



**The Mediating Effect of Marketing Capabilities
in the Relationship between Marketing
Knowledge and Marketing Innovation in
Advertising Agencies in Amman City**

الأثر الوسيط للقدرات التسويقية في العلاقة بين المعرفة التسويقية والإبداع

التسويقي في وكالات الإعلان في مدينة عمان

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Authorization

I, Noor M. Al Shiekh Durrah, authorize the Middle East University for Graduate Studies to provide soft and hard copies of this study to libraries, organization, establishments and institutions concerned in academic research upon request.

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Discussion Committee Decision

This thesis has been discussed under its title “The Mediating Effect of Marketing Capabilities in the Relationship between Marketing Knowledge and Marketing Innovation in Advertising Agencies in Amman City”, and has been approved on / / 2014

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Dedication

I dedicate this work to my mother who taught me to trust in Allah and believe in myself

To my father for his endless love, care and encouragement

To my brothers and sisters who have supported me in every way it was needed

To my soulmate

I will always appreciate all what they have done

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الأثر الوسيط للقدرات التسويقية في العلاقة بين المعرفة التسويقية والإبداع التسويقي في وكالات الإعلان في مدينة عمان

إعداد

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إشراف الأستاذ الدكتور

ليث الربيعي

الملخص

هدفت هذه الدراسة إلى بحث الأثر الوسيط للقدرات التسويقية في العلاقة بين المعرفة التسويقية و الإبداع التسويقي في وكالات الإعلان في مدينة عمان .

من أجل تحقيق أهداف الدراسة ، قامت الباحثة بتصميم استبيان يتكون من (42) فقرة لجمع البيانات الأولية من عينة الدراسة والمكونة من (مدير عام ، مدير دائرة ، رئيس قسم أو أي منصب له علاقة بالنشاطات التسويقية) العاملين في وكالات الإعلان في عمان . وقد تم توزيع (140) استبيان ل (36) وكالة ، تم استرجاع (103) إستبانة ، منها (5) غير صالحة و (98) إستبانة صالحة للدراسة. و تم استخدام برنامج الحزم الإحصائية للعلوم الاجتماعية (SPSS Ver.21 (Amos Ver.21 للتحليل.

وأظهرت الدراسة عدد من النتائج من أهمها أن هناك أثر غير مباشر للمعرفة التسويقية على الإبداع التسويقي من خلال القدرات التسويقية كمتغير وسيط في وكالات الإعلان في عمان كما أشارت الدراسة أن هناك أثر مباشر لعملية حماية المعرفة على الإبداع التسويقي في وكالات الإعلان. بالإضافة إلى أن هناك أثر مباشر لإدارة التسويق على الإبداع التسويقي في وكالات الإعلان في عمان. و أخيرا هناك أثر مباشر لعملية إكتساب المعرفة ، تحويلها و حمايتها على القدرات التسويقية في وكالات الإعلان في عمان .

**The Mediating Effect of Marketing Capabilities in the Relationship
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Advertising Agencies in Amman City**

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Abstract

This study aimed to examine the mediating effect of marketing capabilities in the relationship between marketing knowledge and marketing innovation in advertising agencies in Amman city.

In order to achieve the objectives of the study, the researcher designed a questionnaire consisting of (42) statements to gather the primary data from the study sample which consists of (General manager, Department manager, Head of department) or any position involved in marketing activities who work in advertising agencies in Amman. (140) questionnaires were distributed to (36) agency, but (103) answered questionnaires were retrieved, of which (5) were invalid, Therefore, (98) answered questionnaires were valid for the study. The data collected from the responses of the study questionnaire were used through Statistical Package for Social Sciences (SPSS Ver.21) and Amos Ver.21 for analysis.

The study indicated that there is a significant statistical indirect effect of marketing knowledge on marketing innovation through marketing capabilities as a mediator in advertising agencies in Amman, Also there is a significant statistical direct effect of knowledge protection process on marketing innovation, and there is a significant statistical direct effect of knowledge acquisition process, conversion process and

protection process on marketing capabilities, Finally there is a significant statistical direct effect of marketing management on marketing innovation in advertising agencies in Amman.

Chapter One

Introduction

(1-1) Introduction

(1-2) Problem of the Study

(1-3) Objectives of the Study

(1-4) Significance of the Study

(1-5) Questions and hypotheses of the Study

(1-6) Limitations of the Study

(1-7) Operational definitions

(1-8) Model of the Study

Chapter One

Introduction

(1-1) Introduction

In today's hypercompetitive environment the aim for each organization is to overcome and defeat its rivals and win new customers. Individuals with personal creativity, knowledge, skills, and abilities represent a tool for the generation of innovations and the creation of new creative ideas that will help organizations to achieve a competitive advantage (Hana, 2013:82). And what cannot be overlooked is that innovation involves the utilization of new knowledge or a new use or combination of existing knowledge (OECD, 2005:35). Furthermore, knowledge is the main asset in new ultra-competitive environments, since knowledge is the only factor which can evoke innovation in organizations (Matin, et. al., 2013:608), which is regarded as key driver for successful presence in world markets. Innovation helps organizations develop in accordance with the rapid changes of their environment in order to increase business efficiency and maintain business activities in the market (Bojan and Bojan, 2012:93). In fact, innovation is a response that organizations show against evolutions and changes, so that they can survive and develop themselves in competing with other companies (Ghafari, et. al., 2011:906).

For building and promoting innovation performance, unique bundle of capabilities should be built and developed, and, marketing capability is one of the critical capabilities that influence innovation performance of the organization (Dutta, et. al., 1999:547). Marketing capabilities are developed when firm marketers repeatedly apply their marketing knowledge and skills to support firm marketing decisions and activities, and to solve marketing problems (Afzal, 2009:90).

Based on the above, this research attempts to explore the mediating effect of marketing capabilities in the relationship between marketing knowledge and marketing innovation in advertising agencies in Amman, Jordan.

(1-2) Problem of the Study

Companies turn to advertising agencies to develop an advertising campaign, as part of an overall marketing strategy. Advertising agencies integrate their creative and research expertise with the client's needs to develop a campaign that attracts customers and make them reach their business goals. As for advertising agencies, innovation plays a primary role in their success because of the highly competitive environment and the constant change in clients' needs and demands.

To achieve a full picture of innovation activities, it is necessary to include marketing methods in the framework. Marketing innovation can be important for firm performance and the overall innovation process. Moreover, identifying marketing innovation allows for the analysis of their impact and their interaction with other types of innovations (OECD, 2005:12). Furthermore, (Allameh and Abbas, 2010:90) stressed that knowledge management is supposed to create value for organizations by applying their accumulated knowledge to their products and services outputs. These ensure organizational survival and development. Knowledge management influences organizational performance in many different ways. Innovation is one of the main results of knowledge management.

Previous studies revealed that there is a positive relationship between marketing knowledge and marketing capabilities (Tsai and Shih, 2004). Where other studies emphasized the relationship between marketing knowledge and marketing innovation

(Hanvanich, et. al., 2003), other studies found that is marketing innovation affect marketing knowledge (Alrubaiee, et. al., 2013).

The researcher didn't find a study that included marketing knowledge, marketing capabilities, and marketing innovation in one model and tested the mediating effect of marketing capabilities in the relationship between them. Therefore, the problem of the study is to explore the mediating effect of marketing capabilities in the relationship between marketing knowledge and marketing innovation.

(1-3) Objectives of the Study

This research aims to achieve the following objectives:

1. Determining the effect of marketing knowledge on marketing innovation in advertising agencies in Amman.
2. Determining the effect of marketing knowledge on marketing capabilities in advertising agencies in Amman.
3. Determining the effect of marketing capabilities on marketing innovation in advertising agencies in Amman.
4. Determining the mediating effect of marketing capabilities on the relationship between marketing knowledge and marketing innovation in advertising agencies in Amman as a mediator.

(1-4) Significance of the Study

The study derived its importance from two sides:

Theoretical importance: the importance of this study is its contribution to the existing knowledge related to the relationships between study variables, and the

mediating effect of marketing capabilities in the relationship between marketing knowledge and marketing innovation.

Applied importance: The results of this study provided empirical data for managers in advertising agencies considering the mediating effect of marketing capabilities in the relationship between marketing knowledge and marketing innovation, therefore a better context for the advertising agencies and more information for the decision makers that help them define the agency's priorities regarding knowledge processes and marketing capabilities to achieve marketing innovation.

(1-5) Questions and hypotheses of the Study

This research must answer the following questions:

1. To what extent does the marketing knowledge affect the marketing innovation in advertising agencies in Amman?
2. To what extent does the marketing knowledge affect the marketing capabilities in advertising agencies in Amman?
3. To what extent do the marketing capabilities affect the marketing innovation in advertising agencies in Amman?
4. Is there a role for marketing capabilities on the relationship marketing knowledge and marketing innovation as a mediator in advertising agencies in Amman?

Based on previous researches related to the research matter, and according to the research questions, the following hypotheses will be tested:

H1: There is a significant statistical direct effect of marketing knowledge on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

H2: There is a significant statistical direct effect of marketing knowledge on marketing capabilities in advertising agencies in Amman at level ($\alpha \leq 0.05$).

H3: There is a significant statistical direct effect of marketing capabilities on the marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

H4: There is a significant statistical indirect effect of marketing knowledge on marketing innovation through marketing capabilities as a mediator in advertising agencies in Amman at level ($\alpha \leq 0.05$).

(1-6) Limitations of the Study

Human Limitations: The study targets managerial managers who are working in advertising agencies in Amman, Jordan.

Location Limitations: Jordanian advertising agencies in Amman, Jordan.

Time Limitations: the researcher expects to complete the study through the year 2013/2014.

Scientific limitations: marketing knowledge will be measured using the scale developed by (lee and Sukoco, 2007); this scale is designed to measure four sub-dimensions of marketing knowledge: knowledge acquisition, knowledge conversion, knowledge application and knowledge protection. A seven point Likert scale was used. Marketing capabilities will be measured using a scale developed by (Vorhies and Harker, 2000) based on the recommendations of (Churchill, 1979); this scale is designed to measure six distinct areas: pricing, promotions, product development, distribution channels, marketing management and marketing research. Each of these sub constructs were measured with multiple items, and a seven point Likert scale was used. And marketing innovation will be measured using the scale developed by (Lin, et. al., 2010) based on

(Ibarra, 1993) and (Hammer, 2004). A seven-point Likert scale was used to assess the company's marketing innovation.

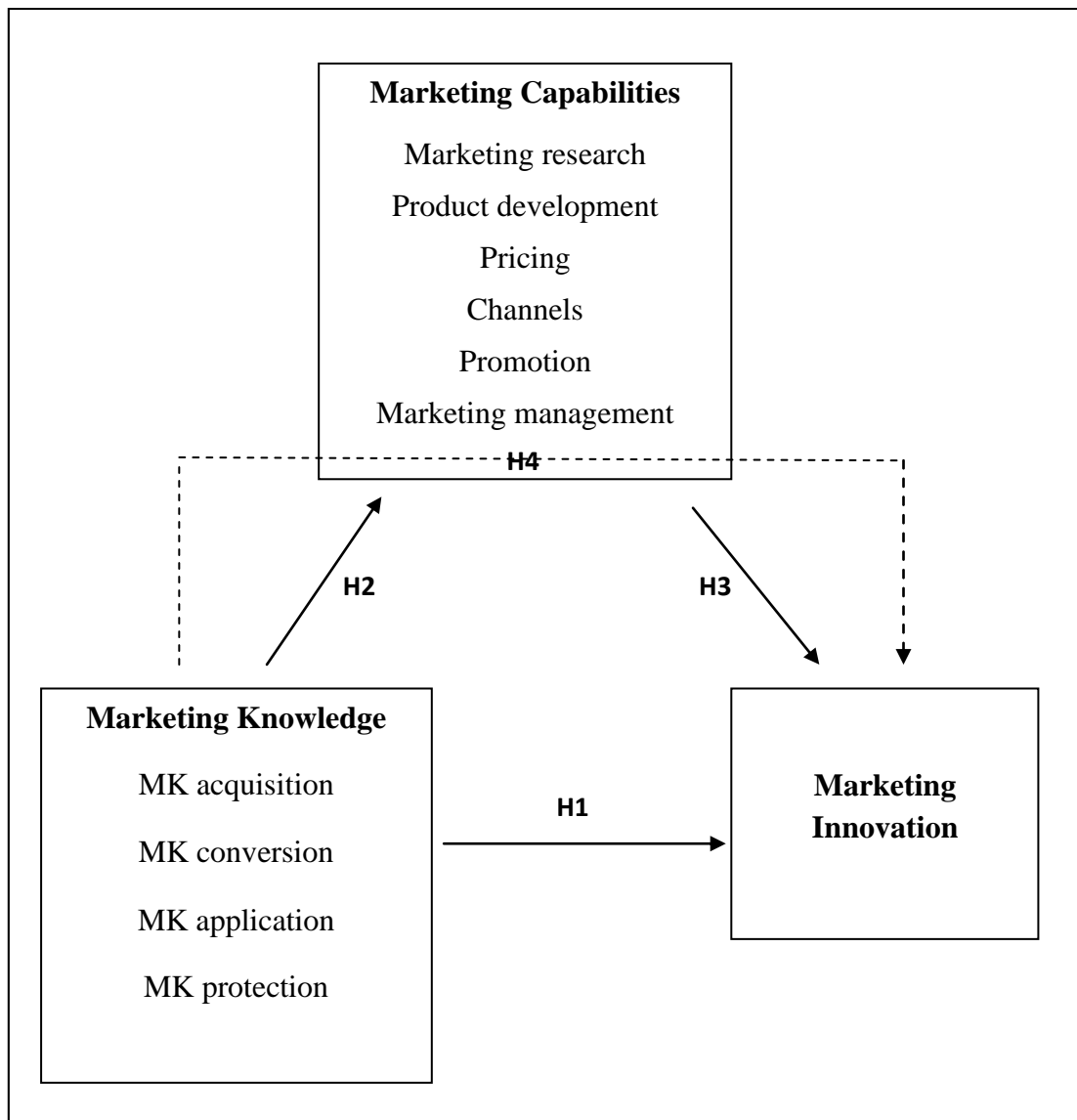
(1-7) Operational definitions

1. Marketing knowledge: the organized and structured information regarding markets, customers, competitors and trends (Tsai and Shih, 2004:525).
2. Knowledge acquisition: is the process by which knowledge is obtained (Gold, et. al., 2001:190).
3. Knowledge conversion: is developing a framework for organizing and structuring the obtained knowledge from different sources to make the existing knowledge useful (Gold, et. al., 2001:191).
4. Knowledge application: is the actual use of the knowledge including effective knowledge storage and knowledge sharing (Gold, et. al., 2001:191).
5. Knowledge protection: the process by which knowledge is protected within an organization from illegal or inappropriate use or theft (Gold, et. al., 2001:192).
6. Marketing capabilities: integrative processes by which knowledge-based resources and tangible resources come together to create valuable outputs (Vorhies and Harker, 2000:148).
7. Marketing research: the set of processes needed to discover broad-based market information and to develop information about specific customer needs, and to design marketing programs to meet these needs and market conditions (Vorhies and Harker, 2000:194).
8. Product development: design products that can meet customer needs and internal company goals and hurdles, and which are able to outperform competitors' products (Vorhies and Harker, 2000:194).

