

## Article

# The Effects of Relationship Marketing and Strategic Innovation on Long-Term Competitive Advantage in Changing Market Conditions

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**Abstract:** In today's volatile business environments, marked by fast technological change, customer preferences that keep shifting, and global disruptions, firms have to develop sustainable competitive advantages over time. This conceptual paper looks at how relationship marketing (RM) and strategic innovation work together to shape long-term competitive advantage (CA). Based on the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT), RM helps firms build relational resources and nurture repeat trust, basically customer loyalty. Strategic innovation in turn supports adaptation, and also enables differentiation, so the firm can keep moving forward even when the market behaves oddly. When these two efforts are combined, they can strengthen resilience and drive better performance in dynamic markets. The paper then proposes a general framework and discusses what it means for both theory and day to day practice.

**Keywords:** Relationship marketing, strategic innovation, competitive advantage, dynamic capabilities, market turbulence.

## 1. Introduction

For highly volatile businesses, businesses are increasingly facing the challenge to maintain market position with the changes in technology, economics and customers happening at the crux. Competitive advantage is no longer based on traditional sources, as products, processes and working methods can be copied easily by the competition. In response, companies have had to evolve toward creating dynamic resources and capabilities to meet the VRIN criterion – resources are valuable, rare, inimitable and non-substitutable [1]. These assets enable businesses to remain in control of their operations amid volatility and achieve long-term success [2]. In recent times, researchers focused on the importance of a firm's ability to manage innovation capacity along with its responsiveness to the market when operating in turbulent business environment in the quest to sustain competitive advantage [3]. Moreover, the dynamism of the environment and the uncertainty of technology have pushed the significance of dynamic capabilities to reconfigure resources and proactively react to the competitive landscape changing [4].

Relationship marketing has become one of the most useful and important strategic marketing tools for cultivating the practice of long-term customer relationship-building as an effective way to gain competitive advantage in the short and long term. Relationship marketing is more of a collaborative approach to building lasting relationships grounded in mutual trust, commitment, cooperation and customer satisfaction rather than only short-term sales objectives as is done in traditional transactional marketing approaches. With the rising realization and awareness by organizations that it is less expensive and

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more advantageous to retain customers than go on an endless round of new ones, loyalty programs are becoming popular. Loyalty programs are becoming increasingly popular because organizations are realizing that it is less expensive and more advantageous to have loyal customers than an endless stream of new customers. Thus, relationship marketing helps in the retention of customers, fosters customer loyalty, and boosts the customer lifetime value which positively impacts on the business performance and business competitive market position [5]. Relationship Marketing in Service Industries as a driver of competitive advantage is particularly strong in-service industries because of the tendency to form a relationship, that is, a relationship based on emotional and psychological aspects which are hard to recreate by the competitors [6].

This technological evolution of markets has greatly enhanced the potential for the use and implementation of relationship marketing strategies. Leveraging digital platforms, AI technologies, social media and big data analytics, companies can now gain a deeper insight into consumer preferences and provide mass-customization in relation to consumer interactions. [7] Digital marketing and AI-powered customer relations systems can enhance the effectiveness of communication, responsiveness, and put together tailored value propositions that foster customer trust and satisfaction [8]. Likewise, AI-powered relationship marketing platforms can gain insights into customer actions and anticipate their requirements, resulting in better customer interactions and strengthening strategic decision-making measures [9]. Thus, relationship marketing is an operation that switches from a simple communication process to a data-based Strategic competence that directly supports sustainable competitiveness [10].

In parallel, strategic innovation is another critical component in dictating the survival of the organization, along with long-term success. Strategic innovation is the use of new concepts, business models, technologies, products and process that enhances the ability of an organization to be adaptive and value creating. Organizational reconfiguration, digital transformation, entrepreneurial marketing and process redesign, in addition to the product development, are now part of the requisite elements needed for innovation. Sustainability and innovation will help the companies in the industries cope with changing environment; create new opportunities to them and eventually beat their competitors in a fast-changing industry world [11]. Moreover, innovation capacity contributes to organizational flexibility and to make it more efficient and effective in dealing with external market pressure and technological disruptions [12].

