



Consumer innovativeness influence on really new product adoption

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ABSTRACT

The results of academic research into consumer innovativeness and its influence on product adoption lack consensus. To help close this gap, the study examines the relationship between consumer innate innovativeness, domain specific innovativeness, vicarious innovativeness, and the adoption of really new consumer electronic products. This study employs a quantitative survey-based approach to test several hypotheses related to consumer innovativeness and really new product adoption. In total, 256 Australians above the age of 18 completed an online survey and subsequently form the basis of the analysis. Employing structural equation modeling we find that domain specific innovativeness rather than consumer innate innovativeness is the primary influencer of the adoption of such products. We find however that the relationship between domain specific innovativeness and really new product adoption, although positive, is still quite weak. The result highlight the need for further research to more fully understand what drives or explains the adoption of “really new” products both in Australia and internationally and to further clarify relationships between innovativeness measures.

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1. Introduction

Firms believe that the continual introduction of new products is an important aspect of their business and will help attract more demand and maintain a competitive position in a market (Cooper and Kleinschmidt, 1987; Griffin and Page, 1996; Lundvall and Christensen, 2004). In order to create new markets and to alter the value dynamics in a competitive market, firms need to develop more “really new” products rather than radical or incremental products. Really new products are new products that result in a market discontinuity or a technological discontinuity but do not require customers to undergo significant training in order to use them and extract their value. Really new products provide an increased opportunity for a stronger competitive position relative to more incremental innovations.

Regardless of the importance attached to new products Gourville (2006) reports that the new product failure rate remains high, between 40% and 90%. Empirical research suggests one issue that still remains important in understanding the success of new products is the adoption and diffusion of product innovations, and the factors which influence adoption (Hauser et al., 2006). Hauser et al. (2006) suggest that the role of consumer innovativeness is

one of the key directions for innovation adoption research despite it having been examined extensively over the years and having had a range of scales developed to measure it (Goldsmith and Hofacker, 1991; Kirton, 1976; Raju, 1980).

Various forms of consumer innovativeness are said to exist including consumer innate innovativeness (CII) (Midgley and Dowling, 1978), domain specific innovativeness (DSI) (Goldsmith and Hofacker, 1991) and vicarious innovativeness (VI) (Hirschman, 1980). Nevertheless, in the study of the measurement of consumer innovativeness, Roehrich (2004) and Hauser et al. (2006) note that the results of different consumer innovativeness scales indicate a lack of consensus, and the strength of the relationship between measures of consumer innovativeness and product adoption behavior have been mixed. Prior research suggests that the relationship between consumer innate innovativeness, in particular, and new product adoption is positive but weak (Goldsmith et al., 1995; Im et al., 2003, 2007). As a result, it is argued that domain specific innovativeness and vicarious innovativeness may play an effective mediating role between consumer innate innovativeness and the adoption of really new products (Im et al., 2007). To date no academic research to date actually considers consumer innate innovativeness, domain specific innovativeness and vicarious innovativeness together. This research aims to provide much needed evidence and insight by examining the relationship between these measures of consumer innovativeness and their association with the adoption of “really new” consumer electronic products in Australia.

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2. Theoretical background

2.1. Classification of product innovation

Many of the empirical studies categorize product innovations by regarding the level of technological changes in the products and the degree of newness to the market and consumers (Reid and De Brentani, 2004). In general, studies often use radical and incremental product innovations as a dichotomous classification for identifying the types of product innovations. Garcia and Calantone (2002) argue that the dichotomous classification of product innovation is too simplistic. The authors suggest a third category – really new products which include both market breakthroughs and technology breakthroughs to either customers or companies (Garcia and Calantone, 2002).

2.1.1. Really new products

Because of a lack of consensus on definitions of various types of product innovations in the literature, researchers often misclassify the terms of radical product innovations and really new products. In order to solve the problem of misclassification of new products, Garcia and Calantone (2002) propose more specific definitions of different types of product innovations whereby “Radical innovations are innovations that cause marketing and technological discontinuities on both a macro and micro level. Incremental innovations occur only at a micro level and cause either a market or technological discontinuity but not both. Really new innovations cover the combinations in between these two extremes”. (Garcia and Calantone, 2002, p. 120). Further, Garcia and Calantone (2002) suggest that radical product innovations are rare in the market. On the other hand, really new products, which they suggest represent 50% of all new products in the market, have had relatively little attention in the literature and warrant further investigation.

