

Two sides of the sensing capability: How the type of market knowledge sourcing influences the strategic interpretation of market changes

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## Two sides of the sensing capability: How the type of market knowledge sourcing influences the strategic interpretation of market changes

### **Abstract**

Many firms still fail to adapt to market changes because they are not very capable in sensing market opportunities and threats. Reasons for this include managers' limited understanding of the role of specific market knowledge sources in sensing threats compared to sensing opportunities. This article addresses how different types of market knowledge sourcings affect sensing of threats in comparison to the sensing of opportunities. We overcome limitations of prior research which gave only limited attention to these differences. Furthermore, we link these relationships with revenue growth. We use survey data from top managers at 483 industrial firms to test hypotheses and complement it with objective revenue growth data. We reveal that the type of knowledge sourcing influences the strategic interpretation of information about market changes. Further, our findings suggest that a growth strategy needs to pay particular attention to sensing threats and not only to sensing opportunities.

**Keywords:** *strategy; knowledge; sensing*

**Track:** Marketing Strategy & Theory