

## EXAMINE THE IMPACT OF MARKETING, TECHNOLOGICAL INNOVATION, STORE IMAGE, AND CONSUMER VALUE ON WORD OF MOUTH IN PAKISTAN RETAIL SECTOR: MEDIATING ROLE OF CUSTOMER SATISFACTION

**Atif Ali Gill\***

Lecturer, Department Business Administration, University of Sahiwal, Pakistan  
[atifali@uosahiwal.edu.pk](mailto:atifali@uosahiwal.edu.pk)

**Babar Ali**

Instructor, Govt. Technical Training institute Sahiwal, Pakistan  
[gttiohrswl@gmail.com](mailto:gttiohrswl@gmail.com)

**Khadija Rafia Kazmi**

Lecturer, Department Business Administration, University of Sahiwal, Pakistan  
[Rafiakazmi@uosahiwal.edu.pk](mailto:Rafiakazmi@uosahiwal.edu.pk)

### ABSTRACT

*The current study examines the impact of marketing innovation, technological innovation, store image, and consumer value on the word-of-mouth behavior of customers through customer satisfaction as a mediator. The population is comprised of the Pakistani retail sector located in the Sahiwal district, Punjab. The data were collected through a close-ended questionnaire using a five-point Likert scale to gauge the items of all variables. The random sampling technique was used. Two hundred fourteen complete responses were gathered and further analyzed through partial least square structural equation modeling (PLS-SEM) using SmartPLS software 4.0. The results revealed that marketing innovation, technological innovation, and consumer value significantly impact customer satisfaction, while store image was found insignificant due to the developing country context. The findings present guidelines for marketers to understand the vital importance of innovation in local retailing and improve the word-of-mouth behavior of the customer.*

**Keywords:** marketing innovation, technological innovation, store image, consumer value, word-of-mouth behavior, retailing, developing economy.

### 1.0 INTRODUCTION

In retailing sector, innovation has not been given much importance. Retailers play a vital role in any economy (Albors-Garrigos, 2020). Recent marketing research has demonstrated that innovation and sustainability are essential in creating a strategic advantage for businesses. Innovation refers to introducing new ideas, systems, and products that improve a company's financial performance. Because of inadequate means, consumers had less contact with brand communities in the pre-Internet period even though they were already in touch with brands. They mainly relied on more traditional methods such as print media, electronic commercials, in-person meetings with marketers, participation in special interests, frosty calls with their look at provider, and paper base give and take of messaging to remember the value supplied by the firm. Furthermore, the rapid development of data and communication technologies has dramatically altered the market situation by introducing new devices that enhance customer satisfaction. In the literature, there is agreement on the benefits of technology use for businesses; such include reduced costs, improved client satisfaction, augmented market share, more flexible employment, and more significant viable advantages. Though technological improvement in retailing is a hot topic, there are still obstacles and controversies to be resolved (Roy et al., 2018).

Furthermore, changing shopper command and the accessibility of innovations that get better the retail development, such as new interaction apparatus for attractive the buying knowledge, may power consumers' preference for a particular store, prompt marketers to investigate the extent to which consumer behavior to retailers depends on the number of different features. As a result, the retail

---

\* Corresponding Author

industry must present innovative solutions to create customer value. This never-ending search for solutions leads to closer integration of technology, interaction, and different characteristics that offer new to attract more customers (Nash, 2018).

This study aims at determining retail innovation by examining marketing revolutions and technical advancements through the eyes of consumers. From the retailing literature store image, customer value is vital and closely associated with customer satisfaction and loyalty. They are most significant in small industries with limited variation in products and services. Store image is a critically calculated implement for gaining an aggressive benefit, and it has recently gotten much attention (Watanabe et al., 2019). In recent years, consumer value has also gain value in retail customer satisfaction (Slack et al., 2020).

The present study examines the innovation impact on word-of-mouth behavior of customers along with store image and consumer value through mediating role of customer satisfaction. There is widespread agreement that innovation uses new concepts to increase financial performance. However, the word is open to a myriad of different interpretations. These depend on the environment within which modernity occurs. Research findings may help corporate executives develop strategies and distribute resources to increase customer satisfaction and loyalty. From the literature mentioned above, the following research questions were derived as follows:

RQ1: Do marketing innovation, technological innovation, store image, and consumer value influence customer satisfaction with Pakistani purchasing from retail stores?

