

**CUSTOMERS CO-CREATION INTENTION: THE
MEDIATING ROLE OF CUSTOMER BRAND
ENGAGEMENT ON SOCIAL MEDIA IN FASHION
RETAIL**

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UNIVERSITI SAINS MALAYSIA

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RETAIL**

by

KESMAT MOHAMED ELSAYED ABDELAZIZ

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LIST OF ABBREVIATIONS

MENA	Middle East and North Africa
CBE	Customer Brand Engagement
OBCs	Online Brand Communities
SME	Small Medium sized Enterprises
MSMEs	Micro sized Small Medium Sized Enterprises
EM	Emerging Markets
SCT	Social Cognitive Theory
EWOM	Electronic Word Of Mouth
R&D	Research and Development
SEM	Structural Equational Modelling
USM	Universiti Sains Malaysia
CB-SEM	Covariance-based Structural Equational Modelling
PLS-SEM	partial least squares Structural Equational Modelling

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**NIAT PENCIPTAAN BERSAMA PELANGGAN: PERANAN
PERUBAHAN PENGLIBATAN JENAMA PELANGGAN DALAM MEDIA
SOSIAL PERUNCITAN FESYEN**

ABSTRAK

Media sosial telah menjadi saluran penting aktiviti pemasaran untuk membentuk penglibatan jenama pelanggan (CBE) dan berinteraksi. Kekuatan oleh kebangkitan media sosial, pelanggan bukan lagi ‘penonton pasif’ tetapi ‘co-produser aktif’ yang melibatkan tingkah laku untuk memperkasakan hubungan mereka dengan produk atau jenama, seperti nilai penciptaan bersama untuk inovasi, terutama dalam konteks industry fesyen. Pembentukan bersama nilai pelanggan adalah penting untuk kejayaan dan inovasi pemasaran, terutamanya untuk fesyen Mikro dan PKS menghadapi persaingan sengit dengan syarikat yang lebih besar. Walau bagaimanapun, banyak aktiviti penciptaan bersama yang dilaksanakan oleh syarikat menghadapi kesukaran untuk menarik dan melibatkan pelanggan yang menjanjikan. Oleh itu, penyelidikan diperlukan untuk mengkaji faktor-faktor yang mempengaruhi CBE untuk tujuan pembentukan nilai bersama kerana penyelidikan sebelumnya di bidang ini terhad. Di samping itu, media sosial membenarkan kemunculan pemasaran “influencer” dan sokongan pengaruhnya yang secara signifikan membentuk tingkah laku dan keinginan pelanggan termasuk keinginan nilai penciptaan bersama. Berdasarkan teori kognitif sosial, kajian ini bertujuan untuk mengembangkan model penyelidikan untuk memahami faktor-faktor yang mempengaruhi tingkah laku keinginan nilai penciptaan bersama pelanggan dari perspektif penglibatan jenama pelanggan. Lebih-lebih lagi, teori kesan sosial telah diintegrasikan untuk mengkaji pengaruh pemasaran ‘influencer’ terhadap hasrat nilai penciptaan bersama pelanggan.

Kajian kuantitatif dilakukan dengan menggunakan soal selidik dalam talian dengan pelanggan butik fesyen dalam talian di Mesir yang menggunakan Instagram untuk berinteraksi dan membeli dari MSME fesyen secara dalam talian. Kajian ini dilaksanakan oleh 402 borang soal selidik dalam talian yang lengkap menggunakan teknik pengambilan sampel kuota yang kemudian dianalisis mengikuti pendekatan PLS-SEM. Hasil kajian menunjukkan bahawa teori kognitif sosial memperluas literasi nilai penciptaan bersama yang ada bersama model yang dicadangkan. Sebagai contoh, faktor peribadi / individu seperti efikasi sendiri dan jangkaan hasil terbukti mempengaruhi CBE. Faktor persekitaran seperti pengalaman masyarakat, interaktiviti kandungan, dan pengiktirafan jenama terbukti mempengaruhi CBE. Sementara, menganggap kepercayaan 'influencer', menganggap kesesuaian 'influencer' mempunyai pengaruh langsung yang signifikan terhadap nilai penciptaan bersama. Penemuan ini juga menekankan bahawa peningkatan CBE afektif dan tingkah laku, sebagai mediator, secara positif mempengaruhi keinginan nilai penciptaan bersama di media sosial. Secara teorinya, penemuan ini memberikan gambaran lebih lanjut mengenai literasi CBE di media sosial, dengan fokus pada nilai penciptaan bersama sebagai hasilnya. Secara praktikal, penemuan ini mengenal pasti faktor-faktor utama yang memupuk CBE untuk tujuan nilai pembentukan bersama, serta faktor-faktor yang mempengaruhi pemasaran 'influencer' untuk merangsang keinginan nilai penciptaan bersama untuk pelanggan Micro and PKS fesyen dalam talian di Instagram.

