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Influence of innovation capability and customer experience on reputation and loyalty

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A B S T R A C T
This research applies complexity theory to understand the effect of innovation capability and customer experience on reputation and loyalty. This study investigates the contribution of consumer demographics to such relationships. To this end, this article recognizes effective and intellectual experiences as the key elements of customer experience and proposes a conceptual framework with research propositions. To examine the research propositions, this study employs confirmatory factor analysis (CFA) and fuzzy set qualitative comparative analysis (sQCA), using a sample of 606 consumers of international retail brands. The findings contribute to the literature on innovation, customer, and brand management. In addition, the results also provide guidelines for managers to create customer value in the retail environment through technical innovation capability (new services, service operations, and technology) and non-technical innovation capability (management, sales, and marketing). Furthermore, this article reflects on the link between the consumer shopping experience and firm reputation and loyalty.

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1. Introduction
Some studies present innovation and marketing as the two aspects central to the organizations’ ability to gain capital in a competitive market (Ngo & O’Cass, 2013; Nguyen, Yu, Melewar, & Gupta, 2016). Incidentally, retailers around the globe, including Europe, are aware of the new possibilities that innovation (e.g., Smart Labels and Unique Identifiers, and NFC payments) can offer in a retail environment. However, the change goes beyond simply introducing or making use of innovation, as this phenomenon creates both challenges and marketing opportunities for corporations. Marketers get favorable reputations to allow stakeholders to form positive perceptions about the corporation and thus, to retain customer loyalty (Chun, 2005). In this sense, the academic literature reports the capability of innovation to drive company reputation and customer loyalty (Gupta & Malhotra, 2013) and reflects on reputation as collective judgments that observers make according to their evaluation of the corporation’s ability to be innovative (Foroudi, Melewar, & Gupta, 2014). Balmer, Powell, and Greyser (2011) add that corporate reputation is the result of beliefs, images, facts, and experiences that an individual may encounter over time. Consumers perceive a company as trustworthy and respectful because of their experience with the company, its products and services, and their corporate reputation (Bhattacharya & Sen, 2003). These behaviors can affect the likelihood of customers’ identification with different demographic features and with the organization.

Socio-technical system theory classifies the innovation capability of companies into two categories: (1) technical innovation capability (development of new services, service operations, and technology) and (2) non-technical innovation capability (managerial, market, and marketing) (Ngo & O’Cass, 2013). According to Ngo and O’Cass (2013), the literature pays much attention to technical innovation whereas non-technical innovation, such as management, sales, and marketing, has received little attention to date. Few studies focus on the specific experiences that favorably affect consumers’ affective and cognitive reactions (Dennis, Brakus, Gupta, & Alamanos, 2014). To fill this gap and using theory of complexity, this study pushes the existing boundaries of the link between innovation capability as a management concept, connecting innovation capability with customer experience, reputation, and loyalty as marketing concepts. The arguments defend that the ability of a company offering a product or a service to create a strong position in a high-potential market depends upon the level to which the company is able to influence the experiences of its consumers, according to their demographic features and with or without using technology.

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innovative services—like Google’s search engines or Facebook’s social networking—into global markets (Adner & Kapoor, 2010). Brands offering innovative services are able to take up activities like the identification of the target market, thus matching customers’ needs with the product, facilitating the creation of product knowledge in the consumer segment, and connecting with the larger set of stakeholders to address their social issues (Gupta & Malhotra, 2013). Technology enhances the capability of a firm to gain insights into the experiences of its consumers, and supports the efficient fulfillment of stakeholders’ expectations (Gupta & Malhotra, 2013). A fresh approach to the incorporation of technology-based changes in the communication processes can lead managers to design services that are innovative for consumers and simultaneously appropriate for a brand. These communications tools, such as mobile telephones, the Internet, and social media, can be useful for managers, contributing to the creation of unique marketing plans and innovatively combining consumers’ tastes, cultural values, and societal pressures.

