Journal of the Knowledge Economy (2020) 11:593–613
https://doi.org/10.1007/s13132-018-0561-x

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Market-Sensing Capability, Innovativeness, Brand Management Systems, Market Dynamism, Competitive Intensity, and Performance: an Integrative Review

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Received: 26 September 2017 / Accepted: 26 September 2018 / Published online: 6 October 2018

Abstract
This article reviewed existing strategic management and marketing literature, and then proposes a framework that links market-sensing capability, firm innovativeness, brand management systems, and firm performance. Drawing on *resource based theory (RBT)* and *dynamic capability theory*, a framework that proffers firm innovativeness and brand management systems as mediators in the relationship between market-sensing capability and firm performance, this paper proposes the moderating role of environmental factors (i.e., competitive intensity and market dynamism) on the relationship between firm innovativeness and firm performance, and brand management systems and firm performance. A set of propositions that represent an empirically driven research agenda are presented.

Keywords Market-sensing capability · Firm innovativeness · Brand management systems · Market dynamism · Competitive intensity · Firm performance

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Introduction

The strategic management and *resource-based theory* (RBT) literature has long discussed the importance that environment has on corporate strategy, processes, and firm outcomes (Ward et al. 1995). According to organizational contingency theorists, environment is a major source of uncertainties for firms (Lawrence and Lorsch 1967; Thompson 1967). Studies (e.g., Cui et al. 2005; Martin and Javalgi 2016) still highlight a need for more empirical research about the relative influence of other antecedents, such as market versus industry factors, or environmental level versus firm-level factors. Upon this foundation, this article presents an episodic process model that explains how market-sensing capability can give rise to firm innovativeness and brand management systems, which in turn may drive up firm's performance. Laukkanen et al. (2016) study shows that firm's market orientation and brand orientation can enhance business performance. In response to Laukkanen et al.'s (2016) call for additional research, this study integrated market-sensing, brand management systems, and firm innovativeness in a single model.

This study utilizes RBT (Barney 1991, 2001a, b; Peteraf 1993) and *dynamic capability* (DC) (Eisenhardt and Martin 2000; Teece 2007; Teece et al. 1997) as theoretical underpinnings, specifically in explaining how a strong brand management system (BMS) instrument stimulates the attainment of competitive advantage against rivals. Brand management systems are a set of brand building activities firms undertake by nurturing their brand's corporate management to enhance and maintain a long-term brand performance (Lee et al. 2008; Santos-Vijande et al. 2013). Studies have sought the role of brand management systems on business performance. For example, Lee et al. (2008) explore the role of market orientation as an antecedent of brand management systems that leads to brand performance. Subsequently, Santos-Vijande et al. (2013) examined the effect of market orientation and organizational innovativeness on brand management systems and performance.

Studies (Li and Liu 2014; Ward et al. 1995) examined the effects of environmental factors (i.e., competitive environment, environment dynamism) on firms' competencies, strategies, processes, and outcomes. As research on market-sensing capability, market dynamism, competitive intensity, and performance flourishes, there is an increasing need for a consolidated framework. For instance, Cui et al. (2005) found that competitive intensity and market dynamism have direct effects of knowledge management capabilities, which in turn enhances firm performance; however, market dynamism was more influential than competitive intensity.

Prior study found that competitive intensity moderates the link between market orientation and hotel performance (Wang et al. 2012), and between service innovation and performance (Foroughi et al. 2015). Competitive intensity moderates the link between IT capabilities and corporate entrepreneurship, and between corporate entrepreneurship and innovation performance (Chen et al. 2015). González-Benito et al. (2014) found that environmental dynamism and competitive intensity moderate the link between market orientation and performance in opposing directions.

The outcome of their study suggests that the effects of environmental factors (i.e., market dynamism and competitive intensity) are contingent on several socio-cultural factors; logically, firm innovativeness and brand management systems are an inclusive category, as these elements project the cultural climate of the firm. To have a full understanding of this phenomenon, this paper proposes that competitive intensity and market dynamism will moderate the link between firm innovativeness and firm performance, and between brand management systems and firm performance. The remainder of this paper is organized as follows. The next section outlines the literature which is pertinent to the development of this study's propositions. Next, the study's propositions are documented, which are followed by concluding commentaries and avenues for future research.

Theoretical Framework

The present research grounds on the resource-based view and its extended paradigm of dynamic capabilities of firms to propose a conceptual framework. The current high paced competitive environment does *neither* arbitrarily rule out firms failing to conform to the "must have" industry-like structure as suggested by population ecologists (Hannan and Freeman 1977), *nor* makes use of collusion and diseconomies of scale to boost profits as posited by industrial organizational theorists (e.g., Bain 1954, 1959). According to dominant research outputs (i.e., Barney 1986; Dierickx and Cool 1989; Wernerfelt 1984), firms succeed in attaining a competitive advantage by crystallizing their internal competencies into valuable and inimitable assets, and by adapting these to the fluctuating environmental constraints to maintain a certain competitive advantage edge (Teece et al. 1997).

