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INVESTIGATING THE RELATIONSHIP BETWEEN CONSUMER INNOVATION AND NEW PRODUCT ACCEPTANCE

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ABSTRACT

The present study was conducted to "investigate the relationship between consumer innovation on new product acceptance and the moderating role of specialized marketing capability among chain customers of Tehran city". The current applied study is a correlation type in terms of its nature and method. The statistical population consists of customers of chain stores in Tehran whose number was considered indefinitely. A sample of 387 people was randomly selected and a questionnaire was used to collect data. Descriptive and inferential statistics and structural equations were used for data analysis. The results of data analysis showed that there is a significant relationship between the consumer innovation and its dimensions (intrinsic innovation, replacement innovation and environment-specific innovation) and product acceptance with the moderating role of specialized marketing capability and the moderating power of specialized marketing capability is much more at higher levels.

Keywords: Product Acceptance, Specialized Marketing Capability, Consumer Innovation

INTRODUCTION

The role of new products and creating a competitive situation is an issue of importance that can lead to success in case of having a consumer market for them and being accepted in the society. Ave and Andriks (2000) consider the acceptance stage as one of the most important steps in the process of disseminating innovations, and believe that this is the longest and at the same time, the most sensitive stage of acceptance and diffusion of innovation.

Based on studies conducted, there are several factors that each plays a role in accepting a new product. An importer believes that the newly-selected product is more profitable than other products and will apply its opinion to increase the sales of new products with marketing and management resources. The new product acceptance will create a desired opportunity for importers to obtain a significant share of the market to reach a high level of sales (Azimi, 2016: 2). The development and acceptance of a new product contributes to the advancements in technology, products and service processes, which, in turn, includes the definitive participation of customers and other components of business organizations.

Companies believe that the continuous introduction of new products is an important aspect of their business that helps them to attract more demand and maintain their competitive position in the marketplace. In order to create new markets and change the dynamics of value in a competitive market, Companies mostly need to develop truly new products instead of

incremental products. New products are essential for the growth and profitability of companies and also for providing their competitive advantages and will help companies in the battle of strategic position (Khosravi, 2016: 99). Many companies believe that the frequent introduction of new products plays an important role in their business and helps them in attracting more demand and preserving a competitive position in the market. In spite of the continuous development of product design and marketing, many products fail (Srinivasan et al., 2009). In 1962, Rogers represented a model about the classifications of the new products' acceptors and based on that, categorized the acceptors into five main categories. He claimed that accepting a new product depends on the perception of the acceptor about the relative superiority of that product in comparison with other products (relative advantage), the rate of compliance with the individual's present values, previous experiences and social requirements of the acceptor (adaptability), the perceived ease and the use of new product (complexity).

Additionally, if the probable acceptor has the opportunity to test the new product before the final purchase (testability) and the implications of innovation is conceivable for others (visibility), then the likelihood of accepting that product will increase (Heidarzadeh, et al., 2015).

There are several factors involved in the process of accepting the product by the customer:

- Customer's mental attitude of the product: The tendency for giving a favorable or unfavorable response to the product
- Customer's mental image of the product: defines a set of beliefs, ideas and the visualization a person has about an object
- Nationalism: A common willingness among people to consider their own group as the center of the world (Heidarzadeh, et al., 2015: 217).

In marketing, innovation is referred to anything like a brand, product, idea, service, technology, activity and process that are considered new and modern from the viewpoint of present members in a social system. Innovation of a product of a new and innovative solution for the current situations and desires and fulfills the hidden and obvious needs and demands of customers and shareholders (Ebrahimi et al., 2018b).

Innovation and accepting the innovation by consumers are essential to preserve the progress of the majority of organizations. If the cash flow is the vital force of a commercial organization, innovation is a way for organizational renewal to compete more successfully in the demand market. The development and acceptance of innovative products focus on improving the strategic position and the ability to present the organization's products through guidance and creativity (Ghaseminejad, et al., 2012:2).

Previous researches indicate that consumer innovation significantly affects the acceptance of consumers and new products. Nevertheless, the definition and assessment of consumer innovation is socially inadequate. There are various criteria for measuring consumer innovation and these criteria are often divided into three categories as follows:

- Consumer's intrinsic innovation: The level to which a person accepts a new product without the impact of other people's purchasing experience.
- Vicarious Innovation: The process of introducing a new product through mass media and oral informing is called vicarious innovation.
- Environmental-specific innovation: the tendency to learn about acceptance of product innovation (new products) in a specific environment (Goldsmith & Hofacker, 1991)



Managers establish profitable organizations with the aim of maximizing their long-term performance. Differentiation, cost leadership and territory strategies can improve the performance of the organization. Several research findings show that marketing capability was a suitable instrument for using product market strategy and leads to better market performance (Hajipour et al., 2012: 55). Marketing capabilities is considered as an integrated process in which companies take advantage of tangible and intangible resources to understand the complexity of customers' specific needs, reach a relative differentiation of product for competitive superiority and ultimately to achieve an appropriate brand quality. Marketing capabilities represents the specific capabilities of a company in identifying target markets, strategies and blends of developing markets that results in preserving that relationships with loyal customers (Feyz et al., 2012: 139). In the new world, companies are able to gain competitive advantage based on how much they care about marketing.