RQ2: Does customer satisfaction influence word-of-mouth behavior of Pakistani purchasing from retail stores?

RQ3: Does customer satisfaction mediate the relationship between marketing innovation, technological innovation, store image, consumer value, and word-of-mouth behavior of Pakistani purchasing from retail stores?

The present study provides theoretical and practical guidelines to the retail managers and policymakers of retail stores to improve consumer word-of-mouth behaviors towards store image and engage them to improve consumer value, market innovation, and technology innovation.

## **2.0 LITERATURE REVIEW**

### **2.1 Marketing and technological innovation and customer satisfaction**

In retailing, the literature on innovation is very recent and split, focusing on marketing invention and technology innovation. Attempts to describe and categorize modernization in retail continue to be fruitful. One of the most noteworthy contributions comes from, who states that it refers to the degree to which novel retailing or service implementations are implemented. While modernism in services focuses on providing new facilities connected to the buying experience, innovation in merchandise focuses on including new forms of present, forming, and delivering goods in the store.

Customer satisfaction is a business phrase that refers to how pleased consumers are with the item for consumption that a firm has provided (Vakulenko et al., 2019). Every firm seeks customer happiness in a competitive environment, which is a fundamental feature for all enterprises in this day of intense rivalry. Because every consumer wants to be safe, the company has ensured the protection of its customers for maximum customer satisfaction. Customer pleasure has a favorable impact on the likelihood of repurchasing. When a corporation creates an item for consumption that meets the client's needs, the customer becomes loyal and happy. Marketing and technological innovation contributes to customer satisfaction since companies make inventive modifications to their goods to keep customers happy and suit their demands. The following hypotheses can be proposed from the above-cited literature:

**H1:** Marketing innovation positively impacts customer satisfaction in the retail experience.

**H2:** Technological innovation positively impacts customer satisfaction in the retail experience.

### **2.2 Store image and customer satisfaction**

A crucial strategic technique for gaining a competitive advantage is store image management. Past studies have indicated that store image plays a vital role in customer satisfaction. Consumers value firms' efforts to innovate since they think their brands' quality is superior. The idea, which has to do with how customers see a merchant, is currently getting much attention from research and business. Most authors base their work on Martineau's classic interpretation, which states that an image is "how

the shopper imagination envisions the store, partly by its practical features and somewhat by other factors (Biscaia et al., 2017).

According to Anderson and Sullivan, consumer satisfaction determines whether or not a customer would repurchase a product. Customers are extra faithful to organizations that respond fast to their concerns. Some organizations provide high-feature products to their consumers. Still, they may suffer due to a lack of customer engagement and a collapse in grasping precise information about the client's needs owing to a lack of knowledge of changing technologies and trends. According to studies, organizations can fail to attain customer happiness by delivering high-quality features that customers believe are unimportant. The literature cited leads to the development of the following hypothesis:

**H3:** Store image has a positive impact on customer satisfaction in the retail experience

### **2.3 Consumer Value and customer satisfaction**

The consumer generally gives value to a store based on the perception of what is established and what is given. The consumer value comprises the quality being offered to the customer at what cost. The customer values how the customer perceives the services provided to him in the retailing store that he appreciates and leads to more satisfaction and retention. In retail, where studies concentrate on various viewpoints, value research has historically focused on the product. In contrast, research on the value of the shopping experience, the worth of the in-store experience, or the value of the final product is scarce (Sayil et al., 2019). Recent research suggests that consumers have reasons beyond simply buying the goods. Experiential retail studies have historically concentrated on the more practical aspect of the purchasing experience. Consumer value leads to customer satisfaction, vital to competitive advantage and retaining customers by improving word-of-mouth behavior. The following hypothesis can be proposed:

