Manexia
Journal of Business, Management, and Creative Economy

Vol. 1 | Issue 2 | May 2025
Pages 38-55
DOI
https://doi.org/10.66203/manexia.01204

Synthetic Creativity and the Recomposition of Brand Value: A Dynamic Capability Perspective on Generative AI Intensification

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Article History:
Submitted: 17-09-2024
Approved: 21-02-2025
Published: 06-05-2025

Available at the open access journal:
https://sciedex.com/manexia

Abstrak

The diffusion of generative AI challenges foundational assumptions in branding and strategic management. Classical brand theory conceptualizes differentiation as the outcome of human-authored creativity, while dynamic capabilities scholarship emphasizes costly exploration and managerial orchestration as the basis of sustained advantage. Generative AI disrupts these premises by enabling large-scale probabilistic recombination of symbolic content at marginal cost. This article advances a conceptual re-theorization of creativity under such conditions by introducing synthetic creativity as an orchestrated dynamic capability through which firms govern probabilistic generative systems to sustain symbolic differentiation. Integrating dynamic capabilities theory, exploration–exploitation logic, organizational learning, and AI research, a mechanism-based model is developed to explain how generative AI intensification produces non-linear effects on brand value. Three interdependent mechanisms are specified: exploration compression, capability substitution versus augmentation, and metric-driven symbolic over-optimization. Together, these mechanisms generate a curvilinear relationship between AI intensification and brand differentiation, moderated by data heterogeneity, governance architecture, and infrastructural control. By shifting analytical focus from AI adoption to orchestration asymmetry, the study reconceptualizes competitive advantage in symbolic markets as dependent on governance of probabilistic infrastructures rather than on ideational originality. The framework establishes theoretical foundations for examining strategic differentiation in the generative economy.

Keywords

synthetic creativity; brand value differentiation; dynamic capabilities; exploration–exploitation; organizational learning; symbolic governance

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1. Introduction

Brand value has long been theorized as a symbolic asset rooted in meaningful differentiation, cultural resonance, and intentional acts of creativity (Aaker, 1996; Keller, 1993; Holt, 2004). Within dominant branding theory, creativity is implicitly treated as a human-centered capability: symbolic meaning emerges from intentional authorship, interpretive depth, and the strategic orchestration of narratives that competitors cannot easily replicate. Competitive advantage, in this view, rests on the firm's ability to cultivate distinctive meaning systems that are scarce, socially complex, and path dependent (Barney, 1991; Peteraf, 1993).

However, the rapid diffusion of generative artificial intelligence challenges this foundational assumption. Generative systems produce persuasive text, visual artefacts, and multimodal brand expressions without intentionality, experiential grounding, or authorial consciousness. These systems operate through probabilistic recombination of patterns encoded in large-scale datasets rather than through purposive symbolic construction (Riemer & Peter, 2024). The resulting artefacts often appear creative, coherent, and contextually adaptive. Yet their mode of production is structurally distinct from the human creative processes assumed in classical brand theory.

This divergence generates a theoretical tension that remains insufficiently resolved. If brand value depends on distinctive symbolic production, and if generative AI lowers the cost and accelerates the scale of creative recombination, then the mechanisms underlying differentiation may be undergoing structural recomposition. While emerging research acknowledges the transformative potential of AI in marketing and innovation (Kumar et al., 2024; Mariani & Dwivedi, 2024), much of this work conceptualizes AI primarily as an efficiency-enhancing tool or as a driver of improved decision-making accuracy. Such perspectives extend existing frameworks rather than interrogating their ontological premises. They assume continuity in the underlying mechanisms of value creation.

Yet dynamic capabilities theory suggests that sustained advantage depends not on operational efficiency alone but on the firm's ability to reconfigure sensing, seizing, and transforming activities under shifting environmental conditions (Teece, 2007). When generative AI becomes deeply embedded in creative processes, it does not merely augment sensing or accelerate exploitation; it alters the structure of exploration itself. Exploration, traditionally understood as costly, uncertain search in novel domains (March, 1991), becomes compressed through algorithmic recombination. The cost of experimentation declines, the velocity of content variation increases, and the boundary between exploration and exploitation becomes blurred.

This compression introduces a paradox. On one hand, generative AI expands the combinatorial space of potential brand expressions, enabling rapid experimentation and adaptive personalization. On the other hand, because these systems draw from overlapping data distributions, large-scale reliance on them may induce stylistic convergence. Recombinant novelty, when generated from shared probabilistic substrates, can reduce variance in symbolic differentiation. Under conditions of high intensification, generative AI may therefore produce non-linear strategic consequences: moderate integration amplifies differentiation, whereas excessive reliance erodes distinctiveness.

The literature on organizational learning and capability development provides partial insight into this dynamic. Research has shown that technological adoption is embedded in exploration–exploitation trade-offs and path-dependent learning processes (Levinthal & March, 1993; Ritala et al., 2024). However, existing accounts treat AI capability building primarily as an issue of technical integration or absorptive capacity (Cohen & Levinthal, 1990). They do not fully theorize how the probabilistic nature of generative systems reshapes the symbolic architecture of market offerings. The focal issue is not whether firms can adopt

AI, but how AI intensification reconfigures the mechanisms through which symbolic value is constructed, stabilized, and differentiated.

The present study advances a re-theorization of creativity in the context of generative AI. Rather than conceptualizing creativity as the property of either human agents or algorithmic systems, it is reframed as an orchestrated capability embedded in organizational structures. Synthetic creativity is defined as the firm's ability to strategically govern probabilistic generative systems to produce differentiated symbolic outputs. This shift moves the locus of advantage from originality per se to orchestration asymmetry—the uneven distribution of capabilities to direct, constrain, and recombine generative processes in ways that sustain distinctiveness.