Marketing is one of the most basic elements of gaining competitive advantage and profitability in companies and they should try to have a high marketing capability to offer their products to the market faster and provide better service to their customers compared to their competitors (Nopasand et al. 2016: 97).

The success of introducing new products in the marketplace is an important topic of specialized marketing capability programs. In this regard, marketers ask consumers to search for novelty, buy from new places (chain stores), find new ways of purchasing and buy new products and even learn new lifestyles. Some consumers are more open towards accepting new products and others prefer the current and well-known products and behaviors rather than new products and behaviors. Innovative consumers should be considered first for the success of new products because using these consumers makes others use this product. Another point to be noted is that marketing tactics affect the process of accepting new products. It is necessary to examine acceptance in various situations of consumption in order to understand more about the acceptance of new products (Agha Zadeh, et al., 2015: 128). According to the articles provided, this research seeks to answer the following question that asks "whether consumer innovation has a significant effect on the acceptance of new products with the moderating role of specialized marketing capabilities among the chain customers of Tehran city?"



THEORETICAL FRAMEWORK AND HYPOTHESES

The conceptual framework is a conceptual model based on theoretical relations between factors and variables that affect the subject of research. In this research, product acceptance, consumer innovation and specialized marketing are respectively examined as the dependent variable, independent variable and the moderator variable.

The acceptance of new products and creating a competitive environment is of great importance that can lead to prosperity in case of having a market of consumption and their acceptance in the society. Three dimensions of 1) The customer's mental attitude towards the product 2) Customer's mental image 3) Nationalism are used in this research to assess the customers' level of product acceptance.

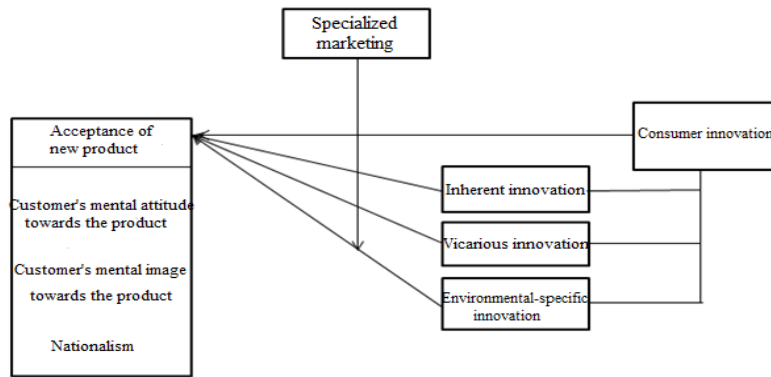


Figure 1. Conceptual model

Independent variable: consumer innovation, originated from Goldsmith and Hofacker (1991)
 Dependent variable: acceptance of new product; Adopted from research literature
 Moderator Variable: specialized marketing; derived from the model of Martelo et al. (2013)
 The following main hypothesis presented in accordance with the model:

Main research hypothesis:

Consumer innovation has a significant effect on the acceptance of the new product with the moderating role of specialized marketing capability in chain stores of Tehran.

RESEARCH METHODOLOGY

This is an applied research in terms of purpose and is a correlation type in terms of its nature and method. It's an applied research because its results are utilized in Tehran chain stores. The customers of Tehran chain stores are the statistical population of this research whose number was considered indefinitely in 2017. In this research, 387 samples were determined using stratified random sampling method and through quota method which is proportional to the share of each branch. Likert grading scale was used in the research questionnaire which has the following options "I totally agree, agree, partly agree, disagree, and I totally disagree". Table (1) shows the number of items and questions of the research's relevant variables.

Table 1. Dimensions of the research main questions and the number of questions related to the research questionnaires

The variable under study	Dimensions studied	Number of questions	The number of items in each component
Consumer innovation	Inherent innovation	1-4	4
	Replacement innovation	5-8	4
	Environment-specific innovation	9-12	4
Product acceptance	Customer's mental attitude	1-3	3
	Customer's mental image	4-6	3
	Nationalism	7-9	3
Specialized marketing	Customer Orientation	1-4	4
	Challenger circuit	5-8	4
	Coordination between duties	9-12	4

In this research, the construct validity with the aid of confirmatory factor analysis was used in this research to determine the validity of the questionnaire which showed the confirmed validation results of questionnaires' items. Also, the CR coefficient was used to examine and verify the reliability of questionnaire tools in which values of more than 0.7 for all variables (Ebrahimi and Mirbargkar, 2017; Ebrahimi et al., 2018a) implied the reliability verification of the research questionnaire.

