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RETHINKING IMITATION IN MARKETING STRATEGY

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RETHINKING IMITATION IN MARKETING STRATEGY

ABSTRACT

Despite relatively little attention and a generally negative view among both academic researchers and managers, we propose that imitation should be an explicit and important consideration in marketing strategy-making and may often be a more attractive option than widely believed. Synthesizing fragmented extant knowledge and expanding upon recent work regarding the nature of imitation we propose a new conceptualization offering a balanced and comprehensive view of imitation and its role in firm strategy-making. Building upon this we offer a new typology of different imitation options that managers may usefully consider as part of their strategy-making and identify their associated costs, benefits, and risks that can be evaluated in doing so. We also provide initial insights into marketplace contingencies impacting which of these imitation options are likely to be relatively more or less attractive as part of a business strategy. To further this new thinking about imitation, we develop an allied research agenda that offers a platform for a new stream of marketing strategy research. By changing the framing of imitation, we seek to provoke managers to alter their strategy-making in ways that will not only benefit customers, imitators, and even imitatees, but may also improve economic growth and social welfare.

Keywords: imitation, innovation, marketing strategy, business strategy, economic growth

Over the past half century, managers have paid increasingly more attention to innovation and less to imitation (Levitt 1966; Shenkar 2010), and even a cursory reading of both the academic and practice literature suggests a general belief (to paraphrase George Orwell) that *innovation good, imitation bad*. A convenience sample of managers asked for their perspective on imitation clearly reflect this generally negative view.¹ For example, managers stated that imitation “demonstrates a lack of originality and/or confidence in what they are currently doing”; “means you’re not paying attention to the customer nor [have] a clear idea of what your core competencies are,” and “is a sign that a firm has lost touch with their customers.” When asked how leaders in their companies might view imitation, responses included: “stating that we should imitate another firm would be one of the fastest ways to end my career at Amazon,” “imitation of others is inherently mistrusted,” and “leaders should guide and lead their workers not to imitate.”

This generally negative perspective on imitation has been reinforced by research in management and marketing reporting imitation’s generally negative effects on customer evaluation and demand for both those who are imitated (i.e., imitatees) (e.g., van Horen and Pieters 2017; Wang et al. 2023) and imitators (e.g., van Horen and Pieters 2012; Yilmaz, Naumovska, and Miric 2023). As a result, beyond very specific conditions where imitation is posited to potentially have some beneficial effects for imitators (e.g., Shankar, Carpenter, and Krishnamurthi 1998) and imitatees (e.g., Wang et al. 2023), empirical research generally suggests that imitation negatively impacts imitatees and is also frequently bad for imitators.

Yet, in practice, imitation does occur and can result in positive outcomes for imitators, customers, and even imitatees. For example, the factory-like business model of Arvind’s Eye Care System in India has been replicated by more than 300 hospitals in 30 countries, increasing

¹ We surveyed 24 managers from a wide range of industries, asking for their own views regarding a firm’s efforts to imitate another and their expectations of their leaders’ perspectives. See Web Appendix WA1 for full response set.

the availability and quality of eye surgeries (Business Call to Action 2016). Similarly, the U.S. government lifted patent protections on Covid-19 vaccines to enable other countries to imitate vaccine production processes to combat the pandemic (Stolberg, Kaplan, and Robbins 2021). Recent research also suggests designers of imitated video games can gain vicarious learning benefits (Kim, Posen, and Ganco 2025) and dominant design theorizing posits that imitation entrenches a firm's design as the industry standard and expands the market, benefiting imitatees (Abernathy and Utterback 1978). Imitation can also benefit an industry—IBM's imitative entrance signaled that the PC industry was destined to develop and grow (Bajarin 2021). First-mover advantage research also suggests imitating can be a better choice than pioneering in new product categories (e.g., Golder and Tellis 1993). Thus, focusing only on innovation and overlooking the potential for imitation may be myopic and incur significant opportunity costs. However, observation of practice across industries suggests that imitation is rarely viewed as a legitimate area of activity or an option that is explicitly considered during strategy-making.

We challenge this prevailing view and argue that considering imitation options in strategic business unit (SBU) strategy-making can deliver benefits including enhanced speed and innovation as well as lower costs and risks, and that including imitative aspects in business strategies often enhances customer value, improves business performance, and can even benefit imitatees. Building on recent conceptual work on imitation in management (Posen et al. 2023), we synthesize substantive, theoretical, and practice research to debunk common misconceptions and offer an alternative new perspective on imitation focused on its role in SBU strategy-making. We then identify a comprehensive new set of imitation options that managers can consider and build a contingency model providing new insights into conditions under which these imitation options are likely to be a more valuable element of realized strategy which reveals that these are

more common than generally assumed. Finally, we offer a new research agenda that provides an expansive platform for future research on imitation in the marketing strategy domain.

In terms of contributions to marketing strategy theorizing, this study challenges several key assumptions that have been generally held in prior research. We also identify important new aspects of imitation in strategy-making and develop a broadened range of imitation options that may be considered along with a comprehensive set of associated evaluative criteria. Furthermore, this research offers new insights with respect to the marketplace environment contingencies that may affect the relative attractiveness of different imitation options. Collectively, the comprehensive, integrative, and expansive framework offered provides a new perspective on imitation and the beneficial role that it can play in firms' strategy-making efforts.

Our research also provides useful new insights for managers. First, we offer new arguments to help reframe managers' thinking about the value of considering imitation options as legitimate and useful during strategy-making. This allows managers to take advantage of the opportunities provided by digital marketing infrastructure and associated increase in information availability which enhance marketers' ability to identify and gain earlier insights into innovative actions by others. This may increase the frequency, extent, and speed of imitation-related considerations and actions in firms' strategy-making efforts. Second, our allied contingency framework provides actionable new insights into when and how engaging in imitation may be more or less beneficial. This should help managers practically consider and incorporate imitation as a core aspect of their firm's strategy-making processes.

Conceptual Framework

A systematic review of research on imitation in business contexts suggests some key limitations in extant knowledge. First, while research has conceptualized and operationalized imitation in

multiple ways (see Web Appendix WA2), most studies focus on either individual components such as imitation object (i.e., product, process, business model or strategy) or goal (e.g., Ethiraj, Levinthal, and Roy 2008) or single characteristics such as the scope or speed of imitation (e.g., Giachetti, Lampel, and Pira 2017). Researchers have also often used the term interchangeably with narrower related constructs including: copycat brands and trademark infringement (e.g., Ertekin, Sorescu, and Houston 2018); piracy and counterfeiting (e.g., Amaral and Loken 2016; Prasad and Mahajan 2003); reverse innovation and supply chain contagion (e.g., Giannetti and Rubera 2019; McFarland, Bloodgood, and Payan 2008); new product diffusion² (e.g., van den Bulte and Joshi 2007); followers in new product categories (e.g., Golder and Tellis 1993); and herding (e.g., Shi, Grewal, and Sridhar 2021) (see Web Appendix WA3). Thus, prior studies focus mainly on isolated specific aspects or types of imitation, offering no unified view.

Second, to-date studies have overwhelmingly focused on product imitation, in most cases involving followers in new categories (e.g., Golder and Tellis 1993; Parry and Bass 1990). This direct rival focus is also seen in the practice literature which is dominated by depictions such as Unilever's Ben and Jerry's imitation of Halo Top's low-calorie ice-cream positioning along with its signature packaging signaling this (Ducharme 2018). With few exceptions (e.g., Ordanini, Rubera, and DeFillippi 2008), much less attention has been paid to other imitation objects such as processes, business models, and strategies as well as other imitation targets such as non-rivals in the same industry or firms in different industries and geographies.

Third, research to-date has generally drawn on single theories (e.g., Haunschild and Miner 1997; Ross and Sharapov 2015) with much of the management research employing analytical models (e.g., Casadesus-Masanell and Zhu 2013; Posen and Martignoni 2018; Posen,

² In models of product diffusion (e.g., Mahajan, Muller, and Bass 1990), imitation concerns consumers imitating earlier consumer adopters which is analogous with firm-level imitation where later entrants replicate pioneers.

Yi, and Lee 2019; Sharapov and Ross 2023). Drawing on single-theory lenses, each of which offer different perspectives on imitation (see Web Appendix WA5), and ignoring others completely (e.g., optimal distinctiveness theory) further adds to extant partial views of imitation.

Fourth, imitation research to date has been heavily directed toward an imitator's realized imitation actions and outcomes. The costs and benefits of considering imitation options during strategy-making even if these are not selected have been largely ignored. One related phenomenon examined in marketing and management offering both a perspective on search benefits and a more positive view of imitation is benchmarking (e.g., Posen, Yi, and Lee 2020; Vorhies and Morgan 2005). Yet this stream has not been considered in prior imitation research.

To offer a new unified and balanced perspective, we extend recent conceptual research in management (Posen et al. 2023) to propose a new view of imitation as an aspect of SBU strategy-making. In doing so, we consider imitation not simply as being either a process or an outcome. Rather, our conceptualization is anchored in strategy-making and the degree to which imitation- vs. innovation-focused efforts are manifest in the strategy-making process and its outcomes. We focus on the SBU unit of analysis as this is where key “where to play” and “how to win” marketing strategy decisions are mostly taken and executed (Varadarajan 2010).

We begin by offering an expanded definition of imitation as *an organization's deliberate consideration, decisions, and actions designed to partially or completely reproduce or adapt products, processes, or strategies observed in other organizations in a manner consistent with existing laws and regulations*. “Organization's” allows SBU-level unit of analysis to include single business firms. “Deliberate consideration, decisions” reflects this is a proactive goal-directed behavior that may not lead to any imitation-related actions while “actions designed to” signals that even if imitation options are selected it does not necessarily imply perfect imitation

as either a goal or an outcome.³ “Partially or completely” incorporates goal choices with respect to the scope of focal object (e.g., a single product feature or a complete business model).

