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Understanding Marketing Innovativeness in Asia: A Research Agenda

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Abstract

Marketing innovativeness has been accredited for the improvement of: quality of life in general; consumer experience; and, firms' and brands' performance. However, much of the knowledge and research on marketing innovativeness have largely developed from Western countries, namely the USA and Europe, with little understanding of marketing innovativeness in Asia. In this paper we critically examine existing literature with aim of developing better understanding concerning marketing innovativeness in Asia. We discuss theoretical and methodological considerations that researchers need to be aware when they aim to advance research from Asian countries.

Introduction

Innovation is the process through which new products, services and ideas are brought to markets. The key aim of innovation is to develop new ideas, products or services to enhance and strengthen firms' and markets' profitability. Such profitability/revenue is reliant on satisfying consumers more efficiently and better than competitors. Understanding consumers and competition has always been the focus of marketing. Hence, marketing has been a good guide for more effective innovation to satisfy the consumer, reduce competition and ultimately enable firms to achieve the desired profitability. Drucker (1954, p. 37), in the most cited comment, linked marketing and innovation: "business enterprise has two - and only two - functions: marketing and innovation". Given this intertwining link between innovation and marketing, we use the term marketing innovativeness throughout the paper.

Growing attention is being paid to firms' marketing innovativeness as a cornerstone in a firm's successful performance and as a way of sustaining competitive advantage in foreign markets. Marketing innovativeness encompasses various types of innovative activities: the most obvious are product innovativeness (e.g. Han *et al.*, 1998; Hurley and Hult, 1998; Kirca *et al.*, 2005; Theoharakis and Hooley, 2008), service innovativeness (e.g. Garcia and Calantone, 2002; Kleijnen *et al.*, 2005; Zolfagharian and Paswan, 2009), consumer innovativeness (e.g. Goldsmith, d'Hauteville and Flynn, 1998; Im, Bayus and Mason, 2003, 2007; Truong, 2013), brand innovativeness (e.g. Alam and Perry, 2002; Boisvert and Ashill, 2011), and supplier innovativeness (Choi and Krause, 2006; Inemek and Matthyssens, 2013). Other types of innovativeness related to marketing include organisational innovativeness (e.g. Tuominen *et al.*, 2004; Yu *et al.* 2013) and technology innovativeness (e.g. Hirunyawipada and Paswan, 2006).

Innovativeness refers to "a firm's capacity to engage in innovation: that is, introduction of new processes, products, or ideas" (Hult *et al.*, 2004, p. 429). Such capacity to innovate is an essential factor influencing firm performance (e.g. Hurley and Hult, 1998; Cooper, 2000; Hult *et al.*, 2004; Boso, *et al.*, 2013). While some studies have examined the antecedents of marketing innovativeness, mainly market and learning orientations (e.g. Deshpande' and Farley, 2004; Hult *et al.*, 2004) and its consequences, mainly firm performance (e.g. Sandvik and Sandvik, 2003; Theoharakis and Hooley, 2008), the identified antecedents and consequences of marketing innovativeness have been limited to a few constructs. Furthermore,

given that the concept of marketing innovativeness is universally applicable, most studies in this area of research have been conducted in Western countries (e.g. Tellis *et al.*, 2003; Stremersch and Tellis, 2004) and certainly lack cross-cultural examination (e.g. Steenkamp *et al.*, 1999; Tellis *et al.*, 2009). Thus, there is the need to expand contributions in the area of marketing innovativeness to take into account international complexity.

Despite the widespread focus on the internationalisation of businesses and the substantial investments governments and businesses are making, research in the area of international marketing innovativeness is scarce, especially from Asian countries. The few available existing studies in this area are largely focused on cross-cultural consumer innovativeness (e.g. Steenkamp *et al.*, 1999; Yalcinkaya, 2008; Tellis *et al.*, 2009; Boso, *et al.*, 2013; Kumar, 2014). Yet other types of marketing innovativeness are seriously under-researched. In addition, there are only a few studies from emerging markets in this area (e.g. Steenkamp and Burgess, 2002; Boso, Cadogan and Story, 2012; Yu *et al.*, 2013). While many studies have found that marketing and innovation leads to better business overall performance, little is known about how the antecedents of marketing innovativeness contribute to different aspects of performance as well as other important outcomes. Moreover, little is known about how the antecedents of marketing innovativeness operate under varying external conditions.

