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## MANAGEMENT | RESEARCH ARTICLE

# The impact of market orientation on new product performance through product launch quality: A resource-based view

Farbod Fakhreddin<sup>1</sup> and Pantea Foroudi<sup>2\*</sup>

**Abstract:** Grounded on the resource-based view, this study aims to examine the mediating role of product launch quality as a deployment mechanism in the association between market orientation and new product performance. Conducting an on-site survey of Iranian manufacturing industries, this study applies covariance-based structural equation modeling to test research hypotheses and verify the proposed theoretical model. The empirical findings indicate market orientation is a critical knowledge-based resource enhancing firms' product launch quality, and right decisions concerning the product launch elevate new product performance. The results also reveal while market orientation significantly impacts new product performance, product launch quality is a crucial deployment mechanism for leveraging market orientation as it fully mediates impacts of market orientation on new product performance. The current static characterization of the resource-based view signifies strategic resources have potential value, but unleashing this potential requires incorporation of deployment mechanisms in the resource-performance link. Besides, considering this insufficient view, prior studies have revealed mixed and inconsistent results. Accordingly, through examining product launch quality as a deployment mechanism for leveraging market orientation on new product performance, not only does this study address inconsistent findings, but it noticeably contributes to the resource-based view by casting light on the mechanism through which market orientation as a strategic knowledge-based resource leads to superior new product performance.

**Subjects:** Innovation Management; Services Marketing; Marketing Management

**Keywords:** New product performance; new product development; product innovation; product launch quality; market orientation; innovation management; resource-based view

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## 1. Introduction

Today's market environment is witnessing unprecedentedly fierce competition, and unexpected crises, such as the COVID-19 pandemic, have necessitated gaining sustained competitive advantage (Hughes et al., 2020; Zaefarian et al., 2017). Successful product innovation is considered as a valuable competitive advantage helping firms to respond to market uncertainties and resulting in their survival and success (Guo et al., 2018; Morgan et al., 2019). To survive against rivals in the market, companies need to develop competencies to offer successful new products satisfying customers' current and latent needs (Cheng & Yang, 2019; Morgan et al., 2018). Therefore, the new product development process, that incorporates activities such as idea generation, concept development, product development, and commercialization, needs to be supported with pertinent market intelligence about customers, competitors, and other market forces (Cheng & Yang, 2019; Fakhreddin et al., 2021; Langerak et al., 2007; Najafi-Tavani et al., 2016). Market orientation is such a knowledge-based resource supporting new product development processes and resulting in superior new product performance outcomes (Dogbe et al., 2020; Heirati & O'Cass, 2016; Hunt & Morgan, 1995; Iyer et al., 2019; Morgan et al., 2019). Arguably, market orientation manifests itself through generating and disseminating market intelligence across all business functions; thus, it is a key element of offering superior value to customers by continuously creating an "augmented product" and, in turn, it brings firms superior performance (Lee et al., 2020; Narver & Slater, 1990, 1998). However, the association between market orientation and new product performance is complex and much remains to be investigated to address the inconsistent results present in the literature (Cheng & Yang, 2019; Dogbe et al., 2020; Mu et al., 2017).

In line with the Resource-Based View (RBV), the resources and capabilities of a firm enable it to transfer value to the market and account for the basis of its competitive advantage (Barney, 1991; Schweiger et al., 2019). Firms being capable of utilizing these resources efficaciously and efficiently could benefit from sustained competitive advantage (Barney, 1991; Dogbe et al., 2020). Market orientation is noticeably conceptualized as a knowledge-based resource resulting in sustained competitive advantage, particularly new product performance (Dogbe et al., 2020; Hunt & Morgan, 1995; Menguc & Auh, 2006; Powers et al., 2020). It is one of the means to actualize the marketing concept and incorporate it into the firm's strategic marketing decisions (Dogbe et al., 2020; Kohli & Jaworski, 1990; Lafferty & Hult, 2001). Market orientation refers to the organization-wide generation, dissemination, and responsiveness to market intelligence (Ashrafi & Zare Ravasan, 2018; Kohli & Jaworski, 1990; Lafferty & Hult, 2001; Powers et al., 2020). This knowledge-based resource is a prominent enabler of a learning organization that continuously and interfunctionally acquires, disseminates, interprets, and responds to intelligence from the broad market and, especially, in dynamic environments, it can facilitate successful implementation of new product development processes, contributing to augmented performance (Narver & Slater, 1998; Powers et al., 2020; Slater & Narver, 1995). Owing to the significance of this knowledge-based asset, several studies have examined the association among market orientation and new product performance (Ashrafi & Zare Ravasan, 2018; Dogbe et al., 2020, 2019; Heirati & O'Cass, 2016; Iyer et al., 2020; Mu et al., 2017; Najafi-Tavani et al., 2016); nevertheless, we witness mixed and inconsistent results.

While some prior studies have revealed positive interrelationship between market orientation and new product performance (Dogbe et al., 2020, 2019; Morgan & Anokhin, 2020; Wei et al., 2012), others have indicated insignificant or negative associations (Cui & Xiao, 2019; Guo et al., 2018; Liu & Atuahene-Gima, 2018; Zhang & Zhu, 2016). Arguably, this lack of consensus might be ascribed to the application of various research settings or theoretical perspectives. For instance, while Najafi-Tavani et al. (2016) conceptualized market orientation as a dynamic capability and posited that Swedish manufacturing firms' market orientation significantly affected their new product success, Heirati and O'Cass (2016) conceptualized market orientation as a resource and indicated that Iranian manufacturing industries' new product performance was not significantly affected by market orientation. Similarly, these mixed results might be ascribed to various conceptualizations of market orientation. For instance, Zhang and Zhu (2016) conceptualized market orientation as an organizational culture, adopting the culturally based behavioral perspective, and

they indicated that market orientation did not significantly influence Chinese firms' new product success. However, Wei et al. (2012) conceptualized market orientation as organizational behavior, adopting the market intelligence perspective, and they revealed that market orientation was a significant determinant of Chinese firms' new product performance. Accordingly, in order to address these inconsistent results, recent studies in the literature have called for empirical researches investigating the deployment mechanisms through which market orientation impacts new product performance (Guo et al., 2018; Mu et al., 2017; Najafi-Tavani et al., 2018, 2016). Thus, addressing this inconsistency necessitates empirically examining the mechanism through which market orientation leads to superior new product performance (Dogbe et al., 2020; Guo et al., 2018; Mu et al., 2017).

