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The Innovative Path of Emerging Market Firms: The Role of Creative Imitation in Innovation

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ABSTRACT

This study seeks to unravel a strategy that combines the elements of creative imitation in innovation, coined as the combination innovation strategy, and its impacts on brand co-creation, brand loyalty, and brand performance. PLS-SEM was used to examine the measurement and structural models. Data was gathered from 306 mobile phone users in Vietnam. The results revealed that both innovation and combination innovation result in high levels of brand co-creation, brand loyalty, and brand performance. Particularly, the effects of combination innovation on brand co-creation and brand loyalty are stronger than those caused by innovation. This study is the first to examine the effects of combination innovation on brand co-creation, brand loyalty, and brand performance. Additionally, this study highlights the role of creative imitation in innovation and underscores the innovative path from pure imitation, creative imitation, combination innovation, and innovation of firms in developing countries. Emerging-market firms are therefore advised to utilize combination innovation as not only a stepping stone towards innovation, but also an independent strategy that could give rise to sustainable competitive advantage.

Keywords: Combination innovation, Innovation, Imitation, Brand co-creation, Brand loyalty, Brand performance, Creative imitation.

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المسار المبتكر لشركات الأسواق الناشئة :دور التقليد الإبداعي في الابتكار

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ملخص

تسعى هذه الدراسة إلى الكشف عن استراتيجية تجمع بين العناصر الحاسمة للتقليد الإبداعي والابتكار، التي تمت صياغتها على أنها استراتيجية الابتكار المركب، وتأثيراتها على الإنشاء المشترك للعلامة التجارية، والولاء للعلامة التجارية، وأداء العلامة التجارية. تم استخدام PLS-SEM لفحص النماذج الهيكلية والقياسية، وتم جمع البيانات من 306 من مستخدمي الهاتف المحمول في فيتنام. كشفت النتائج أن كلاً من الابتكار والابتكار المركب يؤديان إلى مستويات عالية من الإبداع المشترك للعلامة التجارية والولاء للعلامة التجارية وأداء العلامة التجارية. على وجه الخصوص، فإن تأثيرات الابتكار المركب على الإنشاء المشترك للعلامة التجارية والولاء للعلامة التجارية أقوى من تلك التي يسببها الابتكار. هذه الدراسة هي الأولى التي تدرس آثار الابتكار المركب على الإنشاء المشترك للعلامة التجارية والولاء للعلامة التجارية وأداء العلامة التجارية. كما تسلط هذه الدراسة الضوء على دور التقليد الإبداعي في الابتكار، وتؤكد على المسار المبتكر من التقليد الخالص والتقليد الإبداعي والابتكار المركب والابتكار للشركات في البلدان النامية. لذلك تنصح الشركات في البلدان النامية باستخدام الابتكار المركب، ليس فقط كنقطة انطلاق نحو الابتكار، ولكن أيضًا كاستراتيجية مستقلة تفيد الميزة التنافسية المستدامة.

الكلمات الدالة: الابتكار المركب، الابتكار، التقليد، الإنشاء المشترك للعلامة التجارية، الولاء للعلامة التجارية، أداء العلامة التجارية، التقليد الإبداعي.

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Introduction

Imitation, the strategy in which firms duplicate opponents' moves (Levitt, 1966), was traditionally regarded as an inferior strategy (Shenkar, 2010b) or even an annoyance to the business world (Shenkar, 2010a). Common negative outcomes of imitation are low quality, shorter product life cycles, the deterioration of R&D investment (Wanasika & Conner, 2011), low customer equity (Wang & Chen, 2020), and negative inclusive green growth (Jia et al., 2023). Nevertheless, given the fact that imitation is heavily applied in the business world and most successful firms are known as imitators instead of pioneers (Shenkar, 2010a), this imitation strategy could also bring firms real benefits (Lee & Zhou, 2012; Posen et al., 2023; Lee & Tang, 2018; Im & Shon, 2019). Indeed, past research normally links imitation to market performance, financial performance (Lee & Zhou, 2012), customer equity (Wang & Chen, 2020), innovation (Im & Shon, 2019), sustained competitive advantage (Ali, 2021; Nguyen, 2019; Posen et al., 2023), and skill improvements (Liao, 2022). On the other hand, other studies investigated the possible reasons why consumers purchase imitation brands and the impacts of imitation brands on the original brands (Samgir, 2013; Wang et al., 2019). In a similar vein, customers' attitudes towards different types of imitation, such as feature imitation and theme imitation, were also examined (van Horen, 2012).

In industries with rapidly changing technologies, firms are encouraged to become innovators, because innovators can lead market demands and possess advanced technologies (Zhou, 2006). Nonetheless, in industries with rapid technological change, imitation still has an important role to play in which those firms who fail to adopt new technologies from other competitors might be defeated by the others (Baumol, 2004). However, the market performance of new technologies is more uncertain in such industries (Utterback & Suarez, 1993), thereby making imitation a more complex and high-pressure strategy (Gaba & Terlaak, 2013; Giachetti et al., 2016). Particularly, given that past research has suggested that creative imitation, a superior form of imitation, might outperform innovation in such aspects as better repurchase rate, market potential (Shankar et al., 1998), and customer preferences (Zhang & Markman, 1998), the roles of imitation in industries with rapidly changing technologies are still complex and need to be further investigated. Particularly, a combination of creative imitation and innovation is a promising strategy (Nguyen, 2019), but is still under-explored, especially in technological turbulence. Thus, this study aims to fill this gap by illuminating the roles of creative imitation in combination with innovation in the mobile phone industry, an industry with rapidly changing technologies.