**CUSTOMERS CO-CREATION INTENTION: THE MEDIATING ROLE
OF CUSTOMER BRAND ENGAGEMENT ON SOCIAL MEDIA IN
FASHION RETAIL**

ABSTRACT

Social media has become an important channel for marketing activities shaping customer brand engagement (CBE) and interactions. Empowered by the rise of social media, customers are no longer a ‘passive audience’ but ‘active co-producers’ who engage in behaviours that strengthen their relationship with the product or brand, such as value co-creation for innovation, particularly in the fashion retail context. Customer value co-creation is critical for marketing success and innovation, especially for fashion Micro and SMEs (MSMEs) facing rigid competition with larger firms. However, many firm-initiated co-creation activities face difficulties in attracting and engaging promising customers. Therefore, research is needed to investigate the factors influencing CBE for value co-creation intention since previous research in this area is limited. Additionally, social media allowed the emergence of influencer marketing and endorsements which significantly shape customers’ behaviors and intentions including value co-creation intention. Based on the social cognitive theory, this thesis aims to develop a research model to understand the factors influencing customers’ value co-creation intention behavior from the perspective of customer brand engagement. Moreover, social effect theory was integrated to investigate the effect of influencer marketing on customers’ value co-creation intention. A quantitative study was carried out using online questionnaires with customers of online fashion boutiques in Egypt who use Instagram to interact with and purchase from online fashion MSMEs. The study yielded 402 completed online questionnaires using the quota sampling technique

which were later analysed following the PLS-SEM approach. The findings revealed that social cognitive theory extends the existing value co-creation literature with the proposed model. For instance, personal/individual factors such as self-efficacy and outcome expectations were proven to affect CBE. Environmental factors such as community experience, content interactivity, and brand recognition were proven to influence CBE. While, influencer perceived trustworthiness, influencer perceived fit had significant direct impact on value co-creation intention. Findings also highlighted that an increase in affective and behavioral CBE, as mediators, positively affects value co-creation intention on social media. Theoretically, the findings provide further insights into the CBE's literature on social media, with a focus on value co-creation as an outcome. Practically, the results identify the key factors which foster CBE for value co-creation intention, as well as the factors which affect influencer marketing for stimulating value co-creation intention for online fashion MSMEs' customers on Instagram.

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Recently, technology and the internet have evolved leading firms to resort to social media. Social media offers more opportunities for service or product innovation which has been acknowledged by academics and practitioners in today's competitive environment, as well as its necessity for firms' success and competitiveness (Bugshan, 2014) . This led firms to begin to adopt the notion that customer participation especially in the development of new products and in strategies for innovation has become a critical strategic issue for successful competitive advantage development (Bugshan, 2014). In practice, firms including Dell, Honeywell International, Starbucks, Lego, and Maersk Line provide communities in an online environment aiming for innovation opportunities to improve their offerings such as products and services (Chen & Wang, 2016). Thus, firms interact with customers and integrate the customers' reviews and ideas into the development process of new products and services, hence innovate and co-create. Therefore, firms can enhance their market offerings and customer relationships (Füller, 2010). Hence, co-creation of value is the interaction among a firm and its customers to create value cooperatively (Handrich & Heidenreich, 2013). Value co-creation can be defined as "The extent to which customers have the desire to engage in value co-creation activities which is usually directly related to their action" (Zhao et al., 2018).

The significance of understanding the reasons and ways customers participate to innovate was recognized as important for successful value co-creation strategy implementation (De Jong & De Bruijn, 2013). Customers have shown signs of slow

response and turnover to firms' attempts to involve them in the value co-creation process, indicating a need to examine the factors that encourage participation (Handrich et al., 2013). Most researches focus on the benefits of value co-creation rather than the antecedents or the engagement factors which encourage initial participation in value co-creation (Fernandes & Remelhe, 2016). In fact, customer brand engagement has been proven to be important in the context of value co-creation (Casper Ferm & Thaichon, 2021). Consequently, scholars have defined customer brand engagement by highlighting the affective, cognitive and/or behavioral aspects of the phenomenon. Focusing on the different dimensions of customer brand engagement (affective, cognitive, behavioral), customer brand engagement happens when a customer display positive brand-related cognitive, affective and behavioral attitude during customer/brand interactions, as stated by Hollebeek et al. (2014) . This dissertation draws on the service-dominant logic base of engagement (Brodie, Hollebeek et al., 2011; Hollebeek, Srivastava et al., 2016) to arrive at an integrative model of customer brand engagement that not only examines the value co-creation as an outcome for the three facets of customer brand engagement but also contextualizes that interplay within the broader nomological network of antecedents and outcomes. Therefore, customer brand engagement is defined within this study as “ A customer's positively brand-related cognitive, affective and behavioral activity during or related to focal customer/brand interactions.” (Hollebeek, Glynn et al., 2014). The definition employed in the study hence stresses investigating the multi-dimensionality of customer brand engagement.

To facilitate customer brand engagement, social media was thought of as a marketing tool for advertising a firms' products/services and constitutes an evolving channel of communication which firms can use to structure customers' relationships.

Social media offers opportunities for firms to participate and cooperate with customers. Therefore, studying customer brand engagement on social media within the study was adequate as a facilitator of value co-creation intention. Firms are starting to focus on the need to employ an effective interactive social media environment with customer relationships (Kumar, Aksoy et al., 2010). Customers exploit social media not only to search for products and services, but they also interact and engage with the firms they make purchases from, as well as other customers who can offer the firms some insights (Garretson, 2008). Firms acknowledge social media as an open network that is cost-effective enabling the reduction of geographic barriers and easing the process of value co-creation with customers (Sawhney, Gianmario et al., 2005).

Studying the literature, a gap was found related to value co-creation and customer brand engagement on social media both in practice and academia (Dessart, Veloutsou et al., 2015). Customer brand engagement within the area of relationship marketing combines the relations between buyers and sellers. It also includes any likely communication between potential and actual customers and all other stakeholders. Social media platforms enable this type of participation encouraging the development of trust, helpfulness, and commitment to create communication between customers and firms (Vivek, Beatty et al., 2012).

There are different studies and statistics published from 2016 to 2021 to stress the fact that social media and content creation are the trends each marketer should follow nowadays as shown in Table 1.1.