Customers’ experiences in the current market scenario depend upon the company’s capability to use technology (Foroudi et al., 2014). Simultaneously, customer experience has the capability to affect the reputation of the company (Frow & Payne, 2007). Foroudi et al. (2014) explain the connection between reputation—the collective judgments of observers—and the holistic evaluation of a corporation over time. In turn, Chun (2005) discusses the positive effect of reputation on customer’s loyalty and stakeholder’s perceptions. This research underpins the social and technical aspects of socio-technical system theory: (1) technical innovation capability (developing new services, service operations, and technology), and (2) non-technical innovation capability (managerial, market, and marketing) (Ngo & O’Cass, 2013). This article aims to recognize the value these capabilities can create for different features of customer’s demographics, like the paying capacity of customers to buy branded products. This recognition is necessary because the literature does not often consider branding from the viewpoint of the customer who is less well off but still wants to buy branded products or services. Researchers find that brand managers serve this segment with similar quality but with lower quantity and different packaging (Gupta & Malhotra, 2013). However, the literature does not examine the use of innovative business ideas and marketing practices to address the influence on the company’s reputation and customer loyalty of the demographically complex customer segments, like those with high or low education, and according to their age, gender, or occupation. Fig. 1 shows the conceptual framework of this research.

2.1. Research propositions

Various customer segments with different demographic configurations rely on corporate reputation when making investment decisions and product choices (Dowling, 2001). The demographic configurations of customers that lead to high customer loyalty derive from the customers’ experience, classifiable as: (1) effective experience and (2) intellectual experience. Reputation is a perceptual, symmetrical illustration of a company’s past actions in the form of trust, admiration, respect, and confidence. Accordingly, a company’s future prospects also derive from the complexity of consumer demographics, thus describing the overall appeal of the company (Dowling, 2001; Fombrun & Shanley, 1990). Complexity theory suggests the occurrence of causal asymmetry (Leisingh & Kasper-Brauer, 2015; Woodsie, 2014), which implies the presence and absence of causal condition between constructs. For instance, a high level of customer experience might be the source of loyalty and reputation. Prior studies like Adner and Kapoor (2010) reveal how demographic features, like habits, social ties, and economic features, affect customer loyalty in contractual service settings. Dennis et al. (2014) similar research reviews the effect of age as a moderator of customer-based corporate reputation and customer loyalty, using data from the retail setting and fast food restaurants in France, The United Kingdom, and The United States of America, and basing their systems of consumer decision-making on the experience-driven and loyalty-based approaches.
research in cultural differences between countries. Dennis et al. (2014) study investigates the influence of factors like consumers' gender and age on the customers' experiences in service encounters. Nguyen et al. (2016) findings emphasize that consumer demographics are important in the fine dining company's retail setting.

Although these studies analyze the influence of demographics' complexity of consumer’s attributes—like age, gender, education, and occupation—in different ways, they have not been able to explain their effects on customer loyalty and reputation. Hence, this research proposes that:

P1. Complex demographics configurations affect customer loyalty and reputation.

In general, technological innovation is the employment of a product with enhanced performance appearances to provide new or developed services and positively affect the customers' experiences (Oh & Teo, 2010). Technology can enhance learning through critical elements of design innovation, which focus on new product development and market segment creation. To influence loyalty and reputation, this process of change uses marketing outputs such as interactions with customers for information exchange or feedback, or monitoring market trends and seeking market opportunities (Sherman, Souder, & Jenessen, 2000). Companies with superior technology-management capabilities are equipped to innovate, whereas firms with less internal and external capability tend to influence consumer loyalty and trust while consumers make purchase decisions. These firms' reputation grows when shareholders make investment decisions or product choices (Fombrun & Shanley, 1990).

Adner and Kapoor's (2010) study finds that successful innovations are strategic, highly context-specific, and facilitate the smooth functioning of different actors participating in the management of a brand. As Hunt (1999) argues, innovation is an antecedent of customer loyalty. Studies like Ngo and O'Cass (2013), which uses data from 259 firms, have empirically established the linkages between innovation capabilities (both technical and non-technical) and the quality of a firm's services. Camisón and Villar-López (2014) also investigate the influence of innovation capability, using empirical data from 144 Spanish firms and the resource-based view. Although these studies have examined the benefits of innovation capability, they have not considered the heterogeneity of consumer markets' characteristics and the industries in the target markets. To fill this gap in the academic literature, this article proposes:

P2. Presence of technical innovation capability or non-technical innovation capability modifies the effect of complex demographics on loyalty and reputation.