“Reproduce or adapt” indicates that intended similarity with the target object may extend from replication to significant adaptation and innovative improvement changes. “Products, processes, or strategies” indicates that imitation objects include not just products and processes but also strategies (including marketplace positioning such as Orange’s “joy of communicating” and Patagonia’s brand purpose) and business models (e.g., H&M’s imitation of Zara’s fast fashion business model, Amazon Fresh’s imitation of Blue Apron’s meal delivery). “Other organizations” implies that imitatees may include within-industry and market firms (i.e., competitors) as well as outside-industry and market firms (i.e., non-competitors). “In a manner consistent with existing laws and regulations” specifies that we are not considering deliberate imitative behaviors involving deceiving customers that are generally illegal.

Drawing on this unified conceptualization of imitation and synthesizing insights from the relevant theoretical, empirical, and practice-based literature offers a number of new (or largely ignored) implications that challenge existing beliefs and collectively make a case for why imitation should be a more frequent and important component of business strategy-making.

Imitation is Not the Opposite of Innovation

Despite the widespread assumption to the contrary⁴, imitation and innovation are not two ends of a single spectrum. Most definitions of innovation are product-focused and anchor on entry timing such as “introducing first to the market products that contain new features”

³ Deliberate efforts to perfectly imitate another firm as part of a business strategy are rare, and even if a firm deliberately seeks to do so, perfect imitation is very rarely possible and instead results in some degree of innovation.

⁴ Our survey responses also suggest this including: “[imitation is a] lack of innovation on their own,” “one firm imitating another could suggest [...] the imitator didn’t have the idea first, and therefore isn’t as innovative,” and “it feels like they [imitators] are trying to earn money without making much effort by being creative and innovative.”

(Giachetti, Lampel, and Pira 2017, p. 1885).⁵ Others focus on the “newness” involved such as radical vs. incremental innovation classifications based on the degree of new knowledge (Dewar and Dutton 1986) or technology and market involved (Garcia and Calantone 2002). Implicit in these definitions is that the new and different features or technology have value for customers, and some make this explicit (e.g., Amabile et al. 1996; Granstrand and Holgersson 2020). From an SBU strategy-making perspective where the objective is to identify executable “where to play” and “how to win” options that will deliver on required goals, such innovation definitions are not the opposite of imitation for two key reasons.

First, most imitation objects only have value for the imitator in combination with other realized strategy components achieved with the imitator’s unique resources and/or capabilities. Even perfectly replicated, a product is only part of a value offering, a business process is only one of the constellation of processes that interact to create a firm’s business operations, and a business model will be executed differently by an imitator with resources and capabilities that differ from those of the target. Additionally, the imitator also serves different customers and may operate in a different market where even perfectly replicated imitation objects may be novel (e.g., a unique packaging design from a firm operating in a different country). These customer and marketplace differences will be reflected in the imitation object or target selected as the imitator considers its relevance and potential value, and how it may be adapted as it is combined with other strategy components and its own unique resources and capabilities. For example, although Taobao emulated Amazon’s business model, it is a preferred platform in some Asian countries because its marketplace offering better reflects those countries’ standards and norms.

Second, both the goal and the outcomes of a firm’s imitative efforts may be innovative

⁵ Although there are a growing number of studies focused on business model innovation (e.g., Foss and Saebi 2017), the large majority of definitions of innovation to-date are product-focused.

not just relative to their prior offerings, but also to the market in which they operate and may even be “new to the world.” For example, India’s Oyo adapted Airbnb’s business model, applied it to a different set of customers with different resources (hotels in contrast to residences), and developed a novel outcome and position (Abrams 2019). Importantly, there are no a priori reasons why new and/or different offering-related outcomes of a firm’s imitation-based efforts should be more or less valuable for customers than those produced by its efforts to innovate.

Imitation Also Has Non-Innovation Related Imitator Benefits

Even if it does not result in a differentiated marketplace offering, imitation can also offer benefits for an imitator in other ways. First, it can reduce the risks associated with an option being evaluated for a business strategy. Although not a necessary condition, one motive for paying attention to the imitation potential of something done by another firm is some evidence that it delivers value to them in some way. This offers obvious risk-reducing benefits relative to an alternative that is untried and untested. Second, as identified in the context of followers (vs. first movers) in new product categories (e.g., Lieberman and Montgomery 1988; Schnaars 1986), knowledge spillovers and vicarious learning can significantly reduce the costs and time taken to develop and deliver imitative options vs. those developed from scratch.

There are even likely benefits to firms explicitly examining imitation options during strategy-making that do not select them. For example, searching for imitation objects may both uncover non-imitative ideas and opportunities (chance favors the prepared mind) and identify potential new entrant threats earlier. This may also apply within firms where searches for SBU benchmarking and ‘levelling up’ opportunities enable faster rollout of successful new products and processes across divisions. For example, the McFlurry was initially developed and introduced in McDonald’s Canada and the McCafe concept was originally created in Australia

(CTV News 2015; McDonald's 2017). Thus, proactively seeking potential imitation options during strategy-making can unearth new opportunities that can be evaluated and exploited more quickly and these benefits may usually outweigh the costs and risks involved.

Positive Externalities from Imitation

Management research views imitation as bad for imitators due to escalating rivalry (Barnett and Hansen 1996), price-based competition (Schnaars 2002), and lowering of distinctive competences increasing vulnerability to environmental shifts (Teece, Pisano, and Shuen 1997). Research in marketing further suggests imitations are evaluated less favorably by customers (Alpert and Kamins 1995), less memorable (Kardes and Kalyanaram 1992), and also seen as opportunistic (van Horen and Pieters 2018). However, such downsides are a result of undifferentiated product imitation of rivals (Lee and Zhou 2012), and as argued above, product imitation is frequently not undifferentiated, and there are many other imitation objects (e.g., processes, business models/strategies) and targets (e.g., indirect rivals in different geographies, outside-industry players) that may result in differentiated offerings and in which imitation may not be observed by customers. This can offer imitators offensive and defensive competitive advantage upside potential with lower costs and risks than alternative innovation efforts.

The benefits of a firm executing strategies including imitative actions should result in better value offerings for the imitator's customers. This can spill over to the entire marketplace by changing customer expectations of what is possible, as imitation may lower prices and imitator costs while enhancing quality, either because imitators deliberately improve on the original (Schnaars 2002) or because imperfect imitation leads to enhancements. An imitator increasing its customer satisfaction also increases the motivation of other suppliers to imitate and innovate, speeding improvements for their customers (Wang et al. 2023). Ultimately, this should

result in more options, better quality, and lower prices for all customers (Dickson 1992).

For imitatees, even in the most negative case of product imitation of direct rivals, there are indications that both imitator and imitatee can also sometimes benefit. For example, while it is well known that Meta has copied key features or even entire applications of some startups, many view this as proof of their startup being on the right track and as a stimulus for them to be even more creative to stay ahead (Dwoskin 2017). Some firms also suggest that imitation by others can help them by reinforcing their quality reputation as “the original.” For instance, MMA leader UFC has welcomed imitative entrants as providing “feeder leagues” for fighters aspiring to compete in the UFC (Gift 2018).⁶ Firms may also deliberately seek to be imitated to establish standards that help their business. For example, Tesla published its electric vehicle (EV) NACS charging connector details to encourage others to use it and imitation by Ford and GM helped secure US Federal funding of charging stations using Tesla’s charger (e.g., Rosevear 2023).⁷ Relatedly, consistent with notion of dominant designs, Tesla may benefit even more if NACS becomes the industry’s “dominant design” charger (Abernathy and Utterback 1978).

Imitation Also Offers Downstream Societal-Level Benefits

Endogenous growth theory suggests the actor benefits described above should result in imitation enhancing both within- and across-industry market-level growth. In addition, imitation from outside a firm’s marketplace brings new knowledge from spillovers which can then be accessed and exploited by others (McFarland, Bloodgood, and Payan 2008). One obvious caveat is if imitation reduces others’ incentives to engage in radical innovation, but we posit it generally does not—and the reverse may often be true for two reasons. First, competitive rationality theory

⁶ This aligns with data showing low quality copycat apps increase original app demand (Wang, Li, and Singh 2018).

⁷ This is consistent with Rogers’ (2003) conceptualization of component compatibility as a driver of innovation diffusion and industry consortium efforts to establish standards in smart home devices among Apple, Amazon, and Google (McGee 2019)—such “open source” scenarios are a special case of the broader imitation phenomenon.

indicates imitation raises innovator incentives to engage in more radical innovation to provide increasingly difficult-to-imitate competitive advantage (Dickson 1992). This is increasingly likely as faster technological change renders existing products and models obsolete and firms must relentlessly adapt and innovate to sustain their edge (Tellis and Golder 2002). Second, we focus on imitation within existing legal and regulatory frameworks and assume policymakers have or will establish intellectual property protections that preserve incentives for radical innovation. Practice examples also suggest this is generally true. For example, Samsung originally an imitator of Japanese companies (e.g., Sony—who also moved from being an imitator to engaging in radical innovation) now also leads front-end innovations (Khanna, Song, and Lee 2011) while still engaging in imitation of certain objects of Apple (Shaughnessy 2012).