Resource-Based Theory, Dynamic Capability, and Competitive Advantage

One of the core tenets of RBT stipulates that a firm's source of sustained competitive advantage stems from its "costly to copy" internal resources as these must be heterogeneous from broad market availability, e.g., rare, inimitable, valuable, and non-substitutable (Barney 1991; Barney 2001b; Wernerfelt 1984). Resources and capabilities represent any tangible or intangible rent generating inputs a firm uses to demarcate itself from its rivals (Conner 1991), which is why firms compete with each other based on their respective resources and capabilities (Peteraf and Bergen 2003; Wernerfelt 1984). Tangible resources and capabilities denote financial capital and physical assets and machineries with ease of tradability, whereas intangible resources and capabilities also known as internal capabilities denote assets that are less likely to be purchasable and exchanged in the market (i.e., human capital, technology, brand image, brand trust, and others) as noted by Conner (1991), Dierickx and Cool (1989), Grant (1996a, b), Peteraf and Bergen (2003), Russo and Fouts (1997), Santos-Vijande et al. (2013), and Winter (2003).

Yet, owning these sets of resources does not lead *sui generis* to a sustainable competitive advantage. Thus, the concept of dynamic capability (Teece et al. 1997) denotes a firm's ability to bundle and integrate its resources in addition to some evolutionary pathways (such as life cycle, scope trend), to fit its operational environment. Therein, organizational capabilities subsume the ability of a firm to coordinately assemble, blend, assimilate, and marshal its tangible and intangible assets to confer operational efficiency edge against competitors (Bingham et al. 2007; Grant 1996b; Menguc and Auh 2006). This study builds on these concepts by stipulating how market-sensing capability, firm innovativeness, and brand management systems can lead to a greater performance and competitive advantage.

Market-Sensing Capability

Market-sensing capability (MSC) refers to a business's ability to acutely understand and have an insight of the macromarket environment or the operating ecosystem and its potential impact on competitors, customers, and other stakeholders (Day 1994). A firm endowed with market-sensing capability has the aptitude to observe, assess, continuously monitor, and also make relevant decisions pertaining to changes in technology and market (i.e., customers and rivals). Businesses with such competences are more equipped in discerning potential opportunities and threats (Fang et al. 2014).

Day (2002) dissects market-sensing capability into three: (1) sensing activities relevant to gathering and distributing information related to customers' needs, wants, and expectation, market segmentation, relationship sustainability, and rivals' competences and purposes; (2) interpreting sensed information which refers to the understanding of the information gathered; and finally (3) evaluating activities essentially related to feedback monitoring and assessment (Ardyan 2016). Olavarrieta and Friedmann (2008) supports this conceptualization, with an inclusion of a fourth dimension that taps value model construction, customer feedback retrieval, and perceived return on quality.

Brand Management Systems

Interest in brand has increased as this concept progressed from a mere product identifier and differentiator physical tool to an advanced intangible strategic tool representing social value (Louro and Cunha 2001). This appeals service-oriented businesses, as brand name alone cannot distinguish them from other competitors, but instead represent a customer service experience (Brodie et al. 2009). Contemporary market competition theorist (Christodoulides and De Chernatony 2010) urged firms not to over rely on brand equity (brand assets, strength, and value). Rather, they should capitalize on activities pertaining to the creation and the maintenance of a strong brand, by establishing a brand management system. This because brand management systems can support and enhance their coping abilities in harsh and with intense competitive market environment, coupled with hasty innovation imitations of goods, it is believed that brand management systems can grant them sustainable competitive advantage and outstanding brand performance (Davis and Dunn 2002; Santos-Vijande et al. 2013).

Lee et al. (2008) referred to brand management systems as a "*set of any systems, organizational culture or culture of a firm supporting brand building activities.*" A comprehensive analysis of this definition discloses that brand management systems require a holistic and strategic perspective of an intra-firm brand management, which will settle the brand as a cornerstone of corporate strategy in a way to consistently and coordinately implement and monitor the brand-building activities (Kim and Lee 2007; Santos-Vijande et al. 2013). Brand management systems are tri-dimensional namely (1) *brand orientation*—the magnitude of importance and value acknowledgment a firm has through its top management, so as to crystallize its marketing strategy and brand-building activities; (2) *internal branding*—is aimed at developing strong symbolic bonds and instill the willingness of employees to represent the brand beyond the physical boundaries of the organization (De Chernatony and Cottam 2006a; De Chernatony et al. 2006b). Moreover, internal branding aims at increasing the brand-related internal communication across all the member levels of the organization. Finally, (3) *strategic brand management* subsumes the development of a marketing strategy that is consistent with firms' brand image, goal settings, the appraisal of brand value and image, and the allocation of resources for effective brand management.

