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Generative AI as a Dynamic Marketing Capability: Mechanisms of Strategic Reconfiguration

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Abstrak

The rapid diffusion of Generative Artificial Intelligence (GenAI) represents a structural inflection point in the evolution of marketing capabilities. While prior research has predominantly examined AI as a performance-enhancing tool, limited attention has been devoted to understanding how generative systems reshape the microfoundations of strategic marketing processes. This study conceptualizes GenAI as a dynamic marketing capability rather than a technological artefact. Drawing on dynamic capabilities theory, marketing capability research, and organizational learning perspectives, we develop a mechanism-based framework explaining how GenAI reconfigures marketing capabilities through three interrelated processes: cognitive amplification, creative recomposition, and decision authority redistribution. We further specify boundary conditions—task complexity, market dynamism, brand positioning, and governance maturity—that moderate whether generative integration enhances adaptive capacity or produces capability erosion. By extending dynamic capabilities theory into probabilistic technological environments, this study advances a socio-technical understanding of marketing capability evolution and clarifies the long-term strategic implications of AI-enabled marketing transformation. The analysis contributes to ongoing debates on capability sustainability, organizational learning, and digital governance in increasingly algorithmic organizational contexts.

Keywords

creative recomposition; decision authority redistribution; dynamic capabilities; generative artificial intelligence; marketing capabilities; organizational learning

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1. Introduction

The rapid diffusion of Generative Artificial Intelligence (GenAI) marks a qualitative shift in the trajectory of digital transformation within marketing and strategic management. Unlike earlier waves of analytics-driven digitalization, which primarily enhanced predictive accuracy and operational efficiency, GenAI systems introduce probabilistic, generative capabilities that enable the creation of novel textual, visual, and multimodal artefacts at scale. This shift fundamentally alters how firms design customer experiences, orchestrate brand narratives, and deploy marketing resources. While artificial intelligence has long been associated with automation and optimization, GenAI expands the domain of machine involvement into areas traditionally considered the locus of human creativity and strategic judgment.

Recent scholarship has begun to acknowledge AI's transformative impact on marketing processes. For instance, Kumar et al. (2024) argue that AI-powered marketing enhances customer insight generation, campaign automation, and performance measurement, positioning AI as a strategic enabler of marketing innovation. Similarly, Verhoef et al. (2021) frame digital transformation as a multidisciplinary phenomenon reshaping organizational structures and value creation logics. However, despite these advances, existing research remains predominantly outcome-oriented, emphasizing performance implications rather than unpacking the internal mechanisms through which AI reshapes marketing capabilities.

The emergence of GenAI intensifies this theoretical gap. Unlike traditional rule-based or predictive systems, generative models recombine learned patterns into new outputs, effectively functioning as engines of probabilistic creativity. Mariani and Dwivedi (2024) highlight the profound implications of GenAI for innovation management, calling for deeper theoretical development regarding its role in organizational design and capability development. Yet, the marketing literature has not sufficiently theorized how such generative systems interact with existing capability structures. Most extant studies treat AI as a technological input rather than conceptualizing it as a potential capability in itself.

This oversight becomes more salient when viewed through the lens of dynamic capabilities theory. Dynamic capabilities refer to a firm's ability to sense opportunities, seize them, and transform organizational resources in response to environmental change (Teece, 2007; Eisenhardt & Martin, 2000). These capabilities underpin strategic renewal and sustainable competitive advantage (Helfat & Peteraf, 2003; Teece, 2018). In marketing contexts, capabilities such as market sensing, customer linking, and brand management have long been recognized as critical drivers of firm performance (Day, 2011). However, the foundational literature on dynamic capabilities largely assumes deterministic technologies and human-centered routines. It does not account for probabilistic generative systems that can autonomously produce strategic artefacts and influence managerial cognition.

The introduction of GenAI raises a fundamental question: does GenAI merely enhance existing marketing capabilities, or does it reconfigure them? Addressing this question requires moving beyond performance metrics toward a mechanism-based explanation of capability transformation. Recent empirical evidence suggests that digital technologies exhibit contingent performance effects, depending on task complexity and organizational context (Friess et al., 2024). Moreover, Ritala et al. (2024) demonstrate that AI capability development unfolds through embedded organizational learning processes characterized by exploration and exploitation tensions. These findings suggest that AI integration is neither neutral nor uniformly beneficial; instead, it reshapes routines, decision rights, and knowledge structures.

Furthermore, the integration of generative systems introduces new strategic tensions related to authenticity, governance, and legitimacy. Pedersen and Ritter (2024) argue that AI-driven digitalization has entered a new phase in which digital artefacts can appear authentic despite lacking direct human origin. This "digital authenticity" paradox has significant implications for brand management and stakeholder trust. Parallel concerns emerge in the domain of corporate digital responsibility, where organizations must reconcile growth ambitions with

ethical data practices and algorithmic accountability (Hartley et al., 2024). These governance dimensions reinforce the need to conceptualize GenAI not simply as a tool, but as a strategic capability embedded within organizational and institutional structures.