This paper focuses on three key elements of marketing innovativeness that facilitate understanding of the current challenges and opportunities that exist in Asia, with the aim of providing a structure for thinking about innovation and marketing. In addition it highlights important gaps within this area of research, and provides guidance for future research. The three focal elements are product and brand innovativeness; customer responsiveness to innovation; and, firm and market innovativeness.

Product/Brand Innovativeness

Product innovativeness is defined by Sethi *et al.* (2001) as the extent to which a new product delivers meaningfully unique benefits and can be a primary determinant of the success of new product through product differentiation when compared with other competing products in the marketplace. Brand Innovativeness is defined as the perceived newness and novelty that strengthen and enhance brand loyalty and commitment (e.g. Sethi *et al.*, 2001; Daneels and Kleinschmidt, 2001; Lee and O'Connor, 2003; Eisingerich and Rubera, 2010). Prior studies on product innovativeness has been addressed from both the firm's and customer's perspective

(Daneels and Kleinschmidt, 2001; Garcia and Calantone, 2002). Both brand and product innovativeness are defined by the perceived newness; novelty of features; uniqueness of functionality; and, benefits (Lee and O'Connor, 2003).

Brand innovativeness is concerned with brand image when engaged in the task of creating international corporate reputations (Keller and Aaker, 1998). Moreover, brands that are perceived as being innovative have been found to have a positive impact on firm credibility, reflecting higher level of expertise, making the brand more attractive and trustworthy (Keller and Aaker, 1998). Gurhan-Canli and Batra (2004) established that perception of innovation within corporate image of consumer goods influences attitudes positively. Recent studies show that product innovativeness enhances customers' perception of brand innovativeness (e.g. Boisvert and Ashill, 2011; Schreir, Fuchs and Dahl, 2012; Rubera and Kirca, 2012), there is a spill-over effect from 'flagship' products on brand innovativeness (Hubert, et al., 2017).

The literature on brand innovativeness in Asia is characterised by two major issues. Firstly, despite numerous studies of brands and branding in Asia countries (e.g. Cayla and Eckhardt, 2007), little is known about the processes that determine the perception of innovativeness of Asian brands. Understanding such perception within Asia is as important as perception of Asian brands' innovativeness in the rest of the world. Hence, more studies are needed to determine such perception of brand innovativeness within and outside Asia. Recent studies (e.g. Cayla and Eckhardt, 2008; O'Cass and Siahtiri, 2013) have started to bring some insight into cross-country brand innovativeness. However, such effort are still fragmented and lack theoretical focus. Secondly, studies from within Asian and outside Asia tend to focus on the three big economies namely Japan, China and South Korea. Second tier brands from less developed countries in Asian that have achieved good growth over the past decade are in desperate need of attention. Few studies have compared Asian consumers' perception of brands from different Asian perspectives (e.g. Shukla, 2011; Shukla, Singh and Banerjee, 2015). Again more comparative studies would bring more insights on Asian brand innovativeness and its effect on the internationalisation of these brands.

Customer Responsiveness to Innovation (Customer Innovativeness):

Customer innovativeness concerns the customer's tendency toward novelty-seeking and risk-taking behaviour (Hirschman, 1980). Early literature focused on the propensity to adopt new products earlier than the global customer average (Rogers and Shoemaker, 1971). Time of adoption as an indicator of customer innovativeness segments customers into innovators and non-innovator (Rogers and Shoemaker, 1971; Midgley and Dowling, 1978). In recent years, customer innovativeness has been assessed at an abstract level including the use of personality measures (e.g. Glodsmith et al., 1995; Hirunyawipada and Paswan, 2006). Customer innovativeness is often based on multi-motivations/dimensions including hedonic, functional, social and cognitive motives (Tian et al., 2001; Voss et al., 2003; Vandecasteele and Geuens, 2010).