A number of contemporary research studies validated their findings on strategic innovation playing a significant role to reinforce competitive advantage in terms of improving operational efficiencies, speeding up market responsiveness and assisting differentiation strategies. Those organizations that invest in developing a culture of innovation and technological development can be better equipped to bring innovative products and services that meet evolving customer expectations [13]. In addition, the emergence of digital innovation and technological change have been tightly related to the rise of the dynamic capabilities that enhance organizational resilience and sustainable growth [14]. Business model innovation can also help to reimagine how the value is created and to increase the level of strategic flexibility in highly competitive environments [15].

From the other side, relationship marketing together with strategic innovation is a very important lever of organizational competitiveness in the current markets. The benefits of relationship marketing are the insights it introduces to organizations, and their networks of collaboration which can help them develop innovations and create value co-creation. Leveraging strong relationships, access to customer feedback, market intelligence, and behavior profile data can be used to create and develop new resources as well as market innovative products and services. At the same time, strategic innovation enhances relationship marketing, fosters better communication, enhances customer experiences, and supports technology integration. The synergy of these two relationships

results in the organizations being agile, more responsive and better performing in the market in the long run [16].

Dynamic capabilities theory is an important theory that explains the relationship. With this view, companies develop sustainable competitive advantages by making continuous changes, internal and external, to its resources to adapt to environmental changes. Dynamic capabilities can thus help organizations to integrate competencies related to relationship management and organization-level strategic innovation to enhance adaptability and competitiveness in the face of turbulent markets [17]. Furthermore, the market environment and the environment play roles in the extent to which these capabilities are effective, through its impact on the market responsiveness and the strategic decision-making process.

Moreover, entrepreneurial marketing, big data analytics, and the digital technologies have further demonstrated the strategic importance of innovation and customer relationship management. The effective and efficient application of technological capabilities can help boost disruptive innovation and speed up organizational learning processes, thus increasing organizations' capacity to clearly recognize opportunities in the market and mobilize their response rapidly to customer demands [18]. Similarly, the dynamic marketing capabilities are essential to the ability to adjust organizational processes and strategies for enhanced competitive performance, through better market sensing, resource allocation and customer engagement strategies [19].

Organizational attribute and environmental factor were also pointed out as moderating factors for the relationship of innovation, marketing ability and competitive advantage, as mentioned in recent literature. Several factors like organizational size, environmental uncertainty, technological readiness, and human resource development have significant influence on the ability of an organization to turn an innovation project into a sustainable competitive advantage [20]. In particular, human capital can play a crucial role in creating strategic innovation processes and enhance the competitiveness of an organization through knowledge creation, creativity and adaptive learning processes [21].

## 2. Literature Review

The current business landscape has given academic and managerial attention to the question of strategic determinants that give organizations an edge in order to attain the SCA as they attempt to face the uncertainty and market turbulence. The current business landscape has created academic and managerial interest in the factors which, under conditions of uncertainty and market turbulence, enable organizations to gain the SCA. Relationship marketing, strategic innovation, dynamic capability and competitive advantage have become among the most prevalent concepts to be discussed in the latest literature. They come to be considered as holistic, inter-related mechanisms, which can all contribute in enhancing an organization's ability to adapt, reduce attrition, boost innovation output and ensure long-term market success. Researchers have suggested that having an organization that can adopt a relational approach and possess innovation-related abilities will help them sustain their performance and successfully deal with environmental dynamism [4].

Relationship marketing has become a field of significant focus when pursuing a marketing strategy to focus beyond simply consuming transactions, as it emphasizes long-term customer relations. The concept highlights four elements: trust, commitment, satisfaction of customers, quality of communication and relationship continuity as necessary features to maintain the competitiveness of organizations. It promotes a loyal customer base and sparks higher relational capital leading to the blockage of competitors and better customer retention rate [5]. Additionally, technological advances and digital

transformation have helped optimize RM by facilitating the right personal conversations with customers and optimizing communication by means of AI tools and digital platforms [9]. The relationship marketing also has been found in recent studies to be an effective determinant for customers' involvement in the co-creation processes of the services, and to provide a more effective bonding between the firms and the customers, especially in service-based industries [16].