Table 1.1 Social media statistics

Statistical Fact	Source	Time of reporting
90% of social media users use social media to interact with brands or businesses	Smart Insights	2017

71% of customers who witness good social media experience recommend the brand to others	Lyfemarketing	2018
54% of customers use social media to search for products and services . They also use social media to look for reviews and feedbacks.	GlobalWebIndex	2020
85 percent of marketers and community builders stated that owning a brand community enhances the customer experience and builds trust	CMX research	2016
90% of people on Instagram follow a business.	Hubspot	2021

On social media, customers pay attention to the brand’s products, and then they engage in communications with the brand and other customers to create value concerning areas such as design and development of products and services, production, or usage (Zhao, Chen et al., 2018). However, for this to happen, multiple factors should be examined such as the content quality and interactivity of the post (Dabbous & Barakat, 2020; Dessart et al., 2015; Islam & Rahman, 2017). Therefore, posts on social media including rich interactive content may stimulate customers to engage in value co-creation activities. Other factors may exist which influences customer brand engagement for value co-creation. Most studies in the literature focused on the company’s perspective and the way firms perceive value co-creation. However, few researches investigated the environmental factors and brand factors such as brand trust, experience, content and brand recognition, and individual/personal factors such as personality traits, self-efficacy and outcome expectation from the customers’ point of view which may influence the customer brand engagement for value co-creation (Chen et al., 2016; Zhao et al., 2018) . Therefore, this study employed the social cognitive theory to address this research gap and investigate value co-creation from the

customers' point of view. This includes the extent to which environmental, individual/personal, and brand factors influence customer brand engagement and intention to co-create. Therefore, this thesis presents implications for firms to maintain social media presence and support customers' intention to engage in the process of value co-creation and enhances the knowledge concerning social cognitive theory and value co-creation theory.

In addition to that, social media gave rise to influencer marketing, which is regarded as a marketing tool in which influencers endorse a firm's products and in this way build up their image among the influencer's huge base of followers (De Veirman, Cauberghe et al., 2017). Influencer marketing is anticipated to flourish significantly, as mentioned by a survey carried out with many marketers and was statistically analysed (see Figure 1.1) (Guttman, 2019).

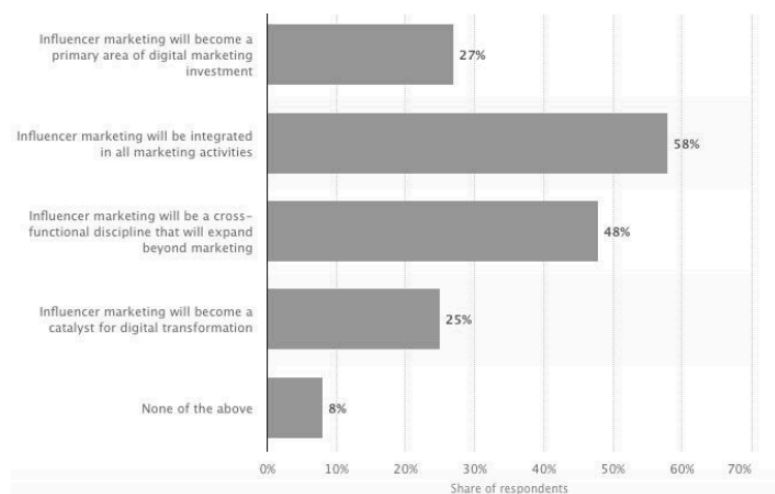


Figure 1.1 Influencer marketing statistics (Guttman, 2019)

The majority of marketers, as Figure 1.1 illustrates, have indicated that “influencer marketing will be integrated into all marketing activities”, constituting 58%, which is a significant number (Guttman, 2019). Therefore, enriching the knowledge of influencer marketing is vital and beneficial because it may offer insights

that are valuable in the future. Since the literature connecting influencers' factors with value co-creation behavior is scarce, source effect model was used to study the impact of the source's (influencer) different dimensions such as credibility, attractiveness, and brand fit on the value co-creation intention since it is regarded as a new marketing tool which is influential to customers' behaviors (De Veirman et al., 2017). Since this study is conducted in Egypt, the background of Egypt should be studied for the research environment.

1.2 Egypt Background information

1.2.1 The Land of the Nile: Egypt

Egypt, officially, the Arab Republic of Egypt, is situated in Northern Africa. The Mediterranean Sea, Libya, north of Sudan, the Gaza Strip, and the Red Sea, borders Egypt from all directions (countryreports.org, 2019) (Appendix E). The dominant ethnic group in Egypt is Egyptians with 99.7% and 0.3% other races (cia.gov, 2019). The official language is Arabic; however, English and French are understood and widely used by educated classes. Within the Arab world, Egypt is one of the most populous countries, while it is the third in terms of population in Africa after Nigeria and Ethiopia. The desert constitutes the majority of the country, hence 95% of the population in Egypt is situated along the Nile River which is 5% only of Egypt's land area. Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS) states that country's population reached 98.7 million in May 2019. The population is divided into age groups as shown in figure 1.2.

