Resistance to Brand Switching When a Radically New Brand Is Introduced: A Social Identity Theory Perspective

There has been little research on how market disruptions affect customer–brand relationships and how firms can sustain brand loyalty when disruptions occur. Drawing from social identity theory and the brand loyalty literature, the authors propose a conceptual framework to examine these issues in a specific market disruption, namely, the introduction of a radically new brand. The framework focuses on the time-varying effects of customers’ identification with and perceived value of the incumbent relative to the new brand on switching behavior. The authors divert from the conventional economic perspective of treating brand switching as functional utility maximization to propose that brand switching can also result from customers’ social mobility between brand identities. The results from longitudinal data of 679 customers during the launch of the iPhone in Spain show that both relative customer–brand identification and relative perceived value of the incumbent inhibit switching behavior, but their effects vary over time. Relative customer–brand identification with the incumbent apparently exerts a stronger longitudinal restraint on switching behavior than relative perceived value of the incumbent. The study has important strategic implications for devising customer relationship strategies and brand investment.

Keywords: customer–brand identification, perceived value, switching, branding, relationship marketing, loyalty, social identity theory

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ISSN: 0022-2429 (print), 1547-7185 (electronic)
Journal of Marketing
Vol. 74 (November 2010), 128–146
as sociopsychological benefits, that might motivate customers to continue buying what they buy (e.g., Bagozzi 1975; Gardner and Levy 1955; Holbrook and Corfman 1985; Richins 1994; Sheth, Newman, and Gross 1991; Solomon 1983; Sweeney and Soutar 2001). Meanwhile, the branding literature reveals that brands can provide self-definitional benefits beyond utilitarian benefits (e.g., Aaker 1995; Aaker 1999; Escalas and Bettman 2005; Fournier 1998; Keller 1993; Keller and Lehmann 2006; Park, MacInnis, and Priester 2009; Stern 2006). The multifaceted nature of customer–brand relationships raises two important questions. On the one hand, it challenges the prevalent assumption that customers stay loyal or switch brands only to maximize functional utility. On the other hand, it raises the question whether there is an underlying customer–brand relationship mechanism that drives brand loyalty in the face of market disruptions.

Research on customer–company identification, which is based on social identity (Tajfel and Turner 1979) and identity (Stryker 1968) theories, suggests that “in addition to the array of typically utilitarian values … that accrue to consumers from their relationship with a company,” customer–company identification functions as “a higher-order and thus far unarticulated source of company-based value” (Bhattacharya and Sen 2003, p. 77). Defined as the extent to which customers perceive themselves as sharing the same self-definition with the company, customer–company identification forms the “primary psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers” (Bhattacharya and Sen 2003, p. 76). Although recent marketing research has begun to apply this framework to brands (e.g., Donavan, Janda, and Suh 2006), longitudinal examination of this phenomenon is almost nonexistent.

In light of this discussion, this study has three purposes. First, we build on social identity theory (Tajfel and Turner 1979) and the customer–company identification to formally propose the concept of customer–brand identification (CBI). We define CBI as a customer’s psychological state of perceiving, feeling, and valuing his or her belongingness with a brand. In line with Ashforth and Mael’s (1989) work, we use “belongingness” to refer to psychological oneness with a social entity (e.g., a firm, a brand) stemming from an actual membership (e.g., an employee) or a symbolic membership (e.g., a current or potential customer of a brand). Second, we combine social identity theory (Tajfel and Turner 1979) and the brand loyalty literature to propose a conceptual framework of switching behavior as both social mobility of customers between brands they identify with and functional utility maximization. We derive hypotheses about the time-varying effects of CBI and perceived value of incumbent brands relative to those of the new brand in predicting switching. We refer to these variables as “relative CBI” and “relative perceived value,” defined as the extent to which a customer believes that a focal brand’s identity has higher self-relevance and that its utilitarian value exceeds that of another alternative in the same product category, respectively. Third, we test our framework in the context of a specific kind of market disruption, namely, the introduction of a radically new brand in a competitive market.

Using data from 679 customers over ten months during the initial launch of the iPhone in Spain, we found that both relative CBI and relative perceived value of an incumbent in relation to the new brand inhibit switching behavior, but their effects vary over time. Longitudinally, relative CBI of the incumbent appears to exert a stronger restraint on switching behavior than relative perceived value of the incumbent.

This study contributes to the literature on customer loyalty and relationship marketing in several ways. First, we divert from the conventional economic perspective of treating brand switching as functional utility maximization to propose that brand switching can also be a manifestation of social mobility between brand identities. Second, this study is among the first to shed light on how market disruptions affect customer–brand relationships and how brand loyalty may be sustained when disruptions occur. In so doing, our study provides the first empirical evidence for the time-varying effects of relative CBI and relative perceived value and their unique roles during a market disruption. The empirical findings and theoretical implications of our study can be extended to research on social identification in areas outside the marketing field. Managerially, this study provides important strategic guidelines for both brand and customer relationship managers on how to devise customer relationship strategies and allocate brand investments to achieve a sustainable competitive advantage.

We organize this study as follows: We first discuss the social identity theory approach to customer–brand relationships. This is followed by our theorization on brand-switching behavior during a specific kind of market disruptions, the introduction of a radically new brand. Then, we present the research hypotheses, describe the empirical context, and report the empirical results. We conclude with a general discussion of implications and directions for further research.

**Social Identity Approach to Customer–Brand Relationships**

Following the long tradition of viewing possessions as the extended self (Belk 1988; Gardner and Levy 1955), Bhattacharya and Sen (2003) draw from social identity theory (Tajfel and Turner 1979) to propose that customers may develop customer–company identification, or customers belief that they share the same self-definitional attributes with a company. We extend this logic to a more microlevel research domain—namely, brands. This extension is possible because, as concrete actualizations of the otherwise abstract companies, brands can represent self-relevant social categories with which customers identify (Belk 1988; Fournier 1998) and because meaning can be transferred between brands and the self (McCracken 1988). Social identity theory is appropriate for examining customer–brand relationships because identification has important implications for maintaining relationships despite relationship disruptions. This emphasis on the largely neglected enduring effects of identification complements the foci of two important literature streams: the longitudinal perspective (e.g., customer lifetime value) in relationship marketing.
and the competitive dynamics and sociopsychological benefits in brand equity research.

Social Identity Theory, Identity Theory, and Their Marketing Applications

Social identity theory (Tajfel and Turner 1979) posits that people define their self-concepts by their connections with social groups or organizations. Using social identity theory, management researchers developed the concept of organizational identification (Ashforth and Mael 1989), which is the extent to which organizational members define themselves in terms of oneness with the organization. Marketing research based on this theory demonstrates that members of brand communities engage in collective behavior, such as rituals, to extol the virtues of their beloved brands and to help other brand identifiers (Bagozzi and Dholakia 2006; McAlexander, Schouten, and Koenig 2002; Muniz and O’Guinn 2001). Research on brand communities explicitly focuses on the interaction between customers who identify with the same brand or with competing brands. Thus, the focus is on the collective self or the public self—that is, the self that is embedded in a collective (a brand community) or society as a whole (Triandis 1989).

At a micro level, identity theory (Stryker 1968) focuses on the social roles of people in various social settings. For example, a student can simultaneously occupy the role of a son or daughter and a member of a scholar society. Identity represents the subjective component of a role, and identities are organized hierarchically. Identities that are high on the hierarchy are more salient. Marketing research based on identity theory focuses on how individual customers perceive a product as “me” or “not me” (Kleine, Kleine, and Allen 1995) and how they behave in agreement with the most salient identity (Arnett, German, and Hunt 2003; Bolton and Reed 2004; Oyserman 2009). Thus, identity theory is more concerned with individual behavior and the private self (Triandis 1989).

Although social identity theory and identity theory evolved in different fields (i.e., social psychology and sociology, respectively), both theories are closely related to the self-concept literature, and both examine the connection between the self and social entities (Belk 1988; Sirgy 1982). These theories share several similar concepts that have been introduced into the marketing literature (e.g., Bhattacharya and Sen 2003; Escalas and Bettman 2005; Oyserman 2009; Reed 2002). We draw from these two theories to conceptualize CBI. In doing so, we regard a brand as a relationship partner that is important to (1) the private self, such that individual customers use the brand to define who they are, and (2) the social self, such that these customers consider themselves part of an in-group of customers who identify with the same brand.

CBI: Definition and Dimensions

CBI definition. Social identity theory (Tajfel 1982, p. 2) posits that three components typically constitute the “identification” stage: a cognitive component (i.e., the sense of awareness of membership), an evaluative component (i.e., the sense that this awareness is related to some value connotations), and an emotional component (i.e., affective investment in the awareness and evaluations). Following this insight, we define CBI as a customer’s psychological state of perceiving, feeling, and valuing his or her belongingness with a brand.

Other research has conceptualized identification as purely cognitive, especially in early organizational identification research (for a review, see Ashforth, Harrison, and Corley 2008). However, self-related attitude is intimately associated with the emotions (Epstein 1980), and “emotion is a central aspect of many marketing relationships” (Bagozzi 1995, p. 274). Multidimensional conceptualization of identification has recently been gaining acceptance in both applied psychology (Ashforth, Harrison, and Corley 2008) and marketing (Bagozzi and Dholakia 2006). This new development in the identification literature is in line with work on the affective and cognitive bases of attitude and the interaction between cognition and affect (e.g., Fabrigar and Petty 1999).