**H4:** consumer value has a positive impact on customer satisfaction in the retail experience

### **2.4 Customer Satisfaction and word-of-mouth behavior**

Harrison-Walker defined word-of-mouth marketing as non-commercial interaction between a communicative and the recipient of brand information. It describes suggestions and private remarks to friends, colleagues, and customer groups. Personal interactions help consumers become more aware of a brand's products, influencing their buying intention. Compared to commercially sponsored sources like print, personal selling, and broadcast media, word of mouth significantly affects opinions and is perceived with significantly less (Zhang et al., 2019). According to a recent study, this kind of word-of-mouth advertising affects how consumers rate their shopping experiences. According to researchers, consumer-to-consumer communication has allegedly changed due to social networks, which have also developed into crucial marketing tools (Jalilvand et al., 2017). Customer satisfaction impacts the word of mouth behavior in different corporate sectors that need to be investigated in the retail industry.

The following hypothesis can be posited:

**H5:** Customer satisfaction positively impacts word-of-mouth behavior in the retail experience

### **2.5 Mediating the role of Customer Satisfaction**

For retail managers, customer satisfaction is the primary goal and a topic of significant interest in market research. Cognitive/affective approaches in a particular way have been used to describe contentment in the literature. Many authors take the same technique when analyzing happiness with an actual event. But in retailing, customer satisfaction refers to a set of cumulative experiences. According to the cognitive viewpoint, satisfaction is a judgment of a pleasurable degree of usage fulfillment. Store satisfaction in this context refers to a personal assessment that the retailer meets or surpasses assumptions (the subjective expectation hypothesis is the one with the broadest support in the literature). According to the subjective perspective, satisfaction is a compilation of emotional reactions of various intensities. Lovelock and Wirtz define satisfaction as "a person's sentiments of pleasure or disappointment coming from a consumption event when assessing a product's observed efficiency or outcome in comparison to his or her expectations," converging both perspectives. Customer satisfaction intervenes in the path between marketing innovation, technological innovation, store image, and customer value that is required to be investigated, particularly in a developing economy retail sector.

The following hypotheses have been derived from the above-cited literature:

**H6:** Customer satisfaction mediates the relationship between marketing innovation and word-of-mouth behavior in the retail experience

**H7:** Customer satisfaction mediates the relationship between technological innovation and word-of-mouth behavior in the retail experience

**H8:** Customer satisfaction mediates the relationship between store image and word-of-mouth behavior in the retail experience

**H9:** Customer satisfaction mediates the relationship between consumer value and word-of-mouth behavior in the retail experience.

**2.6 Research Model**

As shown in figure 1, the current study research model represents marketing innovation, technological innovation, store image, and consumer value as independent constructs, while customer satisfaction is a mediator. The dependent variable is word-of-mouth behavior

