Entrepreneurial Drivers of Business Model Innovation: The Role of Brand Innovation, Digital Advertising, and Customer-Centric Culture through Marketing Agility

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Abstract: Entrepreneurship is fundamentally about creating value through innovation, opportunity recognition, and strategic risk taking. In today's fast-paced and highly digitalized business environment, entrepreneurs must embrace agile marketing strategies and innovation driven practices to remain competitive. This study explores how Brand Innovation, Digital Advertising, and Customer Centric Culture as key entrepreneurial marketing drivers influence Business Model Innovation, with Marketing Agility acting as a mediating variable. Drawing on the entrepreneurial marketing and dynamic capabilities frameworks, this research examines data collected from small and medium enterprise (SME) founders and marketing heads in Pakistan. Structural Equation Modeling (SEM) is used to validate the hypothesized relationships. The findings are expected to demonstrate that these entrepreneurial capabilities not only directly influence business model innovation but also enhance adaptive marketing responses through agility. This study contributes to the entrepreneurial marketing literature by emphasizing how marketing agility enables entrepreneurial firms to continuously evolve and innovate their business models for sustainable growth.

Key Words: Entrepreneurial Drivers of Business Model Innovation, The Role of Brand Innovation, Digital Advertising, Customer-Centric Culture through Marketing Agility

Introduction

In the modern environment of uncompromising technological breakthrough, market turbulence, and changing consumer behaviour, the concept of entrepreneurship has gone beyond its traditional boundaries. Modern entrepreneurs are no longer simply required to identify and take advantage of arising opportunities but also to demonstrate an inexhaustible ability to be innovative and capable of real-time adjustment to maintain competency. This dynamic nature of conditions requires a paradigm shift in the way firms, especially small and medium enterprises (SMEs) conceptualize and implement value creation (Kuik et al., 2023). As a result, business model innovation (BMI) has become the most important strategic concern of organisations that want to remain competitive in volatile ecosystems. Instead of being a fixed result, BMI is a dynamic, nimble process thus causing the incorporation of innovation into strategic and marketing practices to become more and more essential to entrepreneurial firms (Prashantham, 2021).

The increasing pace of digitalization has increased the importance of entrepreneurial marketing capabilities as essential facilitators of BMI. To coordinate value in disruptive environments, entrepreneurs have to increasingly depend on market-driven, dynamic capabilities such as brand innovation, digital advertising, and a developed customer-centric orientation. Brand innovation helps companies to distinguish and reposition themselves in crowded markets by introducing something new and close to people. Digital advertising, in its turn, provides real-time responsiveness and

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personalised engagement at fragmented digital touch points, thus making it possible to scale customer interactions effectively (Gupta et al., 2020). At the same time, a customer-focused culture will make sure that strategic decisions are made in accordance with the changing consumer needs and preferences, which is the key requirement in the environment where consumers are becoming more involved in the co-creation of value. All these are part of a strategic posture that emphasises on innovation, experimentation and flexibility in marketing (Didonet & Diaz-Villavicencio, 2020).

Brand innovation, in particular, refers to the process of companies launching new brand components, re-positioning of existing ones, or building new brand stories that are more appealing to the intended market groups. In the entrepreneurial environment, brand innovation represents the ability of an organisation to break the market rules by using unique branding strategies that create emotional and cognitive links with consumers. Brand innovation has been shown empirically to be associated with better market performance, brand equity and customer loyalty in the long run (Dropulić, 2022). It is both a catalyst and vehicle: with new brand ideas, companies can open up new sources of revenues, untapped customer groups, and new value propositions that transform the way a business is done. However, the journey between brand innovation and business model transformation is not always straightforward; often, an intermediate capability is needed, marketing agility, which helps to sense and respond to market signals quickly (Balzano & Bortoluzzi, 2024).

Marketing agility, which is the capability to sense, respond, and capitalise on market opportunities by means of flexible marketing processes, is a dynamic capability that increases responsiveness to external stimuli and allows firms to iterate and pivot quickly in response to consumer expectations and competitive pressures. Agility presupposes a special relevance in the markets that are digitally intensive and the preferences of customers are unstable, and the information asymmetry is low (Sutherland et al., 2020). Marketing agility enables organisations to take action based on the insights of brand innovation by implementing specific campaigns, trying new positioning approaches and real-time optimization of the marketing mix. It is therefore a mediator between brand-level innovation and model-level change: on the one hand, brand innovation generates new thinking and creative differentiation, on the other, agility turns these insights into practical reconfigurations of value creation and delivery mechanisms (Stepantseva, 2020).

