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Cross-Boundary Innovation by Established Brands in The Chinese Market: The Mediating Role of Consumer Inspiration

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KEYWORDS

Established brands, Cross-boundary innovation, Customer inspiration, Mental simulation, Chinese market

ABSTRACT

Previous studies have highlighted the advantages of established brands in the Chinese market, but few have explored their cross-boundary innovation strategies in response to fierce competition. With the establishment of "China Brand Day" and the rise of Chinese trends, many established brands aim to attract a new generation of customers and invigorate their brand vitality through cross-boundary innovation. This paper seeks to address gaps in previous research on cross-boundary innovation among established brands and offers insights into strategies for brand activation. This paper introduces the theory of customer inspiration and investigates how the cross-boundary innovation of established brands influence customer purchase intentions and loyalty through three psychological experiments. Experimental results demonstrate that cross-boundary innovation by established brands can inspire customers. The Inspired-By and Inspired-To mediate the impact of cross-boundary innovation on customer purchase intentions and loyalty, while mental simulation moderates the effect of cross-boundary innovation on customer inspiration. This paper advances our understanding of cross-boundary innovation among established brands, providing practical guidance on brand activation amidst the Chinese trend phenomenon.

1. INTRODUCTION

Established brands represent the value and heritage of the fine traditional culture of the Chinese nation, and the state places great importance on their continued preservation and innovation (Wang et al., 2022). However, due to significant changes in the Chinese market and technological environment, many local established brands have nearly disappeared, with fewer than 10% of these enterprises still in existence. On one hand, most established brands are grappling with issues of brand aging, such as lagging technology research and development, and a lack of product creativity (Wang & Wang, 2014). On the other hand, many established brands have failed to respond effectively to the Chinese market, remaining fixated on their past glory and consequently missing opportunities for innovation and upgrading (Wang & Wang, 2020).

In recent years, young consumers have become the dominant force in the Chinese market. To win the favor of the "post-90s" and "post-00s" generations, many established brands have ventured into cross-boundary innovation, launching creative products. The term "Chinese National Tide" has emerged as a popular new trend. For example, White Rabbit (Candy producer) collaborated with Scent Library (Shower gel producer and retailer) to launch a "milk candy-flavored" shower gel. Many established brands are exploring cross-boundary innovation through products and IP co-branding (Wang et al., 2022), introducing a fresh and innovative approach.

Cross-boundary innovation of established brands can be categorized into incremental and radical innovation based on the degree of change involved. Incremental innovation of established brands refers to gradually improving products and services based on existing technology to meet customer needs. For instance, Daoxiangcun (Chinese food manufacturers) collaborated with Honor of Kings (Chinese game providers) to launch a Mid-Autumn Festival joint gift box, gradually updating its product

design toward Chinese style. Radical innovation of established brands involves introducing entirely new products or marketing methods to attract young customers. An example is Luzhou Laojiao's (Liquor producers) collaboration with Scent Library to launch “stubborn flavor” perfume, offering novel products and concepts. While incremental innovation of established brands can bring stable profits in the short term, it does not lead to significant technological advancements. Radical innovation of established brands, though capable of major breakthroughs, often requires substantial resources (Tu et al., 2020). However, cross-boundary innovation by Chinese established brands is still in its early stages, and customer preferences for such innovations remain unclear.

The concept of customer inspiration is gaining increasing attention in academia, highlighting its vital role in brand marketing effectiveness. Bottger et al. (2017) introduced the theory of customer inspiration within the marketing field. Defined as a transient motivational state, customer inspiration enables consumers to respond positively to marketing stimuli, leading to behaviors such as purchasing and brand engagement (Jane et al., 2021). Moreover, customer inspiration can predict emotional and attitudinal responses (Böttger et al., 2017). Additionally, when encountering unfamiliar products, consumers often engage in “mental simulation”, where they actively visualize related images (Lee & Kim, 2020).

Research indicates that established brands can stimulate customer inspiration through innovative marketing strategies. Cross-border innovation, where established brands collaborate with diverse partners to launch unique products and combinations, is particularly effective. This paper examines the impact of cross-border innovation by established brands on customer purchase intention and loyalty from the theory of customer inspiration. Through three psychological experiments, we systematically verify the primary effects, the mediating role of customer inspiration intention (Inspired-By) and motivation (Inspired-To) and the moderating influence of mental simulation. This study aims to address gaps in previous research on cross-border innovation for established brands and offers insights into effective brand activation strategies.

2. THEORETICAL ANALYSIS AND HYPOTHESES

2.1. The impact of cross-border innovation by established brands on customer inspiration

Cross-boundary innovation of established brands can be categorized into incremental and radical innovation based on the degree of change (Anderson & Tushman, 1990). Incremental cross-boundary innovation involves established brands enhancing existing products by leveraging other brands’ marketing capabilities and incorporating cooperative innovation elements without fundamentally changing the products themselves (Wang et al., 2022). In contrast, radical cross-boundary innovation entails established brands launching entirely new products and exploring new market opportunities in collaboration with partner brands.

Customer inspiration, characterized by arousal and transcendence, is triggered by external cognitive events. External stimulus information, which is often beyond an individual’s imagination, is crucial in altering cognition and generating motivation to achieve goals (Thrash & Elliot, 2004). Consequently, customer inspiration arises when they perceive the potential of a brand. For instance, Bottger et al. (2017) demonstrated that a company can inspire customers by offering a variety of unexpected recipes. This suggests that brands can employ innovative marketing strategies to evoke customer inspiration.

Relevant research indicates that established brands can implement innovative marketing strategies through alliances, offering customers novel perceptions through fresh collaborations with different brands. Cross-Boundary alliances of brand involve two or more brands breaking traditional boundaries to cooperate across different industries. Such cross-boundary innovation by established brands can evoke a sense of inspiration among customers. The blend of traditional Chinese culture with new products can dispel outdated stereotypes, surprising and inspiring customers with creative outcomes. Therefore, we hypothesize:

H1. Compared to no cross-boundary innovation, cross-boundary innovation by established brands can more effectively enhance customers’ inspiration intention (Inspired-By) and motivation (Inspired-To).