CBI as a formative construct. Affect and cognition can perform different roles in attitude formation and change (Fabrigar and Petty 1999). Affect can also function independently from cognition (Zajonc and Markus 1982). Empirically, the organizational identification literature suggests that cognitive and affective aspects of identification have different behavioral consequences (Van Dick et al. 2004). These findings suggest that the indicators of CBI dimensions define the constructs, that these items are not interchangeable, and that they have dissimilar nomological nets. Mapping these onto the criteria for conceptualizing constructs as formative (Jarvis, MacKenzie, and Podsakoff 2003, p. 203), we conceptualize CBI as a second-order formative construct, with three reflective first-order dimensions.

Distinctions between CBI and existing concepts. The concept of CBI goes beyond the acquisition of a product to a more experiential view of consumption that emphasizes the dynamic interactions between customers and their brands as valued relationship partners (Carù and Cova 2003; Holbrook and Corfman 1985; Mertz, He, and Vargo 2009; Solomon 1983). Table 1 summarizes how CBI differs from existing concepts. Note that CBI differs from brand loyalty in that not all loyal customers who repurchase the same brand and do not switch to other brands actually identify with the brand. In other words, customers may have a multifaceted relationship with a brand such that brand loyalty may be driven by functional value and high switching costs rather than identification with the brand. It is this last distinction that motivates this research.

Brand Switching When a Radically New Brand Is Introduced

This study focuses on how a specific type of market disruption—namely, the introduction of a radically new brand—affects customer–brand relationships. In competitive markets, customers can choose from multiple brands. As a result, they may (1) develop multiple identifications with multiple brands (e.g., Bhattacharya, Rao, and Glynn 1995) and (2) perceive the utilitarian and psychological value of
Brand loyalty • Brand loyalty is “a deeply held commitment to a person to his or her brand choice within a product class (Lastovicka and Gardner 1977). Many authors treat brand commitment as synonymous with attitudinal loyalty (e.g., Chaudhuri and Holbrook 2001).

Brand trust • Brand trust is “the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri and Holbrook 2001, p. 82).

Brand credibility • Brand credibility is “the believability of the product information contained in a brand, which requires that consumers perceive the brand as having the ability (i.e., expertise) and willingness (i.e., trustworthiness) to deliver continuously what has been promised” (Erdem, Swait, and Valenzuela 2006, p. 35).

Brand affect • Brand affect is “a brand’s potential to elicit a positive emotional response in the average consumer as a result of its use” (Chaudhuri and Holbrook 2001, p. 82).

Brand equity • Brand equity is the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. In Aaker’s (1995) brand equity framework, brand equity consists of five dimensions: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets.

Customer equity • According to Rust, Zeithaml, and Lemon (2000), customer equity consists of value equity (the perceived ratio of what is received and what must be sacrificed), brand equity (the subjective appraisal of a customer’s brand choice), and relationship equity (elements that link a customer to a brand or a company).

Brand loyalty • Brand loyalty is “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 1999, p. 34). Most empirical research examines behavioral loyalty (e.g., repurchase, willingness to pay more, word of mouth).

Table 1
Distinctions Between CBI and Existing Constructs

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Definition</th>
<th>CBI Distinctions</th>
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<tbody>
<tr>
<td>Brand commitment</td>
<td>• Brand commitment is the pledging or binding of a person to his or her brand choice within a product class (Lastovicka and Gardner 1977). Many authors treat brand commitment as synonymous with attitudinal loyalty (e.g., Chaudhuri and Holbrook 2001).</td>
<td>• CBI has an evaluative component (e.g., How do a customer and others think about the relationship the customer has with a brand?) that brand commitment does not capture.</td>
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<tr>
<td>Brand trust</td>
<td>• Brand trust is “the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri and Holbrook 2001, p. 82).</td>
<td>• Brand trust does not capture self-definitional sharing. Customers might trust a number of brands but not identify with all of them.</td>
</tr>
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<td>Brand credibility</td>
<td>• Brand credibility is “the believability of the product information contained in a brand, which requires that consumers perceive the brand as having the ability (i.e., expertise) and willingness (i.e., trustworthiness) to deliver continuously what has been promised” (Erdem, Swait, and Valenzuela 2006, p. 35).</td>
<td>• Brand credibility views brands as a promise-delivering media. CBI treats brands as true relationship partners. Brand credibility does not capture self-definitional sharing. Brand credibility creates brand equity due to the signaling effect (Erdem, Swait, and Valenzuela 2006), while CBI creates brand equity through the customers’ association with the brand identity.</td>
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<tr>
<td>Brand affect</td>
<td>• Brand affect is “a brand’s potential to elicit a positive emotional response in the average consumer as a result of its use” (Chaudhuri and Holbrook 2001, p. 82).</td>
<td>• Aaker (1995) emphasizes the importance of brand identity in building brand equity. Brand identity reflects what a brand is. CBI captures a customer’s psychological state of being associated with the brand identity.</td>
</tr>
<tr>
<td>Brand equity</td>
<td>• Brand equity is the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. In Aaker’s (1995) brand equity framework, brand equity consists of five dimensions: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets.</td>
<td>• CBI captures not only relationship equity and brand equity but also the evaluation of such relationship with the brand. This evaluation, which is a meta-cognition (Wegener, Sawicki and Petty 2009), can come from the customers as well as the social groups who associate and/or dissociate with the brand.</td>
</tr>
<tr>
<td>Customer equity</td>
<td>• According to Rust, Zeithaml, and Lemon (2000), customer equity consists of value equity (the perceived ratio of what is received and what must be sacrificed), brand equity (the subjective appraisal of a customer’s brand choice), and relationship equity (elements that link a customer to a brand or a company).</td>
<td>• Not all loyal customers identify with the brand. CBI has an evaluative component (either individual or social) that brand loyalty does not fully capture. CBI can induce behavior beyond repurchase, such as defending the brand as one’s own self when it is slandered (Bhattacharya and Sen 2003). Customers may identify with a brand without actual previous use.</td>
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Figure 1 summarizes the conceptual framework and features two perspectives: the conventional approach, which views switching as functional utility maximization as a result of functional comparison (upper half of Figure 1), and the social identity theory approach, which views switching as social mobility as a result of identity-based comparison (lower half of Figure 1).
Social Identity Theory Perspective

- Resolvability of Functional Utility-Based Relationships
- Availability Heuristic

Conventional Perspective

- Functional Comparison
- Functional Utilitarian Driver
  - Relative perceived value

Social Identity Theory Perspective

- Irresolvability of Identity-Based Relationships
- Social Creativity

Introduction of a Radically New Brand by a Competitor

Customer–Brand Relationship Disruptions

Multiple Iterations of Customers' Evaluations

Customers' Evaluations

Time-Varying Strength of Customer–Brand Relationship Drivers

Customer–Brand Relationship Decisions

Brand Switching as ...

Functional Utility
Maximization

(-)

Social Mobility

Control Variables
- Switching costs to the new brand
  - Financial switching cost (-)
  - Procedural switching cost (-)
- Customer characteristics
  - Innate innovativeness (+)
  - Gender, age
- Service provider
  - Current service provider (+)
  - Customer satisfaction (-)

Customer–Brand Relationship

D isruptions

Introduction
of a Radically
New Brand by a
Competitor

- Switching costs to the new brand
  - Financial switching cost (-)
  - Procedural switching cost (-)
- Customer characteristics
  - Innate innovativeness (+)
  - Gender, age
- Service provider
  - Current service provider (+)
  - Customer satisfaction (-)
Customer–Brand Relationship Decisions: Two Perspectives to Switching

Brand switching as functional utility maximization. Economists view consumer choices as means to achieve maximization of functional utility (McFadden 1986). In addition, a common practice among marketing researchers is to model consumer brand switching as choices based on product attributes and marketing mix (see, e.g., Guadagni and Little 1983, and many subsequent extensions). However, according to the original text on multiattribute utility theory (Lancaster 1966), consumer utility includes not only a brand’s functional but also sociopsychological attributes. Similarly, McFadden (1986, p. 284) contends that it is necessary to incorporate psychometric data in choice models because these factors also shape the utility function. Surprisingly, it is not until recently that research on choice models has revived the need to incorporate softer, non-product-related attributes, such as customers’ attitudes and perceptions, into models of brand choice and brand switching (e.g., Ashok, Dillon, and Yuan 2002; Swait and Erdem 2007). These researchers posit that these softer attributes also play an important role in predicting choice set formation, brand choice, and brand preference.

Brand switching as social mobility. In line with the recent development in choice modeling, social identity theory suggests that brand switching also serves sociopsychological purposes besides functional utility maximization (Rao, Davis, and Ward 2000; Tajfel and Turner 1979). This theory posits that people derive their identity from their affiliations with social groups. They value such membership and distinguish themselves from those who did not share such affiliations, forming the in-group and the out-group. When a social identity is threatened (i.e., negatively perceived), in-group members will likely respond by resorting to three basic strategies: social mobility, social creativity, and social change.

Social mobility refers to a person’s attempt to leave or dissociate him- or herself from the group. Moving from a lower-status group to a higher-status one is an example. Social creativity describes a person’s attempt to “seek positive distinctiveness for the in-group by redefining or altering the elements of the comparative situation” (Tajfel and Turner 1979, p. 43). For example, a business school that does not compare favorably with other schools in overall evaluation may seek out specific dimensions of comparison that grant it superiority over these other schools (Elsbach and Kramer 1996). Finally, social change refers to direct competition with the out-group to retrieve higher status.