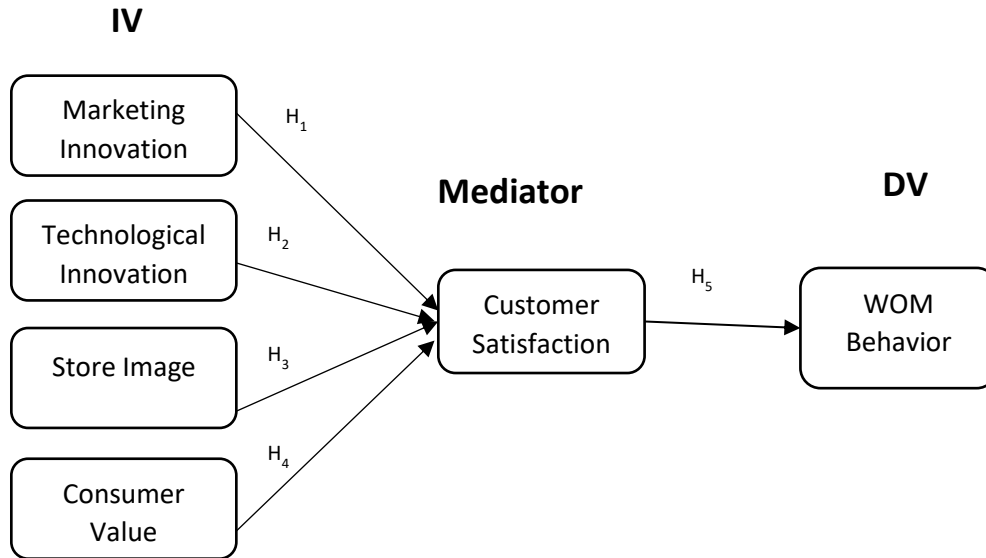


Figure 1: Research Model

**3.0 METHODOLOGY**

**3.1 Population and Sampling**

The empirical research was conducted in retail stores in the Sahiwal district, Punjab , Pakistan. The data was collected from customers visiting the retail store using a structured questionnaire and a quantitative research approach. All items were measured using a 5-point Likert-type scale. A total of 250 questionnaires were gathered, where 214 were found complete and further analyzed.

**3.2 Operationalization of constructs**

The items used to measure the constructs of the present study were adopted from previous literature. A 5-point Likert scale was deployed to gauge all items (1“strongly disagree” to 5“strongly agree”). The operationalization table mentioned below:

Table 1: Operationalization Table

Constructs	Items	AVE	CR	Reference
Market innovation	3	0.856	0.947	(Fuentes-Blasco et al., 2017)
Technology innovation	3	0.818	0.931	(Wu et al., 2006)
Store Image	4	0.615	0.864	(Fuentes-Blasco et al., 2017)
Consumer Value	4	0.686	0.897	(Sullivan et al., 2012)
Customer Satisfaction	4	0.707	0.923	(Nesset et al., 2011)
OM behavior	5	0.881	0.957	(Fuentes-Blasco et al., 2017)

**3.3 Data Analysis Tools**

To test and analyze the research data partial least square structural equation modeling (PLS-SEM) technique was utilized through Smart PLS 4.0 software. The current study applied the pls-algorithm and bootstrapping procedure to assess the direct and indirect hypotheses

## 4.0 RESULTS AND FINDINGS

### 4.1 Respondent Profile

According to the demographic study, male participants have a better reaction rate than female participants. Female participants accounted for 15.88 percent of the total, while male participants accounted for 84.11 percent. The education variable revealed that 18 percent of the respondents had completed their education. The respondents' ages revealed that the majority, 86.44 percent, are between the ages of 20 and 30, as shown in Table 2.

Table 2: Demographic profile of respondents

Demographic variables	Frequency	Percentage
Gender		
Male	180	84.11%
Female	34	15.88%
Education		
Intermediate	30	14.01%
Graduation	125	58.41%
Master	40	18.69%
Others	19	8.87%
Age		
20-30 years	185	86.44%
31-40 years	15	7.009%
41 years and above	14	6.54%

### 4.2 Assessment of measurement model

In this study, 23 items were utilized to analyze five constructs and form the outer model, with items labeled as indicated. Constructs were described using latent variables. As shown in Figure 2, Confirmatory Composite Analysis (CAA) was calculated using Smart PLS 4.0 software (Hair et al., 2014, 2017; Sarstedt et al., 2017).