Building on dynamic capabilities and exploration–exploitation theory, this article develops a mechanism-based model explaining how intensification of generative AI leads to non-linear recomposition of brand value. Three interdependent mechanisms are identified: compression of exploration space, substitution versus augmentation of creative routines, and metric-driven over-optimization of symbolic outputs. Together, these mechanisms generate curvilinear effects on brand differentiation and expose boundary conditions under which generative AI strengthens or dilutes symbolic capital.

By articulating these mechanisms, the study departs from dominant narratives that equate AI integration with linear performance enhancement. It instead posits that generative AI constitutes a structural inflection point in the evolution of branding capabilities. The contribution is therefore not incremental extension but conceptual repositioning: brand value in the generative era depends less on the intrinsic originality of ideas and more on the firm's capacity to manage the probabilistic infrastructures that produce them.

The sections that follow develop the theoretical foundations of this repositioning, integrate classical and contemporary perspectives, and formalize a non-linear model of synthetic creativity as a dynamic capability underpinning the recomposition of brand value.

2. Theoretical Foundations

The recomposition of brand value in the era of generative AI cannot be understood without revisiting the theoretical pillars that historically structured thinking about creativity, competitive advantage, and organizational adaptation. The dominant assumptions underpinning branding and strategic management were developed under conditions in which creativity was scarce, human-authored, and costly. Generative AI disrupts these conditions not merely technologically, but structurally. Accordingly, this section reconstructs three interrelated foundations: classical branding theory and symbolic differentiation, dynamic capabilities and exploration–exploitation logics, and the emerging conceptualization of generative AI as a probabilistic style engine. Together, these foundations expose the conceptual fault lines that necessitate re-theorization.

2.1 Creativity, Symbolic Differentiation, and Brand Value

Brand value has traditionally been conceptualized as a symbolic construct anchored in differentiation and meaning (Keller, 1993; Aaker, 1996). Within this framework, brand equity arises when consumers associate a brand with distinctive, favorable, and strong mental representations. These representations are not reducible to functional attributes; they are symbolic condensations of narratives, cultural codes, and experiential associations (Holt, 2004). Competitive advantage emerges when such symbolic architectures are difficult to imitate due to their social complexity and path-dependent formation (Barney, 1991).

Underlying this body of work is an implicit theory of creativity. Organizational creativity research defines creative output as the production of ideas or artefacts that are both novel

and appropriate within a given social context (Woodman et al., 1993; Amabile, 1996). Novelty, in this sense, presupposes deviation from existing patterns, while appropriateness presupposes contextual alignment. Importantly, creativity is treated as an intentional process embedded in human cognition, social interaction, and interpretive judgment.

This assumption is rarely problematized because the cost of creative experimentation historically constrained production volume. The scarcity of creative outputs reinforced the centrality of authorial intentionality in constructing brand distinctiveness. Recombinant innovation theory acknowledges that novelty often arises from combining existing elements (Fleming, 2001), yet even this recombination is assumed to be purposively directed by human agents navigating uncertain search landscapes.

Generative AI destabilizes these assumptions by decoupling novelty from intentionality. When artefacts are produced through probabilistic recombination of large-scale training data, novelty becomes statistical rather than purposive. The symbolic distinctiveness of brands, therefore, may no longer derive from the rarity of creative acts but from the governance of generative processes. Classical branding theory offers limited conceptual tools for analyzing this shift because it presumes that differentiation is rooted in human-authored meaning construction.

The tension is thus structural: if creative output can be scaled infinitely at marginal cost, and if that output is drawn from overlapping probabilistic substrates, then symbolic differentiation may become simultaneously easier to produce and harder to sustain.

2.2 Dynamic Capabilities and the Exploration–Exploitation Logic

Strategic management literature provides a complementary perspective by focusing on how firms sustain advantage under changing conditions. The resource-based view posits that advantage stems from valuable, rare, inimitable, and non-substitutable resources (Barney, 1991; Peteraf, 1993). Dynamic capabilities extend this logic by emphasizing the firm's ability to integrate, build, and reconfigure internal and external competences (Teece et al., 1997; Teece, 2007). Competitive advantage thus depends not merely on asset possession but on higher-order capabilities that orchestrate resource deployment.

Central to this perspective is the exploration–exploitation trade-off (March, 1991). Exploration involves experimentation with new alternatives under conditions of uncertainty, whereas exploitation emphasizes refinement and efficiency in existing domains. Organizational learning research demonstrates that excessive exploitation leads to rigidity, while excessive exploration leads to instability (Levinthal & March, 1993). Sustained performance requires balancing these competing logics.

Generative AI intervenes directly in this equilibrium. By dramatically reducing the cost and time associated with creative experimentation, AI systems compress the exploration space. The combinatorial search that once required significant cognitive and organizational investment can now be automated. At first glance, this appears to enhance exploration without sacrificing exploitation. However, complexity theory suggests that search processes on rugged landscapes are highly sensitive to the structure of the search space (Levinthal, 1997). When multiple actors draw from similar probabilistic distributions, the effective variance of exploration outcomes may decline despite increased volume.

Dynamic capabilities theory has yet to fully theorize how algorithmically mediated search alters the topology of competitive landscapes. If generative AI reduces differentiation in exploration trajectories across firms, the competitive field may converge even as experimentation intensifies. In such contexts, the advantage shifts from generating variations to governing variation processes. Exploration ceases to be scarce; orchestration becomes scarce.

Moreover, dynamic capabilities emphasize managerial orchestration of assets (Teece, 2007). When creative generation becomes partially autonomous, the boundary between capability augmentation and substitution becomes ambiguous. If AI substitutes rather than augments creative routines, firms risk eroding the tacit knowledge that underpins long-term distinctiveness. The literature on capability traps indicates that short-term efficiency gains can undermine long-term adaptability (Benner & Tushman, 2003). Generative AI may accelerate this dynamic by incentivizing metric-driven optimization over symbolic coherence.