According to the RBV, firms' resources and capabilities are heterogeneous and provide sustained competitive advantage provided that they are rare, valuable, and difficult to imitate (Barney, 1991; Barreto, 2010). Nevertheless, this view has been criticized to be static and insufficient for explaining companies' competitive advantage, particularly in dynamic and high-velocity conditions (Barreto, 2010; Priem & Butler, 2001). More specifically, the RBV has been deprecated to be incapable of explaining how companies' resources are deployed to achieve competitive advantage (N. A. Morgan et al., 2009; Priem & Butler, 2001; Wilden et al., 2016). Thus, this void necessitates empirically examining the contingencies or the mechanisms through which valuable resources, such as market orientation, result in sustained competitive advantage like new product performance (Schweiger et al., 2019; Wilden et al., 2016). Furthermore, recent studies have specified that it is essential to investigate the mechanisms through which market orientation impacts new product performance outcomes (Dogbe et al., 2020; Guo et al., 2018; Morgan et al., 2018; Mu et al., 2017). Arguably, prior studies have merely analyzed the direct association among resources and performance (e.g., Buli, 2017; Najafi-Tavani et al., 2013; Narver et al., 2004; Wei & Morgan, 2004), overlooking the point that realizing the value of strategic resources like market orientation requires consideration of deployment mechanisms or competitive-advantage elements (N. A. Morgan et al., 2009; Ketchen et al., 2007; Wilden et al., 2016). Therefore, to fully test the RBV and release the potential value of market orientation, it is essential to consider the deployment mechanism or competitive-advantage element in the resource-performance association (Ketchen et al., 2007; Varadarajan, 2020). Accordingly, to fill this void in the literature and contribute to the RBV, the current study considers product launch quality as a deployment mechanism through which market orientation impacts new product performance and empirically examines the associations among them.

Moreover, though companies from emerging economies are increasingly challenging the positions of rivals in global markets (Cheng & Yang, 2019), extant researches on market orientation and new product performance have mainly concentrated on enterprises from developed countries (e.g., Iyer et al., 2020; Najafi-Tavani et al., 2013, 2016). Thus, to address this void in the literature, this study examines the mechanism through which market orientation impacts new product performance outcomes of industries in an emerging economy, improving our knowledgeability about how these enterprises' knowledge-based resources result in sustained competitive advantage. On that account, the current study seeks to address the following research questions: **(RQ1)** Does market orientation enhance firms' new product performance? **(RQ2)** Does market orientation enhance firms' new product launch quality? **(RQ3)** Does new product launch quality enhance firms' new product performance? **(RQ4)** Does new product launch quality mediate the relationship between market orientation and new product performance?

Accordingly, this study makes three important contributions to the literature. First, this research examines product launch quality as a deployment mechanism by which market orientation influences new product performance, addressing inconsistent results in the literature. Second, by considering this competitive-advantage element in the resource-performance association, this study contributes to the RBV and provides an opportunity to empirically test this theory. Third, this research investigates the impact of market orientation on new product performance of

companies operating in an emerging economy, thus casting light on the processes that result in these companies' sustained competitive advantage. The remainder of the paper proceeds as follows. First, theoretical foundations of the current study are discussed and, then, research hypotheses are developed. Next, the data and methodology are described. After that, the results of examining hypotheses are presented, following a discussion. Finally, theoretical and managerial implications of the findings are discussed as well as the limitations and directions for future research.

## 2. Theoretical framework and hypothesis development

The underpinning theory of this research is the Resource-Based View (RBV). This study is grounded on the RBV since it indicates that using a company's resources effectively and efficiently brings about sustained competitive advantage (Barney, 1991; Dogbe et al., 2020). Previous researches have considerably used the RBV to examine the associations among companies' resources, capabilities, and performance (N. A. Morgan et al., 2009; Dogbe et al., 2020, 2019; Rodríguez-Pinto et al., 2011; Wei & Morgan, 2004). More specifically, prior studies examining the association among market orientation and new product performance have mainly conceptualized market orientation as a resource and adopted the theoretical lens of RBV (e.g., Bodlaj & Čater, 2022; Powers et al., 2020; Reimann et al., 2022) though there are some limited studies that have conceptualized market orientation as a dynamic capability and adopted the theoretical lens of dynamic capability view (e.g., Najafi-Tavani et al., 2016). On that account, the current research has conceptualized market orientation as a knowledge-based resource and used the RBV to examine the association among market orientation and new product performance seeing that market orientation is grounded on RBV and has been considered as a valuable resource that results in sustained competitive advantage (Reimann et al., 2022). Resources are defined as stocks of tangible and intangible assets, such as knowledge, processes, skills, etc., that are controlled and utilized by firms to create value from implementing strategic activities (Barney, 1991; Popli et al., 2017). This study concentrates on market orientation as a knowledge-based resource that brings about superior new product performance (Iyer et al., 2019; Rodríguez-Pinto et al., 2011). Previous studies have conceptualized market orientation as a knowledge-based resource resulting in sustained competitive advantage like superior performance outcomes (Dogbe et al., 2020, 2019; Fakhreddin et al., 2021; Hunt & Morgan, 1995; Menguc & Auh, 2006; Powers et al., 2020). Market intelligence drawn from market orientation processes, including generation, dissemination, and responsiveness to the acquired knowledge, typifies a strategic resource augmenting companies' new-product-development competencies and enabling them to successfully compete against rivals (Ashrafi & Zare Ravasan, 2018; Dogbe et al., 2020, 2019; Iyer et al., 2019).

The RBV posits that owning idiosyncratic resources and capabilities being valuable and inimitable leads a company to achieve long-term competitive advantage like superior performance. Nonetheless, this strategic view has been criticized for not considering the dynamics of hypercompetitive environments and not taking into account the deployment mechanisms through which the strategic resources lead to superior performance (N. A. Morgan et al., 2009; Wilden et al., 2016). In fact, the current representation of the RBV signifies that strategic resources merely have potential values and actualization of this potential needs consideration of other organizational elements (Ketchen et al., 2007). Prior researches grounded on the RBV have simply investigated the direct association among strategic resources and performance outcomes (e.g., Buli, 2017; Hult & Ketchen, 2001; Hult et al., 2005; Najafi-Tavani et al., 2013; Wei & Morgan, 2004); nevertheless, a straightforward resource-performance relationship is incapable of explaining the development and deployment of resources and how they impact performance outcomes (N. A. Morgan et al., 2009; Ketchen et al., 2007). More specifically, the conceptual model and theoretical tenet supporting the RBV is more complicated; arguably, valuable and inimitable resources enable companies to take strategic actions superiorly and this capitalization of resources brings about a competitive advantage that in turn amplifies performance outcomes (Ketchen et al., 2007). Accordingly, the present study intends to contribute to the RBV by considering product launch quality as a competitive-advantage element in the resource-performance association seeing that the RBV's

underlying conceptual model is more complex and realization of resources' potential requires competitive-advantage elements that bring about superior performance outcomes. Besides, this study endeavors to shed light on the deployment mechanism of market orientation that results in higher levels of new product performance since effectually leveraging such resources requires complementing deployment mechanisms that allow firms to transform them into enhanced performance outcomes.