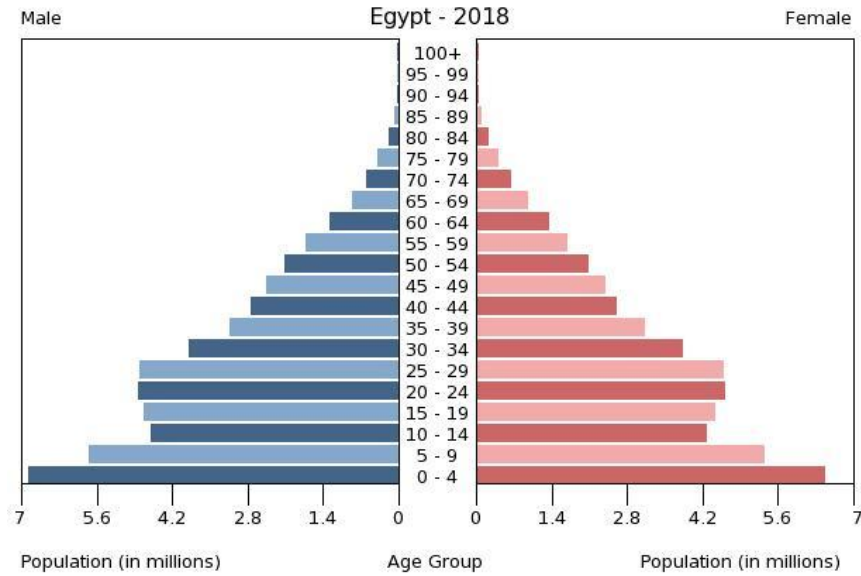


Figure 1.2 Egypt's Population Census (Campas.gov.eg, 2019)

In 2012, despite the political uncertainty caused by the January 2011 revolution, Egypt's economy maintained a growth of 1.8 per cent as compared to 1.7 per cent in 2011(UNECA, 2013). Real gross domestic product (GDP) increased by 5.3 percent, in comparison to the average of 4.3 percent within the past three years (see Appendix E). This growth was caused by public investments, private consumption, and exports of goods and services. Though inflation is still considered as high, it has started to alleviate since 2017, decreasing from 33% in 2017 to 12.7% in the beginning of 2019. In the efforts to enhance the economic conditions in Egypt, the world Bank announced on 17th of April 2019 the launch of a project called the 'Catalyzing Entrepreneurship for Job Creation Project' designed to help overcome the major challenges faced by young women and people in setting up a new business. This project aimed at developing lending options to individuals such as women, small businesses, and youth in less developed parts in Egypt. Coaching opportunities are funded for new start-ups through the entrepreneurial lifecycle to develop the needed talents and capabilities (WorldBank, 2019).Additionally, the World Bank stated its

plan for development in Egypt in 2019 as follows “The World Bank supports Egypt through the social protection and inclusion all Egyptian citizens. The package aims at improving competitiveness and infrastructure in various places in Egypt that are characterized as less developed. The World Bank strives to develop a digital development strategy to rebuild education and health sector and build human capital. A portfolio of 16 projects in Egypt were developed by the World Bank with a total of US\$6.69 billion”. Another important aspect of Egypt as a research environment is to examine the social media and internet penetration to be able to investigate the feasibility and importance of the study.

1.2.2 Social Media and Internet Penetration in Egypt

The number of people using social media are growing and emerging markets are expanding their reach online. Pew Research Centre released their results from a 37-country survey to describe the status of social media penetration in multiple countries. Egypt, considered as a developing country with a growing immature market, has a higher level of increase in social media usage than in USA being a developed country with mature market according to Pew Research centre in 2018. It recorded that USA has only an increase of 3% from 2015 to 2017 while Canada had only an increase of 1%. In countries that are still developing like Lebanon, the internet usage grew from 41% in 2013 to 72% in 2018. Even though Egypt, Saudi Arabia and UAE were not included in the report, “We are Social” digital reports studied their internet growth rates.

1.2.2(a) Internet Penetration in Egypt

According to ThinkMarketing, most of the Middle East and North Africa (MENA) countries see constant growth in internet usage unlike the developed countries which seem to stabilize being a mature market, while in developing countries, internet usage and penetration are still growing. We Are Social digital reports in 2018 stated that internet usage in Egypt rose to 50% of the total population in comparison with Saudi Arabia and UAE as Middle eastern countries as shown in Figure 1.3.

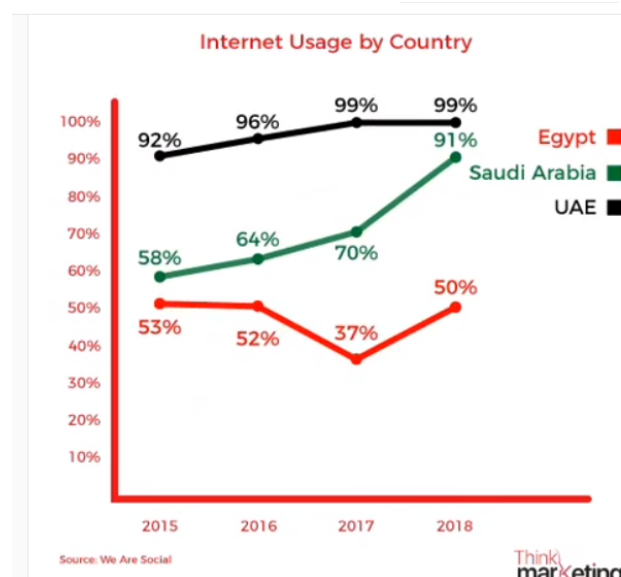


Figure 1.3 internet usage by country (WeAreSocial, 2019)

In “We are Social’s” digital reports, Egypt’s inconsistent rates is due to the fact that information was not accessible from “National Regulatory Authorities” until 2017 and Egypt’s sharp increase in population.

