



How Ambidextrous Marketing Capabilities Mediate the Impact of Market Knowledge Breadth on Innovation Performance: A Conceptual Model

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Abstract: This conceptual paper aims to explore the mediating role of ambidextrous marketing capabilities in the relationship between market knowledge breadth and innovation performance within the hospitality sector, specifically in food and beverage establishments. This study addresses a critical gap in the literature by proposing a theoretical framework that links these variables. It conceptualizes how a firm's breadth of market knowledge—encompassing insights into various market segments and customer needs—can influence its innovation performance, with ambidextrous marketing capabilities acting as a mediating factor. Ambidextrous marketing capabilities are defined in terms of their exploratory (ability to explore new markets and customer segments) and exploitative (ability to leverage existing market knowledge) dimensions. The paper argues that firms with extensive market knowledge are better positioned to develop and apply these capabilities effectively, thus enhancing their innovation outcomes. The proposed framework suggests that market knowledge breadth influences innovation performance both directly and indirectly through ambidextrous marketing capabilities. This conceptual approach aims to provide a foundation for future empirical research and offers theoretical insights into how firms in the hospitality sector can leverage their market knowledge and marketing capabilities to drive innovation

Keywords: Market Knowledge Breadth, Ambidextrous Marketing Capabilities, Innovation Performance, Exploratory Marketing, Exploitative Marketing, Hospitality Sector

Introduction

In the realm of innovation performance, market orientation has been shown to enhance existing product innovation competencies and foster the development of new competencies, ultimately contributing to a competitive advantage (Atuahene-Gima, 2005). A study on ambidextrous marketing capabilities in China's manufacturing sector found that these capabilities significantly boost innovation performance, with market-based innovation acting as a mediator in this relationship (He et al., 2021). The dimensions of market knowledge have varying impacts on product innovation performance, emphasizing the importance of understanding how market knowledge integration influences a firm's innovation outcomes (Luca & Atuahene-Gima, 2007). Additionally, external market knowledge acquisition and internal knowledge sharing have been identified as critical

factors that interact with the existing knowledge base to drive radical innovation (Zhou & Li, 2012). Market knowledge breadth refers to a firm's depth of understanding of its market environment, while ambidextrous marketing capabilities involve balancing exploratory and exploitative activities in marketing (He et al., 2021; Zhou et al. (2016)

Previous studies have explored the impact of market knowledge breadth and ambidextrous marketing capabilities on innovation performance. Some research has emphasized the positive influence of market orientation on product innovation competencies (Atuahene-Gima, 2005), while others have highlighted the role of market knowledge breadth in enhancing product innovation performance through knowledge integration (Luca & Atuahene-Gima, 2007). However, there is a gap in research directly linking ambidextrous marketing capabilities with innovation performance, especially in sectors like China's manufacturing industry (He et al., 2021). This gap arises from studies often examining these factors individually rather than investigating their combined effects on innovation outcomes. Addressing this gap can offer a more comprehensive understanding of how market knowledge breadth and ambidextrous marketing capabilities interact to impact innovation performance. This is crucial for firms aiming to enhance their innovation strategies by emphasizing both market knowledge accumulation and ambidextrous capabilities, ultimately leading to improved competitiveness and sustainable growth. Therefore, the aim of this study is to investigate the mediating effect of ambidextrous marketing capabilities on the relationship between market knowledge breadth and innovation performance.

Methods

This study employs a quantitative research design utilizing a cross-sectional survey method to investigate the mediating effect of ambidextrous marketing capabilities on the relationship between market knowledge breadth and innovation performance. The research will focus on collecting data from organizations actively engaged in innovative practices. The target population consists of firms operating in the hospitality (food and beverage) sector, particularly those involved in product and process innovation. A sample size will be targeted to ensure sufficient statistical power for the analysis.

The study will focus on the following constructs: Market Knowledge Breadth, measured using items that assess the extent of knowledge firms possess about different market segments and customer needs; Ambidextrous Marketing Capabilities, divided into Exploratory Marketing Capabilities, assessing the firm's ability to explore new markets and customer segments, and Exploitative Marketing Capabilities, evaluating the firm's ability to leverage existing market knowledge for innovation; and Innovation Performance, measured through items that assess the outcomes of innovation activities, including new product introductions and improvements in processes. Each construct will be measured using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Control variables will include firm size, and years of operation, as these factors may influence the relationship between market knowledge breadth, ambidextrous marketing capabilities, and innovation performance. Data will be collected through an online survey distributed via email and social media platforms to ensure a broad reach. The survey will

include an introductory section explaining the study's purpose and assuring respondents of confidentiality, with follow-up reminders sent to enhance response rates.

