The Mediating Effects of Customer Equity Drivers on the Relationship between Perceived Brand Innovativeness and Customer Engagement

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Abstract

Many researches have emphasized on the strategic outcomes of firms' innovativeness and the importance of the association between innovativeness of firms, external environmental factors, and organizational performance. However, in the literature less stress was put on the branding theory level and the ways brand innovativeness may reinforce the company's marketing capabilities and performance specifically the customer relationship management capabilities. In an attempt to address this research gap, this paper investigates how brand innovativeness (especially product innovativeness) affects the customer equity drivers brand equity and relationship equity and how these relationships may contribute to generating drivers of Customer Engagement. Using regression analysis and mediation analysis with AMOS, we found that there is a positive relationship between perceived brand innovativeness and customer engagement willingness and relationship equity acts as a significant mediator in that relationship. The present paper fills a knowledge gap in the customer engagement literature and deepens our understanding of the relationship between perceived brand innovativeness and customer engagement willingness by empirically examining and determining the role of two customer equity drivers as intervening variables: customer-based brand equity and relationship equity.

Keywords: brand innovativeness, brand equity, relationship equity, customer engagement

1. Introduction

Today's companies are operating in a globalized and highly competitive environment. Marketers are constantly planning and deciding on ways to efficiently captivate customers who are now well informed and can easily compare several similar product offerings that all can satisfy their needs. To become a particular magnet for clients and prospects, companies develop strategies aiming at improving the relationships with their customers (customer relationship management strategies). All, in order to build and maintain sustainable relationships with the customers and seek more connection and deeper levels of online as well as offline engagement. Customer engagement (CE), on one hand, is considered as an expanded domain of relationship marketing (Brodie et al., 2011) and the ultimate aim of customer relationship management is to produce high customer equity (Rust et. al, 2004), a concept that brings together customer value management, brand management, and relationship management (Vogel, Evanschitzky, & Ramaseshan, 2008). On the other hand, a company and/or brand's capacity for innovation is often considered as a vital source of strategic change by which it generates positive outcomes that constitute the main drivers of customer equity. To date, no study has examined the linkages among brand innovativeness and customer equity in an integrated manner and how they interact to influence customer engagement. Research has mainly emphasized on the relationship between customer loyalty and customer equity (Zhang et al, 2010), between customer relationship marketing and customer equity (Raimondo et al., 2008), between customer engagement, customer loyalty, trust and other antecedents of Customer Engagement such as brand attachment and recently, the relationship between brand innovativeness and brand loyalty (Pappu et al., 2016). Little is known about how the relationship between brand innovativeness (especially the degree of product innovativeness) and customer equity may affect Customer Engagement (CE). Does the capability of a brand to create and deliver value by introducing a variety of new and innovative products affect customer-based brand equity and relationship equity? Do these relationships in turn, affect the propensity of the customers to engage with a brand or a company? This paper suggests that brand innovativeness could be better analyzed through its direct effects on the value positioning aspect of strategic marketing and also on the product and service development aspects of tactical marketing. More extensively, it is worth analyzing the effects of innovativeness on enhanced customer service, improved service experience and appraisal, on the consumer's overall assessment of new products (Cowart et al. 2007), on brand loyalty (Klink & Smith, 2001), but also on behavioral intentions (Midgley and Dowling, 1978) such as customer engagement. The aim of this paper is thus to explore how brand innovativeness (specifically product innovativeness) affects the Customer equity drivers brand equity and relationship equity and how those relationships may contribute to generating antecedents and/or drivers of Customer Engagement. The paper begins with a review of relevant theoretical perspectives on innovativeness and specifically brand and product innovativeness and how it has been related to customer equity and its drivers. In section 2, these concepts are used to design a theoretical model that link brand innovativeness, customer-based brand equity, relationship equity and customer engagement. This model has then been used as the basis of a field research. Section 3 provides the results of the mediation analyses through structural equation modeling and an assessment of the theoretical validity of the proposed model. The final section is dedicated to a discussion on the theoretical and practical implications of the study, the limitations of the research and some suggestions for future research.