2.2. The mediating role of customer inspiration intention (Inspired-By) and motivation (Inspired-To)

Customer inspiration involves two stages: inspiration intention and motivation, both of which significantly impact attitude toward brand, purchase intention, and loyalty (Böttger et al., 2017). Previous studies have shown that cross-border innovation by established brands enhances customer perception of innovation, improves attitude toward brand (Wang et al., 2022), and subsequently increases purchase behavior. Additionally, scholars have found that customer inspiration can drive exploratory behavior and higher purchase intention. In the context of cross-border brand associations, customers are stimulated by brand innovation, generate new ideas, discover novel concepts, and fulfill diverse needs, leading to a motivation to purchase and experience cross-border innovative products.

Cross-border innovation in established brands can be classified into incremental and radical innovation. Despite the differing degrees, both types alter the status quo, update production and operational modes, and deliver new value to customers (Wang et al., 2022), thereby stimulating customer inspiration. Empirical research by Jian et al. (2021) concluded that customer inspiration mediates the effect of brand differences in cross-border partnerships on alliance attitudes. Thus, when established brands collaborate across borders, customers perceive these innovative behaviors, associate them with the brand’s

innovation, youthfulness, and diversification, positively influencing inspiration intention and motivation, ultimately enhancing purchase intention and customer loyalty. Therefore, we hypothesize:

H2. Customer inspiration intention and motivation mediate the influence of cross-border innovation of established brands on customer purchase intention and loyalty.

H2a. Products launched by established brands through *incremental* innovation positively affect inspiration intention and motivation, thereby improving customer purchase intention and loyalty.

H2b. Products launched by established brands through *radical* innovation positively influence inspiration intention and motivation, thereby improving customer purchase intention and loyalty.

2.3 The moderating effect of mental simulation

In new product marketing, brands often use phrases like "imagine you..." to guide customers through various mental simulations, aiming to provide a novel consumption experience. Hoeffler (2003) pioneered the introduction of psychological simulation into new product marketing. Mental simulation can occur spontaneously or under external guidance (Taylor & Schneider, 1989). These simulations, though imagined by the brain, are reasonable and relevant to the real world (Song et al., 2020). Mental simulation activities can be categorized into "imagination-focused" and "memory-focused" based on their content roots.

When encouraged to engage in mental simulation before purchasing new products, customers may not always initiate these activities themselves, often resorting to cognitive shortcuts. As a result, memory-based mental simulations can limit their imaginative potential. Mental simulation is not merely a cognitive process; it also triggers a series of emotional reactions and can stimulate behavioral arousal and motivation (Taylor et al., 1998). Zhao et al. (2009) compared imagination-focused and memory-focused mental simulations, demonstrating that imagination-focused simulations enhance customer evaluations and perceived value of radically innovative products. For incrementally innovative products, the type of simulation made no significant difference. We hypothesize:

H3. Mental simulation can moderate the impact of cross-border innovation by established brands on customer inspiration.

H3a. For *incremental* innovation, there is no significant difference in customer inspiration intention and motivation between imagination-focused and memory-focused mental simulations.

H3b. When established brands launch products through *radical* innovation, imagination-focused mental simulation enhances customer inspiration intention and motivation more effectively than memory-focused mental simulation.

The specific model is shown in Figure 1:

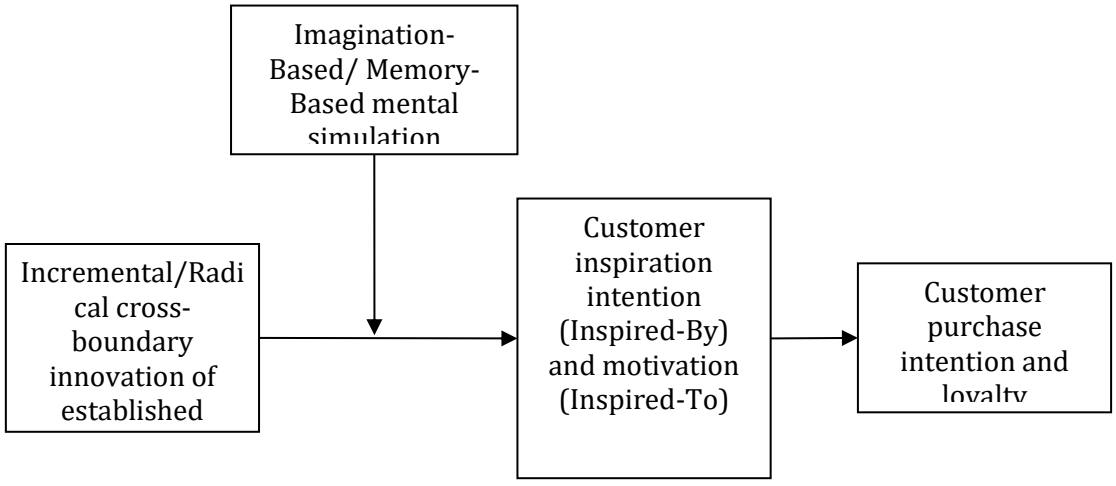

Fig. 1. Proposed theoretical model.

3. METHODOLOGY AND RESULTS

3.1 Study 1 Mediating effect of customer inspiration (pilot study)

The aim of Study 1 is to examine the impact of incremental/radical cross-boundary innovation by established brands on customer inspiration and the mediating role of customer inspiration.

