

CONSUMERS' PERCEPTIONS OF ONLINE RETAILERS' BRAND INNOVATIVENESS ON CUSTOMER BRAND IDENTIFICATION AND LOYALTY

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Abstract: *The current study examines consumers' perceptions of the local gold and jewellery retailers in Malaysia in terms of business innovation through co-creation and service innovation, as well as the impact on consumer-brand identification and brand loyalty. This study intends to inspect the consumer perceptions of innovativeness and consumer brand identification models, with a particular emphasis on how consumers perceive business innovativeness in terms of co-creation and service innovation. Customers' perceptions of brand innovativeness are assessed in this study using their brand identification and loyalty. Will any business effort in innovativeness be identified and aligned with the customers', and will this make the customers more loyal to a brand name? Based on the findings, significant associations were discovered between customers' co-creation and brand innovativeness, between service innovation and brand innovativeness, between brand innovativeness and consumer-brand identification (CBI), and between CBI and brand loyalty. Because the primary objective of this study is to ascertain the effect of consumers' perceptions of business innovation on brand identification and loyalty, the focus will be narrowly focused on this subject. Due to the rapid pace of change and the availability of new products, the factors that contribute to customer loyalty may no longer be as well understood. This study establishes the framework by incorporating pertinent literature and delves deeply into brand identification, brand loyalty, and brand innovation. The primary objective is to engage in and expand an investigation into understudied Malaysian gold and jewellery traders who communicate with their customers via social media. By viewing brand innovation as an extrinsic information cue, marketers can gain a better understanding of their customers and respond appropriately to their needs.*

Keywords: *Brand Loyalty, Consumer-Brand Identification, Co-creation Innovation, Service Innovation*

Introduction

In a world where consumers expect a variety of new products that not only satisfy their interests but also provide them with a sense of uniqueness, the capacity to innovate goods and services is considered to be one of the most substantial assets of businesses (Park, Lim, & Kim, 2013). According to the findings of the study by Nguyen, Marcoux, and Guihur (2015), innovation can have a statistically significant positive impact on corporate growth. The increasing emphasis placed on business innovation activities is directed at how consumers and business organisations develop and use information towards optimising entrepreneurial capability and creativity. This is to meet the customers' need in facing a continuous challenging market. Innovativeness is a significant factor in knowledge economies because it helps enterprises confront new difficulties, such as globalisation and increasing technical complexities, as well as the effects that these issues have on their goods, services, and business processes. Not only does technological innovation undergo a paradigm shift, but the range of ways in which a company can display its innovative potential, such as through marketing or through its brand innovation, also changes. Additionally, the changes in stakeholder expectations and preferences, as well as new management approaches and managerial procedures, all have an impact on innovation (Park et al., 2013).

When it comes to perceptions of innovativeness, the degree of relationship and contact that an individual has with the organisation's members, as well as their general attitude to innovation, are all important elements that need to be considered. For instance, the amount of information consumers have about a business would assist them in making wise decisions (Stock et al., 2013). Consumer behaviour can be influenced by the use of information cues and perceptual indications, which are regularly shared by business operators or business representatives in order to assist consumers in their decision-making process when shopping (Jamal et al., 2012). In the past, researchers have looked into a variety of information cues that guide consumers in decision making, which includes the business brand name (Dodds et al., 1991), the brand's image (Romaniuk et al., 2012), country of origin (Bulmer & Buchanan-oliver, 2014), advertising (e.g., Barone & Jewell, 2014), or store name/retailer reputation (e.g., Chu & Chu, 1994). The question is how brand innovativeness promotes essential customer behaviours has not been explored in previous research. Due to these considerations, the primary focus of this study is on the impact of consumer perceptions of brand innovativeness through customers' identification with the brand and their brand loyalty.