Data analysis will be conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM), suitable for exploring complex relationships and testing the proposed mediating effects. The analysis will proceed through the following steps: Measurement Model Assessment, evaluating the reliability and validity of the measurement constructs using Cronbach's alpha and composite reliability; Structural Model Assessment, testing the hypothesized relationships between constructs and focusing on the mediating effect of ambidextrous marketing capabilities; Bootstrapping, assessing the significance of the indirect effects to confirm the mediating role of ambidextrous marketing capabilities; and interpretation of results, analyzing the path coefficients and R-squared values to understand the strength and significance of the relationships. This methodology will provide a comprehensive framework for understanding how ambidextrous marketing capabilities mediate the relationship between market knowledge breadth and innovation performance.

Result and Discussion

Ambidextrous marketing capabilities

Ambidextrous marketing capability refers to a firm's ability to balance exploration and exploitation activities in the marketing domain. Organizational culture, specifically organizational diversity and shared vision, plays a crucial role in fostering ambidexterity within an organization (Martínez-Pérez et al., 2016). Market knowledge breadth also impacts ambidextrous capabilities, with a broader understanding of the market positively influencing both process and product innovation, which are outcomes of ambidextrous marketing capability (Chen et al., 2021). Additionally, adaptive capability and social media agility have been identified as factors that interact with ambidextrous marketing capability to affect business survival, highlighting the importance of these variables in shaping the overall ambidextrous capabilities of a firm (Onamusi, 2021).

Ambidextrous marketing capabilities have been found to significantly enhance innovation performance, with market-based innovation acting as a partial mediator in this relationship (He et al., 2021). Moreover, ambidextrous marketing capability directly impacts business survival, indicating its critical role in ensuring the long-term success and sustainability of a firm (Onamusi, 2021). Furthermore, the interaction between ambidextrous marketing capabilities and entrepreneurial orientation influences firm performance, suggesting that the timing and context in which ambidextrous capabilities are leveraged can significantly impact overall performance outcomes (Mehrabi et al., 2019). Thus, the antecedent variables such as organizational culture, market knowledge breadth, and adaptive capability, along with the consequence variables including innovation performance, market-based innovation, and firm performance, collectively shape the effectiveness of ambidextrous marketing capabilities within an organization.

Similarly, He et al. (2021) demonstrates that ambidextrous marketing capabilities significantly improve innovation performance, with ambidextrous market-based innovation acting as a mediator in this relationship. This indicates that organizations that can balance exploratory and exploitative activities in their marketing strategies are more likely to achieve higher levels of innovation. Additionally, Chen et al. (2021) found that

ambidextrous capabilities impact both process and product innovation, suggesting that the ability to simultaneously explore new opportunities while exploiting existing knowledge leads to improved innovation outcomes.

Moreover, ambidextrous capabilities are essential for adapting to changing market conditions and customer needs. Huang and Li (2017) highlight that ambidextrous capability allows project teams to efficiently identify new customer requirements and minimize disruptions in product development. This ability to balance the exploration of new market opportunities with the exploitation of existing resources enables organizations to stay competitive and responsive in dynamic environments.

Furthermore, the study by Zhou et al. (2016) underscores the importance of ambidextrous capabilities in the context of internationalization. The research suggests that firms with strong explorative capabilities can quickly absorb new knowledge about foreign markets and effectively adapt to local conditions, leading to the creation of unique customer value. This emphasizes how ambidextrous marketing capabilities are not only beneficial for innovation within domestic markets but also crucial for successful international expansion strategies.

Market knowledge breadth

Market knowledge breadth encompasses a wide range of diverse customer and competitor types, as well as factors that define them (Luca & Atuahene-Gima, 2007). This knowledge extends to understanding customer preferences, insight into commercial potential, emerging market trends, and identifying untapped customer needs (Zhang & Xu, 2019). Having a broad market knowledge base enables firms to sense emerging market trends and be attentive to unexpected environmental cues that signal new customer preferences (Zhang & Xu, 2019). Additionally, market knowledge breadth plays a crucial role in influencing radical innovation by interacting with knowledge integration mechanisms such as external market knowledge acquisition and internal knowledge sharing (Zhou & Li, 2012).

