the questionnaire operates consistently across respondents and the three constructs are empirically distinct and internally coherent. The reliability coefficients obtained compare favorably with similar consumer behavior studies conducted in Indonesia, where alpha values between 0.70 and 0.85 are commonly reported (Setyati & Dirgantara, 2024; Putra et al., 2026). No item required removal; the full instrument proceeds to subsequent analysis.

4.2 Normality Test

Normality assessment applied the Kolmogorov-Smirnov procedure with Lilliefors significance correction, appropriate for sample sizes between 50 and 300. The null hypothesis assumes data follow a normal distribution; failing to reject this hypothesis ($p > 0.05$) confirms distributional adequacy for parametric testing (Ghasemi & Zahediasl, 2012).

Table 3. Normality Test Results

Variable	Mean	Std. Deviation	KS Statistic	p-value	Interpretation
Brand Loyalty	3.62	0.741	0.078	0.057	Normal distribution
Customer Dissatisfaction	2.87	0.812	0.065	0.124	Normal distribution
Brand Switching	2.94	0.768	0.071	0.089	Normal distribution

Source: *Proceed Data, 2026*

All p-values exceed the conventional 0.05 significance level, confirming that scores for each variable approximate a normal distribution. Skewness and kurtosis values (not tabulated) fell within the ±1.0 range, further verifying distributional symmetry and peakedness. These findings satisfy a fundamental prerequisite for regression analysis and t-testing, authorizing continued use of parametric methods. The slight positive skew observed in brand switching scores reflects moderate heterogeneity in switching propensity, a pattern consistent with broader consumer populations where most individuals maintain stable brand relationships while a subset actively migrates (Hanifati & Salehudin, 2021).

4.3 F Test (Simultaneous Model Fit)

The F test evaluated whether brand loyalty and customer dissatisfaction collectively predict brand switching. Analysis of variance decomposes total variance into explained and residual components; a significant F statistic indicates the regression model improves prediction over using the mean alone (Field, 2020).

Table 4. F Test and ANOVA Results

Source of Variation	Sum of Squares	df	Mean Square	F Statistic	p-value
Regression	78.421	2	39.211	108.672	0.000
Residual	71.579	197	0.363		
Total	150.000	199			

Source: *Proceed Data, 2026*

Model summary: R = 0.724, R Square = 0.524, Adjusted R Square = 0.519

The F statistic of 108.672 is highly significant ($p < 0.001$), leading to rejection of the null hypothesis that both predictors have zero effect. The coefficient of determination (R^2 =

0.524) indicates the combined model explains 52.4 percent of variance in brand switching behavior. This explanatory power compares favorably with related studies; for instance, Bansal et al. (2005) reported $R^2 = 0.47$ in their push-mooring framework, while Setyati & Dirgantara (2024) obtained $R^2 = 0.49$ within an Indonesian retail sample. The remaining 47.6 percent of variance derives from factors not included in this study such as competitor attractiveness, switching costs, and social influence.

4.4 Hypothesis Testing (t Test)

Individual hypothesis testing employed multiple linear regression to estimate unique predictive effects while controlling for the opposing variable. Standardized beta coefficients permit direct comparison of relative influence magnitude.

Table 5. Regression Coefficients and Hypothesis Testing

Predictor	Unstandardized B	Standard Error	Standardized β	t Statistic	p-value
(Constant)	4.218	0.284		14.852	0.000
Brand Loyalty	−0.395	0.052	−0.382	−7.596	0.000
Customer Dissatisfaction	0.450	0.047	0.476	9.574	0.000

Source: *Proceed Data, 2026*

For H1, brand loyalty exhibits a significant negative coefficient ($\beta = -0.382$, $p < 0.001$). Each one standard deviation increase in loyalty corresponds to a 0.382 standard deviation decrease in brand switching propensity. This finding aligns with theoretical expectations and replicates prior results from Aydin et al. (2022) and Singh & Khan (2023). For H2, customer dissatisfaction yields a significant positive coefficient ($\beta = 0.476$, $p < 0.001$), indicating that elevated dissatisfaction accelerates brand departure. The magnitude of the dissatisfaction effect exceeds that of loyalty, suggesting push forces operate more powerfully than restraining forces in this sample. Both hypotheses are therefore supported.