Prior studies have shown that differences in customer innovativeness exist across countries (Tellis et al., 2009), the way national culture influences customer innovativeness (Steenkamp et al., 1999), and cultural effects on attitude toward innovation (Truong, 2013). The literature suggests that customers who tend to have high innovativeness have a higher tendency to capture value, seek novelty and accept risk than other consumers (Roehrich, 2004; Rogers, 2003). However, recent studies have provided evidence that novelty-seeking behaviour (Tse and Crotts, 2005), value-capturing behaviour (Watchravesringkan et al., 2008), and risk-taking behaviour (Tellis et al., 2009) vary significantly according to different cultural values and norms.

Over the past two decades the number of studies on customer innovativeness amongst Asian consumers has grown (e.g. Rhee, Park and Lee, 2010). However, the number of studies that compare similarities and differences in customer innovativeness among Asian countries has been rather limited. Similarly, studies that compare Asian consumers with Western consumers are also scarce.

Firm and Market Innovativeness

The ultimate aim of marketing innovativeness is to enhance and strengthen firm performance through greater customer satisfaction, engagement, and participation in value co-creation activities as well as achieving a better competitive position in the marketplace. A firm's capacity to innovate is the most important factor in business performance (e.g. Hurley, Hult and Tomas, 1998; Henard and Szymanski, 2001), and a firm's ability to develop new products/services and/or markets is seen as critical factor for survival in increasingly

competitive markets (Wang and Ahmed, 2007). Firm innovativeness is essentially a marketplace-based advantage obtained through the development of new products and markets. Thus, firm innovative capability is the ability to efficiently align the firm's resources and capabilities with its products and services in the marketplace (Mota and de Castro 2005). The level of firm innovativeness determines, to a large extent, its capabilities to bring new products/services to the marketplace and enables it to achieve greater competitive advantage (e.g. Tripsas 1997; Lazonick and Prencipe 2005; Rubera and Kirca, 2012). The more a firm can absorb and share resources, the more likely it is to be innovative through the creation of new knowledge and understanding that translates into more satisfying products and services for customers (Kunza, Schmitt and Meyer, 2011).

Most of the literature on firm and market innovativeness has been focused on the context of Western or international firms with little focus on specifically Asian contexts (e.g. Zhou and Li, 2007; Wu, 2008; Wang and Chung, 2013; Hwang and Hyun, 2016). Such literature on Asian firms is characterised by a number of gaps. First, the existing literature on Asian firms' innovativeness is fragmented and often spread over many research areas such as strategic management, international business and international marketing with little integration theoretically and empirically. Such lack of integration limits our understanding of the antecedents and outcomes of Asian firms' innovativeness. Thus, as more and more Asian firms are rapidly expanding across the world, the need to understand how the specific Asian cultural context affects firms' innovativeness becomes more important; studies are needed to bring seemingly distinct but naturally related streams of research areas on firm innovativeness into a clearer focus. Second, in recent years Alibaba, Shanghai Tang, Mahindra, Amorepacific, Baidu and many other firms have achieved substantial value growth but the literature remains unable to explain how firm innovativeness translates into determining firms' value in the market. The extant literature has investigated the impact of innovativeness on firm performance in Asia (e.g. Qian and Li, 2003; Zhou, Yim, and Tse, 2005) but findings from these studies are not cumulative, so that a theory-driven model that integrates these findings to examine how firm innovativeness affects firm value is absent. Third, there are inconsistent findings from studies focused on Western firms concerning the influence of firm innovativeness (e.g. Sorescu and Spanjol, 2008; Walker, 2004; Wolfe, 1994). The dominant view is that firm innovativeness positively affects firm performance (e.g. Srinivisan et al., 2009; Tellis, Prabhu, and Chandy, 2009). However, findings from other studies have showed either negative or insignificant effects from firm innovativeness on performance (e.g. Baum, Calabrese, and Silverman, 2000;

Mengüç and Auh, 2006). The findings from studies focused on Asian firms have largely supported the view that firm innovativeness positively affects firm performance (e.g. Zhou, Yim, and Tse, 2005). Hence future studies are needed to examine such relationships further.