While various types of imitation are in the initial stages in the progress from imitation to final innovation (Kale & Little, 2007; Luo et al., 2011) and few firms possess adequate R&D capabilities to perform innovation (Kerin et al., 1992); surprisingly, research on imitation and its links to brand creation strategies, brand attributes, and brand outcomes is limited. Most studies that examined the links between new value creation strategies and such brand creation strategies, brand attributes, and brand outcomes as brand co-creation, brand equity, brand image, brand loyalty, and brand performance were innovation-oriented (e.g. Hanaysha & Hilman, 2015; Hoyer et al., 2010; Wong & Merrilees, 2008; Khan et al., 2014; Pisicchio & Toaldo, 2021; Yi et al., 2022). For example, Hanaysha and Hilman (2015) found significant positive impacts of product innovation on a range of brand attributes, such as brand awareness, brand equity, brand loyalty, brand leadership, and brand image for car brands in Malaysia. Similarly, Wong and Merrilees (2008) have established a significant positive effect of brand distinctiveness on innovation for firms in Australia. Khan et al. (2014) also found a positive relationship between innovation and brand loyalty in the mobile phone industry in

Pakistan. In contrast, regarding the relationships between imitation and brand attributes or brand outcomes, Wang and Chen (2020) found that pure imitation decreases customer equity, while creative imitation increases customer equity. Wilke and Zaichkowsky (1999) contended that imitation can destroy the language of brands, regardless of products' quality. Likewise, Vogel and Watchravesringkan (2017) established that imitation can decrease the levels of brand equity, brand preference, and brand attitude of customers towards luxury retail brands in the U.S. In contrast, Huang et al. (2014), from a case study of an apparel retailer in Japan, suggested that creative imitation can also facilitate firm identity and brand. Interestingly, d'Astous and Gargouri (2001) pointed out that customer evaluation of luxury brand imitations largely depends on the image of the stores that offer brand imitations rather than the quality of brand imitations, while for the convenience goods, brand imitations are likely to be negatively associated with brand loyalty and brand sensitivity.

Particularly, while brand co-creation activities are widely investigated by past research (e.g. Hoyer et al., 2010; Yi & Gong, 2013; Siano et al., 2021; Sung & Lee, 2023; Zwakala & Steenkamp, 2023), research on the relationships between innovation, imitation, and brand co-creation is under-explored. Similarly, recent studies spent much effort on examining the relationships between innovation and imitation (Wu et al., 2019; IM & Shon, 2019; Wu et al., 2020; Tsolakidis et al., 2020) and their relationships with sustained competitive advantage (Ali, 2021) or productivity (Liao, 2020), while their relationships with brand loyalty, brand performance, and imitation received little attention. While brand creation strategies and brand characteristics, such as brand co-creation and brand loyalty, have important roles to play in brand performance (Kennedy & Guzmán, 2016; Noor et al., 2012), the relationships between innovation and imitation strategies and these brand characteristics and outcomes are of importance and need to be further explored. This research, therefore, aims to fill this void by examining and comparing the relationships between innovation and a combination of creative imitation and innovation in their relationships with brand loyalty, brand co-creation, and brand performance. To the best of our knowledge, this is one of the first studies that examine the roles of combination innovation in brand co-creation, brand loyalty, and brand performance. While firms' resources are usually limited, the question of whether firms need to perform innovation to gain an outstanding brand performance is of critical importance and needs to be answered. Accordingly, this study may help firms effectively perform innovation and imitation strategies to bring firms better brand outcomes. More specifically, this study may elucidate which innovation and imitation strategies, or a combination of both, are better for brand performance. Besides, this study answers the call of Posen et al. (2023) to investigate the path of emerging market firms transitioning from creative imitation to innovation and examining the relationships between imitation and other strategies (i.e., innovation and brand co-creation in this study).

In sum, the objectives of this study are to elucidate: (1) the effect of innovation on brand loyalty, brand co-creation, and brand performance; (2) the effect of combination innovation on brand loyalty, brand co-creation, and brand performance; and (3) comparing the relationships between innovation and combination innovation in their relationships with brand loyalty, brand co-creation, and brand performance. The context of this study is situated in the mobile phone industry due to many reasons. First, both innovation and imitation are critical strategies in industries with rapidly changing technologies to help firms lead the market or learn new technologies from competitors (Zhou, 2006; Baumol, 2004). Second, the market performance of new technologies becomes more uncertain in such industries (Utterback & Suarez, 1993), which in turn makes innovation and imitation strategies complex and demanding (Gaba & Terlaak,

2013; Giachetti et al., 2016). This leads to difficulties in maintaining the brand performance of firms in such industries by using innovation and imitation. This requires more research on the brand performance of firms resulting from innovation and imitation strategies in the mobile phone industry. Such research would help firms effectively perform innovation and imitation strategies aiming to gain brand performance and outcomes.

This paper is organized as follows. The next section describes a literature review, followed by the hypothesis development. Then, the sample characteristics and the methods used for data analysis are explained. Thereafter, it is pointed to the results of the measurement and structural models, followed by the discussion, conclusions, and limitations of the study.

Literature Review

Innovation refers to the strategy in which firms make heavy investments in R&D aiming to be the pioneers in the market and harvest first-mover advantages (Lieberman & Montgomery, 1988; Schnaars, 1994). Innovation captures the undivided attention of management scholars as a strategy leading to sustained competitive advantage (Al Zoubi, 2022; Abuhamad, 2014; Fazel et al., 2014).

Notwithstanding the benefits of innovation, most successful firms in the real business world are imitators rather than innovators. For example, we mention IBM or Apple (Shenkar, 2010a). This is because innovation is resource-intensive, making it an infeasible strategy for most firms (Sun et al., 2015). Imitation denotes the strategy in which firms introduce new products or services late and enjoy late-mover advantages (Zhou, 2006). Imitation is frequently considered to be an inferior strategy that damages R&D efforts and intellectual capital, resulting in low-quality products and services (Wanasika & Conner, 2011). Despite the drawbacks of imitation, an increasing number of scholars posit that imitation is also a fruitful strategy offering considerable benefits, such as fewer R&D requirements, less customer education, more customer knowledge, the avoidance of inertia, and certainty towards market demands (Lieberman & Montgomery, 1988; Lee & Zhou, 2012; Luo et al., 2011). As a result, imitation is an enabler of business growth (Shenkar, 2020a) and firm performance (Lee & Tang, 2018; Doha et al., 2018; Ali, 2021). Imitators can learn market knowledge to create differentiation (Day & Schoemaker, 2020; Day, 2020). Mistakes of pioneers also allow imitators to make differentiation on new features, design, distribution, and production (Buaron, 1981; Kerin et al., 1992). Besides, superior product quality is critical for imitators to create product success (Zhou et al., 2021). Based on the classification of vertical and horizontal differentiation, Ethiraj and Zhou (2008) and Yilmaz et al. (2022) contended that the improvements based on quality (i.e., vertical differentiation) are more likely to bring imitators competitive advantage.