Imitation can also increase social welfare by extending and speeding diffusion of innovation, making superior offerings available more quickly to more customers (e.g., Teece 2006). Every imitation-based aspect of a firm's business strategy contains an element of the imitated original and its benefits, and speeds its diffusion. Since imitation generally incurs lower costs and faster development, this enables more firms to participate and to offer lower prices, accelerating diffusion and extending access to superior offerings (Kerin, Varadarajan, and Peterson 1992; Lieberman and Montgomery 1988). Knowledge spillover theorizing also supports imitation's role in enhancing the speed and reach of innovation. On the supply-side, more firms imitating means faster knowledge spillovers and quicker exploitation (imitation) to create new offerings and expand customer access (Knott, Posen, and Wu 2009). For example, Allbirds made its sustainable sugarcane-based shoe material open to others to increase the number and speed of products and suppliers using it (Marquis 2021). On the demand-side, customer responses to new offerings lead to expectation updating and impact customer satisfaction (e.g., Oliver 1980; Wang

et al. 2023). This is aligned with Bass model theorizing identifying the level of imitation among consumers as a key driver of the speed and extent of diffusion of innovation.

Imitation as an Aspect of Business Strategy

To aid in understanding how the new conceptualization of imitation can be explicitly considered during strategy-making, we offer a parsimonious framework identifying three core imitation-related aspects of business strategy: object, target, and similarity. *Imitation object* concerns what managers consider imitating and encompasses “products” focusing on the elements of the value offering delivered (which includes pricing, distribution, and communication), processes focusing on how the value offering is produced and delivered along with the supporting operations involved, and strategy or business model focusing on where to play, how to win, and how to make money aspects of firm options, choices, and actions. *Imitation target* concerns where strategy-makers search for imitation opportunities including direct competitors in the firm’s marketplace, firms operating in the same industry in different geographies, and outside-industry firms. Illustrative examples of each imitation object and target combination are shown in Table 1. For each, *similarity of imitation* concerns the degree to which strategists consider seeking to copy the target, ranging from replication to imitation as a base on which to innovate.

Table 1. Illustrative Examples for Each Imitation Configuration

	Product	Process	Business model/strategy
Within-industry direct rival	Samsung’s foldable smartphone Galaxy Fold/Flip series imitated by Huawei, Motorola, and Google.	Amazon’s e-commerce fulfillment processes imitated by Walmart.	Walmart’s strategy integrating offline retail and online delivery logistics imitated by Amazon’s launch of a huge store format.
	Popeyes’ chicken sandwich imitated by Wingstop.	Kroger’s curbside pickup processes imitated by Walmart.	Planet Fitness’ high-volume, low-price model imitated by Anytime Fitness.
	Apple’s iPod imitated by Microsoft’s Zune.	Zara’s fast-fashion supply chain execution process imitated by H&M.	CSX’s enhanced train speed strategy imitated by Union Pacific Corp.
Different-geography rival	Starbucks’ premium drink products imitated by Luckin Coffee from China.	Irish low-cost carrier Ryanair’s operating processes (simplified service routines, high aircraft	UK bank Monzo’s mobile-first digital banking strategy imitated by Brazil’s Nubank.

	Japanese company Kao's Qucikle Wiper imitated by P&G's Swiffer introduction in US. Air New Zealand's Skycouch (three economy seats turning into a bed) imitated by United Airlines.	utilization, and fast turnaround times) imitated by JetBlue in US. UK's Tesco's loyalty data-driven retail operations processes imitated by Kroger in US. Toyota's lean manufacturing process imitated by Ford, GM, and BMW.	Amazon's e-commerce marketplace platform imitated by Germany's Rocket Internet and being launched as Lazada in SE Asia. IHG's Holiday Inn Express budget hotel asset-light franchise model imitated by Accor's Ibis Budget.
Outside-industry firms	NASA's aerospace cushioning foam imitated by Tempur-Pedic's mattresses. Apple iPad's portrait-oriented touchscreen imitated by Volvo's automobile dashboard. Bang & Olufsen's landline phone BeoCom 6000's circular rotary interface imitated by Apple iPod click wheel.	Scuderia Ferrari F1 racing team's pit-stop operations process imitated by Great Ormond Street Hospital. Toyota's lean production process imitated by Nike. American Airlines' revenue-management algorithms imitated by Marriott hotels.	Amazon's strategy allowing external sellers to transact on its platform imitated by Walmart's "Marketplace". Ford Motor's assembly-line strategy and mass-production business model imitated by McDonald's. Dell's direct-to-consumer business model imitated by Warby Parker eyewear.

Given these considerations, what distinguishes imitation from innovation in firms' business strategy considerations and actions? Most innovation conceptualizations involve some calibration of outcome novelty and this goal characterizes innovation-focused strategy-making efforts. Meanwhile, imitation-focused efforts are anchored on the identification of an imitation object and target as the basis for strategy-making. As shown in Table 2, the outcome results from a firm's strategy efforts that can be either innovation- or imitation-focused with key differences in primary goal focus, starting point, search type, scope and centrality of any imitation, and role of own and others' existing solutions. From this perspective, radical innovation efforts focus on finding a new way to solve a problem faced by the firm, usually ignoring existing solutions to avoid local search traps and seeking novelty relative to existing solutions. Meanwhile, incremental innovation generally starts with the firm's existing solution and seeks to solve its problems and add enhancements but views others' solutions only as reference points. At the other end of the similarity to another's original solution spectrum is replication which seeks to directly copy solutions developed by others while partial imitation and selective adaptation

Table 2. Types of Innovation- and Imitation-Focused Efforts

	Low similarity to another's original			High similarity to another's original		
	<i>Innovation-focused</i>			<i>Imitation-focused</i>		
	Radical Innovation	Incremental Innovation	Imitation-based Innovation	Selective Adaptation	Partial Imitation	Solution Replication
<i>Examples</i>	Dyson's development of the bagless cyclonic vacuum.	Toyota's successive improvements to the Prius model line.	Boeing's 707 imitated de Havilland Comet's jetliner concept but innovated substantially on size, range, and safety to leapfrog and dominate commercial aviation.	Nissan's adaptation of Toyota's lean production system to its own manufacturing context.	Instagram's borrowing of Snapchat's disappearing-story feature.	Generic pharmaceuticals reproducing branded drugs after patent expiration.
<i>Primary goal and focus</i>	Create a novel solution by finding a new way to solve problem.	Improve own existing solution. Identify and reduce dis-satisfiers with existing solution.	Innovate by finding a superior existing solution and identify and improve upon it's base to develop a new and improved solution.	Adopt a superior existing solution in full and adapt its central elements to fit the imitator's distinct context where required.	Extract and copy the most valuable individual elements of a superior solution to supplement the imitator's own solution.	Find a superior existing solution that may solve your problem and copy the whole solution.
<i>Starting point</i>	Problem: Intense search for new ways to address problem.	Existing solution: Intense search for ways to fix pain-points and enhance solution.	Best available solution: Intense search for high-payoff, known opportunities.	Best available solution: Intense search for high-payoff, known opportunities.	Best available solution: Intense search for high-payoff, known opportunities.	Best available solution: Intense search for high-payoff, known opportunities.
<i>Search type</i>	Exploration: Intense search for high-payoff, unknown solution opportunities.	Exploitation: Identify cause-and-effect problems in existing solution and seek ways to leverage resources to solve.	Exploration of existing, adjacent, and analog solutions and Exploitation of core aspects as base of innovative new solution.	Exploration to identify a superior solution and Exploitation by imitating it and adapting its elements to fit imitator context.	Exploration to locate valuable individual elements and then Exploitation by extracting and copying that subset of elements.	Exploration for and Exploitation of existing, adjacent, and analog solutions.
<i>Scope of Imitation</i>	None	None	Broad: Foundational base of an existing solution is imitated as a platform on which to build innovative new developments.	Full: The entire target object solution is imitated with adaptations made to fit the imitator's context.	Limited: A selected subset of the target object solution's components is imitated.	Full: Target object solution it is reproduced as closely as possible by imitator
<i>Centrality of Imitation</i>	N/A	N/A	High: The imitated base forms the core architecture on which novel solution features are built.	High: The imitated and adapted components are central to imitator's solution.	Low: The imitated components are added to the imitator's own core solution.	High: The imitation is the imitator's entire solution.

<i>Role of own existing solution</i>	Initially ignored to avoid local search trap. Later a reference point for new solution novelty.	Starting point for problem identification, reference point for outcome.	Reference point for both solution alternatives and novelty and relevance of new solution outcome.	Reference point for solution alternatives and outcome.	Part of the new solution and reference point for solution alternatives and outcome.	Reference point for solution alternatives and outcome.
<i>Role of others' existing solution(s)</i>	Reference point for novelty of new solution.	Reference point for improvement levels of new solution.	Determine solution possibilities, supply core platform for innovation and provide reference point for novelty and relevance of new solution.	Determine solution possibilities and supply the entire solution design that is then adapted to fit new context.	Determine solution possibilities and supply a set of solution elements from which a subset is selected and imitated.	Determine solution possibilities, supply whole solution.
<i>Risk profile</i>	High: Involves significant uncertainty and potential for failure.	Low: Modifications to a firm-owned, well understood base solution.	Medium: Leverages concepts validated in market but varying levels of observability and legal risk.	Medium-to-low: Whole solution validated by the market, but adapting central components of it to fit new context adds execution risk.	Medium-to-low: Borrowing a validated subset reduces execution risk, but faithfully copying elements raises legal risk.	Medium: Leverages concepts validated in market but varying levels of observability and legal risk.
<i>Costs</i>	High: Requires highest investment in R&D and market education.	Low.	Medium to low: Reduced initial search and development costs, innovative improvement costs will vary.	Medium: Search and development costs are reduced, but reconfiguring central components for the new context adds adaptation costs.	Low: Copying only a subset of solution components minimizes imitation costs, but any own development needed to supplement it adds separate development costs.	Low to medium: Somewhat reduced initial search and development costs depending on observability but imitation costs depend on imitator's existing resources and capabilities.
<i>Benefits</i>	High: Resulting advantage may be more protectable and sustainable.	Medium to low: Relative certainty regarding improvements and likely outcomes.	High: Some evidence of base success, greater imitator context fit and more improved solution.	Medium-to-high: Combines a proven whole solution with strong context fit gained from adapting elements.	Medium: Captures proven value of the specific imitated elements.	Medium to low: Evidence of success and speed and cost relative to non-imitative alternatives.
<i>Novelty of solution</i>	High: Ranges from "new-to-market" to "new-to-world."	Low.	High to medium: Varies and ranges from "new-to-world" to "incremental."	Medium: Transforming central components yields meaningful divergence from the original and novelty that is specific to context.	Medium to low: Borrowed elements stay close to the original. Novelty only shows in the imitator's own supplementary additions.	Low.

approaches differ with respect to the scope and similarity of imitation as well as degree of changes made to fit the firm's solution context. Finally, imitation-based innovation seeks to identify and imitate a base platform on which to build its own innovation efforts.