In essence, market knowledge breadth is not limited to just understanding customers or competitors within an industry but also involves grasping various dimensions of the market. This comprehensive understanding aids firms in developing new products, enhancing processes, and fostering creativity and originality in their approaches (Chen et al., 2021). Moreover, the combination of market knowledge with technological knowledge is vital for entrepreneurial firms, as it provides insights into customer preferences, commercial potential, and proximity to emerging markets, which are essential for driving innovation and growth (Tolstoy, 2009). Therefore, market knowledge breadth is a multifaceted concept that encompasses a wide array of customer and competitor insights, market trends, and innovation mechanisms, all of which are crucial for firms to stay competitive and drive growth in dynamic market environments.

Innovation performance

Innovation performance encompasses the outcomes and results achieved through innovative activities within an organization. It is a multidimensional concept that includes aspects such as market performance, product performance, and team innovation performance (Costa & Monteiro, 2016). Different types of innovation, such as technology-

based and market-based innovations, play a crucial role in influencing innovation performance. Research suggests that technology-based innovations tend to have a more significant impact on performance compared to market-based innovations, as they often bring about enhanced benefits for mainstream customers in established markets (Zhou et al., 2005).

Furthermore, the relationship between knowledge processes, knowledge intensity, and innovation performance is a critical area of study. Knowledge-based views of innovation highlight the importance of understanding how knowledge processes within an organization, along with the level of knowledge intensity, can influence innovation performance. This underscores the significance of effectively managing knowledge to drive innovation outcomes and performance (Andreeva & Kianto, 2011).

Measuring innovation performance is essential for organizations to evaluate the effectiveness of their innovation efforts. It involves assessing the success of introducing new products to the market, technological advancements, and other innovative activities. Innovation performance measurement provides insights into the impact of innovation on various aspects of the business, helping organizations make informed decisions and improvements in their innovation strategies (Žižlavský, 2016). Therefore, innovation performance is a multifaceted concept influenced by different types of innovation, knowledge processes, and the effectiveness of innovation measurement practices.

Hypotheses Development and Conceptual Framework

Market knowledge breadth is a critical factor influencing innovation performance within organizations. Research by Luca and Atuahene-Gima (2007) highlights that a broad understanding of the market enables firms to connect diverse market information, ideas, and concepts, leading to a more comprehensive and insightful perspective, ultimately enhancing product innovation performance. Additionally, Chen et al. (2021) found that market knowledge breadth has an indirect yet positive impact on both product and process innovation. This suggests that a wide-ranging market knowledge base contributes significantly to fostering innovation within firms. Furthermore, Zhou and Li (2012) emphasize the interaction between knowledge breadth, market knowledge acquisition, and internal knowledge sharing in driving radical innovation, indicating that a broad market knowledge base, when combined with effective knowledge integration mechanisms, can lead to significant innovative outcomes. Therefore, by leveraging a deep understanding of the market and integrating it effectively within the organization, firms can enhance their innovation performance, with knowledge breadth playing a pivotal role in facilitating both explorative and exploitative innovation efforts. Jin et al. (2015) also suggest that knowledge breadth provides more benefits for explorative innovation performance, while knowledge depth is more advantageous to exploitative innovation performance within an organization. Therefore, we put forward the following hypothesis:

H1: Market knowledge breadth has an effect on innovation performance within organizations.

The depth of market knowledge, which includes understanding customer needs, market trends, and competitive landscapes, directly impacts an organization's ability to effectively implement both exploratory and exploitative marketing strategies. Chen et al.

(2021) highlight that market knowledge breadth significantly influences product and process innovation through ambidextrous capabilities, acting as a mediator for these innovations. This is further supported by He et al. (2021), who emphasize that ambidextrous marketing capabilities can significantly enhance innovation performance, with market-based innovation playing a mediating role in this relationship. Additionally, Day (2011) stresses the importance of adaptive market learning, experimentation, and open marketing in closing the marketing capabilities gap, emphasizing the need for organizations to continuously learn, experiment, and engage with evolving market dynamics. Therefore, a comprehensive understanding of market knowledge breadth not only fosters ambidextrous marketing capabilities but also drives innovation and overall organizational performance. Consequently, the following hypothesis is proposed:

H2: Market knowledge breadth has an effect on ambidextrous marketing capabilities.