9. Pricing: the processes needed to competitively price the firm's products and services and monitor prices in the market (Vorhies and Harker, 2000:194).
10. Channels/distribution: manage the relationships with distributors effectively (Vorhies and Harker, 2000:194).
11. Promotion: advertising, sales promotions, and personal selling activities the firm uses to communicate with the market and sell the product (Vorhies and Harker, 2000:194).
12. Marketing management: customer acquisition management, the management of marketing programs, and the ability to coordinate action among the diverse elements in the firm needed to implement a marketing program (Vorhies and Harker, 2000:194).
13. Marketing innovation: the ability of the firm to discover existing but hidden demand or to create totally new demand through the three core marketing processes: product development management, customer relationship management and supply chain management (Hanvanich, et. al., 2003:126).

(1-8) Model of the Study

Figure (1-1): Model of the Study



—————> **Direct effect**
 - - - - -> **Indirect effect**

Chapter Two

Theoretical Framework and Previous Studies

(2-1) Literature Review

(2-2) Marketing Knowledge

(2-3) Marketing Capabilities

(2-4) Marketing Innovation

(2-5) Previous Studies

(2-6) Relationships between Variables

Chapter two

Theoretical Framework and Previous Studies

(2-1) Literature Review

In this section we explain two main sides; the first is the theoretical framework, and the other is the previous studies that are related to our study.

Theoretical Framework

This section provides the theoretical framework implications of this research.

(2-2) Marketing knowledge

Knowledge

The knowledge-based view of the firm suggests that knowledge is the key resource for creating, improving and maintaining the economic benefits and market growth (Foumani and Chirani, 2012:44). Organizations that generate new knowledge and apply it effectively and efficiently will be successful at creating economic value (Emadzade, et. al., 2012:781). According to Drucker (1995) knowledge can be concerned as the most important and dominant resource and maybe the only source of comparative advantage (Drucker, 1995:271).

Knowledge defined as derived outcome of framed experiences, values, contextual information and experts' insight that provide a framework for evaluating and combining new experiences and information (Akram, et. al., 2011:122). However, the mere act of processing knowledge itself does not guarantee strategic advantage. Alternatively, knowledge has to be managed (Emadzade, et. al., 2012:781). Knowledge

management is an organizational process that aims to create centralize knowledge source within the organization that acquire, assimilate, distribute, integrate, share, retrieve and reuse the internal and external, explicit and tacit to bring innovation in the organization in the form of the product, people and organizational process (Akram, et. al., 2011:122).

The purposes of knowledge management are the leveraging and development of the organization's knowledge assets to implement better knowledge practices, improved organizational behaviors, better decisions and enhanced organizational performance. Although individuals certainly can personally perform each of the knowledge management processes, knowledge management is largely an organizational activity that focuses on what managers can do to enable knowledge management's goals to be achieved, how they can encourage individuals to participate in achieving them and how they can create social processes that will facilitate knowledge management success (King, 2009:4).

Knowledge has classified into different types, it is mostly viewed as explicit and tacit knowledge, and as market knowledge and technological knowledge.

1. Explicit knowledge can be expressed in words and numbers and shared in the form of data, scientific formula, specification and manuals.
2. Tacit knowledge refers to an individual's actions and experience as well as in the ideas, values or emotions (Lorenzon, et. al., 2005:7).
3. Market knowledge presents information about customer demands, their needs and their business processes. This type of knowledge is very important because it provides opportunities for creating innovation. Moreover, market knowledge provides

information about the problems and requirements of customers and it facilitates estimation of the value of new product/services and of other changes in the market.

4. Technological knowledge refers to knowledge of production methods and tools. It contains the education level of employees, their work and technological experience, and the adopted technological knowledge which can be obtained through research and development (R&D), engineering, implementation of scientific projects and similar activities (Bojan and Bojan, 2012:94-95).

King (2009) distinguished between three levels of knowledge “know what,” “know how” and “know why”. The first level is “know what” which specifies what action to take when one is presented with a set of stimuli. The next higher level of knowledge is “know how” which refers to know how to decide on an appropriate response to a stimulus. This type of knowledge allows a professional to decide which action is best, even in the presence of significant noise. The highest level of knowledge is “know why” knowledge. At this level, an individual has a deep understanding of causal relationships, interactive effects and the uncertainty levels associated with observed stimuli or symptoms (King, 2009:4)

Nonaka (1994) proposed a paradigm for managing the dimensions of knowledge creation of the organization. He suggested that knowledge created through interaction between tacit and explicit knowledge and this interaction generates four modes of knowledge conversion:

1. Socialization: the process of creating tacit knowledge through interaction between individuals. It starts of building of a team or field that facilitates the sharing of members’ experiences.

2. **Combination:** using of social processes to merge different forms of explicit knowledge held by individuals. The reorganizing of existing information through the sorting, adding, recategorizing and recontextualizing of explicit knowledge can lead to new knowledge.

3. **Externalization:** The conversion of tacit knowledge into explicit knowledge.

4. **Internalization:** The conversion of explicit knowledge into tacit knowledge. The internalization process transfers organization and group explicit knowledge to the individual (Nonka, 1994:19).

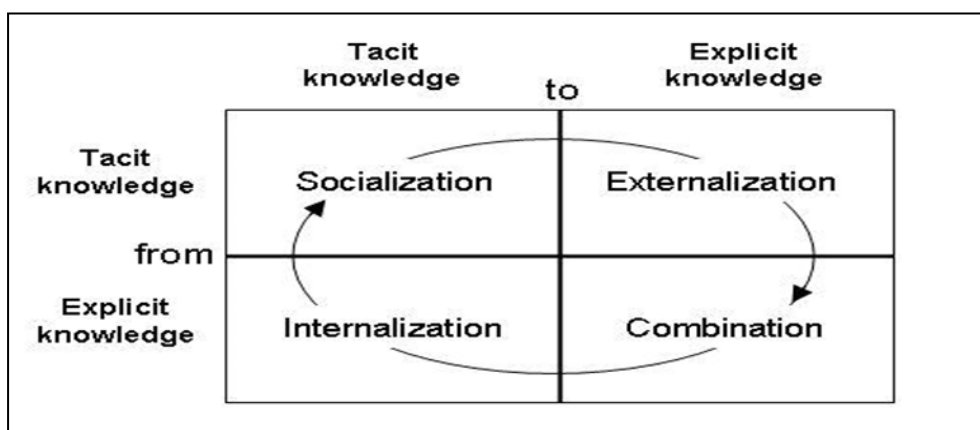


Figure (2-1): Four modes of knowledge conversion (Nonka, 1994:19)

According to Gold (2001) knowledge management grouped into four processes:

1. **Knowledge acquisition** which defined as the process by which knowledge is obtained. This process has many terms: generate, seek, and create. The creation of organizational knowledge requires the sharing and dissemination of personal experiences and it is partly based on an organization's absorptive capacity which is the ability to use prior knowledge to recognize the value of new information, and apply it to create a new knowledge and capabilities.
2. **Knowledge conversion:** is developing a framework for organizing and structuring the obtained knowledge from different sources to make the existing knowledge useful. This process promotes consistent representation, reduces redundancy,

improves efficiency, and helps organization to replace knowledge that has become unuseful.

3. Knowledge application: is the actual use of the knowledge including effective knowledge storage and knowledge sharing.
4. Knowledge protection: is the process by which knowledge is protected within an organization from illegal or inappropriate use or theft. Protecting knowledge from illegal and inappropriate use is essential for a firm to earn and maintain a competitive advantage (Gold, 2001:190).

The relationship between knowledge and innovation

Innovation includes the application of knowledge in creative activities. Innovation cannot be achieved without an understanding of the resources, tools, technologies, materials, markets. Because of the massive importance of knowledge to the innovative process, innovating organizations willingly spend incredible amounts of resources on research and the acquisition of knowledge. Whatever the outputs of innovation may be, they incorporate the firm's knowledge at the time. Every tangible and intangible output reflects the firm's knowledge of the resources, technologies, markets, and consumers (Stone, et. al., 2008:3-7).

Marketing knowledge

Marketing knowledge has been conceptualized as "market information" which needs to be processed through knowledge acquisition, information distribution, information interpretation and organizational memory (Hanvanich, et. al., 2003:125).

Rossiter (2001) defined marketing knowledge as what marketing academics and consultants teach and marketing managers use in formulating marketing plans, and it

must exist independently of practitioners' ability to use it, so that marketing knowledge can be documented and shared between individuals.

Marketing knowledge describes organized and structured information regarding markets, customers, competitors and trends. The term marketing knowledge management involves the generation, dissemination and storage of marketing knowledge. The process perspective of knowledge management holds that knowledge generation is the process by which knowledge is acquired. Meantime, knowledge dissemination describes the process by which knowledge from different sources is shared and creates new knowledge or understanding, and knowledge storage is the means by which knowledge is stored for future use (Tsai and Shih, 2004:525).

In literature, scholars had different perspectives regarding marketing knowledge concept and dimensions. Rossiter (2001) proposed four forms for marketing knowledge:

1. Marketing concepts: which are definitional building blocks of knowledge in marketing, such as: Market research concepts, product and service concepts, pricing concepts, distribution concepts and advertising concepts.
2. Structural frameworks: which are lists of concepts selected and organized to structure marketing problems so that they might better be solved.
3. Strategic principles: which are conditional 'if, do' recommendations for managerial actions.
4. Research principles, which are conditional 'if, use' recommendations about the research techniques that are likely to give the best answers based on managers' states of knowledge about the market. Considering marketing knowledge as 'market

information' is incorporated as a strategic principle instead of being seen as a form of knowledge (Rossiter, 2001).

Based on the framework that developed by (Srivastava, et. al., 1999:196) which redefine marketing phenomena as embedded in three core business processes that generate value for customer: product development management, supply chain management and customer relationship management, Hanvanich, et. al. (2003) considered marketing knowledge as the knowledge of:

1. Product development management.
2. Supply chain management.
3. Customer relationship management (Hanvanich, et. al., 2003:125).

November (2008) mentioned seven types of marketing knowledge stand out as being of fundamental importance:

1. Knowledge of customers.
2. Knowledge of products.
3. Knowledge of competitors.
4. .Knowledge of marketing services.
5. Knowledge of terminology, procedures and systems within the firm.
6. Knowledge of current issues (what the firm is working on now).
7. Knowledge of people within the firm and outside (November, 2008:434).

Importance of marketing knowledge:

1. Marketing knowledge enables companies to better engage current customers and more accurately define the target customer. This will result in superior products and services.
2. Marketing knowledge is one of the preconditions that lead to more creative ideas (Foumani and Chirani, 2012:48).
3. Marketing knowledge provides firms with better understanding of the business environment, thus they can anticipate the needs of potential new customers. This will consequently encourage firms to seek radically superior products and services in order to pursue new customers, despite the risk of losing existing ones.
4. Marketing knowledge enables firms to identify competent business partners so as to build capabilities (Lorenzon, et, al., 2005:3).

(2-3) Marketing capabilities**Capabilities**

By focusing on the firm as the relevant unit of analysis, managers should focus on the creation of a bundle of tangible as well as intangible resources and capabilities (R&C), whose economic benefits are appropriable by the firm. The basic idea that underlies this perspective, cited earlier as the resource based view of the Firm, is that managing a set of complementary and specialized resources and capabilities which are rare, durable, not easily traded, and difficult to imitate, may enable the firm to earn economic rents (Amit and Schoemaker, 1993:37).

The resource based view of the firm places a great emphasis on competing on the basis of capabilities, both tangible and intangible, to achieve competitive advantage,

businesses must develop capabilities in different functional areas (Qureshi, 2010:29). The term 'capabilities' emphasizes the key role of strategic management in appropriately adapting, integrating, and re-configuring internal and external organizational skills, resources, and functional competences toward changing environment (Teece and Pisano, 1994:538).

The capabilities of the firm are what it can do as a result of teams of resources working together (Grant, 1991:120). Resources which include items of capital equipment, skills of individual employees, patents, brand names, finance and so on are inputs into the production process, but few resources are productive on their own. Productive activity requires the cooperation and coordination of teams of resources. A capability is the capacity for a team of resources to perform task or activity, while resources are the source of firm's capabilities; capabilities are the main source of its competitive advantage (Grant, 1991:119).

According to Day (1994) capabilities are "complex bundles of skills and collective learning, exercised through organizational processes that ensure coordination of functional activities" (Day, 1994:38). Bone and Saxon (2000) defined capability as "the combination of the right people with the right skills, using the correct plant and equipment through effective business processes, and thereby delivering the company's strategic intent," (Bone and Saxon, 2000:52).

The resource based theory of strategy linking between the resources and capabilities is available to an organization and their impact on strategic options. According to Grant (1991) Internal resources and capabilities provide the basic direction for a firm's strategy and they are the primary source of the profit of the firm (Grant, 1991:116).

Capabilities refer to a firm's capacity to deploy Resources, usually in combination, using organizational processes, to affect a desired result. They are information-based, tangible or intangible processes that are firm-specific and are developed over time through complex interactions among the firm's resources (Amit and Schoemaker, 1993:35).

For a firm to enjoy a sustained competitive advantage, it must be the case that these capabilities cannot be competed away. The resource based view identifies two conditions necessary for a capability to be an enduring source of competitive advantage: imperfect mobility and imperfect imitability. Imperfect mobility refers to the difficulty of trading in certain capabilities. This might be, for instance, because a capability has arisen from the complex interaction of a number of resources, and hence is firm-specific in nature. Imperfect imitability refers to the inability of competing firms to imitate a firm's distinctive capabilities (Dutta, et. al., 1999:550). According to Teece and Pisano (1994) capabilities must be honed to a user need, unique, and difficult to replicate, thus profits will not be competed away (Teece and Pisano, 1994:539).

Grant (1991) pointed that resources and capabilities which are likely to be important determinants of the sustainability of competitive advantage must have four characteristics:

Durability: The rate of which the underlying resources and capabilities depreciate or become obsolete. Firm capabilities have the potential to be more durable than the resources upon which they are based because of the firm's ability to maintain capabilities through replacing individual resources (including people) as they wear out or move on.

Transparency: The firm's ability to sustain its competitive advantage over time depends upon the speed with which other firms can imitate its strategy. Capability which requires a complex of pattern of coordination between large numbers of diverse resources is more difficult to comprehend than capability rests upon the exploitation of single dominant resource.