Against this backdrop, this study addresses the following research question:

How does Generative AI function as a dynamic marketing capability, and through what mechanisms does it reconfigure strategic marketing processes?

To answer this question, we develop a conceptual framework that reframes GenAI as a dynamic marketing capability rather than a technological artefact. Building on dynamic capabilities theory (Teece, 2007; Teece, 2018), marketing capability research (Day, 2011), and organizational learning perspectives on AI development (Ritala et al., 2024), we identify three interrelated mechanisms through which GenAI reconfigures marketing strategy: (1) cognitive amplification, (2) creative recomposition, and (3) decision authority redistribution. We further specify boundary conditions under which these mechanisms enhance or erode strategic distinctiveness.

This study contributes to the literature in four ways.

First, it extends dynamic capabilities theory by incorporating probabilistic generative systems into the microfoundations of sensing, seizing, and transforming processes. Second, it advances marketing capability research by theorizing how generative systems reshape brand management, customer engagement, and resource orchestration. Third, it introduces a mechanism-based account of GenAI-enabled strategic reconfiguration, addressing calls for deeper theoretical development in AI and innovation research (Mariani & Dwivedi, 2024). Fourth, it highlights the strategic risks associated with over-reliance on generative systems, including potential competence traps and authenticity erosion, thereby linking capability development with governance considerations (Pedersen & Ritter, 2024; Hartley et al., 2024).

By shifting the analytical focus from technological adoption to capability reconfiguration, this article provides a theoretically grounded framework for understanding the strategic implications of GenAI in marketing. Rather than asking whether GenAI improves performance, we ask how and under what conditions it reshapes the very capabilities through which marketing strategy is enacted.

2. Literature Review and Theoretical Framing

The strategic implications of Generative Artificial Intelligence (GenAI) cannot be understood solely through a technological lens. Rather, they must be situated within broader theoretical debates on capability development, organizational learning, and digital transformation. Existing research on AI in business has provided important insights into performance outcomes, automation benefits, and digital innovation. However, these studies rarely explain how generative systems reshape the internal architecture of marketing capabilities. To address this gap, this section integrates three theoretical streams—dynamic capabilities, AI-enabled marketing transformation, and organizational learning—while incorporating emerging concerns related to authenticity and governance. This integrative framing provides the foundation for conceptualizing GenAI as a dynamic marketing capability.

2.1 Dynamic Capabilities and Strategic Reconfiguration

Dynamic capabilities theory offers a foundational explanation of how firms sustain competitive advantage in turbulent environments. Teece (2007) conceptualizes dynamic capabilities as the firm's capacity to sense opportunities and threats, seize them through strategic commitments, and transform organizational resources to maintain competitiveness. This triadic framework has become central to strategic management research, particularly in contexts characterized by technological disruption.

Subsequent refinements emphasize the microfoundations of these capabilities, highlighting managerial cognition, asset orchestration, and learning routines as key mechanisms (Eisenhardt & Martin, 2000). The dynamic resource-based view further stresses that capabilities evolve over time and are shaped by path-dependent processes (Helfat & Peteraf, 2003). Teece (2018) extends this perspective by linking dynamic capabilities to business model adaptation in digitally intensive environments, underscoring the importance of strategic flexibility in the face of digital transformation.

Within marketing scholarship, capabilities such as market sensing, customer linking, and brand management are recognized as core strategic assets (Day, 2011). These capabilities enable firms to interpret market signals, build relational capital, and coordinate resource deployment. However, much of this literature implicitly assumes that technological systems support human decision-making rather than actively reshaping it.

The emergence of GenAI challenges this assumption. Generative systems do not merely process data; they produce new artefacts, narratives, and strategic alternatives. Consequently, they potentially intervene in the sensing, seizing, and transforming processes themselves. Yet dynamic capabilities theory has not explicitly addressed how probabilistic generative technologies integrate into these microfoundations. This omission creates a conceptual gap: if technologies now participate in creativity and cognition, the architecture of dynamic capabilities must be reconsidered.

A structured conceptual differentiation is necessary at this stage to prevent analytical ambiguity between predictive systems, generative systems, and the capability-level construct advanced in this study. The table below clarifies differences in functional logic, level of integration, and strategic implications.