3.1.1 Pretest

To avoid any bias from initial brand impressions, we used the fictional brand "Sushidianxin" as the manipulation object and designed descriptive text for the materials in Table1. The texts for both materials were similar. In the pretest, 80 undergraduate and postgraduate students were randomly selected via the online platform Questionnaire, and questionnaires were distributed to them. Participants first read materials about incremental and radical innovation, and then assessed the perceived quality of the product and the type of incremental/radical cross-boundary innovation of established brands using a seven-point Likert scale. The evaluation of cross-boundary innovation methods was based on the scale by Sun et al. (2007) with appropriate adjustments. Participants rated three questions according to the text description: whether enterprises gradually improve existing products and processes or introduce new products to the market, whether the company's marketing service capability to customers is gradually improved or new sales and service methods are created, and whether enterprises gradually expand the customer market or create a new customer market. Scores closer to 1 indicated gradual improvement, while scores closer to 7 indicated new introductions.

The results showed that the perceived product quality of "Sushidianxin" was high (M=5.50, SD=0.93), indicating that the stimulus materials selected were appropriate. For the evaluation of cross-boundary innovation, the paired sample T-test showed significant differences between incremental and radical innovation scores ($M_{\text{Incremental cross-border innovation}}$= 3.55, SD=1.25; $M_{\text{Radical cross-border innovation}}$=5.31, SD=0.96, t=-9.566, p<0.001). This confirmed the successful manipulation of variables and the effective transmission of incremental/radical cross-boundary innovation methods to the subjects.

Table 1 Experimental manipulation materials in study 1.

Brand Name	Brand Introduction	Incremental cross-boundary Innovation of established brands	Radical cross-boundary Innovation of established brands
Sushidianxin (Fictional Brand)	Sushidianxin is one of the established brands in China, producing specialty foods such as pastries, mooncakes, and rice dumplings. It is one of the oldest companies in the Chinese pastry industry. In recent years, Sushidianxin has been engaging in cross-boundary marketing, exploring new strategies to rejuvenate the brand.	Sushidianxin is gradually innovating through cross-boundary innovation, making incremental adjustments to its products. It has launched co-branded mooncake gift boxes with renowned cultural institutions like the Palace Museum. It is also gradually expanding its marketing channels, actively collaborating with media, leveraging popular dramas, movies, and promoting products through trending variety shows.	Sushidianxin has undertaken radical cross-boundary innovation, partnering with popular milk tea brands to launch new products like the milk tea boba rice dumplings, and co-branding with the game Honor of Kings to deeply integrate Chinese pastries with traditional game imagery. They produce new mooncake by new ingredients and techniques to highlight unique features, such as black truffle and coffee-flavored mooncakes.

3.1.2 Formal experimental design and process

This experiment adopted a single-factor (radical vs. incremental vs. no cross-boundary innovation of established brands) inter-group design. Questionnaires were distributed via Credamo, and subjects were divided into three groups. The first group received only the brand introduction, the second group received materials including a description of radical innovation and brand introduction, and the third group received materials including a description of incremental innovation and brand introduction. After reading the materials, participants completed a series of scales measuring cross-boundary innovation of established brands, customer inspiration intention and motivation, purchase intention, and customer loyalty. There were 90 valid participants with an average age of 24, including 44 males and 46 females, maintaining a balanced gender ratio.

3.1.3 Variable measurement and manipulation checks

The measurements for incremental/radical cross-border innovation of established brands was designed based on existing scales (Sun et al., 2007). The incremental cross-border innovation of established brands scale included three items (Cronbach's α=0.76): creating and introducing new product types, improving existing products and processes, and developing and utilizing existing technologies and capabilities. The radical cross-border innovation of established brands included three items (Cronbach's α=0.79): introducing new products to the market, introducing and developing new technology, and creating new technology and processes to expand the existing market. The scales for customer inspiration intention (Inspired-By) (Cronbach's α=0.90) and motivation (Inspired-To) (Cronbach's α=0.92) were adapted from Jian (2021). Purchase intention (Cronbach's α=0.88) was based on Zhou et al. (2021), and customer loyalty (Cronbach's α=0.89) was based on So et al. (2016).

3.1.4 Data analysis and results

First, paired sample T-tests showed significant differences in mean values for radical cross-border innovation ($M_{\text{Radical cross-border innovation}}$=5.27, M control group=3.92, t=4.363, p=0.000) and incremental cross-border innovation ($M_{\text{Incremental cross-border innovation}}$=5.10, M control group=3.92, t=4.127, p=0.000), indicating successful manipulation of variables.

Next, the effect of cross-boundary innovation on customer inspiration was analyzed using independent T-tests on the intermediary variables of inspiration intention and motivation. The results for inspiration intention were: $M_{\text{Radical cross-border innovation}}$=5.13, M control group=4.05, t=4.109, p=0.000; $M_{\text{Incremental cross-border innovation}}$=5.14, M control group=4.05, t=4.085, p=0.000. The results for inspiration motivation were: $M_{\text{Radical cross-border innovation}}$=5.27, M control group=4.42, t=3.407, p=0.001; $M_{\text{Incremental cross-border innovation}}$=5.20, M control group=4.42, t=3.026, p=0.004. Both radical and incremental cross-border innovation groups had significantly higher inspiration intention and motivation compared to the control group, thus supporting H1.

Bootstrap methods were used to test the mediating effect of customer inspiration (Chen et al., 2013), selecting Model 4 with a sample size of 5000 and a 95% confidence interval. The tested results are listed in Table 2.