Transferability: The primary source of resources and capabilities is markets for these inputs. If firms can acquire the resources required for imitating the competitive advantage of successful rival then that rival's competitive advantage will be short lived.

Replicability: Imperfect transferability of resources and capabilities limits the ability of a firm to buy in the means to imitate success. Much less easily replicable are capabilities based upon highly complex organizational routines. Some capabilities appear simple but prove exceptionally difficult replicate (Grant, 1991:124-127).

Marketing capabilities

Strategic management and marketing literatures suggest that the firm's capabilities in functional areas can lead to competitive advantage. In recent years development capability and its impact on performance has been an important focus within the marketing field (Al-Aali, et. al., 2013:60). However, Superior capabilities in marketing give the firm the ability to generate and act on information about competitor actions and reactions which help the firm develop the basis for a competitive advantage (Afazal, 2009:91).

Marketing capabilities can be considered as integrative processes by which knowledge-based resources and tangible resources integrate to create the maximum value for the customer. Thus Marketing capabilities can be defined as integrative

processes designed to apply the collective knowledge, skills, and resources of a firm to the market-related needs of its business, enabling the business to add value to customer and be competitive (Tsai and Shih, 2004:525-526).

The capability-based theory suggests that a firm can achieve competitive advantage through distinctive capabilities handled by the firm and that the firm must constantly reinvest to maintain and expand existing capabilities in order to inhibit imitability. Marketing capability of a firm is reflected in its ability to differentiate products and services from competitors and build successful brands and firms with strong brand names can charge premium prices in foreign markets to enhance their profitability (Weerawardena, 2003:16).

A firm with a strong marketing capability exhibiting superiority in identifying customers' needs and in understanding the factors that influence consumer choice behavior will be able to achieve better targeting and positioning of its brands relative to competing brands. This higher level of product differentiation will enable the firm to enjoy higher margins (Dutta, 1999:550). Moreover, superior capabilities in marketing give the firm the ability to generate and act on information about competitor actions and reactions. This process of generating knowledge and applying it in ways that support delivering superior customer value helps the firm develop the basis for a competitive advantage (Afzal, 2009:91).

To be able to understand marketing capabilities, it is essential to realize the foundation upon which capabilities are built. Marketing capabilities are developed when the firm's marketing employees frequently apply their knowledge and expertise to solving the firm's marketing problems. As people continually apply their knowledge and skills to marketing problems, a deeper marketing knowledge base develops. When

employees throughout the firm apply this deeper knowledge to solving marketing problems, the firm's marketing capabilities are improved (Afazal, 2009:90).

According to Moller and Anttila (1987) marketing capabilities of a firm is a multi-faceted phenomenon. It is a complex combination of the human resources or assets (which refer to the number of persons and the level of competence of the personnel responsible for marketing-related decision making activities), market assets (which refer to the position of a firm in its market), and organizational assets (which refer first to the marketing-related organizational solutions of the company. To what degree do they take into account the needs of effective marketing operations, and how efficiently is the integration of marketing with other key functions taken care of. The second aspect includes the marketing-related strategies, policies, plans and programs developed and acted upon by the company (Moller and Anttila, 1987:187).

Previous research studies have identified various types of marketing capabilities that can enhance a firm's competitive advantage and business performance. According to Moller and Anttila (1987) marketing capabilities are divided into two dimensions: External marketing capabilities which include the analysis of a company's position within its environment, evaluating customer and competitor behavior, and managing the company's relationships with its customers, competitors, suppliers and distributors. The second dimension is internal marketing capabilities which closely overlapped with the management of the firm which include: marketing strategic management capability, marketing functional integration capability, marketing management capability, and marketing operations management capabilities (Moller and Anttila, 1987:188).

On the other hand Vorhies and Harker (2000) pointed that marketing capabilities have six areas which are: marketing research which is the set of processes needed to

discover broad-based market information and to develop information about specific customer needs, and to design marketing programs. The second area is concerned with pricing which are the processes needed to competitively price the firm's products and services and monitor prices in the market. The third area is product development which is the ability to design products that can meet customer needs, can meet company goals, and which are able to beat competitors' products. The fourth capability is the management of the firm's channels of distribution, this capability concentrate on the relationships with distributors which should be formed and managed effectively. Promotion defined as advertising, sales promotions, and personal selling activities the firm uses to communicate with the market and sell the product. The last area is the marketing management which focused on customer acquisition management, the management of marketing programs, and the ability to coordinate action among the diverse elements in the firm needed to implement a marketing program (Vorhies and Harker, 2000:149).

However Akroush (2006) suggested that marketing capabilities divided into: Inside-Out marketing capabilities which defined as the extent to which an organization has built inside-out marketing capabilities that are activated by market requirements, competitive challenges, and external business opportunities. Outside-In marketing capabilities which defined as the extent to which an organization has built outside-in marketing capabilities which are concerned with the processes that define the other organizational capabilities to the external business environment and enable the business to compete by anticipating market requirements ahead of competitors and creating durable relationship with customers and channel members (Akroush, 2006:446).

Blesa and Monferrer (2010) grouped marketing capabilities into four categories: outside-in capabilities which refer to create, maintain and enhance relationships with customers, and ensure customers' current needs and what products they will need in the future. Inside-out capabilities which refer to strong financial management, Experience in business management, and effective human resources management. Spanning capabilities refer to the ability of launching successful new products, having quality of customer service, good marketing management abilities, and good at using information coming from the market. Finally Relational capabilities refer to the mutual trust with strategic partners and sharing mutual commitment and goals with them (Blesa and Monferrer, 2010:83).

(2-4) Marketing innovation

Innovation

Innovation is considered as one of the most significant aspects of business studies carried out at present, it provides an important basis for understanding the rapid changing of the global economy and allowing the development of new products and services, or possible modifications to existing ones, therefore giving an effective response to market requirements (Moreira, 2010:118).

Organizations with more innovations have the first-mover advantage, which will let them control the market temporary. Moreover, innovations related to organizational processes can improve internal performance. Therefore, firms with more innovations will typically be more generally effective at least before competitors imitate similar products or processes. Organization innovation should contribute to its ability to innovate further, to reduce diffusion and to expand distribution of knowledge as well as enhance responsiveness to market fluctuations (Lee and sukoco, 2007:555).

Innovation comes from the Latin word “innovatus”, which means the start of using new methods in social, administrative and cultural environments (Utkun and Atilgan, 2010:26). It is an idea, practice, or object that is considered as new to an individual or another unit of adoption. Innovation capability refers to the implementation or creation of technology as applied to systems, policies, programs, products, processes, devices, or services that are new to an organization, also it is the ability of firms to absorb and utilize external information for transfer into new knowledge (Lin, et. al., 2010:113). Innovation can be described as a generation, development and implementation of something new into the organization as well as the expansion of new products, services, processes, technologies, administrative systems or structures (Kor and Maden, 2013:293).

The main characteristics of innovations consist of:

1. A strong relationship between market performance and new products.
2. New products help maintain market shares and improve profitability
3. Growth also by means of non-price factors (design, quality, individualization, etc.)
4. Ability to substitute outdated products (shortening product lifecycles).
5. Innovation of processes that lead to production time shortening and speed up new product development in comparison to competitors (Hana, 2013:84)

Kim and Mauborgne (1999) indicated to the term (value innovation) which places equal emphasis on value and innovation and links innovation to what the mass of buyer's value, since value without innovation tends to focus on improving the buyer's net benefit and innovation without value can be too strategic or wild (Kim and Mauborgne, 1999:45).

Types of innovation

The category of innovation is extremely complex and various. It includes process as well as product innovations; Product innovations may be goods or services. It is a matter of what is being produced. Process innovations may be technological or organizational. It concerns how goods and services are produced. Product innovations may be goods or services. It is a matter of what is being produced (Edquist, 2001:7).

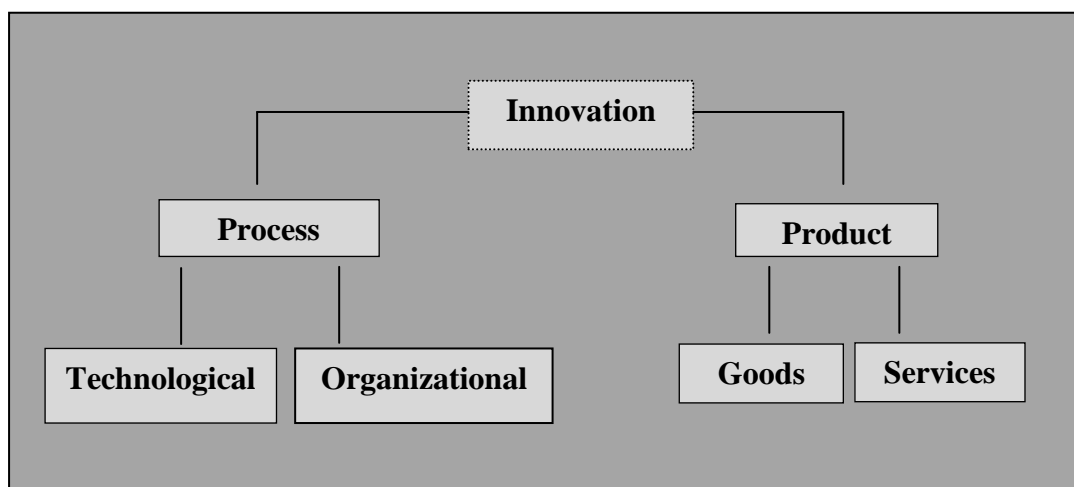


Figure (2-2): A taxonomy of innovations (Edquist, 2001:7).

Kor and Medan (2013) indicated that there are three pairs of organizational innovation types, which are administrative and technical, product and process, radical and incremental innovation (Kor and Medan, 2013:294).

1. Technical innovation refers to development of new products, services and production processes. On the other hand, organizational (administrative) innovation refers to innovations that are related to the changes in an organization's structural and administrative procedures.
2. Product innovation deals with the production of new products and services to get into new markets or to satisfy current customers. Process innovation refers to the improvements or introduction of new production technology.

3. Radical innovation represents a completely new product or process; it has the power to result in significant and rapid transformation of production while incremental innovation represents a significant improvement in an existing product or process. Radical innovation brings about a huge change to the very core on how activities are carried out while incremental innovation is usually part of routine changes that do not differ much from present organizational activities (Vyas, 2009:11-12).

(Lin, et. al., 2009) indicated that there are five types of innovation which are:

1. Product innovation which refers to the development and introduction of a new product to the market or the modification of existing products in terms of function, quality consistency, design.
2. Process innovation which involves creating and enhancing the method of production, and the adoption of new elements to the firm's production process.
3. Marketing innovation which includes market research, price-setting strategy, market segmentation, advertising promotions, retailing channels and marketing information systems.
4. Service innovation which is related to manufacturers' engagement in several innovation activities to achieve customer satisfaction, including after-sale services, warranty policy, maintenance routines, and order placement systems.
5. Administrative innovation which refers to changes in organizational structure or administrative processes, including the recruitment of personnel, the allocation of resources, and the structuring of tasks, authority (Lin, et. al., 2009:114).

Stages of innovation process

Wallas (1926) described four stages of innovation:

1. Preparation: this stage includes the whole education process, the individual acquisition of the necessary skills in a specific field and the development of flexible thinking.
2. Incubation: In this stage, the flexible knowledge gathered before begins to be organized and creates new mental structures. This stage is an unconscious or partially conscious process.
3. Illumination: In this stage the creative idea comes up from the preconscious into the conscious awareness. The idea will in most cases need to be worked and reorganized, for it is rarely entirely operational.
4. Verification: The dialogue between the creator and his creation occurs at this point. The creator reviews, reorganizes and works on the idea (Sousa, et. al., 2011:140).

According to Schumpeter (1934) innovation covers:

1. Creation of new products or qualitative improvements in existing products.
2. Use of new industrial processes.
3. New market openings.
4. Developing of new raw-material sources or other new inputs.
5. New forms of industrial organizations (Vyas, 2009:9).

Marketing innovation

Marketing activities are important in the innovation process as these activities are directed towards the introduction of new products or significantly improved

products in the market, helping to differentiate the firm, emphasizing that the activities geared primarily through the study of the needs expressed in the market maintain a crucial role in the innovation business process (Moreira, et. al., 2012:121).

Marketing innovation is the implementation of a new concept or marketing strategy, different from the existing methods of marketing in firms, and it has not previously been used and is contemplating changes in design or product packaging, in the distribution and promotion of products or in the pricing policy, which aims to increase penetration of goods and services of the firm in the current market or new markets. It also has been defined in terms of radical changes adopted by the marketing company in any of the four Ps of marketing (Shergill and Nargundkar, 2005:36).

The concept of marketing innovation can take many forms, such as successful new products, more creative marketing programs, new and better sales techniques performance (Moreira, et. al., 2012:196).

Mashayekhnia, et. al. (2011) defined marketing innovation as an implementing new marketing methods including fundamental changes in designing or packing the product, product advertising, supply place or product pricing (Mashayekhnia, 2011:907). Substantially, a firm which is able to present a product or service to customers in a very different way makes a marketing innovation. Organizational and marketing innovations are considered as non-technological innovations, but both are very important as technological innovations. However, it is not possible for a firm to have great economic value with only technological innovation without marketing innovation (Utkun and Atilgan, 2010:27).

Hanvanich, et. al. (2003) conceptualized marketing innovation as the ability of the firm to discover existing but hidden demand or to create totally new demand

through the three core marketing processes: product development management, customer relationship management and supply chain management, derived from this conceptualizing they defined marketing innovation as the extent to which a firm, through product development management, customer relationship management and supply chain management:

1. Seeks radical superior value to the firm.
2. Pursues new customers despite losing existing customers.
3. Uses the innovative idea to build capabilities (Hanvanich, et. al., 2003:126)

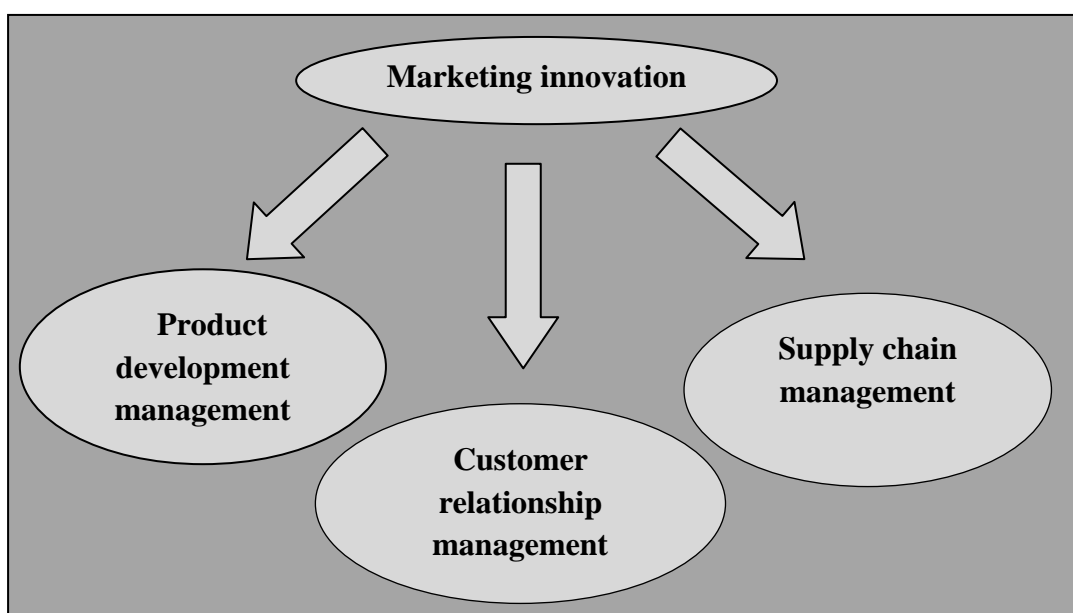


Figure (2-3): Marketing innovation (Hanvanich, et. al., 2003:130)

Moreira, et. al. (2010) indicated that firms which perform marketing activities or R&D internally or perform other procedures designed to innovation are more likely to innovate in marketing than other firms, also the firms which buy machinery, equipment or software or other external knowledge, have advantages in innovation in marketing. So the higher the investments in acquisition of machinery, equipment and software, R&D internal activities to the acquisition of external knowledge in marketing

activities and other procedures, the greater the tendency of firms to innovate in marketing (Moreira, et. al., 2010, 204).