2.3 Generative AI as Probabilistic Style Engine

Recent scholarship conceptualizes generative AI not as traditional computing machinery but as probabilistic systems encoding statistical regularities of prior data (Riemer & Peter, 2024). Unlike deterministic systems that retrieve stored information, generative models produce outputs by sampling from learned distributions. They do not "create" in a human sense; they instantiate style patterns embedded within training corpora.

This distinction is theoretically consequential. When artefacts are generated through style recombination, the distinction between object and appearance dissolves. Brand expressions become manifestations of probabilistic style clusters rather than intentional narratives. The generative process is thus structurally predisposed toward recombination rather than origination.

Emerging AI marketing research emphasizes performance gains in personalization and efficiency (Kumar et al., 2024). However, it remains largely silent on the structural implications of probabilistic generation for symbolic differentiation. If firms rely extensively on similar foundation models, stylistic convergence may occur across industries. The risk is not that brands become identical, but that their variance is constrained within shared generative boundaries.

At the same time, generative AI can amplify heterogeneity when governed asymmetrically. Firms differ in data inputs, prompt engineering routines, governance controls, and integration architectures. These differences shape the distribution of outputs and, consequently, symbolic distinctiveness. The competitive locus therefore shifts from creative act to generative infrastructure.

This reconceptualization aligns partially with ecosystem and control-point perspectives, which argue that value capture increasingly depends on control over digital infrastructures rather than on standalone products (Bohnsack et al., 2024). In the generative domain, control over training data, model fine-tuning, and orchestration protocols may function as new control points in symbolic markets.

2.4 Integrative Implication

Taken together, these foundations reveal a structural discontinuity. Branding theory presumes intentional creativity as the source of differentiation. Dynamic capabilities theory presumes costly exploration as the driver of strategic renewal. Generative AI disrupts both assumptions by enabling low-cost probabilistic recombination at scale. The result is not a simple efficiency enhancement but a transformation of the mechanisms underlying symbolic value creation.

This discontinuity necessitates re-theorizing creativity as an orchestrated organizational capability embedded in probabilistic infrastructures. The next section develops this re-theorization by specifying the mechanisms through which generative AI intensification produces non-linear recomposition of brand value.

3. Synthetic Creativity and the Non-Linear Recomposition Of Brand Value

The preceding discussion revealed a structural discontinuity between classical assumptions of symbolic differentiation and the probabilistic architecture of generative AI. This section advances a re-theorization that relocates creativity from the domain of human intentionality to the domain of organizational orchestration over generative infrastructures. Rather than treating AI as an exogenous tool that enhances existing capabilities, generative systems are conceptualized as endogenous components that reshape the topology of exploration, capability configuration, and symbolic production.

The argument proceeds by specifying three interdependent mechanisms through which generative AI intensification produces non-linear effects on brand value: (1) compression of exploration space, (2) capability substitution versus augmentation, and (3) metric-driven symbolic over-optimization. These mechanisms operate jointly and conditionally, generating curvilinear consequences for differentiation and long-term symbolic capital.

3.1 Redefining Synthetic Creativity as an Orchestrated Dynamic Capability

Dynamic capabilities theory emphasizes managerial orchestration of assets and processes to adapt under environmental turbulence (Teece, 2007). In this tradition, competitive advantage depends not merely on the possession of resources but on higher-order capacities that reconfigure resource bases. Applying this lens to generative AI requires reframing creativity itself as a reconfigurable capability rather than an intrinsic property of individual agents.

Synthetic creativity is defined here as the firm's capability to orchestrate probabilistic generative systems in ways that produce differentiated and strategically coherent symbolic outputs. The locus of advantage thus shifts from the originality of discrete ideas to the governance architecture that shapes generative processes. This reframing aligns with recent innovation scholarship suggesting that AI-enabled innovation depends on organizational integration practices rather than algorithmic sophistication alone (Mariani et al., 2023; Ritala et al., 2024).

This reconceptualization also extends recombinant search theory (Fleming, 2001). In human-mediated recombination, search is constrained by cognitive limitations and local knowledge structures. In generative systems, recombination occurs across vast statistical representations, dramatically expanding combinatorial capacity. However, this expansion does not guarantee strategic distinctiveness because search trajectories become partially homogenized when firms rely on shared model architectures. Thus, synthetic creativity is not the output of the model; it is the asymmetry in orchestration across firms.

Taken together, the theoretical implication is foundational: generative AI does not eliminate dynamic capabilities but relocates them. The relevant capability shifts toward the governance of probabilistic exploration rather than toward idea generation itself.

3.2 Mechanism 1: Compression of Exploration Space

Exploration, classically understood as experimentation under uncertainty (March, 1991), is costly and path dependent (Levinthal & March, 1993). Generative AI dramatically reduces these costs by automating variation production. At moderate levels of integration, this compression enhances a firm's adaptive capacity. Firms can rapidly test alternative brand narratives, visual identities, and campaign framings, increasing the probability of discovering resonant configurations.

However, complexity theory suggests that performance landscapes are rugged rather than smooth (Levinthal, 1997). When multiple actors explore similar regions of the landscape

using comparable heuristics, search outcomes converge. Generative AI systems, trained on overlapping corpora, embed shared statistical regularities. As reliance intensifies, the variance of exploration across firms declines even if the volume of experimentation increases.

This dynamic produces a curvilinear effect. Initial AI integration expands effective exploration breadth by lowering experimentation costs. Beyond a threshold, intensified reliance narrows differentiation because stylistic outputs gravitate toward high-probability regions of the shared distribution. The firm's symbolic outputs become locally optimized but globally convergent.

Recent AI marketing research emphasizes efficiency and personalization gains (Kumar et al., 2024), yet such analyses assume linear performance improvements. The compression mechanism suggests instead that intensification produces diminishing—and eventually negative—returns for differentiation. Exploration becomes abundant but shallow. The scarcity that underpins symbolic distinctiveness is eroded not by imitation but by statistical convergence.