The mediating effect of *customer inspiration intention (Inspired-By)* on radical/incremental cross-boundary innovation of established brands and customers' purchase intention was significant for radical innovation (LLCI=0.1176, ULCI=1.1741; Effect size=0.7229, SE=0.2651, excluding 0), with complete mediation (LLCI=-0.4084, ULCI=0.4286; Effect size=0.0101, SE=0.2040, including 0). Similarly, incremental innovation showed significant mediation (LLCI=0.1958, ULCI=0.7115; Effect size=0.4610, SE=0.1299, excluding 0), with complete mediation (LLCI=-0.5358, ULCI=0.4701; Effect size=-0.0333, SE=0.2453, including 0). For customer loyalty, the mediating effect of Inspired-By was significant for radical innovation (LLCI=0.1937, ULCI=1.1724; Effect size=0.7353, SE=0.2447, excluding 0), with fully mediation effects (LLCI=-0.3664, ULCI=0.5002; Effect size=0.0669, SE=0.2112, including 0). Incremental innovation also showed significant mediation (LLCI=0.0985, ULCI=0.5181; Effect size=0.3036, SE=0.1058, excluding 0), with fully mediation effects (LLCI=-0.1100, ULCI=0.8253; Effect size=0.2279, SE=0.2279, including 0).

Testing the mediating effect of *customer inspiration motivation (Inspired-To)* on radical/incremental cross-boundary innovation of established brands and customers' purchase intention showed significant mediation for radical innovation (LLCI=0.1933, ULCI=1.0503; Effect size=0.6326, SE=0.2981, excluding 0), with fully mediation effects (LLCI=-0.3318, ULCI=0.5326; Effect size=0.1004, SE=0.2106, including 0). Incremental innovation also showed significant mediation (LLCI=0.1359, ULCI=0.6795; Effect size=0.4115, SE=0.1335, excluding 0), with fully mediation effects (LLCI=-0.3228, ULCI=0.3551; Effect size=0.0162, SE=0.1652, including 0). For customer loyalty, the mediating effect of Inspired-To was significant for radical innovation (LLCI=0.3629, ULCI=1.1552; Effect size=0.7970, SE=0.2000, excluding 0), with fully mediation effects (LLCI=-0.3648, ULCI=0.3752; Effect size=0.0051, SE=0.1803, including 0). Incremental innovation also showed significant mediation (LLCI=0.1107, ULCI=0.6884; Effect size=0.3096, SE=0.1214, excluding 0), with partial mediation effects (LLCI=0.0150, ULCI=0.8253; Effect size=0.3517, SE=0.1641, excluding 0).

In summary, H2, H2a, H2b are all supported.

Table 2 The testing results of mediating role of customer inspiration in study 1.

	Purchase intention				Customer loyalty			
	Coefficient	SE	LLCI	ULCI	Coefficient	SE	LLCI	ULCI
Direct approach: Cross-Border innovation of established brands → customer purchase and loyalty								
Incremental	-0.0333	0.2453	-0.5368	0.4701	0.3576	0.2279	-0.1100	0.8253
Radical	0.0101	0.2040	-0.4084	0.4286	0.0669	0.2112	-0.3664	0.5002
Indirect approach: Customer inspiration intention (Inspired-By)								
Incremental	0.4610	0.1299	0.1958	0.7115	0.3036	0.1058	0.0985	0.5181
Radical	0.7229	0.2651	0.1176	1.1741	0.7353	0.2447	0.1937	1.1724
Direct approach: Cross-Border innovation of established brands → customer purchase and loyalty								
Incremental	0.0162	0.1652	-0.3228	0.3551	0.3517	0.1641	0.0150	0.8253
Radical	0.1004	0.2106	-0.3318	0.5326	0.0051	0.1803	-0.3648	0.3751

Indirect approach: Customer inspiration motivation (Inspired-To)								
Incremental	0.4115	0.1335	0.1359	0.6795	0.3096	0.1214	0.1107	0.6884
Radical	0.6326	0.2981	0.1933	1.0503	0.7970	0.2000	0.3629	1.1552

3.2 Study 2 Mediating effect of customer inspiration

The aim of Study 2 is to redesign the experimental framework from Study 1 and further verify the main effect and mediating effect of customer inspiration.

3.2.1 Pretest

As Study 1 used a virtual brand and Study 2 employed a real brand, the long-established cosmetics brand Pechoin was selected, and the stimulus materials were prepared. In the pretest, 85 undergraduates and postgraduates were randomly selected online via Questionnaire and asked to evaluate the perceived quality of the products and cross-border innovation using a seven-point Likert scale. The stimulus materials and variable manipulation were like those in Study 1, as shown in Table 3.

The test results showed that the subjects had higher brand familiarity (M=5.01, SD=1.28) and higher perceived product quality (M=5.33, SD=0.92), indicating that the selection of stimulus materials was reasonable, and the subjects were familiar with Pechoin. Regarding the evaluation of cross-border innovation of established brands, the paired sample T-test showed significant differences in the scores for the two types of cross-border innovation methods ($M_{\text{Incremental cross-border innovation}}$= 3.36, SD=1.24; $M_{\text{Radical cross-border innovation}}$= 5.62, SD=0.83, t=-12.186, p<0.001), indicating successful variable manipulation.

Table 3 Experimental manipulation materials in study 2.

Brand Name	Brand Introduction	Incremental cross-boundary Innovation of established brands	Radical cross-boundary Innovation of established brands
Pechoin	Pechoin is one of the oldest brands in China and the most well-known skincare brand with a long history. Upholding the skincare philosophy of "specially formulated for the skin of Eastern women", Pechoin has, in recent years, emerged as a leader in the national trend market through product upgrades and cross-border innovations.	Pechoin has been engaging in cross-border innovations step by step through a series of initiatives, gradually adjusting its product lineup. Collaborating with the Forbidden City, Pechoin launched the "Yanlai Baibao Lian" beauty gift box in partnership with the chief design consultant of the Forbidden City Cultural Jewelry. Additionally, it teamed up with the Dunhuang Museum to introduce limited edition co-branded makeup, organically combining the century-old brand with the millennia-old beauty of Dunhuang.	Pechoin undertook bold cross-border innovations by partnering with Heytea to create two virtual female characters, Axi and Aque, and launched a new cheese tea called "Cheese Mingcha", along with a gift box named "Xique". Offline, Pechoin held pop-up events, establishing the "Cheese Bus" pop-up store to create a nostalgic retro scene inspired by the Republic of China era.