It is possible that consumers' opinions of brand innovativeness will increase if product releases are frequent and result in distinct brand connotations. For example, when it comes to brand innovativeness, one of the challenges with information sharing is the fact that a firm's activities are publicised through a range of channels, such as the company's annual report, company website, blogs, and newspaper articles (Boisvert & Khan, 2020). A specific manner of communication must be used by marketers to enable consumers who receive the information to decode and interpret the communication. To ensure that consumers are able to understand the information delivered, marketers or business operators should use a medium that allows consumers to adapt easily to new information. Some consumers may have negative judgments or are indifferent to the majority of a company's innovativeness, and that such a perception can

be drastically dissimilar from reality in some instances (Nguyen et al., 2015). Most research on brand innovation and corporate innovation has been conducted on technologically oriented goods, such as vehicles, mobile phones, computers, and others (Kaplan, 2009; Falkenreck & Wagner, 2011). However, more recent research has begun to look at other types of products, such as food and beverages (Lehtonen, 2021). According to the definition provided by the International Organization for Standardization (Falkenreck, 2011), customer perception of a brand's willingness to engage in and promote new ideas, experimentation, and creative processes are referred to as brand innovativeness. Part of brand innovativeness is also represented by any innovation in marketing strategies. According to Dodds and College (1995), to determine whether a marketing strategy is successful, it is necessary to understand how customers perceive marketing efforts related to the introduction of new products. Various studies have discovered that innovation is essential for acquiring a competitive advantage. Brand innovativeness can be used as an extrinsic information cue to help businesses better understand their customers and respond more effectively to their needs (Pappu & Quester, 2016; Miyazaki et al., 2005).

Due to the rapid pace of change in the marketplace and the current growth in product and brand innovation, it is possible that the factors influencing consumer loyalty have shifted since previous studies. The present study is primarily concerned with the effect of consumers' perceived brand innovativeness on the brand identification they have developed for the product and its implication on loyalty. The study investigates businesses associated with gold and jewellery in terms of changes and innovations made by business operators to adapt to the current situation, in which business operations may no longer be conducted in the same manner as previously. Being creative and agile in response to the Covid-19 pandemic has altered the operations of these businesses.

Literature Review

Paradigm Shift of Local Gold and Jewellery Retailers during the Covid-19 Pandemic

Covid-19 has had a significant impact on people and businesses all around the world (Meyer et al., 2021). Companies in Malaysia, including schools, universities, workplaces, supermarkets, stores, and other non-essential businesses, have been subjected to nationwide lockdown measures, which have gone through a series of phases (Shah et al., 2020). As previously stated, all scheduled activities prior to the outbreak, including weddings and social gatherings, had to be cancelled in accordance with established procedures. Restaurants and shops specialising in rare gems, stones, and gold are examples of small business enterprises that have temporarily closed their store operations. The Movement Control Order (MCO) requires that most stores be opened in accordance with tight standard operating procedures (SOPs), which affect the number of in-store customers who are normally walk-in customers on normal days prior to the pandemic. Local gold and jewellery retailers have responded to the situation by offering these precious metals that the majority of women prefer on the internet as a substitute. One interesting fact about gold and its accessories is that it can be quickly sold in the event of a financial crisis, and its price is frequently influenced by the state of the global economy at any given time. Despite having been in business for many years, these small and independent gold and jewellery shops have taken the initiative to be innovative by promoting their businesses online. Going live on Facebook allows these businesses to contact potential customers through hundreds or thousands of viewers on a single day, something that was previously only possible through the

use of pricey trade shows. Brands such as Zakaria and Sons Precious Metals in Ampang, Selangor, Kedai Emas Lelong Maya in Kuala Terengganu, MiraGold in Johor Baharu, and Khamsiah in Segamat, Johor, have taken action by selling their gold items through employing informative, knowledgeable, and appealing staff who represent their company's brand. Conducting livestreaming immediately provides them with an accessible audience due to the number of fans and followers they already have on Facebook. They also save time by not having to repeat the same information about a piece of jewellery to each individual who watches. Although some customers still visit the physical stores after the MCO was uplifted for a while, a strict standard operating procedure was enforced. For customers who are more cautious, being able to view the display products from the comfort of their own sofas and completing purchases through WhatsApp are solutions that benefit both the sellers and the buyers.