In the marketing context, social change can be initiated either by competitors or by customers who identify with a brand. Market disruptions that are externally caused by competitors (e.g., radically innovative brands) can be viewed as attempts to initiate social change between competitors to vie for customers’ favor. When a radically new brand is introduced, some customers may perceive the new brand as having a more attractive identity than the incumbent’s identity. On the customer side, brand identifiers sometimes proactively generate negative word of mouth about brands that they do not identify with, especially after they are exposed to comparative advertising.

Building on Tajfel and Turner’s (1979) theorization of social mobility, we propose that customers may switch to a new brand for self-enhancement purposes to maximize sociopsychological utility (e.g., symbolic benefits) rather than functional utility (e.g., functional benefits). In support for the social mobility argument, Rao, Davis, and Ward (2000) report evidence that firms migrate from the NASDAQ stock market to the New York Stock Exchange to preserve a positive identity. In the marketing context, Stern, Thompson, and Arnould’s (1998) narrative analysis of marketing relationships implies that customers may switch to a brand they used to dislike by revising their view of the brand’s identity and reference group. Research on cultural assimilation also reports that immigrants swap their cultural identities in consumption as they assimilate into the mainstream culture (e.g., Oswald 1999). Similarly, Chaplin and John (2005) report that as children mature into adolescents, their self-concept becomes more sophisticated and so does their connections with brands.

When the boundary between the in-group and the out-group is impermeable and changing group membership is not realistic, social mobility is not a viable strategy to cope with identity threats. For example, people rarely change their political affiliation. Social identity theory suggests that under such circumstances, people will engage in social creativity (Tajfel and Turner 1979). Tajfel and Turner (1979, p. 43) posit that social creativity can take multiple forms, such as (1) comparing the in-group with the out-group on some new dimensions, (2) changing the values assigned to the attributes of the group such that previously negative comparisons are now cast in a positive light, and (3) avoiding using the high-status out-group as a comparative frame of reference. In other words, social creativity is identity-based comparisons that have in-group biases, defined as a strong belief in the superiority of the group with which a person identifies and prejudice against the nonidentified group. Brewer (1979) posits that such in-group biases are both cognitive and motivational because these biases motivate in-group members (e.g., brand identifiers) to attend only to elements that the in-group will evaluate more positively than the out-group. Next, we extend these ideas to our marketing research context.

Drivers of Brand Switching When a Radically New Brand Is Introduced

Figure 1 shows that the introduction of a radically new brand disrupts customer–brand relationships with an incumbent because it represents an attractive alternative to the incumbent, in terms of either a brand identity or functional value. In the choice between the new brand and existing ones, social identity theory places emphasis on identity-based comparison, while conventional economic and marketing theory focuses on the comparison of functional attributes. We combine these two perspectives to propose that when a radically new brand is introduced, customers will engage in functional and identity-based comparisons on either functional value or sociopsychological value. These two forms of comparison may enhance or impair per-
ceived value and CBI of the incumbent relative to those of the new brand, respectively.

Relative perceived value. Research on brand loyalty has long recognized that customers’ consideration set may well include multiple brands, and the ranking of one brand against another is inevitable. In addition, Holbrook and Corfman (1985) emphasize the notion of comparative in defining value. Following existing models of brand choice, we define “relative perceived value” as the extent to which the utilitarian value of the functional benefits of a branded offering exceeds those of another alternative in the same product category. As we allude to subsequently, the effect of relative perceived value on switching does not increase over time even after several iterations of functional comparison because of two reasons: resolvability and availability heuristic. Resolvability refers to whether customers believe they can change the situation (Slotegraaf and Inman 2004). Because functional utility is not bonded with the self-identity, it is easier for customers to resolve a relationship that is based on a brand’s functional benefits. In social identity theory, this resolvability reflects the “permeability” between social groups. Availability heuristic refers to the tendency to estimate the frequency of an event, or the likelihood of its occurrence, by the ease with which relevant instances or associations come to mind (Tversky and Kahneman 1982). When customers experience difficulty in generating positive information about their choice, they may infer that the amount of positive information is rather limited and may reverse their attitude toward the chosen brand (Wänke, Bohner, and Jurkowitsch 1997). The upper half of the conceptual framework in Figure 1 captures these underlying processes. With its relevance to functional utility, relative perceived value influences switching behavior as functional utility maximization.

Relative CBI. Research in the nonprofit marketing literature suggests that “[i]dentification is not simply a bilateral relationship between a person and an organization, isolated from other organizations, but a process in a competitive arena” (Bhattacharya, Rao, and Glynn 1995, p. 54, emphasis added). Surprisingly, empirical marketing research that addresses this issue is meager (Arnett, German, and Hunt 2003). In the context of brands, we draw from Stryker’s (1968) work to define relative CBI as the extent to which a customer perceives a focal brand’s identity as having higher self-relevance than the identity of another brand in the same product category. When a customer identifies more strongly with the focal brand than with the competing brand, relative CBI of the focal brand is strong, and the focal brand’s identity is more salient.1

Social identity and identity theories posit that though a person may identify with multiple social entities, only the most salient identity will form the basis for action (Stryker 1968). In competitive markets, this notion of salience is highly relevant because competition fosters social comparison between brands and their identities. Identity-related market disruptions, such as the launch of a radically new brand, may threaten and thus activate existing brand identities that would otherwise remain dormant in normal market conditions. As we explain in detail subsequently, the effect of the incumbent’s relative CBI on switching grows stronger over time after several iterations of identity-based comparison because of two reasons: irresolvability and social creativity. In the marketing context, because identification with a brand weaves the brand identity into the fabrics of the self-identity, it is not easy for customers to change their association with a brand identity. Because of the irresolvability (Slotegraaf and Inman 2004) of identity-based relationships with a brand, customers are more likely to endure an existing brand identity and resort to social creativity. In social identity theory, this irresolvability is equivalent to the “impermeability” between social groups. Because social creativity strategies are biased in favor of the incumbent brand’s identity, social creativity will help these customers regain a more positive identity than the radically new brand’s identity, and their need for migrating to the new brand to satisfy the need for self-enhancement will dissipate. The lower half of the conceptual framework in Figure 1 captures these underlying processes. With its relevance to the self and self-identity, relative CBI influences switching behavior as social mobility.

Research Hypotheses

In this section, we derive formal hypotheses about customers’ resistance to brand switching when a radically new brand is introduced. We control for other variables that the literature suggests are predictive of switching behavior, such as customer characteristics, satisfaction with the service provider, and switching costs (see Figure 1).

Cross-Sectional Effects

Relative perceived value and brand switching. Perceived value represents a utilitarian driver of customer–brand relationships. In general, previous research has suggested that perceived value and repurchase intention are positively related (Dodds, Monroe, and Grewal 1991). However, because a functional utility–based relationship does not reflect a high level of internalization of brand values into the self, it may be more susceptible to change. Previous research has suggested that when customers are in a

1Relative CBI differs from brand salience (e.g., Alba and Chattopadhyay 1986) in at least three ways. First, and most important, customers may report high brand salience for brands for somewhat superficial reasons, such as memorable advertising. In contrast, relative CBI denotes a higher level of incorporation of one brand in relation to other brands in the product category into the self. Second, relative CBI takes into account both individual perception and the social context in that much of the brand’s social identity (e.g., through its brand community; Muniz and O’Guinn 2001) influences customers’ identification with that brand. Third, relative CBI induces customers to engage in behavior that goes beyond repurchase intention, such as defending the brand against libels (Bhattacharya and Sen 2003). In terms of operationalization, brand salience is a buyer’s ease of recalling the brand as a member of the product category (Alba and Chattopadhyay 1986). Relative CBI goes beyond recalling to capture customers’ awareness, evaluation, and feelings of belongingness to a brand.
resolvable situation in which they believe they can change the situation, they are likely to rectify the situation by engaging in actions rather than enduring it (Slotegraaf and Inman 2004). We propose that the introduction of a radically new brand motivates customers to engage in functional comparison to compare the perceived value of the incumbent with that of the new brand to justify the action to resolve the existing relationship. As we reviewed previously, it is relative perceived value rather than perceived value per se that drives customer switching. Because customers base their expectations and subsequent satisfaction on prior experience (Bolton and Drew 1991), customers who are familiar with incumbent brands use their existing relationships with those brands as a reference point to evaluate new brands. Only brands that can exceed that reference point on the gain side might cause customers to switch. This suggests the following hypothesis:

H1: At the time of the new brand’s introduction, the greater the relative perceived value of the incumbent brand, the lower is the probability that a customer will switch to the new brand.

Relative CBI and brand switching. Social cognition research suggests that the self and its identities represent a highly complex but enduring structure in memory (Epstein 1980; Kihlstrom and Klein 1994). In support, previous experimental research has demonstrated that identity-driven judgment is enduring despite several corrective measures because a salient identity triggers an “elaborate self-relevant schema that may be difficult to undo because of its entrenchment in the self” (Bolton and Reed 2004, p. 398). Because such entrenchment causes customers to believe that their identity-based relationships with the incumbents are highly irresolvable, they may choose to endure the existing relationships rather than taking actions when there is a more attractive identity (e.g., Slotegraaf and Inman 2004).