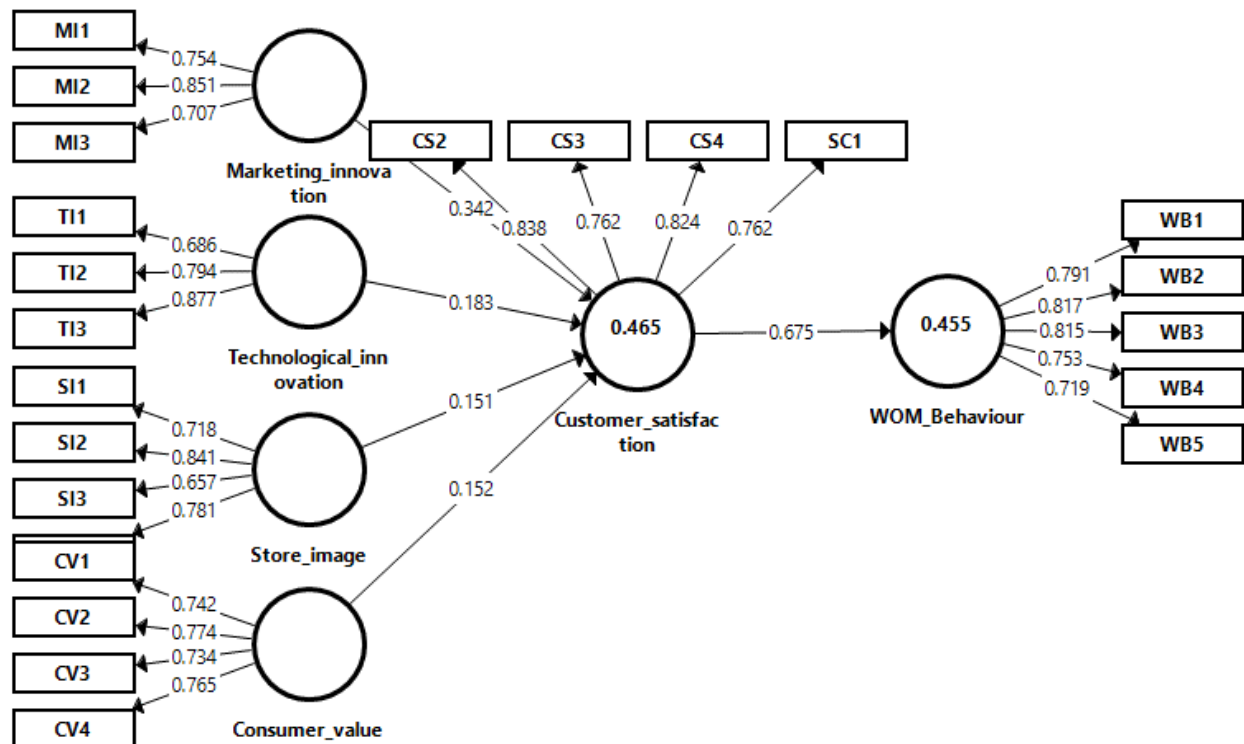


Figure 2: Measurement Model

#### 4.2.1 Internal consistency, reliability, and convergent validity

Table 3 shows the measuring model's outcomes in Smart PLS utilizing the PLS algorithm. Model dependability is expressed by the composite reliability value of all constructs larger than 0.70, whilst

internal reliability is represented by item loadings greater than 0.40. (Hair et al., 2017). in addition, each construct standard difference extract value is greater than.

Table 3: Internal consistency, reliability, and convergent validity

Construct	Items	Loadings	CR	AVE
Customers Satisfaction	CS1	0.762	0.875	0.636
	CS2	0.838		
	CS3	0.762		
	CS4	0.824		
Consumer value	CV1	0.742	0.84	0.568
	CV2	0.774		
	CV3	0.734		
	CV4	0.765		
Marketing innovation	MI1	0.754	0.816	0.597
	MI2	0.851		
	MI3	0.707		
Store Image	SI1	0.718	0.838	0.566
	SI2	0.841		
	SI3	0.657		
	SI4	0.781		
Technological Innovation	TI1	0.686	0.831	0.623
	TI2	0.794		
	TI3	0.877		
Word of Mouth behavior	WB1	0.791	0.886	0.608
	WB2	0.817		
	WB3	0.815		
	WB4	0.753		
	WB5	0.719		

Note: CR =Composite reliability, AVE =Average variance extracted

#### 4.2.2 Discriminant validity

The most generally used method for determining each other's distinctness in the model is Fornell and Larcker's (1981) criterion, which is employed in this study to test discriminant validity. According to Fornell and Larcker (1981), the AVE's diagonal value should be advanced than the other constructions' association values. Table 4 further reveals that all diagonal values are higher.

Table 4:Fornell and Larcker Criterion

	CV	CS	MI	SI	TI	WB
Consumer value (CV)	0.754					
Customer satisfaction (CS)	0.510	0.797				
Marketing innovation (MI)	0.485	0.609	0.773			
Store image (SI)	0.586	0.499	0.487	0.753		
Technological innovation (TI)	0.562	0.569	0.654	0.505	0.789	
WOM behavior (WB)					0.622	0.780
	0.525	0.675	0.634	0.497		

### 4.3 Structural Model Assessment

After determining the construct dependability and strength with the capacity model, the next step is to bootstrap the construct with Smart PLS (Hair et al., 2017). The structural model, or internal model, emphasizes the relevance of construct-to-construct connections. The structural representation is shown in Figure 3.

