

# Market Orientation and Innovation in Dynamic Competitive Markets

Juho-Petteri Huhtala, Iiro Vaniala, and Henrikki Tikkanen

**Abstract** Market orientation is a source of sustainable competitive advantage in static markets. When competition in the markets becomes more dynamic, sustaining a competitive advantage is challenging. Consequently, sustainable competitive advantage may merely be achieved by concatenating the temporal advantages emerging in the market. In order to obtain temporal competitive advantages, the potential of market orientation is deployed through strategic capabilities and actions. While the extant research has focused on examining the relationship between market orientation and inter-firm capabilities, little attention has been given to competitive actions, particularly in dynamic contexts. In this study, the authors examine the relationship between market orientation, innovation actions, and business performance. Specifically, the focus of innovation actions is on product innovation aggressiveness since it represents the competitive action domain of innovativeness. An analysis of 181 firms across various industries in competitive dynamic environment reveals the important role of competitive aggressiveness in a firm's new product-related actions. Moreover, to be able to leverage product innovation aggressiveness for superior business performance within a dynamic competitive environment, the firm benefits tremendously from having a market-oriented culture in place. Market orientation plays an important role in accelerating product innovation aggressiveness, especially when the rate of technological change is low.

**References:** Available upon request

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J.-P. Huhtala (✉) • I. Vaniala • H. Tikkanen  
Aalto University, Espoo, Finland  
e-mail: [juho-petteri.huhtala@aalto.fi](mailto:juho-petteri.huhtala@aalto.fi); [iiro.vaniala@aalto.fi](mailto:iiro.vaniala@aalto.fi); [henrikki.tikkanen@aalto.fi](mailto:henrikki.tikkanen@aalto.fi)

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