3.2.2 Formal experiment design and process

A single-factor (incremental vs. radical vs. no cross-border innovation) inter-group experimental design was employed in Study 2. Questionnaires were released on a data platform, and the experimental process was like that in Study 1. Subjects were randomly divided into three groups and were required to fill in a series of scales after reading the manipulated materials. The total number of effective subjects was 141, with an average age of 26 years old, of which 56.02% were female, and the gender ratio was balanced.

3.2.3 Variable measurement and manipulation test

The measurement of each variable in Study 2 was the same as in Study 1. The scales for incremental innovation (Cronbach's α=0.82), radical innovation (Cronbach's α=0.77), inspiration intention (Cronbach's α=0.91), inspiration motivation (Cronbach's α=0.93), purchase intention (Cronbach's α=0.90), and customer loyalty (Cronbach's α=0.89) demonstrated high reliability.

3.2.4 Data analysis and results

First, a paired sample T-test was conducted for radical innovation ($M_{\text{Radical cross-border innovation}}$ = 5.73, $M_{\text{Control group}}$ =4.31, t = 4.834, p= 0.000) and incremental innovation ($M_{\text{Incremental cross-border innovation}}$= 5.77, $M_{\text{Control group}}$=4.31, t = 3.968, p= 0.001) compared to the control group, showing significant differences in mean values and successful variable manipulation.

Next, the effect of cross-border innovation of established brands on customer inspiration was analyzed. Independent T-tests were conducted on the inspiration intention and motivation of the intermediary variables. The test results for inspiration intention were as follows: $M_{\text{Radical cross-border innovation}}$= 5.20, $M_{\text{Control group}}$= 4.34, t =3.585, p=0.001; $M_{\text{Incremental cross-border innovation}}$= 5.11, $M_{\text{Control group}}$= 4.34, t =3.332, p=0.001. The test results for inspiration motivation were: $M_{\text{Radical cross-border innovation}}$=5.29, $M_{\text{Control group}}$= 4.07, t = 4.885, p=0.000; $M_{\text{Incremental cross-border innovation}}$= 5.16, $M_{\text{Control group}}$= 4.07, t =4.488, p=0.000. Compared to the control group, both the incremental and radical innovation groups had significantly higher inspiration intention and motivation, supporting H1.

The study then used the Bootstrap method to test the mediating effect of customer inspiration. Model 4 was selected with a sample size of 5000 and a 95% confidence interval.

As for mediating effect of inspiration intention on cross-border innovation of established brands and customers' purchase intention: At 95% confidence interval, inspiration intention had a significant mediating effect between radical innovation and purchase intention (LLCI=0.1196, ULCI=0.7256; Effect size =0.3606, SE=0.1557, excluding 0). Confidence intervals for direct effects (LLCI=-0.1140, ULCI=0.3726; Effect size =0.1293, SE=0.1186, including 0) indicated that inspiration intention plays a fully mediating role in the effect of radical innovation on purchase intention. The mediating effect of inspiration intention on incremental innovation and purchase intention was also significant (LLCI=0.1119, ULCI=0.7026; Effect size =0.3125, SE=0.1500, excluding 0). Confidence intervals for direct effects (LLCI=-0.2154, ULCI=0.1814; Effect size =-0.0170, SE=0.0985, including 0) indicated that inspiration intention also plays a fully mediating role. As for mediating effect of inspiration intention on cross-border innovation of established brands and customer loyalty: At 95% confidence interval, inspiration intention had a positive and significant mediating effect between radical innovation and customer loyalty (LLCI=0.1743, ULCI=0.8178; Effect size=0.4409, SE=0.1667, excluding 0). The confidence interval for direct effects (LLCI=-0.1549, ULCI=0.5231; Effect size=0.1841, SE=0.1652, including 0) showed that inspiration intention plays a fully mediating role. The mediating effect of inspiration intention on incremental innovation and customer loyalty was significant (LLCI=0.1330, ULCI=1.4000; Effect size =0.4680, SE=0.3462, excluding 0). Confidence intervals for direct effects (LLCI=-0.6681, ULCI=-0.0846; Effect size=-0.3763, SE=0.1422, excluding 0) showed that inspiration intention plays a partially mediating role.

As for the mediating effect of inspiration motivation on cross-border innovation of established brands and customers' purchase intention, at 95% confidence interval, the mediating effect of inspiration motivation on radical innovation and purchase intention was positive and significant (LLCI=0.1255, ULCI=0.8694; Effect size =0.4602, SE=0.1975, excluding 0). Confidence intervals for direct effects (LLCI=-0.2332, ULCI=0.2927; Effect size =0.0298, SE=0.1281, including 0) indicated that inspiration motivation plays a fully mediating role. The mediating effect of inspiration motivation on incremental innovation and purchase intention was significant (LLCI=0.1255, ULCI=0.8694; Effect size =0.4602, SE=0.1975, excluding 0). Confidence intervals for direct effects (LLCI=-0.2332, ULCI=0.2927; Effect size =0.0298, SE=0.1281, including 0) indicated that inspiration intention plays a fully mediating role. As for mediating effect of inspiration motivation on cross-border innovation of established brands and customer loyalty: At 95% confidence interval, the mediating effect of inspiration motivation on radical innovation and customer loyalty was positive and significant (LLCI=0.1842, ULCI=0.9437; Effect size=0.5797, SE=0.1882, excluding 0). Confidence intervals for direct effects (LLCI=-0.3081, ULCI=0.3987; Effect size=0.0453, SE=0.1722, including 0) indicated that inspiration motivation plays a fully mediating role. The mediating effect of inspiration motivation on incremental innovation and customer loyalty was significant (LLCI=0.1328, ULCI=0.8470; Effect size =0.3254, SE=0.1756, excluding 0). Confidence intervals for direct effects (LLCI=-0.3703, ULCI=0.135; Effect size =-0.1784, SE=0.0952, including 0) indicated that inspiration motivation plays a fully mediating role.