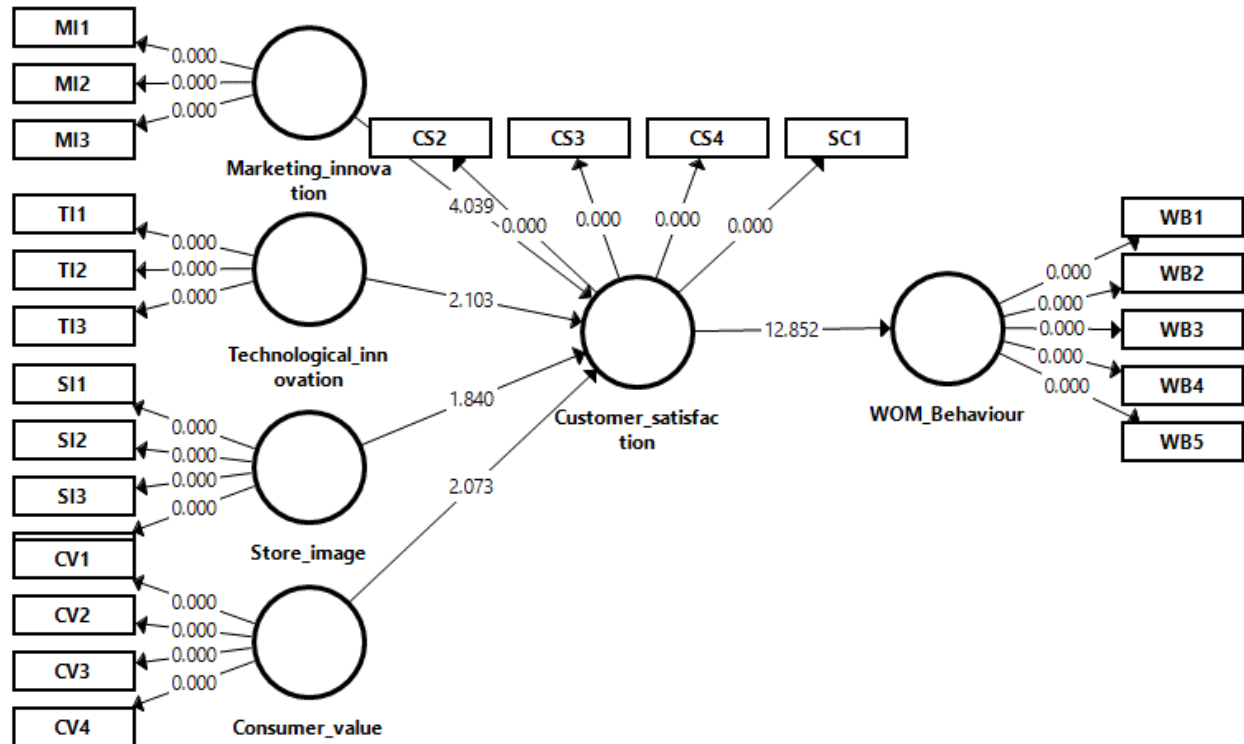


Figure 3: Structural Model

#### 4.3.1 Direct Hypotheses Testing

Table 5 reveals that the study hypothesis 1's direct links are all supported except one by significant associations. Hypothesis 1 is marketing innovation and customer satisfaction association as the results shown in table 5 ( $\beta = 0.342$ ,  $t$ -value = 4.039,  $p$ -value = 0.000) are supported. Moreover, in hypothesis 2 is association of technological innovation and customer satisfaction as the results shown in table 5 ( $\beta = 0.183$ ,  $t$ -value = 2.103,  $p$ -value = 0.036) are supported. Moreover in hypothesis 3 is association of store image and customer satisfaction and the results shown in table 5 ( $\beta = 0.151$ ,  $t$ -value = 1.84,  $p$ -value = 0.066) are not supported. Moreover, in hypothesis 4 consumer value and customer satisfaction association and the results shown in table 5 ( $\beta = 0.152$ ,  $t$ -value = 2.073,  $p$ -value = 0.036) are supported.