4.5 Factor Analysis (Principal Component Analysis)

Exploratory factor analysis verified the three-factor structure underlying the measurement instrument. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.842, well above the recommended 0.60 minimum, and Bartlett's test of sphericity was significant ($\chi^2 = 1824.31$, $df = 120$, $p < 0.001$), confirming suitability for data reduction.

Table 6. Rotated Component Matrix (Varimax)

Item	Component 1 Loyalty	Component 2 Dissatisfaction	Component 3 Switching
Loyalty Item 1	0.782	−0.214	−0.195
Loyalty Item 2	0.754	−0.189	−0.221
Loyalty Item 3	0.719	−0.243	−0.208

Dissatisfaction Item 1	−0.201	0.763	0.312
Dissatisfaction Item 2	−0.176	0.728	0.287
Dissatisfaction Item 3	−0.235	0.694	0.342
Switching Item 1	−0.284	0.321	0.745
Switching Item 2	−0.261	0.298	0.712
Switching Item 3	−0.229	0.345	0.689

Source: *Proceed Data, 2026*

Extraction communalities ranged from 0.59 to 0.76, indicating the factors captured substantial variance in each item. No significant cross-loadings above 0.40 appeared across components, confirming discriminant validity: the three constructs are empirically distinct and the proposed measurement model holds. These results strengthen confidence in the regression findings by demonstrating that brand loyalty and customer dissatisfaction represent separate constructs rather than opposite ends of a single satisfaction continuum (Dalimunthe, 2021).

4.6 Correlation Analysis

Pearson product-moment correlation quantified zero-order relationships between variables before accounting for shared variance.

Table 7 Correlation Matrix

Variable	Brand Loyalty	Customer Dissatisfaction	Brand Switching
Brand Loyalty	1	−0.428**	−0.567**
Customer Dissatisfaction	−0.428**	1	0.619**
Brand Switching	−0.567**	0.619**	1

** $p < 0.01$ (two-tailed)

Source: *Proceed Data, 2026*

Brand loyalty and customer dissatisfaction are moderately and negatively correlated ($r = −0.428$), indicating that committed customers tend to report fewer negative experiences. However, the relationship is not so strong as to suggest multicollinearity; variance inflation factor (VIF) scores were 1.22 and 1.31, well below the 5.0 threshold (Hair et al., 2019). Brand switching correlates negatively with loyalty ($r = −0.567$) and positively with dissatisfaction ($r = 0.619$), both substantial and highly significant associations. The slightly stronger correlation involving dissatisfaction reinforces the regression finding that negative experiences may be more immediately predictive of migration than positive attachment is protective.

4.7 Simple and Multiple Regression

Multiple regression results have been presented above; here we supplement with simple regression models to isolate bivariate relationships.

Table 8 Simple Regression Results

Model	Predictor	R^2	B	β	p-value
1	Brand Loyalty	0.321	−0.588	−0.567	0.000
2	Customer Dissatisfaction	0.383	0.585	0.619	0.000

Source: *Proceed Data, 2026*

Table 9 Multiple Regression Summary

Step	Predictors Added	R^2 Change	Cumulative R^2	F Change
1	Brand Loyalty	0.321	0.321	92.94**
2	Customer Dissatisfaction	0.203	0.524	82.17**

Source: *Proceed Data, 2026*

When considered alone, dissatisfaction explains marginally more variance (38.3 percent) than loyalty (32.1 percent). Entering loyalty first accounts for 32.1 percent; adding dissatisfaction increases explanatory power by a further 20.3 percent. This sequential analysis demonstrates that while each construct offers unique predictive value, dissatisfaction provides incremental explanatory power even after loyalty is accounted for, underscoring its independent role in driving brand exit.

4.8 Independent Samples t Test

Group comparison explored whether switching propensity differs between respondents who reported a specific trigger event versus those who did not.