1.2.2(b) Social Media Penetration in Egypt

Social media is gaining momentum in most of the countries according to “We are Social” reports and as seen in the below Figure 1.4 as well the in the Figure 1.5 which show the comparison between social media penetration in Egypt, in Saudi Arabia and UAE as well.

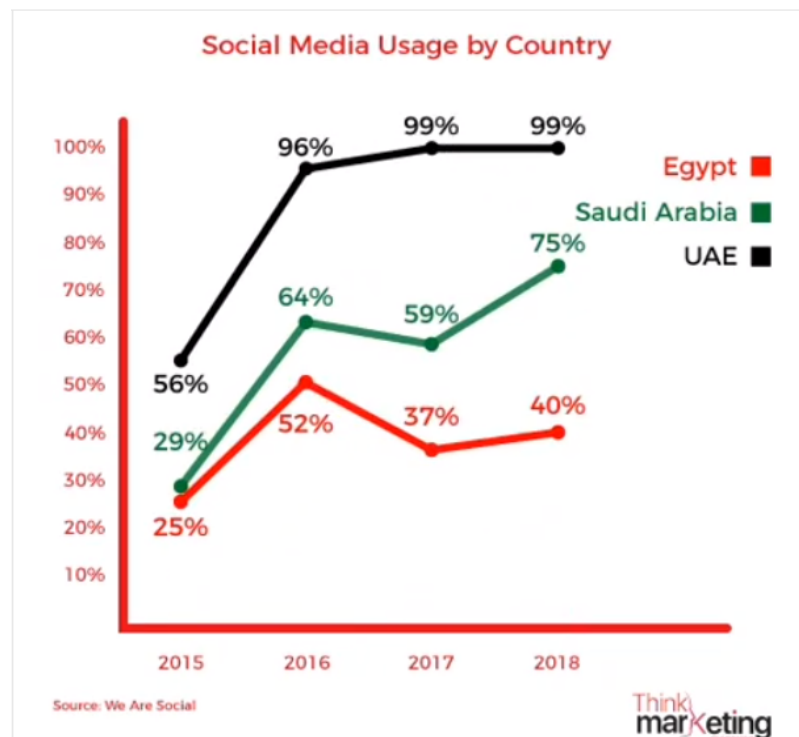


Figure 1.4 Social Media Usage by country(WeAreSocial, 2019)

According to the report published, Egypt has a social media penetration of 42% with an annual users' growth of 13% having a total number of active internet users of 49.23 million with a percentage of population equals to 50 %. Egypt has a steady rise of 41% in internet users and 11% growth in social media users with current 39 million number of active social media users. “We are Social” also studied the most active social media platforms in Egypt. Facebook, YouTube, and Instagram were proved to

be the dominating social media platforms respectively while WhatsApp and Facebook messenger are dominating in the area of instant messaging.

Since Facebook and Instagram are dominating, their usage analysis will be beneficial to understand the current situation in Egypt. Regarding Facebook, 39 million active users (which are the whole population of internet users) are Facebook users with 11% annual increase. Besides, 37% of the population are females and 63% are males. For Instagram, 10 million are monthly active Instagram users with 40% as females and 60% as males. Combining all the information discussed, it can be deduced that internet and social media are continuing to flourish in the MENA region and in Egypt enabling the opportunity for more potentials as an immature market. This according to ThinkMarketing leaves the door open for start-ups and small businesses on the social media and an increased interest in the region.

1.3 Micro and SMEs (MSMEs) in the Egyptian Economy

EMNES, (Euro-Mediterranean Network for Economic Studies) carried out a study by a research team ,El Said and Ahmed, related to the European union (EU) in 2017 within the project of the European union “Support to economic research, studies and dialogue of the Euro-Mediterranean partnership”. The study concluded that in Egypt firms are considered micro when the number of employees is less than ten. Besides, small and medium enterprises when the entity hasten to two hundred employees , while an entity is considered large if it employs above that number as defined by Central Bank of Egypt in 2017 (El Said & Ahmed, 2017). Micro enterprises constitute around 91% of all firms, small and medium ones around 8% of the total while large firms are less than 1% (El Said et al., 2017). This is similar to United States

of America (USA) which had 30.2 million small businesses in 2018 constituting 99.9% of Unites States businesses (Advocacy, 2017).

In fact, Micro enterprises and SMEs (MSMEs) in Egypt contribute to nearly 80% of the national Gross Domestic Product (GDP) and have a pivotal role in generating employment in both the formal and informal sectors, providing nearly 75% of the total employment in the private sector (El Said et al., 2017) compared to USA , in which SMEs contributed with 47.5% of the employment in the private sector in 2017 (Advocacy, 2017). This shows the predominance of micro enterprises in Egypt within the private sector. However, micro enterprises suffer from little potential of expansion and structural weakness including managerial skills, financial resources, intensive competition, and low profit margins. Therefore, this study will focus on both micro enterprises and SMEs (MSMEs).

There are several institutions which are involved in the implementation of MSMEs policies. The policies are backed by financial instruments and related authorities. The agencies provided in Table 1.2 include agencies which provide advisory services to entrepreneurs and small businesses owners as well as financial institutions acting as incubators.

Table 1.2 Egyptian institutions involved in the implementation of SME policies (Rahman, Moghavvemi et al., 2018)

Institution	Main Aim
General Authority for Investment and Free Zones	Enhancing the investment climate and facilitating the growth of MSMEs through the establishment of a one-stop shop providing a wide range of services for start-ups.
Industrial Development Authority	Assistance and guidance in relation to establishment procedures and registration plans available to investors in the industrial MSME sector.
Egyptian Financial Supervisory Authority	MSME promotion through the establishment of Microfinance companies offering products and services to the sector.