To provide initial insights into when imitative aspects of a business strategy may be more or less attractive, we first develop a new typology of different imitation options that managers can consider during strategy-making. Prior typologies have either been abstract (e.g. replication vs. creative imitation) or focused only on product imitation in emerging categories (e.g., lower-price, imitate-and-improve, market power strategies suggested by Schnaars (2002)). Our typology combines the imitative aspects of strategy we identify in Figure 1 in terms of objects (i.e., product, process, strategy) and targets (i.e., within-industry rivals, different-geography rivals, outside-industry firms) with different levels of intended similarity level (i.e., high vs. low).⁸ This identifies nine different object-target options, each of which can be executed at high or low levels of similarity, that managers can consider as imitative aspects of business strategy. Although non-imitative aspects of strategy need to be also considered (and are usually the focus of most firms' strategy-making), these are not necessarily innovative (first principles-centric) but also include internal-centric continuations of existing offerings, processes and strategies. Depending on the situation, some of the imitative aspects of a strategy may be more or less central to the overall strategy if selected, both within an object (e.g., imitating an aspect of packaging vs. an entire product and its go-to-market approach) and across them (e.g., imitating an aspect of a customer service process and price point of a within-market rival vs. a product line and business model of an indirect different-geography rival). Thus, centrality concerns how much of the overall business strategy is imitative and the relative importance of the imitative (vs.

⁸ The imitation similarity continuum extends from replication to partial imitation, selective adaptation, imitation-based innovation, to incremental and radical innovation, but for exposition ease this is collapsed into high and low.

non-imitative) components.

Second, we build a contingency model which assumes that managers (i) only consider options they believe they are able to execute, and (ii) make cost, benefit, and risk assessments to determine the attractiveness of these strategy options. Thus, imitative options on different aspects of a business strategy will be selected when managers consider them executable and view their benefits as likely to exceed the costs and risks of doing so relative to those available from other imitative and non-imitative options. The absence of imitation option consideration in strategy-making observed in practice and the potential for imitation-specific criteria being required requires new thinking on such evaluations. Table 3 synthesizes academic and practice-based literature to offer insights into the evaluation considerations of imitation-related strategy options.

Table 3. Costs, Benefits, and Risks Associated with Imitation

	Costs	Benefits	Risks
Consideration	Search costs (Rivkin 2000)	Widened strategy-making inputs (Haunschild and Miner 1997)	Attention dilution (Ocasio and Joseph 2018)
	Planning time (Zott 2003)	Earlier identification of potential leapfrogging threats (Day and Schoemaker 2004)	
	Further search costs	Evidence of success (Schnaars 1986)	Causal attribution error (Posen and Martignoni 2018)
	Legal/Advisory costs (Lanjouw and Lerner 2000)	Greater legitimacy (Haunschild and Miner 1997)	Imprecise object identification (Posen and Martignoni 2018; Rivkin 2000)
Selection and Execution	Development costs (Winter and Szulanski 2001)	Shorter development time (Min, Kalwani, and Robinson 2006)	Consumer negativity towards imitation (van Horen and Pieters 2012)
	Delivery costs (Rao and Mahi 2003)	Lower development costs (Golder and Tellis 1993; Schnaars 2002).	Lack of differentiation (Deephouse 1999)
		Greater price flexibility (Shenkar 2010)	Provoking retaliatory actions (Chen, Smith, and Grimm 1992)
			Legal action (Somaya 2003)

References used solely in this table are provided in Web Appendix WA4.

Based on a range of theories (as each offers different insights into imitation) (see Web Appendix WA5), we identify eight theoretically salient and managerially relevant moderators that are likely to have important effects on the relative (both to non-imitative alternatives and

other imitative options) benefits, costs, and risks associated with the imitative strategy options and determine their attractiveness (see Figure 1). Web Appendix WA6 provides managers with a framework for evaluating imitation-related strategy options by identifying what are likely to be the most salient costs, benefits, and risks associated with each option. The relativities (inclusion as “high”) are within the cost, benefit, and risk criteria for a single option and do not necessarily imply direct comparison with those of other options. Given time and cognitive constraints, this may help managers calibrate which options might be most attractive by highlighting the costs, benefits, and risks they should pay most attention to. However, managers also need to weigh tradeoffs across options based on their own specific context. While this framework is elaborated specifically for imitation options because managers often fail to systematically and comprehensively consider them, the same general structure can be extended to evaluate non-imitative alternatives and allow managers to compare options. As the non-imitative aspects and overall balance between imitative and non-imitative aspects of strategy are related to strategy option attractiveness but not to the contingencies identified, we exclude these from Figure 1.

Figure 1. Contingency Framework

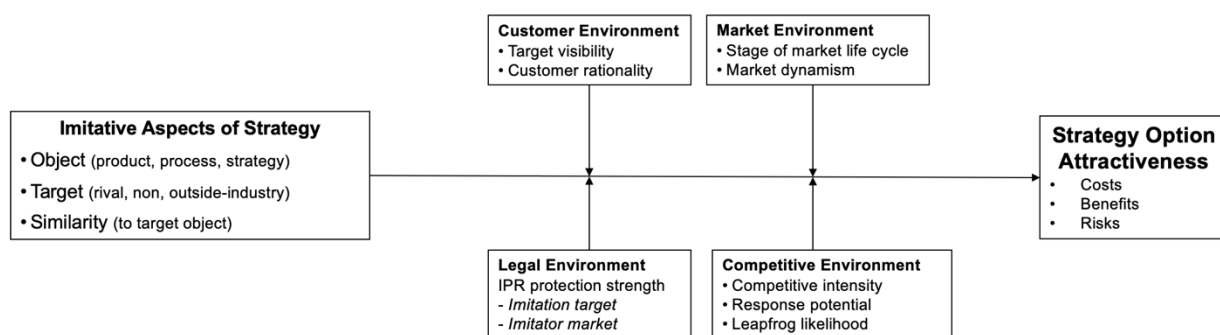


Figure 1 summarizes our contingency framework and how its elements fit together. The framework begins with the firm’s strategy-making, within which managers can weigh imitative aspects of strategy alongside non-imitative ones. We characterize each imitation option

considered along three dimensions: imitation object (product, process, or business model/strategy), imitation target (within-industry rivals, different-geography firms, or outside-industry firms), and the intended level of similarity to the target. Together these comprise the nine object-target imitation options introduced earlier, each of which can be pursued at high or low similarity. Overall strategy options further vary in centrality of imitation in terms of how much of the overall strategy is imitative and how important the imitative components are relative to non-imitative ones. The outcome of the framework is the attractiveness of a given strategy option, which we conceptualize as a function of benefits, costs, and risks relative to alternatives. Importantly, this attractiveness is contingent on the firm's external environment, and we identify eight theoretically grounded moderators that are organized into four environmental categories (i.e., customer, legal, market, and competitive). As detailed below, these moderators affect the benefits, costs, and risks of imitation options and thereby impact their overall attractiveness.

Customer environment. Likely customer preference for a firm's marketplace offering is a primary consideration in evaluating and selecting strategy options. Prior research suggests when something is perceived as imitative it negatively affects customer preference (e.g., van Horen and Pieters 2012). Target visibility concerns the extent to which customers may be aware of the imitation target and recognize the imitative aspects of a strategy. Institutional theory suggests that imitating highly visible targets reduces legitimacy concerns (Deephouse 1999) while the attention-based view posits that it amplifies comparison pressures (Ocasio 1997), suggesting the need to consider trade-offs. Neo-classical economic theory suggests one counter to negative imitation bias is the degree to which customers rationally evaluate marketplace offerings and select those that offer the best value (e.g., Lancaster 1966; Marshall 2013). Likewise, theories of consumer expectation posit deliberate customers with clear expectations evaluate functionality

more favorably (Oliver 1980). In these conditions, the imitative nature of elements in a firm's realized strategy are not important factors affecting customer evaluations and choice.