2. Research Background

2.1 Firm Innovativeness, Product Innovation and Brand innovativeness

Two major areas have primarily been identified in the studies on innovation: the marketing area and the organizational theory and strategic management area (Subramanian, 1996). In the marketing area, researchers are interested in the individual consumer as a unit of analysis and the causes of its innovative behavior while in the organizational theory and strategic management, researchers use the organization as the unit of analysis and study the organizational characteristics of innovative firms. To measure a firm's innovativeness, innovation diffusion research studies have not only used the time of innovation and processes adoption but also the effect of the adoption on organizational performance (Miles and Snow, 1978). Other studies have assessed innovativeness as a function of "the number of innovations a company offers, how many customers these innovations are offered to, and how strongly these innovations are emphasized (Homburg et al., 2002: 96). Recently, it has been reasoned that innovativeness relates to a firm's capacity to engage in innovation, a specific set of capabilities that drive innovation activity (Walsh et al., 2009) namely the introduction of new processes, products, or ideas in the organization (Hult et al., 2004) and/or to the market (Wang and Ahmed, 2004). Similarly, Salavou (2004) referred to organizational innovativeness as a broad-based measurement of a firm's proclivity to innovate including the way the firm is explicitly involved in product-related innovative activities. The innovativeness of a firm may depend on several factors and the customers play a key role in its perception through the offer. Kunz et al. (2011) considered Perceived Firm Innovativeness (PFI) as "the consumer-centric view of innovation" and conceptualized it as "the consumer's perception of an enduring firm capability that results in novel, creative, and impactful ideas and solutions". A product or a process orientation of firm innovativeness will result in success (product innovation) if the firm undertakes actions valued by the market (Harmsen et al, 2000) since it is the end consumer that ultimately determines the success of an innovation (Kunz et al, 2011).

Some conceptualizations of firm innovativeness from a consumer's perspective (e.g., Henard and Dacin, 2010; Kunz et al., 2011) are similar to our branding perspective of perceived innovativeness; the difference lays on the main statement that consumers' judgment of innovativeness was about firms instead of brands. Consumers may be familiar with firms' brands, however most of them would have trouble identifying the brands with the companies that actually own them (Shams, Alpert and Brown, 2015). Brand innovativeness can provide more precise information, for it would enable to capture the innovativeness level of the brand in general (Shams et al., 2015).

In the present study, we refer to perceived brand innovativeness as the customer's perception of a brand's willingness and capacity to innovate in the value offering, value delivery and value communication process. Since brand innovativeness consists of different dimensions, in this paper we will focus on the product innovativeness dimension from the customers' perspective (Customer Perceived Brand Innovativeness). The product innovativeness concept specifically reflects at the same time the degree of newness to the firm, together with the degree of newness to the customers and uniqueness in the marketplace (Salavou, 2004). We are specifically interested in brands' capacity and/or efforts to innovate in product quality, design, features and packaging, and service as well as in the capacity to convey the value embodied by the offer by informing, persuading and reminding the customers about the brand (Kotler et al, 2009) but most importantly how such efforts are perceived by the customers.

2.2 Innovation and Customer Equity

Management research has shown that innovative firms that are able to use their capacity of innovation to improve their processes and differentiate their offerings with enhanced benefits and value can positively influence their financial result but also their non financial performance (Nasution and Mavondo, 2008; Sriram et. al 2007). For instance, Nasution and Mavondo (2008) suggest that innovation can increase customer value. Today's managers are mainly interested in maximizing customer value and have a tendency to focus on their marketing efforts in order to manage the customer assets. Customer equity management has been proven to be an effective way of maximizing the net present value of both present and future pools of customers (Lemon et al. 2001). Customer equity has been defined as the total combined customer lifetime values (CLV) of all the customers of a firm (Blattberg and Deighton, 1996). Customer lifetime value represents the value of the entire stream of purchases that a customer would make over a lifetime of patronage based on information and assumption about customers' purchasing pattern, probability of future purchase behavior (Lee, 2014). Originally to measure customer equity, research has mainly focused on the identification of specific marketing programs and specific activities of the firm that drive CLV formation such as customer contact, customer prioritization and so forth (Lee, 2014). A different approach to CLV has been suggested as well, focusing on three dimensions and/or drivers of Customer Equity: Value equity, Brand equity and Relationship equity (Rust et al. 2000, 2004; Lemon et al., 2001). Rust et al. (2004) tested the model in the airline industry and found that the above-mentioned drivers are all related with customer equity. Zhang et al (2010) also investigated the relationships between customer equity and its drivers in the sports shoes industry in Korea and China and found that only relationship equity and brand equity had positive effects on customer equity.