Another key concept addressed in the growing body of management and market-oriented literature, and discussed at length here, is strategic innovation. Strategic innovations are the use of new products, services, operation, organizational systems and technology systems to enhance organizational responsiveness and value creation. Firms with an innovation focus tend to be better able to adjust to the shifts in the market, capitalize on new opportunities, and sustain competitive advantage in the long run [13]. Furthermore, the digital transformation and technology adoption have enhanced the relevance of strategic innovation, enabling organizations to make informed decisions based on data and be flexible [8]. The pattern has been shifting over time, with an increasing focus on innovation not just in terms of products, but marketing, business and customer experience [15].

Dynamic capabilities theory has become one of the relevant theories to understanding how organizations maintain their competitiveness in a dynamic environment. Dynamic Capabilities describes an organization's ability to detect opportunities and threats in the environment, exploit them and reconfigure resources in the organization and external environment efficiently and effectively. These features enable an organization to be more agile and flexible in an changing marketplace [14]. There is now impact on market responsiveness and operational resilience of firms with good dynamic capabilities because they can better integrate innovation processes with a Customer Relationship Management (CRM) system [22]. Relations with consumers, firms, and suppliers and strategic innovation are thus linked to long-term competitive advantage by means of dynamic capabilities.

Competitive advantage is defined in a very simple way: It is the ability of a company to have sustained superior performance compared to its competitors through differentiation, cost efficiency, innovation, creation of customer value or operational excellence. Today's literature has come to the conclusion that achieving sustainable competitive advantage requires more than just relying on internal resources, it is also critical to the adaptability of the organization and to its ability to respond quickly to the market. It is, therefore, assumed that Data-driven innovation capability, Customer orientation, and Technological flexibility will be considered important factors in achieving organizational competitiveness in Dynamical Business Environments [3]. Furthermore, organizational turbulence and technological changes have made it crucial for businesses to be strategically flexible and organizationally learn in maintaining sustainable competitive positions over time [23].

Accordingly, nowadays organizations increasingly rely on the integration between relationship marketing and strategic innovation, to achieve a sustainable competitive advantage, in pretty dynamic business environments. Firms that manage to blend customer oriented relational strategies with innovative capability they tend to be more ready for building resilient organizational structures, and also for improving how quickly they respond in the market. Over time this helps them keep up superior performance longer, which is often the real issue. In other words, this link lets organizations do more than survive the usual competitive pressures. They can also craft a differentiated market position, that competitors find hard to imitate or swap out.

**Table 1.** Definitions of Key Constructs.

Construct	Definition	Key Dimensions	Sources
Relationship Marketing	Long-term relational exchanges based on trust and commitment	Trust, commitment, satisfaction, loyalty	Mohammed (2024), Riley (2025)
Strategic Innovation	Adoption of novel business models, processes, products, or technologies	Product, process, marketing, business model	Moraga (2026), Huynh & Nguyen (2026)
Dynamic Capabilities	Firm's ability to sense, seize, and transform resources	Sensing, seizing, reconfiguring	de la Torre et al. (2025), Kusumah et al. (2026)
Competitive Advantage	Sustained superior performance over rivals	Cost leadership, differentiation	Alghamdi et al. (2024)

This table kind of clarifies the core concepts that were used in the study. Clear definitions help set up a shared understanding, and show how each construct adds to building long-term competitive advantage in those turbulent markets, so yeah. It feels like the point is just to make the pieces click, without the confusion, because otherwise people might see things differently.

**Table 2.** Summary of Propositions.

Proposition	Statement	Expected Relationship
P1	Relationship Marketing positively affects long-term CA	Positive (via loyalty & retention)
P2	Strategic Innovation positively affects long-term CA	Positive (via adaptation)
P3	$RM \times Strategic\ Innovation\ (interaction) \rightarrow CA$	Strong synergistic effect
P4	Dynamic capabilities mediate RM and Innovation effects on CA	Mediating role

The propositions make up this theoretical backbone, for the paper, and they can be examined empirically later on, to confirm the linkages across different industries and situations.

**Table 3.** Empirical Evidence from Recent Studies.

Study (Year)	Focus	Key Finding	Context
Alghamdi et al. (2024)	Data-driven innovation & turbulence	Positive impact on CA & moderated by turbulence	Retail & Services
Moraga (2026)	Innovation + supplier relations	Strong effect on competitive advantage	Manufacturing
Huynh & Nguyen (2026)	Digital marketing	Significant role in emerging markets	Vietnam SMEs
Roy et al. (2025)	AI in relationship marketing	Enhances personalization and loyalty	Service industries

This table kind of summarizes recent empirical findings that back up the relationships being proposed. It shows that the whole integration of RM and strategic innovation is supported by what current research says, across different sectors. Basically, you can see the link in the data, not just as an idea, but as a kind of evidence.