Firm Innovativeness

Firm innovativeness has received multiple definitions in the literature (Hurley and Hult (1998). For example, Wang and Ahmed (2004) and Alexiev et al. (2016) used the term innovativeness to refer to a firm general competence in developing and providing the market with new products or services, or entering new markets by the means of innovative process and strategic orientation. Zawawi et al. (2016) described firm's innovativeness as a facet of organizational culture characterized by the openness and adoption willingness of novel ideas. Tsai and Yang (2013) described firm innovativeness as organizational innovative culture that motivates its member to come up and nurture novel concepts or problem-solving techniques. The authors conceptually distinguished innovativeness from innovation, considering the former as an antecedent and stimulus of the latter. The current study equally converges into this conceptual difference.

Market Dynamism and Competitive Intensity

Market dynamism represents constant fluctuations resulting from changes related to technology, consumer's demands and rivals' structures that affect a company processes and appeal for its prompt flexibility (Achrol and Stern 1988; Cui et al. 2005; Jap 1999). Dynamic markets are usually opportunities providing in this sense that variations directly "destroy" existing needs or operational processes to give trendy paths. Whereas, competitive intensity represents the magnitude of interfirm competitiveness, characterized by fierce rivalry, greater amount of strong competing incumbents, imitation, limited opportunities, as well as advertising, promotion, price, products, and service competition (Auh and Menguc 2005; Cui et al. 2005; Jaworski and Kohli 1993; Li et al. 2008).

Researchers argued that market dynamism is an external contingent environmental force (Eisenhardt and Martin 2000; Wang et al. 2015; Zahra et al. 2006). Consequently, businesses experience intricate decision-making because while monitoring rivals' behaviors and activities, they must exploit and recombine their internal resources and capabilities to come up with novel and differentiated services or processes. Thus, investigating the simultaneous moderating effect of market dynamism and competitive intensity may provide a three-way insight on how firm innovativeness and brand management systems impact firm performance and may provide helpful insights to managers.

Propositions and Theorem Development

Market-Sensing Capability and Firm Innovativeness

Inferring from Day's conceptualization, market-sensing capability provides enterprises the flexibility to remodel their structural setup toward market trends and changes. These structural transformations require continuous communication with actors in the ecosystem (Day 1994); this paper professes that market-sensing capability is a shared understanding of how the market environment will unravel in the future. Sense making enable organizational actors to gather, share, analyze, and make correct usage of the acquired market intelligence and insights (Murray et al. 2016). A substantial number of research papers reported that firm's knowledge advantage can aid the development and production of relevant and superior products and services that meet the present market needs (Morgan et al. 2009). Intense inauguration of innovative products and services allows firms to serve diverse market demands better than rivals (Parida et al. 2017).

Additionally, firms deploying tools to scan and acquire market intelligence can enhance their competitive performance in innovation (Najafi-Tavani et al. 2016). Innovative performance is characterized by innovation-marketing fit, product newness, and product advantage. Innovative firms are endowed with open-mindedness culture which stimulates, encourages, and empowers employees to come up with new ideas, practices, and processes. In this sense, market-sensing practice illustrates the quest for knowledge used by firms; the quest for knowledge activity involves the integration of old and new knowledge for novel combination in developing new products and services, and broadening of market size and audience (Zhang and Li 2010). According to Zhang and Wu (2013), market-sensing capability is contingent upon investments directed toward search activities. Firms with superior sensing capability may not only save new product and service development costs but may also speed up the development process. Based on above reasoning, an increase in product quality, efficiency of market launch and speed, as well as innovativeness could be anticipated. Thus, we propose the following:

Proposition 1: Market-sensing capability will positively influence firm innovativeness

Market-Sensing Capability and Firm Performance

Several studies have investigated the effect of market-sensing capability on firm performance. For example, Morgan et al. (2009) demonstrated that market-sensing capability increases revenue growth rate. Other researchers (Osakwe et al. 2016) found similar result when assessing the influence of market-sensing capability on SMEs profitability. The underpinning behind these outcomes is that firms embedded with this capability can easily spot change in the market and take advantage of their competitors. Many scholars argued that market-sensing capability is an important determinant of performance; this is because the search activities that come alongside market-sensing capability hand pick and respond to specific market needs and preferences. This approach allows firms to satisfy their customers and achieve superior product, innovative and financial performance (Atuahene-Gima et al. 2005; Greenley 1995; Kohli et al. 1993; Narver et al. 2004), brand performance (Lee et al. 2008), and customer performance (Han et al. 1998).

