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<tr>
<th>Pitcher’s Name</th>
<th>Marisol Escobar (UQ Summer Research Scholar)</th>
<th>FoR category</th>
<th>Brand Marketing</th>
<th>Date Completed</th>
<th>13/1/2017</th>
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<tbody>
<tr>
<td>(B) Basic Research Question</td>
<td>What is the role of perceived quality in the relationship between brand innovativeness and brand loyalty?</td>
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<td>(D) Motivation/Puzzle</td>
<td>Many of the top world’s brand invest billions of dollars to project themselves as innovative. So, how do these efforts aimed at projecting innovativeness affect the consumers? Extent research on innovation does not answer this important question satisfactorily; it is unclear just how innovativeness affects consumer loyalty. Marketing authors from many different theoretical perspectives have come across with conflicting results. While some researchers found a direct relationship between innovativeness and consumer commitment towards the brand, others imply an indirect relationship mediated by factors such as consumer involvement or satisfaction. Therefore, it is necessary to put forward a clear theoretical illustration of brand innovativeness and brand loyalty, and further explore the relationship.</td>
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<td>THREE</td>
<td>Three core aspects of any empirical research project i.e. the “I狄Ts” guide</td>
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<td>(E) Idea?</td>
<td>This paper reconciles contradictory findings in the literature by uncovering a different route through which consumers’ perception of brand innovativeness affects a key brand performance metric: brand loyalty. Using signaling theory as a framework, the study aims to demonstrate the role of perceived quality in the innovativeness-loyalty relationship. Perceived quality is a key component of consumer-based brand equity and a necessary condition for a firm to realize a competitive advantage. Hence, the hypothesis of this research is that perceived quality mediates the positive relationship between brand innovativeness and brand loyalty.</td>
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<td>(F) Data?</td>
<td>The research setting will be at a major business and shopping precinct in the central business district of a metropolitan city. Two empirical studies will be conducted using homogenous consumer samples and data will be collected via mall intercept surveys. The model will be tested for three global consumer electronic brands (Sony/LG/Samsung) across two product categories (plasma televisions and cellphones). The first study, with a target number of 325 to 375 consumers, aims to test the nature of the mediating role for perceived quality in the aforementioned relationship. Participants will be randomly approached and asked to complete a survey booklet which contains consumers’ brand awareness, perceived quality and brand loyalty measures as well as demographic</td>
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data. Additionally, a small incentive will be offered to improve the response rate. On the other hand, the purpose of the second study is to provide additional support for the results expected by the first one; around 700 consumers will be participating. The measures, brands and procedures will be identical to the first study except that the model will only be tested for one product category and a more realistic scenario will be approached. Data will be collected over a two-week period.

### (G) Tools?

- For the collection of data, different versions of a survey booklet based on a 2 (product category) x 3 (brand) mixed design will be used. The measurement of the key constructs will be approached with multi-item scales validated in previous research.
- The reliability and validity of the multi-item scales will be examined with the confirmatory factor analysis (CFA) using the software Mplus 7.
- Post-processing of data will be done using a structural equation modeling to evaluate the hypothesis proposed. It is expected to test two models: model 1 for partial mediation and model 2 for full mediation. Both models will be evaluated using maximum likelihood estimation with robust standard errors in Mplus 7.

### TWO key questions

### (H) What’s New?

This study challenges current thinking by applying signaling theory to identify and validate an important yet untested key mediator in the relationship between brand innovativeness and brand loyalty; that is, empirically examining the role of perceived quality.

### (I) So What?

By successfully exploring the relationship between brand innovativeness, perceived quality and brand loyalty, this research will mainly help product managers in their brand management and promotion of products. With the findings of this study, managers will have a guide in relation to how consumers’ perceptions of a brand’s innovativeness affect their intentions to stay loyal to a brand and about the role that perceived quality plays in transmitting the full impact of innovativeness onto this variable. Furthermore, the research will also have implications for firms investing significant resources in R&D with a view to differentiate their offerings in the marketplace and advertising to influence consumer perceptions of innovativeness of their brands.

### ONE bottom line

### (J) Contribution?

The principal contribution of this paper is to the body of knowledge on innovation. It extends innovation theory by exploring consumer-level consequences of innovativeness, and in doing so, it partially resolves the inconsistency of previous finding. Moreover, the study fills an important knowledge gap in the branding literature by deepening the understanding of the relationship between brand innovativeness and brand loyalty. Lastly, the present research also makes a methodological contribution by measuring innovativeness from the consumer perspective as recommended in the literature, whereas the majority of previous studies have relied on managers’ ratings to measure the construct.

### (K) 3 Key findings

- Brand innovativeness serves as a signal and conveys quality-related information.
- Consumer perceptions of innovativeness positively influence their quality perceptions.
- Consumer perceptions of quality fully mediate the impact of brand innovativeness on brand loyalty.