Research in the retailing area emphasizes the significance of affective and intellectual perceptions, in addition to numerous subjective measures that have proven their value for examining customers' experience (Kamis, Koufaris, & Stern, 2008; Nguyen et al., 2016). Dennis et al.'s (2014) study reveals how, in retail environments, consumers with compelling experiences can positively affect consumer shopping behavior, as the time and money they spend in the store reflect. The literature includes limited information about the type of consumers' experiences according to the store's environment, or about how the main elements can affect consumers' intellectual and affective reactions. In addition, previous research does not conceptualize the causality between the two different types of customer experiences—affective customer experience and intellectual customer experience—or the relationship between customer demographic details and customer loyalty and firm reputation. Therefore, this article proposes that:

P3. Presence of affective customer experience or intellectual customer experience modifies the effect of complex demographics on loyalty and reputation.

3. Research method

3.1. Data collection

This study conducted a consumer survey to collect data from retailers of international brands in London between January 2015 and September 2015. Such high-end retail shops enjoy a favorable reputation due to the retailers’ brand names (Dennis et al., 2014; Silva & Alwi, 2006). To increase the sample size and to make sure that the sample included the most knowledgeable informants, the study used non-probability snowballing as a distribution method to access a representative sample within an interconnected network of people (Bryman & Bell, 2015). The study conducted 120 face-to-face questionnaires. Churchill (1999) declared that the face-to-face questionnaire collection is the most used sampling method in large-scale surveys. Additionally, some shop managers agreed to help to collect the data from their customers and employees.

The study collected a total of 652 questionnaires, but excluded 46 due to large amounts of missing data. After making every possible effort to increase the response rate, the study obtained and analyzed a total of 606 usable, completed questionnaires. Table 1 illustrates the respondent characteristics in more detail.

3.2. Survey instrument

The study got all measurement items for the questionnaire from the literature (see Table 2). In addition, 5 faculty members in the department of marketing, who are familiar with the topic of research, discussed the first version of the questionnaire and used judging procedures to assess its content and validity (Bearden, Netemeyer, & Mobley, 1993). After making amendments, 4 lecturers examined the questionnaire for face validity and to check whether the items measured what they sought to measure. The lecturers had to fill the questionnaire and comment on the following: whether the questionnaire appeared to measure the intended construct; questionnaire’s wording and layout; and ease of completion. When they confirmed that the inter-judge reliability was high, a comprehensive process of questionnaire testing and piloting followed (Bearden et al., 1993). The study measured all responses using a seven-point Likert-type scale, ranging from 1 (strongly disagree) to 7 (strongly agree).
4. Data analysis and results

4.1. Contrarian case analysis

According to Woodside (2014), researchers usually ignore contrarian cases when formulating theory, examining data, and predicting fit validity, even though examining such cases is highly informative. This study uses contrarian case analysis, creating quintiles on all constructs and performing cross-tabulations employing the quintiles among the constructs. The Appendix of this article includes an example of this process between the technical innovation capability construct and outcome variable reputation. The correlation coefficients between the two constructs are 0.47 (p < .001) (see Table 3). Against this positive significant relationship, the Appendix reveals eight cells in the top right and bottom left of the cross tabulation table, resulting in a total of 120 cases, accounting for the 20% of the sample. In other words, the analysis indicates a substantive asymmetric relationship between technical innovation capability and reputation. Therefore, fsQCA is more suitable in this case than conventional regression analysis (Woodside, 2014).

This research employs fsQCA and fuzzy set, in combination with complexity theory, to gain a richer perspective of the data (Leischnig & Kasper-Brauer, 2015; Mikalef et al., 2015; Ordanini et al., 2013; Pappas, Kourouthanassis, Giannakos, & Chrissikopoulos, 2016; Woodside, 2014; Wu, Yeh, & Woodside, 2014). FsQCA is a set-theoretic approach that recognizes causal configurations of elements that lead to a consequence, and takes a further step from a set of empirical cases among independent and dependent constructs (Gunawan & Huarng, 2015; Woodside, Oriakhi, Lucas, & Beasley, 2011).

5. Findings

5.1. Construct validity

Table 2 presents the results of the confirmative factor analysis. The measurement model indicates a satisfactory fit: root mean square
error of approximation (RMSEA) = 0.07 < 0.08; normed fit index (NFI) = .90 > .90; comparative fit index (CFI) = .92 > .90; incremental fit index (IFI) = .92 > .90; and Tucker-Lewis index (TLI) = .92 > .90 (Byrne, 2001; Hair, Tatham, Anderson, & Black, 2010; Tabachnick & Fidell, 2007).