3.3 Mechanism 2: Capability Substitution versus Augmentation

Dynamic capabilities literature distinguishes between capability development that enhances learning and processes that create rigidity (Benner & Tushman, 2003). Generative AI introduces a substitution–augmentation tension within creative routines. When AI augments human creativity—supporting ideation while preserving interpretive judgment—organizational learning may deepen. Tacit knowledge interacts with algorithmic recombination, potentially generating differentiated outputs.

However, when AI substitutes rather than augments creative processes, firms risk attenuating the human interpretive capacities that historically anchored brand coherence. Organizational learning research demonstrates that overreliance on standardized processes can produce competency traps (Levinthal & March, 1993). In the generative context, substitution may reduce experiential variation within creative teams, weakening the firm's absorptive capacity over time (Cohen & Levinthal, 1990).

The consequence is temporal asymmetry. Short-term efficiency and output volume increase, reinforcing managerial incentives to intensify AI reliance. Yet long-term symbolic differentiation may deteriorate as tacit interpretive capabilities erode. Synthetic creativity becomes mechanistic rather than strategic. Thus, the substitution–augmentation balance mediates the relationship between AI intensification and brand value.

This mechanism aligns with emerging scholarship arguing that AI capability development is embedded in organizational learning practices rather than determined by technical adoption alone (Ritala et al., 2024). Firms differ not in access to models but in how they integrate them into existing routines. Strategic advantage depends on preserving interpretive slack that sustains long-term differentiation.

3.4 Mechanism 3: Metric-Driven Symbolic Over-Optimization

Digital marketing infrastructures incentivize performance metrics such as engagement rates, click-through ratios, and real-time responsiveness. Generative AI amplifies this orientation by enabling rapid optimization across micro-segments. While such optimization enhances short-term resonance, it may conflict with the symbolic coherence required for durable brand equity.

Brand value theory emphasizes consistency and cultural meaning over time (Keller, 1993; Holt, 2004). Over-optimization toward immediate metrics fragments narrative coherence, producing locally resonant but globally inconsistent expressions. The firm may maximize tactical engagement while diluting strategic identity.

This phenomenon parallels findings in data-driven culture research, where excessive reliance on real-time analytics can undermine exploratory innovation (Chaudhuri et al., 2024). In symbolic markets, the equivalent risk is identity volatility. Generative AI, when tightly coupled with metric dashboards, accelerates micro-adjustments that gradually destabilize macro-level meaning structures.

The mechanism is therefore recursive. AI-driven optimization produces short-term gains that legitimize further intensification. Yet the cumulative effect may be symbolic dilution. Brand value, unlike engagement metrics, accumulates through coherent long-term narratives. Over-optimization distorts this accumulation process.

3.5 Integrative Non-Linear Model

The three mechanisms jointly produce a non-linear recomposition of brand value. At low to moderate levels of AI intensification, exploration compression enhances adaptive variation, augmentation preserves interpretive depth, and optimization refines resonance. Differentiation increases.

The following diagram isolates the internal dynamics of the three mechanisms and clarifies their systemic interdependence. Rather than presenting them as parallel channels, the architecture shows how exploration compression, substitution dynamics, and metric over-optimization recursively reinforce one another, generating cumulative non-linearity in symbolic outcomes.

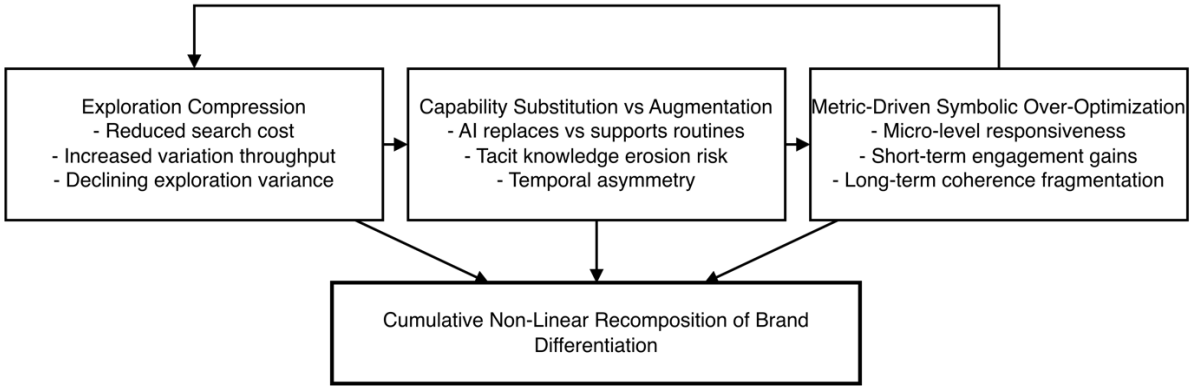

Figure 1. Interdependent Mechanism Architecture of Synthetic Creativity
Source: Developed by the authors

Figure 1 clarifies that the three mechanisms do not operate independently but form a recursive system that amplifies non-linear effects. Exploration compression increases experimentation density, which can accelerate substitution dynamics; substitution may intensify reliance on metric-driven optimization; and over-optimization can further narrow exploration variance. Through these reinforcing feedback loops, Figure 1 demonstrates how synthetic creativity evolves into a cumulative mechanism that reconfigures brand differentiation over time.

Beyond a threshold, convergence in exploration reduces stylistic variance, substitution erodes tacit capabilities, and metric-driven adaptation fragments symbolic coherence. Differentiation declines.

The relationship between AI intensification and brand value is therefore curvilinear rather than monotonic. Boundary conditions moderate this curve. Data heterogeneity expands exploration breadth. Governance mechanisms constrain substitution. Creative slack preserves interpretive capacity. These moderators determine whether intensification yields amplification or dilution.

This model extends dynamic capabilities theory by demonstrating that technological intensification can generate non-linear strategic consequences even when operational performance improves. It also repositions creativity as infrastructural orchestration rather than ideational originality. The strategic question is no longer whether AI can generate creative content, but under what governance conditions synthetic creativity sustains differentiation in probabilistic environments.