### **2.1. Market orientation and new product performance**

In today's high-velocity market environment, market orientation considered as a means to actualize the marketing concept has been recognized as a significant determinant of new product and business performance (N. A. Morgan et al., 2009; Guo et al., 2018; Mu et al., 2017). Market orientation enables companies to offer superior values for their clients through implementing a three-step process: 1- keeping track of market conditions; 2- inspecting market tendencies; and 3- reacting to market changes (Ashrafi & Zare Ravasan, 2018). With this end in view, companies ought to acquire current intelligence about their clients' needs and preferences, competitor actions, and other market factors affecting the business environment since this knowledgeability is a fruitful means to provide higher values for customers (Morgan et al., 2019; Narver & Slater, 1990; Slater & Narver, 1995). Taking the market intelligence perspective into consideration (Lafferty & Hult, 2001), market orientation is defined as organization-wide generation, dissemination, and responsiveness to market intelligence (Kohli & Jaworski, 1990). Market intelligence generation pertains to acquiring knowledge of customers' current and future needs and ongoing monitoring of competition conditions (Chung, 2019; Najafi-Tavani et al., 2016; Tajeddini & Ratten, 2020). Market intelligence dissemination incorporates exchanging the knowledge within and across departments through cross-departmental collaboration in order to enhance communication and better meet the company's goals (Chung, 2019; Dong et al., 2016; Katsikea et al., 2019; Powers et al., 2020). Responsiveness to market intelligence refers to effective, cooperative, and systematic firm reactions, such as innovating and introducing appropriate products and services, to market changes (Chung, 2019; Dong et al., 2016; Katsikea et al., 2019; Najafi-Tavani et al., 2016; Tajeddini & Ratten, 2020). Accordingly, this study has adopted the market intelligence perspective seeing that it conceptualizes market orientation comprehensively, taking into account important exogenous market factors, such as competition or regulation, and customers' current and latent needs (Ashrafi & Zare Ravasan, 2018; Lafferty & Hult, 2001).

Market orientation has been found to be a strategic resource impacting innovation and new product performance (Morgan & Anokhin, 2020; Mu et al., 2017; Najafi-Tavani et al., 2013). Market orientation processes enable a company to gain a thorough understanding of customers' expressed and latent needs and, thus, the business is empowered to introduce new products suitably fitting the target market (Morgan et al., 2019). Market-oriented companies, constantly disseminating the generated intelligence across all departments and seeking to appropriately respond to the market, ensure that the new product is tested and assessed by buyers before commercialization (Guo et al., 2018). Therefore, these firms benefit from higher levels of product-market fit bringing about superior new product performance outcomes (Dogbe et al., 2020; Guo et al., 2018; Morgan et al., 2019). Moreover, organization-wide dissemination of market intelligence in market-oriented firms improves communication, collaboration, and commitment among departments, and this collegiality augments the firm's innovation capabilities (Zhang & Zhu, 2016). As market-oriented companies develop new products based on customers' needs and preferences, being the principal driving forces of new product development, their innovative responses to the market result in higher levels of performance (Dogbe et al., 2019; Guo et al., 2018; Zhang & Zhu, 2016). Furthermore, though we witness several studies on the association among market orientation and new product performance revealing inconsistent results (e.g., Ashrafi & Zare Ravasan, 2018; Atuahene-Gima, 1995; Heirati & O'Cass, 2016; Iyer et al., 2020; Liu & Atuahene-Gima, 2018; Mu et al., 2017; Wei et al., 2012; Zhang & Zhu, 2016), there is a considerable number of researches in the literature providing empirical evidence for the positive effects of market orientation on new product performance (e.g., Dogbe et al., 2020, 2019; Gotteland & Boule, 2006; Morgan et al., 2019;

Najafi-Tavani et al., 2016; Rodríguez-Pinto et al., 2011; Wei & Morgan, 2004). On that account, the present study proposes the first hypothesis as follows:

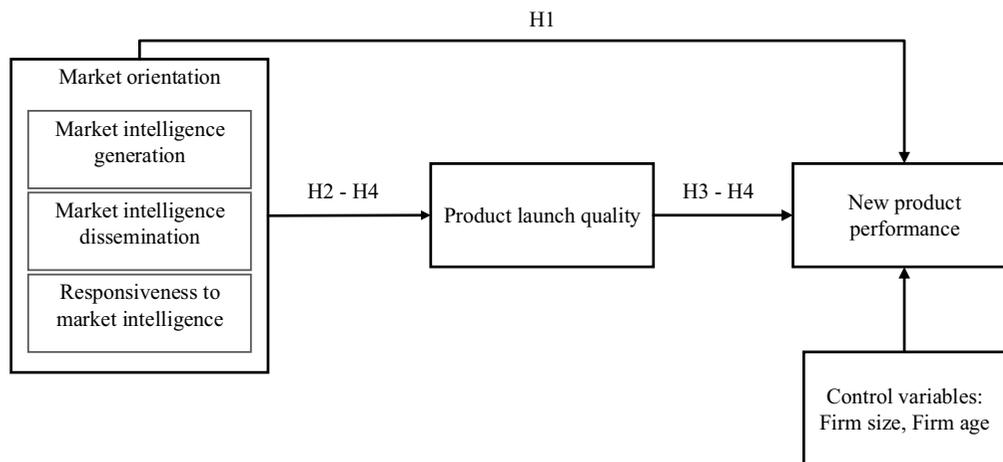
**H1:** The market orientation is positively associated with firms' new product performance.

## **2.2. The mediating role of product launch quality**

Product launch quality pertains to supporting new product commercialization by making marketing decisions in terms of distribution, promotion, pricing and advertising, and it is conceptualized as a competitive advantage transforming marketing resources into better new product performance outcomes (Song et al., 2011). Market orientation processes, that empower companies to generate intelligence about customers' expressed and latent needs and other crucial market factors, facilitate new-product-launch decision-making concerning promotion and price levels and help differentiate the new product from rivals (Langerak et al., 2004; song & Parry, 1999). Arguably, market intelligence generation provides firms with a detailed understanding of customers' preferences and it provides the foundation upon which commercialization decisions can be made; thus, the generated market intelligence enables firms to effectually communicate the new product's value to customers and set prices that better match the value created for them (Bodlaj & Čater, 2022). The market intelligence disseminated across all departments and functions further augments the companies' awareness of required marketing efforts at the time of commercialization and, thus, leads to high-quality and tailor-made commercialization decisions (Calantone et al., 2012; Hultink & Robben, 1999). Besides, market intelligence dissemination creates a collaborative climate and a shared vision within the organization and, thus, various departments, particularly marketing and R&D, better cooperate with each other to effectuate marketing tactics designed for product launch (Lamore et al., 2013). Hence, market-oriented firms are better equipped to respond to innovation and commercialization opportunities seeing that based on the generated and disseminated knowledge about customers, competitors, and market factors, they are completely aware of the target market and they can design and implement commercialization strategies that match the market conditions. As a matter of fact, market-oriented firms invest in acquiring intelligence about market factors and these insights enable them to respond to commercialization opportunities by developing superior new products satisfying customers' needs and executing effective launch decisions (Matikainen et al., 2016). Arguably, enterprises getting involved in market orientation processes benefit from common understanding of customers' needs, rapid transfer of information, and quick reactions to market opportunities which in turn help to define market-fit promotion and pricing strategies and perfect timing of delivery to the market (Calantone et al., 2012). Therefore, market orientation, as a knowledge-based resource, equips enterprises to plan a high-quality product launch and to accentuate the new product's advantages in the market (Song et al., 2011).