We believe that the ability to detect new market trend, customer needs will grant a firm upper hand in fierce competitive environment. Olavarrieta and Friedmann (1999) asserted that the ability to sense and digest market trends is crucial for the success of any firm, given the furtherance of markets and technological changes. The acquisition of such information will increase the efficiency of decision-making processes for firms.

Specifically, service organizations like hotels that can proactively sense changes in the socio-cultural trends, tourists or visitors expected needs and wants, or any new aspect from the market from which they can take advantage from other companies will eventually boost their performance. Thus, we propose the following:

> Proposition 2: Market-sensing capability will positively influence firm performance

Market-Sensing Capability and Brand Management Systems

In the previous sections, we highlighted that market-sensing capability involves a search activity for new methods and techniques to develop, distribute, and launch new products and services (Atuahene-Gima et al. 2005; Murray et al. 2016). According to Han et al. (1998), brand management system is a direct product of acquiring, retaining, and transferring knowledge within an organization, more specifically innovation. Modern firms which have high taste for innovation, thus, such firms have high tendency to develop brand management systems than those with lower taste for innovativeness. A plausible explanation for the preceding statement is that market-sensing capability prompt brand image development motivation through brand education, and positioning. Given that brand management systems are a part of organizational learning processes, we concluded that market-sensing capability can aid the formation of brand management systems.

Heusinkveld et al. (2009) noted that market sensing is an important part of the "internal organizational conditions for the utilization of client information in new product development." Using three established theories namely marketing control theory, dynamic capabilities theory, and RBT, Lee et al. (2017) found that brand management capability development is higher when firms have greater levels of awareness and uniqueness in the market. Based on above reasoning, we argue that the higher the market-sensing capability of firm, the greater the performance of its brand management systems. Thus, we propose the following:

> Proposition 3: Market-sensing capability will positively influence brand management systems

Firm Innovativeness and Firm Performance

The word innovativeness has been widely used in the strategic marketing literature at organizational level (firm) (Akgün et al. 2012) and product and service level (e.g., Szymanski et al. 2007; Sreejesh et al. 2015). According to Garcia and Calantone (2002, p. 113), firm-level innovativeness denotes "the propensity for a firm to innovate or develop new products and services." Product innovation denotes "a measure of the potential discontinuity a product (process or service) can generate in the marketing and/or technological process." Service innovation in essence differs from product innovation, because of its intangible nature as oppose to product tangibility. Service innovativeness is tailored in proportion to the consumers' needs and taste. Service innovativeness entails (1) "service concept, which is a new service in the market; (2) client interface, which refers to new ways as to which clients are involved in the service production; (3) service delivery system, which encompasses new ways the actual services are delivered to the customers; (4) technology, which has to make sure that the services can be provided efficiently" (Durst et al. 2015).

Firm innovativeness integrates organizational factors that ease and support innovative strategies, in other words the sub-group aspect of a firm's dynamic capabilities (Hadjimanolis 2000). According to Danneels and Kleinschmidt (2015), firm innovativeness is mirrored in new product, service, production processes, and administration techniques. Highly innovative firms are characterized by their ability to identify product/service and market opportunities, engineer new and beef up existing strategies to respond to the identified market opportunities, and to pursue the opportunities rapidly. Several studies (Hult et al. 2004; Theoharakis and Hooley 2008; Tsai and Yang 2013) found empirical evidence pertaining the constructive effect of firm innovativeness on business performance. Craig et al. (2014) positioned firm innovativeness as a driver of firm performance among family SMEs. Intense innovations can give rise to novel outcomes, and create differentiation competitive advantage over rivals. In essence, this allows firms to revive their orientation in the market, gain access to new market and opportunities. Based on above reasoning, we propose the following:

P4: Firm innovativeness will positively influence firm performance

Market-Sensing Capability, Firm Innovativeness, and Firm Performance

According to Sarkar et al. (2016), market orientation is important in a dynamic business environment epitomized by knowledge intensity, such that actors operating in the industry must possess environmental shock absorber (e.g., dynamic capabilities, open innovation capabilities, etc). Since open innovation was found to be an antecedent for firm performance (Hatzikian 2015), to advance theory on the association between market orientation and open innovation. Arrigo (2015) argued that "market-orientation can be considered as an antecedent of open innovation, because it is epitomized by (1) culture focused on the market and on developing new knowledge; (2) distinctive capabilities to efficiently connect companies with the key market actors; and (3) a flexible configuration that optimizes the acquisition of information and coordinates all activities within the organization (p. 10)."