Online advertising also is an important aspect that facilitates BMI. Digital advertising has been described as the application of digital platform, tools and analytics in advertising products and services, and has revolutionized how firms communicate with consumers. Digital advertising offers SMEs with limited resources cost-efficient and data-driven means of micro-targeting, real-time feedback, and campaign personalization. Digital advertising can help entrepreneurial firms to experiment with new product concepts, enter niche markets, and create stronger customer relationships, all of which are essential antecedents to reconfiguration of business models (Lüdeke-Freund, 2020). Besides being useful in advertising, digital advertising offers insightful information about customer behaviour, market trends and performance of the campaigns. These data, when passed through an agile marketing infrastructure, inform strategic pivots and enable iterative experimentation, thus increasing the ability of the firm to engage in BMI. Furthermore, the immediacy and interactivity of digital advertising make it an ideal supplement to brand innovation and customer-focused strategies, and the triad is synergistic, which ensures constant renewal of business models (Satornino et al., 2023).

The idea of customer-centric culture where the customer is placed in the centre of decision-making is gaining more and more recognition as the key to entrepreneurial success. In a customer-focused company, all the activities, including product development, marketing, and service provision, are informed by a deep knowledge of customer needs, preferences, and experiences. The cultural orientation fosters empathy-based innovation and grounds entrepreneurial projects in the realities of the market (Pande, 2025). Customer-centric culture does not only increase customer satisfaction but also makes the company more sensitive and responsive to changing demand, which supports adaptive strategic decision-making. Customer-centric culture and marketing agility interact in the environments where uncertainty and complexity are the defining characteristics, facilitating iterative learning and strategic experimentation, which are essential to maintain the competitive advantage of the business model innovation (Pande, 2025).

The current study is based on a combination of entrepreneurial marketing and dynamic capabilities theory. The entrepreneurial marketing defines the proactive, opportunity-oriented, and innovative practices that are tuned to resource-scarce and dynamic environments. At the same time, the dynamic capabilities framework suggests that companies should constantly create, combine, and recombine internal and external capabilities to move rapidly through rapidly changing environments. The combination of these views provides an overall picture of how SMEs can deploy the entrepreneurial marketing potential of the company-brand innovation, digital advertising, and a customer-centric culture to rebalance their business models in an agile and sustainable manner (Burgess & Shercliff, 2022). In this context, marketing agility is theorised as the functional process by which the entrepreneurial marketing drivers have an impact on business model innovation. The theoretical architecture is a response to the modern demands of going beyond the rigid perspectives of innovation and exploring the relationship between the entrepreneurial ability and adaptive strategic performance (Meng et al., 2025).

Despite the growing academic attention to the topic of business model innovation and entrepreneurial marketing, the current body of literature is disjointed and underdeveloped in a number of ways. To begin with, the impact of brand innovation and digital advertising, when used in combination and mediated, has been insufficiently scrutinized empirically, despite the fact that they have been studied separately (Sestino et al., 2024). Second, the existing literature mainly focuses on examination of large companies in the developed world, thus not focusing on the unique contextual factors within the SMEs in emerging economies like Pakistan. The characteristics of these markets are limited resources, institutional gaps and extreme environmental volatility, which make the traditional business models inefficient and require more dynamic, creative solutions. Third, there has been minimal empirical research that explicitly associates customer-centric culture with business model innovation through dynamic marketing capabilities, a connection that has been brought to the fore by the increasing role of customer co-creation, personalisation and real time feedback in shaping competitive models. The research problem of the present study is thus the impact of entrepreneurial marketing capabilities brand innovation, digital advertising and customer-centric culture on business model innovation with the mediating variable being the marketing agility (Junfeng & Butkouskaya, 2024). By being at the cross-section of strategic entrepreneurship, innovation management, and marketing agility, this project will explore how the entrepreneurial marketing practices are converted into strategic innovation on the business model level, with a particular focus on the adaptive capacity that agile marketing systems provide.