Value determination does not only depend on the firm that provides it. It also depends on the perceptions of the customers who evaluate the benefits and costs of its products or services. Value equity is therefore an objective assessment of the utility of an offering based on perception of its benefits relative to its costs. Value Equity is a combination of quality, service, price and convenience. Wind (2005) suggests that innovation is a strategy to create, deliver, sustain, and continuously enhance customer value. When a customer considers a brand as innovative, it may implicitly mean that the customer has an objective assessment towards the offers of that brand. Therefore, value equity may be an essential component of perceived brand innovativeness. For that reason, only the drivers customer based brand equity and relationship equity are taken into account in this paper.

Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service. From the company's side it describes the value of having a well-known brand name. From the customer's side (customer-based brand equity), it is a subjective and intangible assessment of a brand above and beyond its objectively perceived value (Kotler et al, 2009). Customer-based brand equity (CBBE) occurs when the customer has a high level of awareness and familiarity with the brand and holds some strong, favorable and unique brand associations in memory (Keller, 2013).

Relationship equity is usually defined as the customer's tendency to stick with the brand, above and beyond objective and subjective assessments of its worth.

Many researches indicate that innovation specifically product innovation has relationships with each driver of customer equity (Zhang et al., 2011). For instance, Sriram et al. (2007) find that product innovations have a positive effect on brand equity. Bhat and Bowonder (2001) argue that innovation can enhance brand personality and brand reputation. More specifically, Zhang et al. (2013) analyzed the relationships between innovation and customer equity and examined the moderating effects of product category and nationality. However, only the influences of the degree of innovation on value equity, brand equity and the customers' purchase decision were analyzed. To date, research has not specifically focused on the relationships between brand innovativeness, customer-based brand equity, relationship equity and customer engagement.

2.3 Customer Engagement

Customer Engagement (CE) also referred to as Consumer Engagement has recently developed significant interest for business practitioners and consulting firms. Within the academic marketing and service literature, very few academic articles used the terms "consumer engagement," "customer engagement," prior to 2005. Since then, the terms are being increasingly used: 65 articles adopting one or more of these terms were identified in 2010 (Brodie et al. 2011). Customer engagement is a process that goes beyond transactional interactions between a company and its customers. While some authors defined the concept as a psychological state or process (Van Doorn et al., 2010), others rather define it as a behavior, an iterative process and/or a multidimensional concept subject to a context. For instance, the Advertising Research Foundation (2006) behaviorally summarizes Engagement as the impact of marketing/branding communication activities in the hearts and minds of consumers. Vivek et al. (2012) define Consumer Engagement as the intensity of an individual's participation and connection with the organization's offerings and activities initiated by either the customer or the organization. According to Appelbaum (2001), consumer engagement consists of both rational loyalty (includes overall satisfaction, intent to repurchase, and intent to recommend) and emotional attachment. Brodie et al (2011), after an extensive review of literature summarized Customer Engagement as*: "a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value. CE plays a central role in a Nomo logical network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or consequences in iterative CE processes. It is a multidimensional concept subject to a context-and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavioral dimensions".*

General manifestations of customer engagement have been identified through Word Of Mouth (WOM), customer co-creation, and complaining behavior (Bijmolt et al. (2010); customer-to-customer (C2C) interactions and/or blogging activity (Van Doorn et al., 2010). According to the Economist Intelligence Unit in collaboration with Adobe (2007), executives are finding that the winning differentiator is the degree to which a company succeeds in creating an intimate long-term relationship with the customer. How to get their customers engaged and what drives CE have recently become important issues. Previous research has analyzed the relationships between CE and customer satisfaction (Van Doorn et al. 2010) and other relational concepts like trust (Delgado-Ballester, Munuera-Alemán, and Yaguë-Guillén, 2003), emotional attachment (Thomson, MacInnis, and Park, 2005), commitment, involvement and loyalty that act as specific antecedents and/or consequences of engagement. Pappu and Quester (2016) have also examined how consumer perceived brand innovativeness affect consumer brand loyalty through the mediating role of perceived quality and found that perceived quality fully transmits the impact of brand innovativeness on to brand loyalty.

This paper provides an exciting opportunity to advance our knowledge of the drivers of Customer Engagement by analyzing aspects that previous research did not put the stress on; namely the way brand innovativeness may affect Customer Engagement through the intervening variables customer-based brand equity and relationship equity.