Central Bank of Egypt	Creating incentives for banks to lend to MSMEs.
Egyptian Banking Institute	Providing a wide range of capacity building services to MSMEs and raising awareness among entrepreneurs about methods and standards to access financing.
Social Fund for Development	Providing a safety net to protect vulnerable groups against the adverse effects of economic programmes and enhancing the development of MSMEs.

Nearly 8% of the national GDP is powered by MSMEs which have an essential role in providing 75% of the total employment in the private sector (El Said et al., 2017).

1.3.1 Egyptian Policies in Support of MSMEs Development

There are various policies for supporting the growth and sustainability of MSMEs in Egypt. The policies include innovation strategy, niche strategy and the cluster approach (El Said et al., 2017). The innovation strategy is built on the premise that Research and Development (R&D) is an important factor influencing the success and development in the private sector especially for MSMEs. On the other side, R&D investment requires monetary funding which is limited for MSMEs as well as the absence of innovative financing schemes. Many initiatives are needed to transform academic research into practical applications for MSMEs so as to develop the process of production and the output effectiveness. Therefore, Egypt is falling behind in meeting the quality standards of international markets. On the other side, the niche strategy creates opportunities for MSMEs to improve their presence in the market and access different market segments (Stachowski, 2012). This strategy aims at facing the intensive competition the MSMEs face. The niche strategy is recommended as an appealing option for Egypt specifically for leather products, shoes, fashion, and

garment sector (El Said et al., 2017). Therefore, the fashion and garment industry are one of the essential industries in Egypt especially for MSMEs.

Finally, the cluster includes networking and alliances. It aims at helping the MSMEs through cooperation with larger firms to be able to grow. MSME internationalization is regarded as one of the most important strategies for the improvement of the private sector in Egypt, however, MSMEs lack the required size and knowledge to cope with the changing circumstances such as customer preferences, global markets competition, and technological advancements.

The Cluster Strategy refers to networking and alliances. This strategy according to the report could help MSMEs to overcome competition by cooperating with larger firms. The previous strategy could help smaller firms in internationalization for the development of the Egyptian private sector; However, MSMEs lack the knowledge and resources to adapt to customers' changing preferences, technological advances, and competition in the global market. Forming clusters or alliances between different MSMEs together with their larger domestic or foreign counterparts could allow the former to overcome competition and internationalize.

Besides, the Egyptian government launched some initiatives in 2016 through the Central Bank of Egypt to facilitate access to bank financing for MSMEs. These initiatives involved issuing several instructions for the banking sector for the sake of creating a better environment for the MSMEs in Egypt which include increasing the available loans for MSMEs to nearly 20% of the total credit provided to private sector, setting 75 % the risk weight for lending requirements only for micro firms and create within each bank a specific unit to offer technical help and training to MSMEs.

Analysing the literature and the MSMEs structure in Egypt, a problem worth researching was spotted which is the intensive competition faced by MSMEs in Egypt

as well as the limited monetary resources and technological investment. The Egyptian government is encouraging the MSMEs to invest in innovation to survive and expand as they are critical for the Egyptian economy. Therefore, social media can provide a cost-effective alternative to market and co-create with customers to be able to capture some innovation opportunities. Hence, this study presents a theoretical model to aid the MSMEs in Egypt to engage their customer and open the door for value co-creation. This study chose the fashion industry because as mentioned earlier it is one of the main industries in Egypt and one of the main sectors in need of innovation.

1.3.2 Fashion industry and Fashion MSMEs in Egypt

This study explores fashion MSMEs in Egypt, characterized as non-established new entrants to the fashion industry. The apparel sector in Egypt plays an extremely vital role in Egypt's economy. Textiles, Apparel and Home textiles Export Council of Egypt stated in June 2019 in Khoyout magazine that "Egypt has more than 2,500 apparel factories and it is the first sector in terms of labor force, which recorded 1.5 million workers. Apparel exports reached \$1.604 billion for 2018 compared to \$1.459 billion in 2017, achieving a rise of 10 percent of which 50 percent of the apparel production was exported to the U.S. and 30 percent to Europe."

According to Fibre2Fashion (2011) , Apparel sector in Egypt accounts for 3% of GDP and 27% of the industrial output. About 25% of the total industry is focused on textile production. Additionally, the private sector owns 90% of the garment industry. In 2016, the textile sector was selected by the Ministry of Trade & Industry as one of the five industries considered to be the backbone of the Egyptian economy. In agreement with the "Sustainable Development Strategy (SDS): Egypt Vision 2030", industry stakeholders are working to achieve three main targets; deepen the industry,

rationalize imports, and increase exports within the textile sector. Besides, the Minister of the public sector in Egypt stated that the Egyptian government began to implement a strategy to restructure textile companies under the cotton and textile Industries to regain the market of textile locally and globally. As part of the Egyptian vision 2025, Egypt also plans to establish a new integrated city for textile industries and to boost the sector with EGP 12 million. In fact, Egypt was regarded as one of the top countries in terms of investment activity and top number of deals in fashion in 2019/2020 (DinarStandard, 2021).

The fashion scene in Egypt is growing consistently; an emerging designer or brand is seen announcing their launch daily. Some of the Egyptian designers who started as start-ups and MSMEs are now being seen globally such as Kojak taking his bold taste to the runway at season 10 of Fashion Forward Dubai. As for the accessories, an Egyptian local brand, Okhetin. They have managed to accessorize Beyoncé and Egypt's first lady. Despite the MSMEs importance to the national economy, and the increasing attention within the news media and fashion market, little academic research exists on the social media usage for value co-creation and customer brand engagement for these MSMEs. Therefore, the study will focus on MSMEs in the fashion industry for the importance of the fashion industry for Egypt.