According to Zhang and Hung, (2020) livestreaming shopping increases the probability of making purchases. The authenticity of live streamers enhances the close communication that consumers have with them (Zhu et al., 2020). Business owners' creativity and staff members' involvement in livestreaming have resulted in the audience's feeling glad and delighted about their participation in the live streams. Real-time interaction with the hosts' capacity to persuade the audience to purchase products of their choice online has increased the audience's desire to immerse themselves in the experience and make purchases during livestream shopping (Rodríguez-Ardura & Meseguer-Artola, 2019). During each online session, the host will introduce items with their specification and pricing information. The dedicated hosts' ability to interact and simulate the in-store experience will keep the audience's attention focused on the screen at all times. Throughout the hour or two hours of livestreaming that the hosts do, they will receive a continuous stream of comments that will continue until the end of the session. As the hosts speak, they will demonstrate the jewellery on their own wrist, neck, or by placing it on a display model, allowing the audience to get a proper sense of the available sizes.

Consumers' Perceived Brand Innovativeness

The type of consumer co-creation that occurs is determined by the extent to which consumers interact with businesses. It encompasses the processes by which customers contribute ideas and selections are made based on those contributions (Chatterjee et al., 2021). According to Yen et al., (2020) and Romero and Molina, (2011), co-creation can be based on the collaboration of the customers that indicate the customer participation. It is not easy to use an online community successfully in order to generate brand innovation. One of the challenges facing business organisations is that the majority do not provide adequate training, strategy, or encouragement for properly integrating social media engagement with customers into their operations (Tajvidi et al., 2021; Wang et al., 2016). When the majority of businesses operate on an online platform, they have traditionally relied on online media and live streaming to sell their products and engage directly with their customers. Previous research has established that customers can invent new products and increase a brand's value in a variety of social media contexts (Romeo & Molina, 2011). Consumer feedback and support can generate new ideas that result in the cost-effective transmission of innovations and the development of strong brands at the lowest possible cost. In addition, customer loyalty will be enhanced as a result of the seller's efforts to align their values, resulting in customers' continuing to support the brand.

Frow et al., (2015) mentioned co-creation is a way to establishing experiences and resolving problems through cooperative relationships between customers and businesses. By directly interacting with customers, the company's brands can create value by presenting individualised

or co-created offerings that are valuable to them. For example a beauty brand called Glossier, which launched in 2014, in which the company has incorporated the ideas from conversations and interviews with the customers regarding the colours, shape and product packaging. Similarly, when it comes to the business of gold and jewellery store, the host interacts directly with consumers during the live streaming session, closely monitoring customer feedback and recommendations while also being responsive to the needs and requests of those who visit the store. The business owner occasionally goes live streaming to personally meet and connect with the consumers, providing the most up-to-date information about the gold market and other topics of interest to the customers. This implies that the co-creation process is centred on the client, as customers are viewed as active participants in the product and service portfolio development process. Co-creation enables the customer's perspective and remarks, which reflect what they require and want from the seller, to be showcased alongside the seller's response (Smaliukiene et al., 2015; Wang et al., 2016) this concluded that consumer perceived brands that allow for co-creation will eventually increase customer identification with the company's brand and loyalty.

It is indisputable that the primary responsibility of customers is to contribute significantly to the creation of an experience through active engagement and contact with others in the business environment, such as the company, its staff, and technological advancements implemented (Stock et al., 2013). When businesses provide superior customer service experiences by creating a welcoming environment and providing adequate support to customers, they are demonstrating an understanding of what is considered critical in the service industry. The way customers perceive a business has an effect on customer co-creation and the resulting outcomes. When consumers' perceptions of a restaurant's innovativeness, the function of being innovation were described in terms of the menu, technology-related service, experiential service, and promotion exercise (Kim et al., 2019). This perception is critical because it increases customer satisfaction by enhancing both customer citizenship and participation behaviours.

H1: Co-creation is positively related to consumers' perception of Brand Innovativeness.

Numerous studies conducted on the customer journey in consumption have demonstrated that the consumer's perception changes the experience journey progresses (Kaplan, 2009; Stock & Zacharias, 2013; Omar et al., 2021). As with the brand consumer identification process, the customer's brand experience is also incorporated. This is the process of accumulating a customer's brand experience (Fournier, 2009). Consumers' perceptions of a business are formed through their interactions with the product and services at the level of emotions, bodily sensations, and spiritual experiences (Nylén & Holmström, 2015). Consumers can adapt to multichannel shopping while retaining a consistent experience value across multiple channels (Kwon & Lennon, 2009). When consumers perceive that consistency has been maintained, they will be confident in their brand attitude. However, if they encounter inconsistency during the process, there will be conflicting responses (Mascarenhas et al., 2006). As the number of brand experiences grows, the consumer's decision is based on the information gleaned from those multiple experiences. There has been little research into the dynamic of brand experience on social media. Customers' roles vary according to circumstance, from passive to active participant (Pagani & Malacarne, 2017). At present, during the Covid-19 pandemic, consumers' experience gained during in-store visits, such as interaction with sales representatives when making a purchase decision, differs from their in-store experience. In the current environment, experience innovation is primarily derived from the seller's informal connection and service