Prior studies in the literature have indicated that an appropriate new product launch augments new product performance outcomes (Atuahene-Gima, 1995; Calantone et al., 2012; Dwyer & Mellor, 1991; Langerak et al., 2004; Song & Parry, 1997; Song et al., 2011). Good-quality planning of a new product launch is among the most critical determinants of new product development performance; that is, careful and market-fit planning of promotion, selling, and price strategies guarantees improved new product performance outcomes (Calantone et al., 2012; Maidique & Zirger, 1984). More specifically, well-formulated planning of a new product launch ensures that the product fulfills customers' expectations and preferences and better communicates the advantages to the market; thus, the high-quality product launch brings about perfect timing of the product introduction, noticeable market acceptance, and improved new product performance (Hsieh et al., 2008). Therefore, in line with recent notions of the RBV stating that strategic and knowledge-based resources merely have potential values and actualization of this potential requires recognition of deployment mechanisms (Ketchen et al., 2007; Wilden et al., 2016), the present study proposes the following hypotheses which can be seen in Figure 1.

**Figure 1. Research conceptual model.**



**H2:** The market orientation is positively associated with new product launch quality.

**H3:** The new product launch quality is positively associated with firms' new product performance.

**H4:** The new product launch quality mediates the association between market orientation and firms' new product performance.

### 3. Research methodology

#### 3.1. Sample and data collection

The current study has utilized an on-site survey to gather primary data on Iranian manufacturing industries operating in an emerging economy. Iran is considered as the context of this study seeing that its manufacturing industries are suffering from sluggish performance. Arguably, this Middle Eastern emerging economy has witnessed considerable industrial production growth, even moving beyond 6.9% and reaching 10.1%, and relatively low oil prices have stimulated its manufacturing and economic performance (Heirati et al., 2017; Najafi-Tavani et al., 2018); nevertheless, one of the historical characteristics of the Middle Eastern manufacturing industry is stagnant performance, and due to the presence of international firms' products in the market and fierce competition, Iran similar to other Middle Eastern countries is suffering from sluggish performance (Najafi-Tavani et al., 2018; Zaefarian et al., 2017). Besides, the COVID-19 pandemic has markedly intensified this stagnant-performance condition (Butt, 2021; Zhu et al., 2020). Therefore, seeing as this Middle Eastern emerging economy is endeavoring to improve its manufacturing industries' performance and recover from the COVID-19 pandemic's detrimental consequences, it is strategically essential for traditional Iranian manufacturing industries to recognize and seize market and product innovation opportunities (Butt, 2021; Heirati & O'Cass, 2016; Najafi-Tavani et al., 2018). Accordingly, market orientation processes, facilitating generation, dissemination, and responsiveness to market intelligence, empower the manufacturing companies to successfully implement new-product-development processes which are crucial for development of the industries, and this knowledge-based resource helps them succeed in domestic and foreign markets. Furthermore, owing to the COVID-19 pandemic, not only Iranian companies, but also several firms across the globe are suffering from stagnant performance and fierce competition for survival. On that account, an economy embodying several manufacturing companies suffering from sluggish performance most likely portrays the post-COVID-19 condition of many formerly flourishing economies (Hughes et al., 2020). Therefore, the present study's sampling frame is exemplary to examine the deployment mechanism through which market orientation contributes to higher new product performance outcomes, and the study's findings could be generalizable to a broad context.

Conducting substantial reviews of prior studies on market orientation, product launch quality, and new product performance, the present study developed the English version of the questionnaire according to well-anchored scales in the pertinent literature. Next, to ensure face validity and content validity of the utilized measures, a consultation process involving 15 academic peers and product innovation managers was carried out. Finally, in order to make certain that conceptual equivalence exists among the applied measures, the questionnaire was first translated into Persian and then back-translated into English by independent professional translators.

In line with directions of Wright et al. (2005) and Hoskisson et al. (2000) for doing research in emerging economies, a face-to-face survey was carried out, and during the survey, questionnaires were completed based on participants' responses. Taking into account Behinyab business directory ([www.behinyab.ir](http://www.behinyab.ir)), 1000 manufacturing companies were randomly selected, and they were examined whether they were still in operation or not. It turned out that 45 firms had stopped their operation and, thus, 955 firms were considered as the study's potential respondents. Senior managers of the companies (vice president, marketing manager, or R&D manager) were contacted by phone in order to ensure that they were willing to take part in the research and had introduced at least one new product to the market during the last three years. In general, 179 companies verified their willingness and met the study's sampling criteria. Finally, a face-to-face survey of senior managers was conducted, and this process resulted in 179 valid responses (completed questionnaires). Seeing as out of the 1000 companies in the original sample, 179 valid firm-level responses were obtained, the effective response rate in this study is 17.9%.

Since a survey is applied in the present empirical study, it is important to ensure that non-response bias is not a possible threat to the findings. According to Armstrong and Overton's (1977) procedures, early and late respondents were compared through carrying out an analysis of variance (ANOVA) and examining the homogeneity of variance among them. The examination revealed that there were no significant differences among early and late participants regarding key firm attributes, namely the firm size, firm age, and number of new products introduced to the market. Based on the industry classification provided by OECD (Galindo-Rueda & Verger, 2016), the 179 responding companies demonstrate a good range of R&D intensity: high R&D intensity = 6.1%; medium-high R&D intensity = 46.4%; medium R&D intensity = 41.4 %; medium-low R&D intensity = 6.1%. These companies operate in different industries including medical, automotive parts, engineering manufacturing, metal, plastic, and food. Concerning their size, the majority of them are classified as small and medium-sized enterprises (SMEs; Galindo-Rueda & Verger, 2016): micro enterprises (up to 10 employees) = 13.4%; small enterprises (11 to 49 employees) = 43%; medium-sized enterprises (50 to 249 employees) = 39.7%; large enterprises (250 or more employees) = 3.9%. Finally, these firms have been running their businesses for between 3 and 71 years.

### **3.2. Common method bias**

Many researchers believe that common method variance (CMV) might afflict the results of an empirical study if it is carried out based on a single-informant survey (Rodríguez-Pinto et al., 2011). As data on the independent and dependent variables of the present study were drawn from a single respondent, CMV might be troublesome. Accordingly, following the procedures suggested by Podsakoff et al. (2012), the study took into account both procedural and statistical remedies in order to address the CMV concern. First, through a systematic questionnaire development process, the current study adopted well-anchored scales from the literature that resulted in intelligible measurement items. Also, as stated before, the clarity and comprehensibility of the questionnaire was further augmented through a consultation process involving academic peers. Second, in order to limit the respondents' speculation about the associations among the variables, measurement items were randomly positioned in the questionnaire instead of classifying them in their predetermined order. Third, to assure the accuracy of responses, the anonymity of participants was secured both in the questionnaire and during the face-to-face survey.

Considering the statistical remedies, the study first conducted Harman's single factor test to inspect the total variance explained by a single factor. The performed exploratory factor analysis (EFA) revealed that the single factor only explained 35.59% of the total variance. As the figure is below the threshold of 50%, the CMV is not problematic in the current study. Moreover, to further ensure that the findings of the study are not subject to common method bias, a confirmatory-factor-analytic approach was applied based on the procedures recommended by Rodríguez-Pinto et al. (2011). Accordingly, a single-factor model was developed and its fit indices were compared with the research's measurement model. The performed confirmatory factor analysis (CFA) indicated a poor fit for the single-factor model ( $\chi^2 = 662.16$ ;  $df = 151$ ; CFI = 0.65; TLI = 0.60; IFI = 0.65; RMSEA = 0.13) in comparison to the original measurement model ( $\chi^2 = 217.37$ ;  $df = 14$ ; CFI = 0.94; TLI = 0.93; IFI = 0.94; RMSEA = 0.05). Therefore, CMV is very unlikely to afflict the results of the current study.