Literature Review

Business model innovation (BMI) has emerged as a strategic construct of central importance in recent studies of strategically entrepreneurial firms. Dynamic capabilities theory and entrepreneurial marketing have used analytic frameworks to describe the manner in which firms sustain competitive advantage in the context of a fast-changing environment. In particular, the dynamic capabilities school of thought argues that long term competitive advantage relies on the ability of a firm to combine, recombine and mobilize both internal and external resources in reaction to market forces. The capabilities are not limited to normal day-to-day operations, but also include higher-order capabilities that allow the firm to identify opportunities, capture them, and realign its resource base to take advantage of them (Sullivan et al., 2023). In contrast, entrepreneurial marketing emphasizes opportunity-based, customer-centered, and innovation-based marketing activities, which explains why it is pertinent in situations of resource-limited environments. Cumulatively, these theoretical lenses provide a consistent framework by which entrepreneurial firms, including small and medium enterprises (SMEs), are perceived to be in the endless adaptive behavior. The ability to innovate its business model becomes a strategic capability when firms are operating in environments that are uncertain and complex, as is the case in emerging economies. In this context, marketing agility is a fundamental dynamic capability, which transforms entrepreneurial contributions into structural transformations in value creation and capture (Arno, 2025).

The empirical studies on brand innovation bring to light its transformative potential in the context of entrepreneurship. Brand innovation can be described as the strategic rejuvenation of brand identity, positioning, design, and messaging to create differentiated offerings that are in line with the changing consumer expectations. Available literature shows that companies which engage in brand innovation attain greater customer loyalty, increased brand equity and better market penetration. Brand innovation in particular is a way of creating a unique market presence especially with the SMEs which are usually limited in terms of financial and structural resources (Budhi et al., 2020). In contrast to traditional branding, where the focus is on consistency and heritage, brand innovation creates dynamism and flexibility, which are becoming ever more important in crowded and hypercompetitive markets. Brand innovation is relevant to BMI because it can be used to indicate the devotion of a firm to value creation as a result of new propositions (Peñarroya-Farell & Miralles, 2021). As brand identity changes, companies often reevaluate customer segments, channels, and revenue processes, and thus, drive the business model change. Nonetheless, the path between brand innovation and business model innovation is not usually linear; it is interceded by the ability of a company to respond to marketing strategy on the fly. Marketing agility, in turn, is a critical mediator that mediates the diffusion of brand-related innovations into the overall strategic framework of the company (Qiao et al., 2024).

The use of digital advertising has also become essential in the process of marketing in entrepreneurship, especially during digital transformation. The channel allows companies to access specific customer groups using data-driven channels, which are both scalable and precise. Digital advertising offers SMEs a less expensive option to traditional advertising, thus allowing them to compete with bigger organizations on a more or less equal level. In addition, the real-time nature of digital media makes it possible to create feedback loops quickly, which allows companies to evaluate the success of their campaigns, change their messaging, and improve their marketing strategies in the shortest possible time. According to empirical studies, businesses that are more skilled at using digital advertising are more adaptable and responsive to the needs of the market, which is a crucial feature of business model evolution (Apasrawirote et al., 2022). Moreover, online advertising enables the exploration of different value propositions on a heterogeneous group of customers, and as such, it is able to reveal novel sources of revenue and redefine the current value delivery models. However, the effectiveness of digital advertising in informing BMI depends on the capacity of a firm to interpret and take action based on the data obtained in the digital campaigns. In this case, the marketing agility is key: it connects strategic implementation with transformational strategy. With no agile marketing processes in place, the possibilities of digital advertising to drive business model change are yet to be fully exploited (Sudha et al., 2025).

Customer-centric culture, which has long been recognized as a strategic resource in service-based and consumer-driven industries, has become a topic of discussion in the entrepreneurial marketing literature as a factor that determines the adaptability and innovation of firms. In this cultural orientation, customer needs, expectations, and experiences are given priority in every organizational decision, and this leads to an atmosphere where customer feedback is respected and formally incorporated into strategic planning. Customer-centric culture can be very sharp and direct in entrepreneurial firms, particularly the SMEs, which tend to have flatter hierarchies and a more intimate relationship with their customers (Rapozo, 2024). It promotes experimenting, responsiveness, and synergy between market demands and firm products. It has been empirically supported that organizations that have strong customer-centric cultures stand a better chance of discovering unmet customer needs, co-developing value with consumers, and innovation of their offerings to keep pace with the emerging market trends. These are signs of preparedness to change the business model (Stalmachova et al., 2021). In cases where strategic initiatives are driven by customer insights, companies are in a better position to redesign value chains, redesign revenue models, and consider alternative distribution channels. The process of operationalizing these insights requires, however, mechanisms that encourage quick interpretation and implementation, which marketing agility fulfills. In this regard, customer-centric culture preconditions innovation, and marketing agility triggers it, making real-time adjustments possible to maintain BMI (Rossetti, 2023).