4. Model Formalization and Propositions

The preceding section articulated three interdependent mechanisms through which generative AI intensification reshapes the architecture of symbolic value creation. This section formalizes these mechanisms into an integrated conceptual model and derives theoretically grounded propositions. The objective is not hypothesis proliferation, but analytical clarification of causal pathways, non-linear dynamics, and boundary conditions that reposition synthetic creativity as a dynamic capability.

4.1 Structural Components of the Model

The model is structured around four core constructs:

1) Generative AI Intensification,
2) Synthetic Creativity as Orchestrated Capability,
3) Mechanism Cluster (Exploration Compression, Capability Substitution/Augmentation, Metric Over-Optimization), and
4) Brand Value Differentiation.

Generative AI intensification is conceptualized not as mere adoption but as the degree to which generative systems are embedded in core creative and branding routines. Intensification increases algorithmic influence over exploration processes, content generation, and performance optimization.

Synthetic creativity is positioned as a higher-order capability that governs how probabilistic systems are orchestrated. It reflects governance architecture, integration depth, interpretive slack, and control over generative infrastructures.

Brand value differentiation refers to sustained symbolic distinctiveness in the market, consistent with customer-based brand equity frameworks (Keller, 1993) and cultural branding theory (Holt, 2004).

The causal architecture proceeds from AI intensification to brand differentiation through the three mechanisms identified earlier. Importantly, the model specifies non-linear effects and moderator conditions rather than linear performance improvements.

4.2 Non-Linear Relationship Between AI Intensification and Brand Differentiation

Dynamic capabilities theory implies that performance consequences of capability reconfiguration depend on alignment and orchestration (Teece, 2007). When generative AI is moderately integrated, it expands effective search capacity and enhances adaptive responsiveness. Exploration compression reduces experimentation cost, enabling broader variation and iterative refinement.

This figure makes the paper's core non-linear claim interpretable at a glance by isolating the curvilinear effect of AI intensification on brand differentiation and indicating how boundary conditions can shift the inflection point. It complements the integrated framework by giving the reader a clean visual anchor for the inverted-U logic behind the propositions.

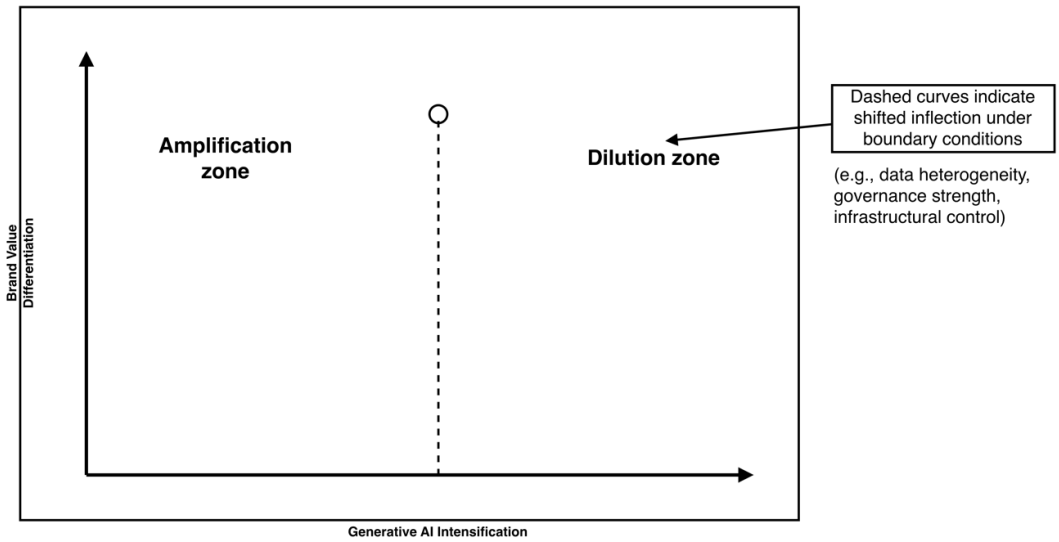

Figure 2. Curvilinear Effect of Generative AI Intensification on Brand Differentiation
Source: Developed by the authors

As rendered in Figure 2, brand differentiation increases as AI intensification moves from low to moderate levels, but then declines once intensification crosses a threshold where convergence, substitution risks, and over-optimization pressures dominate. The dashed alternatives in Figure 2 indicate that boundary conditions can shift the inflection point, clarifying why the same level of intensification may amplify differentiation in some governance contexts yet dilute it in others.

However, beyond a threshold, shared probabilistic infrastructures reduce inter-firm variance in symbolic outputs. The compression of exploration space becomes convergence of exploration trajectories. As multiple firms optimize within similar distributional boundaries, differentiation diminishes.

This dynamic implies a curvilinear (inverted U-shaped) relationship between AI intensification and brand differentiation.

Proposition 1. Generative AI intensification exhibits a curvilinear relationship with brand differentiation such that moderate intensification enhances differentiation, whereas excessive intensification reduces symbolic distinctiveness.

This proposition departs from linear augmentation narratives in AI marketing research (Kumar et al., 2024) by explicitly theorizing diminishing and negative returns at high intensification levels.

4.3 Mediation Through Exploration Compression

The curvilinear effect is mediated by exploration compression. At moderate levels, compression increases variation throughput. At high levels, compression narrows exploration variance across firms.

Drawing from rugged landscape theory (Levinthal, 1997), the effective search breadth is not defined by output volume but by variance in trajectory. When generative models rely on overlapping training distributions, high-frequency sampling gravitates toward high-probability regions. As intensification rises, exploration becomes dense but locally clustered.

Proposition 2. The curvilinear relationship between AI intensification and brand differentiation is mediated by exploration compression, such that reduced exploration variance at high intensification levels drives symbolic convergence.

This reframes exploration not as quantity of experimentation but as structural heterogeneity of search trajectories.