Table 4 The testing results of mediating role of customer inspiration in study 2.

	Purchase intention				Customer loyalty			
	Coefficient	SE	LLCI	ULCI	Coefficient	SE	LLCI	ULCI
Direct approach: Cross-Border innovation of established brands → customer purchase and loyalty								
Incremental	-0.0170	0.0985	-0.2154	0.1814	-0.3763	0.1422	-0.6681	-0.0846
Radical	0.1293	0.1186	-0.1140	0.3726	0.1841	0.1652	-0.1549	0.5231
Indirect approach: Customer inspiration intention (Inspired-By)								

Incremental	0.3125	0.1500	0.1119	0.7026	0.4680	0.3462	0.1330	1.4000
Radical	0.3606	0.1557	0.1196	0.7256	0.4409	0.1667	0.1743	0.8178
Direct approach: Cross-Border innovation of established brands → customer purchase and loyalty								
Incremental	0.0298	0.1281	-0.2332	0.2927	-0.1784	0.0952	-0.3703	0.0135
Radical	0.0298	0.1281	-0.2332	0.2927	0.0453	0.1722	-0.3081	0.3987
Indirect approach: Customer inspiration motivation (Inspired-To)								
Incremental	0.4602	0.1975	0.1255	0.8694	0.3254	0.1756	0.1328	0.8470
Radical	0.4602	0.1975	0.1255	0.8694	0.5797	0.1882	0.1842	0.9437

In summary, H2a, H2b, H2 are all supported again.

3.3 Study 3 Moderating effect of mental simulation

Study 1 and 2 verify the main effect and mediated mechanism of customer inspiration on cross-border innovation of established brands and customers' purchase intention and loyalty. Study 3 aims to further examine the moderating effect of mental simulation.

3.3.1 Pretest

Study 3 aims to further examine the moderating effect of mental simulation on the relationship between cross-border innovation of established brands and customer purchase intention as well as loyalty. Using real brands, the well-known brand Wahaha was selected as the stimulus material. In a pretest, 85 undergraduates and postgraduates participated via an online survey platform. The stimulus materials and variable manipulations were like those in Study 1 and 2. Results showed high brand familiarity with Wahaha (M=5.45, SD=1.39) and high perceived product quality (M=5.40, SD=1.12), indicating the stimulus selection was reasonable. Paired sample T-test results for cross-border innovation evaluations showed significant differences between incremental ($M_{\text{Incremental cross-border innovation}}$= 4.15, SD=1.44) and radical innovation ($M_{\text{Radical cross-border innovation}}$= 5.83, SD=0.78, t=-8.062, p<0.001), confirming successful variable manipulation.

3.3.2 Formal experiment design and process

Study 3 employed a two (cross-border innovation of established brands Incremental vs. Radical) x two (mental simulation: Imagination-Based vs. Memory-Based) intergroup experimental design. Questionnaires were distributed online, and participants were randomly assigned to four groups. After being exposed to cross-border innovation manipulations, they read mental simulation statements and completed various scales. The mental simulation manipulations, based on imagination and memory, were adapted from Zhao et al. (2009) as shown in Table 5. Participants then detailed their thoughts on the new products. Two graduate students, unaware of the experiment's purpose, coded and scored these thoughts. If participants imagined new products and forms, it was considered imagination simulation; if they recalled childhood products, it was considered memory-based simulation. Each valid piece of information received a point. In total, 210 valid questionnaires were collected, with participants averaging 28 years old (63.8% female). Most participants held a bachelor's degree (64.8%) or a master's degree (22.4%).

Table 5 Experimental manipulation materials in study 3.

Incremental cross-boundary Innovation of established brands	Radical cross-boundary Innovation of established brands	Imagination-Focused mental simulation	Memory-Focused mental simulation
Wahaha is one of China's established brands and has become the largest, most profitable, and most promising food and beverage enterprise in China. In recent years, to rejuvenate the brand and enhance product	Wahaha is one of China's established brands and has become the largest, most profitable, and most promising food and beverage enterprise in China. Wahaha has made radical cross-border innovations, collaborating with a popular ice cream brand to launch a new product called "Underage Ice	When considering whether to purchase new products, many consumers find that using their imagination to form visual images (pictures in their minds) can help them evaluate the products. Release your imagination and imagine Wahaha's new products that	When considering whether to purchase new products, many consumers find that using memories to form visual images (pictures in their minds) can help them evaluate the products (Dahl et al., 1999). Mentally simulating the new products

innovation, Wahaha has engaged in cross-border marketing, striving for breakthroughs and attracting many young consumers. Wahaha has made incremental cross-border innovations through a series of steps, gradually adjusting its products. They have partnered with Douluo Continent to launch new packaging for Nutri-Express and introduced a new red bottle for AD calcium milk. Wahaha aims to maintain the "national tide classic" brand image, conveying the meaning of "unchanging formula" and "unchanging original intention".	Cream". For young consumers with fast-paced lifestyles who need breakfast substitutes, Wahaha has introduced products like quinoa milk porridge as part of its "comprehensive nutrition plan". For those with mild insomnia, Wahaha has partnered with "MiaoMian" to launch sleep-aid drinks like "MiaoMian" yogurt.	you have never encountered before; this may help you evaluate them. While evaluating Wahaha's new products, push yourself to imagine these new tastes and feelings.	may help you evaluate them. While evaluating Wahaha's new products, use your memories to simulate the taste and feelings of the products.

