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## Chapter 17

# Disruptive Technology in the Smartphones Industry: Identity Theory Perspective

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### **ABSTRACT**

*The impact of identity on brand loyalty has taken precedence as an area of focus in recent marketing research. This has occurred in an era defined by technological revolution, which has created market disruptions, and there are implications for customer-brand relationships. Nonetheless, existing research has failed to acknowledge the impact of socio-psychological attributes and functional utility maximization. Knowledge that illuminates how firms can reposition themselves to sustain brand loyalty when disruptions occur in today's complex and globalized business environment is also required. The chapter presents an empirical investigation into the phenomenon of brand switching behavior among consumers in a specific competitive market, particularly in the smartphone industry. It explores how resistance could be built from an identity theory perspective, as emphasis has historically been placed on the functional utility of products at the expense of social meanings. This chapter provides consideration for market disruptions in the smartphone industry. It confirms that the literature does not capture other non-utilitarian factors such as socio-psychological benefits; hence, there are underlying factors that motivate consumers to continue buying brands they buy.*

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## **BACKGROUND AND RATIONALE**

The plethora of research on brand switching covers customer motivations to review available alternatives due to changes in competitive activities as a means to maximise the functional utility of product attributes and the marketing mix (Guadagni & Little, 1983; Seiders & Tigerts, 1997). Nonetheless, extant literature in this stream of research fails to acknowledge the impact of socio-psychological attributes besides functional utility maximisation. This chapter presents an empirical investigation into the phenomenon of brand switching behaviour of consumers in a competitive market, with implications for how resistance can be built from an identity theory perspective (Tajfel & Turner, 1979; Swait & Erdem 2007; Lam *et al.*, 2013; Hsu & Liou, 2017; Appiah & Ozuem, 2017).

Much emphasis has been placed on the functional utility of products at the expense of social meanings. With the exceptions of product function, insufficient attention has been paid to socio-psychological attributes and personal and social meanings of brands. The assumption is that people are continually involved in social interactions and interpreting their constantly changing world. This chapter deviates from the conventional economic perspective of treating brand switching as functional utility maximisation (Guadagni & Little, 1983; Seiders & Tigerts, 1997), to treating brand switching as a consequence of social mobility between brand identities amongst consumers (Lam *et al.*, 2013). The chapter seeks to investigate consumer identification with brands in the Smartphone industry across the United Kingdom. The Smartphone industry was chosen as the product category for this chapter because it represents a context in which brand switching is most likely to occur due to multiple alternatives and short inter-purchase frequencies (Campo *et al.*, 2000; Goldsmith, 2000). Notably, the market for Smartphones is exceptionally dynamic, considering the degree and rate of change in technology. The extent of product innovation disrupting the Smartphone market is staggering (Azize Sahin *et al.*, 2013; Cecere *et al.*, 2015).

Existing literature on brand loyalty and identity theory is explored to examine the effects of identity on customer loyalty. Despite extensive studies on brand loyalty (Ozuem, Thomas & Lancaster, 2016; Appiah, Ozuem, & Howell, 2016; Giovanisa & Athanasopouloub, 2018), there has been little research on how market disruptions affect customer–brand relationships and how firms can reposition themselves to sustain brand loyalty when disruptions occur in today’s complex and globalised business environment (Lam *et al.*, 2010; Appiah & Ozuem, 2017). Although loyalty literature provides rich and useful insight into customer–brand relationships, two limitations warrant further investigation:

1. Sustainability of brand loyalty predictors refers to resisting both time and market disruptions (*ibid.*). However, brand loyalty literature has mainly focused on how brands perform under normal market conditions (Keller & Lehmann, 2006). Yet, as the business environment grows more complex and globalised, market disruptions become more prevalent;
2. Another limitation arises when we consider the perceived value of brands when conceptualised and operationalised as functional utilitarian values. This is prevalent in brand loyalty literature, which does not capture other non-utilitarian factors such as socio-psychological benefits that might motivate customers to continue buying (Holbrook & Corfman, 1985; Richins, 1994; Sheth *et al.*, 1991; Lam *et al.*, 2013; Hsu & Liou, 2017).

The chapter considers identified limitations to propose and develop a conceptual customer–brand identity (CBI) model framework to examine the issue of brand switching in a specific market disruption, namely the introduction of a radically new brand due to innovation in the Smartphone industry, and to

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