### 3.3. Measurements

The current study adopted pertinent measurement items from prior studies in the literature, and it applied a seven-point Likert scale to evaluate the research constructs. The full description of the utilized measurement scales and items is presented in [Appendix 1](#). In order to assess the companies' new product performance, a five-item scale was adopted from the study of Najafi-Tavani et al. (2013). This measurement scale reflects market share, financial outcomes, and customer acceptance measures of new product success (Najafi-Tavani et al., 2018, 2013, 2016). Product launch quality was evaluated based on a four-item construct adopted from the study of Song et al. (2011). This scale represents how well the company executes marketing activities, such as pricing, promotion, advertising, and distribution, at the time of new product launch (Song et al., 2011). The companies' market orientation was assessed based on a second-order construct. The pertinent measurement items were adopted from studies of N. A. Morgan et al. (2009) and Wei and Atuahene-Gima (2009). They define market orientation as the degree to which a company is involved in gathering, sharing, and responding to market intelligence about expressed and latent needs of customers, competitors' actions, and the broader business environment (N. A. Morgan et al., 2009; Wei & Atuahene-Gima, 2009). Also, this study considered firms' size and age as control variables (Heirati & O'Cass, 2016; Mu et al., 2017; Najafi-Tavani et al., 2016).

### 3.4. Analysis

The current research first employed a confirmatory factor analysis (CFA) through AMOS 23.0 in order to ensure validity, reliability, and robustness of the research's measurement model. The confirmatory-factor-analytic approach resulted in purification of the measurement model and good measurement properties. In order for examination of the research's hypotheses, covariance-based structural equation modeling (CB-SEM) was implemented through AMOS 23.0. CB-SEM is prioritized by researchers for representation of theoretical concepts; this approach allows inclusion of multiple measures of the research's concepts, resulting in reduced measurement errors and more robust estimations of associations among the concepts (Hair et al., 2014a; Hunt, 2002). Moreover, when the empirical study is aimed at testing or confirming a theory, CB-SEM is more appropriate in comparison to its alternatives (Hair et al., 2014b).

## 4. Results

### 4.1. Validity, reliability, and descriptive statistics

The present study applied a confirmatory factor analysis (CFA) to make certain that the measurement model has validity, reliability, and satisfactory measurement properties. The fit indices resulted from the CFA indicate that the model fits the data sufficiently well, with  $\chi^2 = 217.37$ ;  $df = 141$ ; CFI = 0.94; TLI = 0.93; IFI = 0.94; and RMSEA = 0.05. Descriptive statistics (means and standard deviations), standardized factor loadings, average variance extracted (AVE), composite reliabilities (CRs), and Cronbach's alphas of the research constructs are presented in [Table 1](#). According to the figures, all standardized factor loadings are above 0.6 and significant at the 0.01 level, and AVEs for the research's constructs are all above the threshold of 0.5, indicating

**Table 1. Measurement analysis**

Variable	Mean	SD	Factor loadings	AVE	CR	Cronbach's alpha
New product performance	5.36	1.02	0.71–0.86	0.59	0.87	0.87
Product launch quality	5.67	1.09	0.63–0.74	0.50	0.79	0.80
Market intelligence generation	5.69	1.17	0.69–0.77	0.52	0.81	0.81
Market intelligence dissemination	5.59	1.22	0.68–0.77	0.52	0.76	0.76
Responsiveness to market intelligence	5.53	1.15	0.66–0.79	0.53	0.77	0.76
Firm's size	3.65	0.97	n/a	n/a	n/a	n/a
Firm's age	2.85	0.75	n/a	n/a	n/a	n/a

SD stands for standard deviation. The natural logarithm value was given to each control variable instead of the original value.

satisfactory convergent validity (Hair et al., 2014a). Concerning the reliability and internal consistency of the constructs, CRs and Cronbach's alphas are all above the threshold of 0.7. Therefore, the measurement analysis indicates acceptable measurement properties and convergent validity.

In order to assure that the research's constructs benefit from discriminant validity, the square root of AVE for each construct was compared to its inter-construct correlation estimates. Based on Table 2 representing this comparison, the square root of AVE exceeds inter-construct correlation estimates. Accordingly, each research construct is truly distinct and explains more of the variance in its items than the variance it shares with other constructs, thus benefiting from discriminant validity (Hair et al., 2014a).

Concerning the second-order construct of market orientation, a CFA was conducted to ensure appropriate measurement properties. The standardized factor loadings from first-order factors of market intelligence generation, market intelligence dissemination, and responsiveness to market intelligence to the second-order factor of market orientation are 0.65, 0.88, and 0.76 respectively, and they are all significant at the 0.01 level. Moreover, the average variance extracted for the second-order factor is above the desired threshold of 0.5 (AVE = 0.59), and the construct benefits from acceptable measurement properties being  $\chi^2 = 59.17$ ;  $df = 31$ ; CFI = 0.95; TLI = 0.93; IFI = 0.95; and RMSEA = 0.07. Therefore, taking into account the results of the measurement analysis, the current study employed the second-order factor to represent market orientation.

#### 4.2. Examination of research hypotheses

In order to test the research hypotheses, a structural model was estimated in AMOS 23.0, applying the maximum likelihood method. The model incorporates market orientation, product launch quality, new product performance, and control variables (firm size and firm age). To avoid the issue of skewness, natural logarithm values were given to control variables instead of original values (Najafi-Tavani et al., 2018). The fit indices ( $\chi^2 = 273.80$ ;  $df = 180$ ; CFI = 0.93; TLI = 0.92; IFI = 0.93; RMSEA = 0.05) reveal that the structural model fits the data adequately well.

**Table 2. Inter-construct correlation and the square root of the average variance extracted**

Construct	1	2	3	4	5	6	7
(1) New product performance	<b>0.76</b>						
(2) Product launch quality	0.58**	<b>0.70</b>					
(3) Market intelligence generation	0.31**	0.34**	<b>0.72</b>				
(4) Market intelligence dissemination	0.39**	0.37**	0.52**	<b>0.72</b>			
(5) Responsiveness to market intelligence	0.35**	0.40**	0.30**	0.51**	<b>0.72</b>		
(6) Firm size	0.14	0.06	0.03	0.03	-0.06	<b>NA</b>	
(7) Firm age	0.12	0.02	0.00	0.01	0.05	0.29**	<b>NA</b>