Marketing innovation can occur at three distinct levels:

1. Product level, related to the physical product.
2. Service level, supported by sources such as maintenance, support service to the customers, warranty and training of distributors and retailers.
3. Delivery level which includes logistics and channels used to deliver the product to the customers. These aspects, on the one hand, account for most of the performance of firms, as it is the value of innovation throughout the different levels, which makes the difference between organizations of high and low growth and show a clear relationship between innovations, the purpose of marketing and the role of the consumer (Moreira, et. al., 2012:196).

Innovation in the marketing mix

1. Marketing innovation in product design: Marketing innovation in product design refers to the implementation of a new design to give the product a distinctively exclusive look or make a significant change in the design of a product to give it a new look.
2. Marketing innovation in product pricing: To be innovative in pricing, firms should apply a new method that allows customers to choose desired product specifications on the firm's Web site and then see the price for the specified product, use a method for the first time for varying the price of a good or service according to demand for it, use of in-store special offers that are exclusive to holders of the store's credit card or reward card.
3. Marketing innovation in product placement: Firms which seek product placement innovation must implement a first-time introduction of product licensing, first-time

introduction of direct selling or exclusive retailing, applying a new concept for product presentation.

4. Marketing innovation in product promotion: This kind of innovation can be achieved by using a significantly different media or technique for the first time such as product placement in movies or television programs, or the use of celebrity endorsements (Efi, 2009:9-10).

Alsmiyadi, et. al. (2010) pointed that organizations should focus their attention on marketing innovation because it is the key success for organizations in business environment, particularly in strategic planning for future growth and in developing new products and services. In addition marketing innovation reflects the firm ability to improve products and services continuously which lead to achieve huge and new benefits to its clients and satisfy their needs in a unique way (Alsmiyadi, et. al., 2010:114-115).

(2-5) previous studies

In this section we will provide an overview of the previous studies held concerning the main three variables (marketing knowledge, marketing capabilities, and marketing innovation) in this study.

(Cillo, 2002) conducted a study titled **“Market learning capability and innovation. An explorative empirical study in the fashion industry”**. This study aimed to examine how organizations absorb and use market-related knowledge coming from customers, competitors and firms operating in different industries and its effect on innovation. The results indicated that the innovation process is built up on the three different phases presented: generation of market knowledge, sharing of the market

knowledge at an organizational level, and recombination of the knowledge generated with the knowledge cumulated and stored. The market learning capability is a dynamic capability made of these three processes. Each one of these processes is driven by four components: individual skills of the personnel, organizational structure, operational mechanisms, and culture.

(Hnavanich, et. al., 2003) presented new conceptualization of marketing knowledge in his study titled **“Reconceptualizing the meaning and domain of marketing knowledge”**. Which considered that marketing knowledge resides in three key marketing processes: product development management, customer relationship management and supply chain management and marketing knowledge is the extent of understanding these processes. Then he tested the relationship between this new conceptualization and marketing innovation (product development innovation, customer relationship innovation, and supply chain innovation). The research was performed on 1,400 manufactures that recently formed strategic alliances. The main results showed that there is specialization in the three marketing process of PDM, CRM and SCM, and marketing knowledge is an entity that requires the integration of knowledge across these three areas. Moreover, marketing knowledge was different from, but positively related to marketing innovation.

Furthermore, there are scholars studied the barriers to practical use of academic marketing knowledge. (Ottesen and Gronhaug, 2004) conducted a study titled **“Barriers to practical use of academic marketing knowledge”**. This study aimed to examine what types of knowledge marketing practitioners might perceive as useful, and discussed a range of potential barriers to successful transfer of market orientation

knowledge from academia to practitioners. The results showed that instrumental knowledge use is often perceived as more important than conceptual use because it yields immediate and visible results/actions. The discussion also revealed that a range of barriers relating to attributes of the information itself as well as characteristics of academics and practitioners may impair the utilization of academic knowledge about market orientation.

(Tsai and Shish, 2004) conducted a study titled **“The impact of marketing knowledge among managers on marketing capabilities and business performance”**. This study aimed to examine the relationships between marketing knowledge management, marketing capabilities and business performance for a firm. The sample was marketing managers of 487 large Taiwanese manufacturers of consumer goods and service firms. The results demonstrated that marketing knowledge generation, dissemination and storage can enhance the marketing capabilities of distribution channels, marketing research and product/service development, promotions and pricing. Analysis also indicated that firms with superior marketing capabilities significantly outperform their rivals in term of business performance. However, marketing knowledge management only indirectly affects business performance through its association with marketing capabilities. Firms that manage to develop superior marketing capabilities through their marketing knowledge management improve their business performance.

(Akroush, 2006) conducted a study titled **“Effects of marketing assets and capabilities on performance: an empirical investigation of banks operating in Jordan”**. This study aimed to investigate the relationship between marketing assets and capabilities and performance in banks operating in Jordan. Data were collected from

banks' marketing and branch managers operating in Jordan by using a self-administered questionnaire which was developed for the purpose of this research. The findings showed that marketing assets and capabilities have a positive and significant influence on banks' performance measured by financial and customer measures.

(Lee and Sukoco, 2007) conducted a study titled **“The Effects of Entrepreneurial Orientation and Knowledge Management Capability on Organizational Effectiveness in Taiwan”**. This study aimed to investigate the effects of entrepreneurial orientation and knowledge management capabilities on innovation capability, competency improvement and organizational effectiveness among companies in Taiwan, listed in the Top 1000 Firm. The results indicated that entrepreneurial orientation has a positive influence on the capability of organization to manage their knowledge, on new product or process innovation, on the upgrading of their competence as well as on organizational effectiveness. Furthermore, knowledge management capabilities have a significant impact on innovation and organizational effectiveness.

(Morgan, et. al., 2009) conducted a study titled **“Linking marketing capabilities with profit growth”**. This study aimed to investigate how marketing capabilities (market sensing, brand management and customer relationship management) determine firms' revenue growth and margin growth; data were collected from a cross-industry sample of 114 firms. The results revealed that these marketing capabilities have direct and complementary effect on both revenue and margin growth rates.

(Morgan, et. al., 2009) conducted a study titled “**Market orientation, marketing capabilities, and firm performance**”. This study aimed to examine both the possession of a market orientation and the marketing capabilities through which resources are deployed into the marketplace as drivers of firm performance in a cross-industry sample of 748 U.S. firms operating in consumer and business markets offering both services and goods. Findings indicated that market orientation and marketing capabilities are complementary assets that contribute to superior firm performance. The results also showed that market orientation has a direct effect on firms’ return on assets (ROA) and that marketing capabilities directly impact both ROA and perceived firm performance.

(Akroush and Al-Mohammad, 2010) conducted a study titled “**The effect of marketing knowledge management on organizational performance: An empirical investigation of the telecommunications organizations in Jordan**”. They studied the relationship between marketing knowledge management on performance; the sample was 339 managers in JTOs. The findings indicated that marketing knowledge management assets and capabilities have a positive effect on the overall performance of JTOs.

(Blesa, et. al., 2010) conducted a study titled “**The influence of marketing capabilities on economic international performance**”. They examined the influence that marketing capabilities (Outside-in capabilities, Inside-out capabilities, Spanning capabilities and Relational capabilities) developed in international new ventures, rapid entry in foreign markets is highlighted as a factor contributing to the development of marketing capabilities in international new ventures. The sample was 537 Spanish INVs

were selected from a wide range of sectors. The results showed that the entrepreneurs who are considering the possibility of developing businesses abroad should be aware that rapid entry in international markets can help them to generate marketing capabilities, which can serve as a base for the adoption of an international marketing strategy that can have positive effects on their internationalization.

(Lin, et. al., 2010) conducted a study titled “**Customer relationship management and innovation capability: an empirical study**”. This study investigated the effect of customer relationship management (information sharing, customer involvement, long-term partnership, joint problem-solving and technology-based CRM) on five aspects of innovation capability (product, process, administrative, marketing, and service innovations). Data from 107 Taiwanese computer manufacturers was collected. The findings indicated that the relationship between customer involvement and process innovation; customer involvement and administrative innovation; and long-term partnership and marketing innovation are not significant; and technology-based CRM has positive effects on all five types of innovation.

(Alsamydai, et. al., 2010) designed a study titled “**The impact of marketing innovation on creating sustainable competitive advantage: The case of private Commercial banks in Jordan**”. This study aimed to explore the impact of marketing innovation (innovativeness in marketing mix, management perception and support for the process of marketing innovation, customer perception and involvement in the process of marketing innovation, and innovativeness in marketing information) on creating sustainable competitive advantage in the financial sector. The sample was random of 200 respondents’ from ten Jordanian commercial banks. The results indicated

that there existed positive relationship between innovative marketing mix, management perception and support, customer involvement, innovative marketing information and creating sustainable competitive advantage.

(Kemper, et. al., 2011) conducted a study titled “**How top management’s social capital fosters the development of specialized marketing capabilities: A cross-cultural comparison**”. They investigated the role of top management’s social capital as a micro-level origin of four specialized marketing capabilities: pricing, product development ,distribution, and marketing communication, and the moderating effect of national culture on the link between social capital and marketing capability. The study used survey data from 891 firms from four countries (China, Germany, Hong Kong, and the US). Findings indicated that the elements of social capital—managerial tie utilization, trust, and solidarity—are strong drivers of the four marketing capabilities. The result also showed that top management team members, including marketing managers at this level, should be aware of their power and responsibility in developing marketing capabilities.

(Potocan, 2011) performed a study titled “**Marketing capabilities for innovation- based competitive advantage in the Slovenian market**”. This study provided useful guidelines in the form of the critical marketing capabilities (Customer service, marketing communication budget, market research, speed of new product introduction) that can affect company's innovation. In term of innovation, all types of innovation are included: product, process, managerial and marketing innovation. The sample composed of corporate directors of 150 Slovene biggest enterprises. The

findings showed that marketing capabilities enhance the current practice of company's innovation for sustained competitive advantage.

(Llonch, et. al., 2011) conducted a study titled **“Marketing capabilities, enterprise optimization programs and performance in early transition economies: the case of Cuban SOEs”**. This study emphasized the positive relationship between marketing capabilities (Market orientation and competitive marketing mix) and organizations performance. The data were obtained from a personal survey addressed to managers of Cuban SOEs.

(Moreira, et. al., 2012) conducted a study titled **“Marketing Innovation: Study of Determinants of Innovation in the Design and Packaging of Goods and Services—Application to Portuguese Firms”**. This study attempted to identify and analyze the drivers of innovation capacity of marketing in the context of Portuguese firms. The sample included all industrial, trade and services and Portuguese firms with at least 5 workers. The results indicated that firms that perform marketing activities or R&D internally or perform other procedures designed to innovation are more likely to innovate in marketing than other businesses. According to the results, obtaining such practices has significant positive effects on innovation in marketing.

(Moreira, et. al., 2012) conducted a study titled **“Drivers of marketing innovation in portuguese firms”** This article aims at identifying and analyzing the drivers of innovation capacity of marketing in the context of Portuguese firms. The data have been collected from OCES, in collaboration with the “Insituto Nacional de Estatística –INE” – National Statistics Institute, through the CIS 4. The results show

that the variables included in the factor R&D pertaining to internal R&D activities, acquisition of machinery, equipment and software, acquisition of other external knowledge and performance of other procedures, and the factor marketing activities, influence the propensity of firms to innovate in marketing.

(Zhou and Bingxin, 2012) conducted a study titled **“How knowledge affects radical innovation: knowledge base, market knowledge acquisition, and internal knowledge sharing”**. This study aimed to examine how existing knowledge base (i.e., knowledge breadth and depth) interacts with knowledge integration mechanisms (i.e., external market knowledge acquisition and internal knowledge sharing) to affect radical innovation. The study randomly selected a sample of 500 high technology companies located in the Yangtze River Delta in China from a list provided by a marketing research company. The results demonstrated that a firm with a broad knowledge base is more likely to achieve radical innovation in the presence of internal knowledge sharing rather than market knowledge acquisition. In contrast, a firm with a deep knowledge base is more capable of developing radical innovation through market knowledge acquisition rather than internal knowledge sharing.

(Tooksoon, et. al., 2012) carried on a research titled **“The exploratory study of marketing capabilities and export success: an investigation of Thai’s SMEs”**. This study aimed to examine the relationship between marketing capabilities (product capability, price capability, distribution capability and promotion capability) and export success. The sample was small and medium enterprise (SMEs) in Thailand. The findings provided evidence on the importance of marketing capability to export success. It showed that marketing capabilities namely price capability and promotion capability

are the key decision makings of marketing strategy of Thai's SMEs exporting for competitive advantage in international market.

(Vijande, et. al., 2012) conducted a study titled **“Marketing Capabilities Development in Small and Medium Enterprises: Implications for Performance”**. This study attempted to analyze the organizational antecedents of marketing capabilities and their impact on business performance. Data collection involved the use of a questionnaire and the sectors selected for analysis were chemicals, machinery and electrical equipment, optical and surgical equipment, electronics, motor vehicles and other transport elements, and metallurgy. Results of the research indicated that IM (internal marketing), or the management of human resources as internal organizational clients, is a key determinant in motivating employees effectively to develop both strategic and operational marketing capabilities. Marketing capabilities exert a significant and positive effect on clients' satisfaction and loyalty, which ultimately lead to better organizational performance in terms of sales, profit, and market share.