Considerations for Future Research

Theoretical Considerations

In addition to the above discussion on some of the elements of marketing innovativeness which provides researchers with some insights on current research in this area, this section will directly address some of the theoretical challenges that researchers need to consider. Contributions to theory focusing on marketing innovativeness have been largely generated from Western countries. Over the past two decades or so, contributions from Asian countries are growing, with some distinctive inputs. Traditionally, Asian firms imitated Western firms from well developed economies (Hobday, 1995), using a variety of strategies including joint ventures, subcontracting, and strategic alliances, through which Asian firms have developed their knowledge and expertise. This approach has been effective in enhancing the competitiveness of some of the Asian developing economies. However, only a few leading countries such as China and Korea have reached the stage where knowledge-based innovation has started to grow rapidly. Unfortunately, despite the swift changes in Asian countries, theorising in connection with Asian firms' marketing innovativeness is still marginal and insufficiently focused on knowledge intensive goods and services. Hence, we encourage researchers to focus more research effort on knowledge-intensive goods and services from developing Asian countries. These countries currently act more as assemblers of goods, and do not capture much value from the role they play in manufacturing.

In recent years Asian firms have expanded significantly across the world. While many of these firms have acquired existing Western brands and operate using these Western brands, a number of Asian brands have entered new markets (mainly in Europe and North America) using their country of origin identity. We urge researchers to pay greater attention to Asian brands' innovativeness in engaging non-Asian consumers. In particular, research should seek to address two questions: What is distinctive about Asian brand innovativeness compared with non-Asian brands? What are the processes that determine the perception of innovativeness of Asian brands within and outside Asia? The very concept of 'novelty' and 'newness' vary across different cultures (e.g, Tellis et al., 2009; Shukla et al., 2015) and attitude to product and brand

innovativeness is shaped, to large extent, by cultural factors (Truong, 2013) as well as economic factors. Hence we encourage researchers to answer these questions using a comparative approach that involves two types of comparison. Firstly, to explore similarities and differences within Asian countries. Such findings should provide insights into how unique such innovativeness activities are to different Asian countries and how much of them are shared across countries. Secondly, much of the existing research on product and brand innovativeness generated from Western countries. Thus, it would be useful to compare brand/product innovativeness similarities/differences between Asian brands and Western brands.

Although there are several studies of Western consumers' responsiveness to marketing innovativeness (e.g. Roehrich, 2004; Im, Mason and Houston, 2007), the number of studies into Western consumers' responsiveness to Asian brands is limited. Existing literature has already provided sufficient understanding on consumer innovativeness in West in relation to novelty-seeking and risk-taking behaviour (e.g. Tse and Crotts, 2005) but, as pointed earlier, studies on consumer innovativeness within Asia need further development. We urge researchers to further develop understanding on two critical issues. First, studies are need to understand Western consumers' perception and attitude toward Asian brands, especially brands from developing Asian countries. Second, Asian consumers have long been found to admire and aspire to adopt Western brands. However and despite the growing number of studies in this area, further research is needed to understand Asian consumer responsiveness to Asian brands from developing Asian countries.

In recent years much of the literature has focused on online marketing innovativeness, through which brands are increasingly engaging with consumers (e.g. Aldás- Manzano, Lassala-Navarré, Ruiz- Mafé and Sanz- Blas, 2009). Internet technologies have massively changed the landscape of brand innovativeness. In particular, Social Network Sites that provide opportunities for both brands and consumers (e.g. Hennig-Thurau, Gwinner, Walsh, and Gremler, 2004; Sponder, 2012; Beukeboom, Kerkhof, and de Vries, 2015). Social network sites enable consumers to influence brands and to respond quickly to brand innovativeness in ways that create values for brands and consumers alike (e.g. Hanna, Rohm, and Crittenden, 2011). Online brand innovativeness is growing in Asian countries just as in other parts of the world. However, such innovativeness has been hindered by number of factors, such as: some Asian consumers' lack proficiency in the English language; some global brands are unable to properly engage consumers in some Asian countries because the famous global social network

sites such as Facebook are not available; and, consumer value co-creation activities normally found in the West have not been fully exploited by global brands. Hence, we encourage researchers to further examine consumers' responsiveness in Asia not only with global brands but also with Asian brands. Again, comparison between consumers' online responsiveness to Asian brand compared to Western brands could provide great benefits to our understanding. Consumer responsiveness is underpinned by cognitive and emotional motives. Thus, we argue for researchers to map out such motives that determine the nature of consumer innovativeness within Asia, especially from developing countries including China, Korea and Malaysia.