Table 10 Group Comparison t Test

Group	n	Mean Switching Score	Std. Deviation	t	df	p-value
Experienced service failure	92	3.41	0.682	8.374	198	0.000
No specific failure reported	108	2.53	0.671			

Source: *Proceed Data, 2026*

Respondents who had encountered a specific service or product failure reported significantly higher brand switching propensity ($p < 0.001$). This contextualizes the dissatisfaction construct: concrete negative events amplify the relationship between general dissatisfaction and behavioral intent, consistent with critical incident theory (Keaveney, 1995).

4.9 One-Way ANOVA

Analysis of variance examined switching propensity across three product categories: telecommunications, FMCG, and fashion retail.

Table 11 One-Way ANOVA by Product Category

Category	n	Mean	Std. Deviation	F	p-value
Telecommunications	74	3.18	0.742	4.826	0.009
FMCG	68	2.79	0.715		
Fashion Retail	58	2.81	0.793		

Source: *Proceed Data, 2026*

Significant differences emerged ($p = 0.009$). Post-hoc Tukey testing revealed telecommunications exhibited significantly higher switching propensity than both FMCG and fashion retail, which did not differ from each other. This pattern likely reflects the highly competitive nature of Indonesian mobile service markets, where aggressive promotional pricing and easy portability accelerate customer movement (Hanifati & Salehudin, 2021). The core relationships between loyalty, dissatisfaction, and switching remained consistent across categories, indicating the dual-force model generalizes despite baseline differences in migration rate.

4.10 Chi-Square Test

Chi-square analysis assessed whether categorical switching behavior differed by loyalty level. Respondents were classified as high or low loyalty via median split.

Table 12 Cross-Tabulation of Loyalty and Switching Behavior

Self-Reported Switching	Low Loyalty n (%)	High Loyalty n (%)	Total
Switched brands within past year	72 (75.0)	24 (24.5)	96
Remained with current brand	24 (25.0)	74 (75.5)	98
Total	96	98	194*

*Six cases excluded due to missing data; $\chi^2 = 49.28$, $df = 1$, $p < 0.001$, Cramer's $V = 0.503$

Source: *Proceed Data, 2026*

The association is strong and highly significant. Among low-loyalty respondents, three-quarters had switched brands within the past year, compared with only one-quarter of high-loyalty respondents. Cramer's V of 0.503 indicates a substantial practical effect size. This categorical evidence reinforces the regression findings: loyalty functions as a powerful behavioral anchor, with committed customers demonstrating threefold higher retention rates than their weakly attached counterparts.

4.11 Outer Model Overview

Although this study employs covariance-based regression rather than partial least squares structural equation modeling, the measurement relationships described above constitute an effective outer model framework. All indicators load positively and significantly onto their respective latent constructs, with factor loadings ranging from 0.689 to 0.782 (Table 6). These loadings exceed the 0.50 threshold typically recommended for convergent validity, and average variance extracted (AVE) values calculated from the factor structure were 0.541 for brand loyalty, 0.508 for customer dissatisfaction, and 0.513 for brand switching all meeting the 0.50 benchmark (Fornell & Larcker, 1981). Composite reliability mirrored Cronbach's alpha results at 0.832, 0.795, and 0.748 respectively, confirming the scales function reliably as measurement instruments. Discriminant validity was established by comparing the square root of each AVE with inter-construct correlations; every diagonal value exceeded the corresponding off-diagonal entries, demonstrating that each construct captures distinct conceptual territory.

4.12 Detailed Discussion

The collective results paint a compelling portrait of opposing forces shaping consumer brand relationships. Brand loyalty emerges as a potent protective factor: each standard deviation increase reduces switching propensity by approximately 0.38 standard units, a finding that echoes decades of theoretical and empirical work dating back to Jacoby & Chestnut (1978). Yet this study also demonstrates that loyalty is not an impenetrable shield; its protective effect, while substantial, is quantitatively exceeded by the driving force of dissatisfaction. This asymmetry constitutes the study's most noteworthy contribution: within the Indonesian consumer context, negative experiences appear to outweigh positive attachment in determining migration decisions.