**Table 4.** Managerial Implications by Strategy.

Strategy Focus	Key Actions	Expected Benefits	Potential Challenges
<b>Relationship Marketing</b>	CRM systems, trust-building programs, co-creation	Higher retention & relational capital	Data privacy
<b>Strategic Innovation</b>	R&D investment, agile development, new business models	Better adaptation & differentiation	High costs
<b>Integrated RM + Innovation</b>	Customer data-driven innovation, digital platforms	Synergistic resilience & sustained CA	Cultural change
<b>Dynamic Capabilities</b>	Training in sensing & learning routines	Faster response to market changes	Skill gaps

This practical table, kind of translates the theoretical concepts into actionable strategies for managers, like, not always in a straight line. It brings out the advantages and the obstacles too, so organizations can put these approaches to work more effectively, even when the market conditions keep shifting. Overall, it helps link the ideas to daily decisions, and yes it makes the whole process feel more workable.

### 3. Theoretical Framework

The theoretical base of this study is an amalgamation of relationship marketing theory, strategic innovation theory and dynamic capabilities theory to explain how organizations can become sustainable in a condition of uncertainty and turbulence in the market. The context of contemporary organizations is growingly dynamic and technologically oriented with ever-changing customer needs, competition and technology systems. This gives the companies the need to be adaptive and develop adaptable mechanisms that help them adapt to the change in environment and give them the best performance in the market. That strategic approaches—such as relationship marketing and strategic innovation—are complementary, therefore complementing each other in enhancing organizational resilience and flexibility and long-term competitiveness [17].

With regards to the relationship marketing theory, all the important aspects are based on the construction of a long-lasting relationship with the customers, suppliers and strategic partners based on trust, commitment, quality of communication, and relational engagement. According to theory, strong customer relationships lead to customer loyalty, help in retaining customers and enhance the organizational 'relational capital', which helps the organization in being more stable and sustainable in the market [5]. In today's digital world, more and more relationship marketing systems rely on digital technologies, customer data analysis and AI-powered communication platforms in order to enhance the customer experience and create value processes that focus on customer experience [9]. Thus, relationship marketing is not only considered as a communication strategy but also one of the strategic processes of an organization to innovate or differentiate as a competency.

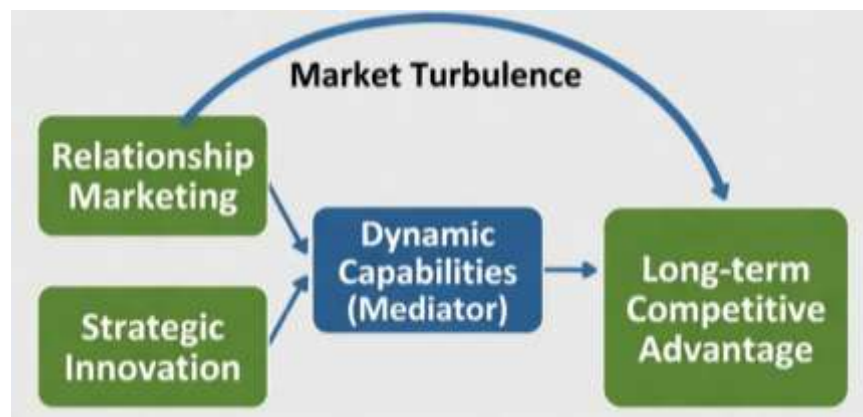
Strategic Innovation Theory (SIT) is a concept that is closely related to relationship marketing, centered on the capacity of an organization to launch new products and/or services, to establish new operational models and systems, or to new develop business models, to increase the adaptability of organizations and responsiveness to the market. Sustaining difference advantages over competitors, reacting quickly to environmental disruptures or taking advantage of new opportunities is where strategic innovation can help organizations [13]. As digital transformation and innovation systems come to grow closer, the strategic position of innovation in relation to organizational competitiveness has been further bolstered. Technological innovations and decision-making technologies based on data are seen to increase the adaptation and better response of the firms' needs and fluctuation of customers [8].