Because imitation is poorly understood and needs to be further investigated (Luo et al., 2011; Posen et al., 2023), this research aims to explore the roles of common types of imitation and innovation in enhancing brand attributes and attitudes. The most common types of imitation as aforementioned are pure imitation and creative imitation, where pure imitation refers to the purely copying strategy, and creative imitation is the strategy in which firms copy and improve competitors' products and services (Lee & Zhou, 2012; Luo et al., 2011). Nonetheless, though the effects of pure imitation and creative imitation on brand attributes and characteristics were under-explored, these effects could be different. Indeed, research on pure imitation and creative imitation suggested that new features resulting from creative imitation are likely to give rise to increased customer preferences and firm performance in the long run (Lee & Zhou, 2012). In addition, though empirical evidence showed that both creative imitation and innovation can bring firms competitive advantage, the results have

been inconsistent. Whilst some research illustrated that innovation can give rise to better product performance compared to imitation (Zhou, 2006), creative imitation was found to lead to better repurchase rate, market potential (Shankar et al., 1998), and customer preferences (Zhang & Markman, 1998).

Notably, imitation can be a key antecedent of dynamic capabilities, innovation, and competitive advantage (Wu et al., 2019; Posen et al., 2023). Shenkar (2010a: 15) has used the term 'imovators' to underscore the interplay between imitation and innovation, suggesting that imitation could effectively support innovation aiming to sustain competitive advantage (Scuotto et al., 2022). Given the benefits of both creative imitation and innovation, this study aims to dig deeper into the less-explored combination between creative imitation and innovation. More specifically, this study emphasizes the effects of a combination of creative imitation and innovation on brand creation strategies, brand attributes, and brand performance. Past research also revealed that a combined effect of imitation and innovation; namely, combination innovation, might lead to better firm revenue compared to when firms solely rely on imitation (Moon & Acquaah, 2020). As Levitt (1966: 65) noted: "Every company needs to recognise the impossibility of sustaining innovative leadership in its industry and the danger of an unbalanced dedication to being the industry's innovator. No single company, regardless of its determination, energy, imagination, or resources, is big enough or solvent enough to do all the first things that will ever occur in its industry and to always beat its competitors in all the innovations emanating from the industry". By combining imitation and innovation, firms can exploit both first-mover advantages and late-mover advantages (Lieberman & Montgomery, 1988; Moon & Acquaah, 2020). A notable example is the success of South Korean firms when they pursue "a portfolio of products, some of which are technologically advanced and others are less advanced" (Hobday et al., 2004: 1,433).

Other qualitative studies revealed that firms performing combination innovation tend to possess upper-intermediate innovative capability and simultaneously perform creative imitation and innovation that are likely to give rise to superior competitive advantage (Nguyen, 2019). It is worth noting that the combination innovation strategy mentioned by Nguyen (2019) is a strategy that combines creative imitation and innovation and highlights the role of creative imitation.

Though combination innovation was found to be positively related to firm revenue, the relationships between combination innovation and brand co-creation, brand loyalty, and brand performance were not explored and formed a basis for this research. Indeed, research on the relationships between innovation, imitation, and brand creation strategies or brand attitudes was fragmented and only a few studies mentioned the effects of innovation (e.g. Wong & Merrilees, 2008; Khan et al., 2014), pure imitation, and creative imitation (e.g. d'Astous & Gargouri, 2001; Vogel & Watchravesringkan, 2017) on brand attitudes without mentioning combination innovation. Figure 1 illustrates the conceptual framework that will be examined in this study.

Innovation and Brand Co-creation

Co-creation refers to the joint innovation and procedure constructed by both customers and internal stakeholders (Hatch & Schultz, 2010). Value co-creation behaviours include two types of behaviour, which are consumer participation behavior and consumer citizenship behavior (Yi & Gong, 2013). Whilst consumer participation behavior denotes the in-role behavior required for successful co-creation of value, consumer citizenship behavior refers to the extra-role behavior providing extra value for the firm though not necessary for the co-creation of value. Consumer participation behavior therefore involves seeking information, sharing information, responsible behavior, and personal communication, while consumer citizenship behavior includes such

behaviours as providing feedback, recommending the service, tolerance, or helping other consumers (Yi & Gong, 2013; Alves & Mainardes, 2017). More specifically, information seeking refers to the action of seeking information about the firm from the customer side to reduce uncertainty towards the co-creation behaviours. Information sharing denotes the action of sharing information of consumers with employees to help them perform their duties and co-creation behaviours. Responsible behavior occurs when customers begin to take part in co-creation behaviours. Personal communication refers to the interactions between customers and employees that are necessary for co-creation behaviours (Yi & Gong, 2013). For consumer citizenship behaviours, providing feedback involves providing suggestions for improvements to the services. Recommendation of the service refers to recommending the employees or the firms to other members, such as family or friends. Helping denotes the actions in which the customer helps other customers. Finally, tolerance denotes the patience of the consumer when the services provided are not as expected (Yi & Gong, 2013). Past research has shown that the co-creation of value is likely to facilitate innovation (Alves, 2013; Widjojo et al., 2019). Accordingly, the co-creation of value can provide firms with new knowledge, new capabilities, and new ways of solving problems that could be useful in creating innovation (Alves, 2013; Mainardes et al., 2011).