Market-sensing capability is previously linked to firm performance (Mu 2015; Ngo et al. 2017; Tsai and Wang 2017), and firm innovativeness to firm performance (Hatak et al. 2016; Jancenelle et al. 2017; Parida et al. 2017; Schlaegel and Reichel 2017), but these links sometimes are notional due to inconsistent findings. A plausible reason for these contradictory outcomes is the negligence of prior studies to consider important intervening concepts in the association between market-sensing capability and firm performance. Fierce competition and radical innovations make functional sense-and-respond strategy essential for the survival and success of contemporary firms (Drucker and Maciariello 2008). Hence, firms' innovativeness is a proximate outcome of market-sensing capability, that is, in the quest innovation, firms engage in market and environmental scanning that allows them to reposition their strategies on how to offer customers new products and services, and management processes.

Prior researches that examined the mediating effect of firm innovativeness include strategy–performance relationship (Hult and Ketchen 2001), quality-growth relationship (Cho and Pucik 2005), and strategic orientation-new product success relationship (Droge et al. 2008). Subsequently, Dibrell et al. (2014) found that formal strategic planning process enhanced firm performance, and firm innovativeness mediates the link between the formal strategic planning process and firm performance. Kraiczy et al. (2015) delineated firm innovativeness as a mediator between top management team innovation orientation and firm growth in SMEs. Based on above reasoning, the current study suggests that firm innovativeness mediates the market-sensing capability-firm performance relationship, we propose the following:

P5: Firm innovativeness mediates the relationship between market-sensing capability and firm performance

Firm Innovativeness and Brand Management Systems

Fierce competition has shaped the global market, in that firms tend to have similar products or offers similar services; nevertheless, imitation is at its height. Brands serve as referential elements for customers because it reduces uncertainty, lowers search cost, and guarantees product and service quality (Buil et al. 2016). Innovativeness was related to higher differentiation strategy, and subsequently business performance (Lechner and Gudmundsson 2012). Hence, the higher the innovative culture, the greater the business performance. Innovativeness cannot be engendered *sui generis* from sole internal competence, but need market-driven forces. Therefore, internal competence and market-driven factor such as brand management systems can shed light on market trends and competitors' behaviors. Besides fitting the internal resources with external prospects together, such culture can awaken all members of the organization to the salience of the brand. Hence, the higher the innovative culture, the greater the brand management systems. For instance, prime innovators concurrently compete on several areas with the objective to attain corporate performance and success (Kilic et al. 2015).

According to Anees-ur-Rehman et al. (2016, p. 6), "external forces such as increasing competition, changing client tasted and demand as well as market life cycle play an important role of anteceding the brand-orientation." Furthermore, Hung and Chou (2013) reported that external technology acquisition positively affects firm performance. This makes sense, as innovative firms are fond of seeking new challenges and new approaches for problem-solving, development of new products and services that appeals both old and new patronizes. Such firms embrace brand management system cultures that take advantage of external information and opportunities, and use the market as a signboard against rivals. More generally, firm performance is a result of firm innovativeness which is drive through abilities of market sensing (Ramadani et al. 2017), and firm innovativeness is a determinant for brand management systems. Based on above reasoning, the current study suggests that firm innovativeness will empower brand management systems. Thus, we propose the following:

P6: Firm innovativeness will positively influence brand management systems

Brand Management Systems and Firm Performance

Brand management systems encompass brand management capability and brand orientation; although these attributes perform different roles, together they serve as the base of brand management systems (Lee et al. 2017). Brand orientation mirrors the organizational brand culture, and brand management capability mirrors organizational engagements to build and position brand toward success and brand performance (Hirvonen and Laukkanen 2014). Recent findings of Lee et al. (2017) show that brand management capability can facilitate brand performance. A plausible interpretation is that firms acquire intelligences about consumers by building on shared knowledge and expectations, so as to align firm's image in line with customer's expectation (Orr et al. 2011). According to Punjaisri and Wilson (2011, p. 1523), internal branding is a critical source of competitive advantage as it encompass "the activities undertaken by an organization to ensure that the brand promise reflecting the espoused brand values that set customers' expectations is enacted and delivered by employees."

Brand orientation, the second component of brand management systems, can enhance brand communication, as brand communication strengthens brand awareness and credibility. A recent finding shows that brand awareness has a significant effect on brand credibility, and that financial performance was positively impacted by brand credibility (Anees-ur-Rehman et al. 2018). Brand orientation and internal branding are functional in regard to corporate branding on the condition that a perfect match exists between strategic vision, organizational culture, and corporate image (Dunes and Pras 2013). Using social identity theory, internal branding management was found to be an antecedent of organizational identity (Buil et al. 2016), and organizational identity has been linked to increase firm performance (Boehm et al. 2015). Drawing on the strategy-as-practice tradition framework, using qualitative data, Dunes and Pras (2013) demonstrate that brand management systems play an important role in firm performance. Based on above reasoning, we propose the following:

P7: Brand management systems will positively influence firm performance.