Previous studies have indicated that ambidextrous marketing capabilities can enhance innovation performance by enabling firms to engage in both incremental and radical innovation processes (He et al., 2021; Soto-Acosta et al., 2018). Moreover, the mediating role of ambidextrous market-based innovation has been recognized as a crucial factor in the relationship between ambidextrous marketing capabilities and innovation performance (He et al., 2021). By simultaneously focusing on exploiting existing knowledge and experiences while exploring new knowledge, organizations can achieve higher levels of innovation success (Soto-Acosta et al., 2018). Additionally, the influence of ambidextrous capabilities on product innovation performance in internationalization contexts has been explored, highlighting the importance of these capabilities in navigating cross-cultural environments and aligning with CEO preferences for risks and opportunities (Zhou et al., 2016). Overall, the research emphasizes the significance of ambidextrous marketing capabilities in driving innovation performance by effectively balancing exploration and exploitation activities. Thus, the study proposes the following hypothesis:

H3: Ambidextrous marketing capabilities has an effect on innovation performance within organizations.

Research by He et al. (2021) highlights that ambidextrous marketing capabilities significantly enhance innovation performance, with ambidextrous market-based innovation acting as a partial mediator in this process. Chen et al. (2021) further support this notion by indicating that ambidextrous capabilities influence both product and process innovation while mediating the impact of market knowledge breadth on these innovations. Tsai and Wang (2017) emphasize the importance of ambidextrous innovation and market orientation capabilities in shaping the relationship between service innovation and firm performance, underscoring the mediating role of ambidextrous capabilities in driving positive outcomes. Moreover, Wang et al. (2020) discuss how an ambidextrous knowledge search strategy moderates the relationship between openness to external knowledge and innovation performance, highlighting the catalytic role of ambidextrous strategies in leveraging external knowledge for innovation. Huang and Li (2017) also contribute to this discussion by examining the mediating role of ambidextrous capability in the link between learning orientation and new product performance. Therefore, we propose the following hypothesis:

H4: Ambidextrous marketing capabilities mediate the relationship between market knowledge breadth and innovation performance.

The conceptual framework illustrated in Figure 1.

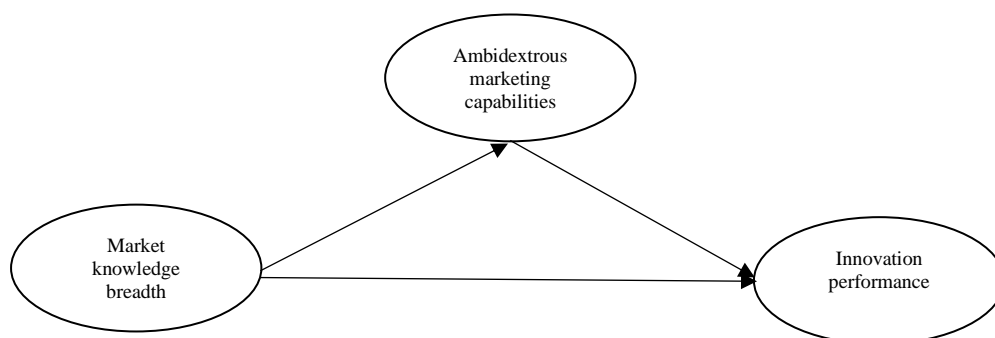


Fig 1. illustrates the relationships between the primary variables analyzed and establishes the conceptual foundation for this study.

Conclusion

The conclusion of this study anticipates several key outcomes. First, it is expected that market knowledge breadth will positively impact innovation performance within organizations. Organizations that possess a deep understanding of market dynamics are likely to achieve better innovation results, as indicated by measures such as new product introductions and process improvements.

Second, the research predicts that market knowledge breadth will enhance ambidextrous marketing capabilities. Firms with extensive market insights are expected to strengthen their ability to manage both dimensions of ambidextrous marketing capabilities: exploratory marketing capabilities (the ability to explore new markets and customer segments) and exploitative marketing capabilities (the ability to leverage existing market knowledge for innovation).

Third, the study anticipates that ambidextrous marketing capabilities will positively influence innovation performance. Organizations adept at balancing exploratory and exploitative marketing strategies are likely to demonstrate superior innovation outcomes.

Finally, it is proposed that ambidextrous marketing capabilities will mediate the relationship between market knowledge breadth and innovation performance. This suggests that the impact of market knowledge breadth on innovation performance is mediated through the organization's ambidextrous marketing capabilities. In other words, these capabilities are expected to act as a bridge connecting extensive market knowledge with improved innovation outcomes.

Additionally, control variables such as firm size and years of operation will be considered to ensure that the observed effects between market knowledge breadth, ambidextrous marketing capabilities, and innovation performance are not confounded by these external factors. By accounting for these control variables, the study aims to provide a more precise understanding of the relationships between market knowledge, ambidextrous marketing capabilities, and innovation performance. Overall, this research

seeks to validate the proposed relationships and underscore the crucial role of ambidextrous marketing capabilities in leveraging market knowledge to enhance innovation performance.

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