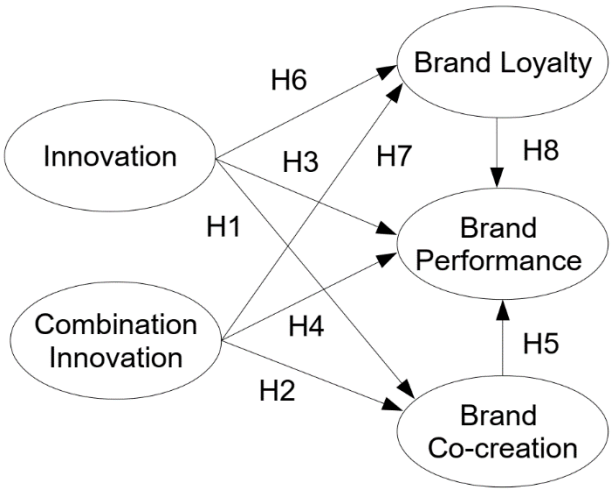


Figure (1)
Conceptual framework

On the other hand, co-creation of value might be a product of intrinsic motives (e.g. curiosity, new experience, supporting innovative products), knowledge motives (e.g. improving knowledge and skills), and social motives (e.g. meeting people) (Fernandes & Remelhe, 2016). When supporting innovative products, they are more likely to express intrinsic motives (i.e., curiosity), knowledge motives (i.e., achieving new knowledge and skills), and even social motives (i.e., discussing with others about new innovations) that facilitate brand co-creation (Fernandes & Remelhe, 2016). Besides, such psychological benefits for consumers as the delight in joining in and contributing to creative activities, or in other words, innovations, can serve as a motivator of value co-creation behavior (Hoyer et al., 2010). Whilst research on the motivation of consumers is still limited (Hoyer et al., 2010), this study argues that the levels of innovation of firms perceived by consumers are likely

to influence their wants to support creativity which, in turn, leads to value co-creation behavior. Hence, the following two hypotheses are proposed:

H1 Innovation is positively associated with brand co-creation.

H2 Combination innovation is positively associated with brand co-creation.

Innovation and Brand Performance

Brand performance denotes the performance of a brand in the marketplace (Wong & Merrilees, 2005). Such factors as brand reputation, brand awareness, brand image, and customer brand loyalty are seen as elements of brand performance (Wong & Merrilees, 2008). Innovation is traditionally an antecedent of firms' performance and competitive advantage at the firm level (e.g. Lew & Sinkovics, 2013; Lee et al., 2019; Posen et al., 2023). At the brand level, a review of the literature revealed that innovation is positively associated with brand performance (e.g., Weerawardena et al., 2006; Pisicchio & Toaldo, 2021). Accordingly, brands need effective innovation systems to promote innovative ideas to better serve customers than their competitors. In doing so, effective innovation systems and innovative ideas can promote brand awareness and brand reputation (Wong & Merrilees, 2008). Empirical evidence also supports the link between innovation and brand performance (Wong & Merrilees, 2008).

Whilst combination innovation involves elements of both innovation and creative imitation and creative imitation also involves developing novel ideas (Lee & Zhou, 2012), it is expected that combination innovation is also related to brand performance to some degree. Accordingly, the innovative systems and ideas resulting from combination innovation can facilitate brand reputation and brand awareness (Wong & Merrilees, 2008). As such, the following two hypotheses are proposed:

H3 Innovation is positively associated with brand performance.

H4 Combination innovation is positively associated with brand performance.

Brand Co-creation and Brand Performance

There is still little research examining the associations between brand co-creation and brand performance in Asian countries (Ismail, 2022). From these finite studies, it was found that brand co-creation between firms and other stakeholders is likely to facilitate positive perceptions of customers towards the brands, which, in turn, enhances brand performance (Zhang & He, 2014; Ismail, 2022; Iglesias & Ind, 2020). Co-creation of new value with different stakeholders could be able to result in strong brands (Ind, 2013). The involvement of stakeholders is likely to bring firms higher levels of brand performance (Hatch & Schultz, 2010). By using co-creation with customers and other stakeholders, firms can gain new ideas and suggestions that are needed for innovation (Bhalla, 2016). Co-creation efforts might lead to such brand performance as brand awareness and the brand's differentiated position (Kennedy & Guzmán, 2016). Brand co-creation, therefore, is likely to enable firms to achieve better brand performance. Hence, the following hypothesis is proposed:

H5 Brand co-creation is positively associated with brand performance.

Innovation and Brand Loyalty

A review of the literature revealed a positive relationship between innovation and brand loyalty (Naveed et al., 2012; Khan et al., 2014; Yi et al., 2022). Brand innovativeness is also an important factor affecting brand loyalty through perceived quality (Pappu & Quester, 2016). Brand innovation is likely to improve not only brand loyalty, but also brand image (Khamwon & Pattanajak, 2021; Yildiz & Koçan, 2018). As such, when a customer perceives that a brand is linked to new ideas and new value, he/she is more likely to commit to that brand. In addition, whilst combination innovation comprises factors of innovation and creative imitation which are all

associated with creating new knowledge and new value, we argue that these two strategies are likely to lead to brand loyalty. Accordingly, new values and ideas resulting from combination innovation are likely to improve brand image and facilitate brand commitment and brand loyalty of customers (Khamwon & Pattanajak, 2021; Yildiz & Koçan, 2018). Hence, the following two hypotheses are proposed:

H6 Innovation is positively associated with brand loyalty.

H7 Combination innovation is positively associated with brand loyalty.

Brand Loyalty and Brand Performance

Brand loyalty is related to dimensions of brand performance, such as price, word-of-mouth, and brand differentiation (Sta et al., 2018; Bakshi & Mishra, 2018). Brand loyalty was also seen as including two aspects, purchase loyalty and attitudinal loyalty, which are associated with brand performance (Chaudhuri & Holbrook, 2001). This result was also confirmed by empirical evidence (e.g. Noor et al., 2012). This study, therefore, contends that high levels of loyalty of customers towards a brand would considerably raise brand performance. More specifically, brand loyalty is likely to increase brand differentiation, price of the product, and word-of-mouth of customers (Sta et al., 2018; Bakshi & Mishra, 2018), which, in turn, promotes brand performance. Hence, it is hypothesized that:

H8 Brand loyalty is positively associated with brand performance.