The introduction of a radically new brand creates an identity threat to the incumbents. We posit that though customers who have an identity-based relationship with the incumbents decide to endure, they will cope with the dissonance by engaging in identity-based comparison. In doing so, these customers are driven by social creativity (Elsbach and Kramer 1996; Tajfel and Turner 1979). By focusing on selective comparative dimensions, customers of an incumbent brand engage in motivated reasoning that is biased in favor of the incumbent (Ahluwalia 2000; Kunda 1990). In other words, social creativity enhances the desirability of the incumbent brand’s identity while downplaying the attractiveness of the new entrant’s identity. As long as social creativity is successful, customers’ identification with the incumbent brand will dominate their identification with the new brand. Customers who possess stronger relative CBI with the incumbent will consider the incumbent’s identity more salient. Because a salient identity forms the basis for behavior in congruence with the identity (Bolton and Reed 2004; Tajfel and Turner 1979), these customers will remain supportive of the incumbent brand and be less likely to switch to the new brand. Therefore, we propose the following hypothesis:

H2: At the time of the new brand’s introduction, the greater the relative CBI of the incumbent brand, the lower is the probability that a customer will switch to the new brand.

Longitudinal Effects

Relative perceived value and brand switching. There are at least two reasons suggesting that iterations of functional comparison do not work in favor of the incumbent over time. First, the social cognition literature suggests that judgment based on analytical thinking, such as maximizing functional utility, is likely to be evenhanded rather than top down in nature (e.g., Bolton and Reed 2004). Thus, the incumbent brand will not be able to enjoy the biased comparison that would otherwise be available because of identity-driven motivated reasoning (Kunda 1990; Oyserman 2009). Second, recalling all functional attributes to conduct inter-brand comparisons can be cognitively taxing because of customers’ limited cognitive ability to identify all possible product/service attributes. Such comparisons may be subject to ceiling effects that work against the incumbent brands and favor the new brand. In support of this, Tversky and Kahneman (1982) propose the availability heuristic in decision making, such that the difficulty in retrieving reasons may lead people to infer that the amount of information is rather limited. Research on attitude change further demonstrates that attribute retrieval difficulty, either actual or imagined, may actually reverse customers’ attitude about a brand from positive to negative (Wänke, Bohner, and Jurkowitsch 1997). In general, information about the new brand is more readily available and more positive than information about the incumbent brands. Over time, customers may come to think that the positive attributes of the incumbent are limited. Note that this process may impair the perceived value of the incumbent relative to the new brand, making the resolvability of the functional utility–based relationship even more obvious after multiple iterations of functional comparison. These two arguments suggest that though relative perceived value reduces resistance to switching, its effects will not increase, and might even decrease, over time. Therefore, we hypothesize the following:

H3: The effect of relative perceived value of the incumbent brand on resistance to switching to the new brand will not increase over time.

Relative CBI and brand switching. Social identity theory does not offer any information about the limits of social creativity or its longitudinal effect. However, there are theoretical reasons to believe that iterations of identity-based comparisons work in favor of the incumbent over time. First, customers who identify with the incumbent brand more strongly than with the new brand are likely to attribute their brand choice to the self rather than to superficial functional benefits. Social psychology literature suggests that while people all have the need for self-enhancement, they are highly reluctant to change their self-related attitude because the need for self-consistency is also prevalent (Festinger 1957; Lecky 1945; Swann, Rentfrow, and Guinn 2003). By iteratively engaging in social creativity in favor of the incumbent brand’s identity, customers maintain the con-
sistency of their self, uphold the identity they derive from being associated with the incumbent brand, and regain their self-esteem without needing to engage in social mobility.

Second, there is evidence suggesting that social creativity driven by a deeply seated psychological state, such as identification, is biased toward the incumbent brand’s identity despite counterattitudinal arguments (e.g., Ahluwalia 2000; Kunda 1990). Over time, these biases become self-perpetuating, leading to further biases. Specifically, although social creativity begins as an illusion of objectivity that biases customers into justifying the superiority of the incumbent brand’s identity to the new brand’s identity, these customers will continue to support the incumbent. In turn, this continued supportive behavior will make them believe that the incumbent brand’s identity is indeed superior (Bem 1967). Note that these processes also incrementally increase the perceived irresolvability of the identity-based relationships with the incumbent. These arguments suggest that the effect of relative CBI will generate increasingly stronger resistance to switch. Therefore, we hypothesize the following:

\( H_3 \): The effect of the relative CBI of the incumbent brand on resistance to switching to the new brand will grow stronger over time.

\( H_3 \) and \( H_4 \) suggest that, over time, the effect of relative CBI of the incumbent brand on resistance to brand switching will grow stronger while that of relative perceived value will remain stable. This leads to the following corollary about the relative strength of these two customer–brand relationship drivers in predicting customer loyalty in the long run:

\( H_5 \): The effect of the relative CBI of the incumbent brand on customer switching to the new brand will be stronger than the effect of relative perceived value of the incumbent brand over time.

**Empirical Study**

**Sample**

A large European online panel research company allowed us to track a subset of its panel in Spain. The research context was the initial launch of the iPhone in Spain. The iPhone’s launch was particularly suitable for the research questions for several reasons. First, Apple adopted a sequential launch of this new version in various European countries and entered into an exclusive distribution contract with a national service provider in each country. Therefore, this launch provided a natural starting point of the disruption to all Spanish consumers. Second, the reputation of the iPhone brand and the publicity surrounding its launch were unprecedented. When the iPhone was introduced for the first time in the United States in 2007, it was named the innovation of the year by *Time* magazine. Before the launch in Spain, Apple kept the name of its exclusive distributor in Spain (Telefonica) a secret until the last minute and kept delaying the official launch. The anticipation among Spanish customers ran even higher when Apple launched the same brand in the United Kingdom, France, and Germany before entering the market in Spain. To generate buzz, Apple and Telefonica engaged in a multiple-communications campaign to promote the new brand, complete with a prepurchase announcement on Telefonica’s Web site. Consequently, most consumers in Spain were exposed to abundant information about the iPhone’s functionality, brand image, pricing, and service plans well before the actual launch. Third, the cell phone market in Spain was highly competitive, and switching costs were high because consumers were locked in to long-term contracts. These market characteristics provide the most stringent test of the hypotheses.

We developed the initial survey in English and then had it translated into Spanish by a professional translation service. Two native Spanish speakers completed and checked the wording of the survey. The survey was then revised, back translated, and finally programmed in Spanish. We then sent links to the online survey to panel members. There were five waves of the surveys. We conducted the first wave two months before the actual launch of the iPhone in Spain. The screening questions in the first wave pertained to whether the panel members owned a cell phone and their awareness of the launch of the iPhone. We removed those who were not aware of the iPhone (less than 3 on a seven-point Likert scale) from the survey. We carried out the other four waves at two-month intervals, with the second wave launched approximately ten days after the actual launch. Each wave was “live” for approximately two weeks. The five waves occurred at two-month intervals from one another. To enhance the response rates, we entered panel members into a raffle to win a prize if they completed all waves of the survey.

We used discrete hazard models to capture switching behavior. We defined an event as switching to the iPhone, which we assumed followed a two-stage process: the customer developed the switching ideation, after which it may or may not turn into actual switching behavior (e.g., Van den Bulte and Lilien 2004). We define switching ideation as the first time the customer thought of switching to the iPhone. We were able to monitor 708 cell phone users over the entire duration of the study. Of these, we removed 29 consumers who reported using the iPhone before the official launch (left censored; these consumers might have bought the illegally unlocked version before the official launch in Spain). The final data set included 679 usable responses. We recorded switching to brands other than the iPhone as a competing event and treated these switches as right censored (Kleinbaum and Klein 2005). Among the 679 responses, 356 customers had the ideation to switch to the iPhone, and 84 actually switched to the iPhone. The sample was sociodemographically diverse: 37.4% were women, 44.5% lived in an urban area, 60.1% were under the age of 30, 86.2% were employed, 48% were married, and 87.8% held a bachelor’s degree.