3. Hypotheses Development

To win customers for long, many companies try to create emotional connections with their customers by continually creating and delivering superior value through strong brands. This process that leads to high customer equity typically requires innovation. By being innovative, firms can increase customer value; improve brand image and influence customer behavior. Truly innovative products create value for consumers, generate higher margins and strengthen the brand (Zhang et al., 2011). While Eisingerich and Rubera (2010) found that consumer-perceived product innovativeness has a positive direct effect towards the intention to buy, other previous researches indicate an indirect positive relationship between consumer perceived firm innovativeness and excitement towards the firm's brands mediated by factors such as consumer involvement (Henard and Dacin, 2010) or satisfaction (Kunz *et al.*, 2011). Moreover, Pappu and Quester (2013) also demonstrated through an empirical study that consumer perceived brand innovativeness positively affects customer satisfaction.

We believe that the more innovative a company, the more favorable the customers' propensity to be engaged in word-of-mouth activity, value co-creation activities, customer-to-customer (C2C) interactions and/or blogging activity. We therefore hypothesize that:

H1. Perceived brand innovativeness has a positive effect on customer engagement willingness

When a brand provides experiences that satisfy the customers in terms of product quality, features and functionality convenience, they may have a positive feeling and will be more likely to spread positive word of mouth. They are also more likely to increase their purchases and loyalty to that brand. Brand loyalty, as an important dimension of Customer-based brand equity, is usually characterized by repurchase and exclusive intentions (behavioral loyalty), dispositional commitment (attitudinal loyalty) and exclusive considerations like indifference to price differences or changes (cognitive loyalty). If engagement is taken from the perspective of not only buying but also taking actions like making reviews, referring, talking about the brands in social media, perceived innovativeness seems to have a direct effect on brand associations, perception, brand knowledge and brand loyalty. Then the following hypotheses are advanced:

H2.a There is a positive relationship between brand innovativeness and Customer-based brand equity

H2b. CBBE mediates the positive relationship between brand innovativeness and Customer Engagement

Great brand equity may not be enough to make the customer stick with the brand (Lemon et al., 2001). To hold the customers for long, relationship equity is required. It involves the elements that link a customer to a brand or a company (Rust et al., 2000). High perceived relationship equity means that customers will believe that they are well treated and handled with particular care (Zhang et al., 2011) especially if the brand pays particular attention to customer experience and when both the customer's objective and subjective perceived value and/or assessment of the brand are high and the customer tends to stick with the brand, above and beyond objective and subjective assessments of its worth. The following hypothesis is proposed:

H3. Relationship equity mediates the positive relationship between brand innovativeness and CE

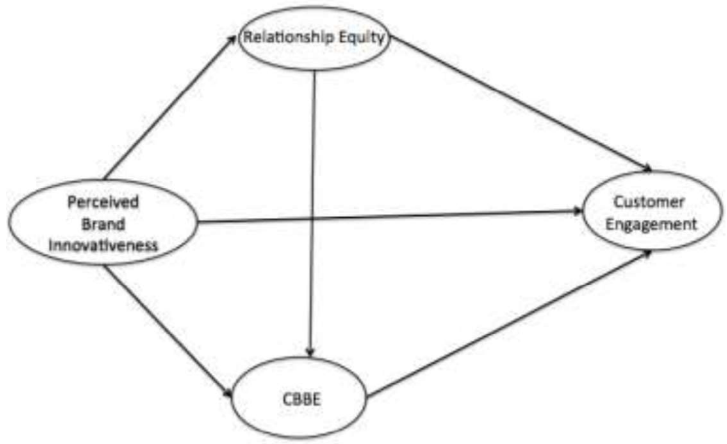

Figure 1: Conceptual Model

4. Methodology

4.1 Data Collection

Data were collected using convenience sampling through online questionnaire survey and a mall-intercept approach in the city of Wuhan (P.R of China). A sample of 250 people was targeted. However, the survey generated a total of 183 complete usable questionnaires. Among the respondents, there were 68.3% male and 31.7% female. Among them (30.1%) are aged between 18 and 25 years, (45.4%) between 26 and 35, 18% between 36 and 45 years, 5.5 % between 46 and 55 years and the remaining 1.1% were 56 or older.

