

Product innovation strategy and competitive advantage: an empirical study of Portuguese exporters

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Cite as:

Lisboa Ana, Nagy Gabor, Tsoukoku Eleni, Cadogan John, Hodgkinson Ian R., S. Oliveira Joao, Story Victoria, Boso Nathaniel (2021), Product innovation strategy and competitive advantage: an empirical study of Portuguese exporters. *Proceedings of the European Marketing Academy*, 50th, (94521)

Paper from the 50th Annual EMAC Conference, Madrid, May 25-28, 2021



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## **Abstract**

The study seeks to develop and test a theory of how firm-level product innovation strategies (innovation intensity and radicality) interplay to shape one form of competitive advantage, the firm's customer value creation effectiveness. We argue that product innovation intensity has an inverted U-shaped relationship with customer value creation effectiveness, and that this relationship is moderated by the extent to which the product innovation strategy is characterized by radicalness, as well as the nature of the customer and competitive environments facing the firm. Our empirical work, based on survey data, provides support for the contingent nature of the success of product innovation strategies in providing the firm with access to sources of competitive advantage. If firms seek to optimize their customer value creation effectiveness, our findings are consistent with the claim that there are specific combinations of product innovation strategies that can be used on this front.

**Keywords:** *innovation; intensity; radicalness*

**Track:** International Marketing & Marketing in Emerging Countries