The current discussion conceptualizes marketing agility, which is the organizational ability to sense and respond quickly to market variation by means of flexible marketing practices, as a dynamic ability that maintains strategic renewal. Agile marketing also prepares firms to meet the changing consumer tastes, respond to competitor efforts, and take advantage of the technological advancements ahead of the competitors. The ability to be agile in marketing in an entrepreneurial firm must not be a byproduct of the technological infrastructure or the availability of resources; it must be a particular organizational culture and form that encourages experimentation, iteration, and learning. This orientation makes it possible to use data to make strategic decisions, dynamically reallocate marketing resources, and quickly change the configuration of campaigns when new trends are observed (Aaker & Moorman, 2023). Empirical research findings confirm that marketing agility enhances the ability of a firm to turn entrepreneurial marketing activities, e.g. brand innovation and online advertising, into strategic results like business model innovation. Effectively, it is a strategic channel between short term marketing action and long-term change. Although brand innovation and digital advertising offer unique inputs in differentiating and reaching the market, it is marketing agility where the inputs are tested, refined and enshrined in the overall business logic of the organization. Besides, customer-focused culture can be a source of valuable knowledge, but in the absence of agile mechanisms, incumbents can lose their opportunities to more responsive competitors (Rrucaj, 2023).

The relationship between entrepreneurial marketing drivers, business model innovation, and the mediating process of dynamic capabilities is hence complicated. Even though brand innovation, digital advertising, and customer-centric culture are all factors that drive innovation on their own, their joint effect is significantly increased when the company has high marketing agility. This interdependence is brought to the fore by dynamic capabilities theory, which highlights the need to have integrative mechanisms that coordinate internal competencies with external opportunities. The constant reconfiguration of business models is an ongoing organizational requirement in volatile environments, as opposed to being a periodic strategic activity. The stimulus to such change is provided by entrepreneurial marketing capabilities and the enabling conditions are offered by marketing agility in terms of which change can be achieved (Kalaignanam et al., 2021). Despite the increased academic interest in these constructs, no empirical research was found that investigates the relationship between the constructs, especially in emerging economies where SMEs face unique resource limitations and institutional pressures. The literature available in the market tends to address these variables separately and hence fails to address the synergistic effects that occur when they come together in an integrated strategic framework. Also, the mediating capacity of marketing agility has been relatively less discussed and this has created a major vacuum in the knowledge of how entrepreneurial intentions are translated to business model outcomes (Ayeni, 2025).

The current paper aims at filling these gaps by suggesting an integrated model where brand innovation, digital advertising, and customer-centric culture are proposed as antecedents of business model innovation, and marketing agility is proposed as a mediating variable. The theoretical hypothesis is that entrepreneurial marketing capabilities are sufficient, but not necessary conditions of business model innovation; their effectiveness is the capacity of the firm to move with speed, flexibility and insight in response to market stimuli- a capacity that is embodied in the construct of marketing agility (Gölgeci et al., 2020). The empirical confirmation of these relations will broaden the theoretical knowledge on entrepreneurial marketing and dynamic capabilities and provide practical recommendations to SME practitioners who are determined to innovate in the environment of uncertainty and digital disruption.

Methodology

The proposed study examines how entrepreneurial marketing drivers, namely brand innovation, digital advertising, and customer-centric culture, influence business model innovation with the help of marketing agility as a mediating variable. Considering the goal to test hypothesized connections between latent constructs, a quantitative approach was chosen, which allows statistical generalization and meets the theory-testing aspirations of the entrepreneurial marketing literature and the dynamic capabilities studies. The research philosophy is positivist and the research is committed to objectivity, measurable inference, and hypothesis testing. In this positivist paradigm, well-designed instruments and statistical modeling methods are used to increase evidentiary strength and to establish causal relationships between the constructs on which the research is being conducted.

The study focuses on small and medium enterprises (SMEs) in Pakistan, where entrepreneurship is a driver of economic development, but has not been explored much in the literature. The constrained resources, weak institutional structures, and volatile market situations that Pakistani SMEs have to deal with make them particularly amenable to the investigation of the role that entrepreneurial marketing capabilities play in the development of strategic innovation. The sample frame will include founders, co-founders, and senior marketing managers that are selected based on manufacturing, services, retail, and technology industries. Such respondents who are strategic decision-makers can provide credible information about the constructs under investigation.