Market-Sensing Capability, Brand Management Systems, and Firm Performance

Well-established brand management systems are always responsive to brand enhancing actions and strategies, which results to increase firm competitiveness. For instance, in service-oriented industry, brand is closely matched with the corporate brand due to the fact that the quality of service customers receive directly affect the image of the firm, beyond their level of satisfaction (Santos-Vijande et al. 2013). This triggers top management willingness to adopt and implement brand building and sustaining actions, with the aim of strengthening internal culture, and market it externally to outperform competition. Empirical finding shows that brand management system has an impact on performance customer and financial performance (Lee et al. 2008; Santos-Vijande et al. 2013). Similarly, market-sensing activity had a positive and significant effect on firm, customer, and brand performance (Atuahene-Gima et al. 2005; Han et al. 1998; Lee et al. 2008).

Market-sensing activity is characterized by three distinct yet related phases: sensing, sense-making, and reflection (Murray et al. 2016). More generally, it highlights a shared understanding of how the market will unfold in the future, achieved by scanning the environment, soliciting information from both internal and external mavericks. Market intelligence, collective informative and technological knowledge, and skills are enabling factors a firm use to value its goods and services, and to satisfy competitive demands (Eng and Okten 2011). Logically, this could be translated to brand management systems. Surprisingly, little guidance for implementing strategy that encapsulates brand management systems is available especially through market-sensing capabilities; this link is under-researched (Ngo and O'Cass 2012). Baumgarth et al. (2013) added that there are few studies on the business-to-consumer companies associated with a strong market-oriented approach. The authors concluded that there is a need for further exploration for brand orientation (Baumgarth et al. 2013). In response to this research call, this article proposes that brand management systems will mediate the link between market-sensing capability and firm performance. Based on above reasoning, we propose the following:

> P8: Brand management systems mediate the relationship between market-sensing capability and firm performance.

Moderating Effect of Competitive Intensity and Market Dynamism

It has been long acknowledged in the strategic management, marketing, and innovation literature (Cui et al. 2005; Eisenhardt and Martin 2000; Jaworski and Kohli 1993; Porter 1985; Zahra et al. 2006) that the ecosystem is a key determinant of industrial operational outcomes. This is because environmental conditions have the power to either amplify or weaken resources and capability utilization, which in turn promotes or hinders output. This helps in explaining the logic behind Hart's (1995) thesis that the ecosystem must be considered in modeling of sustainable competitive advantage. Concurring to this, is the argument of Colins and Montgomery (1995, p. 2) who claimed that "resources cannot be evaluated in isolation, because their value is determined in the interplay with market forces."

According to Tsai and Yang (2013), competitive intensity mirrors the extent of industrial interfirm competition. That is, the higher the competitive intensity, the higher the industrial competition, and competitive activities such as imitative strategy, price competition, promotion competition, product offerings, and value-added services (Auh and Menguc 2005; Chen et al. 2015; Cui et al. 2005; Li et al. 2008). However, market dynamism is the incessant change in the environmental forces of a marketplace or industry (Achrol and Stern 1988). Competitive intensity and market dynamism are similar, but distinct concepts; however, both concepts are environmental factors. Dynamic market is characterized by high uncertainty, technological breakthrough, and ceaseless change in consumer products/service preferences (Sharpley 2000). In such atmosphere, firms are forced to revise their strategies to accommodate the new environmental changes against competition (Arora and Cason 1995).

Firm's innovativeness is contingent on differentiation strategy used to undermine competitors' actions, and to enhance business performance (Hughes and Morgan 2007). As a result, innovativeness allows a firm to forestall competitive imitation not only through the incessant launch of unique products and services (Tsai and Yang

2013) but also by raising the barriers of entry (Porter 2008); this also explains why innovative firms are able to win price or promotional wars (Auh and Menguc 2005). Janssen et al. (2004) added that necessity positively relates with successful innovation attempts, especially in market environment characterized by fierce competition and uncertainty. Therefore, service firms are forced to increase their innovativeness by revising their business objectives and strategies to cope abate the negative effects of the external market forces.