3.3.3 Variable measurement and manipulation test

Scales used for incremental innovation (Cronbach's α=0.72), radical innovation (Cronbach's α=0.76), inspiration intention (Cronbach's α=0.86), inspiration motivation (Cronbach's α=0.89), purchase intention (Cronbach's α=0.78), and customer loyalty (Cronbach's α=0.80) demonstrated high reliability.

Mental simulation manipulation test: Coding results showed significant differences between the imagination-based and memory-based mental simulation groups. Participants in the imagination-based group generated more imagined content than those in the memory-based group ($M_{\text{Imagination-Based mental simulation}}$=1.29, $M_{\text{Memory-Based mental simulation}}$ =0.17, t=12.478, p=0.000), and vice versa for the memory group ($M_{\text{Memory-Based mental simulation}}$ =1.15, $M_{\text{Imagination-Based mental simulation}}$ =0.20, t=9.755, p=0.000). This confirmed successful manipulation of mental simulation.

3.3.4 Data analysis and results

As for moderating effect analysis, a two-factor ANOVA, with customer inspiration intention as the dependent variable and cross-border innovation of established and mental simulation as fixed factors, showed a significant interaction effect [F (1, 206) = 7.499, p=0.007, R^2=0.152]. Similar results were found for inspiration motivation [F (1, 206) = 6.980, p=0.009, R^2=0.127]. As for simple effect analysis, in the incremental innovation group, there was no significant difference in inspiration intention between the two mental simulations ($M_{\text{Imagination-Based mental simulation}}$ =5.47, $M_{\text{Memory-Based mental simulation}}$ =5.27, t=0.980, p>0.05). However, in the radical innovation group, inspiration intention under imagination-focused mental simulation was significantly higher than under memory-focused simulation ($M_{\text{Imagination-Based mental simulation}}$ =5.67, $M_{\text{Memory-Based mental simulation}}$ =4.71, t=4.915, p<0.001), supporting H3a and H3b.

Similarly, no significant difference was found in inspiration motivation in the incremental innovation group between the two mental simulations ($M_{\text{Imagination-Based mental simulation}}$ =5.37, $M_{\text{Memory-Based mental simulation}}$ =5.22, t=0.724, p>0.05). However, in the radical innovation group, inspiration motivation was significantly higher under imagination-focused simulation compared to memory-focused simulation ($M_{\text{Imagination-Based mental simulation}}$ =5.61, $M_{\text{Memory-Based mental simulation}}$ =4.64, t=4.253, p<0.001), further supporting H3a and H3b. Figure 2 and 3 show the moderating effects of different types of mental simulation as follows.

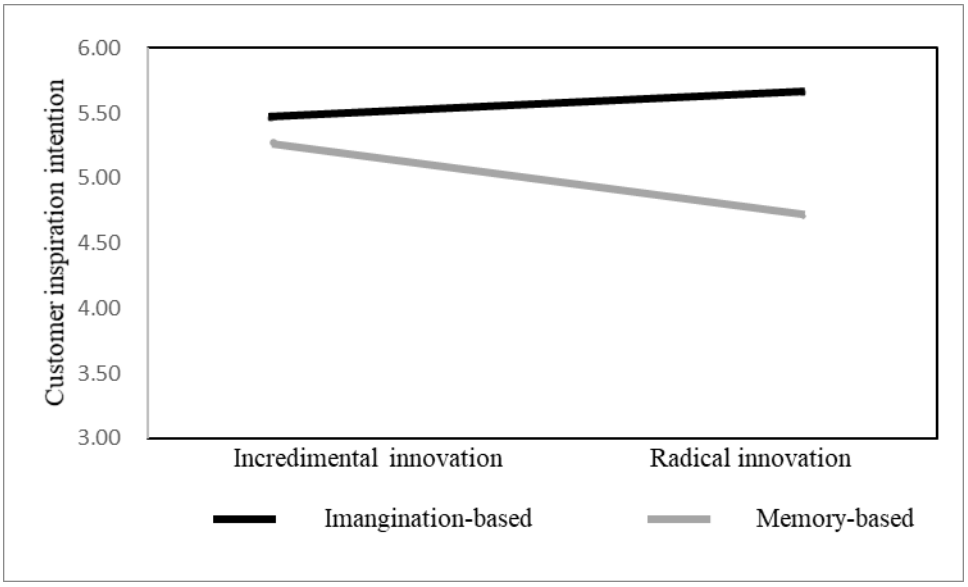

Fig. 2. Impact of cross-border innovation of established brands on customer inspiration intention under different mental simulations.

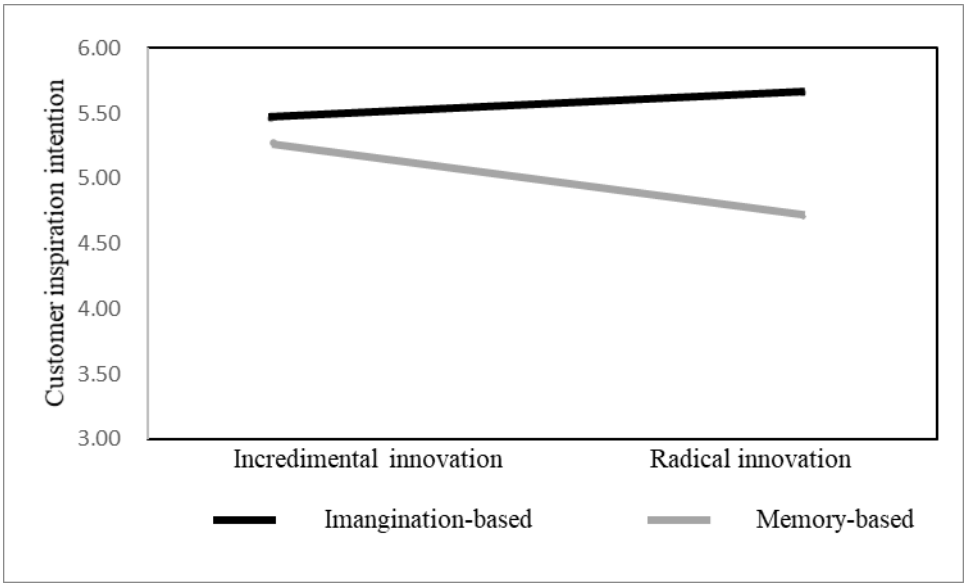

Fig. 3. Impact of cross-border innovation of established brands on customer inspiration motivation under different mental simulations.