provided to customers online or via live streaming. Consumers engage in virtual interactions because they care about the consequences of their actions and want to be part of the changes (Fuller, 2010). When consumers have a positive experience with a business, they develop a favourable impression of the brand. Thus, the real-time brand experience during a live session may contribute to the development of a strong brand connection and customer equity. The following hypothesis is posited:

H2: Experience Innovation is positively related to consumers' perceived of Brand Innovativeness.

Brand Innovation and Consumer-Brand Identification

According to Shams et al.,(2015) brand innovativeness refers to a customer's preference for novel and different products over their previous choices and consumption patterns. Perceived innovativeness has previously been conceptualised in past studies in terms of product innovation or organisational innovation (Kunz et al., 2011). Fewer consumer-oriented perspectives on innovativeness have been advanced (Hanna, 2012). Thus, the current study emphasises the innovativeness of a company's brand from the consumer's perspective, as it provides symbolic meaning to clients. Which means that customers who believe a brand is innovative will develop a higher initial level of identification with it than customers who do not believe a brand is innovative. When customers associate a brand's image of innovation with their own innovative self-concept, they may satisfy their desire for self-congruity. When it comes to being inventive, one's self-concept motivations such as the desire for self-esteem and the desire for consistency in one's own behaviours and thoughts must also be considered. The following hypothesis is advanced on the basis of this assumption:

H3: Consumers' perceptions of Brand Innovativeness relate positively to Consumer-Brand Identification.

Effects of Brand Innovation on Brand Loyalty

According to Oliver (1999, p.34), customer loyalty is defined as "the deeply held commitment to purchase or patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts that have the potential to cause switching behaviour." When customers' attitudes and behaviour remain consistent, they demonstrate a genuine commitment to the company (Dick & base, 1994). Brand characteristics such as the logo and packaging materials, as well as unique actions that demonstrate strong brand connections and values, are all effective tools for communicating brand personality to marketing professionals (McQuail, 2014). Along with serving as an indicator of quality and commitment, brand innovativeness through distinct brand associations lays the groundwork for brand knowledge development (Grace & O'Cass, 2002) assisting customers in considering the brand at the point of purchase and resulting in favourable brand behaviour (Ramaswamy & Ozcan, 2015). Positive customer perceptions of brand innovations result in an increase in brand loyalty, creating a positive feedback loop. As a result, the following hypothesis has been proposed:

H4: Consumers' perceptions of Brand Innovativeness relate positively to Brand Loyalty.

Consumer-Brand Identification and Brand Loyalty

Satisfied customers contribute to the company's revenue generation, as the ultimate goal of the majority of businesses is to establish long-term connections with their customers and hence increase their earnings. When a corporation makes a decision, it can draw on the personal experiences of customers who are satisfied with their brand's perceived innovativeness as a source of information (Barone & Jewell, 2014). Customers' intentions to repurchase a brand's goods or services, as well as their intentions to recommend a brand to others, are influenced by their pleasure and loyalty, as well as their intentions to recommend a brand to others (Erciş et al., 2012). According to scientific research, consumers' brand identification has a positive effect on their brand loyalty and advocacy. Customers will positively promote their brand as a result of their positive thoughts and shared image with their brand, resulting in increased sales and referrals for the current brand. According to the findings, there was a clear correlation between consumers' brand identification and their future brand loyalty to the current brand. As a result, the following hypothesis has been proposed as a possible explanation:

H5: Consumer-Brand Identification relates positively to Brand Loyalty.