Chen et al. (2015) noted that competitive intensity moderates the link between IT capabilities-corporate entrepreneurship, and corporate entrepreneurship-product innovation performance. So far, we have seen the contextual impact of market dynamism and competitive intensity, assessing their individual effects may soft-pedal the nature of interaction (Meyer et al. 1993). In particular, the actual nature of the interaction under which firm innovativeness and brand information system influence business performance. Diagnosing the interactive effects of market dynamism and competitive intensity on the link between innovativeness performance, and brand management system performance may "yield a more interpretable and theoretically interesting pattern than any of the factors would show in isolation" (Rousseau and Fried 2001, p. 4).

Tsai and Yang (2013) responded to this research call by testing the simultaneous moderating effect of market turbulence and competitive intensity on the link between firm innovativeness and performance. They found that the effect of firm innovativeness and performance was positively moderated by market turbulence and competitive intensity. In revising business strategy, highly innovative firms must acquire and interpret insights from the market environment and competitors in order to develop creative defeat responses (Smith et al. 1991). Based on above reasoning, this article proposes an episodic process that investigates a three-way interaction effect of firm innovativeness, competitive intensity, and market dynamism to predict firm performance. Thus, we propose the following:

> P9a: Market dynamism will moderate the link between firm innovativeness and firm performance, such that the relationship will be stronger when market dynamism is high.
> P9b: Competitive intensity will moderate the link between firm innovativeness and firm performance, such that the relationship will be stronger when competitive intensity is high.

In highly competitive environment, adopting environmental marketing and management strategies helps firms gain stronger competitive advantage over key competitors, which is difficult to negate (Langerak et al. 1998). That is why a firm's brand management system can gravitate its strategies (Foroughi et al. 2015; Martin and Javalgi 2016; Wilden et al. 2013); thus, firms are more likely to follow and adapt to the nature of market leverages (Jaworski and Kohli 1993). Dominant findings (Dunes and Pras 2013; Hirvonen and Laukkanen 2014; Lee et al. 2017) identified a positive linear correlativity between brand management systems and a number of performance outcomes; further understanding is required with regard to non-linearity. This suggestion leads to the expectation that under relatively high levels of brand management systems activity, increases in competitive intensity and market dynamism may result in increased performance, but that beyond certain "optimal" levels further increases might reduce performance.

In unstable markets, firms' ability to grasp information from the market helps in addressing new customer's needs (Cui et al. 2005). Therefore, under highly intense competitive industry and dynamic market, a firm innovativeness and brand management systems will nurture its competitiveness. Accordingly, drawing on the insights of the prior configuration research (Dess et al. 1993; Meyer et al. 1993), following, e.g., Dess et al. (1997) and Wiklund and Shepherd (2005), this study proposes a three-way interaction model to determine the simultaneous interactional effect of market dynamism and competitive intensity on the relationship between brand management systems and firm performance. Thus, we propose the following:

P10a: Market dynamism will moderate the link between brand management systems and firm performance, such that the relationship will be stronger when market dynamism is high.
P10b: Competitive intensity will moderate the link between brand management systems and firm performance, such that the relationship will be stronger when competitive intensity is high.

Figure 1 presents several interesting issues for future research. The proposed model presents a partial view of the knowledge intensive world; although it is valid, it also ignores a good bit of the complexity of the business processes that heavily depend on intellectual capital and managerial experience and vision.

Discussion and Future Research Direction

The Industry 4.0 literature asserts that the quest for knowledge, knowledge management, and decision-making strategies are crucial factors for superior organizational performance (Abubakar et al. 2017). This paper proposes a framework that considers