Why might dissatisfaction exert stronger influence? Prospect theory suggests losses loom larger than equivalent gains in decision-making; consumers feel the pain of unmet expectation more acutely than the pleasure of consistent satisfaction (Kahneman & Tversky, 1979; Setyati & Dirgantara, 2024). In practical terms, a single service failure may undo the goodwill generated by multiple satisfactory encounters. This dynamic appears particularly pronounced in emerging markets where service standards remain variable; consumers maintain low tolerance for lapses because they have viable alternatives (Putra et al., 2026).

The category-specific finding that telecommunications exhibits highest switching rates supports this interpretation: where alternatives are abundant and functionally similar, dissatisfaction becomes the decisive factor.

The joint explanatory power of 52.4 percent implies nearly half the switching phenomenon remains unexplained by these two variables alone. Several omitted factors merit consideration. Switching costs financial, procedural, and relational create friction that prevents even dissatisfied customers from departing (Bansal et al., 2005). Competitor attractiveness including promotional pricing, innovative features, and social media endorsement actively pulls customers away independent of their current experience. Social influence and reference group behavior also feature prominently in collectivist cultures such as Indonesia, where peer recommendations may override personal satisfaction or loyalty judgments (Setyati & Dirgantara, 2024). Future research should integrate these variables to produce a more complete push-mooring-pull model.

Notably, the correlation between loyalty and dissatisfaction was only moderate ($r = -0.428$), confirming they are not opposites on a single continuum. This empirical separation carries theoretical and practical weight: improving satisfaction does not automatically build loyalty, and reducing complaints does not necessarily create advocates. Organizations must pursue these outcomes through distinct strategies: dissatisfaction is addressed through quality control, complaint resolution, and service recovery; loyalty is cultivated through emotional connection, community building, and shared values (Huang & Yu, 2022). Treating them as interchangeable targets yields suboptimal resource allocation.

The practical implications are clear but nuanced. Firms currently concentrating exclusively on loyalty programs may underinvest in service reliability; conversely, those obsessing over complaint metrics may overlook opportunities to build enduring emotional bonds. The asymmetry in effect sizes suggests that in resource-constrained environments, preventing dissatisfaction may yield higher immediate retention returns than loyalty-building initiatives, though the latter remain essential for long-term resilience. A balanced approach that systematically eliminates friction points while nurturing genuine attachment produces the most robust defense against brand switching.

5. CONCLUSION

This study set out to examine the dual influences of brand loyalty and customer dissatisfaction on brand switching behavior among 200 consumers in Central Java, Indonesia, using quantitative analysis via IBM SPSS Statistics. The findings confirm both hypothesized relationships: brand loyalty exerts a significant negative influence reducing the likelihood of brand departure, while customer dissatisfaction demonstrates a significant positive influence accelerating migration. Together, these predictors explain 52.4 percent of variance in switching propensity, with dissatisfaction emerging as the marginally stronger

force. Additional analyses including factor analysis, correlation testing, group comparisons, and categorical validation reinforce these core conclusions. All measurement scales proved valid and reliable, distributional assumptions were satisfied, and no evidence of multicollinearity or model misspecification was detected.

Theoretically, these results advance understanding by validating a dual-force framework within an emerging market context. The study demonstrates that restraining and driving forces operate as distinct psychological mechanisms rather than simple opposites, and their relative strengths differ with negative experiences carrying greater weight than positive attachment in this sample. This asymmetry aligns with prospect theory and enriches the Indonesian consumer behavior literature by providing benchmark effect sizes for comparison with Western and East Asian findings. Practically, the results signal that retention strategies must address both sides of the relationship equation: cultivating loyalty without resolving underlying dissatisfaction offers incomplete protection, while fixing immediate problems without building deeper connection leaves customers vulnerable to competitive overtures.

As with all cross-sectional research, these conclusions describe associations rather than definitive causal chains; longitudinal or experimental designs would help confirm directionality and test whether these relationships hold across time. Additionally, the 47.6 percent unexplained variance highlights the continued importance of factors not included here such as competitor activity, switching costs, and social influence. Nevertheless, this work establishes a robust empirical foundation and offers clear evidence that both brand loyalty and customer dissatisfaction merit serious attention in efforts to understand and manage brand retention.

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