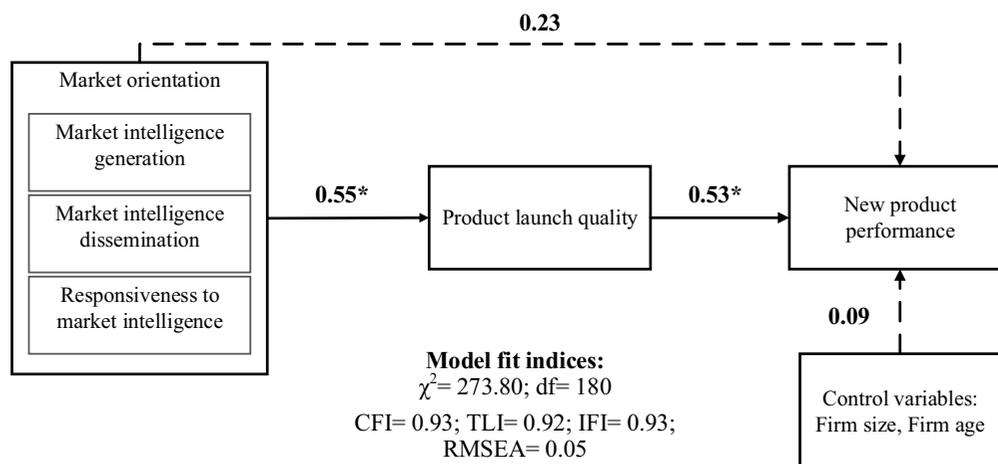
The bold italicized figures on the diagonal are the square roots of the AVEs. \*\* ( $p < 0.01$ ). The variance inflation factor (VIF) values for Product launch quality, Market intelligence generation, Market intelligence dissemination, and Responsiveness to market intelligence are 1.29, 1.42, 1.73, and 1.46 respectively.

Concerning Hypothesis 1 pertaining to the association among market orientation and new product performance, the results indicate that market orientation exerts a significant positive influence on firm's new product performance ( $\text{spc} = 0.23$ ;  $p < 0.05$ ), thus supporting H1. Regarding Hypothesis 2 related to the association between market orientation and product launch quality, the results show that companies' market orientation impacts their new product launch quality significantly and positively ( $\text{spc} = 0.55$ ;  $p < 0.01$ ), thus supporting H2. In respect of Hypothesis 3 pertaining to the relationship between product launch quality and new product performance, the current study's results show that a high-quality new product launch exerts a significant positive effect on the new product's performance outcomes ( $\text{spc} = 0.53$ ;  $p < 0.01$ ), thus supporting H3. In regard to Hypothesis 4, the current study proposed that product launch quality mediates the association between market orientation and firms' new product performance. In order to assess the mediating role of product launch quality, bias-corrected bootstrap confidence intervals were computed (Gentina et al., 2016; Preacher et al., 2007; Woody, 2011). The results indicate that the indirect effect of market orientation on new product performance is significant ( $\text{spc}_2 \times \text{spc}_3 = 0.55 \times 0.53 = 0.29$ ;  $p < 0.01$ ), and the 95% confidence interval does not include zero (lower bound = 0.14; upper bound = 0.53;  $p < 0.01$ ). Furthermore, when the mediating role of product launch quality is considered, the direct effect of market orientation on new product performance becomes insignificant ( $\text{spc} = 0.23$ ;  $p > 0.05$ ), and the 95% confidence interval includes zero (lower bound = -0.02; upper bound = 0.45;  $p > 0.05$ ). Accordingly, the results of the mediation analysis reveal that product launch quality fully mediates the association between market orientation and new product performance and, therefore, H4 is supported. Finally, about the control variables, the conducted analysis reveals that firms' size ( $\text{spc} = 0.09$ ;  $p > 0.05$ ) and firms' age ( $\text{spc} = 0.09$ ;  $p > 0.05$ ) do not significantly influence new product performance. The results of testing the hypothesized model is depicted in Figure 2.

## 5. Discussion

The present study provides important findings contributing to the extant marketing literature, specifically casting light on the deployment mechanism (i.e. product launch quality) through which firms are capable of effectually transforming market intelligence resulting from market orientation processes into escalated new product performance. First, this study reveals that the more companies generate, disseminate, and respond to market intelligence, the higher the new product performance is. Accordingly, owning knowledge-based resources (i.e. market intelligence) helps

**Figure 2. Results of testing the research model.**



\* Significant at the 0.01 level.

- → The association between market orientation and new product performance is fully mediated by product launch quality.
- → Control variables are not significantly associated with new product performance.

firms to implement new-product-development processes competently, and these new-product-development competencies differentiate the firms from their rivals over the long run, leading to sustained competitive advantage (Najafi-Tavani et al., 2016). Arguably, acquiring pertinent market intelligence on customers' expressed and latent needs, competitors' actions, and the broad business environment and employing this intelligence as a basis to develop new products not only facilitate implementation of strategic innovation processes, but also elevate strategic innovation outcomes of enterprises, particularly the ones operating in emerging economies (Chung, 2019). Moreover, concentrating on customers' needs and expectations, disseminating the related intelligence among all functional areas, and collaboratively responding to it not only distinguish the companies' new products in the eyes of customers, but also result in their superior new product performance (Dogbe et al., 2019). This research finding is in line with previous studies stating that market orientation is a significant determinant of new product performance (Gotteland & Boule, 2006; Morgan et al., 2019; Rodríguez-Pinto et al., 2011; Wang et al., 2020), and it empirically supports the RBV positing that knowledge-based resources, like market orientation, bring about sustained competitive advantage like superior performance (Hunt & Morgan, 1995; Iyer et al., 2019; Menguc & Auh, 2006; Powers et al., 2020; Tajeddini & Ratten, 2020). Therefore, in response to the first research question, the current study indicates that market orientation is a strategic valuable knowledge-based resource that leads to augmented new product performance; nevertheless, the mechanism through which this positive effect eventuates needs to be taken into consideration seeing that without such considerations, the impact of market orientation on new product performance is likely to be overestimated and, thus, it might be misleading (Baker & Sinkula, 1999; Langerak et al., 2004).

Second, this study finds out that implementing market orientation processes, particularly acquiring, circulating, and responding to market intelligence, has positive impacts on firms' ability to effectively develop and execute new product launch tactics and decisions; thus, the more proficient the firm is in implementing market orientation processes, the more capable it is to conduct a high-quality new product launch program. Accordingly, the generated market intelligence about the customers, competitors, and business environment feeds the company with necessary market insights in order to design appropriate pricing strategy, implement high-quality promotional programs, and respond to customers' requests on time (Song et al., 2011). Arguably, the integration of outside-in market intelligence with inside-out new product launch processes leads to the

firm's spanning capabilities; in other words, benefiting from a knowledge-based resource, the firm retrieves and reviews the market intelligence on customers' current and latent needs in order for implementation of high-quality new product launch programs in terms of pricing, promotion, advertising, and delivery (Lamore et al., 2013). Moreover, constant evaluation of customers' needs and integration of this knowledge into all levels of the company augment learning about the market and business environment, thus resulting in effective new product launch programs and timely responses (Jiménez-Zarco et al., 2011). This finding is in line with the study of Langerak et al. (2004) positing that market orientation is a significant determinant of tactical launch decisions which are essentially marketing-mix decisions regarding pricing, promotion, and distribution at the time of new product launch. Furthermore, this result also supports the study of Calantone et al. (2012) revealing that market-oriented firms, generating, disseminating, and responding to market intelligence, develop the competency to acquire current customer knowledge and, in turn, leverage this intelligence to conduct effective advertising campaigns and to manage distribution channels at the time of new product launch. Therefore, in response to the second research question, this study reveals that market orientation is a key knowledge-based resource enhancing firms' new product launch quality.