(Qureshi, 2012) conducted a study titled **“Antecedents and outcomes of entrepreneurial firms marketing capabilities: An empirical investigation of small technology based firms”**. This study analyzed factors that may impact the development of marketing capabilities. The sample was the CEOs of 800 small technology firms. The research studied the effect of (Entrepreneurial orientation, market orientation and strategic orientation marketing) on development of marketing capabilities, and marketing capabilities (Marketing research, pricing, product development, management of the firm's channels of distribution, promotion, and marketing management) and their effect on firm performance. The results demonstrated that entrepreneurial orientation,

market orientation and strategic orientation have a positive impact on the development of marketing capabilities. Furthermore, those firms with highly developed marketing capabilities demonstrated high level of firm performance.

(Yusr, et. al., 2012) who made a study titled “**Assessing the mediating role of marketing capability in the relationship between TQM practices and innovation performance dynamic capabilities approach**”. This study aimed to investigate the effect of TQM as an effective organizational philosophy that enhances organizational performance and marketing capabilities, and in turn, innovation performance. Data was collected from the manufacturing companies in Malaysia. The result demonstrated that companies aiming to be innovative need to continuously enhance and build their capabilities. Additionally, this study highlighted that marketing capabilities is one of other organization’s capabilities that lead to superior innovation performance. Therefore, managers of companies should give more attention and allocate necessary resources to build and enhance these kinds of capabilities.

(Alrubaiee, et. al., 2013) conducted a study titled “**Investigating the relationship between marketing innovation, marketing knowledge and marketing performance**”. This study emphasized the relationship between marketing innovation, marketing knowledge and marketing performance which was conducted on Jordanian telecommunication companies. The findings indicated that marketing innovation is significant in explaining the variation in marketing knowledge and marketing performance, also marketing knowledge has a positive effect on marketing performance and there is a positive indirect effect of marketing innovation on marketing performance through marketing knowledge as a mediator.

(Al-Aali, et. al., 2013) conducted his study titled **“Marketing capability and export performance: The moderating effect of export performance”**. They aimed to examine the relationship between marketing capabilities and export performance. The sample was Saudi Arabia export ventures. The results showed that firms that enjoy superior marketing capabilities will be better placed to devote efforts to international marketing business and reap its benefits.

(Genc, et. al., 2013) conducted a study titled **“Resource based view and the impacts of marketing and production capabilities on innovation”**. This study aimed to reveal the effect of marketing and production capabilities on innovation. 122 organizations that are operating in Kocaeli, in Turkey were surveyed. The results showed that there are a significant relationship between marketing capabilities and firm’s innovation.

(Veismoradi, et. al., 2013) conducted a study titled **“The Study Relationship between Marketing Knowledge Management Assets and Capabilities and Banking Industry Performance of Iran (Case Study: SADERAT Bank of West Country)”**. The aim of this study is to examine the relationship between marketing knowledge management Assets and capabilities and the performance of the banking industry. The sample was (the Saderat Bank of the West in Iran). The findings indicated that there is a significant relationship between assets (capabilities of IT) and abilities (creativity, innovation, internal and external of marketing abilities) of marketing knowledge management and performance of Saderat Bank in the West of Iran.

(Mohaimani and Salehi, 2014) conducted a study titled **“Investigating the meditative role of innovation orientation and marketing capabilities between the competitive intensity and customer relationship performance”**. This study aimed to test a conceptual model which shows the impact of marketing capabilities and innovation orientation on customer relationship performance. The sample was the staffs of banks’ branches (5,000) employees. The results showed that expected competitive intensity impacts on both marketing capabilities and innovation orientation. Further, marketing capabilities and innovative orientation underlie customer relationship performance of firms.

(Jean, et. al., 2014) conducted a study titled **“The Effects of Supplier Involvement and Knowledge Protection on Product Innovation in Customer–Supplier Relationships: A Study of Global Automotive Suppliers in China”**. This study investigated the influence of supplier involvement and other factors on supplier innovation and performance. The sample was 170 multinational automobile suppliers in China. The results showed that Knowledge protection influence product innovation.

(2-6) relationships between the variables

Organizations that rapidly acquire and apply new knowledge across the organization can be able to innovate more than those organizations that don’t focus on this aspect (Akram, et. al., 2011:124). For building and promoting innovation performance, unique bundle of capabilities should be built and developed, and, marketing capability is one of the critical capabilities that influence innovation performance of the organization (Dutta, et. al., 1999:547). Marketing capabilities are developed when firm marketers repeatedly apply their marketing knowledge and skills

to support firm marketing decisions and activities, and to solve marketing problems. In addition, superior capabilities in marketing give the firm the ability to generate and act on information about competitor actions and reactions which help the firm develop the basis for a competitive advantage (Afazal, 2009:90-91).

Previous studies revealed that there is a positive relationship between marketing knowledge and marketing capabilities. (Tsai and Shih, 2004) indicated that marketing knowledge generation, dissemination and storage can enhance the marketing capabilities of distribution channels, marketing research and product/service development, promotions and pricing. However, (potocan, 2011:131) emphasized the relationship between marketing capabilities and marketing innovation. The findings of his research showed that marketing capabilities enhance the current practice of company's innovation included marketing innovation. Where other studies emphasized the relationship between marketing knowledge and marketing innovation (Hanvanich, et. al., 2003) stated that marketing knowledge (product development management knowledge, supply chain management knowledge, and customer relationship management knowledge) positively related to marketing innovation (innovation in product development management, innovation in supply chain management, and innovation in customer relationship management) . On the other hand (Alrubaiee, et. al., 2013) found that there is a positive effect of marketing innovation on marketing knowledge.

Chapter Three

Methods and procedures

(3-1) Introduction

(3-2) Methodology of the Study

(3-3) Population and Sample of the Study

(3-4) Descriptive Analysis of the Demographic

Variables

(3-5) Tools and Data Collection

(3-6) Statistical Treatment

(3-7) Validity and Reliability

(3-1) Introduction

In this chapter the researcher will describe in detail the methodology used in this study, and the study population and its sample. Next, the researcher will design the study model and explain the study tools and the way of data collection. After that, the researcher will discuss the statistical treatment that is used in the analysis of the collected data. In the final section the validation of the questionnaire and the reliability analysis that is applied will be clearly stated.

(3-2) Methodology of the Study

Empirical data were collected and analyzed through a quantitative investigative approach. This approach was chosen because the current study was concerned with testing the validity and discerning the suitability of the constructed evaluatory model.

Investigation research was deemed the most suitable technique of measuring the quantitative data (Neuman, 2003). Leedy and Ormrod (2005) defined Investigation research as research that includes gathering of information about the subject of the object to be measured from the members of the study sample and analyzing their responses to a set of predetermined questions.

The research design chosen for the study is the survey research. The survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The survey research of knowledge at its best can provide very valuable data. It involves a careful design and execution of each of the components of the research process.

The researcher designed a survey instrument that could be administrated to selected subjects. The purpose of the survey instrument was to collect data about the respondents on study variables.

(3-3) Population and Sample of the Study

The population of the study includes all advertising agencies in Amman, which the researcher found difficulties determining their accurate number, because the list obtained from (Amman chamber of commerce) included other organizations in the advertising field such as (training in advertising field, advertising materials printing, advertising boards design) that this study doesn't concern. The number of advertising agencies in Amman was approximately (117) agency and (36) of these were chosen randomly to be the sample for this study. The study unit of analysis was composed of (general manager, department manager, and head of department, or any position involved in marketing activities) who work in advertising agencies in Amman. After distributing (140) questionnaire on the study sample, a total of (103) answered questionnaires were retrieved with a rate of (73.5%), of which (5) were invalid, Therefore, (98) answered questionnaires were valid for study.

(3-4) Descriptive Analysis of the Demographic Variables

Tables (3-1); (3-2); (3-3); (3-4) and (3-5) illustrate the descriptive analysis of the demographic variables (Age; Gender; Educational level; Experience and Managerial position).

Table (3-1) Number, percentage and frequency of Age Distribution

<i>Variables</i>	<i>Categorization</i>	<i>Frequency</i>	<i>Percent</i>
<i>Age</i>	30 Years or less	64	65.3
	From 31 – 40 Years	32	32.7
	From 41 – 50 Years	2	2
	From 51 – 60 Years	-	-
	61 Years or more	-	-
<i>Total</i>		98	100%

Table (3-1) shows that the (65.3%) of the sample were 30 Years or less, (32.7%) of the sample range between 31 – 40 Years, and (2%) were fallen between 41 – 50 Years.

Table (3-2) shows that the (55.1%) of the sample is male and (44.9%) is female.

Table (3-2) Number, percentage and frequency of Gender Distribution

<i>Variables</i>	<i>Categorization</i>	<i>Frequency</i>	<i>Percent</i>
<i>Gender</i>	Male	54	55.1
	Female	44	44.9
<i>Total</i>		98	100%

Table (3-3) Number, percentage and frequency of Educational Level

<i>Variables</i>	<i>Categorization</i>	<i>Frequency</i>	<i>Percent</i>
<i>Educational Level</i>	High School or below	-	-
	Diploma	3	3.1
	BSc	80	81.6
	Master or High Diploma	15	15.3
	PhD	-	-
<i>Total</i>		98	100%

Educational level as clarified in table (3-3) indicates that all sample subjects have academic qualifications which are a good sign in adopting the high educational qualifications to accomplish their work.

Table (3-4) Number, percentage and frequency of Experience

<i>Variables</i>	<i>Categorization</i>	<i>Frequency</i>	<i>Percent</i>
<i>Experience</i>	5 Years or less	17	17.3
	From 5 – 10 Years	50	51
	From 10 – 15 Years	13	13.3
	15 Years or more	18	18.4
<i>Total</i>		98	100%

Experience as clarified in table (3-4) indicate that the (17.3%) were 5 or less, experience from 5 -10 years (51%), from 10-15 years (13.3%), finally 15 Years or more were (18.4%).

Table (3-5) Number, percentage and frequency of Managerial position

<i>Variables</i>	<i>Categorization</i>	<i>Frequency</i>	<i>Percent</i>
<i>Managerial position</i>	General Manager (Vice general manager)	14	14.3
	Department Manager	22	22.4
	Head of department or (Supervisor)	41	41.8
	Other position	21	21.4
<i>Total</i>		98	100%

Managerial position as clarified in the table (3-5) illustrate that the (14.3%) were General Manager, (22.4%) Department Manager, (41.8%) Head of department or (Supervisor) and (21.4%) having others Position.

(3-5) Tools and Data Collection

The current study is of two folds, theoretical and practical. In the theoretical aspect, the researcher relied on the scientific studies that are related to the current study. Whereas in the practical aspect, the researcher relied on descriptive and analytical methods using the practical manner to collect, analyze data and test hypotheses. The data collection, manners of analysis and programs used in the current study are based on two sources:

1. Secondary sources: books, journals, and theses to write the theoretical framework of the study.
2. Primary source: a questionnaire that was designed to reflect the study objectives and questions.

In this study, both primary and secondary data were used. The data collected for the model were through questionnaire. After conducting a thorough review of the literature pertaining to study variables, the researcher formulated the questionnaire instrument for this study.

The questionnaire instrumental sections are as follows:

Section One: **Demographic Variables**. The demographic data were collected with closed-ended questions, through (5) factors (Age; Gender; Educational level; Experience and Managerial position).

Section Two: **Marketing Capabilities**. This section was measured the Marketing Capabilities through (6) dimensions (Marketing research; Product development; Pricing, Distribution channels, Promotion and Marketing Management); (21) items as follows:

Marketing Capabilities	Marketing research	Product development	Pricing	Distribution channels	Promotion	Marketing Management
No. of items	4	3	3	3	3	5
Items Arrangement	1 - 4	5 - 7	8 - 10	11 - 13	14 - 16	17 - 21

Section Three: **Marketing Knowledge**. This section was measured the Marketing Knowledge through (4) dimensions (Acquisition Process; Conversion Process; Application Process and Protection Process); (16) items as follows:

Marketing Knowledge	Acquisition Process	Conversion Process	Application Process	Protection Process
No. of items	4	5	4	3
Items Arrangement	22 - 25	26 - 30	31 - 34	35 - 37

Section Four: **Marketing Innovation**. This section measured the Marketing innovation through (5) items on a Likert-type scale from item (38 – 42).

All items were measured on a Likert-type scale as follows:

Strongly Agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly Disagree
7	6	5	4	3	2	1

(3-6) Statistical Treatment

The data collected from the responses of the study questionnaire were used through *Statistical Package for Social Sciences (SPSS Ver.21)* & *Amos Ver.21* for analysis and conclusions. Finally, the researcher used the suitable statistical methods that consist of:

Descriptive Statistics Methods

- Percentage and Frequency.
- Arithmetic to identify the level of response of study sample individuals to the study variables.
- Standard Deviation to measure the responses spacing degree about Arithmetic Mean.

- Relative importance, assigned due to:

$$\text{Class Interval} = \frac{\text{Maximum Class} - \text{Minimum Class}}{\text{Number of Level}}$$

$$\text{Class Interval} = \frac{7-1}{3} = \frac{6}{3} = 2$$

The Low degree from 1- less than 3.00

The Medium degree from 3 – 5.00

The High degree from 5.1 and above.

Inference Statistics Methods

- Cronbach Alpha reliability (α) to measure strength of the correlation and coherence between questionnaire items.
- Variance Inflation Factor and Tolerance to make sure that there are no Multicollinearity between independent variables.
- Simple and Multiple Regression analysis to measure the impact of study variables on testing the direct effects.
- Path Analysis to test the direct and indirect impact of independent variables on dependent variable through mediating variable.

(3-7) Validity and Reliability

Validation

To test the questionnaire for clarity and to provide a coherent research questionnaire, a macro review that covers all the research constructs was thoroughly performed by academic reviewers from Middle East University and other universities specialized in faculty and practitioners Business Administration, Marketing. Some items

were added, while others were dropped based on their valuable recommendations. Some others were reformulated to become more accurate to enhance the research instrument.

Reliability

Cronbach's alpha, was used to determine the internal consistency reliability of the elements comprising the four constructs as suggested by Gregory (2004). Reliability should be (0.70) or higher to indicate adequate convergence or internal consistency (Hair, et. al., 2006).

The overall Cronbach Alpha (α) = (0.948). Whereas the High level of Cronbach Alpha (α) is to Marketing Capabilities = (0.898). The lowest level of Cronbach Alpha (α) is to Marketing Innovation = (0.839).

These results are the acceptable levels as suggested by (Hair, et. al., 2006). The results were shown in Table (3-6).