In Table 2, the average variance extracted (AVE) for each construct, ranging from 0.75 to 0.93, indicate adequate construct convergent validity, which conveys the notion that the construct is tapping a single underlying dimension. The results show good discriminant validity for each construct. The Cronbach's alpha of all measures is higher than 0.70, thus demonstrating adequate internal consistency. According to the literature, these results are highly suitable for most research purposes (De Vaus, 2002; Hair et al., 2010).

5.2. Results from the fsQCA

To analyze the data, fsQCA requires transforming the conventional variables into fuzzy set membership scores (i.e., the process of calibration). This research follows the principle of calibration that Wu et al. (2014) recommend, adjusting the respondents' ignored extreme scores. In this case, only a few cases out of the 606 respondents score less than 3 for a 7-point Likert-scale. The study therefore sets 7 as the threshold for full membership (fuzzy score = 0.95), and 5 as the cross-over point (fuzzy score = 0.50), 3 as the threshold for full non-membership (fuzzy score = 0.05), and 1 as the minimum score (fuzzy score = 0.00). The current study then applies fsQCA 2.5 software to identify which configurations show high scores in the outcome (Ragin, 2008). Table 3 presents descriptive statistics and correlation coefficients of all variables. Following Ragin (2008), the study set up 1 as the minimum for frequency and .80 as the cut-off point for consistency for identifying sufficiency conditions using the truth table algorithm. The study further selects the intermediate solutions following recommendations from Wu et al. (2014). Table 4 to Table 6 present the results of the fsQCA analysis, corresponding to the examination of propositions 1 to 3, respectively. Solutions in Table 4 to Table 5 manifest that no single variable provides sufficient conditions to predict the outcomes, either for customer loyalty or for reputation.

The results in Table 4 support Proposition 1: Complex demographics affect customer loyalty and reputation. For customer loyalty, Table 4 includes four solutions, which have a total solution coverage of .19 and a consistency of .83, indicating that the four demographics configurations explain a substantive proportion of customer loyalty. In Table 4, the first model, Solution A1, ~female + student + pg ≤ customer loyalty, has a unique coverage of .09, with a consistency of .84, indicating that male non-postgraduate students are sufficient conditions for high scores of customer loyalty. However, Solution A4, ~young + female + student + pg ≤ customer loyalty, has a unique coverage of .07, and a consistency of .83, indicating that older female postgraduate students are sufficient conditions for high scores of customer loyalty. For the reputation outcome, Table 4 presents three solutions with overall solution coverage of .26 and a solution consistency of .85. Solution B1, for example, ~young + student ≤ reputation, has a unique coverage of .11, and a consistency of .89, indicating that older students predict higher scores of reputation.

Results from Table 5 support Proposition 2: the presence of both technical innovation capability and non-technical innovation capability modifies the effect of complex demographics on loyalty and reputation. Table 5 suggests that for customer loyalty, the modification effect of innovation capabilities on the influences of complex configurations of demographics is substantial. In total, Table 5 presents 9 solutions with an overall solution coverage of 86% (much higher than the 19% in Table 4) and an overall consistency of .79. The first solution, C1, for example, indicates that young females with non-technical innovation capability predict high scores of customer loyalty, whereas Solution C9...
Table 6
Configurations of demographics via innovation capacities predicting high scores in customer loyalty.

<table>
<thead>
<tr>
<th>Model/Solutions</th>
<th>Loyalty as an outcome</th>
<th>Raw coverage</th>
<th>Unique Coverage</th>
<th>Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>nticap + young + female</td>
<td>0.466</td>
<td>0.050</td>
<td>0.827</td>
</tr>
<tr>
<td>C2</td>
<td>ticap + young + student</td>
<td>0.560</td>
<td>0.008</td>
<td>0.894</td>
</tr>
<tr>
<td>C3</td>
<td>young + female + student</td>
<td>0.443</td>
<td>0.024</td>
<td>0.753</td>
</tr>
<tr>
<td>C4</td>
<td>ticap + young + pg</td>
<td>0.445</td>
<td>0.039</td>
<td>0.878</td>
</tr>
<tr>
<td>C5</td>
<td>nticap + ticap + female + pg</td>
<td>0.124</td>
<td>0.025</td>
<td>0.885</td>
</tr>
<tr>
<td>C6</td>
<td>nticap + ticap + female + student</td>
<td>0.184</td>
<td>0.011</td>
<td>0.908</td>
</tr>
<tr>
<td>C7</td>
<td>nticap + young + student + pg</td>
<td>0.181</td>
<td>0.006</td>
<td>0.834</td>
</tr>
<tr>
<td>C8</td>
<td>ticap + female + student + pg</td>
<td>0.140</td>
<td>0.004</td>
<td>0.855</td>
</tr>
<tr>
<td>C9</td>
<td>nticap + ticap + student + pg</td>
<td>0.340</td>
<td>0.021</td>
<td>0.903</td>
</tr>
</tbody>
</table>

Solution coverage: 0.868
Solution consistency: 0.794

Table 5
Configurations of demographics via innovation capacities predicting loyalty and reputation.