In the first part of the questionnaire, respondents were asked to provide their conceptions of brand innovativeness and evaluate the characteristics they associate with it. They were then asked to identify among 15 brands in the Tech & Telecom industry, the brands they consider as innovative and to rate on a 5-point scale their innovativeness. The brands were selected from the Boston Consulting Group's 50 most innovative companies from 2005 through 2015. A final list of 4 brands was compiled considering their rankings by the respondents and the consistency of the companies as steady innovators over a period of 10 years (from 2005 to 2015). The industry was selected thanks to the availability of the brands to the consumers and its relevance to the sample used. The considered brands are: Apple, Google, Microsoft and Samsung. In the second part, respondents were asked to evaluate statements regarding their perceptions and assessment of brands as well as their relationships to brands. In the last part of the questionnaire, respondents were asked to determine the reasons that would guide them to engage in co-ideation, (C2C) interactions, word of mouth (WOM), blogging and co-creation activities with brands in general and to specify to what extent they would engage with the above-mentioned brands if they were given the opportunity to. All the statements were evaluated using 5-point Likert scales with the anchors "strongly disagree" (1) and "strongly agree" (5).

4.2 Measures

We used multi-item scales to measure the constructs. The scales were empirically tested and validated in previous researches. Four items were included for brand innovativeness, six for customer-based brand equity, six for relationship equity and eight for customer engagement willingness. Like Pappu and Quester (2016), to measure perceived brand innovativeness, we sourced the items from prior investigations on product innovativeness (Song and Xie, 2000) and firm innovativeness (Kunz et al, 2011) and adapted them to the brand context (consumer perceptions at the brand level). We also used items adapted from Shams et al. (2015) as well as the customer's evaluation of the brand's new product attributes, new experiences and market offers. Specifically, the following items were included: the capacity of the brand to provide new product attributes and regular changes on an ongoing basis, the capacity to offer new experiences, the capacity of being at the leading edge of technology or to use new process technologies and finally the ability to be a leader in terms of new product introduction.

Customer-based brand equity was measured with brand awareness, brand knowledge, brand associations and brand loyalty based on the overall perception of the brand image adapted from Zhang et al (2011) and using scales developed and validated by Pappu, Quester and Cooksey (2005). All the items were measured using 5-point Likert scales.

Item parcels were constructed for the brand innovativeness and Customer based brand equity (CBBE) constructs. The construction of item parcels involves summing or taking the mean of several items, which measure the same construct.

As for relationship equity, its measures were adapted from the relationship marketing and customer equity researches of Raimondo et al. (2008) and the brand resonance researches of Keller (2013). It was measured with the customer's relationship to the brand as well as the customer's commitment towards the brand.

Customer Engagement was measured based on the respondents' willingness to engage in new products co-creation activities, to spread word of mouth (WOM) and to participate in blogging activities. All the items were measured on a 5-point Likert scale. In total 24 items served as indicator variables in the confirmatory factor analysis.

4.3 Data Analysis

Pearson correlations and Linear regression were first conducted to examine whether there is a relationship between perceived brand innovativeness and customers' willingness to engage in co-creation with specific brands as well as whether perceived brand innovativeness has an impact on customers' willingness to engage in co-creation with those brands. As mentioned above, four brands were tested (Google, Apple, Microsoft, and Samsung).

The overall conceptual model including the intervening variables was tested for reliability and validity assessments using confirmatory factor analysis with SPSS and AMOS. Internal consistency reliability is typically measured by the Cronbach's alpha coefficient in addition to the Composite Reliability (CR) and the Average Variance Extracted (AVE).

Table1: Convergent Validity

Constructs	Cronbach's Alpha	Composite Reliability $CR = \frac{(\sum_{i=1}^{n} \lambda_i)^2}{(\sum_{i=1}^{n} \lambda_i)^2 + (\sum_{i=1}^{n} \delta_i)}$	AVE $\frac{\sum_{i=1}^{n} \lambda_i^2}{n}$	Convergent Validity
BI	.826	.845	.552	Established
CBBE	.885	.888	.571	Established
RE	.895	.889	.605	Established
CE	.894	.892	.512	Established

For all the constructs, the Cronbach's alpha and composite reliability exceeded the suggested cut-off value of 0.70 and average variance extracted (AVE) values exceeded the value of 0.50, supporting reliability and validity. Discriminant validity was investigated and established by comparing the square root of the AVE with the correlations between the variables, which are lower than the square root of the AVE.