Methodology

Participants

The convenience sampling method was used to gather data for the study. Online questionnaire forms were sent to mobile phone users in Ho Chi Minh City, Vietnam. A total of 306 complete questionnaire forms were collected from participants, of whom 31 percent are males and 68.6 percent are females. In addition, most of the interviewed customers are young customers, of whom 81.4 percent are from 18 to 23 years' old.

Table 1 shows the profile of the respondents.

Table 1
Profile of the respondents

Characteristic	Rank	Frequency	Percentage
Gender	Male	95	31%
	Female	210	68.6%
	Not specified	1	0.3%
Education level	Secondary school or below	3	1%
	College	29	9.5%
	University	256	83.7%
	Postgraduate degree	18	5.9%
Age	18-20	167	54.6%
	21-23	82	26.8%
	24-26	16	5.2%
	27-29	10	3.3%
	30 or above	30	9.8%

Instrument and Measures

This study adopted and modified pre-validated measures from past research (Table 2). Regarding combination innovation, both researcher competence and literature search laid a foundation for the creation of new scale items (Churchill, 1979; Ngo, 2006). First, researcher competence helps us create scale items based on conceptual definitions and construct domains (Churchill, 1979; Clark & Watson, 1995). Second, literature search also provided us with the necessary knowledge that helped generate scale items (Churchill, 1979; Hinkin, 1995. All constructs are reflective constructs, whilst brand co-creation is a type-II construct (i.e., reflective first-order and formative second-order) construct (Alves & Mainardes, 2017; Jarvis et al., 2003). All items were measured using a 7-point Likert's scale anchored with two extreme points, 1- strongly disagree and 7 - strongly agree.

Table 2
Variables used to measure the constructs

Constructs and items (source) quality criteria
Innovation (Zhou, 2006)
Thinking about Mobile phone brand you are using…
They emphasize heavily the importance of being the first company bringing to market innovative products.
They invest substantially in R&D in an attempt to be the first company into the market.
They try all they can in order to be the first to introduce an innovative product to the market.
Combination Innovation
Thinking about Mobile phone brand you are using…
They simultaneously create their own innovative products and improve competitors' products
They are the first to introduce some innovative products to the market whilst having similar products but meet customer needs better than competitors
They actively learn from competitors and develop products better than theirs whilst also creating some innovative products on their own
They invest substantially in R&D to be able to be the first company into the market
Whilst they emphasize heavily the importance of being the first company bringing to market innovative products, they also introduce similar but improved products from competitors' offerings
Brand Performance (Wong & Merrilees, 2008; Henkel et al., 2007)
Thinking about Mobile phone brand you are using…
They have developed the desired brand image in the market
Their firm has built a strong brand awareness in the target market
Their firm has built a solid reputation
Their firm has built strong customer brand loyalty
Their brand image helps them in launching new services
Their brand image helps them in acquiring new customers
Brand Co-creation (Alves & Mainardes, 2017; Yi & Gong, 2013)
Thinking about Mobile phone brand you are using…
Participation behaviour
During service provision or whenever entering into contact, I provide the information appropriate and necessary to ensuring good service provision.
During service provision or whenever entering into contact with the company, I carry out what is requested of me.
During service provision or whenever entering into contact with the company, I have an agreeable attitude towards company members of staff.
Citizenship behaviour

I give the company my opinion and ideas about the product and service, either online or offline.
I give advice about the product to other consumers.
I recommend the company to other consumers.
Brand Loyalty (Delgado-Ballester et al., 2003)
Thinking about Mobile phone brand you are using…
I consider myself to be loyal to this brand
I am willing to pay more for this brand than for other brands on the market
If this brand is not available at the store, I would buy it in another store

The content validity and face validity of measures were evaluated using the procedure suggested by Ngo and O'Cass (2009), in which definitions and scale items were provided to eight experts in management and marketing disciplines (Ngo & O'Cass, 2009; DeVellis, 2003). They were instructed to rate each item as "not representative of the construct", "somewhat representative", and "clearly representative" (Ngo & O'Cass, 2009; Zaichkowsky, 1985). Accordingly, an item is kept if (1) at least six experts (at least 80%) evaluate it as "somewhat representative"; (2) no expert judges that item as "not representative"; and (3) four experts (at least 50%) evaluate it as "clearly representative". The experts were also encouraged to provide comments on the wording and other possible issues of the scale items (DeVellis, 2003). This step has an important role to play in facilitating the content validity of the constructs (DeVellis, 2003; Netemeyer et al., 2003). As a result of this procedure, two items were removed and minor changes to the wording of the scale items were then made accordingly.

Common-method Variance

Data was gathered from the same sources using self-report scales. Hence, common-method variance could be an issue in this study. To examine the impact of common-method bias, Harman's one-factor test was performed, in which the first factor explained 38.55 percent of the total 59.086 percent variance explained, signalling that common-method bias is not a severe issue in this study (Lindell & Whitney, 2001; Podsakoff et al., 2003). Besides, the variance inflation factor was also gauged with a range from 1.2 to 2.5, being significantly lower than the threshold of 5 (Hair et al., 2011). Muti-collinearity is therefore also not a problem in this study.

Data Analysis

Partial least squares (PLS)-based structural equation modelling (SEM) and SmartPLS, v3.3.3 were used to analyze the model (Sarstedt et al., 2017). PLS-SEM has the advantage of being able to maximize the variance explained in a dependent variable without examining the whole overall model (Chin, 1998). In addition, data normality is not required in PLS (Fornell & Bookstein, 1982). PLS also has the advantage of handling models with both reflective and formative constructs, thereby avoiding model misspecification (MacKenzie et al., 2005).

Results

Measurement Model

Because co-creation behaviour is a second-order construct, two-step approach recommended by Wright et al. (2012) was performed to convert this second-order construct into a first-order construct. The first-order model (Figure 2), the average variance extracted (AVE), the composite reliability, and the discriminant validity of reflective constructs are all satisfactory (see Table 3, Table 4, and Table 5) (Hair et al., 2011).