**Measures**

We measured CBI using six items. The cognitive dimension consisted of two items (Bergami and Bagozzi 2000). The first item in this scale is a Venn diagram that shows the overlap between consumer identity and brand identity, such that the overlap represents the extent to which a consumer identifies with the brand. This Venn diagram item originates
from the interpersonal relationship literature (Levinger 1979). The second item is a verbal item; it was initially proposed by Bergami and Bagozzi (2000) to cross-validate the Venn diagram item, and it describes the identity overlap in words rather than visually. We measured consumers’ affective identification with the brand using two items that are part of the well-cited organizational identification scale (Mael and Ashforth 1992). We used two items to evaluate whether the consumer thinks the psychological oneness with the brand is valuable to him or her individually and socially. We adapted these items from Bagozzi and Dholakia (2006). We measured perceived value with four items adapted from Dodd, Monroe, and Grewal (1991), tapping into consumers’ perceptions about the benefits after considering the price and other costs incurred for their cell phone.2

Consumers rated CBI and perceived value for both their current brand of cell phone and the iPhone. We created composite scores for each of the scales by first norming all measure items to be on a seven-point scale and then averaging the scores. Then, we constructed the relative CBI index by dividing CBI with the incumbent brand by the sum total of CBI with the incumbent brand and the iPhone; we then normed this index to a seven-point scale to facilitate comparison across predictors. We operationalized relative perceived value in the same way. Conceptually, as Dick and Basu (1994, p. 101, emphasis in original) note, “the nature of relative attitudes is likely to provide a stronger indication of repeat patronage than the attitude toward a brand determined in isolation.” The relative indexes capture two important dimensions that underlie a person’s relative attitude toward an entity: attitude strength (e.g., how strong the CBI is with the incumbent) and attitudinal differentiation (e.g., how much stronger CBI is with the incumbent than CBI with the new brand, given the sum of the two ratings). Because these relative indexes capture “shares” of CBI and perceived value of the incumbent, they removed the measurement unit from the interval scale (Cooper and Nakanishi 1983) and normed the raw “share” index of both predictors to be within the same range of [0, 1]. The indexes were similar in nature to relative market share in the multiplicative competitive interaction model (Cooper and Nakanishi 1983). Recent empirical research has also suggested that the relativity in customer ratings of various competitors

2It could be argued that consumers may have difficulty answering these questions without actual use. However, we believe that this is not the case for our research context. First, the sequential launch of the iPhone in Europe was one of the most hyped product launches. The zealous promotion campaigns throughout Europe and in Spain made consumers well aware of the iPhone’s functionality, price, and brand image without actually using it. Second, brand identification is not contingent on actual use. For example, a consumer can identify with a luxury brand without being able to afford it. Most important, the survey questions captured the information consumers had when they made their decision. The use of the same set of items allows for comparison of the incumbents and the new brand. Finally, in our data, none of the consumers who were aware of the launch reported problems in answering the survey questions in the comment box at the end of the survey. We thank an anonymous reviewer for pointing this out.

in a market is important in studying customer behavior (Ahearne, Jelinek, and Jones 2007).

Customers named the brand of cell phone they were currently using at the beginning of each survey along with the name of the service provider. We asked about switching ideation and the brand they would consider switching to from a list of brands at the end of the survey. Actual switching occurred if we observed a change in use of each customer’s current brand. Because we conducted this study in the context of a new brand introduction into an existing market, we controlled for customers’ innate innovativeness (Steenkamp and Gielen 2003) and sociodemographic variables (sex and age). Because cell phone consumption also involves a service provider and customers who already had a contract with an iPhone distributor might have been able to switch to the iPhone at a much lower switching cost, we controlled for each customer’s current service provider by using a dummy (1 for customers whose current service provider was also the exclusive distributor of the iPhone in Spain and 0 otherwise) and the customer’s satisfaction with the current service provider. In addition to relative perceived value, relative CBI, and variables related to service providers, other types of switching costs may cause customers to keep buying a brand. We included two types of self-reported nonrelational switching costs: procedural costs and financial costs. Procedural switching costs consist of economic risk, evaluation, learning, and setup costs. Financial switching costs refer to lost benefits and financial loss (Burnham, Frels, and Mahajan 2003). Customers with high nonrelational switching costs feel trapped in their relationship with brands (Jones and Sasser 1995). Previous research has found that financial and procedural switching costs are positively related to intentions to stay with a service provider (Burnham, Frels, and Mahajan 2003). We operationalized financial switching costs objectively as the number of months left in each customer’s contract with his or her current service provider. We measured procedural switching costs with five items that we adapted from Burnham, Frels, and Mahajan (2003). Scale items of each construct measure for each wave appear in the Appendix.

**Model Specification**

Because the dependent variable is an event (switch/not switch), we adopted survival analysis as the analytical methodology and specified the logit link. We developed a two-stage survival model with the survey data with five periods $t = 1, 2, \ldots, T$ and individuals $i = 1, 2, \ldots, n$. In this model, individual $i$ first develops switching ideation before switching to the iPhone. We further define $z_{si} = 1$ when individual $i$ first indicates switching ideation during period $s_i$. By definition, $z_{si} = 0$ for all $s < s_i$ (individual $i$ can form switching ideation only once). Let $y_{ti} = 1$ when individual $i$ switches during period $t_i$, and similarly, let $y_{si} = 0$ for all $t < t_i$ (individual $i$ can switch only once during the study). Individual $i$’s utility of the focal brand during period $t$ is $u_{ti} = v_{ti} + \epsilon_{it}$, where we assume the error term $\epsilon_{it}$ to follow an i.i.d. logistic distribution. This utility comes from both relative functional value and relative CBI of the incumbent brand relative to those of the new brand. The utility governs individual i’s behavior in both ideation to switch and actual
switching behavior to the new brand, in which actual switching requires the utility to pass a higher bar \( \pi > 0 \). That is, individual \( i \)'s probability of ideation to switch to the iPhone, given that he or she has not considered it yet, is as follows:

\[
(1) \quad p_i = \Pr \left( z_{it} = 1 | x_{it} = 0, s \geq s_i \right) = \Pr (u_{it} > 0) = \frac{\exp(v_{it})}{1 + \exp(v_{it})}.
\]

Individual \( i \)'s probability of actually switching, given that he or she has stated switching ideation but has not switched yet, is as follows:

\[
(2) \quad h_i = \Pr \left( y_{it} = 1 | z_{it} = 1, t \geq s_i ; y_{it} = 0, t < t_i \right) = \Pr (u_{it} > \pi) = \frac{\exp(v_{it} - \pi)}{1 + \exp(v_{it} - \pi)}.
\]

We further specify the determinstic part of the utility as follows:

\[
(3) \quad v_{it} = \alpha_i + \alpha_1 D_2 + \alpha_2 D_3 + \alpha_3 D_4 + \alpha_4 D_5 + \beta^{(t)}_{RCBI} R_{CBI} + \\
\quad + \beta^{(t)}_{RPV} R_{PV} + \gamma_{1} S W F_{i,t-1} + \gamma_{2} S W P_{i,t-1} + \gamma_{3} P R O V_{it} + \\
\quad + \gamma_{4} P R S A T_{i,t-1} + \gamma_{5} I N N O V_{i} + \gamma_{6} G E N D E R_{i} + \gamma_{7} A G E_{i} + \lambda_i,
\]

where \( D_i \) represents time dummies, \( R_{CBI} \) is the relative CBI of the incumbent, \( R_{PV} \) is the relative perceived value of the incumbent, \( S W F \) are financial switching costs, \( S W P \) are procedural switching costs, \( P R O V \) is the service provider (dummy coded), \( P R S A T \) is satisfaction with the service provider, and \( I N N O V \) is the customer’s innate innovativeness.

We assume that the effects of covariates are stable over time. We used a random-effects model in which the random effect \( \lambda_i \sim N (0, \sigma^2) \) captures the heterogeneity across customers. To capture the dynamic effects of relative CBI and relative perceived value, we adopted a first-order autoregressive setting for the coefficients. More specifically,

\[
(4) \quad \beta^{(t)}_{RCBI} = \beta_{RCBI}^{(t-1)} + \gamma_{RCBI}, \text{ and} \\
(5) \quad \beta^{(t)}_{RPV} = \beta_{RPV}^{(t-1)} + \gamma_{RPV}.
\]

This approach provides a parsimonious parametric structure with only two parameters, \( \beta^{(t)} \) and \( \rho \), for relative CBI or relative perceived value. We placed no restriction on the decay parameter \( \rho \) so that its size and sign would reflect the trend and stability of the trend in the time-varying coefficients, respectively. If \( \rho > 1 \), the effect of the predictor increases over time. If \( \rho = 1 \), the effect of the predictor is stable. Finally, if \( 0 < \rho < 1 \), the effect of the predictor decays over time. If \( \rho < 0 \), the effect of the predictor fluctuates between increasing and decaying. The likelihood for individual \( i \) is as follows:

\[
(6) \quad L_i = \prod_{t = 1}^{s_i} h_i \gamma_i (1 - h_i)^{1 - \gamma_i} \prod_{s = 1}^{5} p_{is} z_{is} (1 - p_{is})^{1 - z_{is}}.
\]

The overall log-likelihood for both stages (switching ideation and actual switch) is as follows:

\[
(7) \quad LL = \sum_{i = 1}^{n} \sum_{t = 1}^{s_i} \left[ y_{it} \ln(h_{it}) + (1 - y_{it}) \ln(1 - h_{it}) \right] + \sum_{s = 1}^{5} \left[ z_{is} \ln(p_{is}) + (1 - z_{is}) \ln(1 - p_{is}) \right].
\]

where \( s_i \) is the period when individual \( i \) began to consider switching and \( t_i \) is the period when he or she switched.

**Results**

**Measurement model.** We subjected all reflective constructs first to exploratory factor analysis and then to confirmatory factor analysis. For reflective constructs, we evaluated measure reliability and validity by examining the loadings of items on their intended latent constructs, Cronbach’s alphas, average variances extracted (AVEs), and interconstruct correlations. The results indicated that all the constructs exhibited good psychometric properties.

We conceptualize CBI as a formative second-order construct consisting of three reflective first-order dimensions. We used partial least squares to evaluate the measurement model of this construct. Because measures of internal consistency and reliability are inappropriate for assessing the psychometric properties of formative constructs (Jarvis, MacKenzie, and Podsakoff 2003), we evaluated the measurement scales of CBI by examining the path weights of each of the three dimensions of this construct for both the iPhone and the incumbent brands (see the Web Appendix at http://www.marketingpower.com/jm nov10). We adopted the method of repeated indicators for molar models to assess path weights of each first-order factor on the second-order construct (Wold 1982). The results showed that all path weights were significant, suggesting that the measurement model was sound.