Table 5: Direct hypotheses testing

Hypothesis	Relationship	Std. Beta	Std. Error	T value	P Values	Decision
H4	CV-> CS	0.152	0.073	2.073	0.039	Supported
H1	MI-> CS	0.342	0.085	4.039	0.000	Supported
H3	SI ->CS	0.151	0.082	1.84	0.066	Not supported
H2	TI -> CS	0.183	0.087	2.103	0.036	Supported

#### 4.3.2 Mediation Analysis

The indirect effect utilize the bootstrapping technique outline in the table 6 shows that all mediation hypotheses were supported except one. Hypotheses 5, 6, and 7 had P-values less than 0.05, and zero did not fall within the upper and lower limits of 97.50 percent and 2.50 percent.

Table 6: Indirect hypotheses testing (Mediation analysis)

Hypothesis	Relationship	Std. Beta	Std. Error	T value	2.50%	97.50%	Mediation
H6	TI -> CS -> WB	0.124	0.061	2.017	0.004	0.245	Supported
H5	MI -> CS -> WB	0.231	0.064	3.581	0.114	0.363	Supported
H8	CV -> CS -> WB	0.102	0.051	2.029	-0.006	0.195	Not Supported
H7	SI -> CS -> WB	0.102	0.056	1.833	0.001	0.216	Supported

Moreover hypothesis 5 the mediation of marketing innovation among customer satisfaction and word of mouth behavior as the results shows in table 5 ( $\beta = 0.231$ ,  $t$ -value=3.581, upper limit = 0.363 and lower limit = 0.114) is supported. Moreover, in hypothesis 6 the mediation of technological innovation between customer satisfaction and word of mouth behavior as the result shows in table 6 ( $\beta = 0.124$ ,  $t$  – value = 2.017, upper limit= 0.245, lower limit= 0.004) is supported. Moreover hypothesis 7 the mediation of store image between customer satisfaction and word of mouth behavior as the results shows in table 6 ( $\beta = 0.102$ ,  $t$ -value=2.029, upper limit = 0.195 and lower limit = -0.006) is not supported.

## 5.0 DISCUSSION AND CONCLUSION

The study's primary objective was retail innovation, including its marketing and technological aspects, along with its direct and indirect effects on consumer satisfaction and word-of-mouth behavior. A recent field of study still lacks coverage and scant empirical support. Given this gap, the current study proposed a research model analyzed on the sample of 214 customers in retail stores. This study's findings demonstrate that technology and marketing innovation may help improve Customer satisfaction. Consumer value and happiness with the shop are also enhanced due to the deployment of technology. Marketing innovation, though, has minimal effect on buyer value and happiness, despite affecting store image. Customers in our situation, therefore, think that technology innovation is more critical than marketing innovation. This disparity is perhaps partly explained by the difficulties in recognizing marketing innovation that produces consumer-visible effects since it may have more to do with the business leadership's internal management. Marketing innovation refers to advances in the store's services and presentation. However, while these enhancements are straightforward to attach to a store's image, they are more difficult to correlate to product pricing. The current study findings are corroborated with past literature. In the current study, store image was found insignificant in customer satisfaction, which shows that in developing countries, customers are more conscious of marketing and technological innovation and the value they receive while shopping from a particular store.