Dynamic capabilities theory is used as the key explanatory mechanism of the proposed framework. This theory focuses on how organizations can gain a sustainable competitive advantage by identifying opportunities and threats in the external environment; capitalizing upon strategic opportunities; and ensuring that they continually re-shuffle internal and external resources to respond and change with the external environment. Dynamic capabilities can be seen as the processes that make a relationship marketing and innovation effort translate into sustainable competitive results [14]. Organizations with a robust dynamic capability can more easily leverage customer knowledge, technology resources and innovations to enhance operational agility and elements of market responsiveness [22].

The proposed framework suggests the idea that organizational capabilities and dynamic capabilities are enhanced with the help of positive effects of relationship marketing on the organizational learning, process of learning from customers and communication process among the involved organizations. The interactions with the customer can also be used to gather market intelligence, which could be beneficial for the strategic decision making and innovation development. Likewise, strategic innovation helps to enhance dynamic capabilities in terms of knowledge and learning from the organization and adopting technological change in a flexible way. The iterative process of innovation helps organizations to allocate their strategic resources efficiently and effectively deal with environmental uncertainty [15].

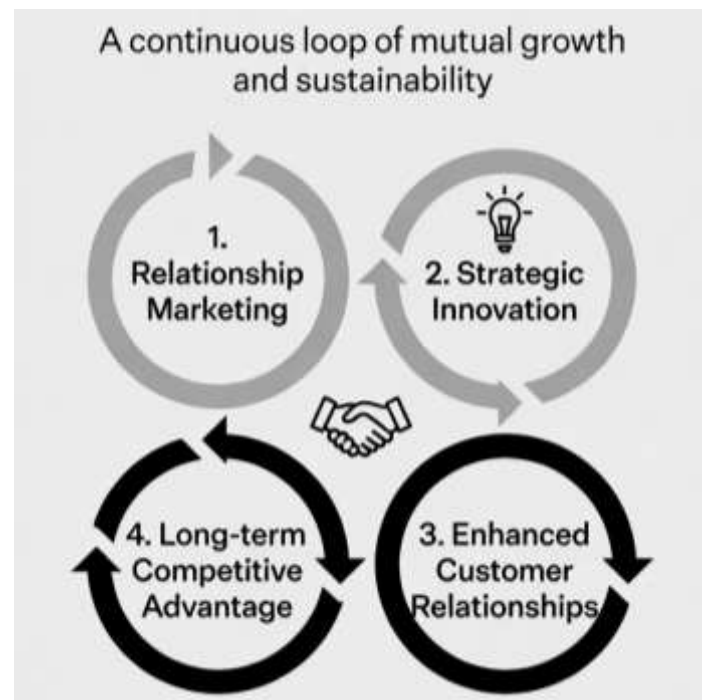
In addition, it suggests that competitive advantage is an intermediary between relationship marketing and strategic innovation and dynamism capabilities. Assuming that they are at the core of any innovation strategy, relationship marketing can, in this context, not necessarily be associated with sustainability of competitiveness if the organizations don't have the capacity to transform and integrate resources adequately. DCs can thus be interpreted as the operational process that enables the relational and innovative capabilities to manifest as the performance of the organization and its sustainable competitive advantage in the market [4].

Market turbulence is also included as a moderating variable in the model to influence the level of significance of these relationships. Turbulent markets include the characteristics of a rapidly changing technology, changing customer requirements, volatile competition and mysterious economies. With such conditions, organizations that have weaved relationship marketing as well as innovation into their organizational system are more likely to reap better competitive results due to their better response capability to the environmental uncertainty and market disruptions [3]. Thus, under conditions of market turbulence, dynamic capabilities become a more strategic concern, as the organization must be more flexible and decisive to respond to market conditions and fluctuations.



**Figure 1.** Proposed Conceptual Framework.

This diagram shows the overall research model. Relationship Marketing and Strategic Innovation influence Dynamic Capabilities, which then lead to Competitive Advantage, kind of straightforward. Market Turbulence acts as a moderator that makes these links stronger, especially in unstable or volatile environments, where things keep moving fast and a bit more.



**Figure 2.** Virtuous Cycle of RM and Strategic Innovation.

The figure illustrates a kind of continuous cycle, where relationship marketing brings in useful insights for innovation. Then that innovation, in a way, tightens customer relationships and after that it helps sustain competitive advantage, which keeps feeding back into relationship marketing efforts too.