Methodological Considerations

In designing research projects to investigate marketing innovativeness in Asia we would urge scholars to consider novelty in method as well as novelty of research topic. The broad topic area itself, marketing innovativeness, is a combination of two areas—marketing and innovation—where novelty is, or at least should be, prized. The research context is also novel and under-explored. Therefore, rather than simply following in the footsteps of Western research studies, here is an opportunity to innovate methodologically as well as theoretically. A number of specific ideas suggest themselves: try to avoid too much straightforward testing of extant theories from the Western literature in the Asian context; make explicit reference to Eastern cultural contexts and concepts; consider methodological pluralism; and, consider the practical implications of the research at the design stage, not just at the writing-up stage.

Certainly, there can be merit in taking what is regarded as 'established theory' and testing it in a new context. There is, of course, scope for more theory-testing research. A problem can arise, however, where time and again the theories to be tested are largely based on studies conducted in Western nations and published in Western journals, and the point of the research is to explore their applicability in the new context of Asian nations. The unfortunate implication can be a dominant/subordinate relationship between Western and Eastern research; theories are developed in the West and tested in the East. Such theory-testing studies suggest that theories developed in the Western world and often largely based on empirical studies in a few North American or European countries (or, perhaps, just the USA), are to be considered universal, and that Asian countries are regarded as a useful context in which to check their universality. This tends to reinforce the Western, and particularly the North American, hegemony in business research (Jaya, 2001). Let us, therefore, as far as possible avoid thinking of Asian countries as simply useful test-beds for Western theories.

A very natural means of emancipating Asian research into marketing innovativeness from Western research is to make more extensive use of uniquely Asian cultural contexts and concepts in research studies. Thus far most published business research involving Asian cultural constructs has focused on Chinese culture and concepts such as *guanxi*, *xinren* and *mianzi* (Fan, 2002; Fang, 2006; Faure and Fang, 2008; Wilson and Brennan, 2010). This focus makes sense given the global economic significance of China, and of wider Chinese culture among the extensive Chinese diaspora. There have, more recently, been efforts to include other non-Western cultural concepts into the business, management and marketing literature; notably, Arab concepts such as *wasta* and *et-Moone* have received growing attention (Hutchings and Weir 2006; Abosag and Naudé 2014; Abosag and Lee 2013). However, from a research design perspective, the emphasis remains largely on identifying how Western theories need to be adapted to incorporate insights into non-Western cultural concepts. Perhaps a different question should be asked: is there a unique way of looking at marketing innovativeness that is fundamentally different because of the cultural context and the cultural concepts used by the observer? Is it enough to add Eastern cultural concepts into Western models, or does the adoption of an Eastern perspective mean that Western models are fundamentally inapplicable because of the presuppositions they make about cultural understanding? These questions simultaneously raise issues concerning methodology and research design, and suggest potential research topics.

Opening up a new area of research, marketing innovativeness in Asia, provides the opportunity for researchers to consider a wider range of methodological alternatives than perhaps they normally would. There are many arguments in favour of methodological pluralism in the business and management field generally, and those arguments are all the stronger for being deployed in an emerging field of research. Pluralism can be applied at three levels: theoretical, methodological and methodical (Midgley, Nicholson, and Brennan, 2017). All three levels are relevant to the field of marketing innovativeness in Asia. The previous two paragraphs can be seen as a plea for theoretical pluralism: urging researchers to seek new theoretical approaches rather than to replicate hegemonic Western approaches, and suggesting that one source of such approaches lies in treating Asian cultural concepts as foundational components of research design. Methodological pluralism is the theory and practice of drawing upon methods from two or more different paradigmatic sources and using them together within a single study. Using different methods within the same study provides additional insights that a mono-method

approach cannot provide, creating the possibility of seeing the research problem from a new and creative angle (Midgley, Nicholson, and Brennan, 2017).