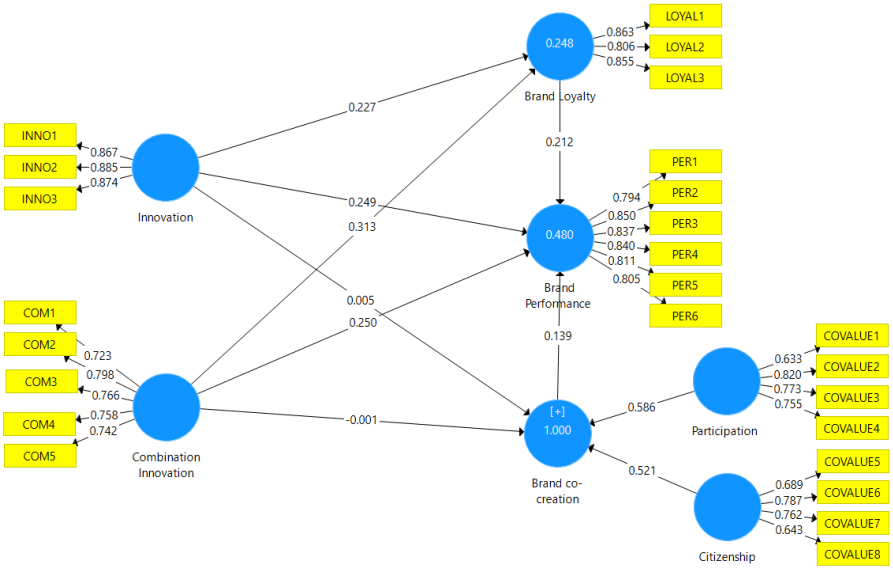


Figure (2)
Measurement model

Table 3
Measurement model for reflective constructs

Indicators	Outer model (loadings)	Indicators	Outer model (loadings)
Innovation 1	0.867	Brand loyalty 1	0.863
Innovation 2	0.885	Brand loyalty 2	0.855
Innovation 3	0.875	Brand loyalty 3	0.805
Combination innovation 1	0.724	Brand performance 2	0.794
Combination innovation 2	0.798	Brand performance 2	0.851
Combination innovation 3	0.766	Brand performa nnce 3	0.837
Combination innovation 4	0.756	Brand performance 4	0.840
Combination innovation 5	0.741	Brand performance 5	0.811
		Brand performance 6	0.805

Table 4
Composite reliability and AVE

Constructs	Composite reliability	Cronbach's α	AVE
Innovation	0.908	0.848	0.766
Combination innovation	0.871	0.815	0.574
Brand loyalty	0.879	0.797	0.708
Brand performance	0.927	0.905	0.678

Conventional criteria, such as AVE, Cronbach's alpha, and composite reliability (Fornell & Larcker, 1981), were utilized to evaluate the measurement model (Table 4). Cronbach's alpha and composite reliability were above 0.7, indicating adequate reliability of all measures (Nunnally, 1978). AVE values were above 0.7 and factor loadings were above 0.7, signalling satisfactory convergent validity of all constructs (Hair et al., 2011).

For discriminant validity, the Fornell-Larcker criterion was applied first, in which square roots of AVE values of all constructs were higher than the correlations between the construct and other

constructs, signalling satisfactory discriminant validity of all constructs (Fornell & Larcker, 1981) (Table 5). Finally, another stricter criterion, the heterotraitmonotrait ratio of correlations (HTMT), was also used to confirm the discriminant validity of the constructs (Henseler et al., 2015). The HTMT ratio values between reflective constructs are expected to be lower than 1.0 to confirm the discriminant validity of the constructs (Garson, 2016). All HTMT ratios gauged were from 0.517 to 0.826 (Table 5), and are well below the cut-off point of 0.85, suggesting adequate discriminant validity for HTMT85 (Garson, 2016).

Table 5
Discriminant validity

	Brand Loyalty	**Brand Performance**	**Brand co-creation**	**Citizenship**	**Combination Innovation**	**Innovation**	**Participation**
Brand Loyalty	*0.842*						
Brand Performance	0.522	*0.823*					
	(0.592)						
Brand co-creation	0.588	0.528					
	(0.726)	(0.608)					
Citizenship	0.613	0.437	0.888	*0.723*			
	(0.826)	(0.545)					
Combination Innovation	0.47	0.602	0.575	0.474	*0.758*		
	(0.569)	(0.695)	(0.698)	(0.622)			
Innovation	0.444	0.584	0.486	0.402	0.695	*0.875*	
	(0.534)	(0.663)	(0.577)	(0.517)	(0.823)		
Participation	0.451	0.499	0.913	0.623	0.555	0.463	*0.748*
	(0.58)	(0.622)		(0.87)	(0.718)	(0.591)	

Note: Italic values = AVE; Values in brackets: HTMT ratios

Regarding brand co-creation, the construct validity of this formative construct was examined by evaluating indicator weights (Lowry & Gaskin, 2014). The coefficients of consumer participation behavior (0.719, p = 0.000) and consumer citizenship behavior (0.379, p = 0.000) (Table 6) were all significant. However, because these coefficients were not roughly equal, another criterion using loadings as suggested by Hair et al. (2014) was applied. The loadings of consumer participation behavior (0.955, p = 0.000) and consumer citizenship behavior (0.827, p = 0.000) were high and significant, indicating satisfying construct validity of brand co-creation (Hair et al., 2014).