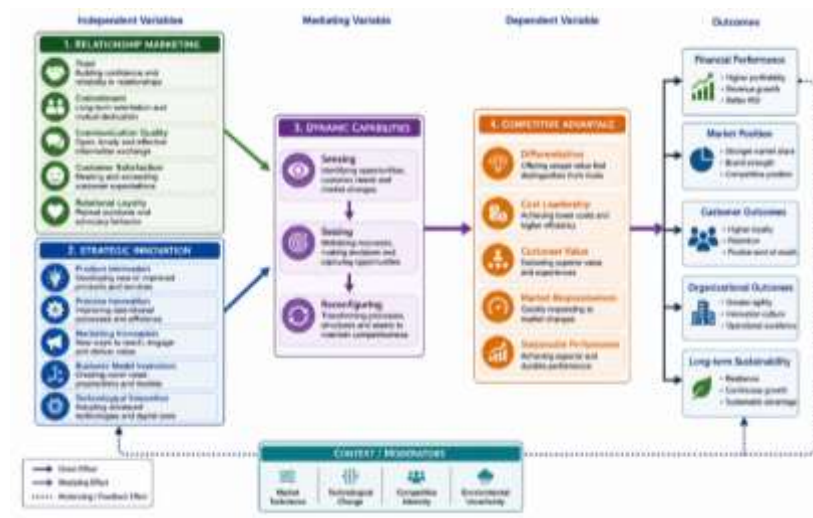


Figure 3. Dimensions and Outcomes Model.

This model gives the exact measurements for each main variable and shows how they, in practice, all work together toward competitive edge. In a way it also makes it easier to picture the multidimensional side of the constructs, because they are not just one thing.

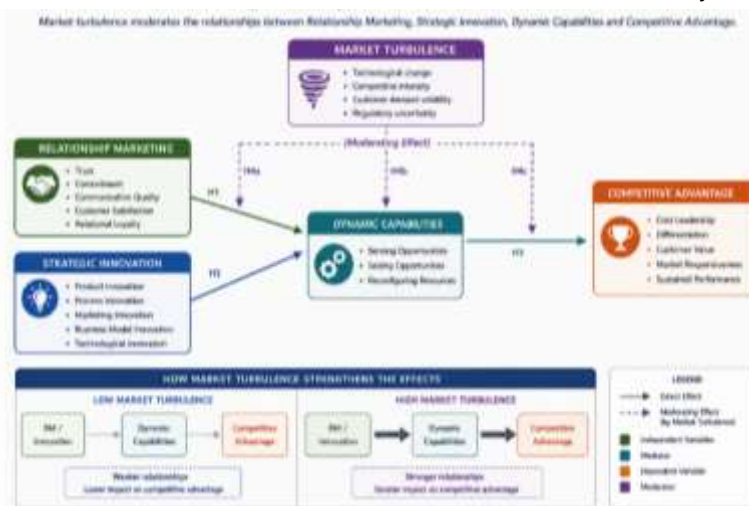


Figure 4. Impact of Market Turbulence.

The figure shows the moderating role of market turbulence, and in really turbulent periods, the good effects of relationship marketing plus strategic innovation on competitive advantage seem more stronger because of better dynamic capabilities. Basically, when the environment is chaotic enough the link gets enhanced, it's like the system adapts faster, so the outcome turns more positive overall.

#### 4. Methodology

This study employs a conceptual research design based on an extensive review and synthesis of existing literature on relationship marketing, strategic innovation, and competitive advantage. The analysis draws upon the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT) as the primary theoretical foundations for explaining how internal organizational resources and adaptive capabilities contribute to sustainable competitive advantage. Relevant scholarly articles, books, and conceptual studies published in the fields of strategic management, marketing, and innovation were systematically examined to identify key concepts, theoretical relationships, and research gaps. The literature was then integrated through comparative analysis to develop a conceptual framework illustrating the interaction between relationship marketing and strategic innovation in enhancing long-term competitive advantage under dynamic business environments.