Discussion of pluralist approaches leads naturally into a discussion of the relevance of academic research to the practical world, which may be the world of business-people (managerial implications), public administrators (policy implications), or others. The relevance of business and management research to practical matters, and in particular the assertion that this relevance is low, has long been a matter of concern (Zinkhan 2006; Brennan, Tzempelikos, and Wilson 2014; Baines et al. 2009; Jaworski 2011; Dawson 1971). One reason for perceived irrelevance, it is argued, is that the most commonly used academic research methods are de-contextualised; they neither attempt nor succeed in providing insight into the complex, rich realities of real-world experience, and concentrate on establishing formal statistical relationships between highly abstract constructs. Whereas, potential users of research, such as managers and policy-makers, operate in highly context-specific circumstances and with concrete ideas and concepts, rather than complex, abstract constructs. As a final consideration for researchers interested in marketing innovativeness in Asia we set this challenge: how can you make your research genuinely relevant to potential users, such as managers and policy-makers? Even as we ask this question, we feel that we have already provided some clues on the way forward: do not simply test Western theories in an Asian context; seek uniquely Asian theories built on Asian cultural contexts and concepts; and, consider using pluralistic approaches in your research. However, this is only to sketch out very roughly the way forward, which must be developed creatively and uniquely in the research design for individual studies.

Contributions to Marketing and Innovation in Asia

The first paper in the special issue sits squarely within the product/brand innovativeness theme discussed above. Cho, Kim and Jeong (2017) argue that new product development is critically important in achieving international marketing success. A key question, therefore, arises concerning the antecedents to successful new product development, which is a topic that has been extensively studied in the domestic context but relatively little studied in the context of internationalisation. The key research questions addressed are whether the degree of

international orientation and the extent of cross-functional integration a firm achieves are important factors influencing international new product development success for Asian firms. International orientation is conceptualised as ‘a global mindset’, a strong managerial focus on the development of resources and capabilities that facilitate success in international markets. Cross-functional integration refers to the extent to which coordination is achieved between all of the functions contributing to the new product development process, with coordination between R&D and marketing being particularly important. The empirical approach adopted was to administer an email questionnaire to 1,000 Korean manufacturing firms, achieving 188 usable responses which included a good balance between consumer products companies and industrial products companies. The results from the study show that cross-functional integration acts as a significant moderator in the relationship between international orientation and international market performance, but not in the relationship between international orientation and financial performance. The authors conclude that integration between functions is particularly important for Asian SMEs that are pursuing internationalisation strategies.

In the second paper of the special issue, the innovative activity that Hong and Kim (2017) investigate is the use of corporate social responsibility as a tool in the market for talented employees. As emerging market economies mature, so emerging market multinational enterprises (EMNEs) are becoming increasingly influential globally. As EMNEs broaden their geographical scope, so they need to employ more and more local workers in the countries where they operate. However, developed country multinational enterprises are usually already well established in these countries, so that the EMNEs have to engage in a competitive battle to recruit a high-quality local workforce. The country-of-origin of the employing organisation makes a difference to the job pursuit intentions of members of these local labour markets; for example, all other things being equal many potential employees would rather work for an American company rather than a Chinese company. By studying the job pursuit intentions of 179 Korean job seekers, Hong and Kim (2017) establish that the strategic use of CSR activities can have a positive influence on the ability of EMNEs to attract local workers. So, for example, Chinese multinationals when trying to compete with American multinationals for talented workers in a third country (such as Korea), can improve their chances of success by engaging in CSR activities that are perceived to be beneficial by members of the local labour force.

The third paper in the special issue looks at customer innovativeness in a Chinese empirical context. In two empirical studies with respectively 171 and 90 young Chinese adults, Martin

(2017) looks at the moral traits that are associated with two different celebrities, the extent to which the respondents identify with those celebrities, and how these factors influence consumer purchase intention. Celebrity endorsement is an extremely widely used marketing tool. The research context for the empirical study is the market for online gaming products. This paper introduces us to two well-known celebrities, one Western (the global pop star of Canadian origin, Justin Bieber) and the other Eastern (the global online gaming star of Korean origin, Lee Sang-Hyeok, who performs under the pseudonym 'Faker'). The results show that the impact of celebrity endorser moral traits on purchase intention among respondents of Chinese origin is context dependent, so that the moral traits of the celebrity endorser matter in some cases but not in others. In particular, cultural conditioning can affect the extent to which consumers will tolerate ethically dubious behaviour by the celebrity. When evaluating celebrity misbehaviour, Chinese consumers seem to be more heavily influenced by social norms than Western consumers. It is suggested that a company intending to use Western celebrity endorsement in an Asian market needs to research the perception of the celebrity's life-style among Asian consumers.

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