The proposed mediation hypotheses were tested via confirmatory factor analysis using structural equations modeling (SEM). Usually, multiple regressions are a common way to test for mediation. However, we decided to use SEM as an alternative because it enables to test more complex mediation models.

We examined the key mediation relationships through bootstrapping and confidence intervals with AMOS in a single model as recommended in the recent literature (Hayes, 2009; 2013) improving on Baron and Kenny's (1986) approach of testing direct and indirect effects in several models (Pappu and Quester, 2016).

5. Research Results

5.1 Results of the correlations and regression analyses

Table 2: correlations and regression weights

	Google	Microsoft	Apple	Samsung
N	183	183	183	183
R-square	.252	.370	.205	.398
Pearson correlations	.502	.609	.452	.631

The R-square is the proportion of variation in the dependent variable (customer engagement willingness) that is explained by the independent variable (perceived brand innovativeness). So, expressed as a percentage, for Google, Microsoft, Apple and Samsung respectively 27.2%, 37%, 20.5% and 39.8% of the variation in customer engagement willingness can be explained by perceived innovativeness. The sig. (or *p-value*) is .000, which is below the .01 level. Hence, we conclude that perceived brand innovativeness has a positive effect on customer engagement willingness.

The Pearson correlations, interpreted like correlation coefficients tell us the strength and direction of the relationships. The results of the correlation analyses revealed a significant and positive relationship between perceived brand innovativeness and customer engagement willingness in co-creation for all the considered brands. For Google ($r = .502, p = .000$), Microsoft ($r = .609, p = .000$), Apple ($r = .452, p = .000$), Samsung ($r = .631, p = .000$). A High level of perceived brand innovativeness corresponds to higher customer engagement willingness.

5.2 Measurement model parameter estimates

Table 3: Unstandardized Regression Weights

	Estimate	S.E.	C.R.	P	Label
RE <--- BI	.964	.090	10.678	***	Significant
CBBE <--- RE	.566	.075	7.572	***	Significant
CBBE <--- BI	.384	.085	4.496	***	Significant
CE <--- RE	.580	.114	5.096	***	Significant
CE <--- BI	.265	.101	2.630	.009*	Significant
CE <--- CBBE	.014	.102	.134	.893	**Not significant**

Note: *Deemed significant at the 0.01 level

Table 4: Model Fit Summary

(X^2)	**df**	**(X^2/df)**	**RMR**	**SRMR**	**GFI**	**CFI**	**TLI**	**RMSEA**
394.7	215	1.836	.043	.049	.856	.943	.927	.068
Sig.	≥ 1	< 3	$< .05$	$< .05$	$> .95$	$> .90$	$>.90$	$< .07$

5.3 Results of the Mediation Analyses

Table 5: Indirect Effects

Parameter	Estimate	Lower	Upper	P
BI→RE→CE	.559	.320	.903	.001
BI→CBBE→CE	.005	-.092	.114	.856

RE mediates the positive relationship between brand innovativeness and customer engagement. The standardized regression weight of the indirect effect is *.559* (*p= 0.001*).

CBBE does not mediate the positive relationship between brand innovativeness and customer engagement. The CBBE-CE relationship is not significant and the standardized regression weight of the indirect effect (*0.005; p= 0.856*) is not significant either.

Hypotheses H1, H2a and H3 were supported while H2b was not supported.

6. Conclusions and Managerial Implications

This paper has attempted to fill the research gap on how brand innovativeness (especially product innovativeness) affects relationship equity and customer-based brand equity and how these relationships may contribute to generating drivers of Customer Engagement. The research results have shown that there is a positive direct impact of brand innovativeness on the willingness to engage with brands in co-creation, word of mouth and/or blogging activities even if the relationship was indicated by relatively low R-squares. The results have also shown that relationship equity acts as a significant mediator in the relationship between brand innovativeness and customer engagement. Even if there is a significant positive relationship between brand innovativeness and CBBE, results have shown that the relationship between CBBE and CE is not significant. Therefore, CBBE does not mediate the effect of brand innovativeness on CE.

Prior researches have focused on the benefits of getting customers involved in new service or product development for the launch of highly innovative and superior new services and the enhancement of market performance but also on the motivations and/or incentives to engage in innovation through co-creation activities. The principal contribution of this research focused on the factors that influence the customer's cognitive, emotional and behavioral attitude towards a brand. In other words, what are the customer-based and company-based factors that may drive customer engagement?