4.4 Moderation by Capability Substitution versus Augmentation

The substitution–augmentation balance determines whether synthetic creativity reinforces or undermines dynamic capabilities. When AI augments human routines, interpretive capacity and tacit knowledge remain active, preserving long-term symbolic coherence. When AI substitutes creative routines, human learning diminishes and absorptive capacity weakens (Cohen & Levinthal, 1990).

This dynamic introduces temporal asymmetry. Short-term output volume and efficiency increase under substitution, but long-term differentiation erodes due to capability degradation.

Proposition 3. The relationship between AI intensification and brand differentiation is moderated by the substitution–augmentation balance, such that augmentation strengthens positive effects at moderate intensification, whereas substitution amplifies negative effects at high intensification.

This proposition extends capability trap logic (Benner & Tushman, 2003) into the generative domain by identifying AI substitution as a potential rigidity mechanism.

4.5 Moderation by Metric-Driven Optimization Orientation

Generative AI integration often co-evolves with data-driven performance cultures (Chaudhuri et al., 2024). When optimization orientation prioritizes short-term engagement metrics, symbolic coherence may fragment.

The preceding sections have articulated the mediating and moderating mechanisms through which generative AI intensification reshapes brand differentiation. To consolidate these dynamics analytically and avoid conceptual dispersion, the core mechanisms are synthesized in Table 1. The table clarifies their theoretical anchors, structural roles, and directional implications for differentiation, thereby compressing the model's causal logic into an integrative framework.

Table 1. Structural Mechanisms Linking AI Intensification and Brand Differentiation

Mechanism	Theoretical Anchor	Structural Role in the Model	Directional Effect on Differentiation
Exploration Compression	Exploration–Exploitation (March, 1991); Rugged Landscapes (Levinthal, 1997)	Reduces search cost while narrowing inter-firm exploration variance at high intensification	Mediates inverted-U relationship: amplification at moderate levels; convergence at high levels
Capability Substitution vs Augmentation	Dynamic Capabilities (Teece, 2007); Absorptive Capacity (Cohen & Levinthal, 1990)	Determines whether AI replaces or supports interpretive routines	Moderates curve slope: augmentation sustains differentiation; substitution accelerates decline
Metric-Driven Symbolic Over-Optimization	Brand Equity (Keller, 1993); Cultural Branding (Holt, 2004)	Intensifies short-term optimization and fragments narrative coherence	Amplifies negative curvature under high intensification and strong metric orientation

Source: Developed by the authors

Table 1 clarifies that the non-linear relationship proposed in this study does not emerge from a single technological effect, but from the interaction of structurally distinct mechanisms rooted in established theoretical traditions. By aligning each mechanism with its causal role and directional implication, Table 1 reinforces the argument that AI intensification reshapes differentiation through mediated and moderated pathways rather than through linear performance enhancement.

Metric over-optimization increases micro-level responsiveness while destabilizing macro-level identity consistency. Brand equity, however, accumulates through coherent long-term meaning structures (Keller, 1993). High optimization orientation therefore steepens the downward slope of the inverted U-curve at high intensification levels.

Proposition 4. The negative effect of high AI intensification on brand differentiation is amplified under strong metric-driven optimization orientation.

This proposition situates the model within broader debates on data-driven culture and organizational identity stability.

4.6 Boundary Conditions

The model specifies three principal boundary conditions that shape curve curvature and inflection point location.

First, data heterogeneity moderates exploration compression. Firms with proprietary, differentiated data inputs expand effective search variance and delay convergence effects.

Second, governance architecture moderates substitution dynamics. Firms with explicit human-in-the-loop controls, creative oversight, and interpretive slack maintain augmentation rather than substitution.

Third, ecosystem positioning influences infrastructural control. Firms controlling generative infrastructures (e.g., through fine-tuning, proprietary models, or integration asymmetries) maintain higher orchestration asymmetry, reducing convergence risk.

Proposition 5. Data heterogeneity, governance strength, and infrastructural control shift the inflection point of the curvilinear relationship between AI intensification and brand differentiation.

4.7 Conceptual Visualization

The model below formalizes the non-linear architecture linking generative AI intensification to brand differentiation. It integrates mediation and moderation effects within a dynamic capability framework, clarifying how synthetic creativity operates as an orchestrated governance capability rather than a linear performance enhancer.

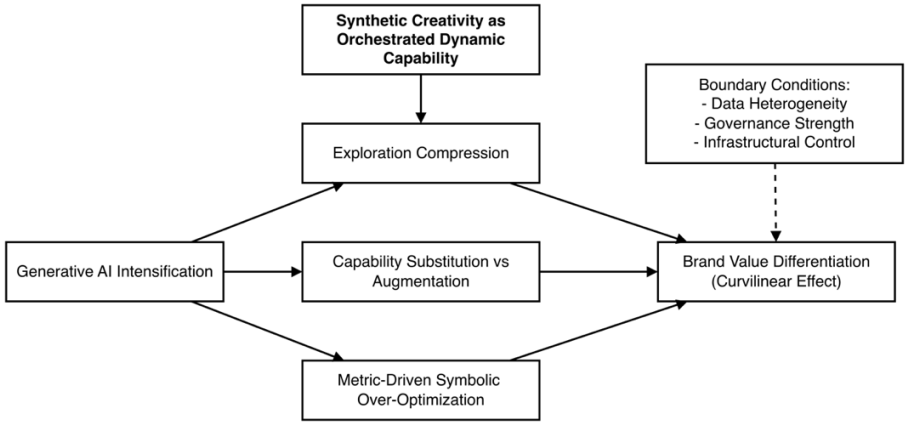

Figure 3. Integrated Non-Linear Model of Synthetic Creativity and Brand Differentiation
Source: Developed by the authors

Figure 3 articulates the structural architecture linking generative AI intensification to brand value differentiation through three mediating mechanisms. The framework positions synthetic creativity as an orchestrated dynamic capability that governs probabilistic exploration processes. As shown in Figure 3, boundary conditions—data heterogeneity, governance strength, and infrastructural control—shape the curvature and inflection of the differentiation outcome, reinforcing the article's central claim that strategic advantage depends on orchestration asymmetry rather than linear technological adoption.