FINDINGS

Of 338 respondents, 125 individuals (37.0%) were male and 213 (63%) were female and from 338 respondents, 152 (45%) were single and 186 (55%) were married. 27 people (8.0%) had diplomas, 50 people (14.8%) Associate Degree, 193 people (57.1%) had bachelor's degree, 56 people (16.6%) masters and 12 people (3.6%) had PhDs. 52 people (15.4%) were less than 30 years old, 135 people (39.9%) were at around the age of 31 to 40 years old, 100 people (29.6%) were 41-50 years old and 51 people (15.1%) were in their fifties and older.

Main hypothesis test:

The Consumer innovation has a significant effect on the acceptance of the new product with the moderating role of specialized marketing capabilities in chain stores of Tehran.

H₀: Consumer innovation has no significant effect on the acceptance of new product with the moderating role of specialized marketing capabilities in chain stores of Tehran.

H₁: Consumer innovation has a significant effect on the acceptance of new product with the moderating role of specialized marketing capability in the chain stores of Tehran.

Data were categorized in two levels of specialized marketing; at lower levels (3 and less than 3 data) at high levels (data greater than 3) in order to investigate the moderating role of specialized marketing. According to the calculations conducted on 338 data, 116 data were placed at a low specialized marketing level and 222 data were located at a high specialized marketing level. A structural model was implemented in two phases of specialized marketing at low (Figure 2) and high levels (Figure 3) to test these hypothesis (investigating the moderating role of specialized marketing) and the difference in path coefficients was examined.

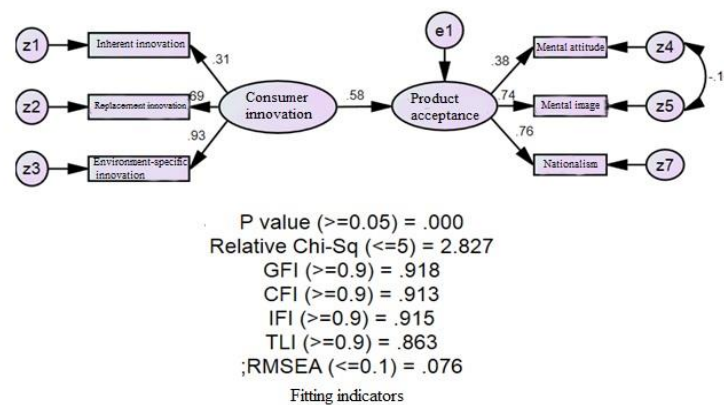


Figure 2. Structural Equation Model of the main hypothesis - at low level specialized marketing phase

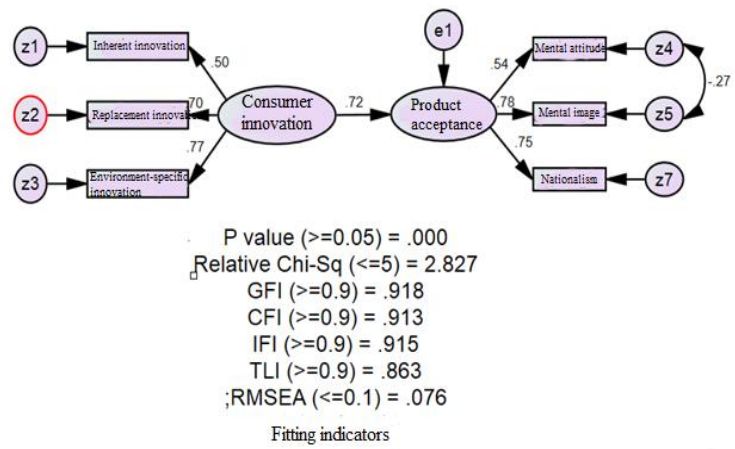


Figure 3. Structural Equation Model of the main hypothesis ~ at high level specialized marketing phase

Table 2. General fitting indicators of the structural equation model analysis for the main hypothesis

Variable	P	CMIN/DF	GFI	IFI	TLI	CFI	RMSEA
hypothesis	0.000	2.82	0.91	0.91	0.86	0.91	0.86
Appropriate level	>0.005	<5	>0.90	>0.90	>0.90	>0.90	<0.1
Result	Inappropriate	appropriate	appropriate	appropriate	Inappropriate	appropriate	appropriate