The present study have implications for firms investing considerable resources in R&D with a plan to differentiate their offerings in the market place by using customers' feedback and insights to solve issues or make decisions during specific stages in the NPD or NSD process. It also holds several insights for value management, brand management and collaborative customer relationship management for companies that want to influence consumer perceptions of their brands.

First, our findings reveal that the customer's perceived capacity of a brand to innovate in the value offering and value delivery processes can directly affect its willingness to provide new ideas for a new product, to co-create a new product with a brand, to recommend a new product just after its launch (word-of-mouth intentions), and to perform blogging activities and/or to make reviews about a product. However, this relationship becomes more significant when the customer had already a tendency to stick with the brand, above and beyond objective and subjective assessments of its worth. Relationship equity involves the elements that may link a customer to a brand (recognition and relations with the brand). For example: commitment towards the brand as a community member or customer benefits.

Second, even if the research results indicated a non-significant relationship between customer-based brand equity (CBBE) and customer engagement willingness, the relationship between brand innovativeness and CBBE and the relationship between relationship equity and CBBE were positively significant. This implies that perceived brand innovativeness significantly influence the customer's subjective assessment of a brand. It influences the level of knowledge, awareness, and familiarity with the brand or loyalty to the brand, which may have an effect on the customer's response to the brand's products or services. Brand innovativeness therefore contributes to customer loyalty goals. Perceived brand innovativeness may be a valuable asset which can directly or indirectly influence the equity of a brand and consumer behavior. The literature has provided evidence that CBBE generates tangible and intangible outcomes for the firm in the form of positive word-of-mouth, increased sales, repeat purchase, switching barriers, sustainable competitive advantage, to name a few. Hence, our results should motivate marketing managers to pay more attention to the strategic elements that drive CBBE.

Finally, our findings reveal that to harness the benefits of customer involvement in new product/service innovation, marketing managers should understand the importance of customer value perception and customer equity measurement. Most of the time, companies invest in customer engagement in order to develop innovative products or services ignoring that the effectiveness of their strategies may largely depend on the perceptions the customers have on their brands or the relationships they have with the brands. Designing effective strategies that can engage customers in the value creation process especially new product/service development implies providing valuable, innovative offers to the customers or end users in a first time and maintaining sustainable relationships in a second time. In this respect, it is recommended that managers should invest more to project their brand as innovative. Customers especially consider a brand as an innovative one when the brand is reputed to provide new products and regular changes on an ongoing basis in the value offering and new experiences for the users. However, while investing in the perception of the brand innovativeness, they also should proportionally invest in enhancing customer experience, customer service as well as customer loyalty, trust and commitment. Highly committed customers are those who are most likely to get involved (for the company) and credibly (for their audience) in WOM activities, which attracts new customers and makes a viral effect.

7. Limitations and Future Research

Our study is subject to several limitations. First, the GFI (Goodness of Fit) index that shows how closely the model comes to replicating the observed covariance matrix is *.85* while a cut-off point of *.90* or as high as *.95* is recommended for low factor loadings and small sample sizes.

Second, the restricted number of brands, the limited types of samples that have been used and lack of generalizability due to the sampling method. Research using different service contexts, samples, and stimuli could enhance the generalizability of these results. For examples more brands in different product categories should be studied, the moderators or conditions affecting the relationships between the constructs should be explained (the brand's country of origin, the customer's experience with the brand, the financial and social rewards proposed to the customers etc.) and a complete analysis on whether there are brands with highly engaging product categories that may have greater customer equity and customer involvement especially during specific product development phases.

A further limitation to our study is that the analysis was based on perceptual data and perceptual data can be subject to bias. Research adopting other research designs such as longitudinal designs would enable to measure the variables at different times so that they do not contaminate each other by being gathered simultaneously.

An important direction for future research would be to investigate whether Customer Brand Engagement (CBE) outcomes are always positive for the organization (Hollebeek, 2011); or whether firms that engage in a high degree of co-creation are more innovative in their non co-created product development activities. Another direction for future research would be to analyze how and why different levels of customer experience with a brand shape the customer's evaluation of that brand or shape the specific phases or dimensions of customer brand engagement.

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