Legal environment. Intellectual property rights (IPR) strength concerns both relevant laws and regulations and the degree to which they are enforced (e.g., Ginarte and Park 1997). These affect the costs and risks involved in imitative aspects of a strategy. Strong IPR in the imitation target marketplace raises the risks of imitator legal action in the event of sufficiently close imitation, particularly product imitation. This may be even more likely if the imitator is a direct rival. To determine the extent of such legal risk and how it may be mitigated (e.g., through less similarity or imitation of fewer features) may require legal advice with its associated time and financial costs. Neo-classical economics and comparative advantage theories (e.g., Arrow and Debreu 1954; Hunt and Morgan 1995) suggest strong IPR enforcement may also affect customers' views on imitation and frame these into legal forms that are viewed as legitimate vs. others (e.g., generics vs. branded drugs). There is also the question of IPR strength in the firm's own market. This may incentivize consideration of potential imitation with a view to improvement and combination with other elements to create innovative outcomes that may be protectable—which can also involve additional time and advisory costs to consider.

Market environment. The stage of market life cycle may shift marketplace participant views of imitation's benefits and costs. Theories of endogenous growth (e.g., Romer 1990) and organizational learning (e.g., March 1991) suggest that in early-stage markets, imitation can contribute to overall market growth by diffusing knowledge and facilitating learning. However, in later-stage markets where positions are more entrenched and identity claims important, a firm's imitation offers less benefits to rivals and may be viewed negatively by customers. Meanwhile, market dynamism—the rate of change in customers and their preferences (Jaworski

and Kohli 1993)—may have a more complex effect on the costs, benefits, and risks associated with imitation-related strategies. Austrian school of strategy and competitive interaction theories (e.g., Chen and MacMillan 1992; Hayek 1945) posit that markets with rapid technological or customer preference changes reward firms responding quickly to new opportunities. In such contexts, customers are likely to value availability and affordability of available new offerings and care less about whether or not they are the outcome of imitative strategies.

Competitive environment. Competitive intensity concerns the level of marketplace rivalry (e.g., Grewal and Tansuhaj 2001). Highly competitive marketplaces generally offer less opportunity for sustainable competitive advantage (e.g., D'Aveni and Gunther 1994), but this may depend on a firm's choices. Competitive interaction theory suggests well-resourced rivals can rapidly erode any advantage achieved via imitation, reducing returns to any strategy move (Young, Smith, and Grimm 1996). Response potential concerns the willingness and ability of rivals to respond when a firm makes a marketplace move, and their range of options in doing so (e.g., Chen and Miller 1994). One of the most damaging responses is price-cutting which would clearly affect a firm's investment payback (e.g. Chen, Smith, and Grimm 1992; Marshall 2013). Finally, as suggested in organizational learning theory, likelihood of being leapfrogged concerns the probability that a marketplace may be disrupted by innovative new entrants (March 1991). This potential may differentially affect the costs, benefits, and risks of incumbent firm strategy options concerning alternative imitation-related components of strategies they may deliver.

Next, to provide an illustration of how these contingencies may affect the relative costs, benefits, and risks associated with the different imitation options identified we elaborate on how this may work in three exemplars from the nine imitation options.

When is Imitating a Direct Rival's Product Likely to be a Good Option?

Prior research mainly views imitation in the context of high-similarity product imitation of direct rivals (e.g., Schnaars 2002), the most visible and contentious of the options we identify. As shown in Web Appendix WA6 this is generally the least attractive option as it concentrates multiple salient risks while offering limited incremental benefits relative to the other imitation options identified. When firms closely imitate direct rivals' products this is highly visible to both customers and competitors, increasing the likelihood of negative customer reactions, erosion of differentiation and positional advantage, retaliatory competitive responses (Chen and Miller 1994), and legal challenges under strong IPR regimes. Consumers often evaluate such visible imitations unfavorably unless they clearly deliver superior value (van Horen and Pieters 2012). Importantly, some of this option's costs and risks can be reduced by lowering degree of imitation similarity which can preserve competitive positioning, reduce legal exposure, and generate less adverse consumer evaluation, while still capturing meaningful knowledge spillovers.

Given this combination of costs, risks, and benefits, firms may nonetheless engage in high-similarity imitation of direct rivals for reactive defense reasons. When a direct rival's offering gains new benefits, the costs and risks of imitating them (e.g., losing customers, weakened positioning) may be unfavorable in absolute terms, but the alternative of doing nothing may be even less attractive. However, such defensive logic also highlights an important aspect of our conceptualization suggesting that rather than considering imitation solely as a reactive response to competitive threats, firms may benefit from considering it proactively in their strategy-making efforts. Our framework suggests that such proactive product imitation of a direct rival becomes more attractive (or less unattractive) only under narrow conditions, such as low target visibility (e.g., a much smaller direct rival), markets with weak IPR, and limited rival response potential, where risks are lower and the benefits of knowledge spillovers, evidence of

success, and reduced development costs (Lieberman and Montgomery 1988; Golder and Tellis 1993) may be relatively greater. Outside of such environments, the concentration of competitive, legal, and market-based risks makes high-similarity imitation of direct rivals' products generally less appealing than alternative imitation strategy options.

When is Imitating an Indirect Rival's Business Model/Strategy Likely to be a Good Option?

As with other imitation objects, imitating strategies of indirect rival targets operating in a different geography may provide significant benefits when their markets have relevant similarities to the firm's own. The risks and search costs of this option may be greater than when imitating a direct rival due to lower understanding of the target's context. However, if a firm judges these risks manageable, it can evaluate strategies proven successful in other geographic markets for potential benefits in its own and consider adopting and adapting these before local rivals. This can potentially provide first-mover advantages within the imitator's market while reducing the risks associated with alternative untried "new-to-the-world" strategies. Because customers have lower visibility into indirect rivals' strategies or business models, imitators can more easily position themselves as innovative within their local market. Alternatively, a firm could seek to leverage the imitation target's success and frame their efforts as bringing this proven strategy to its local market. This may be particularly useful in early-stage markets where such external validation provides legitimacy benefits (Frankenberger and Stam 2020) and where the imitator may have more to gain (vs. lose) if its moves are imitated by local market rivals. Any risk of IPR litigation response from the imitation target is likely to be even lower in the case of indirect rivals. However, the lower IPR risk also means that the imitator may find it difficult to legally protect the source of its imitated strategy-based advantage in its own marketplace.

Given the lower margins and quicker rival responses typical in intensely competitive

markets, the speed, cost, and risk benefits of imitating proven business models/strategies from other markets (vs. alternative strategies) may be particularly beneficial. Imitating such unfamiliar strategies or business models from outside the firm's served market is likely to reduce the potential for local rivals to be able to imitate quickly and effectively if the imitator's efforts successfully deliver competitive advantage. It may also make such innovative imitation objects particularly valuable when a firm fears that the risk of being leapfrogged is high.

When is Imitating an Outside-Industry Firm's Process Likely to be a Good Option?

Process imitation from outside industries may offer substantial benefits when inputs and outputs in the target and imitator's business contexts are similar. For example, manufacturers may benefit from adopting retail supply-chain processes (Frohlich and Westbrook 2001) and service firms might adopt manufacturer quality control approaches (Dean and Bowen 1994). Cross-industry imitation of processes allows firms to apply proven solutions from other contexts while maintaining low visibility of imitation to customers, who may in any event view supplier engagement in process imitation more positively (adopting best practices) than other types of imitation. Marketplaces with more rational customers will be indifferent to such imitative moves.

However, the risks and costs associated with outside-industry process imitation in terms of observing, correctly identifying, and adequately specifying a process to be able to effectively imitate it may generally be greater than other types of process imitation targets. One caveat is that some outside-industry imitation targets may be more open to sharing their practices, because the imitator presents no competitive threat. The risks of customer observation, negative target IPR response, and local rival competitive retaliation are all likely to be generally lower than either product imitation or process imitation of direct or indirect rivals. One market condition that is likely to be less appropriate for such imitation is early-stage markets. Here, imitating

processes from outside-industry targets may be less useful (beyond the kinds of “back office” processes required in most businesses) as the firm’s needs and challenges in creating, delivering, and capturing value in its own marketplace may be novel, dynamic, and difficult to predict. This suggests that in more mature markets where both customer needs and the firm’s own needs are clearer, the speed and cost benefits of imitating cross-industry best practices (vs. creating new processes) may be more valuable than in early-stage markets.

In addition to providing new insights into the relative costs, benefits, and risks associated with different imitation options, Web Appendix WA6 also offers a broader perspective on the relative attractiveness of different imitation options and how and why these may change in different marketplace conditions. Next, we offer a set of propositions concerning some key patterns emerging across the three panels in Web Appendix WA6 and how some of these may be differentially affected by different contingencies via the mechanisms depicted in Table 3.

The cost/benefit/risk profiles in Web Appendix WA6 suggest that across imitation objects and similarity levels, different-geography imitation targets may generally exhibit a lower risk profile than either direct rivals or outside-industry firms. Conversely, direct rival imitation (particularly at high similarity levels) consistently generates elevated risks in multiple regards including: consumer negativity stemming from target visibility and recognition (van Horen and Pieters 2012), lack of differentiation that erodes positional advantages, retaliatory imitator actions motivated by the perceived direct threat (Chen and MacMillan 1992), and potential IPR infringement legal action. Different-geography targets generally mitigate these risks through greater distance, reducing both customer awareness of the imitator and its offerings and the target’s motivation and ability to respond. Importantly, this risk reduction may not come at the expense of benefits. Because the target is within the same industry but not a direct rival, any

imitatee target marketplace success may provide credible evidence of viability in the imitator's market context even as lower target visibility reduces the customer negativity risks. This may hold at both high and low levels of imitation similarity.