### 5.1 Managerial Implication

These findings allow us to offer several recommendations for retail organizations. Businesses should invest in innovation. Even though most people connect innovation to the manufacturing sector, the current study demonstrates that it may also increase a competitive edge in the industry and help it better satisfy consumers' expectations in the services sector. Investing in technology innovation is crucial since customers can recognize and enjoy the outcomes more immediately. Companies must innovate in the market by coming up with fresh ideas for parts of service that provide more value to customers. Firms can also concentrate on informing customers about recent marketing advancements and how they influence their buying experience by cutting costs, making shopping more accessible, and reducing effort, among other things. Retailers might improve their services by adopting modern technology, such as digital mirrors, increasing the shopping experience. Since the program creates an avatar for the user to try on the various goods, customers may see how they might look in multiple ensembles without putting them on. There are also technical uses like the automated personal shopper, which proposes an optimal combination of trimmings, outfits, and makeup for buyers, enhancing cross advertising. This category consists of Smartphone applications that recognize clients entering a store and present tailored recommendations based on their preferences.

### 5.2 Future Research Recommendations and Limitations:

This work has several limitations, but it can give predictions for future research. Market modernism range is far too broad, considering different sorts of innovation to see if there are any probable causes for marketing innovation's lack of influence on image and satisfaction. Other linkages might be



*Examine the impact of marketing, technological innovation, store image, and consumer value on word of mouth in Pakistan retail sector*

investigated in future research, such as the impact of marketing and technology innovation on private labels or new product offerings. The current study was done in a specific geographic region. In the future, the findings can be expanded to other areas to be applied to the Pakistani market. This study was conducted for retailers that can expand in the future to other industries as well. This study was quantitative, but it can be qualitative in the future. The present research also applies to other service settings, such as restaurants and hotels or cross-direct commerce, where the market and technological innovation is becoming increasingly crucial in corporate strategy.

**REFERENCES:**

- Albors-Garrigos, J. (2020). Barriers and enablers for innovation in the retail sector: Co-innovating with the customer. A case study in grocery retailing. *Journal of Retailing and Consumer Services*, 55, 102077.
- Biscaia, A. R., Rosa, M. J., Moura, P., & Sarrico, C. S. (2017). Assessing customer satisfaction and loyalty in the retail sector. *International Journal of Quality & Reliability Management*.
- de Morais Watanabe, E. A., Torres, C. V., & Alfinito, S. (2019). The impact of culture, evaluation of store image and satisfaction on purchase intention at supermarkets. *Revista de Gestão*.
- Fuentes-Blasco, M., Moliner-Velázquez, B., Servera-Francés, D., & Gil-Saura, I. (2017). Role of marketing and technological innovation on store equity, satisfaction and word-of-mouth in retailing. *Journal of Product & Brand Management*.
- Hair, Hult, G. T. M., Ringle, C., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*.
- Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. *Industrial Management & Data Systems*, 117(3), 442–458. <https://doi.org/10.1108/IMDS-04-2016-0130>
- Jalilvand, M. R., Salimpour, S., Elyasi, M., & Mohammadi, M. (2017). Factors influencing word of mouth behaviour in the restaurant industry. *Marketing Intelligence & Planning*.
- Nash, J. (2018). Exploring how social media platforms influence fashion consumer decisions in the UK retail sector. *Journal of Fashion Marketing and Management: An International Journal*.
- Roy, S. K., Balaji, M., Quazi, A., & Quaddus, M. (2018). Predictors of customer acceptance of and resistance to smart technologies in the retail sector. *Journal of Retailing and Consumer Services*, 42, 147–160.
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2017). Partial least squares structural equation modeling. *Handbook of Market Research*, 26(1), 1–40.
- Sayil, E. M., Akyol, A., & Golbasi Simsek, G. (2019). An integrative approach to relationship marketing, customer value, and customer outcomes in the retail banking industry: A customer-based perspective from Turkey. *The Service Industries Journal*, 39(5–6), 420–461.
- Slack, N., Singh, G., & Sharma, S. (2020). Impact of perceived value on the satisfaction of supermarket customers: Developing country perspective. *International Journal of Retail & Distribution Management*.
- Vakulenko, Y., Shams, P., Hellström, D., & Hjort, K. (2019). Online retail experience and customer satisfaction: The mediating role of last mile delivery. *The International Review of Retail, Distribution and Consumer Research*, 29(3), 306–320.
- Zhang, X., Ma, L., & Wang, G.-S. (2019). Investigating consumer word-of-mouth behaviour in a Chinese context. *Total Quality Management & Business Excellence*, 30(5–6), 579–593.