<table>
<thead>
<tr>
<th>Model/Solutions</th>
<th>Loyalty as an outcome</th>
<th>Raw coverage</th>
<th>Unique Coverage</th>
<th>Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>nticap + young + female</td>
<td>0.466</td>
<td>0.050</td>
<td>0.827</td>
</tr>
<tr>
<td>C2</td>
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<td>0.008</td>
<td>0.894</td>
</tr>
<tr>
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<td>0.443</td>
<td>0.024</td>
<td>0.753</td>
</tr>
<tr>
<td>C4</td>
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<td>0.039</td>
<td>0.878</td>
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<td>C5</td>
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<td>0.124</td>
<td>0.025</td>
<td>0.885</td>
</tr>
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<td>C6</td>
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<td>0.908</td>
</tr>
<tr>
<td>C7</td>
<td>nticap + young + student + pg</td>
<td>0.181</td>
<td>0.006</td>
<td>0.834</td>
</tr>
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<td>ticap + female + student + pg</td>
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<td>0.004</td>
<td>0.855</td>
</tr>
<tr>
<td>C9</td>
<td>nticap + ticap + student + pg</td>
<td>0.340</td>
<td>0.021</td>
<td>0.903</td>
</tr>
</tbody>
</table>

Solution coverage: 0.868
Solution consistency: 0.794

indicates that postgraduate students with both non-technical innovation capabilities and technical innovation capabilities predict high scores in customer loyalty.

For reputation as outcome, Table 5 suggests 10 solutions with an overall coverage of .90, and a consistency of .79. The table includes five solutions that are the same as the customer loyalty outcome: C3 = D4, C4 = D5, C5 = D7, C6 = D8, C9 = D9. However, these results allow noticing the differences in solutions between C1 and D2. Solution C1 indicates that younger females with high scores in non-technical innovation capabilities score high in customer loyalty, whereas D2 indicates that younger females with high scores in technical innovation capabilities score high in reputation. Also noticeable is that in Table 5, solution C2 indicates that younger students with high scores in technical innovation capabilities score high in customer loyalty, whereas solution D3 indicates that younger students with higher scores in non-technical innovation capabilities score high in reputation.

The results in Table 6 support Proposition 3: the presence of both affective customer experience and intellectual customer experience

Table 6
Configurations of demographics via customer experiences predicting loyalty and reputation.

<table>
<thead>
<tr>
<th>Model/Solutions</th>
<th>Loyalty as an outcome</th>
<th>Raw coverage</th>
<th>Unique Coverage</th>
<th>Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>inexp + young + female</td>
<td>0.500</td>
<td>0.064</td>
<td>0.820</td>
</tr>
<tr>
<td>E2</td>
<td>inexp + efexp + young + pg</td>
<td>0.165</td>
<td>0.013</td>
<td>0.887</td>
</tr>
<tr>
<td>E3</td>
<td>inexp + female + student + pg</td>
<td>0.064</td>
<td>0.008</td>
<td>0.923</td>
</tr>
<tr>
<td>E4</td>
<td>inexp + efexp + young + pg</td>
<td>0.159</td>
<td>0.022</td>
<td>0.858</td>
</tr>
<tr>
<td>E5</td>
<td>inexp + efexp + student + pg</td>
<td>0.132</td>
<td>0.002</td>
<td>0.876</td>
</tr>
<tr>
<td>E6</td>
<td>efexp + young + female + pg</td>
<td>0.175</td>
<td>0.015</td>
<td>0.809</td>
</tr>
<tr>
<td>E7</td>
<td>efexp + female + student</td>
<td>0.140</td>
<td>0.014</td>
<td>0.876</td>
</tr>
<tr>
<td>E8</td>
<td>efexp + female + student + pg</td>
<td>0.181</td>
<td>0.013</td>
<td>0.841</td>
</tr>
<tr>
<td>E9</td>
<td>efexp + efexp + female + student + pg</td>
<td>0.066</td>
<td>0.006</td>
<td>0.844</td>
</tr>
<tr>
<td>E10</td>
<td>efexp + young + student + pg</td>
<td>0.127</td>
<td>0.002</td>
<td>0.857</td>
</tr>
<tr>
<td>E11</td>
<td>inexp + efexp + young + student</td>
<td>0.192</td>
<td>0.000</td>
<td>0.868</td>
</tr>
<tr>
<td>E12</td>
<td>inexp + young + student + pg</td>
<td>0.159</td>
<td>0.003</td>
<td>0.855</td>
</tr>
<tr>
<td>E13</td>
<td>efexp + young + student + pg</td>
<td>0.279</td>
<td>0.011</td>
<td>0.853</td>
</tr>
</tbody>
</table>