While outside-industry targets share some of these advantages, they have different and potentially greater risks with Web Appendix WA6 identifying attention dilution, causal attribution error, and imprecise object identification as highly salient risks across almost all options. These risks reflect the challenges unfamiliar industries pose in accurately identifying and transferring success-driving elements (Cohen and Levinthal 1990). For example, Google misestimated consumer acceptance and value when transferring augmented reality technology (Google Glass) from industrial settings (Weidner 2024). Different-geography rival targets lower such risks as their shared industry leverages imitator's existing knowledge and should enable more accurate attribution of the target's sources of advantage. In addition, considering different-geography targets enables learning from more distant but relevant market contexts within the same industry (March 1991), which may also aid earlier identification of potential leapfrogging threats through learning from other markets operating within the same industry. This can also be achieved with outside-industry targets but scanning these may result in more significant attention dilution (Ocasio 1997). Overall, these patterns suggest different-geography imitation targets occupy a distinctive position compared to others. They mitigate the customer-facing, retaliatory, and legal risks inherent in direct rival imitation while preserving shared-industry knowledge structures necessary to avoid the risks that limit the effectiveness of outside-industry imitation.

P1: Different-geography imitation target options are generally less risky than other imitation target options.

The cost profiles in Web Appendix WA6 suggest low-similarity imitation options are associated with fewer highly salient types of costs. While the reduction is greater for business

model/strategy objects than product or process imitations, the pattern is robust across all three. High-similarity imitation (i.e., replication) requires not only high search costs to precisely identify the imitation object but also the resources and capabilities to reproduce it, elevating both development and delivery costs and the advisory costs of complying with target IPR (Ginarte and Park 1997). These costs are amplified in geographically distant or different-industry targets, as these require greater search costs and may also require more different resources and capabilities to replicate the target's solution, resulting in the highest concentration of salient costs observed across Web Appendix WA6, particularly for high-similarity business model or strategy imitation.

In contrast, in low-similarity imitation options firms do not need to invest in reproducing every element of the target object, reducing both development and delivery costs and the need for costly IPR legal review. This is particularly true for business model/strategy imitation targets where close imitation often depends on a range of complementary resources and capabilities (Siggelkow 2001; Zott and Amit 2010) that create costly implementation challenges. This is exemplified by firms using others' business models as legitimacy devices (Martens, Jennings, and Jennings 2007) such as initial applications in ride-sharing (e.g., Uber) and home-sharing (e.g., Airbnb) being taken into pools by Swimply and car-sharing by Turo, or as analogs to communicate with customers (e.g., the "Netflix" of books (Scribd) or games (GameFly)).

However, despite the generally lower costs of low-similarity imitation, planning time remains a highly salient cost across most target and object combinations. This reflects adaptation success and risk reduction requiring appropriate decisions regarding which target object elements to keep, which to modify (and how), and which to discard. This requires understanding of why the target object succeeds to distinguish its essential elements and reduce the risks of modifying elements that were critical to the imitator's success or retaining elements that are not. High

planning costs in low-similarity imitation options is a necessary investment in causal understanding to guide effective adaptation and mitigate both attribution error and imprecise object identification risks. Thus, although low-similarity imitation offers fewer salient costs (i.e., a smaller number of different types of costs that are likely to be significant for a particular imitation strategy option), the nature of these costs shifts to knowledge-intensive areas of planning, learning, and causal analysis. Thus, we propose:

P2: Low- (vs. High-) similarity imitation options generally involve fewer types of salient costs.

Web Appendix WA6 also suggests that observability of imitation objects creates a systematic asymmetry in the benefits and risks of different imitation objects. In terms of benefits, product imitation generally provides greater cost and development time advantages than imitating processes or business models/strategies. High-similarity imitation of rival products offers four highly salient benefits: evidence of success, greater legitimacy, short development time, and low development costs. The latter two are development-related benefits that are exclusive to product imitation and even at low similarity such product imitation offers development cost benefits driven by the greater visibility and observability of products which allow them to be more easily identified, examined, and reverse-engineered. When the target is a direct rival, familiarity with the rival's offerings and shared industry context further amplify these benefits. Process and business model/strategy imitation do not provide such benefits because processes are generally internally opaque to outside observation (Nelson and Winter 1982), and business models/strategies depend on complex interdependencies among multiple components that are difficult to decompose and transfer (Siggelkow 2001; Zott and Amit 2010). The shared benefits that appear across all three objects (evidence of success, greater legitimacy, widened strategy-making inputs, and earlier identification of leapfrogging threats) are driven not by the observability of the object itself but by the informational value of the target's

demonstrated marketplace performance.

In terms of risk, process imitation has a uniquely pervasive pattern of knowledge-related risks that involve causal attribution error and imprecise object identification (both are knowledge-related risks as they concern correctly identifying what drives a target's success and accurately decomposing the success-driver's makeup to enable it to be imitated) being highly salient across all targets and similarity levels. For product imitation, one or both of these knowledge-related risks are salient only conditionally. For example, they are absent (low) for direct rival and different-geography targets at high similarity, appearing only when the firm engages in low-similarity imitation where causal attribution error becomes salient for direct rival targets, with the addition of imprecise object identification risks for different-geography and outside-industry targets or when the target is an outside-industry firm at high similarity. Business model/strategy imitation follows a similar conditional pattern. Knowledge-related risks are generally absent for high-similarity options with both direct rival and different-geography targets, emerging selectively at low similarity or with outside-industry targets. The pervasiveness of such risks in process imitation objects is because they are embedded within target organizations, relying on tacit knowledge and idiosyncratic routines that may be unobservable even in familiar rivals (Mansfield 1985; Teece 1986). A potential imitator must uncover which of the target's processes are responsible for its success and understand it well enough to imitate it, which is harder for processes than products that can be directly observed or strategies visible in marketplace actions.

Importantly, strategies that help reduce knowledge-related risks for product or business model/strategy imitation may be generally less effective for process imitation. Deciding to replicate closely does not help because the imitator generally cannot easily observe what it is

trying to copy. Choosing a same-industry target also does not help because even a direct rival's internal routines remain hidden. Together, these two patterns suggest that observability is a key characteristic that simultaneously enhances development-related benefits available from product imitation and elevates the knowledge-related costs and risks inherent in other imitation targets.

P3: Product imitation generally offers more development-related benefits than process or business model/strategy imitation options, while process imitation generally carries greater knowledge-related risks than product or business model/strategy imitation options.

Patterns in Web Appendix WA6 suggest that each imitation object is differentially sensitive to the moderator categories in Figure 1, with observability as a primary underlying driver. Because products are easily visible, the customer environment is the most immediate moderator of the attractiveness of product imitation options. Whether customers recognize and react negatively to imitative elements depends on target visibility. Imitation of smaller rivals or those targeting different market segments, and those operating in different geographies and industries carry lower risks of imitation recognition, as does imitating features not central to the customer's purchase decision (van Horen and Pieters 2012). Customer rationality amplifies this with rational customers evaluating offerings more objectively, making product imitation more acceptable and maybe even expected when rivals introduce features that become known and valued by customers. For example, automakers imitated Tesla's large touchscreens (Reid 2025) while relying on their own brand and build quality to differentiate without triggering consumer negativity. The legal environment is equally salient for product imitation with strong IPR raising both the likelihood of legal action and costs of assessing its risks, while weak IPR environments reduce these barriers but also direct imitator incentives toward more difficult-to-imitate innovation efforts based on tacit knowledge, secrecy, and organizational embedding (Hurmelin-Laukkanen and Puumalainen 2007).

In contrast, lower observability of process imitation makes its attractiveness less sensitive

to the customer environment contingencies. The legal environment is also less salient as firms rely mainly on trade secrets rather than patents to protect processes. Instead, the attractiveness of process imitation is mostly shaped by the market and competitive environments. In early-stage markets, process imitation of rivals can help establish industry standards and accelerate market development by enhancing consistency in product quality, availability, and customer service (e.g., Guler, Guillen, and Macpherson 2002). In contrast, in later-stage markets firms are likely to be subject to convergence and limited differentiation opportunities. In highly competitive markets, imitation of processes enhancing efficiency becomes particularly valuable, and rivals often fail to recognize such process imitation (Cohen, Nelson, and Walsh 2000). This lowers risk of retaliatory response as even when recognized, rivals are less likely to view it as a direct attack (Chen and MacMillan 1992). For business model or strategy imitation, the legal environment is least salient because business models and strategies rarely have IPR protection (Casadesus-Masanell and Zhu 2013). Rather, its attractiveness is most sensitive to the market environment, where dynamism is likely to relatively reward faster imitation over innovation (Eisenhardt and Martin 2000), and the competitive environment, where greater competition elevates incentives for imitate-and-improve options while also increasing the risks of differentiation loss. We posit:

P4: The benefits, costs and risks associated with product imitation options are most affected by the factors in a firm's customer and legal environment, while those associated with process, business model, and strategy imitation options are most affected by the factors in a firm's market and competitive environment.

For within-industry rival imitation, the competitive and legal environments are most influential in determining attractiveness. The legal environment directly influences whether close product imitation is possible with strong IPR substantially increasing legal risk, which may require the imitator to reduce similarity or ensure imitated features are not central to its value proposition (Mansfield, Schwartz, and Wagner 1981). The competitive environment is also

important because direct rivals facing a perceived threat are most motivated to retaliate in ways that may significantly reduce returns on the imitator's investment (D'Aveni and Gunther 1994; Young, Smith, and Grimm 1996). This creates a dual tension in competitive markets where incentives to defensively imitate are high and the imitatee's response potential is also high. Importantly, process imitation of direct rivals is partially insulated from these pressures as rivals frequently fail to recognize when their processes are being imitated and, even if they do so, may not interpret it as a direct attack unless the imitator uses the resulting cost savings to reduce prices and target the rival's customers (Chen and MacMillan 1992; Mansfield 1985). Thus, the legal and competitive environments likely affect within-industry direct rival product and business model/strategy imitation more than process imitation.