Table 1. Differentiating Predictive AI, Generative AI, and Generative AI as a Dynamic Marketing Capability

Dimension	Predictive AI	Generative AI (Technological System)	Generative AI as Dynamic Marketing Capability
Primary Function	Forecasting and classification based on historical data patterns	Probabilistic generation of novel textual, visual, or multimodal outputs	Reconfiguration of marketing sensing, creative, and decision-making routines
Core Logic	Optimization and accuracy improvement	Pattern recombination and synthetic content production	Higher-order orchestration of resources through embedded generative routines
Role in Marketing	Enhances targeting, personalization, and performance measurement	Produces scalable creative content and alternative strategic narratives	Reshapes sensing–seizing–transforming processes at the capability level
Level of Integration	Operational or analytical tool	Creative production support system	Embedded within organizational routines and managerial cognition
Impact on Organizational Routines	Improves efficiency within existing processes	Expands creative and interpretive possibilities	Alters microfoundations of marketing capabilities
Strategic Implication	Performance enhancement through optimization	Increased experimentation and symbolic flexibility	Structural capability transformation with adaptive or erosive potential
Source of Competitive Advantage	Data quality and model accuracy	Access to generative models and training data	Distinctive orchestration, governance maturity, and learning architecture

Risk Profile	Algorithmic bias and misprediction	Content homogenization and authenticity ambiguity	Competence erosion or symbolic dilution if poorly governed

Source: Developed by the authors.

Table 1 clarifies that the contribution of this study does not lie in labeling Generative AI as a marketing tool, but in elevating it to the level of dynamic capability when it becomes structurally embedded in sensing, creative recomposition, and decision authority redistribution routines. This differentiation prevents conceptual inflation and ensures theoretical precision before the mechanism-based framework is introduced.

2.2 From Operational Efficiency to Strategic Enablement

Research on AI in marketing has grown rapidly, particularly in the domains of personalization, customer analytics, and automated decision-making. Kumar et al. (2024) position AI-powered marketing as a dynamic capability that enhances customer insights, optimizes campaigns, and supports strategic responsiveness. Their work underscores AI's potential to strengthen competitive positioning through improved targeting and measurement.

At a broader level, digital transformation scholarship frames advanced technologies as catalysts for structural change in value creation systems (Verhoef et al., 2021). Digital tools reshape customer journeys, platform interactions, and cross-functional coordination. However, most studies conceptualize AI as an enabler embedded within established capability frameworks rather than as a transformative capability in its own right.

Empirical research also reveals that digital technologies exhibit contingent performance effects. Friess et al. (2024) demonstrate that digital sales technologies enhance financial performance only when aligned with task complexity and demand conditions. In some contexts, excessive digitalization can undermine profitability. This evidence challenges deterministic assumptions about digital superiority and highlights the importance of boundary conditions.

Despite these advances, the literature predominantly focuses on predictive AI systems that optimize existing processes. Generative AI introduces a qualitatively different dynamic: instead of improving decision accuracy, it expands the creative and symbolic capacity of organizations. Mariani and Dwivedi (2024) argue that GenAI opens new research frontiers in innovation management, particularly regarding organizational design and creative processes. However, marketing scholarship has yet to develop a mechanism-based explanation of how generative systems reconfigure strategic marketing capabilities.

Thus, while AI marketing research acknowledges strategic enablement, it stops short of theorizing structural capability transformation.

2.3 Organizational Learning and AI Capability Development

Capability development is inseparable from organizational learning processes. Firms must balance exploration (experimentation and variation) with exploitation (refinement and efficiency) to maintain adaptive capacity. Ritala et al. (2024) conceptualize AI capability development as a history-embedded learning process shaped by perceptual triggers, structural arrangements, and communicative practices. Their findings illustrate how AI integration reconfigures routines through ongoing exploration–exploitation cycles.

This perspective is particularly relevant for GenAI. Generative systems accelerate exploratory processes by rapidly recombining patterns into new outputs. However, excessive reliance on generative outputs may weaken deep domain expertise and internal knowledge accumulation. Learning risks becoming externally scaffolded by algorithms rather than internally cultivated through experiential practice.

The increasing availability of unstructured data further complicates this dynamic. De Haan et al. (2024) propose a structured approach to leveraging unstructured data for strategic

learning, emphasizing alignment between learning objectives and environmental scanning scope. Generative AI enhances the capacity to process such data, potentially amplifying sensing mechanisms. Yet without structured integration, information abundance may generate cognitive overload rather than strategic insight.

Taken together, organizational learning research suggests that AI adoption reconfigures knowledge architectures. However, prior studies do not differentiate sufficiently between predictive systems and generative systems in terms of their learning implications. The generative nature of probabilistic AI may intensify exploratory capacity while simultaneously reshaping authority structures and creative routines.

2.4 Digital Authenticity, Legitimacy, and Corporate Digital Responsibility

Beyond internal capability development, GenAI introduces new legitimacy challenges. Pedersen and Ritter (2024) argue that digitalization has entered a fifth phase characterized by AI-generated artefacts that appear authentic despite lacking direct human origin. This phenomenon complicates established notions of authenticity in branding and relationship marketing. When consumers cannot distinguish between human-created and machine-generated content, the symbolic foundations of brand trust become unstable.

Simultaneously, the integration of AI into marketing practices raises governance concerns. Hartley et al. (2024) conceptualize Corporate Digital Responsibility (CDR) as the process through which organizations reconcile digital growth strategies with ethical obligations. Issues such as data privacy, algorithmic bias, transparency, and accountability become central to strategic decision-making.