Table (3-6) Reliability of Questionnaire Dimensions

No.	Variable	Dimensions	No of items	Alpha Value (α)
1	Marketing Capabilities		21	0.898
	(1-1)	Marketing research	4	0.819
	(1-2)	Product development	3	0.722
	(1-3)	Pricing	3	0.712
	(1-4)	Distribution channels	3	0.724
	(1-5)	Promotion	3	0.731
	(1-6)	Marketing Management	5	0.836
2	Marketing Knowledge		16	0.896
	(2-1)	Acquisition Process	4	0.768
	(2-2)	Conversion Process	5	0.859
	(2-3)	Application Process	4	0.831
	(2-4)	Protection Process	3	0.742
3	Marketing Innovation		5	0.839
	Questionnaire Overall		42	0.948

Chapter Four

Analysis of the Results & Hypotheses Testing

(4-1) Introduction

(4-2) Descriptive Analysis of Study Variables

(4-3) Analysis Adequacy of the Data to Test the Study

Hypotheses

(4-4) Hypotheses Testing

(4-1) Introduction

According to the purpose of the research and the research framework presented in the previous chapter, this chapter describes the results of the statistical analysis for the data collected according to the research questions and research hypotheses. The data analysis includes a description of the Means and Standard Deviations for the questions of the study; Simple and Linear Regression analysis and path analysis used.

(4-2) Descriptive analysis of study variables

Marketing Capabilities

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-1).

Table (4-1) clarifies the importance level of marketing capabilities dimensions, where the arithmetic means for dimensions range between (5.217 - 5.934) compared with general Arithmetic mean amount of (5.676). We observe that the highest mean for the "***Marketing Management***" with arithmetic mean (5.934), standard deviation (0.659). The lowest arithmetic mean was for the "***Distribution channels***" With Average (5.217) and standard deviation (0.887). In general, it appears that the importance level of marketing capabilities in Advertising agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-1)
Arithmetic mean, SD, one sample t-test, item importance and importance level of
Marketing Capabilities dimensions

No.	Marketing Capabilities	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
1	Marketing research	5.614	0.699	22.869	0.000	4	High
2	Product development	5.510	0.749	19.947	0.000	5	High
3	Pricing	5.792	0.606	29.262	0.000	3	High
4	Distribution channels	5.217	0.887	13.577	0.000	6	High
5	Promotion	5.840	0.724	25.137	0.000	2	High
6	Marketing Management	5.934	0.659	29.057	0.000	1	High
General Arithmetic mean and standard deviation		5.676	0.548				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Marketing Research

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-2).

Table (4-2) clarifies the importance level of marketing research dimension, where the arithmetic means range between (5.469 - 5.806) compared with general Arithmetic mean amount of (5.614). We observe that the highest mean for the item *"The company uses its marketing research abilities to help it find more new customers than its competitor"* with arithmetic mean (5.806), standard deviation (0.904). The lowest arithmetic mean was for the item *"The company uses its marketing*

research information more effectively than its competitors” with Average (5.469) and Standard deviation (0.789). In general, it appears that the Importance level of Marketing Research in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-2)

Arithmetic mean, SD, one sample t-test, item importance and importance level of Marketing Research

No.	Marketing Research	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
1	The company uses its marketing research abilities to help it find more new customers than its competitors.	5.806	0.904	19.773	0.000	1	High
2	The company uses its marketing research skills to develop effective marketing programs in terms of identifying target customers and their needs and the appropriate technology to meet those needs.	5.591	0.883	17.841	0.000	2	High
3	The company uses its marketing research information more effectively than its competitors.	5.469	0.789	18.433	0.000	4	High
4	The marketing department within the company works on developing better marketing programs than its competitors In terms of identifying target customers and their needs and the appropriate technology to meet those needs.	5.591	0.835	18.866	0.000	2	High
General Arithmetic mean and standard deviation		5.614	0.699				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Product Development

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-3). Table (4-3) Clarifies the importance level of Product development dimension, where the arithmetic means range between (5.653 - 5.357) compared with General Arithmetic mean amount of (5.510). We observe that the highest mean for the item "*The company has ability to develop products better than its competitor*" with arithmetic mean (5.653), Standard deviation (0.826). The lowest arithmetic mean was for the item "*Products development often falls short of its goals*" With Average (5.357) and Standard deviation (1.348). In general, it appears that the Importance level of Product development in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-3)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Product development

No.	Product development	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
5	The company has ability to develop products better than its competitors.	5.653	0.826	19.808	0.000	1	High
6	Products development often falls short of its goals.	5.357	1.348	9.960	0.000	3	High
7	The product development gives the company an edge in the market.	5.520	1.141	13.182	0.000	2	High
General Arithmetic mean and standard deviation		5.510	0.749				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Pricing

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-4). Table (4-4) Clarifies the

importance level of pricing dimension, where the arithmetic means range between (5.316 - 6.183) compared with General Arithmetic mean amount of (5.792). We observe that the highest mean for the item "*The company has the ability to know the competitor's pricing tactics*" with arithmetic mean (6.183), Standard deviation (0.737). The lowest arithmetic mean was for the item "*The company's pricing approaches are more effective than the competitors*" With Average (5.316) and Standard deviation (0.926). In general, it appears that the Importance level of pricing in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-4)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Pricing

No.	Pricing	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
8	The company's pricing approaches have a major impact on marketing programs success.	5.877	0.763	24.347	0.000	2	High
9	The company's pricing approaches are more effective than the competitors.	5.316	0.926	14.071	0.000	3	High
10	The company has the ability to know the competitor's pricing tactics.	6.183	0.737	29.330	0.000	1	High
General Arithmetic mean and standard deviation		5.792	0.606				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Distribution Channels

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-5). Table (4-5) Clarifies the importance level of Distribution channels dimension, where the arithmetic means range

between (5.081 - 5.306) compared with General Arithmetic mean amount of (5.217). We observe that the highest mean for the item "*The company works more closely with the distributors than its competitors*" with arithmetic mean (5.306), Standard deviation (0.946). The lowest arithmetic mean was for the item "*The Company's distribution system is more efficient than its competitors*" With Average (5.081) and Standard deviation (1.071). In general, it appears that the Importance level of Distribution channels in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-5)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Distribution channels

No.	Distribution channels	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
11	The company has better relationships with the distributors than its competitors.	5.265	0.879	14.235	0.000	2	High
12	The company works more closely with the distributors than its competitors.	5.306	0.946	13.667	0.000	1	High
13	The company's distribution system is more efficient than its competitors.	5.081	1.071	9.994	0.000	3	High
General Arithmetic mean and standard deviation		5.217	0.887				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Promotion

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-6). Table (4-6) Clarifies the importance level of Promotion dimension, where the arithmetic means range between (5.387 - 6.449) compared with General Arithmetic mean amount of (5.840). We observe

that the highest mean for the item "*Advertising is a vital component of the company's promotional programs*" with arithmetic mean (6.449), Standard deviation (0.844). The lowest arithmetic mean was for the item "*The company has advertising programs that are more effective than its competitors*" With Average (5.387) and Standard deviation (0.959). In general, it appears that the Importance level of Promotion in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-6)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Promotion

No.	Promotion	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
14	Advertising is a vital component of the company's promotional programs.	6.449	0.644	37.638	0.000	1	High
15	The company has selling methods that are more effective than its competitors such as using social networking sites.	5.683	0.958	17.382	0.000	2	High
16	The company has advertising programs that are more effective than its competitors.	5.387	0.959	14.321	0.000	3	High
General Arithmetic mean and standard deviation		5.840	0.724				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Marketing Management

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-7). Table (4-7) Clarifies the importance level of Marketing Management dimension, where the arithmetic means range between (5.622 - 6.367) compared with General Arithmetic mean amount of (5.934). We observe that the highest mean for the item "*The company has the ability to identify the target market which helps it to compete effectively*" with arithmetic mean

(6.367), Standard deviation (0.709). The lowest arithmetic mean was for the item "*The company has marketing management skills that give it a competitive edge*" With Average (5.622) and Standard deviation (1.060). In general, it appears that the Importance level of Marketing Management in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-7)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Marketing Management

No.	Marketing Management	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
17	The company has the ability to segment the market which helps it to compete effectively.	6.204	0.759	28.738	0.000	2	High
18	The company has the ability to identify the target market which helps it to compete effectively.	6.367	0.709	33.049	0.000	1	High
19	The company has ability to manage marketing programs better than its competitors.	5.632	0.842	19.194	0.000	4	High
20	The company has marketing management skills that give it a competitive edge.	5.622	1.060	15.149	0.000	5	High
21	The company has the ability to coordinate various departments which helps it respond to market conditions faster than its competitors.	5.846	0.912	20.045	0.000	3	High
General Arithmetic mean and standard deviation		5.934	0.659				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Marketing Knowledge

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-8).

Table (4-8) clarifies the importance level of marketing knowledge dimensions, where the arithmetic means for dimensions range between (5.449 - 6.298) compared with general Arithmetic mean amount of (6.054). We observe that the highest mean for the "*Application Process*" with arithmetic mean (6.298), Standard deviation (0.721). The lowest arithmetic mean was for the "*Protection Process*" With Average (5.449) and Standard deviation (0.981). In general, it appears that the Importance level of Marketing Knowledge in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-8)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Marketing Knowledge dimensions

No.	Marketing Knowledge	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
1	Acquisition Process	6.155	0.670	31.842	0.000	2	High
2	Conversion Process	6.142	0.745	28.452	0.000	3	High
3	Application Process	6.298	0.721	31.548	0.000	1	High
4	Protection Process	5.449	0.981	14.621	0.000	4	High
General Arithmetic mean and standard deviation		6.054	0.643				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Acquisition Process

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-9).

Table (4-9) clarifies the importance level of Acquisition Process dimension, where the arithmetic means range between (5.418 - 6.489) compared with General

Arithmetic mean amount of (6.155). We observe that the highest mean for the item "*The Company has processes for acquiring knowledge about new products within its industry*" with arithmetic mean (6.489), Standard deviation (0.707). The lowest arithmetic mean was for the item "*The Company has processes for exchange marketing knowledge with its business partners*" With Average (5.418) and Standard deviation (1.174). In general, it appears that the Importance level of Acquisition Process in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-9)

Arithmetic mean, SD, one sample t-test, item importance and importance level of Acquisition Process

No.	Acquisition Process	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
22	The company has processes for generating new marketing knowledge from existing knowledge	6.346	0.774	29.993	0.000	3	High
23	The company has processes for exchange marketing knowledge with its business partners.	5.418	1.174	11.953	0.000	4	High
24	The company has processes for acquiring knowledge about new products within its industry.	6.489	0.707	34.861	0.000	1	High
25	The company has processes for acquiring knowledge about competitors within its industry	6.367	0.751	31.187	0.000	2	High
General Arithmetic mean and standard deviation		6.155	0.670				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Conversion Process

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-10).

Table (4-10) Clarifies the importance level of Conversion Process dimension, where the arithmetic means range between (5.755 - 6.428) compared with General Arithmetic mean amount of (6.142). We observe that the highest mean for the item *"The company has processes for converting marketing knowledge into the design of new products"* with arithmetic mean (6.428), Standard deviation (0.642). The lowest arithmetic mean was for the item *"The company has processes for converting competitive intelligence into plans of action"* With Average (5.755) and Standard deviation (0.953). In general, it appears that the Importance level of Conversion Process in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-10)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Conversion Process

No.	Conversion Process	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
26	The company has processes for converting marketing knowledge into the design of new products.	6.428	0.642	37.439	0.000	1	High
27	The company has processes for converting competitive intelligence into plans of action	5.755	0.953	18.229	0.000	5	High
28	The company has processes for transferring organizational marketing knowledge to individuals	6.244	1.015	21.874	0.000	2	High
29	The company has processes for absorbing marketing knowledge from individuals into the organization.	6.122	1.067	19.683	0.000	4	High
30	The company has processes for integrating different sources and types of knowledge.	6.163	0.927	23.097	0.000	3	High
General Arithmetic mean and standard deviation		6.142	0.745				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Application Process

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-11).

Table (4-11) Clarifies the importance level of Application Process dimension, where the arithmetic means range between (6.010 - 6.418) compared with General Arithmetic mean amount of (6.298). We observe that the highest mean for the item "*The company has processes for applying knowledge learned from mistakes/ experiences*" with arithmetic mean (6.418), Standard deviation (0.811). The lowest arithmetic mean was for the item "*The Company quickly applies knowledge to critical competitive needs and problems*" With Average (6.010) and Standard deviation (0.831). In general, it appears that the Importance level of Application Process in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-11)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Application Process

No.	Application Process	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
31	The company has processes for applying knowledge learned from mistakes/ experiences	6.418	0.811	29.509	0.000	1	High
32	The company has processes for using marketing knowledge in development of new products.	6.377	0.780	30.171	0.000	3	High
33	The company uses marketing knowledge to improve the efficiency of products.	6.387	0.832	28.385	0.000	2	High
34	The company quickly applies knowledge to critical competitive needs and problems.	6.010	0.831	23.946	0.000	4	High
General Arithmetic mean and standard deviation		6.298	0.721				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Protection Process

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-12).

Table (4-12) Clarifies the importance level of Protection Process dimension, where the arithmetic means range between (5.377 - 5.571) compared with General Arithmetic mean amount of (5.449). We observe that the highest mean for the item "*The company has processes to protect knowledge from inappropriate use inside the organization*" with arithmetic mean (5.571), Standard deviation (1.035). The lowest arithmetic mean was for the item "*The company has technology that restricts access to some sources of knowledge*" With Average (5.377) and Standard deviation (1.117). In general, it appears that the Importance level of Protection Process in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-12)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Protection Process

No.	Application Process	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
35	The company has processes to protect knowledge from inappropriate use inside the organization.	5.571	1.035	15.024	0.000	1	High
36	The company has processes to protect knowledge from inappropriate use outside the organization.	5.398	1.081	12.795	0.000	2	High
37	The company has technology that restricts access to some sources of knowledge.	5.377	1.117	12.208	0.000	3	High
General Arithmetic mean and standard deviation		5.449	0.981				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

Marketing Innovation

The researcher used the arithmetic mean, standard deviation, one sample t-test, item importance and importance level as shown in Table (4-13).

Table (4-13) clarifies the importance level of Marketing Innovation, where the arithmetic means range between (5.398 - 6.377) compared with General Arithmetic mean amount of (5.781). We observe that the highest mean for the item "***The company continually enlarges potential demand markets***" with arithmetic mean (6.377), Standard deviation (0.902). The lowest arithmetic mean was for the item "***The company leads innovative (new) distributing methods to markets***" With Average (5.398) and Standard deviation (1.109). In general, it appears that the Importance level of Marketing Innovation in Advertising Agencies in the City of Amman under study from the study sample viewpoint was high.