Table 6
Measurement model for formative indicators

Indicators	**Measurement model (Weights)**	**t-Statistics**	**Significance**
Brand co-creation 1 - Consumer participation behavior	0.719	7.820	0.000
Brand co-creation 2 - Consumer citizenship behavior	0.379	3.782	0.000

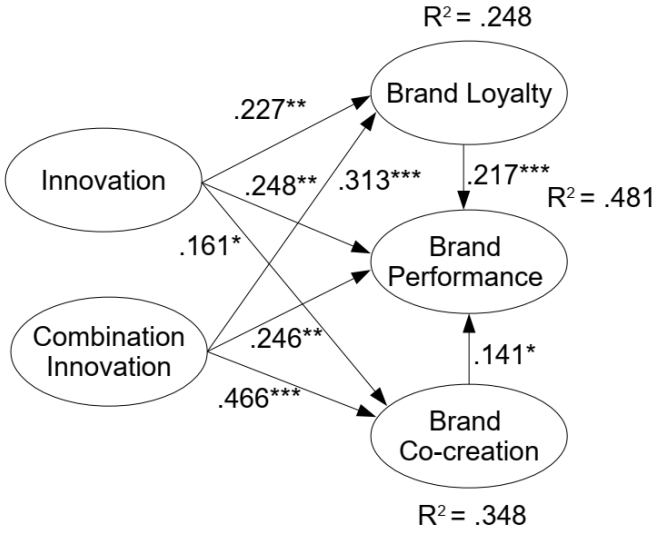
Because multi-collinearity is likely to result in problems for formative models (Hair et al., 2014), VIF values for

formative indicators were evaluated. Accordingly, all VIFs for consumer participation behavior (i.e., 1.634) and consumer citizenship behavior (i.e., 1.634) were below 5, confirming satisfactory construct validity of formative indicators.

Structural Model

The structural model was evaluated using the significance of the paths, R^2, and predictive relevance of structural models (Hair et al., 2014). Regarding R^2, R^2 values of brand loyalty, brand co-creation, and brand performance were at 0.248, 0.348, and 0.480, respectively, indicating significant predictive power of endogenous variables (Cohen, 1988). Q^2 values, the predictive accuracy values of the model, were also gauged by using blindfolding procedures, providing us with all values greater than zero, thereby all being satisfactory (Hair et al., 2014).

A bootstrapping procedure with 5,000 resamples was employed to examine the significance of all path coefficients. All eight hypotheses were supported (Table 7). Accordingly, innovation has a significant effect on brand co-creation ($\beta = 0.161$, $p = 0.033 < 0.05$) (Figure 3), in support of H1. In addition, combination innovation has a positive effect on brand co-creation ($\beta = 0.466$, $p = 0.000 < 0.05$), thereby supporting H2. Innovation is positively associated with brand performance ($\beta = 0.248$, $p = 0.003 < 0.05$), in support of H3. Similarly, combination innovation has a positive effect on brand performance ($\beta = 0.246$, $p = 0.002 < 0.05$), in support of H4. Furthermore, brand co-creation has a positive effect on brand performance ($\beta = 0.141$, $p = 0.031 < 0.05$), thereby supporting H5. Next, innovation ($\beta = 0.227$, $p = 0.002 < 0.05$) and combination innovation ($\beta = 0.313$, $p = 0.000 < 0.05$) have positive effects on brand loyalty, thereby supporting H6 and H7. Lastly, brand loyalty has a positive effect on brand performance ($\beta = 0.217$, $p = 0.000 < 0.05$), in support of H8.



Note. * Significant at 0.05 level.
** Significant at 0.01 level.
***Significant at 0.001 level

Figure (3)
Evaluation of structural model

Table 7
Path coefficients and statistical significance

Paths	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Brand Co-creation => Brand Performance	0.141	0.142	0.065	2.155	0.031
Brand Loyalty => Brand Performance	0.217	0.215	0.059	3.693	0.000
Combination Innovation => Brand Co-creation	0.466	0.465	0.073	6.428	0.000
Combination Innovation => Brand Loyalty	0.313	0.311	0.076	4.104	0.000
Combination Innovation => Brand Performance	0.246	0.248	0.08	3.055	0.002
Innovation => Brand Co-creation	0.161	0.165	0.076	2.129	0.033
Innovation => Brand Loyalty	0.227	0.228	0.072	3.134	0.002
Innovation => Brand Performance	0.248	0.246	0.084	2.966	0.003

Note: *Significant at the 0.05 level as t-value > 1.96.

Discussion and Theoretical Implications

This study aims to provide insights into the unexplored gaps involving the relationships between combination innovation and brand co-creation, brand loyalty, and brand performance. In doing so, this study is one of the first studies confirming that firms do not need to perform radical innovation to gain superior brand performance. Additionally, this study answers the call of Posen et al. (2023) to explore the path of emerging-market firms transitioning from creative imitation to innovation and examine the relationships between imitation and other strategies (i.e., innovation and brand co-creation in this study). This study, therefore, highlights the innovative path from pure imitation, creative imitation, combination innovation, and innovation in emerging-market firms by adding an important strategy, combination innovation, into the traditional strategies (Kale & Little, 2007; Luo et al., 2011) (Figure 4). Whilst innovation is an essential strategy that could bring firms substantial benefits (Kale & Little, 2007; Lieberman & Montgomery, 1988; Posen et al., 2023), innovation is a resources-based strategy that could be infeasible for most firms, especially for those in developing countries. Drawing on the literature, this study incorporates such benefits of creative imitation as late-mover advantages and fewer costs into innovation strategy to form a new strategy; namely, combination innovation. This is the strategy that facilitates the combined effects of innovation and creative imitation, and this strategy is expected to enhance brand attitudes and outcomes. Though this strategy has been mentioned in past research (Moon & Acquaah, 2020; Nguyen, 2019; Levitt, 1966), there has been little research shedding light on its nature and its effects on brand characteristics and outcomes. The results revealed that combination innovation significantly impacts brand co-creation, brand loyalty, and brand performance and the effects of combination innovation on brand co-creation and brand loyalty are stronger than those effects caused by innovation. These results are somewhat in line with the results of recent studies that suggested positive relationships between combination innovation and firm performance or competitive advantage (Moon & Acquaah, 2020; Nguyen, 2019). This study takes a step further by exploring and confirming the relationships between combination innovation and brand co-creation, brand loyalty, and brand performance. As such, the combined effect of innovation and creative imitation could result in a positive environment facilitating the participation of customers in creating new value. Furthermore, whilst

innovation is likely to lead to brand loyalty (Khan et al., 2014; Hajar et al., 2022), combination innovation can also trigger higher levels of brand loyalty among customers. Finally, combination innovation is likely to lead to ultimate brand performance.