These developments indicate that GenAI is embedded within broader institutional and ethical contexts. Capability reconfiguration cannot be evaluated solely in terms of efficiency or performance; it must also consider legitimacy and governance dynamics. Consequently, any capability-based conceptualization of GenAI must incorporate boundary conditions related to authenticity and digital responsibility.

2.5 Synthesis and Theoretical Positioning

The reviewed literature reveals three interrelated gaps. First, dynamic capabilities theory provides a robust explanation of strategic adaptation but does not incorporate probabilistic generative technologies into its microfoundations (Teece, 2007; Teece, 2018). Second, AI marketing research emphasizes operational and performance outcomes (Kumar et al., 2024) but lacks a mechanism-based account of capability reconfiguration. Third, organizational learning studies highlight AI capability development processes (Ritala et al., 2024) yet do not explicitly theorize the creative and cognitive amplification effects unique to generative systems.

These gaps suggest the need for a conceptual reframing. Rather than viewing Generative AI as a technological add-on, it should be theorized as a dynamic marketing capability that reshapes sensing processes, creative routines, and decision authority structures. By integrating dynamic capabilities theory, marketing capability research, organizational learning perspectives, and governance considerations, this study advances a mechanism-based explanation of GenAI-enabled strategic reconfiguration.

The following section develops this framework by identifying the core mechanisms through which Generative AI transforms marketing capabilities and specifying the boundary conditions under which such transformation enhances or undermines strategic distinctiveness.

3. Conceptual Development

Section 2 established that existing scholarship has not sufficiently theorized how Generative Artificial Intelligence (GenAI) reconfigures marketing capabilities at a structural level. While

dynamic capabilities theory explains how firms adapt to environmental turbulence (Teece, 2007; Teece, 2018), and AI marketing research documents performance enhancements (Kumar et al., 2024), the internal mechanisms through which generative systems reshape sensing, creativity, and decision-making processes remain underexplored.

This study develops a mechanism-based framework that conceptualizes GenAI as a dynamic marketing capability. It first redefines GenAI at the capability level before articulating three interrelated mechanisms of strategic reconfiguration: (1) cognitive amplification, (2) creative recomposition, and (3) decision authority redistribution. It then specifies the boundary conditions under which such reconfiguration strengthens adaptive capacity or, conversely, erodes strategic distinctiveness.

A systematic articulation of the three mechanisms is necessary before moving into detailed subsection elaboration. The table below consolidates the mechanism-level logic, clarifies microfoundational change, and specifies both adaptive potential and erosion risks.

Table 2. Mechanisms of Generative AI–Enabled Marketing Capability Reconfiguration

Mechanism	Microfoundational Change	Strategic Benefit	Structural Risk	Primary Theoretical Anchor
Cognitive Amplification	Expansion of environmental scanning and interpretive framing through probabilistic pattern recombination	Accelerated opportunity identification and enhanced adaptive sensing	Noise inflation, over-reliance on algorithmic interpretation, weakening of internal analytical depth	Dynamic capabilities (sensing); unstructured data learning
Creative Recomposition	Integration of generative systems into symbolic production and narrative construction routines	Scalable experimentation, rapid variation, increased creative flexibility	Symbolic homogenization, authenticity dilution, erosion of brand distinctiveness	Marketing capabilities (brand management); innovation recombination
Decision Authority Redistribution	Reallocation of strategic influence from hierarchical expertise toward algorithmically mediated recommendation systems	Increased agility, democratization of creative input, faster strategic iteration	Strategic deskilling, cognitive anchoring to AI outputs, erosion of experiential expertise	Dynamic capabilities (seizing, transforming); organizational learning

Source: Developed by the authors.

Table 2 consolidates the mechanism-based framework introduced in the conceptual development by explicitly mapping how each mechanism alters the microfoundations of marketing capabilities. It clarifies that capability transformation is neither uniformly beneficial nor inherently destabilizing; rather, each mechanism contains embedded trade-offs that must be strategically governed.

3.1 Reframing Generative AI as a Dynamic Marketing Capability

Dynamic capabilities are not technologies; they are higher-order processes that orchestrate and reconfigure lower-order resources (Teece, 2007). Therefore, GenAI should not be equated with the algorithmic models themselves. Rather, GenAI becomes a dynamic marketing capability when it is embedded within organizational routines, influences managerial cognition, and reshapes resource orchestration processes.

Three criteria define this capability transformation.

First, integration into sensing routines. GenAI extends market sensing by synthesizing unstructured data into actionable narratives. In alignment with structured approaches to unstructured data usage (de Haan et al., 2024), generative systems amplify environmental scanning by enabling rapid scenario generation and pattern recombination.

Second, integration into creative routines. Unlike predictive systems, GenAI participates in content production and symbolic recombination. This expands the domain of strategic marketing from optimization to generative design.

Third, integration into decision-making processes. When managers rely on AI-generated outputs to guide campaign strategies, pricing narratives, or brand positioning, the system participates in seizing and transforming processes (Teece, 2007).