Solution coverage: 0.809
Solution consistency: 0.802

<table>
<thead>
<tr>
<th>Model/Solutions</th>
<th>Reputation as an outcome</th>
<th>Raw coverage</th>
<th>Unique Coverage</th>
<th>Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>inexp + efexp + young</td>
<td>0.422</td>
<td>0.031</td>
<td>0.872</td>
</tr>
<tr>
<td>F2</td>
<td>inexp + efexp + young + student</td>
<td>0.366</td>
<td>0.012</td>
<td>0.829</td>
</tr>
<tr>
<td>F3</td>
<td>inexp + young + female</td>
<td>0.513</td>
<td>0.037</td>
<td>0.832</td>
</tr>
<tr>
<td>F4</td>
<td>young + student + pg</td>
<td>0.431</td>
<td>0.049</td>
<td>0.771</td>
</tr>
<tr>
<td>F5</td>
<td>inexp + female + student + pg</td>
<td>0.065</td>
<td>0.007</td>
<td>0.927</td>
</tr>
<tr>
<td>F6</td>
<td>inexp + efexp + student + pg</td>
<td>0.131</td>
<td>0.002</td>
<td>0.854</td>
</tr>
<tr>
<td>F7</td>
<td>efexp + young + female + pg</td>
<td>0.181</td>
<td>0.017</td>
<td>0.827</td>
</tr>
<tr>
<td>F8</td>
<td>inexp + efexp + female + student</td>
<td>0.147</td>
<td>0.015</td>
<td>0.907</td>
</tr>
<tr>
<td>F9</td>
<td>efexp + young + female + pg</td>
<td>0.196</td>
<td>0.004</td>
<td>0.842</td>
</tr>
<tr>
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<td>efexp + female + student + pg</td>
<td>0.180</td>
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<td>0.828</td>
</tr>
<tr>
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<td>inexp + efexp + female + student + pg</td>
<td>0.065</td>
<td>0.005</td>
<td>0.832</td>
</tr>
</tbody>
</table>

Solution coverage: 0.869
Solution consistency: 0.781
This study contributes to the academic and managerial literature in different ways. First, this article pushes the current boundaries of innovation capability and marketing research, consolidating and integrating previous research on these two important topics. Second, this study demonstrates how strategic marketing influences firm performance, testing both direct and indirect relationships between constructs that the literature has not tested before. Previous research studies that link the innovation capability of a firm with marketing have focused on the firm’s viewpoint and have ignored its implications from the consumers’ perspective.

Concerning the methodology of this study, this research is one of the first to examine the configurational analysis drawing from individual-level data. According to scholars (Leischnig & Kasper-Brauer, 2015; Pappas et al., 2016), the application of complexity theory in individual level phenomena may be suitable for theory building. This article reports predictive validity as well as fit validity. Following other authors’ recommendations (Gunawan & Huang, 2015; Leischnig & Kasper-Brauer, 2015; Ordanini et al., 2013; Pappas et al., 2016; Woodside, 2014; Wu et al., 2014), this research also employs CFA and fsQCA analysis to stress interdependencies and interconnected causal structures between the research constructs (Woodside, 2014).

In the future, researchers may use different marketing assets and market-based resources, and review the mentioned linkages from different theoretical viewpoints, such as game theory. Managers can also use this study’s findings to identify the strengths and weaknesses of their current innovation capability. The current article also highlights the importance of innovation as a tool for achieving customer loyalty and firm reputation, both critical objectives for every company. However, this study also suffers from certain limitations. For example, although the data comes from high-end retail stores in a developed market, the focus of international brands today is on developing markets. Future researchers may conduct the same study in developing markets, but the findings may be different and they may require the introduction of new constructs.
References


