Effects of Innovative Patterns of Smartphones on Brand Switching

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Abstract

Undoubtedly, recent technological advancement in smartphones has completely altered how information is accessed, shared, and created. Consumer purchase intentions and choice has recently been influenced by the emergence of disruptive innovation in smartphones. Recent advancement in technology has caused a major shift in the use of smartphones from its conventional purpose of communication to include additional features that have created a greater market and altered the purchase behaviour of the consumers. In this modern era of technological advancement, users of smartphones expect other advanced features such as media support, Internet connectivity and special applications. The current paper discusses significant effects of innovative patterns of smartphones on consumers purchase intentions and brand switching. To conclude, the paper provides relevant practical and managerial implications for the development of marketing strategies.

Keywords: Smartphone, Brand Switching, Brand Loyalty, Consumer Behaviour.

Introduction and Background

The evolution of the Smartphone has impacted significantly on consumer behaviour and choice. Mobile phone technology was initially used only for communication purposes but has recently advanced to include additional features that have created a greater market and altered the purchase behaviour of the consumers (Slawsby et al., 2003; Dwivedi, 2015; Appiah & Ozuem, 2018). This has brought about significant increase in the number of Smartphone users.

The Smartphone continues to have a significant shift from the traditional use for communication to a device with various applications. Users of smartphones, however expect rather advance features such as media support, internet connectivity and special applications (Jones, 2002; Hansen, 2003 and Norazah, 2013). Hence Smartphones are considered radically innovative products due to their additional features which are similar to miniature computers (Appiah, Ozuem & Howell, 2019).

The intense growth in the usage of Smartphones have created greater perception and expectations (Edell & Burke, 1987; Aaker, 1997; Dickinson, Ghali, Cherret, Speed, Davis & Norgate, 2014; Wang et al., 2012). Innovations in hardware and software have triggered enormous growth in the Smartphone market, since the multi-functional operations in these devices generate the trust in technology that consumers expect. Trust in Smartphone devices and their features ultimately adds brand recognition and this is the primary factor that affects intentions to purchase (Nah et al., 2003).

Aims and Significance

Market disruptions are the major cause of brand switching. Market disruptions are major events occurring in a market that threaten customer–brand relationships (Fournier, 1998; Appiah, Ozuem & Howell, 2016). This paper investigates the phenomenon of the brand switching behaviour of consumers in a competitive market, namely the Smartphones industry, with implications of its innovative patterns on brand switching.

The bulk of research on brand switching covers customers' intentions to assess possible substitutes of a particular product category to maximise the functional utility of product attributes (Seiders and Tigerts, 1997). With expectations of product function, insufficient attention has been paid to the socio-psychological attributes and social meanings of brands triggered by disruptive innovations (Rao et al., 2000; Appiah et al., 2019).

Drawing from the above, this paper explores existing literature on band loyalty to examine the effects of innovative patterns in the smartphones on customer loyalty. Despite extensive studies on brand loyalty (Ozuem and Lancaster, 2012; Zeithaml, 1998; Ozuem, Thomas, & Lancaster, 2016), minimal research have been carried out to establish how market disruptions impact negatively customer-brand relationships and strategies companies may adopt to gain competitive advantage by repositioning themselves to sustain brand loyalty when disruptions occur in today's complex and globalised business environment (Lam et al., 2010).

Secondly, this paper focuses on Smartphones as the product category because it represents a context in which brand switching is most likely to occur because of the multiple alternatives and short inter-purchase frequencies (Hung and Ho, 2017). Notably, the market for Smartphones is probably the most dynamic in terms of innovation and the rate of change in the technology and product innovation disrupting the market is staggering (Azize et al., 2013; Cecere et al., 2015).

Finally, the paper could also benefit organisations from a managerial point of view, especially brand and customer relationship managers who must devise customer relationship strategies to achieve a sustainable competitive advantage (Da Silveira, et al., 2013; Stokburger-Sauer et al., 2012).

Theoretical Framework and Contextualisation

Switching occurs when a customer is motivated to review available alternatives in a marketplace due to a change in competitive activity in the marketplace (Seiders & Tigert, 1997; Appiah, Ozuem & Howell, 2017). Similarly, Hogan and Armstrong (2001) posited that brand switching is about replacing an incumbent resource with a more valuable one to achieve competitive advantage. Sathish, Kumar, Naveen and Jeevanantham (2011) indicated that brand switching is a consumer behaviour that sees the behaviour of consumers differ based on the satisfaction level of consumers with providers or companies. Hence brand switching can be defined as the process of being loyal to one product or service, and switching to another, due to dissatisfaction or any other problems. They further argue that even if a consumer is loyal to a particular brand, if the brand does not satisfy his/her needs the consumer may switch to a competing brand. Therefore, management needs to constantly evaluate and redirect its resources and capabilities in order to maintain a strong position relative to competitors (Itami & Roehl, 1987).

Consumer loyalty is defined as the degree to which a consumer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises (Gremler & Brown, 1996; O'Keeffe, Ozuem, Lancaster, 2016; Ozuem, Thomas & Lancaster, 2016). Losing a consumer is a serious setback for a firm in terms of its present and future earnings. In addition to losing the benefits discussed above, the firm needs to invest resources in attracting new consumers to replace the ones it has lost and this incurs expenditure on advertising, promotions and initial discounts. Peters (1987) shows that it can cost five times more to acquire a new consumer than to retain an old one. Consequently, retaining an established current consumer base is much more attractive and viable than searching for new consumers.