## 5. Results and Discussion

### 3.1 Relationship Marketing as a Strategic Resource

The literature indicates that relationship marketing represents a valuable strategic resource that enables firms to establish long-term relationships with customers, suppliers, and other stakeholders. Consistent with the Resource-Based View, these relationships generate intangible assets such as trust, commitment, customer loyalty, and relational knowledge that are difficult for competitors to imitate. Such relational resources contribute to customer retention, reduce transaction costs, and strengthen organizational performance over time. Therefore, relationship marketing serves not only as a customer-oriented strategy but also as a source of sustainable competitive advantage.

### 3.2 Strategic Innovation and Dynamic Capabilities

Strategic innovation enables organizations to respond effectively to technological change, market uncertainty, and evolving customer expectations. From the perspective of Dynamic Capabilities Theory, firms continuously reconfigure resources, develop new business models, improve products and services, and adopt emerging technologies to remain competitive. Strategic innovation enhances organizational flexibility and supports continuous adaptation, allowing firms to create differentiated value propositions that competitors find difficult to replicate.

### 3.3 The Integration of Relationship Marketing and Strategic Innovation

The synthesis of the literature suggests that relationship marketing and strategic innovation are mutually reinforcing. Strong customer relationships provide valuable market intelligence that guides innovation activities, while continuous innovation enhances customer satisfaction and strengthens long-term relationships. This reciprocal interaction creates a cycle of learning, adaptation, and value creation that improves organizational resilience in volatile markets. Consequently, firms that integrate relationship marketing with strategic innovation are better positioned to achieve sustainable competitive advantage than firms relying on either strategy independently.

### 3.4 Proposed Conceptual Framework

Based on the theoretical synthesis, this paper proposes a conceptual framework in which relationship marketing develops relational resources and customer loyalty, while strategic innovation strengthens adaptive capabilities and organizational differentiation. Together, these elements enhance firm resilience, improve organizational performance, and ultimately lead to sustainable competitive advantage. The framework extends previous conceptual discussions by emphasizing the complementary roles of relationship-based resources and innovation-driven capabilities within dynamic business environments.

### 3.5 Theoretical and Managerial Implications

The proposed framework contributes to strategic management literature by integrating Resource-Based View and Dynamic Capabilities Theory into a unified explanation of sustainable competitive advantage. It highlights that competitive success depends not only on possessing valuable resources but also on continuously renewing those resources through innovation. From a managerial perspective, organizations should simultaneously invest in relationship-building initiatives and innovation capabilities. Developing customer trust, strengthening stakeholder collaboration, and encouraging strategic innovation can improve organizational resilience and long-term competitiveness in increasingly uncertain business environments.

## 6. Discussion

Based on the results of the theoretical analysis, the relationship marketing and strategic innovation are extremely interrelated strategic competencies, significantly

affecting the competitiveness of an organization in dynamic business environment. But in today's world, organizations understand that they must engage in repeat sales not only because of how economical and efficient they need to be, but also because of the need to continuously innovate, adapt and build long-lasting customer relationships. These strategies when combined can contribute to better adaptation to environmental uncertainty, technological change and customer expectations, all improving the firm's ability to adapt [3].

The relationship marketing is related to the development of customer trust, loyalty, commitment and long-term relationships, which can lead to the competition advantage of a business. A strong relationship with customers offers opportunities to strengthen customer retention, and create valuable customer information for strategic decision making. These relational resources are difficult to imitate because they are built up over a period of time through mechanisms of continuous communication, service quality and customer satisfaction [5]. Also, AI-driven relationship marketing with digital systems has revolutionized business-client interactions, shifting them from mere transactions to knowledge creation and improved responsiveness and personalization [9].

The conversation also reveals how strategic innovation can contribute to the competitiveness of firms by facilitating adaptability and their ability to capitalize on opportunities. Strategic innovations comprise technological innovations, process redesign, business model innovation, and market innovations, which enhance the ability of an organization to be flexible and differentiated. Organizations that are able to integrate innovation into their operational and strategic system can do better when it comes to how they deal with competition and environmental pressure [13]. Furthermore, digital transformation and technology integration contribute to the effectiveness of innovation systems, enabling faster information processing and quicker customer reaction and adaptation [8].