4. THEORETICAL AND MANAGERIAL IMPLICATIONS

4.1 Theoretical implications

First, this study focuses on the new category of cross-border innovation by established brands, integrating theories of brand co-ownership, and concludes that such innovations can inspire customers. From a customer stand, this study builds a micro-mechanism model of the influence of established brands on purchase intention and customer loyalty, enriching empirical findings in this field. Most previous literature focused on the influence of brand fit on customers when brands were united (Yu et al., 2020), with few studies on brand crossovers with significant differences. Moreover, earlier studies primarily addressed the impact of brand cross-border associations on brand attitude (Decker & Baade, 2016). The cross-border innovation of established brands is a relatively new phenomenon (Ke & Wang, 2021).

Second, this study verifies that customer inspiration can play a significant mediating role in the impact of cross-border innovation by established brands on customers' purchase intention and customer loyalty. It posits that established brands can engage in bold cross-border innovations, whether through incremental or radical innovation, to stimulate customer

inspiration, thereby enhancing purchase intention and customer loyalty. By introducing the theory of customer inspiration into the field of cross-border innovation by established brands, this paper further enriches and expands relevant research on customer inspiration.

Third, this paper reveals that under different mental simulation conditions, the marketing effect of cross-border innovation of established brands on customer inspiration varies. It explores the moderating effect of a new type of mental simulation on customer inspiration and introduces this concept into the field of cross-border innovation by established brands. This approach aims to improve the understanding of the formation mechanism of customer inspiration.

4.2 Managerial implications

First, established brands can revitalize themselves through cross-border innovation while retaining their core cultural essence (Wang et al., 2022). This approach stimulates positive customer engagement. Many established brands are hindered by outdated technology and slow product updates. Cross-border innovation can inject new energy into these brands, allowing them to break into the younger market. By combining the value proposition of established brands with new products and co-branding with well-known IPs, brands can introduce new fashion elements and create products that appeal to younger customers. Additionally, incorporating the brand's rich cultural heritage into marketing strategies can highlight a modern attitude towards life, garnering more attention.

Secondly, brands can effectively inspire customers through the cross-border launch of new products by exploring and showcasing product diversity and novelty. This approach radiates the vitality and appeal of new products, thereby affecting customers' inspiration, including inspiration intention (Inspired-By) and motivation (Inspired-To). For enterprises aiming to boost customers' purchase willingness and enhance customer loyalty, it is essential to introduce new ideas. Established brands can innovate based on their original products to evoke emotional resonance through childhood memories, bridging the gap between the brand and customers and enhancing customer inspiration. Brands can also utilize offline pop-up stores to enter the young market more formally.

Finally, enterprises can leverage mental simulation to communicate new product marketing. Traditionally, new product marketing focuses on specific turnover, often neglecting precise marketing strategies to improve performance. This paper demonstrates that mental simulation is an effective method. Enterprises can guide customers to engage in mental simulation through packaging or advertising. For radically innovative products, encouraging customers to use their imagination can stimulate their inspiration and enhance their positive impressions of the new products. Additionally, allowing customers to participate in new product development can trigger more mental simulation (Wang & Yan, 2018).

5. LIMITATIONS AND FUTURE RESEARCH

First, these studies utilized only questionnaire surveys and situational experiments, which presents certain methodological limitations. Future research could benefit from collecting more practical data on cross-boundary innovation of established brands to further validate the conclusions of this paper. Additionally, the sample was primarily composed of college students. Future research should include a more diverse range of customers, considering variations in age, professional background, and occupation, to verify the findings of these studies.

Second, there are various ways to categorize established brands in cross-boundary innovation. This paper categorizes them based on the degree of innovation. Future research can explore other forms of categorization, including marketing innovation, product innovation, channel innovation, and more.

Third, the selection of products in this study is limited. Given the wide variety of products in the market, future research can explore different innovation types suitable for various product types. This will help to generalize the conclusions of this paper to a broader range of product scenarios.

Fourth, the manipulation of mental simulation in this paper primarily relied on text. However, in practice, companies can also use images, videos, and other forms to guide customers in mental simulation (Elder *et al.*, 2017).

Fifth, cross-boundary innovation may also lead to negative impacts if perceived as excessive marketing, causing customers to view it as a "gimmick". Future research should also consider the potential negative effects of cross-boundary innovation by established brands.

6. CONCLUSION

Through three psychological experiments, this paper examines the mediating role of customer inspiration in the cross-boundary innovation of established brands in Chinese market, influencing customers' purchase intentions and loyalty. First, cross-boundary innovation by established brands in Chinese market significantly enhances customers' intention (Inspired-By) and motivation (Inspired-To) for inspiration. Second, intention (Inspired-By) and motivation (Inspired-To) for inspiration mediate the impact of cross-boundary innovation on customers' purchase intentions and loyalty. Third, this study explores the moderating role of mental simulation in the relationship between cross-boundary innovation and customer inspiration. Specifically, when established brands introduce new products via radical innovation in Chinese market, imagination-based mental simulation enhances customers' intention and motivation for inspiration more than memory-based

mental simulation. However, when new products are introduced through incremental innovation of established brands, there is no significant difference in customers' intention and motivation for inspiration under the two mental simulations. This paper contributes both theoretically and practically to the understanding of cross-boundary innovation in established brands under Chinese market.

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