Table (4-13)
Arithmetic mean, SD, one sample t-test, item importance and importance level of Marketing Innovation

No.	Marketing Innovation	Mean	St.D	t- value Calculate	Sig	Item importance	Importance level
38	The company leads innovative pricing methods which help it penetrate existing markets or penetrate new markets.	5.693	0.901	18.603	0.000	3	High
39	The company leads innovative (new) distributing methods to markets.	5.398	1.109	12.469	0.000	5	High
40	The company leads innovative promoting methods to target markets.	5.693	1.009	16.614	0.000	3	High
41	The company continually enlarges potential demand markets.	6.377	0.902	26.075	0.000	1	High
42	The company utilizes advanced CRM systems in markets.	5.744	1.151	15.001	0.000	2	High
General Arithmetic mean and standard deviation		5.781	0.795				

t- Value Tabulate at level ($\alpha \leq 0.05$) (1.660)

t- Value Tabulate was calculated based on Assumption mean to item that (4)

(4-3) Analysis adequacy of the data to test the study hypotheses

Before testing the hypotheses of the study, the researcher conducted some tests in order to ensure the adequacy of the data for the assumptions regression analysis, it was confirmed that there is no high correlation between the independent variables Multicollinearity using the Variance Inflation Factor (VIF) and test Tolerance for each variable of the study variables taking into account the Variance Inflation Factor not to exceed the allowable value (10). And that the Tolerance value greater than (0.05). Also to ensure that the data follow the normal distribution calculates the skewness coefficient, as the data follow a normal distribution if the value of skewness coefficient is less than (± 1). Table (4-14) shows the results of these tests.

Table (4-14)
Results of Variance Inflation Factor, Tolerance and skewness coefficient

No.	Independent Variables	VIF	Tolerance	Skewness
1	Acquisition Process	2.250	0.444	0.706
2	Conversion Process	2.423	0.413	0.677
3	Application Process	1.636	0.611	0.990
4	Protection Process	2.088	0.479	0.839

As evident from the results listed in Table (4-14) there is no Multicollinearity between the independent variables, this is confirmed from the values of Variance Inflation Factor of the dimensions are (2.250 ; 2.423 ; 1.636 ; 2.088) , respectively, less than (10) . As can be seen, the values of Tolerance ranged between (0.413 -0.611) which is greater than (0.05) this is an indication that there is no Multicollinearity between the independent variables

While to make sure that the data follow a normal distribution the researcher calculates the Skewness coefficient and the values were less than (1).

(4-4) Hypotheses Testing

The researcher in this part tested the main hypotheses, through Multiple and simple Linear Regression analyses with (F) test using ANOVA table and path analysis as follows:

HA₁: There is a significant statistical direct effect of marketing knowledge on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the direct effect of marketing knowledge on marketing innovation in advertising agencies in Amman. As shown in Table (4-15).

Table (4-15)

Multiple regression analysis to ensure the direct effect of marketing knowledge on marketing innovation in advertising agencies in Amman

	(R)	(R ²)	F Calculate	DF	Sig*	β	T Calculate	Sig*	
Marketing Innovation	0.680	0.462	20.003	4	0.000	Acquisition Process	0.211	1.811	0.073
				93		Conversion Process	0.243	1.650	0.102
				97		Application Process	0.061	0.471	0.639
						Protection Process	0.299	3.304	0.001

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-15) shows that marketing knowledge (Protection Process) has a significant direct effect on marketing innovation in advertising agencies in Amman. The regression model achieve a high degree of fit, as reflected by “R” and “R²” value (0.680) , (0.462), which asserted that (0.462) of the explained variation in marketing innovation can be accounted for marketing knowledge (Protection Process). On the other hand, Table (4-15) for the executive data set indicated the slope value of (0.299) for the regression line. This suggested that for a one unit increase in marketing

knowledge (Protection Process) the respective advertising agencies in Amman can significantly predict a (0.299) increase in marketing innovation. As well as Table (4-15) shows that the analysis of variance of the fitted regression equation is significant with F value of (20.003). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant effect of marketing knowledge on marketing innovation. The results also indicate that marketing knowledge (Protection Process) actually affect the marketing innovation in advertising agencies in Amman with a coefficient of (0.299) for Protection Process. Thus, marketing knowledge (Protection Process) has a significant direct effect on marketing innovation in advertising agencies in Amman. This further supported the study first hypothesis.

There is a significant statistical direct effect of marketing knowledge (Protection Process) on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

HA₂: There is a significant statistical direct effect of marketing knowledge on marketing capabilities in advertising agencies in Amman at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the direct effect of marketing knowledge on marketing capabilities in advertising agencies in Amman. As shown in Table (4-16).

Table (4-16)
Multiple regression analysis to ensure the direct effect of marketing knowledge on marketing capabilities in advertising agencies in Amman

	(R)	(R ²)	F Calculate	DF	Sig*	β	T Calculate	Sig*		
marketing capabilities	0.660	0.435	17.910	4	0.000	Acquisition Process	0.245	2.051	0.043	
				93		Conversion Process	0.366	2.427	0.017	
				97		Application Process	-	0.177	-1.332	0.186
						Protection Process	0.309	3.325	0.001	

Table (4-16) shows that marketing knowledge (Acquisition Process, Conversion Process and Protection Process) has a significant direct effect on marketing capabilities in advertising agencies in Amman. The regression model achieve a high degree of fit, as reflected by “R” and “R2” value (0.660) , (0.435), which asserted that (0.435) of the explained variation in marketing capabilities can be accounted for marketing knowledge (Acquisition Process, Conversion Process and Protection Process). On the other hand, Table (4-16) for the executive data set indicated the slope value of (0.245), (0.366) and (0.309) for the regression line. This suggested that for a one unit increase in marketing knowledge (Acquisition Process, Conversion Process and Protection Process) the respective advertising agencies in Amman can significantly predict a (0.245), (0.366) and (0.309) increase in marketing capabilities. As well as Table (4-16) shows that the analysis of variance of the fitted regression equation is significant with F value of (17.910). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant effect of marketing knowledge on marketing capabilities. The results also indicate that marketing knowledge (Acquisition Process, Conversion Process and Protection Process) actually affect the marketing capabilities in advertising agencies in Amman with a coefficient of (0.245) for Acquisition Process, (0.366) for Conversion Process and (0.309) for Protection Process. Thus, marketing knowledge (Acquisition Process, Conversion Process and Protection Process) has a significant direct effect on marketing capabilities in advertising agencies in Amman. This further supported the study second hypothesis.

There is a significant statistical direct effect of marketing knowledge (Acquisition Process, Conversion Process and Protection Process) on marketing capabilities in advertising agencies in Amman at level ($\alpha \leq 0.05$).

HA₃: There is a significant statistical direct effect of marketing capabilities on the marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the multiple regression analysis to ensure the direct effect of marketing capabilities on marketing innovation in advertising agencies in Amman. As shown in Table (4-17).

Table (4-17)
Multiple regression analysis to ensure the direct effect of marketing capabilities on marketing innovation in advertising agencies in Amman

	(R)	(R ²)	F Calculate	DF	Sig*	β	T Calculate	Sig*	
marketing innovation	0.702	0.493	14.726	6	0.000	Marketing research	0.045	0.476	0.635
						Product development	0.083	0.824	0.412
				91		Pricing	0.009	-0.095	0.924
						Distribution channels	0.068	0.661	0.510
						Promotion	0.051	0.519	0.605
				97		Marketing Management	0.548	4.449	0.000

* the impact is significant at level ($\alpha \leq 0.05$)

Table (4-17) shows that marketing capabilities (Marketing Management) has a significant direct effect on marketing innovation in advertising agencies in Amman. The regression model achieve a high degree of fit, as reflected by “R” and “R²” value (0.702) , (0.493), which asserted that (0.493) of the explained variation in marketing capabilities can be accounted for marketing capabilities (Marketing Management). On the other hand, Table (4-17) for the executive data set indicated the slope value of (0.548) for the regression line. This suggested that for a one unit increase in marketing capabilities (Marketing Management) the respective advertising agencies in Amman can significantly predict a (0.548) increase in marketing innovation. As well as Table (4-17) shows that the analysis of variance of the fitted regression equation is significant with F

value of (14.726). This is an indication that the model is a good one. Since the p-value is less than (0.05), it shows a statistically significant effect of marketing capabilities in marketing innovation. The results also indicate that marketing capabilities (Marketing Management) actually affect the marketing innovation in advertising agencies in Amman with a coefficient of (0.548) for Marketing Management. Thus, marketing capabilities (Marketing Management) has a significant direct effect on marketing innovation in advertising agencies in Amman. This further supported the study third hypothesis.

There is a significant statistical direct effect of marketing capabilities (Marketing Management) on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$).

HA₄: There is a significant statistical indirect effect of marketing capabilities on the relationship between marketing knowledge and marketing innovation as a mediator in advertising agencies in Amman at level ($\alpha \leq 0.05$).

To test this hypothesis, the researcher uses the path analysis to ensure the indirect effect of marketing capabilities on the relationship between marketing knowledge and marketing innovation as a mediator in advertising agencies in Amman. As shown in Table (4-18).

From table (4-18) we observe that marketing knowledge has indirect effect on marketing innovation through marketing capabilities in advertising agencies in Amman. The **Chi²** was (21.214) at level ($\alpha \leq 0.05$), whereas the **GFI** was (0.984) Goodness of Fit Index approaching to one. On the same side the **CFI** was (0.932) Comparative Fit Index approaching to one, while the **RMSEA** was (0.045) approaching to zero, as Direct Effect was (0.614) between Marketing Knowledge and Marketing Capabilities, (0.662) between Marketing Capabilities and Marketing Innovation. Also the Indirect Effect was

(0.407) between Marketing Knowledge on Marketing Innovation through Marketing Capabilities in advertising agencies in Amman. The T value calculated coefficient effect of the first path (*Marketing Knowledge* → *Marketing Capabilities*) (7.656) which is significant at level ($\alpha \leq 0.05$) while the T value calculated coefficient effect of the second path (*Marketing Capabilities* → *Marketing Innovation*) (8.709) which is significant at level ($\alpha \leq 0.05$). This result indicates that there is indirect effect of marketing capabilities on the relationship between marketing knowledge and marketing innovation as a mediator in advertising agencies in Amman. Thus, we accept the hypothesis that states:

There is a significant statistical indirect effect of marketing knowledge on marketing innovation through marketing capabilities as a mediator in advertising agencies in Amman at level ($\alpha \leq 0.05$).

Table (4-18)

Path analysis test results of the indirect effect of marketing capabilities on the relationship between marketing knowledge and marketing innovation as a mediator in advertising agencies in Amman

	Chi ² Calculate	Chi ² Tabled	GFI	CFI	RMSEA	Sig.*	Direct Effect		Indirect Effect	Path	T value	Sig.*
marketing knowledge on marketing innovation through marketing capabilities	21.214	3.413	0.984	0.932	0.045	0.000	Marketing Knowledge on Marketing Capabilities	0.614	0.407*	MK → MC	7.656	0.000
							Marketing Capabilities on Marketing Innovation	0.662		MC → MI	8.709	0.000

GFI: Goodness of Fit Index must Proximity to One

CFI: Comparative Fit Index must Proximity to One

RMSEA: Root Mean Square Error of Approximation must Proximity to Zero

* Indirect effect is multiplied the values of direct effects to variables

MK: Marketing Knowledge

MC: Marketing Capabilities

MI: Marketing Innovation

Chapter five

Results Discussion and Conclusions, Recommendations

(5-1) Results Discussion and Conclusions

(5-2) Recommendations

(5-1) Results Discussion and Conclusions

The current study asks a set of questions and constructs hypotheses related to the positive effects between study variables. The study revealed many results that contribute to solving the study problem, answering the study questions and its hypotheses. The main results are:

1. The study indicated a highly importance level of marketing knowledge in advertising agencies at the city of Amman with all its dimensions (Knowledge acquisition, knowledge conversion, knowledge application and knowledge protection), which means that marketing knowledge is highly recognized by the management and employees, this is because all sample subjects have considerably good academic qualifications which enables them to accomplish their work and realize the importance of marketing knowledge as a key factor for achieving competitive advantage.
2. The study indicated a highly importance level of marketing capabilities in advertising agencies at the city of Amman with all its dimensions (Marketing research, product development, pricing, channels, promotion and marketing management), which means that marketing capabilities are highly recognized by the management and the employees allowing them to allocate necessary resources to build and enhance these kinds of capabilities.
3. The study indicated a highly importance level of marketing innovation in advertising agencies at the city of Amman, which means that marketing innovation is highly recognized by the management and the employees.
4. There is a significant statistical direct effect of marketing knowledge (Protection Process) on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$). This result is

consistent with (Jean, et. al., 2014) which pointed out that knowledge protection influence the product innovation, also it is supported by (Lee and Sukoco, 2007) which indicated that knowledge management has a significant impact on innovation. The researcher attributes other dimensions of marketing knowledge not having an effect on marketing innovation to the following reasons; the nature of the population of the study (advertising agencies), which primarily relies on protecting the innovative ideas and preventing competitors from taking advantage of these ideas to maintain the competitive advantage. Furthermore, the sample of the study might not have fully absorbed the questionnaire items due to lack of time, interest or comprehension.

5. There is a significant statistical direct effect of marketing knowledge (Acquisition Process, Conversion Process and Protection Process) on marketing capabilities in advertising agencies in Amman at level ($\alpha \leq 0.05$), this result is consistent with (Tsai and Shish, 2004) which demonstrated that marketing knowledge can enhance marketing capabilities.

6. There is a significant statistical direct effect of marketing capabilities (Marketing Management) on marketing innovation in advertising agencies in Amman at level ($\alpha \leq 0.05$), this result is supported by (potocan, 2011) which emphasized the relationship between marketing capabilities and marketing innovation. Also, this result agreed with (Yusr, et. al., 2012) which revealed that marketing capabilities contribute significantly to enhance the innovation performance. Moreover it agreed with the study of (Genc, et. al., 2013) which indicated that there are significant relationships among marketing capabilities, production capabilities and innovation. Also (Freitas, et. al., 2013) came out with the result that there is a direct and positive relationship between marketing capabilities and innovation. The researcher attributes other

dimensions of marketing capabilities not having an effect on marketing innovation to the following reasons; there are many other marketing capabilities that are not taken into consideration in this study, moreover, subjects of the study sample have different perspectives regarding the significance of each capability in their agencies.

7. There is a significant statistical indirect effect of marketing knowledge on marketing innovation through marketing capabilities as a mediator in advertising agencies in Amman at level ($\alpha \leq 0.05$).

(5-2) Recommendations

Due to the results, the researcher presents some recommendations:

1. The researcher recommends advertising agencies to continue giving attention to marketing innovation, since it is one of the most important factors that helps the firm achieve the competitive advantage.
2. Due to the important impact of marketing knowledge and marketing capabilities on marketing innovation, the researcher recommends advertising agencies to improve these activities in all its dimensions to promote marketing innovation.
3. The researcher recommends management of the advertising agencies to use formal and systemized processes for protecting knowledge such as contracts, regulations, and procedures and rely on patents and trademarks to protect the critical knowledge from inappropriate use inside and outside the organization, since protection knowledge plays a major role in innovation process.