Methodology

The study's determining factors are brand innovation and customer perceptions of gold and jewellery retailers. The study intends to investigate the relationship between perceived brand innovativeness and customer brand identification and loyalty, as determined by findings of the study. Predictive characteristics are considered significant in this study because they influence how online products are consumed during the pandemic. As a result, the collection of relationships and hypotheses that exist between constructs is investigated. Quantitative research methodologies were determined to be the most appropriate method of investigation for this study. The study focuses on the customer's perspective, which is critical in establishing loyalty for this product category that is dear to women. The study used a quantitative approach, specifically a questionnaire to elicit respondents' perceptions of the issue. Because the primary objective of this phase is to examine customer behaviour and motivations, likelihood correlations and predictive measures will be sought; thus, questionnaire surveys are considered appropriate.

The data was gathered by contacting the administrator of the brand's Facebook page. Permission was obtained from the page administrator to embed the Google form questionnaire on the website. The jewellery page has thousands of followers, for instance, Kedai Emas Lelong Malay, which has over 300,000 followers. The google form is pinned to the respective shop's Facebook page once it has been approved by the page administrator. Anyone who responded to the online questionnaire did so voluntarily. Due to the fact that some of the outlets are located outside the Klang Valley, an online questionnaire is the most secure and convenient method of contacting potential respondents.

Results

The research model was analysed in this study using the Partial Least Squares (PLS) technique and the SmartPLS 3.0 programme (Sarstedt et al., 2014). In accordance with the recommendations by Anderson & Gerbing, (1988), two-stage analytical processes were implemented. The researcher tested the measures' reliability using the Measurement Model Reliability of the Measures (Hair et al., 2019; Ramayah et al., 2013), followed by an

examination of the structural model. Additionally, the Bootstrapping method was used to determine the significance of the path coefficients and loadings.

Measurement Model Evaluation

Two types of validity were considered when evaluating the measurement model. The first type is referred to as convergent validity, while the second type is referred to as discriminant validity. It is a measurement model that is used to examine loadings, average variance extracted (AVE), and also composite reliability in convergent validity situations (Gholami et al., 2013). According to Hair et al.,(2014), the loadings should all be greater than 0.7. Similarly, all composite reliabilities should also be greater than 0.7, while and the AVE should be greater than 0.5. Using the Fornell-Larcker (1981) criterion of comparing correlations between constructs and the square root of the AVE for the construct, the discriminant validity of the measures was able to be determined (Refer to Table 1). As shown in Table 1, represented by the bolded values on the diagonal, the square root of AVEs was greater than the corresponding row and column values (correlation between constructs), indicating that the measures were discriminant.

Table 1: Discriminant Validity of Measurement Model

	Brand Innovativeness	Brand Loyalty	CBI	Co-creation	Service Innovation
Brand Innovativeness	0.878				
Brand Loyalty	-0.016	0.730			
CBI	0.635	0.146	0.735		
Co-creation	0.557	0.091	0.604	0.804	
Service Innovation	0.471	0.156	0.606	0.404	0.710

Note: Values on the diagonal (bolded) represent the square a root of AVE while the off-diagonal values represent the correlation

Structural Model Evaluation

The structural model was constructed by calculating R^2 , beta, and the appropriate t-value (Hair et al. 2014). A bootstrapping process with 5000 resamples was used to test the model's validity. In addition to predicting relevance (Q^2), the researcher provided an estimate of the effect magnitude (f^2) (Hair et al. 2014). According to the results of the test, not all associations were deemed to be statistically significant. This study found that there is a significant relationship between Co-creation and Service Innovation in terms of Brand Innovativeness, with (B=0.437, p=0.01) and (B=0.294, p0.01), respectively. From Figure 1, the consumers' perception of Brand Innovativeness was found to have a statistically significant link with Consumer-Brand Identification (B=0.633, p0.01). A similar conclusion may be drawn about the association between CBI and Brand Loyalty, which was shown to be statistically significant (B=0.252, p0.01). Only the link between CPBI and Brand Loyalty was found to be non-significant (B=0.012, p>0.01) (B=0.012, p>0.01). Furthermore, based on the findings of the study, CBI has a role as a mediator, as evidenced by the fact that the R^2 value improved from 0.038 (3.8%) to 0.400. (40%). Table 2 summarises the entire outcome of the structural model analysis resulting from the hypotheses testing.