Accordingly, we define Generative AI as a dynamic marketing capability when it systematically reshapes sensing, creative production, and strategic decision-making routines in ways that enable the reconfiguration of marketing resources.

This reframing shifts the analytical focus from technological adoption to structural capability transformation.

3.2 Mechanism 1: Cognitive Amplification

The first mechanism through which GenAI reconfigures marketing capabilities is cognitive amplification.

Dynamic capabilities depend on accurate and timely sensing of opportunities and threats (Teece, 2007). Traditional analytics systems enhance sensing by improving predictive precision. Generative systems, however, extend sensing by expanding interpretive possibilities. They recombine patterns across large datasets to simulate alternative market scenarios, generate synthetic consumer insights, and propose novel positioning angles.

This amplification operates along two dimensions.

First, scope expansion. GenAI processes large volumes of unstructured data—customer reviews, social media narratives, and multimodal content—thereby broadening environmental scanning (de Haan et al., 2024).

Second, interpretive acceleration. By generating multiple narrative framings rapidly, GenAI reduces the cognitive cost of exploratory analysis, increasing the speed of opportunity identification.

However, cognitive amplification introduces risks. As Friess et al. (2024) demonstrate in digital sales technologies, performance gains depend on contextual alignment. Similarly, amplified sensing may produce noise inflation when information volume exceeds interpretive capacity. Moreover, over-reliance on algorithmic outputs may weaken internal analytical skills, creating long-term competence erosion.

Thus, cognitive amplification enhances sensing capability under conditions of structured integration and managerial oversight but may undermine strategic clarity when unbounded.

3.3 Mechanism 2: Creative Recomposition

The second mechanism concerns creative recomposition.

Marketing capabilities traditionally rely on human creativity to craft brand narratives and symbolic differentiation (Day, 2011). GenAI alters this foundation by enabling scalable content generation and modular recombination of symbolic elements. Mariani and Dwivedi (2024) emphasize that generative systems reshape innovation processes by enabling rapid experimentation across creative domains.

Creative recomposition operates through:

1) Modular narrative construction — AI systems generate variations of brand messaging aligned with segmented audiences.
2) Iterative experimentation — Firms can test multiple creative alternatives at low marginal cost.
3) Cross-modal synthesis — Text, image, and video outputs can be recombined into integrated campaigns.

These processes potentially enhance adaptive marketing by accelerating exploratory creativity. However, recomposition also risks homogenization. If multiple firms rely on similar generative models trained on overlapping datasets, differentiation may decline. Furthermore, Pedersen and Ritter (2024) highlight that AI-generated artefacts may appear authentic despite lacking experiential grounding, potentially destabilizing brand authenticity.

Therefore, creative recomposition enhances marketing agility but may erode symbolic distinctiveness if not strategically curated.

3.4 Mechanism 3: Decision Authority Redistribution

The third mechanism involves the redistribution of decision authority.

Dynamic capabilities involve managerial orchestration of resources (Teece, 2018). When GenAI systems generate strategic recommendations—such as campaign variations, segmentation narratives, or pricing scripts—they influence managerial judgment. Over time, authority may shift from experiential expertise toward algorithmically mediated decision frameworks.

This redistribution operates through:

1. Expertise displacement — Junior marketers may rely on AI-generated outputs rather than developing tacit knowledge.
2. Hierarchical flattening — AI tools democratize access to creative production, altering internal role structures.
3. Cognitive anchoring — Managers may anchor decisions around AI-generated alternatives.

Organizational learning research suggests that AI capability building depends on communicative and structural practices (Ritala et al., 2024). If AI integration is accompanied by reflective learning routines, decision authority redistribution may strengthen adaptive capacity. Conversely, uncritical reliance may weaken deep strategic reasoning.

Thus, decision authority redistribution can either complement managerial cognition or substitute it, depending on organizational design.

3.5 Boundary Conditions of Capability Reconfiguration

The impact of these mechanisms is contingent upon contextual moderators. First, task complexity. As digital technology performance varies with task characteristics (Friess et al., 2024), GenAI is likely to yield greater benefits in complex, exploratory tasks than in routine, standardized activities. Second, market dynamism. In volatile markets, accelerated sensing and recomposition may enhance responsiveness. In stable environments, over-experimentation may dilute brand consistency. Third, brand positioning. Premium and authenticity-driven brands may face greater legitimacy risks from synthetic content (Pedersen & Ritter, 2024). Fourth, governance maturity. Firms with robust Corporate Digital Responsibility frameworks (Hartley et al., 2024) may mitigate authenticity and ethical risks more effectively.

The following diagram specifies how contextual moderators shape the consequences of generative integration. Rather than assuming uniform performance effects, the structure

below clarifies how boundary conditions channel capability reconfiguration toward adaptive strengthening or, alternatively, capability erosion.