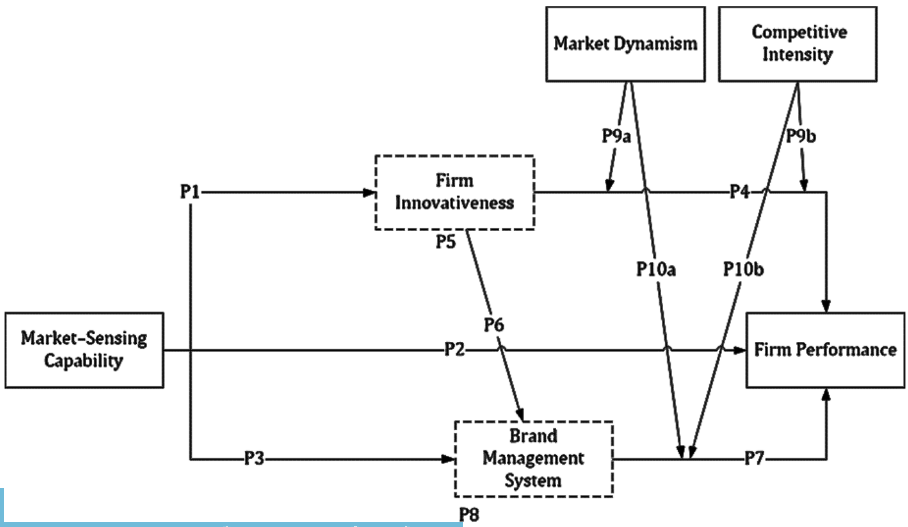

Fig. 1 Conceptual model

market-sensing capability, firm innovativeness, and brand management systems as key strategic resources that depict "invisible assets," e.g., strategic management skills and organizational culture (Itami 1987), competence and knowledge acquired through learning and accumulation of novel skills and abilities (Conner 1991). These key assets of a firm are inherent and are hardly exchangeable. In addition, they get nurtured and enriched through the course of time and experience of endured environmental constraints and situations. Thus, integrating the external information and internal resources and competencies to address the milieu's high paced variation, we believe and consider them as a firm's dynamic capabilities. Prior researchers such as (i.e., Anees-ur-Rehman et al. 2016) stated that "studies are needed to examine the links between firms' marketing strategies, brand-orientation, innovative implementation, and firm performance." In brief, this article responds to this call by linking market-sensing, brand management systems, and firm innovativeness with contextual factors (i.e., competitive intensity and market dynamism).

Based on a review of the literature, this study conceptually establishes a connection between market-sensing capability, firm innovativeness, and brand management systems, competitive intensity, and market dynamism. More specifically, this paper contends that market-sensing capability could foster firm innovativeness. This proposition is consistent with mainstream research on marketing strategies, which suggests that market-sensing capability helps firms to identify emerging market needs, timely assess responses to consumers' needs and market trends. Thus, it has been assumed that market-sensing capability is rational, and useful for innovation and learning purpose. However, firms with good market-sensing capability are more adept at learning, gathering, interpreting, using market intelligence, and more importantly, this market intelligence can be used to attack in form of branding and defend in form of greater performance against rivals in turbulent market environment. It is likely that when operationalized, such market intelligence will result in incremental variance in firm brand management systems and performance.

Decades of research across numerous disciplines have been devoted to better understand and advance firm innovativeness at firm level and innovative service behavior at individual level. This paper professes that as the level of innovative culture increases in a firm, the focal firm innovativeness increases which in turn has direct impact on business and enterprise performance through revenue generation as a result of greater patronage. In line with Santos-Vijande et al. (2013), assertion that firm innovative culture positively affects business performance and business image, more specifically, firm innovativeness can enhance the way or manner customer sees and patronizes a business, its products, and services. Management scholars have focused almost exclusively on the impact of market-sensing capability on a number of variables. Their efforts have made important inroads toward understanding market-sensing capability from market strategy perspective. These insights offer support on how innovation reforms take place and what mechanize the whole process. Accordingly, we offer a framework that extends our understanding of the market-sensing capability, in that firm innovativeness is a former outcome of sensing and performance the latter. In other words, firm innovativeness mediates the link between market-sensing capability and firm performance.

In an effort to advance the discussion of brand management systems, beyond existing concepts, this paper professes that brand management systems will nurture firm's performance, as the business environment is social in nature, characterized by an adaptive learning process due the wideness of customer network and preferences. Therefore, firms who possess the ability to manage their brands will tend to have greater performance relative to those with lower. Notwithstanding, firms are confronted by the aggregation of environmental activity into a bigger phenomenon, actors in the industry consults the market needs, customer preferences and emerging trends to help shape their existing strategy and develop new strategy, this could be in form of image as products and services have become similar in many ways. Based on this, this paper highlights the need for advancing market-sensing strategy, in that, a more integrated view in which brand management systems operate as a mediator in the relationship between market-sensing capability and performance. As described earlier, market sensing capability entails data gathering for building for attack and defensive purpose; hence, the acquired information could facilitate the development of a superior brand management system, which can translate firm's activity in success and performance.

Firms owning this sort of capabilities substantially have competitive advantage over their competitors, and may earn superior performance and outpace its competitiveness. Theoretically, dynamic capabilities have been proven to reinforce organizational performance, because they enhance a firm's effective, efficient, and quick reactiveness to external instabilities, and also privilege it with income cumulating opportunities, and means of operational costs reduction (Chien and Tsai 2012; Chmielewski and Paladino 2007; Drnevich and Kriauciunas 2011; Lin and Wu 2014; Wilden et al. 2013). This can be more salient in highly competitive industries such as high-tech, hotel, and hospitality sector where service similarity is relatively high. Strategic management and marketing researchers should look beyond the existing management literature; an integration of knowledge management ideas may provide useful insights. Drawing from the tenets of the proposed conceptual model, the pay-off now is in empirical research; as such, we encourage researchers to test the proposed model empirically.

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