4. The researcher recommends management of the advertising agencies to pay more attention to distribution channels in terms of relationships with the distributors and the distribution systems to enlarge their potential markets.
5. The researcher recommends advertising agencies to work hard to stand out among its competitors through improving their marketing innovation in terms of using new methods in pricing, distributing, promoting and advanced CRM systems in markets.

Implications

The following steps should open up different lines of research that complement or diverge from this work, for example studying the mediating effect of other marketing capabilities in the relationship between marketing knowledge and marketing innovation that has not been taken into consideration in this study, such as networking capability, customer relationship management and marketing communication. Furthermore, in this research a small sample was investigated. Thus it is recommended to other researchers in order to get better results to involve a larger number of subjects from various agencies that are active in different environments.

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Appendix list

A. Names of arbitrators

B. Study tool (Questionnaire) in Arabic

C. Study tool (Questionnaire) in English

D. List of advertising agencies (Study sample)

Appendix (A): Names of arbitrators

No.	Name	University
1.	Dr. Samer Dahiyat	Middle East University
2.	Dr. mohammed Al Zamil	Middle East University
3.	Dr. Nedal Asalhy	Middle East University
4.	Dr. Khaled Ibraheem	Middle East University
5.	Dr. Hamzeh Khrem	Middle East University
6.	Dr. Shafeeq Haddad	Applied Science University
7.	Dr. Abd Al Men'm Shaltoni	University of Petra
8.	Dr. Seema Maqatef	University of Petra
9.	Dr. Laila Ashour	University of Petra

Appendix (B): Study Tool (Questionnaire) in Arabic



استبانته لأغراض البحث العلمي

عزيزي المستجيب/ عزيزتي المستجيبة تحية طيبة وبعد , , ,

تهدف هذه الدراسة إلى قياس أثر القدرات التسويقية في العلاقة بين المعرفة التسويقية و الإبداع

التسويقي لوكالات الإعلان في عمان. الرجاء التكرم بالإجابة على جميع الأسئلة الواردة في هذا الاستبيان

بما ترونه مناسباً من خلال الخبرة التي تتمتعون بها.

هذا ونعدكم بالمحافظة على سرية المعلومات وأنها سوف تستخدم في أغراض البحث العلمي, آمليين

أن تعود نتائج هذه الدراسة بالنفع على كافة وكالات الإعلان العاملة في المملكة الأردنية والباحثين معاً.

مع خالص الشكر والامتنان لما بذلتموه من جهد في سبيل انجاز هذا البحث.

الباحثه
نور محمد درة

المشرف
د.ليث الربيعي

القسم الأول: الخصائص الديمغرافية لعينة الدراسة

(1) العمر:

- | | | | |
|--------------------------|-------------|--------------------------|----------------|
| <input type="checkbox"/> | 30 - 40 سنة | <input type="checkbox"/> | 30 سنة فما دون |
| <input type="checkbox"/> | 41 - 50 سنة | <input type="checkbox"/> | 41 - 50 سنة |
| | | <input type="checkbox"/> | 61 سنة فأكثر |

(2) الجنس:

- | | | | |
|--------------------------|------|--------------------------|-----|
| <input type="checkbox"/> | أنثى | <input type="checkbox"/> | ذكر |
|--------------------------|------|--------------------------|-----|

(3) المؤهل العلمي:

- | | | | |
|--------------------------|-----------------------|--------------------------|---------------------|
| <input type="checkbox"/> | دبلوم (كلية مجتمع) | <input type="checkbox"/> | ثانوية عامة فما دون |
| <input type="checkbox"/> | ماجستير أو دبلوم عالي | <input type="checkbox"/> | بكالوريوس |
| | | <input type="checkbox"/> | دكتوراه |

(4) عدد سنوات الخبرة:

- | | | | |
|--------------------------|--------------|--------------------------|----------------|
| <input type="checkbox"/> | 5 - 10 سنوات | <input type="checkbox"/> | أقل من 5 سنوات |
| <input type="checkbox"/> | 15 سنة فأكثر | <input type="checkbox"/> | 10 - 15 سنة |

(5) المركز الوظيفي:

- | | | | |
|--------------------------|-----------------------|--------------------------|-----------------------------|
| <input type="checkbox"/> | مدير دائرة | <input type="checkbox"/> | مدير عام الشركة (أو النائب) |
| | منصب آخر (يذكر لطفاً) | <input type="checkbox"/> | رئيس قسم (أو مشرف) |

القسم الثاني: الرجاء وضع الإشارة التالية (√) عند الخيار المناسب لكل مما يلي:

أولاً: القدرات التسويقية:

ت	الفقرة	بدائل الإجابة				
		اتفق كلياً (7)	اتفق (6)	اتفق بعض الشيء (5)	محايد (4)	لا اتفق بعض الشيء (3)
		لا اتفق إطلاقاً (1)	لا اتفق (2)			
بحوث التسويق						
1	تستخدم الشركة قدراتها في البحوث التسويقية لإيجاد عملاء جدد أكثر من منافسيها					
2	تستخدم الشركة مهاراتها في بحوث التسويق لتطوير برامج تسويقية فعالة من حيث تحديد العملاء المستهدفين و احتياجاتهم و التكنولوجيا الملائمة لتلبية تلك الاحتياجات.					
3	تستخدم الشركة المعرفة التسويقية المولدة من البحوث التسويقية بشكل أكثر فعالية مقارنة بمنافسيها.					
4	يعمل قسم التسويق داخل الشركة على تطوير برامج تسويقية أفضل مقارنة بالمنافسين من حيث تحديد العملاء المستهدفين و احتياجاتهم و التكنولوجيا المناسبة لتلبية تلك الاحتياجات.					
تطوير المنتج						
5	لدى الشركة القدرة على تطوير منتجات بشكل أفضل مقارنة بمنافسيها.					
6	لا يحقق تطوير المنتجات الأهداف المرجوة منه غالباً.					
7	يحقق تطوير الشركة لمنتجاتها وصولها للمركز القيادي في السوق.					
التسعير						
8	تؤثر سياسات الشركة التسعيرية بشكل رئيسي على نجاح البرامج التسويقية.					
9	سياسات الشركة التسعيرية أكثر فعالية مقارنة بسياسات المنافسين.					
10	تمتلك الشركة القدرة على معرفة الأساليب التسعيرية الخاصة بالمنافسين.					
قنوات التوزيع						
11	تعمل الشركة مع الموزعين بشكل أفضل من منافسيها.					
12	تعمل الشركة مع الموزعين بثقة متبادلة أكبر مقارنة بمنافسيها.					
13	لدى الشركة نظام توزيع أكثر كفاءة مقارنة بمنافسيها.					

ت	الفقرة	بدائل الإجابة				
		اتفق كلياً (7)	اتفق (6)	اتفق بعض الشيء (5)	محايد (4)	لا اتفق بعض الشيء (3)
لا اتفق إطلاقاً (1)	لا اتفق (2)					
الترويج						
14	يشكل الإعلان مكون رئيسي في البرامج الترويجية في الشركة.					
15	تمتلك الشركة أساليب تنشيط بيعية أكثر فعالية مقارنة بمنافسيها كالإعلانات الإلكترونية و مواقع التواصل الإجتماعي.					
16	لدى الشركة برامج إعلانية أكثر فعالية مقارنة بمنافسيها.					
إدارة التسويق						
17	تتميز الشركة بقدرتها على تجزئة السوق مما يساعدها على المنافسة.					
18	تتميز الشركة بقدرتها على تحديد القطاع المستهدف مما يساعدها على المنافسة.					
19	تتميز الشركة بقدرتها على تنظيم برامج تسويقية بشكل أفضل مقارنة بمنافسيها.					
20	تمتلك الشركة مهارات إدارية في التسويق تحقق لها المركز القيادي في السوق.					
21	لدى الشركة القدرة على التنسيق بين مختلف الدوائر تساعدها على الإستجابة لمتغيرات السوق بشكل أسرع مقارنة بمنافسيها.					

ثالثاً: الإبداع التسويقي

ت	الفقرة	بدائل الإجابة					لا اتفق كلياً (7)	اتفق (6)	اتفق بعض الشيء (5)	محايد (4)	لا اتفق بعض الشيء (3)	لا اتفق إطلاقاً (1)
		لا اتفق (2)										
38	تقوم الشركة بتطبيق طرق تسعير مبتكرة (جديدة) تساعد في التغلغل في الأسواق الحالية أو اختراق أسواق جديدة.											
39	تقوم الشركة باستخدام قنوات توزيع حديثة لتوزيع خدمات الشركة.											
40	تقوم الشركة بتطبيق طرق ترويج مبتكرة في الأسواق المستهدفة.											
41	تعمل الشركة بشكل مستمر على توسيع نطاق الأسواق التي تستهدفها.											
42	تستخدم الشركة أنظمة تكنولوجية متقدمة في مجال إدارة علاقات الزبائن.											

شكراً لتعاونكم

Appendix (c): Study Tool (Questionnaire) in English

First Section: Demographics Information

1) Age:

- | | | | |
|--------------------|--------------------------|--------------------|--------------------------|
| 30 years or less | <input type="checkbox"/> | From 31 – 40 years | <input type="checkbox"/> |
| From 41 – 50 years | <input type="checkbox"/> | From 51 – 60 years | <input type="checkbox"/> |
| 61 years or more | <input type="checkbox"/> | | |

2) Gender:

- | | | | |
|------|--------------------------|--------|--------------------------|
| Male | <input type="checkbox"/> | Female | <input type="checkbox"/> |
|------|--------------------------|--------|--------------------------|

3) Educate level:

- | | | | |
|----------------------|--------------------------|------------------------|--------------------------|
| High school or below | <input type="checkbox"/> | Diploma | <input type="checkbox"/> |
| BSc | <input type="checkbox"/> | Master or High Diploma | <input type="checkbox"/> |
| PhD | <input type="checkbox"/> | | |

4) Experience:

- | | | | |
|--------------------|--------------------------|-------------------|--------------------------|
| 5 years or less | <input type="checkbox"/> | From 5 – 10 years | <input type="checkbox"/> |
| From 10 – 15 years | <input type="checkbox"/> | 15 years or more | <input type="checkbox"/> |

5) Managerial position:

- | | | | |
|--|--------------------------|----------------------------------|--------------------------|
| General Manager (Vice general manager) | <input type="checkbox"/> | Department Manager | <input type="checkbox"/> |
| Head of department or (Supervisor) | <input type="checkbox"/> | Other position (Kindly mention) | |

Second section: **Marketing capabilities**

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
	Marketing research							
1	The company uses its marketing research abilities to help it find more new customers than its competitors.							
2	The company uses its marketing research skills to develop effective marketing programs in terms of identifying target customers and their needs and the appropriate technology to meet those needs.							
3	The company uses its marketing research information more effectively than its competitors.							
4	The marketing department within the company works on developing better marketing programs than its competitors In terms of identifying target customers and their needs and the appropriate technology to meet those needs.							

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
	Product development							
5	The company has ability to develop products better than its competitors.							
6	Products development often falls short of its goals.							
7	The product development gives the company an edge in the market.							
	Pricing							
8	The company's pricing approaches have a major impact on marketing programs success.							
9	The company's pricing approaches are more effective than the competitors.							
10	The company has the ability to know the competitor's pricing tactics.							
	Channels							
11	The company has better relationships with the distributors than its competitors.							
12	The company works more closely with the distributors than its competitors.							

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
13	The company's distribution system is more efficient than its competitors.							
Promotion								
14	Advertising is a vital component of the company's promotional programs.							
15	The company has selling methods that are more effective than its competitors such as using social networking sites.							
16	The company has advertising programs that are more effective than its competitors.							
Marketing Management								
17	The company has the ability to segment the market which helps it to compete effectively.							
18	The company has the ability to identify the target market which helps it to compete effectively.							
19	The company has ability to manage marketing programs better than its competitors.							
20	The company has marketing management skills that give it a competitive edge.							
21	The company has the ability to coordinate various departments which helps it respond to market conditions faster than its competitors.							

Third section: **Marketing knowledge**

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
Acquisition Process								
22	The company has processes for generating new marketing knowledge from existing knowledge							
23	The company has processes for exchange marketing knowledge with its business partners.							
24	The company has processes for acquiring knowledge about new products within its industry.							
25	The company has processes for acquiring knowledge about competitors within its industry							
Conversion Process								
26	The company has processes for converting marketing knowledge into the design of new products.							
27	The company has processes for converting competitive intelligence into plans of action							
28	The company has processes for transferring organizational marketing knowledge to individuals							

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
29	The company has processes for absorbing marketing knowledge from individuals into the organization.							
30	The company has processes for integrating different sources and types of knowledge.							
Application Process								
31	The company has processes for applying knowledge learned from mistakes/ experiences							
32	The company has processes for using marketing knowledge in development of new products.							
33	The company uses marketing knowledge to improve the efficiency of products.							
34	The company quickly applies knowledge to critical competitive needs and problems.							
Protection Process								
35	The company has processes to protect knowledge from inappropriate use inside the organization.							
36	The company has processes to protect knowledge from inappropriate use outside the organization.							
37	The company has technology that restricts access to some sources of knowledge.							

Fourth section: **Marketing innovation**

No	Item	Answer alternatives						
		Strongly agree	Agree	Agree somewhat	Neutral	Disagree somewhat	Disagree	Strongly disagree
38	The company leads innovative pricing methods which help it penetrate existing markets or penetrate new markets.							
39	The company leads innovative (new) distributing methods to markets.							
40	The company leads innovative promoting methods to target markets.							
41	The company continually enlarges potential demand markets.							
42	The company utilizes advanced CRM systems in markets.							

Appendix (D): Agencies that received a copy of the Questionnaire

No.	Agency Name
1.	Global Advertising Co.
2.	4P'S Integrated Marketing Communication
3.	Team Young & Rubicam - Y&R Mena
4.	Nour Media
5.	B-Design & Marketing
6.	Prisma Marketing & Communication
7.	Phenomena
8.	AGA profess Graphics
9.	Echo Media co.
10.	Mint Advertising & Design Solutions
11.	mediaedge - mec
12.	Assala Advertising Co.
13.	Adworx Advertising & Communication Network
14.	Bridges Marketing & Advertising
15.	Central E-Commerce Co. Ltd. - JorMall
16.	Advanced Ad
17.	Memac Ogilvy Advize
18.	Focus Marketing & Advertising
19.	AdPro Communications
20.	Leo Burnett Jordan
21.	Media Makers
22.	Abu-Mahjoob Creative Production - AMCP
23.	Kromo Promoseven
24.	Bidaya Corporate Communications
25.	Shadows Advertising
26.	Media Me For Middle East Advertising & Media Professionals
27.	Al Batoul Media Co
28.	Wunderman
29.	Universal Media
30.	Insight Design & Solutions
31.	Lamar Jordan Advertising
32.	Ibdaa for Media Manufacturing
33.	Ikoo Ad Network levant
34.	Omar for advertising
35.	trans city for buses advertisment company limited
36.	Remawi Advertising Agency