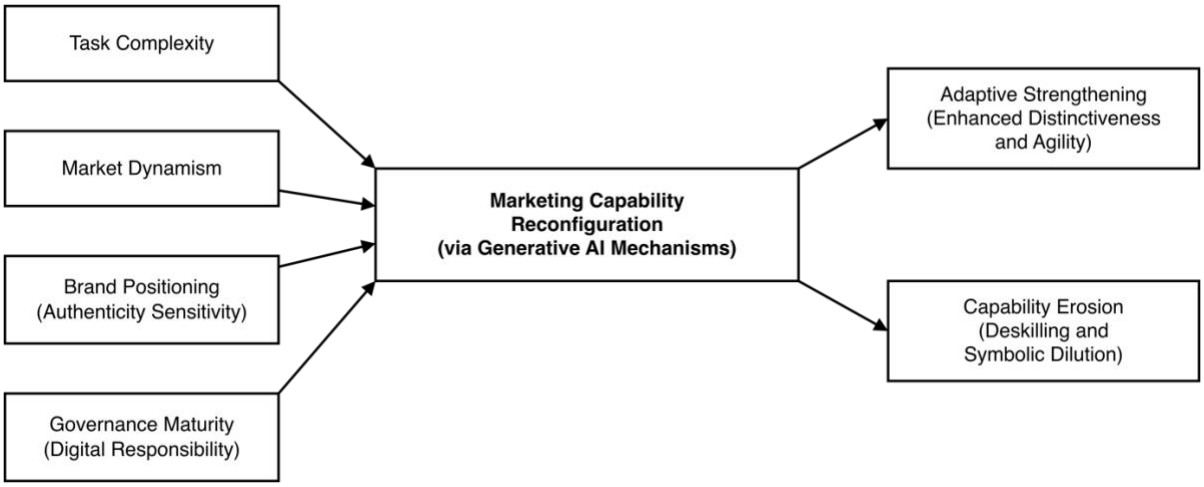

Figure 1. Boundary Conditions of Generative AI–Enabled Capability Reconfiguration
Source: Developed by the authors.

The architecture articulated in Figure 2 clarifies that marketing capability reconfiguration does not yield uniform outcomes. Contextual moderators—task complexity, market dynamism, brand positioning, and governance maturity—shape whether generative integration strengthens adaptive capacity or contributes to capability erosion. Figure 2 therefore positions governance and environmental alignment as structural determinants of strategic sustainability rather than peripheral considerations.

These boundary conditions determine whether GenAI-enabled reconfiguration produces strategic advantage or competence traps.

3.6 Propositional Development

Based on the preceding analysis, we propose:

P1: The integration of Generative AI into marketing sensing routines positively influences adaptive capability through cognitive amplification, moderated by task complexity.

P2: The relationship between Generative AI-enabled creative recomposition and brand performance is curvilinear, such that excessive recomposition reduces symbolic distinctiveness.

P3: Decision authority redistribution enhances marketing agility when accompanied by structured organizational learning routines.

P4: The positive performance effects of Generative AI as a dynamic marketing capability are moderated by governance maturity and authenticity sensitivity.

The foregoing mechanisms collectively suggest that Generative AI does not merely enhance marketing efficiency but reconfigures the underlying architecture of sensing, creativity, and strategic decision-making. Whether this reconfiguration produces sustained competitive advantage or gradual capability erosion depends on how firms structure learning processes, preserve symbolic distinctiveness, and embed governance safeguards. Understanding these dynamics is essential for advancing theoretical debates on dynamic capabilities in probabilistic technological environments and for clarifying the long-term strategic implications of AI-enabled marketing transformation.

The framework developed in this study conceptualizes Generative AI as a higher-order marketing capability that reshapes sensing, creative production, and strategic decision-making processes. The architecture below integrates the three mechanisms—cognitive amplification, creative recomposition, and decision authority redistribution—into the sensing–

seizing–transforming logic of dynamic capabilities, thereby clarifying how strategic reconfiguration unfolds.