Table 3. the difference of Parameters in investigating the moderating role of specialized marketing at low and high levels in relation to consumer innovation and product acceptance

Path	Path coefficient		The difference of critical ratio	The significance level	The moderating role of specialized marketing capabilities
	Specialized marketing capability at low levels	Specialized marketing capability at high levels			
Consumer innovation ~ product acceptance	0.58	0.72	2.68	0.007	Approved

In case of the existence of specialized marketing at low levels, consumer innovation affects product acceptance with an impact factor of 0.58 and on the other hand, the impact factor of consumer innovation on product acceptance is about 0.72 for high levels of specialized marketing and since the value of the fundamental ratio for the difference between these two parameters is 2.68 which is greater than 1.96, so the difference between these two parameters is significant at 95% confidence level. The significance level is 0.007, which is smaller than 0.05, so the main hypothesis of the research is confirmed and consumer innovation has a significant effect on the new product acceptance with the moderating role of specialized marketing capability in chain stores of Tehran.

Table 4. investigating the overall effect by considering the moderating role of specialized marketing in relation to consumer innovation and product acceptance

Path	Direct effect		Indirect effect		The overall effect	
	Low level	High level	Low level	High level	Low level	High level
Consumer innovation-product acceptance	0.58	0.72	-	-	0.58	0.72
The overall effect: Direct effect+ Indirect effect					0.58	0.72
The overall effect of moderating role of specialized marketing at high level-the overall effect of moderating role of specialized marketing at low level					0.14-0.58	0.72

In accordance with Table (4), the overall moderator effect in specialized marketing is 0.58 at low level and 0.72 at high level. Therefore, the impact of specialized marketing moderator with a difference of 0.14 is much more at the high level. Therefore, the moderating impact of specialized marketing at high level is stronger than the moderating impact of specialized marketing at low level.

CONCLUSION

Investigating the relationship between consumer innovation and product acceptance with the moderating role of specialized marketing capabilities among chain customers of Tehran city was the objective of this study. The results of this study revealed that: there is a significant relationship between the consumer innovation and its dimensions (intrinsic innovation, replacement innovation and environment-specific innovation) and the acceptance of product with the moderating role of specialized marketing capability.

The past definitions and evaluations of consumer innovation indicate the lack of consensus in empirical research. Providing more scientific support in understanding the matter that consumer's intrinsic innovation has a good performance in measuring and predicting the consumer's acceptance behavior is the starting point for this research. The results of the moderator variable (specialized marketing capability) show that consumer innovation affects product acceptance and this effect is even more in the level of marketing capability at high level. Innovation and acceptance of new products play an important role in the development and profitability of companies, and managers consider marketing as the main aim of their business in order to succeed in selling and accepting new products. In terms of management, marketers and market researchers need to understand the point that there is no specific standard to measure the level of consumers' willingness in accepting products. Researches show that consumer innovation dramatically affects the acceptance of new products by the consumers. The consumer's desire for innovation and its impact on product acceptance is a new matter in identifying new markets for producing such products. Studies show that intrinsic innovation of the consumer, in its best situation, has a fairly good relationship with the acceptance of a new product while environment-specific innovation and replacement innovation play an important role in accepting a new product. There is a significant relationship between vicarious innovation including advertising, modeling and terminology and the acceptance of a new product. On the other hand, for marketers, consumer innovators are an important part of the market and the income received through new products that were accepted by consumer innovators plays an essential role for many companies. Companies believe that the continuous introduction and



marketing of a new product is an important aspect of their business which helps them in absorbing more demand and preserving a competitive position in the market.

Rapid changes in various technological areas, as well as the demands and needs of customers have highlighted the necessity of understanding the new assumptions of the product's development and acceptance. Correct decision making in product development in today's complex business environment can have a significant impact on the process of success.

For this purpose, marketing is known as one of the strong techniques that can help managers in making this decision. New products are like a window of opportunities opened to organizations and at the same time are associated with significant risks. Nowadays, because of the rapid growth of products and the competitiveness of the public market the marketing of products and services has grown dramatically which can affect the acceptance of new products. Population growth and diversification of needs are among the factors that encourage organizations to achieve new products and goods. Since companies are looking for a way of survival in today's society, they should always pursue the development and acceptance of the product to preserve their continuity. For marketers, consumers who try new products (consumer innovators) are an important part of the market and the income received through new products that were accepted by consumer innovators plays an essential role for many companies. Extending the conceptual framework used in this research through adding some intervening factors such as personality characteristics of consumers and some features of new products, etc. is recommended for future researches. Future researchers can also use other valid measures to assess the variables of the research, as well as applying available categorizations for personality traits and also, styles of buying decision.

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