Third, the current research indicates that development and execution of high-quality new product launch programs play important roles in enhancing firms' new product performance; that is to say, the higher the new product launch quality, the higher the new product performance, and this finding corroborates prior studies in the literature (e.g., Calantone et al., 2012; Langerak et al., 2004; Song et al., 2011). Arguably, poor implementation of launch activities could be notably detrimental to new product performance no matter the product is a pioneer or late entrant (Montoya-Weiss & Calantone, 1994). Therefore, when a company benefits from sufficient inventory at the time of launch, sets a right price, develops appropriate promotional and advertising campaigns, and responds to customers' requests on time, it achieves superior new product performance in comparison to its rivals (Song et al., 2011). More specifically, when the company engages in value-informed pricing and communicates the benefits of the new product to customers, it absorbs the attention of early adopters and customers with perception of high quality and, in turn, benefits from superior new product performance (Ingenbleek et al., 2010). Likewise, effective advertising and presentation of the new product play a positive role in reducing customers' uncertainty (Z. Yang et al., 2020), and appropriate branding establishes brand associations leading to repurchase intention, brand preference, and superior performance (D. Yang et al., 2019). Furthermore, this finding echoes the study of Song et al. (2011) positing that product launch quality is a significant determinant of new product performance. Similarly, Langerak et al. (2004) and Calantone et al. (2012) have revealed that firms' competency to make right marketing-mix decisions at the time of new product launch notably influences their new product performance outcomes. Thus, in response to the third research question, it is revealed that well-formulated new product launch programs and effective implementation of them, particularly in terms of pricing, promotion, advertising, and distribution, significantly improve companies' new product performance.

Fourth, the current research has found out that actualizing the positive influence of market orientation on new product performance requires complementing deployment mechanisms, and product launch quality is such a deployment mechanism through which firms are empowered to effectually convert market intelligence into superior new product performance. Thus, the more companies utilize pertinent market knowledge for preparation and execution of high-quality new product launch programs, the more they benefit from superior new product performance. This research outcome supports prior studies positing that the association between knowledge-based resources and new product performance is more complicated than a simple resource-performance link, and it is essential to empirically analyze the deployment mechanisms through which market orientation processes affect new product success (Lin et al., 2015; Wu et al., 2019). Also, this result corroborates previous empirical researches revealing that market orientation affects firms' new product performance through competitive-advantage elements or complementary deployment

capabilities (Dogbe et al., 2020; Guo et al., 2018). Therefore, in response to the fourth research question, this study indicates that simple resource-performance links do not accurately demonstrate new product performance outcomes of leveraging knowledge-based resources, and to fully gain from knowledge resources, particularly in terms of enhanced new product performance, complementing deployment mechanisms need to be taken into consideration; more specifically, to effectively transform market intelligence on the customers, competitors, and business environment into superior new product performance, firms ought to employ this intelligence as input for formulation and implementation of high-quality new product launch programs seeing that product launch quality fully mediates the association among market orientation and new product performance.

## 6. Conclusion

Grounded on the RBV, the current study has gone beyond the simple resource-performance link, and it has empirically examined product launch quality as a deployment mechanism or competitive-advantage element in this association. The results of this study reveal that market orientation is an important knowledge-based resource augmenting companies' new product performance; however, this positive influence is fully transmitted through high product launch quality. Arguably, this study indicates that complete reliance on market orientation and merely generating and disseminating market information within the organization do not result in superior new product performance, and the firm needs a deployment mechanism to efficaciously leverage the market intelligence on new product performance outcomes. More specifically, the study's findings reveal that not only should firms acquire and disseminate market information on customers' expressed and latent needs, competitors' actions, and the broad business environment, but also they need to utilize this intelligence as input for development and implementation of high-quality new product launch tactics and decisions. That is to say, leveraging the acquired knowledge across new product launch processes, namely pricing, promotion, advertising, and distribution, creates a competitive advantage that is considerably complicated to imitate; thus, when firms employ the outside-in market intelligence to set competitive prices for their new products, better communicate the products' superiorities and advantages, and effectively deliver the products to target customers, they respond to new product development opportunities more efficaciously and benefit from augmented new product performance. These findings not only empirically contribute to the RBV by casting light on product launch quality as a deployment mechanism that significantly converts market intelligence into improved new product performance, but also provide relevant managerial implications for manufacturing industries, particularly the ones dealing with stagnant performance. Accordingly, the current study's theoretical and managerial implications are discussed in more detail below.

### 6.1. Theoretical implications

The current study has made an important contribution to the extant literature regarding the association between market orientation and new product performance. This study has empirically examined the mediating role of product launch quality in the association between market orientation and new product performance, and it has revealed that high-quality product launch processes are significant mechanisms through which firms' market orientation leads to new product success. Arguably, actualization of market orientation's benefits requires complementing deployment mechanisms that effectually transform market intelligence on customers, competitors, and the broad market into successful new product performance, and recent studies have indicated the importance of casting light on the underlying mechanisms of the influence of market orientation on new product success (e.g., Dogbe et al., 2020; Guo et al., 2018; Morgan et al., 2018; Mu et al., 2017). Thus, while previous studies have mainly analyzed the direct association among market orientation and new product performance (e.g., Buli, 2017; Najafi-Tavani et al., 2013; Narver et al., 2004; Wei & Morgan, 2004), the current study has gone beyond the direct market orientation-new product performance link, and it sheds light on product launch quality as a complementing deployment mechanism that effectively converts market intelligence into successful new products, thus contributing to the current body of knowledge in the literature.

The current study also contributes to the RBV in significant ways. According to this theory, sustained competitive advantage like superior new product performance accrues from valuable and inimitable resources (Barney, 1991; Schweiger et al., 2019). Therefore, this study reveals that market orientation as a knowledge-based resource results in enhancement of firms' new product performance, empirically contributing to the RBV. However, this theory has been criticized for its inability to explain the contingencies or deployment mechanisms through which valuable and inimitable resources lead to sustained competitive advantage (N. A. Morgan et al., 2009; Priem & Butler, 2001; Wilden et al., 2016, 2019). In other words, thorough examination of the RBV requires consideration of a deployment mechanism or competitive-advantage element in the resource-performance link (Ketchen et al., 2007; Varadarajan, 2020). Therefore, the present study makes a significant contribution to the RBV by empirically revealing that product launch quality is a crucial deployment mechanism for leveraging market orientation on new product performance and the positive impacts of market orientation, as a knowledge-based resource, on new product success are transferred through high-quality product launch processes.