Different-geography rival imitation targets generally present the lowest risk profile, but this advantage is likely to be greatest when market and customer environments are supportive. The market environment is particularly important because the primary benefit of different-geography scanning is vicarious learning from natural experiments in related markets which is most valuable when a firm's own market is dynamic or at an early stage. In early-stage markets, insights from more advanced geographic markets can help reduce local adoption risk by importing proven objects while lower target visibility among local market customers reduces imitation recognition risk (Cohen, Nelson, and Walsh 2000; Levitt and March 1988). However, in highly dynamic markets, the value of such advantages may be lower relative to the search costs involved and there is a greater risk that imported practices may be obsolete by the time they are imported. The customer environment is also a salient contingency, because more rational customers are more likely to evaluate proven offerings from other markets based on their functional merits (Sheth 1973), and an imitator can amplify legitimacy benefits by framing its

adoption as bringing globally validated practices to the local market (Zaheer 1995). In addition, with limited overlap between the different-geography target and the imitator's own customers, recognition of imitation is reduced, preserving benefits while lowering customer acceptance risk.

For outside-industry imitation, the competitive and customer environments are most important. Imitator attention dilution caused by the greater scanning efforts is likely to be most harmful when competitive intensity is high and more managerial attention is already occupied with competing in their core market (Ocasio 1997). When competitive intensity is lower and the firm can invest in cross-industry learning, outside-industry imitation can enable a firm to escape price-based competition by introducing new-to-the-industry features that rivals may be unable to quickly imitate. The customer environment introduces different contingencies depending on the imitation object. Customers will generally have less awareness and recognition of product imitations if they are outside of or less associated with their consumption domain (Rosa et al. 1999). For example, automakers have benefitted from imitating consumer electronics interfaces and connectivity features, which customers perceive positively as they align with cross-category experiences. However, outside-industry business models or strategies also risk being perceived as irrelevant, a risk that is greatest in early-stage markets where customer needs are still being formed and the risks of applying ill-fitting outside-industry imitations are highest. For example, Home Depot's tool-sharing service trial imitating outside-industry models was viewed by customers as either an unclear solution or irrelevant to their project needs (Cain 2019).

P5: The benefits, costs and risks associated with within-industry rival imitation target options are most affected by the factors in the competitive and legal environments, while those of different-geography target options are most affected by the factors in the firm's market and customer environments, and those of outside-industry target options are most affected by the factors in the firm's competitive and customer environments.

Imitation centrality concerns the extent to which a firm's strategy is dependent on imitative elements involving both the number and similarity of imitative components, and also

their relative importance within the overall strategy. When imitation is more central it may become more visible, increasing the likelihood that customers, competitors, and imitatees recognize the imitative aspects of the strategy. From a customer evaluation perspective, this increases the risk of negative reactions toward imitation (van Horen and Pieters 2012). However, neoclassical economic and consumer expectation theories suggest that in markets characterized by more rational customers, purchasing decisions are driven primarily by value and functional benefits (Lancaster 1966; Oliver 1980). Under such conditions, increased visibility associated with a high centrality of imitation in business strategy does not meaningfully reduce customer demand, thereby reducing one of the key risks typically associated with imitation.

The attractiveness of high imitation centrality is also shaped by legal and competitive environments. In weak IPR regimes, imitatees have limited legal protection and lower incentives to challenge imitation, reducing a primary imitation centrality risk. At the same time, dynamic and competitively intense markets increase imitation benefits as firms must quickly respond to emerging opportunities and competitive threats (Shenkar 2010). Imitation often provides firms with faster and less costly access to viable solutions through knowledge spillovers and vicarious learning (Levitt and March 1988), allowing them to keep pace with rapid marketplace change. These advantages become particularly valuable in highly competitive environments where margins are lower and speed is critical. Consequently, greater centrality of imitation in a business strategy is likely to be more attractive in environments where customer rationality reduces reputational risk, weak IPR constrains legal retaliatory risks, and dynamic and competitively intense markets increase the value of rapid and cost-efficient responses to change.

P6: High centrality of imitation in a firm's business strategy is generally less risky and has greater benefits in marketplaces and environments characterized by more rational customers, weak IPR, and more dynamic and competitively intense marketplaces.

Research Agenda

Since our research identifies key limitations in existing knowledge, provides a new perspective on imitation, offers a new typology of imitation options and contingencies affecting their relative attractiveness, and proposes a consequential new role of imitation in strategy-making, it raises important new questions for future research. We next identify key research domains and questions that may be most valuable for knowledge development and management practice.

Imitation Considerations in Strategy-Making

Our research offers a new view of imitation that could (and should) affect how firms think about it during their strategy-making. However, little is known about what may be required to enact this, making identification of resources and capabilities required to effectively include imitation considerations in strategy-making theoretically and practically important. At least some of these may either be new or at least sufficiently different to make it difficult to simply re-purpose those generally used in strategy-making. For example, what does a firm need to be able to scan broadly for potential imitation targets, identify signals of others' success, examine likely contributing factors, uncover and detail target object elements and drivers that could be imitated, and determine the resources and capabilities required to imitate, adapt, and/or improve on these?

Additionally, although imitation is not generally viewed as a legitimate and consistently considered option in strategy-making, some firms do engage in imitation efforts. Yet little is known about when, how, and why such firms currently include imitation considerations in their strategy-making and how these firms differ from the majority that do not. It is possible that for reasons of history and/or resource heterogeneity, some firms are more willing and better able to consider and implement imitation options during strategy-making. Does this also suggest the existence of an imitation "mindset"? Examining this possibility may offer new insights into how our research can be leveraged to change the behavior of more firms. Equally important is the

need to identify inhibitors of imitation consideration and selection during strategy-making. For example, given its “negative press” and qualitative insights suggested in our survey, do managers have a bias against imitation that reduces its consideration by firms? If so, what is the cause of such bias and what does this suggest about “de-biasing” approaches that may help to reduce it?

Outcomes for Different Actors

We identify likely costs, benefits, and risks associated with firms considering and executing imitation options in strategy-making and elaborate on how these may change in different marketplace conditions. These costs, benefits, and risks need to be documented in practice, and any gaps (or even redundancies) identified. Those associated with considering imitation options in strategy-making even when they are not selected and executed, and the conditions under which these may generally be a net positive are of particular interest. These will aid delineation of the “base case” conditions under which considering imitation in strategy-making is worthwhile. A related question concerns the outcomes of different imitation options for other stakeholders. Key issues include: whether and how legitimacy benefits manifest for imitatees; when and what customers may observe about firms’ imitation and the imitatees involved; and how imitation option choices (e.g., imitating rivals vs. others, imitating products vs. processes or business models) may affect this. The economic growth and broader social welfare outcomes of imitation that we posit are also important questions for empirical testing.

In addition, empirical explorations seeking negative outcomes of imitation and the conditions under which these may occur would also be valuable. While our study suggests more positive outcomes (and for more stakeholders) than previously believed, understanding when and for whom there may be negative outcomes would provide important boundary condition insights and suggest ways in which imitation strategies may avoid these. For example, imitating an

innovator's distinctive features has been experimentally shown to lead to consumer reactance towards the imitator (van Horen and Pieters 2012). Does this lead to observable negative performance outcomes for product-focused imitators of direct rivals? What about the imitatees involved? Alternatively, aligned with the evaluation criteria we identify, can imitators avoid these problems in their imitation content strategy choices (e.g., by not seeking to imitate distinctive features of a rival, imitating less closely, improving upon features that are imitated in clear ways, or adding new distinctive features to the imitator's product offering)?

Relationships with Existing Marketing Strategy Phenomena

Another area that may be fruitful for theoretical advancement in marketing strategy is exploring what may serve as complementary assets for imitation consideration and execution in firm's strategy-making. Obvious candidates among extant marketing strategy phenomena are the potential benefits of customer orientation, competitor orientation, environmental scanning, organizational learning, and market knowledge stocks. For example, imitation of others is only likely to be of benefit to an imitator if the resulting offering is valued by customers, suggesting complementary asset roles of customer orientation and market knowledge in enabling firms to make imitation-related strategy choices that produce beneficial outcomes to customers. Is this the case? What other firm assets or characteristics may help them build and benefit from imitation?

Another promising area for exploration is how consideration and execution of imitative elements in strategy-making may affect when and how firms seek to deter imitation by rivals. Some of these factors will likely include the ambiguity/stickiness of the imitatee's resources and the similarity or complementarity of imitator-imatee resources and capabilities (e.g., Zhang and Markman 1998). Although our research identifies ways in which a firm can benefit from being imitated, extant theories of competition generally highlight the desirability of limiting imitation

by rivals to sustain competitive advantages delivered by a strategy. This raises the question of whether and how enhancing consideration of imitation in strategy-making shapes how firms assess imitability of their strategies in making and executing strategy choices.

How Firm Characteristics Shape the Role of Imitation in Strategy

Understanding how a firm's resources and position shape imitation's role in its strategy also offers an interesting new research area. For example, large incumbents may find the costs and risks of internal innovation-focused efforts exceed those of scanning for and imitating innovations developed by others. In many CPG markets, this has effectively become a dominant strategic model: incumbents monitor the market for offerings that gain traction and imitate or acquire them. Similar patterns exist in the pharmaceutical and technology industries, where large firms routinely absorb innovations of smaller entrepreneurial firms. In ecological terms this suggests a form of labor division in which smaller, nimbler entrepreneurial firms bear the risks and costs of experimentation and "traditional" innovation, while larger incumbents leverage their scale and market power to identify and imitate the most promising innovations. If incumbents can routinely "outsource" the risk of innovation-focused efforts to smaller firms and then capture value through imitation, does this explain how large firms stay large?