4.8 Theoretical Implication of the Model

The model reframes generative AI from productivity enhancer to structural reconfigurator of symbolic competition. It demonstrates that intensification produces non-linear consequences through interacting mechanisms embedded in probabilistic infrastructures.

This reconceptualization shifts the unit of analysis from creative output to orchestration asymmetry and from adoption level to intensification dynamics. Brand value becomes contingent on how firms manage the structural properties of generative systems rather than on whether they deploy them.

The next section interprets these findings through the lenses of dynamic capabilities theory, branding theory, and innovation research, clarifying the broader theoretical repositioning advanced by this study.

5. Theoretical Contributions and Discussion

The model developed in this study advances a structural re-theorization of creativity and brand value under conditions of generative AI intensification. Rather than extending existing AI-in-marketing frameworks incrementally, the argument challenges three dominant assumptions embedded in branding, dynamic capabilities, and digital marketing research. This section explicates these theoretical shifts and clarifies their implications.

5.1 Repositioning Creativity: From Intentional Originality to Orchestrated Probabilistic Governance

Classical branding theory presumes that symbolic differentiation originates in intentional, human-authored creativity (Aaker, 1996; Keller, 1993; Holt, 2004). Even recombinant innovation frameworks assume purposive search processes guided by cognitive agents (Fleming, 2001). The present model departs from this anthropocentric assumption by demonstrating that, in probabilistic generative environments, differentiation no longer depends primarily on ideational originality.

Instead, creativity becomes infrastructural. It resides in the governance architecture that shapes generative trajectories. Synthetic creativity is not reducible to AI output nor to human ideation alone; it is the dynamic capability that orchestrates probabilistic systems to produce differentiated symbolic configurations. This repositioning shifts the locus of competitive advantage from scarce ideas to scarce orchestration asymmetries.

The theoretical implication is ontological rather than incremental. Creativity in the generative era is neither purely human nor purely algorithmic. It is an emergent property of sociotechnical orchestration. This reframing resolves the tension identified in Section 2 by redefining differentiation as governance-mediated rather than authorship-mediated.

5.2 Extending Dynamic Capabilities: Non-Linear Consequences of Technological Intensification

Dynamic capabilities theory traditionally assumes that reconfiguration enhances adaptation under environmental turbulence (Teece, 2007). While scholars acknowledge potential rigidity traps (Benner & Tushman, 2003), technological integration is often framed as capability amplification.

The present analysis demonstrates that technological intensification can produce non-linear strategic consequences even when operational performance improves. By integrating rugged landscape theory (Levinthal, 1997) with exploration–exploitation dynamics (March, 1991), the model shows that generative AI compresses exploration in ways that may increase experimentation volume yet reduce differentiation variance.

This insight advances dynamic capabilities theory in two ways. First, it formalizes a curvilinear relationship between capability intensification and competitive distinctiveness. Second, it specifies mediating mechanisms—exploration compression and substitution dynamics—through which intensification generates both amplification and erosion effects.

The broader theoretical implication is that capability scaling in probabilistic infrastructures alters the topology of strategic landscapes. Performance gains at the operational level may coincide with convergence at the competitive level. Thus, adaptation in generative environments must be evaluated not solely in terms of efficiency but in terms of differentiation variance.

5.3 Reconceptualizing Brand Value Under Algorithmic Optimization

Brand equity research emphasizes coherence, consistency, and cultural resonance over time (Keller, 1993; Holt, 2004). Digital marketing research, by contrast, increasingly emphasizes real-time optimization and data-driven responsiveness (Kumar et al., 2024). Generative AI intensifies this tension by enabling rapid, metric-driven micro-adjustments in brand communication.

The model clarifies that metric over-optimization may fragment symbolic coherence, producing locally resonant yet globally inconsistent brand expressions. This finding challenges the implicit assumption in performance marketing literature that incremental engagement gains necessarily accumulate into long-term brand value.

By distinguishing between tactical resonance and symbolic coherence, the analysis extends brand equity theory into algorithmic environments. It demonstrates that short-term optimization and long-term differentiation may diverge structurally when creative production is governed by real-time probabilistic systems.

This contribution bridges branding theory and AI marketing scholarship by introducing a mechanism-based explanation for why engagement metrics may fail to capture strategic symbolic capital.

5.4 Synthetic Creativity as a Higher-Order Organizational Capability

Organizational learning research highlights the importance of absorptive capacity and path-dependent knowledge accumulation (Cohen & Levinthal, 1990; Levinthal & March, 1993). Generative AI introduces the risk that substitution of human routines diminishes tacit interpretive capabilities.

The present model integrates this insight by identifying substitution–augmentation balance as a critical moderator. Synthetic creativity is sustainable only when generative systems augment rather than replace interpretive processes. Governance structures that preserve human-in-the-loop oversight and creative slack maintain absorptive capacity and prevent competence erosion.

This extension situates generative AI within the broader literature on capability traps and organizational rigidity. It demonstrates that the strategic risk of AI does not lie in technical malfunction but in gradual erosion of interpretive capacity through over-substitution.

Accordingly, synthetic creativity is conceptualized as a higher-order capability that maintains interpretive slack while leveraging probabilistic infrastructure. This reframing positions orchestration governance as the new locus of strategic advantage in symbolic markets.

5.5 Boundary Conditions and Competitive Asymmetry

The identification of boundary conditions further clarifies theoretical implications. Data heterogeneity expands exploration variance; governance strength moderates substitution; infrastructural control shapes orchestration asymmetry. These moderators explain why generative AI does not uniformly homogenize markets.