For this study, several online fashion boutiques will be chosen as a part of the online fashion industry in Egypt. The online fashion boutiques will be chosen based on the preliminary study and their prominence in the online fashion boutiques sector in terms of customers' recommendations, number of followers and interactions.

1.4 Customer brand engagement and Value Co-creation in Online Fashion Boutiques in Egypt from Business's Perspective

Building on the premises that social media offers a greater opportunity for customer brand engagement leading to value co-creation, preliminary study with industry experts were carried out through semi-structured interviews (see Appendix B). The interviews were carried out with social media marketing experts, fashion influencers, online fashion boutique owners and entrepreneurship consultant. Several interviewees were approached through social media by sending direct messages on Instagram and through referrals by acquaintances. Then, interested interviewees were invited to conduct the interview face to face or on phone based on the availability of the interviewee.

The findings of this preliminary study concurred that MSMEs are very important to the Egyptian economy which concur with section 1.3. On the other hand, MSMEs are still faced with challenges regarding resources access, monetary funding, and competition with larger firms. This pertains the need for more cost-effective innovation strategies. Consequently, social media is considered a cost-effective source of innovation for MSMEs in Egypt. Nevertheless, it is still challenging for MSMEs to fully capture the potentials of social media as a channel for innovation and value co-creation.

“It is undeniable how MSMEs are important in our Egyptian economy, that is why incubation centres and firms are opening to headhunt potentially successful start-ups. But a problem still faces all MSMEs which is monetary funding to withstand

competition with larger firms to survive. One cost-effective tool is social media for innovation and competitive advantage through value co-creation”

-Head of Entrepreneurship Centre – Private Egyptian University

Value co-creation enables online MSMEs to exploit customers as a source of knowledge and a resource for innovation (Mariussen & Ndlovu, 2012). However, in this preliminary study, none of the respondents stated that there is a clear value co-creation strategy which they follow. Therefore, it was more suitable to study value co-creation intention in the context of the study.

This preliminary study offered some guidelines on some important perspectives to consider for successful value co-creation strategy which stressed on the importance of customer brand engagement. Firstly, customers of a specific online fashion boutique, being considered as online MSMEs, offered by an encouraging online community environment will contribute to customer brand engagement behavior leading to value co-creation intention. However, to exploit social media as a source of value co-creation through customer brand engagement, online MSMEs should listen to customers’ feedback which is a vital dimension in customer brand engagement and value co-creation.

“It is really important to listen to your customers. Egypt is moving towards digitization. So, to cope with this change, we should progress our interactions with the customers to really listen and then we can know his/her needs, get involved in their lives, spot problems, opportunities, and trends”

-Head of Entrepreneurship Centre – Private Egyptian University

Secondly, although many customers may follow and purchase from an online fashion boutique, the lack of an encouraging interactive environment with positive

customer experience may hinder their customer brand engagement and value co-creation participation. Therefore, online fashion boutiques should offer more engaging and interactive quality content with which customers can interact. Customers focus mainly on media rather than reading, hence posts should be interactive in terms of media used as well as high in quality. People, when scrolling on Instagram, often scroll right past photos that don't intrigue them. An online fashion boutique owner stated:

“People unfortunately don't read so I try to depend on pictures and videos. Especially in-store pictures because it gives more credibility to the customer of how the product really looks like. We use models that aren't popular instead of just hanging the products.”

Additionally, customers offered with better products and positive brand experience will participate in value co-creation. This is because a positive past and ongoing experience will encourage customers to exchange ideas with the online brand such as online fashion boutiques as part of a value co-creation strategy. Therefore, online MSMEs providing valuable information and activities, while offering more channels for quick response and knowledge exchange, will drive customer brand engagement leading to value co-creation intention. Thirdly, interviewees stressed on the importance of the online MSMEs being perceived as valuable, unique, and trustworthy. To achieve that, online MSMEs should have a thorough understanding of the environmental factors and individual characteristics of their target customers.

“If you can't understand the environment and your customer well, decide on the uniqueness and value of your product, reflect the trustworthiness of your brand, you will always stay as a MSME. We say it is from niche to mainstream, but if you aren't unique, you will remain a niche or you won't survive the competition.”

-Head of Entrepreneurship Centre – Private Egyptian University

Finally, social media influencers are becoming more powerful and influential. Brands are continuously monitoring the influencers in their industry for collaboration. According to a survey by Nielsen, 92% of customers trust an influencer more than an advertisement or traditional celebrity endorsement. Social media and entrepreneurship experts in this preliminary study explained that identifying and targeting the right audience is crucial for a successful marketing strategy. Influencer marketing allows MSMEs to move forward quickly towards that goal. One of the most important part in influencer marketing strategy is to make sure the right influencer is selected matching the MSME's mission, and their public persona is like the brand image and identity of the MSMEs, hence guaranteeing the reach to target customers. An online fashion boutique owner stated:

“It is true, social media influencers are becoming more powerful every day. I think that in fashion, they are becoming more and more indispensable. Customers are so attached to their opinions and take decisions according to the influencers' reviews. So, you should choose the right influencer to reach your target customer in the best way you can.”