Because the calculation of AVE is meaningful only for reflective constructs, it is not possible to assess discriminant validity by comparing the square root of the AVE with the pairwise correlations between reflective (perceived value and procedural switching costs) and formative (CBI) constructs. Instead, we concluded that the measures met the criteria for discriminant validity because (1) none of the measures cross-loaded more heavily on their unintended constructs than on their own and (2) all the unattenuated construct intercorrelations were significantly less than 1.00. In addition, we estimated a series of models in which we assumed CBI to be a second-order reflective construct. We first freely estimated the correlation between this CBI construct and perceived value, and we then constrained that correlation to be equal to one. All the constrained models had significantly worse fit. This proxy calculation (which is available on request) provided further evidence for the discriminant validity between CBI and perceived value. Table 2 reports the correlations among the constructs. All AVEs exceeded or were close to the benchmark of .50 (Fornell and Larcker 1981). We computed composite scores of the focal constructs to run the estimation.

**Estimation results.** Table 3 presents the results for three models: Model A is the baseline hazard model without pre-
### TABLE 2
Means, Standard Deviations, and Intercorrelation Matrix

|     | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 11   | 12   | 13   | 14   | 15   | 16   | 17   | 18   | 19   | 20   | 21   | 22   | 23   |
|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| RCBI_T1 | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RCBI_T2 | .54** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RCBI_T3 | .53** | .75** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RCBI_T4 | .46** | .74** | .78** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RCBI_T5 | .48** | .65** | .72** | .76** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RPV_T1  | .50** | .44** | .40** | .37** | .36** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RPV_T2  | .27** | .57** | .52** | .43** | .46** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RPV_T3  | .30** | .43** | .58** | .45** | .46** | .68** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RPV_T4  | .28** | .44** | .52** | .45** | .61** | .68** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| RPV_T5  | .30** | .46** | .48** | .54** | .67** | .42** | .55** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| SWP_T1  | .15** | .21** | .14** | .17** | .20** | .10** | .14** | .11** | .11** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |      |      |
| SWP_T2  | .12** | .16** | .13** | .14** | .15** | .07** | .06** | .05** | .07** | .12** | .56** | 1.00 |      |      |      |      |      |      |      |      |      |      |      |
| SWP_T3  | .07** | .14** | .10** | .15** | .14** | .00** | .10** | .04** | .08** | .11** | .52** | .61** | 1.00 |      |      |      |      |      |      |      |      |      |      |
| SWP_T4  | .13** | .17** | .12** | .15** | .18** | .04** | .08** | .06** | .10** | .13** | .52** | .57** | .61** | 1.00 |      |      |      |      |      |      |      |      |      |
| SWF_T1  | .07** | .04** | .03** | .04** | .00** | .05** | .04** | .01** | .01** | .04** | .01** | .09** | .02** | 1.00 |      |      |      |      |      |      |      |      |      |
| SWF_T2  | .08** | .06** | .08** | .05** | .09** | .08** | .02** | .02** | .08** | .08** | .06** | .03** | .08** | .05** | .58** | 1.00 |      |      |      |      |      |      |      |
| SWF_T3  | .10** | .09** | .12** | .11** | .07** | .10** | .07** | .07** | .10** | .04** | .00** | .03** | .05** | .27** | .46** | 1.00 |      |      |      |      |      |      |      |
| SWF_T4  | .06** | .13** | .14** | .15** | .11** | .06** | .08** | .07** | .07** | .06** | .04** | .06** | .09** | .21** | .39** | .69** | 1.00 |      |      |      |      |      |      |
| PRSAT_T1 | .21** | .10** | .19** | .11** | .17** | .04** | .00** | .06** | .03** | .04** | .00** | .07** | .05** | .02** | .04** | .08** | .03** | .04** | 1.00 |      |      |      |      |
| PRSAT_T2 | .21** | .14** | .20** | .15** | .18** | .02** | .02** | .07** | .05** | .07** | .03** | .07** | .02** | .01** | .07** | .04** | .00** | .01** | .58** | 1.00 |      |      |      |
| PRSAT_T3 | .17** | .10** | .13** | .10** | .10** | .07** | .04** | .03** | .05** | .01** | .04** | .03** | .01** | .02** | .01** | .01** | .02** | .01** | .55** | .65** | 1.00 |      |      |
| PRSAT_T4 | .12** | .08** | .16** | .12** | .11** | .02** | .01** | .05** | .08** | .01** | .01** | .03** | .06** | .02** | .02** | .04** | .02** | .48** | .52** | .58** | 1.00 |      |      |
| INNOV   | -.17** | -.23** | -.19** | -.20** | -.12** | -.12** | -.11** | -.12** | -.13** | -.24** | -.19** | -.19** | -.16** | -.07** | -.02** | -.04** | -.11** | .01** | -.05** | .00** | -.04** | 1.00 |

**M** = 3.77, **SD** = 3.80

*Notes: N = 679. RCBI = relative CBI, RPV = relative perceived value, SWP = procedural switching costs, SWF = financial switching costs (number of months left in contract), PRSAT = satisfaction with the current service provider, and INNOV = consumer innate innovativeness. SWP, SWF, and PRSAT were lagged one period. Thus, Wave 5 data for these variables were not used.*
dictors, Model B is the covariates-only model, and Model C is the final model. In testing the hypotheses, after running Model B, we added the focal predictors (relative CBI and relative perceived value) one at a time to test whether they improved the overall model fit. These intermediary steps showed that models that include either relative CBI or relative perceived value are superior to the covariates-only model ($\Delta$ Akaike information criterion = 116.90 and 127.00, respectively). This suggests that these two predictors significantly predict brand switching.

$H_1$ and $H_2$ predict that at the time of the new brand’s introduction, customers who perceive the incumbent brand as providing higher value or who identify more strongly with the incumbent brand than with the new brand will be less likely to switch. The result in Table 3 confirms both hypotheses. More specifically, both relative perceived value ($\beta = -.72, p < .01$) and relative CBI ($\beta = -.37, p < .01$) greatly reduced the switching probability. A two-tailed test showed that for the initial stage, the effect of relative perceived value was not significantly stronger than that of relative CBI ($\Delta \beta = .35, SE = .30, not significant$). Note that the dependent variable in the initial stage was only switching ideation and not actual switching, because the iPhone was launched two months after the first wave of survey.

The decay of these effects was also in the direction that $H_3$ and $H_4$ predict. More specifically, the decay of effect of relative perceived value was greater than zero ($\rho = .88, p < .01$) but not significantly greater than one ($t = -.65, not significant$). This means that the effect of relative perceived value does not increase over time, in support of $H_3$. The results also show that the decay of effect of relative CBI was positive ($\rho = 1.33, p < .01$) and significantly greater than one ($t = 1.65, p < .06$), in support of $H_4$. This suggests that as time elapses, the effect of relative CBI on switching behavior becomes stronger, while the effect of perceived value on switching remains stable.

Given that (1) the initial strength of the two predictors is not significantly different from each other and (2) the decay parameters support $H_3$ and $H_4$, there is sufficient evidence to conclude that the overall time-varying effect of relative CBI is stronger than that of relative perceived value, as $H_5$ predicts. Figure 2 shows how the slope coefficients of relative CBI and relative perceived value change over time.

In terms of switching costs as covariates, customers who already had a contract with the iPhone exclusive distributor were more likely to switch. Customers who had recently signed contracts were less likely to switch. These results are in agreement with the literature. However, the effect of procedural switching costs was not significant.

**General Discussion**

This study is the first to test empirically the longitudinal effect of relative CBI and relative perceived value in times of market disruptions while controlling for switching costs and key customer characteristics. In addition to our theorization of switching behavior as both utility maximization