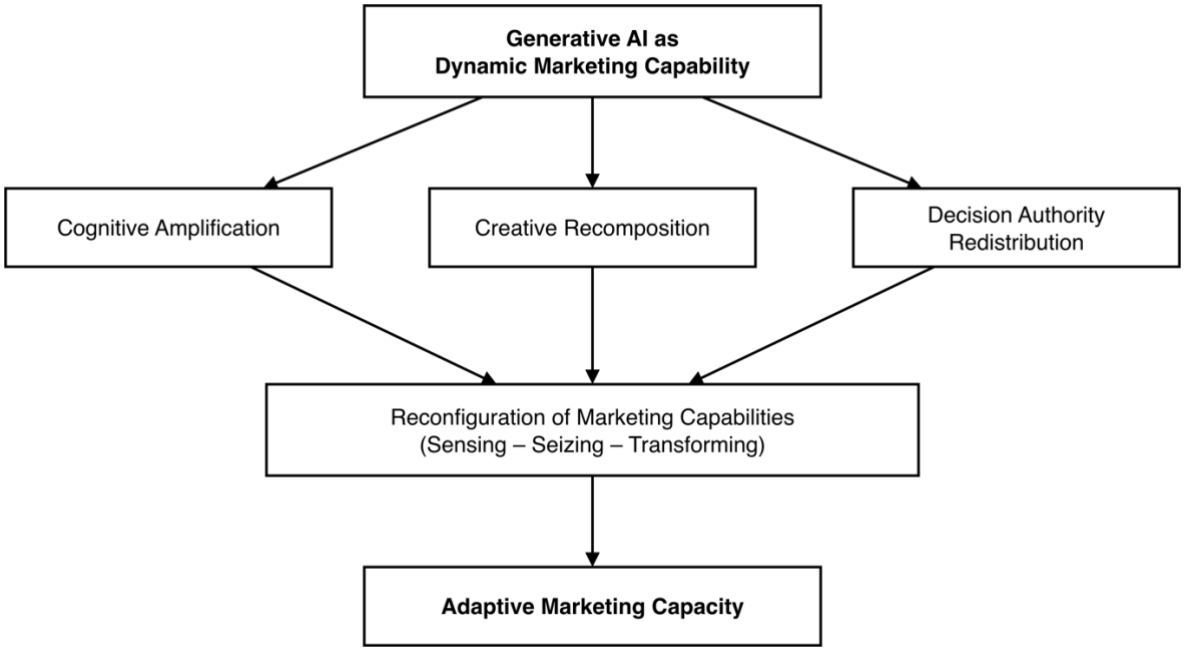

Figure 2. Generative AI–Enabled Marketing Capability Reconfiguration
Source: Developed by the authors.

As illustrated in Figure 2, Generative AI operates as a higher-order marketing capability that activates three interrelated mechanisms—cognitive amplification, creative recomposition, and decision authority redistribution. These mechanisms jointly reconfigure sensing, seizing, and transforming processes, thereby reshaping the architecture of marketing capabilities. Figure 2 clarifies that adaptive marketing capacity does not emerge directly from technology adoption, but from the structured embedding of generative systems within organizational routines.

4. Discussion

The conceptualization advanced in this study reframes Generative AI (GenAI) not as an auxiliary marketing tool but as a structural force that reshapes the architecture of marketing capabilities. This repositioning carries implications that extend beyond technological adoption debates and enter the core of dynamic capabilities theory, marketing strategy scholarship, and organizational learning research.

4.1 Reconsidering the Microfoundations of Dynamic Capabilities

Dynamic capabilities theory emphasizes managerial orchestration, asset alignment, and adaptive learning as the foundations of sustained competitive advantage (Teece, 2007; Teece, 2018). The mechanisms articulated in this study suggest that the microfoundations of these capabilities are increasingly mediated by probabilistic generative systems. Cognitive amplification, creative recomposition, and decision authority redistribution indicate that sensing, seizing, and transforming processes are no longer exclusively enacted through human managerial cognition but through hybrid socio-technical configurations.

This hybridization complicates established assumptions about the locus of strategic agency. Eisenhardt and Martin (2000) characterize dynamic capabilities as identifiable processes embedded in managerial routines. However, when generative systems participate in framing opportunities and proposing strategic alternatives, managerial routines become

algorithmically co-produced. The adaptive capacity of the firm thus emerges from an interaction between human interpretive judgment and probabilistic pattern recombination.

This shift has implications for sustainability logic within the dynamic resource-based view (Helfat & Peteraf, 2003). If generative technologies are broadly accessible, advantage cannot stem from possession alone. Instead, differentiation depends on how firms embed generative systems within distinctive organizational learning architectures and governance frameworks. Competitive advantage becomes less about technological novelty and more about capability orchestration under conditions of technological ubiquity.

4.2 Marketing Capabilities Under Generative Conditions

Marketing capability research has long centered on market sensing, customer linking, and brand management as strategic levers (Day, 2011). The integration of GenAI reconfigures each of these domains in structurally distinct ways.

First, sensing expands from data interpretation toward scenario generation. Generative systems synthesize unstructured inputs into alternative narratives, accelerating exploratory search (de Haan et al., 2024). This shifts sensing from reactive detection to proactive simulation. However, accelerated sensing also raises the risk of interpretive dilution when informational abundance exceeds managerial absorption capacity.

Second, creative recomposition alters the temporal structure of brand management. Instead of episodic campaign development, firms may engage in continuous generative experimentation. While such flexibility aligns with digital transformation logics (Verhoef et al., 2021), it also introduces tensions between variation and coherence. Pedersen and Ritter (2024) highlight that AI-generated artefacts may simulate authenticity without experiential grounding, suggesting that symbolic legitimacy may weaken if generative variation is insufficiently constrained.

Third, the redistribution of decision authority reshapes customer linking processes. When AI-generated outputs inform frontline communication or segmentation logic, expertise hierarchies are reconfigured. Organizational learning becomes dependent not only on experiential feedback but also on algorithmically structured suggestion.