Product characteristics are likely to affect exploratory tendencies such as brand switching proponents (BSPs) and innovation in product contexts with a large number of available alternatives and a short inter-purchase frequency (Hoyer & Ridgway, 1984). These characteristics include product involvement, perceived risk, brand loyalty, perceived brand differentiation/similarity, hedonism (or pleasure) and strength of preference (Hoyer & Ridgway, 1984; Van Trijp, Hoyer & Inman, 1996). When individuals are highly involved with a product and loyal to a brand, their propensity to switch is likely to be lower (Hoyer & Ridgway, 1984; Sloot, Verhoef & Franses, 2005).

Individuals who are involved with a product have 'a narrow latitude acceptance' (Sherif & Sherif, 1967); thus, they are unlikely to be persuaded to switch. Similarly, according to Sloot et al. (2005), loyal consumers are less likely to switch to another brand. Persuasion to switch may be manifested in the form of sales promotions such as offers and discounts, which have been found to encourage switching across various product contexts (Kahn & Louie, 1990).

Further, high perceived risk indicates that individuals are concerned with losses resulting from their purchases (Mitchell, 1999). High perceived risk leads to avoidance tendencies and behaviours (e.g. commitment to a brand, repeat purchase behaviour) as consumers are 'more often motivated to avoid mistakes than to maximise utility in purchasing' (Mitchell, 1999, p. 163). Further, perceived similarity between brands within a product class indicates that individuals are likely to exhibit switching tendencies, such as alternating among familiar brands within a product class (Hoyer & Ridgway, 1984).

Hedonism may also encourage switching within specific categories of products (Hoyer & Ridgway, 1984; Van Trijp et al., 1996). Hedonism is associated with enjoyment or pleasure that an individual derives from specific products (Griffin, Babin & Modianos, 2000). Consumers are more intrinsically motivated with products that are associated with affective (hedonic) sensations (Hirschman & Holbrook, 1982); thus the repeated consumption of such products is likely to elicit switching tendencies (Van Trijp et al., 1996).

Market disruptions are the major cause of brand switching. Market disruptions are major events occurring in a market that threaten customer–brand relationships (Fournier, 1998; Stern, Thompson & Arnould, 1998; Appiah, Ozuem & Howell, 2016). Disruption is defined as a situation where markets cease to function in a regular manner, typically characterised by rapid and large market declines. For instance, disruptions in the financial markets are caused by a glut of sellers willing to trade at any price, combined with the near or total absence of buyers at a particular time. In these circumstances, prices can decline precipitously (Shapiro, 2010).

The theory of disruptive innovation introduced by Christensen (1997) offers an explanation for the displacement of industry by smaller competitors, which are almost always new entrants (Bower & Christensen, 1995; Christensen, 2013). Disruptive innovation is an innovation that helps create a new market and eventually goes on to disrupt an existing market (Ozuem, Howell & Lancaster, 2008). The term is used in business and technology literature to describe innovations that improve products or services in ways that markets do not expect; first by designing for a different set of consumers in the new market, and later by lowering prices in the existing market.

According to McGrath (2011), the theory's explanatory power comes from the notion that industry incumbents and new entrants follow different technology trajectories. Industry leaders tend to focus on sustaining innovations that continuously improve their flagship products and increase their overall performance in attributes that are perceived as being important for their existing customer base. Over time, the performance increase achieved through sustaining innovations begins to overshoot the needs of the best customers who pay the most, whereas the new entrants' disruptive products become good enough to meet the needs of the dominant.

Conclusions and Managerial Implications

Managerially, this paper provides pointers for brand and customer relationship managers in terms of how to devise customer relationship strategies to achieve a sustainable competitive advantage.

First managerial implication based on findings from this study indicates that innovative brands such as Apple and Samsung are susceptible to disruption at their initial stages. This drives huge interest that may interrupt consumer–brand relationships, yet with time this interest may become fragile. Based on this finding, this paper proposes that brand managers must allocate investment to build stronger consumer-brand relationship at the maturity stage of a product life cycle to resist switching during disruptions. Managers must invest in marketing activities that improves consumers' perceived quality and self–brand congruity to extend the maturity stage of a brand. This will help provide resistance to switching over time.

Also, consumers form strong relationships with those brands which they perceive to have values and personality associations that are congruent with their self-concept (Da Silveira et al., 2013; Stokburger-Sauer et al., 2012; Lam et al., 2013). This forms key consideration for brand managers in brand positioning as consumers appear to use brand associations to assess congruence between their 'selves' and the brand. For instance, renowned brands like Samsung and Apple relate their brand identities to consumers' identities (Arnould and Thompson, 2005; Grayson and Martinec, 2004). Therefore, marketers must aim to create strong consumer–brand relationships with brands by developing a brand that matches with their identified lifestyle (Badrinarayanan and Laverie, 2011; He et al., 2012; Yeh et al., 2016).

Finally, this paper suggests that while non-innovative consumers are less likely to identify with a specific brand of Smartphone, brand managers can develop consumer-brand relationship among such consumers by concentrating on key drivers such as perceived quality and innovation. Brand managers need to have awareness of the fact that even though the perceived quality of established brands may not seem to influence consumers at the initially, innovation contribute to the dissipation over a long period of time.

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