<table>
<thead>
<tr>
<th>Parameter Estimates</th>
<th>Model A (Baseline)</th>
<th>Model B (Covariates Only)</th>
<th>Model C (Full Model)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>$-1.27^{**}(.09)$</td>
<td>$-1.97^{**}(.42)$</td>
<td>$1.65^{*}(.73)$</td>
</tr>
<tr>
<td>$D_2$</td>
<td>$-.09^{*}(.13)$</td>
<td>$-.16^{*}(.17)$</td>
<td>$-.22^{*}(.48)$</td>
</tr>
<tr>
<td>$D_3$</td>
<td>$-.76^{**}(.17)$</td>
<td>$-.80^{**}(.20)$</td>
<td>$-.01^{*}(.78)$</td>
</tr>
<tr>
<td>$D_4$</td>
<td>$-1.25^{**}(.21)$</td>
<td>$-1.27^{**}(.23)$</td>
<td>$.03^{*}(.87)$</td>
</tr>
<tr>
<td>$D_5$</td>
<td>$-1.35^{**}(.23)$</td>
<td>$-1.34^{**}(.25)$</td>
<td>$.67^{*}(.30)$</td>
</tr>
<tr>
<td><strong>Covariates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching costs: financial</td>
<td></td>
<td>$.02 (.01)</td>
<td>$.04^{*} (.01)</td>
</tr>
<tr>
<td>Switching costs: procedural</td>
<td></td>
<td>$-.11^{*} (.05)</td>
<td>$-.05^{*} .05$</td>
</tr>
<tr>
<td>Satisfaction with service provider</td>
<td></td>
<td>$.03 (.04)</td>
<td>$.03 (.05)</td>
</tr>
<tr>
<td>Consumer innate innovativeness</td>
<td></td>
<td>$.34^{**} (.06)</td>
<td>$.30^{*} (.06)</td>
</tr>
<tr>
<td>Service provider$^a$</td>
<td>$.46^{*} (.11)</td>
<td>$.62^{*} (.12)</td>
<td></td>
</tr>
<tr>
<td>Sex (female = 0)</td>
<td>$.25^{*} (.12)</td>
<td>$.25^{*} (.13)</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>$-.01 (.01)$</td>
<td>$.00 (.01)</td>
<td></td>
</tr>
<tr>
<td><strong>Focal Predictors and Decay</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative perceived value</td>
<td></td>
<td>$-1.72^{*}(.19)$</td>
<td>$.88^{**}(.19)$</td>
</tr>
<tr>
<td>Relative perceived value decay $\rho_{RPV}$</td>
<td></td>
<td>$.37^{*}(.15)</td>
<td>$1.33^{**} (.20)$</td>
</tr>
<tr>
<td>Relative CBI</td>
<td>$-.37^{*}(.15)$</td>
<td>$1.06^{**} (.15)$</td>
<td>$1.52^{**} (.16)$</td>
</tr>
<tr>
<td>Relative CBI decay $\rho_{CBI}$</td>
<td></td>
<td>$.28^{*} (.13)</td>
<td>$.34^{*} (.12)</td>
</tr>
<tr>
<td>Switching threshold $\pi$</td>
<td></td>
<td>$.88^{**} (.15)</td>
<td>$1.06^{**} (.15)$</td>
</tr>
<tr>
<td>Random effect $\sigma$</td>
<td></td>
<td>$.33^{*} (.11)</td>
<td>$.28^{*} (.13)</td>
</tr>
<tr>
<td><strong>Goodness of Fit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$-2$ log-likelihood</td>
<td>2359.50</td>
<td>2289.60</td>
<td>2133.70</td>
</tr>
<tr>
<td>Parameters estimated</td>
<td>7</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>AIC</td>
<td>2373.50</td>
<td>2317.60</td>
<td>2169.70</td>
</tr>
<tr>
<td>BIC</td>
<td>2398.30</td>
<td>2367.00</td>
<td>2233.30</td>
</tr>
</tbody>
</table>

$^a$Phone exclusive distributor $= 1$ and 0 otherwise.

Notes: Standard errors are in parentheses. AIC = Akaike information criterion, and BIC = Bayesian information criterion.
and social mobility, this study complements the existing macrolevel literature on innovation and new product adoption with an in-depth, microlevel examination of the competitive dynamics of new brand adoption from the customer’s perspective. In doing so, we integrate the enduring effect of customer–brand relationship drivers during market disruptions into the brand loyalty and relationship marketing literature streams.

**Discussion of Findings and Theoretical Implications**

In the loyalty literature, findings on the longitudinal effect of loyalty predictors have been mixed. For example, Garbarino and Johnson (1999) report that satisfaction, an affective construct, is the key loyalty driver of newer customers, while commitment, a cognitive construct, plays a more important role for older customers. Consistent with this, in a series of longitudinal experiments, Homburg, Koschatzky, and Hoyer (2006) show that as the number of experiences increases over time, the influence of cognition increases, whereas the influence of affect decreases, provided that consumption experiences are consistent. Conversely, in a three-period longitudinal study, Johnson, Herrmann, and Huber (2006) report that loyalty intentions are a function of perceived value (largely cognitive in nature) early in the product life cycle and that affective attitudes toward the brand become a more important driver later in the cycle. However, they do not control for switching costs. In a similar vein, Mittal and Kamakura (2001) show that the relationship between customer satisfaction and repurchase intention and that between customer satisfaction and actual repurchase do not follow the same trajectories. Thus, our study underscores the importance of studying both switching ideation and actual switching behavior and the significance of including both utilitarian and psychological switching drivers in evaluating customer relationships with brands (e.g., Keller 2008, p. 85).

Our findings can be extended to research on social identification in other fields, such as research on employee turnover (e.g., Is turnover caused by job dissatisfaction or by another attractive organizational identity?) and intergroup relationships (e.g., How do stigmatized groups reduce social mobility over time?). Here, we limit our discussion to three implications for marketing theory. First, we found strong support for the theorization of dual switching drivers. Previous research has recognized that customers may switch for various reasons (e.g., Keaveney 1995), but the bulk of the literature on brand switching focuses heavily on functional benefits as the key reason for switching behavior and largely ignores sociopsychological benefits. In this study, we found that cross-sectionally, relative CBI and relative perceived value appear to be equally strong in predicting customer loyalty. This is consistent with Vogel, Evanschitzky, and Ramaseshan’s (2008) findings. However, the longitudinal effects of relative CBI and relative perceived value suggest that the effects of relative CBI stand the test of both time and competitive attacks and that, in the long run, the effect of relative CBI may be stronger than that of relative perceived value. This finding resonates with Rust, Zeithaml, and Lemon’s (2000) perspective that while brands provide customers with meaning, customers decide the value of brands. More broadly, our study demonstrates that customers can be proactive yet selective identity seekers, as consumer culture theory suggests (Arnould and Thompson 2005).

Second, this study contributes to the burgeoning literature on customer–company identification (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003) and, more broadly, on relationship marketing with the internal and external publics of the firm from a social identity perspective. Specifically, we highlighted the importance of examining the relativity of identification as a relationship driver in a competitive setting. In addition, although the findings suggest that in their multifaceted relationships with brands, customers’ psychological bonding with the brand appears to create a stronger resistance to switch than functional utilitarian value, maintaining relative perceived value is also critical because the switching-resistance effect of relative perceived value is fairly strong and stable.

Third, this study suggests that different market conditions call for a different focus of brand-performance predictors. Here, we demonstrate that in a competitive setting, relative CBI may serve as a predictor of brand performance in times of market disruptions (Bhattacharya and Lodish 2000). Although theorization about brands’ longitudinal effect is not new (e.g., Keller 1993), our study is among a few empirical investigations to examine the predictors of customer switching behavior in times of market disruptions in a natural setting. Given the prevalence of these incidents and the speed of innovation, an understanding of the longitudinal effects and the relative strength of customer–brand relationship drivers over time is not trivial and elicits several other research questions that we detail subsequently.

**Managerial Implications**

This study has important implications for brand and customer relationship managers, in both business-to-consumer and business-to-business contexts. In terms of a corrective strategy, our study suggests that the often-used practice of persuading customers who have switched to a competitor by offering them financial incentives can be futile. This is because customers may switch to a competitor for identity enhancement reasons rather than for functional utility maxi-

**FIGURE 2**

Longitudinal Effects of Decay Parameters

![Graph showing the effects of decay parameters over time](image)
mization. If customers switch to another brand for utilitarian reasons, a price cut or an attractive value proposition may regain them in the short run. However, customers who switch for identity reasons will not respond well to utilitarian incentives. In addition, customers in this latter group may switch for good, as the stickiness of CBI in our empirical findings suggests. For this latter group, customer relationship managers will need to decide whether the firm can change its identity to attract these customers again. This strategic move is known as rebranding. Because rebranding often requires a costly overhaul of the firm’s internal and external marketing strategies, customer relationship managers must have sufficient information on the composition of switchers to evaluate whether rebranding is worth pursuing. Furthermore, our study suggests that managers who are revamping the identities of their brands must understand and act on two key issues: the stickiness of the old identities and the competition from other brands’ identities in the product category. As much as the stickiness of relative CBI can help, it can also hurt.

In terms of a preventive strategy, the findings suggest that building a strong brand identity can immunize brands from market disruptions (e.g., Bhattacharya and Lodish 2000). In this regard, managers should not be dissuaded by a misperception that brand identification is only a luxury for high-involvement and/or publicly consumed brands. Applying the symbolic interactionism perspective to consumer research, Solomon (1983, p. 324) argues that “while some purchase or store patronage decisions are made as a result of direct and overt group pressure, much of the symbolic consumption process may take place within the private experience of the actor.” Consumer culture theory (e.g., Arnould and Thompson 2005) and our study suggest that brand managers of low-involvement, privately consumed product categories can and should devise strategies to build a well-defined brand identity. A success story is Dove’s “Campaign for Real Beauty” to move away from an emphasis on functional benefits to a brand identity for “real” women. Creating a higher level of bonding with the brand through sociopsychological ties can be achieved in at least two ways. On the one hand, the uniqueness or point of differences (Keller 2008) between the firm’s offerings and those of competitors is critical. On the other hand, strong brand identification also develops when the firm encourages its customers to engage in corporate-sponsored activities or co-creation so that they feel they belong to a meaningful social group (Bhattacharya and Sen 2003; Prahalad and Ramsaswamy 2004). In addition, our study suggests that in times of market disruptions, brand managers should not only emphasize the functional value proposition of their brands but also reinforce the brands’ identities. These activities will facilitate customers’ social creativity in favor of the brands, thus creating a buffer from the shock.