A key implication from the proposed framework is that relationship marketing and the process of strategic innovation are not comprised of two distinct organizational functions but one common function. Rather, they are interdependent processes which together enhance organizational flexibility and competitiveness. Relationship marketing enables organizations to obtain these new insights and reach collaborative opportunities which in turn foster development within the realm of innovation, whilst strategic innovation in turn creates customer insight and enriches customer experience and communication, and thus, improves relational trust and customer satisfaction [16]. This relationship forms a virtuous cycle whereby by doing one, the other becomes possible, driven by a cycle of organizational learning and value creation for customers which contributes towards sustainable competitiveness.

The centrality of dynamic capabilities to understanding how relational and innovative resources are converted into long-term competitive outcomes is underscored. Companies with high sensing abilities, seizing skills and reconfiguration of resources skills are better able to adjust their strategies and operations to changing environments. A dynamic capability is, in other terms, the way that an organization connects to the strategy of relationship marketing and innovation [14]. Moreover, firms with high dynamic capabilities are also more resilient in the very uncertain and turbulent market as they can quickly capitalize on opportunities while reacting proactively against the competitive threats [22].

Another aspect of the moderating effect of "Market turbulence" shows that relationship marketing and strategic innovation are strategic components of the other. In times of technological disruption, competitive instability, and changing customer preferences, organizations need to revamp their strategic systems to become more flexible and more adaptive. In relatively turbulent markets, the benefits of relationship marketing and innovation are much greater because the more organizations rely on customer

knowledge, digital responsiveness, and innovation flexibility the more they rely on them as a means of survival and growth [4]. The results coincide with the recent literature, which has focused on the growing significance of being agile and responsive to the market in the current economic climate [23].

At a managerial level, the conversation points to making CRM information a component of the innovation process and the management system for innovation processes. Companies can also leverage CRM experiences, AI-enabled analysis, and digital communication devices to boost customer engagement, yet help innovation growth and market adaptation. For organizations, they need to have investment in organizational learning systems, employee training programs, and digital transformation programs to increase their dynamic capabilities and increase their responsiveness to environmental change [19]. Moreover, managers are supposed to emphasize cross-functional collaboration, between the marketing and the technological/innovation functions, so that relational and innovative strategies are effectively integrated.

## 7. Conclusion

This study aimed to investigate the relationship between relation marketing, strategic innovation, dynamic capabilities and competitive advantage in the violent and fast changing business today. The theoretical analysis showed organization relying on relational processes to gain sustainable competitiveness and be able to operate with innovative capacity is becoming an increasing priority. Relationship marketing helps building customer loyalty, relational trust, customer retention, and strategic innovation helps improving adaptability, differentiation, and organizational flexibility. These strategic capacities combined have synergic effects, which reinforce the long-term competitive advantage.

Additionally, the study supported the critical mediating role of dynamic capabilities in the process of leveraging relationship marketing resources and innovation into sustainable results of organizations. Dynamic capabilities allow companies to detect opportunities in the environment, grasp strategic initiatives and consistently re-structure their internal organizational resources to respond effectively to uncertainty in the market and technological change. As such, organizations that have high adaptive capabilities can be more adaptive when it comes to maintaining competitive advantage in environments of uncertainty and environmental instability [17].

Moreover, the study demonstrated the buffer role of the market turbulence on these relationships. In very turbulent environments, organizations are more and more taking a customer approach to innovation systems, technological responsiveness and learning and adapting. Hence, companies with effective RM and strategic innovation shows high resilience, adaptability and responsiveness to the changing market environment [3].

The study offers interesting practical importance for the managers and organizational decision makers. Relationship information should be embedded into the innovation workings of companies and digital technologies should not only be used to enhance the relational but also the innovative dimension. Strategic responsiveness and competitive adaptability are facilitated by investing in the technological infrastructure, customer analytical systems empowered by AI, organizational learning systems and employee capacity building. It is important that these organizational cultures are co-created and nurtured, ensuring continuous innovation and engagement with customers, so as to maintain competitiveness in volatile markets over time.

Though there are contributions of the study to be theorized, a number of research opportunities still exist. Empirical studies should continue to evaluate the conceptual model in other industries, various sized industries and various cultures to investigate if the relationships are generalizable or not in other settings. Further studies will also be able to consider other moderating factors like organizational culture, technological readiness,

leadership styles and digital maturation that can affect the relationship between relationship marketing and the formation of innovative advantage and competitive advantage. Longitudinal studies could also give greater insights into the changes in these strategic traits at the course of time in response to socio-ecological shifts and changes in technology.

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