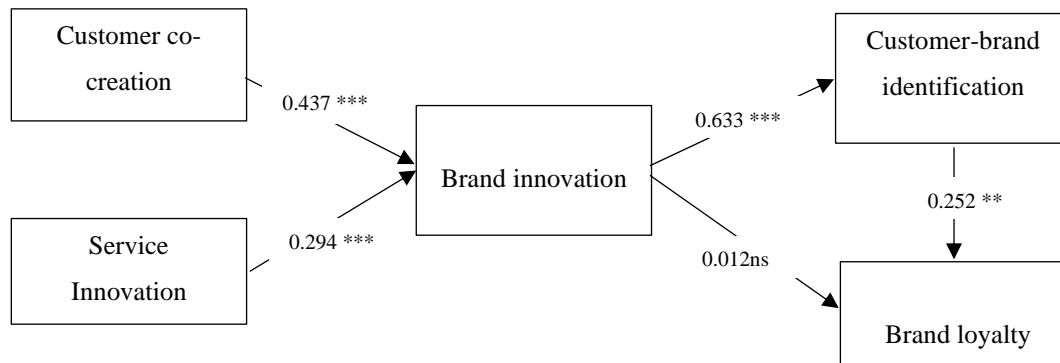


Figure 1: Result of the model

Table 2: Result of the Structural Model Analysis (Hypotheses Testing)

	Relationship	std beta	std error	t-value	Decision	R2	f2	Q2
H1	CC -> BI	0.437	0.048	9.095	Support		0.259	
H2	SI -> BI	0.294	0.043	6.808	Support		0.117	
H3	BI -> CBI	0.633	0.027	23.318	Support	0.381	0.667	0.27
H4	BI -> BL	-0.012	0.087	0.167	Not Support		0.010	
H5	CBI-> BL	0.252	0.07	3.59	Support	0.400	0.040	0.186

Note: CC= Customer co-creation, SI=Service Innovation, BI=Brand Innovation, CBI=Customer-Brand Identification, BL = Brand Loyalty

Discussion

The framework for this study is derived from Lin's (2015) study on retailer innovativeness and a study on CBI (Elbedweihy et al., 2014). Using a first order factor, the current study examined the direct effects of brand innovation and consumer-brand identification. Customer co-creation (B=0.437) and service innovation (B=0.294) both have a significant impact on brand innovation. The findings demonstrate the importance of customer co-creation and service innovation in explaining consumer attitudes on a company's brand innovativeness in terms of customer-brand identification and brand loyalty. The significant influence of a company's brand innovativeness implies that customers are drawn to a local retailer of gold and jewellery products based on the company's business model, the owner's business direction, and the sales representatives' ability to keep the online session alive and running despite the pandemic that affects everyone and the business. Customer involvement and experience obtained from the business's active online operation. This echoes the social desirability conundrum, in which consumers express a desire for sustainable brands but may not always follow through on their

purchase decisions. This conclusion is reinforced by earlier empirical findings suggesting that innovative service offers can influence sellers' relationships and hence facilitate engagement (Nguyen et al., 2015; Wang et al., 2016). The findings reveal that gold and jewellery firms have maintained an active online presence following the outbreak and implementation of MCO in all Malaysian states. Customer co-creation has increased as a result of customers engaging directly with the session's host via social media and live streaming and therefore co-creating value. The highlight of this local brand's strong customer relationship focus is their commitment to connecting every aspect of their business with consumers, which includes the website, the product, and the active free promotion done by customers via "share" to other pages or personal Facebook accounts whenever the host went live streaming. Through active interaction, particularly on social media, brands have enabled mutual benefit exchanges rather than one-way sales. Additionally, this study's findings indicate that a local brand's innovativeness in terms of product offering improves client perceptions of the company.

It was discovered that innovation techniques are capable of boosting service delivery quality and customer experiences, which have evolved into brand innovation and consumer identification with the brand, which could have an effect on the firm brand (Kim et al., 2021). This study also supports (Lin, 2015) conceptualisation on innovation that has an effect on the consumer's relationship with the firm based on the service provided, as the client has a high level of trust in the service, which is a problem for most businesses. Additionally, the results imply that brand innovation has a favourable association with consumer-brand identification, which is one of the assumptions. This is similar with prior research by (Falkenreck et al., 2011; Kaplan, 2009; Tukej et al., 2013) who emphasise the importance of innovative techniques in enhancing customer perceived values and brand identification. Smith, Sparks, Hart, and Tzokas (2003) also suggested that in order to build loyalty, businesses must focus on social factors, such as how customers are treated; thus, it is no longer sufficient for a small medium business to operate in a conventional manner in order to entice customer engagement solely based on pricing or transactional factors. Rather than that, innovation focuses on the service and experience aspects, particularly service offered online that deviates from the standards of how clients are handled during the purchase experience.