1.5 Customer brand engagement and Value Co-creation in Online Fashion Boutiques in Egypt from Customers' Perspective

“It is important to understand the customer because he is one of the main stakeholders. There is still a need to examine which type of customer and what factors will encourage him/her for co-creation so we can harvest his/her knowledge”

--Head of Entrepreneurship Centre – Private Egyptian University

Understanding the different types of customers and reasons customers engage to co-create is still in need for more investigation (Zhao et al., 2018). Therefore, focus groups were carried out in the preliminary study with customers of online fashion boutiques to grasp the perspective of customers in the process of value co-creation. The preliminary studies included two cross-sectional focus groups discussions with online fashion boutique customers, where each group included eight respondents. The participants were recruited through referrals and invitations on Instagram direct messages. The participants' identity was kept confidential. The nature of the focus group was exploratory adopting semi-structured interview questions (See Appendix C).

Firstly, participants in the focus groups stressed on the importance of feeling that their actions are valued presenting outcomes to their exerted efforts.

“I once interacted and wrote feedback and they put it in a story and thanked me. I felt really special and that they appreciate my feedback so I decided I would send feedback every time I purchase from them.” - A participant in the focus group

“One time, the brand asked of the colors to add next season, so I wrote my opinion without thinking about it. Later, the brand added the color and thanked those who recommended it for the success of the top. It felt amazing.”

- A participant in the focus group

Hence, it can be deduced that customers when believing that the outcome expected from their behavior is worthwhile and greater than the effort exerted, he/she will be more willing to engage and co-create in future interactions. Additionally, it was clear from the focus group that participants reacted differently to the possibility of

interaction and value co-creation. This entailed that the reason could be due to personal differences which could include personality traits or self-efficacy. Consequently, the phenomena stressed on the importance of studying some individual factors which may influence the customer brand engagement for value co-creation.

Secondly, there are some brand factors expressed by the participant which encouraged them to interact and follow an online fashion boutique. An online fashion boutique characterized by offering quality interactive content attracts customers to interact with the post. This may include posts with questions, and action triggers (e.g., like or follow) which stimulate an action or a response.

Thirdly, participants pinpointed the importance of influencers in affecting their behaviors regarding following the online fashion boutique, purchasing, and interacting. Influencers give credibility to the brand since they seem to be more trustworthy than celebrities. Therefore, identifying the right influencer is important to impact the customer behavior (Jean, Rozaini et al., 2019). Participants added that influencers offering unbiased and informative content are being viewed as trustworthy. Therefore, they trust the influencer's recommendation, and could behave accordingly.

“I follow a lot of influencers, but there are some that I trust the most because they offer ‘how to’ videos, informative content, negative and positive product reviews, and styling videos. So, I feel that they are honest, and I can follow what they follow because for me they are fashion experts with great taste, yet they are normal and relatable.”

- A participant in the focus group

This preliminary study concluded that there are some individual factors such as outcome expectation, self-efficacy and personality traits which may influence customer brand engagement and value co-creation. Additionally, content quality and the degree of content interactivity motivate customers to engage with the online fashion boutique and offer more insights and feedback. Besides, online fashion boutiques' owners should reflect their value, uniqueness and trustworthiness while offering positive brand experience for customers to engage and co-create. This is in line with literature stating that there is a need to understand the individual, environmental, and brand factors influencing customer brand engagement for value co-creation (Chen et al., 2016; Zhao et al., 2018). Finally, influencers were proven to be an important dimension in influencing customers' behaviors through reflecting trustworthiness, and expertise. Most participants agreed on the fact that they follow influencers and listen to their reviews and fashion recommendations.

“ I feel that I take a lot of fashion advices and ideas from influencers. I am keen on following fashion influencers on Instagram to have more ideas and learn about local brands. Of course, I get influenced by their posts and recommendation.”

- A participant in the focus group

This is consistent with previous studies stating that influencers are influential concerning customers' behaviors (De Veirman et al., 2017). Therefore, the study integrated all findings of preliminary study with literature to formulate the problem statement and construct the framework.

1.6 Problem Statement

Firms are increasingly using social media to engage with customers and to innovate through exchanging ideas (Bosch-Sijtsema & Bosch, 2015). Nevertheless, many firms don't succeed in their pursuit towards innovation online due to the high rate of customers' disengagement and turnover (Ransbotham & Kane, 2011). Similarly, MSMEs in Egypt has difficulty in accessing resources and suffer from unfair competition with large and international firms (El Said et al., 2017). Therefore, they can exploit the social media and value co-creation to help overcome the competition and obstacles they face. In fact , research shows that successful implementation of value co-creation of value leads to greater customer loyalty and satisfaction, better relationships, innovations, and increased competitive advantage (Ophof, 2013). Despite practical relevance, a few studies have also highlighted how social media could help in value co-creation deployment (Singhal & Yerpude, 2018).

The emerging literature review in the value co-creation area reveals that most studies have discussed the nature of customer value co-creation (Roberts, Hughes, & Kertbo, 2014), adoption intention (Arts, Frambach et al., 2011; Morosan, 2015),satisfaction (Hoyer, Chandy et al., 2010), purchase intention (Franke, Keinz et al., 2008),repurchase (Dong, Evans et al., 2008), social ties role in value co-creation (Opata, Xiao et al., 2019) etc. In addition to that, the literature on social media and value co-creation has not examined fully how customer brand engagement mediates between brands and customers value co-creation (Chepurna & Criado, 2018; Edvardsson, Tronvoll et al., 2011; Vargo & Lusch, 2010). Besides, research also recognizes the importance of knowing the reasons and motivators for engaging for the purpose of value co-creation (Akman, Plewa et al., 2018; De Jong et al., 2013) .