The model therefore rejects technological determinism. Generative AI does not inherently produce convergence or dilution. Instead, strategic outcomes depend on asymmetries in orchestration capability. Firms that control generative inputs, preserve interpretive slack, and constrain metric over-optimization can shift the inflection point of the non-linear curve, sustaining differentiation even under high intensification.

While the preceding sections identified boundary conditions conceptually, their strategic implications become clearer when configured systematically. Table 2 translates governance strength, data heterogeneity, and AI role into distinct orchestration patterns, clarifying how different configurations shift the trajectory of differentiation under AI intensification.

Table 2. Governance Configurations and Differentiation Trajectories

Governance Strength	Data Heterogeneity	AI Role in Creative Routines	Orchestration Asymmetry	Differentiation Trajectory
Weak	Low	Substitution-dominant	Low	Rapid convergence and symbolic homogenization
Weak	High	Substitution-dominant	Moderate (data-driven)	Temporary amplification followed by instability
Strong	Low	Augmentation-dominant	Moderate (process-based)	Moderate growth with early plateau
Strong	High	Augmentation-dominant	High	Sustained differentiation with delayed inflection
Strong	High	Hybrid (controlled substitution with interpretive slack)	Very High	Extended amplification zone and flattened decline

Source: Developed by the authors

Table 2 demonstrates that competitive outcomes in generative environments depend less on the degree of AI adoption and more on structured governance configurations. By specifying orchestration asymmetry across governance and data conditions, the table reinforces the manuscript's central argument: differentiation trajectories are shaped by how probabilistic infrastructures are governed, not merely by their intensification.

This emphasis on asymmetry reconnects the analysis with resource-based logic (Barney, 1991) while extending it into probabilistic infrastructures. Scarcity shifts from creative labor to governance architecture.

5.6 Implications for the Creative Economy

At the level of the creative economy, the findings imply a structural transition. Historically, value creation in creative industries relied on ideational originality and cultural authorship. In generative environments, competitive advantage depends on managing generative infrastructures that mediate symbolic production.

This shift alters the basis of competition from idea ownership to infrastructural governance. The strategic resource becomes not the creative artifact itself, but the orchestration system that generates and stabilizes it.

Such a repositioning reframes debates about AI and creativity. The central issue is not whether AI can be creative, but how organizational governance structures shape the variance, coherence, and distinctiveness of probabilistically generated outputs.

5.7 Summary of Theoretical Advancement

The study advances three principal theoretical contributions:

1) It reconceptualizes creativity as an orchestrated dynamic capability embedded in probabilistic infrastructures.
2) It formalizes a non-linear model linking AI intensification to brand differentiation through identifiable mediating mechanisms.
3) It integrates branding theory, dynamic capabilities, and AI scholarship to explain how algorithmic optimization may undermine symbolic coherence.

These contributions collectively reposition generative AI from a tool of marketing automation to a structural reconfigurator of symbolic competition. The analysis clarifies that strategic advantage in the generative era depends on governing probabilistic exploration rather than merely scaling creative output.

6. Conclusion

This study advances a mechanism-driven re-theorization of brand value under conditions of generative AI intensification. Rather than framing generative AI as a linear enhancer of marketing performance, the analysis conceptualizes it as a structural reconfigurator of symbolic competition. By integrating dynamic capabilities theory, exploration–exploitation logic, organizational learning, and contemporary AI scholarship, the article demonstrates that intensification produces curvilinear strategic consequences mediated by exploration compression, capability substitution dynamics, and metric-driven over-optimization.

The central theoretical repositioning lies in redefining creativity as an orchestrated dynamic capability embedded in probabilistic infrastructures. Synthetic creativity, as conceptualized here, shifts the locus of competitive advantage from ideational originality to governance asymmetry. In generative environments, differentiation does not depend primarily on the scarcity of ideas but on the strategic capacity to govern how probabilistic systems explore, recombine, and stabilize symbolic expressions.

The non-linear model developed in this article has several implications for theory development. First, it extends dynamic capabilities theory by specifying conditions under which technological intensification yields diminishing or negative returns for differentiation, even when operational efficiency improves. Second, it reconciles tensions between branding theory and data-driven optimization by distinguishing between tactical resonance and symbolic coherence. Third, it contributes to organizational learning literature by identifying AI substitution as a potential mechanism of capability erosion, thereby clarifying the temporal asymmetries inherent in generative integration.

At the same time, the conceptual nature of the model invites empirical elaboration. Future research should test the proposed curvilinear relationship across industries with varying levels of data heterogeneity. Longitudinal designs would be particularly valuable for capturing the temporal asymmetry between short-term efficiency gains and long-term symbolic dilution. Multi-method approaches combining computational analysis of brand outputs with perceptual measures of differentiation could further clarify how exploration compression manifests at the market level.

Additional inquiry is warranted into governance architectures that preserve interpretive slack. Comparative case studies could investigate how firms structure human-in-the-loop oversight, data governance, and infrastructural control to maintain orchestration asymmetry. Experimental designs may explore how varying degrees of metric optimization orientation influence perceived brand coherence over time.

Moreover, ecosystem-level research could extend the model by examining how infrastructural control points shape variance across competitive fields. If generative AI platforms centralize probabilistic infrastructures, differentiation may increasingly depend on proprietary data and fine-tuning capabilities. Such developments raise broader questions about power asymmetries and value capture in digital ecosystems.

Finally, theoretical refinement may explore how generative AI reshapes identity dynamics within organizations. As creative routines become partially automated, the professional identities of marketers and creative teams may shift from content creators to infrastructure orchestrators. This transition may have implications for capability accumulation, legitimacy, and strategic cognition.

In sum, generative AI does not simply automate creativity; it restructures the mechanisms through which symbolic value is produced and sustained. Strategic advantage in this context depends not on the volume of generative output but on the disciplined governance of probabilistic exploration. By articulating the non-linear dynamics and boundary conditions of this transformation, the present study offers a conceptual foundation for analyzing competition in the emerging generative economy.

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