These shifts imply that marketing capability reconfiguration is not uniformly performance-enhancing. Instead, it is structurally ambivalent, capable of strengthening adaptability while simultaneously destabilizing symbolic coherence and expertise accumulation.

4.3 Exploration Acceleration and the Risk of Strategic Deskilling

The acceleration of exploration enabled by GenAI introduces a paradox within organizational learning dynamics. Ritala et al. (2024) demonstrate that AI capability development unfolds through iterative learning processes embedded in organizational history. Generative systems intensify exploratory variation by lowering the cost of experimentation and idea generation. Yet, sustained strategic advantage depends on balancing exploration with exploitation.

When creative recomposition and cognitive amplification substitute rather than complement experiential learning, firms risk weakening deep domain expertise. Decision authority redistribution may anchor managerial judgment to algorithmic outputs, gradually reducing reflective deliberation. Over time, such reliance can produce strategic deskilling—where efficiency gains obscure erosion in interpretive competence.

Empirical evidence on digital technology contingencies reinforces this concern. Friess et al. (2024) show that digital sales technologies yield positive performance effects only under specific task conditions. Analogously, generative integration enhances capability when aligned with complexity and dynamism but may undermine coherence in stable or identity-driven markets.

Thus, the long-term implications of GenAI hinge not on its generative capacity per se but on the institutionalization of learning safeguards that preserve human interpretive depth.

4.4 Legitimacy, Authenticity, and Governance as Strategic Moderators

Beyond internal capability architecture, GenAI reshapes external legitimacy dynamics. The digital authenticity paradox identified by Pedersen and Ritter (2024) underscores how synthetic artefacts may challenge traditional markers of brand credibility. Marketing strategies built upon experiential authenticity may face heightened scrutiny when generative content becomes pervasive.

Corporate Digital Responsibility (CDR) frameworks (Hartley et al., 2024) offer a lens for interpreting this tension. As firms integrate generative systems into customer-facing communication, governance maturity becomes intertwined with capability effectiveness. Transparency, accountability, and ethical data practices influence not only reputational outcomes but also the sustainability of marketing capabilities themselves.

In this context, governance is not an external constraint but an internal moderator of strategic reconfiguration. Firms that embed digital responsibility principles into AI-enabled routines are better positioned to maintain legitimacy while leveraging generative flexibility.

4.5 Theoretical Implications

The analysis advances three theoretical contributions.

First, it extends dynamic capabilities theory into probabilistic technological environments by incorporating generative systems into the microfoundations of sensing, seizing, and transforming.

Second, it reframes marketing capabilities as socio-technical constructs shaped by generative recombination, thereby moving beyond efficiency-based conceptions of AI-powered marketing (Kumar et al., 2024).

Third, it highlights the dual potential of generative integration—adaptive amplification and competence erosion—clarifying boundary conditions that future empirical research can test.

Generative AI thus emerges as neither inherently transformative nor inherently destabilizing. Its strategic implications are mediated by organizational learning design, symbolic positioning, and governance maturity. Recognizing this conditionality deepens theoretical understanding of capability evolution in digitally intensive environments.

5. Conclusion

The diffusion of Generative Artificial Intelligence marks a structural inflection point in the evolution of marketing capabilities. Rather than functioning as a supplementary automation tool, GenAI intervenes in the core processes through which firms sense markets, construct symbolic value, and enact strategic decisions. By conceptualizing GenAI as a dynamic marketing capability, this study shifts the analytical focus from technological adoption toward capability reconfiguration.

Three interrelated mechanisms—cognitive amplification, creative recomposition, and decision authority redistribution—illuminate how generative systems reshape the microfoundations of sensing, seizing, and transforming processes. These mechanisms reveal that strategic renewal in generative environments emerges from hybrid socio-technical configurations rather than purely managerial routines. The integration of probabilistic systems into creative and interpretive domains challenges established assumptions about agency, expertise, and symbolic authenticity within marketing strategy.

The analysis further underscores the conditional nature of generative integration. Performance enhancement is neither automatic nor universal. Instead, outcomes depend on contextual moderators such as task complexity, market dynamism, brand positioning, and governance maturity. When generative systems are embedded within structured learning architectures and legitimacy safeguards, they can amplify adaptive capacity. When deployed

without strategic constraint, they risk eroding symbolic coherence and weakening experiential expertise.

By extending dynamic capabilities theory into probabilistic technological contexts, this study contributes to a deeper understanding of capability evolution under digitally intensive conditions. It also reframes marketing capabilities as socio-technical constructs shaped by generative recombination and algorithmic mediation. In doing so, it clarifies that sustainable advantage in the generative era depends less on technological possession and more on the orchestration of learning, creativity, and governance.

Future research may empirically examine the boundary conditions identified here, explore longitudinal trajectories of capability transformation, and investigate cross-industry variation in generative integration. Such inquiry is essential for advancing theoretical debates on strategic adaptation and for understanding the long-term implications of AI-enabled marketing transformation in increasingly algorithmic organizational environments.

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