Empirically Studying Imitation

Our framework is conceptual, but its core dimensions may be empirically observable in multiple ways. Survey-based approaches are an obvious way to capture some aspects such as imitation consideration in firm strategy-making and constructs such as the centrality of imitation in a firm's strategy along with calibrations of risks, costs, and benefits. For example, consideration could be operationalized through managerial reports of the extent to which imitation informs key decisions (e.g., positioning, product development), while mechanisms can

be measured using perceptual indicators such as speed-to-market gains, development cost reductions, and risk mitigation relative to internally developed alternatives. Historical and case-study based research approaches may also be useful in empirically studying imitation and its role in strategy making (Golder 2000). Such approaches have greatly enhanced understanding of product imitation in new categories (e.g., Golder and Tellis 1993; Haunschild and Miner 1997) and been used in management studies of resources and capabilities associated with particular strategies (e.g., Danneels 2011; Siggelkow 2007). Using business simulations with managers and MBA students may also offer a new way to both observe and examine imitation from a strategy decision-making perspective in a controlled setting (e.g., Varma, Bommaraju, and Singh 2023).

In terms of secondary data, imitation targets and similarity can potentially be assessed using more recent approaches such as Hoberg and Phillips' (2016) text-based measures of annual firm-pair product similarity scores using 10-K product descriptions to define firm-centric competitor networks (TNIC). Natural language processing (NLP) and large language model (LLM) methods can complement this by detecting semantic borrowing and textual adoption lags (e.g., an imitator's product language shifting toward an imitator's lexicon after the imitator's disclosure). This may enable researchers to capture directional convergence toward a focal target in product space (e.g., increases in similarity to a specific firm) and distinguish within- vs. cross-industry imitation using distance thresholds in the TNIC space. Beyond targets, imitation objects can be observed using product attributes and positioning language (e.g., product announcements, app store descriptions), promotion patterns (e.g., scanner data), and IPR signals (e.g., patent claims). Operational proxies may also be helpful for process and business model/strategy imitation where indicators such as job postings may reveal shifts in required knowledge and skills that signal such imitation efforts. Using such empirical approaches could produce a wealth

on new evidence-based thinking in this exciting new field of marketing strategy inquiry.

Implications

This research offers important substantive, theoretical, and practical contributions to knowledge.

Below, we summarize some of these by comparing the dominant perspectives on key imitation-related strategic issues offered in previous research with those suggested in our study (Table 4).

Table 4. Dominant Perspectives from Extant Research vs. This Research

	Previous research	This research
Relationship between imitation and innovation	Imitation and innovation are generally viewed as opposing ends of a spectrum. Imitation is seen as escalating rivalry and lowering accumulation of distinctive competences and thereby increasing vulnerability to environmental shifts (e.g., Barnett and Hansen 1996; Teece, Pisano, and Shuen 1997). Some exceptions exist (e.g., Posen et al. 2023).	Imitation is not the opposite of innovation. With appropriate IPR protections, imitation raises competitive pressure and stimulates innovators' innovation. Imitators with heterogeneous resources and capabilities also frequently (by design and otherwise) produce innovative, even "new-to-the-world" outcomes (e.g., Oyo adapting Airbnb's model for Indian hotels). Likewise, our research also suggests imitation and creativity are not mutually exclusive.
Role of imitation in strategy-making	Imitation is typically viewed as a reactive, ad-hoc response to competitor moves rather than a deliberate proactive consideration in strategy-making. It is rarely considered a legitimate option during formal strategy-making processes.	Imitation should be an explicit and systematic consideration in strategy-making. Even when imitative options are not selected, the search can yield benefits such as identifying non-imitative ideas, detecting new entrants earlier, and uncovering internal opportunities (e.g., McDonald's McFlurry and McCafe).
Who should imitate	Imitation is primarily associated with firms that lack innovation capabilities, are risk-averse, compete on costs, or are followers in a product category (e.g., Lieberman and Montgomery 1988; Schnaars 1986).	Differentiators and innovators should also consider imitation. Firms with innovation capabilities may be predisposed to overlook imitation options, causing them to miss potential benefits such as lower costs, faster speed to market, reduced risk, and wider strategic inputs. Imitation and innovation-focused efforts can coexist within a firm's strategy.
Who should be imitated (i.e., imitation target)	Research focuses almost exclusively on imitation of direct rivals within the same market (e.g., Dickson 1992; Golder and Tellis 1993; Parry and Bass 1990).	Imitation targets extend beyond direct rivals to include indirect rivals in different geographies and firms in different industries. Different-geography rivals offer a favorable risk profile, and outside-industry firms offer transformative potential despite higher knowledge-related costs and risks.
What should be imitated (i.e., imitation object)	Most research focuses on product imitation (e.g., copycat brands, follower products, feature imitation), with limited attention to other imitation objects.	Imitation objects extend to processes, business models, and strategies. Each object carries a distinct cost/benefit/risk profile. Products offer unique development-related benefits due to their visibility, while processes carry pervasive knowledge-related risks due to their internal embeddedness and tacitness.
Degree of similarity in imitation	With few exceptions (e.g., Lee and Zhou 2012; Schnaars 2002), imitation is usually implicitly equated with closely copying or replication, reinforcing negative connotations of "me-too" products and undifferentiated offerings.	Imitation ranges along a continuum from high similarity (replication) to low similarity (imitation-based innovation). Low-similarity imitation involves fewer costs with the nature of costs shifting from execution- to knowledge-intensive. Many successful imitations are deliberate adaptations rather than exact copies (e.g., Apple's iPhone).
Impact on imitatees	Imitation is generally viewed as harmful to imitatees, eroding their competitive advantage, market share, and returns on innovation (e.g., van Horen and Pieters 2017; Yilmaz, Naumovska, and Miric 2023).	Imitation can also benefit imitatees by validating an innovator's direction, vicarious learning from the imitation, stimulation of further innovative effort, enhancing legitimacy, and helping establish industry standards (e.g., Tesla's EV charger).

Impact on customers and society	Research primarily focuses on customer evaluations of imitative products, which are generally found to be negative (e.g., Alpert and Kamins 1995; van Horen and Pieters 2018). Broader societal implications are largely not examined.	Imitation benefits customers via lower prices, greater choice and access, improved quality, and faster innovation diffusion. It enhances economic growth via knowledge spillovers, accelerated diffusion and increased access, and also improves social welfare.
Theoretical foundations	Typically draws on a single theoretical lens and examines isolated aspects of imitation.	Integrates twelve theoretical perspectives to provide a comprehensive and unified view of imitation.
Marketplace contingencies	May examine individual moderators of imitation outcomes in isolation, without a comprehensive framework for evaluating when imitation is a more or less attractive option across different conditions.	Offers a new contingency framework identifying eight moderators across customer, market, legal, competitive marketplace environments that shape the attractiveness of imitation options and provides a systematic approach for evaluating them.

In substantive terms, building on recent conceptual work in management our research extends knowledge of the imitation phenomenon and its role in business strategy-making. Most notably, we expand the objects that should be considered in examining and executing imitative aspects of business strategy to include processes, strategies, and business models as well as products, and the realm of potential targets to include non-rivals outside of the firm's industry as well as within-industry rivals and indirect rivals. Our research also identifies and integrates the relevant costs, benefits, and risks that may need to be evaluated in making strategic choices involving imitative options and marketplace conditions that are likely to affect these. Overall, this offers a significantly more comprehensive, unified, and balanced perspective on the imitation construct and the role that it plays in marketing strategy.

From a theory contribution perspective, our research advances theory by synthesizing fragmented insights on imitation from extant theoretical and practice literature (Yadav 2010) and integrating previously distinct elements into "a unified whole whose meaning is different from its constituent parts" (MacInnis 2011, p.138). This allows us to dimensionalize imitation within a strategy-making context and generate a new and more comprehensive typology of imitation options. In addition, our study builds a strong case for a number of expected relationships involving imitation that are either new to thinking in this domain or have previously been theorized only in directionally different terms. These include the relationship between imitation and innovation, the effects of imitation on imitatees, and the downstream consequences of

imitation for social welfare. These are constructs central to marketing strategy research and our study offers new insights into the direction and nature of their inter-relationships.

This research also has important practical implications as it focuses on a phenomenon that managers often overlook or undervalue. Our study offers a strong rationale to challenge managers' existing thinking and illuminates a new role for considering imitation as a legitimate and integral part of marketing strategy-making. It also provides a new and expanded set of different imitation options that can be usefully considered in developing strategy with actionable guidance on how these options can be evaluated, and the marketplace conditions in which different options may be more or less likely to be attractive. This allows managers to systematically consider and evaluate imitation options as they would any other strategic option. Despite evidence of its existing negative framing and recognizing the difficulties of reframing, we believe that the compelling arguments for considering imitation options in strategy-making we provide has a realistic chance of changing many managers' thinking and behaviors.

Conclusion

Imitation has been both understudied and misunderstood in marketing strategy research and managerial practice. This has led imitation to be generally viewed negatively and ignored by many firms in their strategy-making deliberations and choices. Our research extends the conceptualization of imitation and challenges widely held beliefs and assumptions considering its impact, revealing that its benefits may be greater than previously believed. Building on this we offer new insights into costs, benefits, and risks associated with considering and executing imitation options as part of strategy-making and detail how these may affect the attractiveness of imitation choices across marketplace conditions. This offers the potential for both significant changes in managerial practice and an important new research stream in marketing strategy.

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