The current study includes consumer-brand identification as a variable in its analysis of the association between brand innovation and brand loyalty. It was claimed, based on self-identity theory, that individuals gravitate toward activities that are central to their identities and support institutions that represent those identities (Ashforth & Mael, 1989). The study's findings demonstrate unequivocally that consumer brand recognition is significantly associated with customer brand loyalty. Marin et al. (2009) observed that persons with a high degree of identity salience have a larger effect of identification on loyalty than individuals with a low degree of identity salience.

Consumer-brand identification implies that relationship has existed between the customer and the company's brand. When a customer believes that the brand is very much associated to the customer's trust of the brand hence a relationship has developed and will endure as long as they remain compatible. Thus, consumer-brand congruence is decided by the degree to which consumers' self-images match the brand image; consumers may remain loyal to the present brand if they can easily connect with it. The findings of this study indicated the critical role of consumers' brand identification frameworks in retaining more loyal customers, as loyal

customers are willing to pay a premium. Consumers are more likely to be loyal to a brand if they are satisfied with it and can identify with it.

Theoretical and managerial implications

The current study examined the direct consequences of consumers' perceptions of merchants' creative practises, particularly those that have lately expanded into online business and adopted live streaming as a means of communicating with and reaching out to customers. Customer co-creation and service innovation are two of the characteristics that have a significant impact on how customers view a company's brand innovativeness. The findings corroborated prior empirical research suggesting that co-creation and service innovation offerings could encourage customers to have a more positive relationship with retailers and to facilitate brand identification. Additionally, brand innovativeness was found to be capable of instilling customer identification with the company's brand, which results in increased customer engagement and a positive impact on the company's brand (Ponnam et al., 2015) corroborating Ashforth and Mael's brand identity hypothesis (1989).

The conclusion of the present study has an impact for future practices in the context of online business brand innovativeness. The marketing strategy apply by the small business with the idea to expand the brand potential in order to increase customer loyalty should only limit to the customer co creating and service experience. The experience should go beyond feeling satisfied but also a stronger emotional connection to the brand and people who serve the customers almost everyday during the live session. The outcomes of this study will help us understand the critical role of innovation in the context of product, service, and experience in developing a stronger relationship with the consumer. The implementation and management aspects, as well as the ability to innovate, should be emphasised in order to provide customised service based on the customer's preferences. These shops, who have lately expanded their online presence, must prioritise human resource capabilities in order to equip themselves with the necessary skills and expertise to satisfy client expectations (Jusoh et al., 2012). Particularly when the buying and selling session is live streamed and observed by hundreds or thousands, of people, any errors or responses made by the presenter will be commented directly by the viewers. As a result, it is critical to train the host of the live session during service encounters. Innovation is the primary issue that small businesses must handle in order to connect and ultimately keep customers through distinctive service, customised merchandise, an inviting environment, and updated and recent product (Omar et al., 2021). Similar to managing walk-in clients, the host of a live session should maintain a comprehensive record of their customers' profiles and information in order to keep them near. To affect emotional and behavioural responses, a special offer and promotion should be offered to online buyers.

Limitation and direction for future research

This study contains a number of drawbacks that necessitate more research. To begin, this study focuses on a specific product and merchant type: local gold and jewellery retailers who have just converted to live streaming as a mode of transaction. Additional business types could be included to aid in generalising empirical findings about the innovative behaviour of small retailers that can affect client identification and loyalty. Thus, additional study should be conducted to examine brand innovation in other businesses that have not examined the relationship marketing part of brand identification. Apart from this, the present study concentrated on two determinants of brand innovation: customer co-creation and service

innovation, while ignoring additional determinants that could affect product brand innovation and brand identification, such as promotion innovation or customer experience innovation.

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