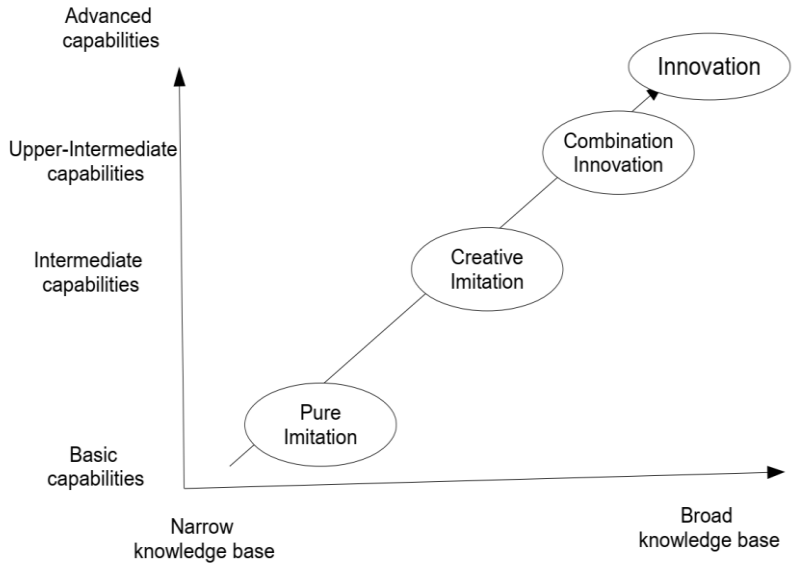


Figure (4)
Innovative path from pure imitation to innovation

In addition, this study sheds light on the under-explored relationship between innovation and brand co-creation. The relationship between innovation and brand co-creation was found to be significant, and this result is consistent with the findings of some other research (e.g. Hoyer et al., 2010). In addition, innovation is positively related to brand loyalty and band performance and these findings are consistent with the findings of past studies (Naveed et al., 2012; Wong & Merrilees, 2008; Pisicchio & Toaldo, 2021).

As such, beside the superior brand values created by the conventional innovation strategy, combination innovation can be seen as a fruitful strategy that might bring firms several benefits, such as brand co-creation and brand loyalty, which in turn lead to better brand performance. This study, therefore, confirms the idea suggested by Levitt (1966), in which innovation is an expensive strategy for not only small and medium-sized companies, but also for big firms and no firms can afford innovation strategy for all their products. As such, a combination between innovation and creative imitation can improve brand characteristics and brand performance. Firms, especially those situated in developing countries that possess limited resources, capabilities, and institutional support (Chattopadhyay et al., 2012; Sun et al., 2015) are advised to simultaneously exploit both innovation and creative imitation to benefit from both first-mover advantages and late-mover advantages (Lieberman & Montgomery, 1988; Moon & Acquaah, 2020), which, in turn, can facilitate brand characteristics and brand performance.

Managerial Implications

This study provides some important managerial implications for managers in firms that possess few resources and capabilities, especially those in developing countries. First, a combination innovation

strategy should be employed to attain brand performance. Indeed, this study illustrates that combination innovation is strongly associated with brand loyalty and brand co-creation, which, in turn, leads to positive brand performance. As such, combination innovation is not only a stepping stone towards innovation, but also a promising independent strategy that could bring firms sustained competitive advantage. Second, innovation or combination innovation should be conducted, because these two strategies could facilitate brand co-creation, which, in turn, results in better brand performance. Third, a creative path should be followed corresponding to innovative capability (Kale & Little, 2007) from pure imitation, creative imitation, combination innovation, and innovation (Figure 4), in order to create novel outcomes aiming at achieving sustainable competitive advantage.

Conclusion

This study contributes to the literature by putting forward and examining the impacts of combination innovation, a strategy that combines elements of both innovation and imitation strategies, on brand characteristics and performance. In doing so, this study indicated that both combination innovation and innovation can exert profound impacts on brand co-creation, brand loyalty, and brand performance. As such, this study sheds light on the diversity of new value-creating strategies and their effects on brand characteristics and performance. While past studies rarely separate innovation and imitation and link them to brand characteristics (e.g. Hanaysha & Hilman, 2015), this study revealed that separating innovation and imitation is necessary for promoting the appropriate use of new value-creating strategies. Imitation, therefore, can be confirmed as a useful strategy for creating positive brand characteristics when combined with innovation. Besides, firms, especially those with scarce resources or situated in developing countries, are encouraged to pursue a combination innovation strategy instead of insisting on executing a pure radical innovation strategy for all their offerings. Importantly, this study answers the call of Posen et al (2023) regarding examining the path from creative imitation to innovation in developing countries and investigating the relationships between imitation and other strategies (i.e., innovation and brand co-creation in this study). Accordingly, this study puts forward a new innovative path from pure imitation, creative imitation, combination innovation, and finally innovation (Figure 4). As such, combination innovation is integrated into the traditional strategy continuum (Kale & Little, 2007; Luo et al., 2011) to highlight the superior value of combination innovation as a more feasible strategy compared to innovation, in addition to bringing firms superior competitive advantage.

Limitations and Further Research

This study has some limitations that can offer directions for further research. First, a non-probability sampling method was used and can limit the generalizability of the findings. Second, future studies can replicate the current study in other developing country contexts to better generalize the findings of this study to other populations. Third, future studies are encouraged to explore the effects of such contingency factors as technological turbulence or competitive intensity on the main relationships in the model. Fourth, in light of the exploratory nature of this study, further research would be warranted to confirm the innovative path from pure imitation, creative imitation, combination innovation, and innovation and which capabilities are critical to each strategy in this strategy continuum. Fifth, future research could integrate moderators into the model to better explain the relationships proposed; for example, face consciousness, radicalness, or resistance to change (Ninh, 2021; Nguyen & Ho, 2022; Nguyen, 2023).

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