2.1.2. High failure rate of new products

Many investigations of the success factors associated with new product development have been undertaken and provide frameworks for managerial implementation (Cooper, 1982; Cooper and Kleinschmidt, 1995; Ernst, 2002; Lundvall and Christensen, 2004). However, not all well-developed products succeed in the market with success rates over the past 25 years variously stated between 40% and 90% (Gourville, 2006). Even the world’s most admired companies are reporting that their products do not achieve the desired financial targets with failure rate of as much as 50% or more (Schnurr, 2005). The problem may be as much to do with the process of diffusion, consumer acceptance, and uptake of new products as the actual development of new products (Hultink et al., 2000). This study concentrates on consumer innovativeness factors affecting the adoption of really new products.

2.2. Role of consumer innovativeness

Previous research suggests that consumer innovativeness significantly influences consumer acceptance and adoption of new products (Im et al., 2003, 2007; Roehrich, 2004; Rogers, 2003). However, the definition and measurement of consumer innovativeness lacks consensus (Hauser et al., 2006; Roehrich, 2004). Various scales are available for measuring consumer innovativeness (Goldsmith and Hofacker, 1991; Kirton, 1976; Raju, 1980; Roehrich, 2004) and these are often classified into three categories, namely, life innovativeness scales, consumer innovativeness scales, and domain specific innovativeness scale (Roehrich et al., 2003). This study focuses on three different types of consumer innovativeness occurring in empirical studies namely consumer innate innovativeness, domain specific innovativeness, and vicarious innovativeness.

2.2.1. Consumer innate innovativeness (CII)

Several prior studies consider consumer innovativeness as a generalized personality trait and researchers define it as consumer innate innovativeness (Clark and Goldsmith, 2006; Im et al., 2003; Midgley and Dowling, 1993). Midgley and Dowling (1978) consider consumer innate innovativeness as an innovative predisposition related to the degree to which the individual adopts a new product without the influences of others’ previous purchasing experience.

Empirical research suggests that consumer innate innovativeness can help identify innovators and has a significant impact on the adoption of a product innovation (Citrin et al., 2000; Im et al., 2003; Lassar et al., 2005; Rogers, 2003). Nonetheless, the relationship between consumer innate innovativeness and the adoption of product innovations in academic research is inconsistent (Im et al., 2007) and lacks consensus (Hauser et al., 2006; Roehrich, 2004). This observation suggests that consumer innate innovativeness may need further examination as to its actual influence on really new product adoption.

2.2.2. Domain specific innovativeness (DSI)

Apart from the more generalized construct of consumer innate innovativeness, it is necessary for the current study to investigate other types of consumer innovativeness such as domain specific innovativeness and vicarious innovativeness (Goldsmith et al., 1995; Im et al., 2007; Roehrich et al., 2003). Prior research suggests that considering consumer innovativeness to be general across domains can be problematic (Goldsmith and Hofacker, 1991; Handa and Gupta, 2009; Klink and Athaide, 2010). Goldsmith and Hofacker (1991) suggest domain specific innovativeness as another approach to measuring consumer innovativeness and define it as “the tendency to learn about and adopt product innovations (new products) within a specific domain of interest” (p. 210). A number of prior studies using domain specific innovativeness extend to a variety of products and have attempted to illustrate its usefulness for consumer research (Flynn and Goldsmith, 1993; Goldsmith et al., 1998; Handa and Gupta, 2009; Xie, 2008). Empirical research on DSI internationally including studies in the USA, Germany and France found DSI to be the most useful scale to measure consumer innovativeness in a specific product category (Chakrabarti and Baisya, 2009; Handa and Gupta, 2009; Hynes and Lo, 2006; Klink and Athaide, 2010).

2.2.3. Vicarious innovativeness (VI)

Hirschman (1980) terms the communication process of new product information through mass media (advertising) and word of mouth as vicarious innovativeness, and suggests that “through vicarious innovativeness the individual can, in essence, adopt the product concept without adopting the product itself” (p. 285). Other than advertising and word of mouth, Im et al. (2007) consider modeling as the third component of vicarious innovativeness. Even though few researchers have used vicarious innovativeness specifically, research does exist showing that word of mouth (Mahajan et al., 1984; Verleye and Marez, 2005) and mass media communication (Lee et al., 2002; Prins and Verhoef, 2007) do play an important role on influencing new product adoption. Im et al. (2007) further suggest that vicarious innovativeness has a certain degree of impact on new product adoption.

2.2.4. Relationships between CII, DSI and VI

Prior studies suggest that consumer innate innovativeness has at best a weak association with new product adoption (Citrin et al., 2000; Im et al., 2007), whilst domain specific innovativeness is shown to hold a more important role in the relationship between consumer innate innovativeness and new product adoption. Goldsmith et al. (1995) for example found that DSI mediates the relationship between CII and new product adoption whilst Roehrich

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