In terms of an offensive strategy, that the effect of relative perceived value might become weaker than that of relative CBI does not mean that managers should ignore the former altogether. On the contrary, value investment may represent an area on which to focus to intensify its short-term effects to poach incumbent brands. When customers have switched, managers should adapt their strategies to be more relationship based to build identification. Finally, the findings imply that companies that try to disrupt the market may not be successful if their brands have attractive functional benefits but do not win the identity war.

Limitations and Further Research

The results of this study should be interpreted with its limitations in mind. First, we focused on only one product category and one focal brand (iPhone) from an atypical company (the well-known Apple Inc.). Although this focus controls for industry-level effects and is appropriate for testing our framework, the generalizability of the results may be compromised. For example, an important characteristic of durable markets is that they undergo fewer disruptions than nondurable markets, and yet each disruption is major and highly visible to customers (e.g., introduction of an innovative technology platform). In nondurable markets, consumer learning and variety seeking may be more important in predicting switching behavior (e.g., Van Trijp, Hoyer, and Inman 1996). However, given that the study context is stringent (high switching costs and high competition) and the empirical analysis provides strong support of theory, we believe that the results should hold in many other contexts. Note that the correlation between relative CBI and switching costs is rather low, suggesting that switching costs do not induce higher relative CBI. Nevertheless, further research in other product categories with low switching costs and different brands would be useful.

Second, this study examines the longitudinal role of relative CBI in only one type of market disruptions. However, market disruptions can take various forms. Our literature review suggests that these disruptions can be categorized along at least three dimensions. First, market disruptions can be expected (e.g., new product preannouncements) or unexpected (e.g., product failures). While unexpected market disruptions are abrupt, expected market disruptions afford customers sufficient time to learn about, plan for, and adapt to the disruptions. Second, market disruptions can take place because of internal or external causes. For example, markets may experience disruptions that the brand itself inadvertently causes (e.g., Aaker, Fournier, and Brasel 2004). Disruptions can also be externally caused by conditions beyond the firm’s controls, such as competitors’ comparative advertising (e.g., Allstate’s “Switching is easy” campaign against Geico), competitors’ heavy promotional campaigns (Bhattacharya and Lodish 2000), or product tampering (e.g., Tylenol). Third, market disruptions may impair or bolster the brand image as perceived by external customers, thus influencing its identity. An example is Johnson & Johnson’s success in dealing with the Tylenol incident in 1982, a well-managed crisis that benefited how customers perceived the firm. Our study focuses on the impact of the launch of the iPhone over the course of a year. This launch represents a disruption that is expected (due to the preannouncement), externally caused (by the new entrant), and identity threatening (due to the new brand’s distinct and attractive identity). Further research can explore whether our results apply to other types of market disruptions of a different nature.

In the same vein, although the empirical evidence of the stickiness of CBI is a contribution to the literature, we do
not measure the underlying processes. For example, which dimension of CBI is stickier and more important? Furthermore, if CBI is important, perhaps further research should explore how CBI aspects evolve over time and what managers can do to improve specific aspects of CBI. The answer to these questions by including more items for each CBI dimension should prove useful for theoretical advancement. In this regard, the marketing literature seems to concur that the cognitive dimension of CBI is best measured by the two items we used. The affective and evaluative dimensions of CBI need further scale development and refinement based on research in the marketing and psychology literature streams (e.g., Henry, Arrow, and Carini 1999; Luhtanen and Crocker 1992; Thomson, Maclnnis, and Park 2005). In doing so, researchers may also need to investigate how CBI differs from organizational identification because unlike an employee, customers are not formal members of the firm.

Finally, because of cost concerns, we were only able to track customers over a year after the market disruption. A caveat of extending the temporal contiguity is that it might introduce into the process unwanted noise that dampens causality inference (Rindfleisch et al. 2008). Nevertheless, studies with longer durations might reveal even deeper insights into customer–brand relationships, such as social influence and network effects (Rao, Davis, and Ward 2000).

### APPENDIX

**Construct Measures**

<table>
<thead>
<tr>
<th>CBI with Incumbent Brands and with iPhone (Adapted from Bagozzi and Dholakia 2006; Bergami and Bagozzi 2000; second-order formative construct)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cognitive CBI</strong> ($\alpha = .60/.72/.73/.74/.75$ for the iPhone; $\alpha = .66/.67/.71/.72/.70$ for the current brand).</td>
</tr>
<tr>
<td>•CBI1 (Venn diagram item):</td>
</tr>
<tr>
<td>![Venn Diagram]</td>
</tr>
<tr>
<td>A</td>
</tr>
<tr>
<td>My Identity</td>
</tr>
<tr>
<td>Far</td>
</tr>
<tr>
<td>Very Small Overlap</td>
</tr>
<tr>
<td>Moderate Overlap</td>
</tr>
<tr>
<td>Complete Overlap</td>
</tr>
<tr>
<td><strong>Affective CBI</strong> (seven-point Likert scale, anchored by &quot;strongly disagree/strongly agree&quot;; $\alpha = .86/.86/.86/.89/.90$ for the iPhone; $\alpha = .84/.84/.83/.87/.84$ for the current brand)</td>
</tr>
<tr>
<td>•CBI3: &quot;When someone praises [brand], it feels like a personal compliment.&quot;</td>
</tr>
</tbody>
</table>
| •CBI4: "I would experience an emotional loss if I had to stop using [brand]."

<table>
<thead>
<tr>
<th>Evaluative CBI (seven-point Likert scale, anchored by &quot;strongly disagree/strongly agree&quot;; $\alpha = .76/.80/.79/.84/.78$ for the iPhone; $\alpha = .76/.76/.74/.73/.71$ for the current brand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>•CBI5: &quot;I believe others respect me for my association with [brand].&quot;</td>
</tr>
</tbody>
</table>
| •CBI6: "I consider myself a valuable partner of [brand]."

<table>
<thead>
<tr>
<th>Perceived Value of the Incumbent Brand and the iPhone (Dodd, Monroe, and Grewal 1991; seven-point Likert scale, anchored by &quot;strongly disagree/strongly agree.&quot; $\alpha = .92/.93/.94/.93/.93$ for the iPhone; $\alpha = .90/.92/.93/.93/.93$ for the current brand. AVE = $.75/.76/.78/.78/.78$ for the iPhone; AVE = $.70/.74/.77/.77$ for the current brand).</th>
</tr>
</thead>
<tbody>
<tr>
<td>•PV1: &quot;What I get from [brand] is worth the costs.&quot;</td>
</tr>
<tr>
<td>•PV2: &quot;All things considered (price, time, and effort), (brand) is a good buy in the category.&quot;</td>
</tr>
<tr>
<td>•PV3: &quot;Compared with other (category) brands, (brand) is good value for the money.&quot;</td>
</tr>
<tr>
<td>•PV4: &quot;When I use [brand], I feel I am getting my money's worth.&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Switching Costs Number of months left in the contract with the service provider.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procedural Switching Costs</strong> (Burnham, Frels, and Mahajan 2003; seven-point Likert scale, anchored by &quot;strongly disagree/strongly agree&quot;; $\alpha = .81/.81/.85/.78/.77$. AVE = $.50/.50/.54/.49/.48).</td>
</tr>
<tr>
<td>•SWP1: &quot;If I switched to another brand of cell phone, I might have to learn new routines and ways of using a new cell phone.&quot;</td>
</tr>
<tr>
<td>•SWP2: &quot;If I switched to another brand of cell phone, it might be a real hassle.&quot;</td>
</tr>
<tr>
<td>•SWP3: &quot;If I switched to another brand of cell phone, I might have to spend a lot of time finding a new cell phone.&quot;</td>
</tr>
<tr>
<td>•SWP4: &quot;I cannot afford the time to get the information to fully evaluate other brands of cell phone.&quot;</td>
</tr>
<tr>
<td>•SWP5: &quot;There are a lot of formalities involved in switching to a new brand of cell phone.&quot;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Satisfaction with the Current Cellular Phone Service Provider (Seven-point Likert, anchored by &quot;strongly disagree/strongly agree&quot;; $\alpha = .89/.89/.89$ for the first three waves [Item 2 was used as a single item for the last two waves]. AVE = $.56/.92/.78$ for the first three waves, respectively).</th>
</tr>
</thead>
<tbody>
<tr>
<td>•SAT1: &quot;The service provider for my cell phone offers outstanding service quality.&quot;</td>
</tr>
<tr>
<td>•SAT2: &quot;I am very satisfied with the service provider for my cell phone.&quot;</td>
</tr>
<tr>
<td>•SAT3: &quot;The service provider for my cell phone handles all of my complaints in a satisfactory manner.&quot;</td>
</tr>
</tbody>
</table>

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**APPENDIX**

**Continued**

**Consumer Innate Innovativeness** (Adapted from Steenkamp and Gielens 2003; seven-point Likert scale, anchored by "strongly disagree/strongly agree." α = .79, AVE = .53. Wave 1 only).

- **IN1**: "In general, I am among the first to buy new products when they appear on the market."
- **IN2**: "I enjoy taking chances in buying new products."
- **IN3**: "I am usually among the first to try new brands."
- **IN4**: "When I see a new product on the shelf, I'm reluctant to give it a try."
- **IN5**: "I am very cautious in trying new products."
- **IN6**: "I rarely buy brands about which I am uncertain how they will perform."
- **IN7**: "If I like a brand, I rarely switch from it just to try something new."
- **IN8**: "I do not like to buy a new product before other people do."

Notes: (R) = reverse-coded items.

**REFERENCES**