The conducted research further improves our knowledgeability about capitalization of resources in emerging economies. The study indicates that in the context of Iran, as a Middle Eastern emerging economy, leveraging market orientation through high-quality product launch processes results in advantageous new product performance, thus casting light on how a knowledge-based resource contributes to new product performance of enterprises, particularly SMEs, in an emerging market. This finding is of critical importance seeing that enterprises from emerging markets are constantly challenging the position of global market leaders (Cheng & Yang, 2019), and the majority of empirical studies on market orientation and new product performance have been conducted in the context of developed economies (e.g., Guo et al., 2018; Iyer et al., 2020; Najafi-Tavani et al., 2013, 2016). However, it is important to note that generalizability of the present study's findings might not be limited to emerging economies. Arguably, due to the COVID-19 pandemic, not only Iranian enterprises, but also enterprises in developed countries are suffering from stagnant performance; thus, a country with many companies dealing with sluggish performance resembles the post-COVID-19 condition of many formerly flourishing countries (Hughes et al., 2020).

## **6.2. Managerial implications**

The current study's findings are also relevant for managers. First, this study reveals that market orientation positively impacts product launch quality. Accordingly, this finding suggests that managers utilize market orientation as a knowledge-based resource to support new product launch processes involving pricing, promotion, advertising, and product distribution practices. Arguably, executive managers are advised to facilitate acquisition, dissemination, and responsiveness to market intelligence on the customers' expressed and latent needs, competitors' actions, and business environment. These interfunctional market intelligence generation and dissemination activities augment companies' market-sensing competencies and enable them to gain a common understanding of appropriate marketing decisions at the time of product launch; thus, the more effectively they put market orientation processes into practice and acquire pertinent market intelligence, the more capable they are to develop and execute high-quality new product launch tactics and decisions. More specifically, this finding implies that businesses ought to leverage market intelligence on customers and competitors to better communicate their new products' strengths and advantages to the market and utilize this valuable knowledge resource to effectively develop and implement custom-made promotional plans differentiating the new products. Besides, this finding suggests that the more companies generate market intelligence on the business environment and circulate it across all organizational functions, the more alert and prepared they are to make effectual new product launch decisions; thus, they are better equipped to set appropriate prices and offer on-time delivery of new products to the market, successfully responding to new product development opportunities and commercializing the new products. From a more practical point of view, firms should be more active in terms of conducting market research and polling end-users regularly. They should constantly collect market information from

various stakeholders and test newly developed products in the market seeing that this type of market intelligence results in market-fit commercialization decisions. Besides, all organizational functions are responsible for sharing their generated market intelligence. For instance, firms should have monthly interdepartmental meetings and share the acquired information about market factors, such as customers' preferences and competitors' prices. This type of interfunctional collaboration provides the basis upon which effective product launch decisions can be made. For instance, when the company realizes what customers truly value, reasonable prices which are in line with customers' perceived value can be set. Furthermore, based on the generated and disseminated intelligence, the company can design and execute effectual advertising campaigns, such as social media advertising campaigns that convey the value of new products to the target market.

Second, the current study's results indicate that product launch quality significantly increases new product performance. Accordingly, this finding suggests that managers and business practitioners develop market-fit new product launch tactics and endeavor to effectually execute them at the time of new product launch seeing as the higher the quality of launch program, the more successful the commercialization of the new product. Arguably, well-formulated launch programs provide companies with the means to skillfully meet the target market's expectations and preferences and empower them to competently differentiate the new products in the eyes of customers, thus contributing to considerable market acceptance and augmented new product performance. More specifically, businesses are advised to rely on pertinent market intelligence in order to develop promotion and advertising campaigns that effectually accentuate the new products' superiorities against rivals. Additionally, they should utilize this knowledge as a basis for setting competitive and value-informed pricing strategies and perfect timing of new product launch seeing that the more well-designed and market-relevant the launch decisions, the higher the new product performance.

Third, the present study's results also reveal that product launch quality fully mediates the association among market orientation and new product performance; thus, product launch quality is a crucial deployment mechanism through which enterprises are able to leverage their market orientation and positively affect their new product performance. Accordingly, this finding suggests that complete reliance on market intelligence generation, dissemination, and responsiveness do not guarantee successful commercialization of new products and companies are advised to invest on high-quality launch programs to effectively exploit market intelligence for improvement of new product performance. As a result, businesses should utilize the acquired knowledge as input for formulation of high-quality, market-relevant launch decisions, and to fully actualize market orientation processes' benefits enhancing new product performance, they ought to take the necessary steps for effectual implementation of the decisions. More specifically, companies need complementing deployment mechanisms to fully gain from their market orientation processes, and wise and well-designed pricing, promotion, advertising, and distribution tactics are the mechanisms that merit companies' careful consideration and investment seeing that they efficaciously transform market intelligence into enhanced new product performance. Therefore, businesses ought to cultivate organization-wide market orientation processes and employ the pertinent market intelligence to feed their new product launch decisions. That is to say, the more attention is paid to determining prices, selecting channels of distribution, and designing a high-quality marketing communication mix, the more superior the new product performance is (e.g., Calantone et al., 2012, 2018; Hsieh et al., 2008; Langerak et al., 2004).

### **6.3. Limitations and directions for future research**

Similar to other empirical studies in the literature, the present study has some methodological and theoretical limitations that cast light on directions for future research. First, this research utilized firm-level data pertaining to Iran as a Middle Eastern emerging economy that is currently experiencing stagnant performance and the COVID-19 pandemic has considerably intensified this condition (Butt, 2021; Heirati et al., 2017; Najafi-Tavani et al., 2018). While sluggish economic performance is a post-COVID-19 characteristic of many formerly flourishing countries (Hughes et al., 2020), testing the current

study's findings in various countries and settings could further increase the findings' global generalizability. Second, the present research primarily concentrated on the market intelligence perspective of market orientation limiting its ability to thoroughly delineate enterprises' market orientation processes as they relate to product launch quality. Therefore, taking into account other perspectives of market orientation, such as the culturally based behavioral perspective or strategic perspective (Lafferty & Hult, 2001), and examining their associations with product launch quality and new product performance could be another noteworthy direction for future research. Third, following pertinent studies in the literature (e.g., Heirati & O'Cass, 2016; Mu et al., 2017; Najafi-Tavani et al., 2016), the current study took account of the number of employees as the indicator of firms' size. However, seeing that the COVID-19 pandemic has imposed severe economic constraints on manufacturing firms, considering financial measures, such as firms' annual revenue, for evaluation of firms' size and examining whether similar results are achieved merit further empirical investigations. Fourth, while market orientation is a strategic knowledge-based resource, generating and disseminating market information excessively might result in information overload adding to information distortion and decreased performance (Bettis-Outland, 1999; Moorman, 1995; Morgan & Anokhin, 2020). Accordingly, a notable future research direction is measuring the impact of information overload in the market orientation process and examining how it affects the association among market orientation and new product performance. Fifth, being overly market oriented might also lead a firm to be obsessed with market information on customers' past experiences and expressed needs and to encounter an overload of ambiguous irrelevant market information (Christensen & Bower, 1996; Cui & Xiao, 2019; Morgan & Anokhin, 2020); thus, casting light on how to effectively prioritize and determine the value of market information acquired and disseminated within an organization merits further empirical investigations. Finally, the current study empirically investigated product launch quality as a significant deployment mechanism through which market orientation affected new product performance. But, what other kinds of managerially and theoretically meaningful competitive-advantage elements or competencies could be crucial deployment mechanisms for market orientation impacting new product performance? Thus, addressing this question is likely to be another notable opportunity for future research.

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## Appendix 1. Measurement scales



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