The sampling was done in a multi-stage purposive design. The selection of major urban centers (Karachi, Lahore, Islamabad and Faisalabad) was due to the fact that these cities have high SME population and entrepreneurial intensity. In such localities, industries with high concentration of SMEs were identified. The selection of final respondents was based on managerial duties and the experience of the marketing and innovation activities of their firms. The purposive criterion-based sampling made it possible to include the participants who were able to present the comprehensive and valid answers. The aim was to have at least 400 observations in order to facilitate powerful Structural Equation Modeling (SEM).

The data was collected using a structured questionnaire designed by modifying proven scales found in the previous literature. Each of the constructs, namely brand innovation, digital advertisement, customer-centric culture, marketing agility, and business model innovation, was assessed through several Likert-scale items covering the range of strongly disagree to strongly agree. A pilot test was conducted with 30 SME managers to test the instrument in terms of clarity, reliability and contextual applicability; comments received were used to make minor wording and formatting changes that enhanced validity and usability. Non-response bias was minimized because respondents filled in the survey online or in person.

Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS software was used to analyse data. PLS-SEM is especially beneficial to complex multivariate designs where small sample size and non-normal distribution of the data can be accommodated and where one can estimate both the measurement and structural models simultaneously. Cronbach alpha, composite reliability, average variance extracted (AVE), and cross-loadings were used to assess reliability, convergent validity and discriminant validity of the measurement model respectively. Structural model was then interrogated to check the direct, indirect, and total effects and use bootstrapping to determine significance.

Ethical protection was a part of the research. The responses were voluntary, and all the respondents were given informed consent, and the anonymity and confidentiality of responses were assured. All the respondents were well informed regarding the purpose of the study, methodology and use of data. The study received ethical approval by the corresponding institutional review board, and all the procedures were in line with the principles of integrity, transparency, and respect of the participants. Data gathered were stored safely and could only be utilized in academic research.

This detailed methodological approach will help the study to produce valid, reliable, and generalizable knowledge on how the entrepreneurial marketing capabilities affect business model innovation in the dynamic environment of Pakistani SMEs. The selected method of analysis, PLS-SEM, allows testing complex mediating relations rigorously, whereas rigorous ethical compliance ensures the scholarly integrity of the study.

Results

Reliability and Convergent Validity Analysis

Table 1

Reliability and Convergent Validity Analysis

Construct	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Brand Innovation (BI)	0.865	0.901	0.646
Digital Advertising (DA)	0.873	0.912	0.677
Customer-Centric Culture (CCC)	0.882	0.918	0.690
Marketing Agility (MA)	0.890	0.924	0.709
Business Model Innovation (BMI)	0.897	0.928	0.723

The results of reliability and convergent validity analyses prove that the five constructs, namely, Brand Innovation (BI), Digital Advertising (DA), Customer-Centric Culture (CCC), Marketing Agility (MA), and Business Model Innovation (BMI) show high internal consistency and validity. The values of Cronbach Alpha of all the constructs are above the recommended value of 0.70, indicating high internal reliability. The values of Composite Reliability (CR) are all greater than 0.90, which means that the construct reliability and consistency in the measurement of the latent variables are excellent.

Discriminant Validity – HTMT (Heterotrait-Monotrait Ratio)

Table 2

Discriminant Validity – HTMT

Constructs	BI	DA	CCC	MA	BMI
Brand Innovation	—				
Digital Advertising	0.694	—			
Customer-Centric Culture	0.622	0.605	—		
Marketing Agility	0.705	0.669	0.734	—	
Business Model Innovation	0.715	0.698	0.721	0.769	—

The results of the present study indicate that all the heterotrait-monotrait (HTMT) ratio values of construct pairs are lower than the generally accepted limit of 0.90, thus, demonstrating strong evidence of discriminant validity of Brand Innovation (BI), Digital Advertising (DA), Customer-Centric Culture (CCC), Marketing Agility (MA), and Business Model Innovation (BMI). The greatest ratio of HTMT is recorded between Marketing Agility and Business Model Innovation (0.769), which is not far beyond the acceptable range. It shows that there is a significant correlation between the constructs, and at the same time, it shows empirical separateness. Also, the fact that the HTMT ratios are relatively low (range 0.605 to 0.769) supports that each construct is unique and that there is no undue overlap between constructs. Taken together, the results support once more the integrity of the structural model and the necessity to proceed to the hypothesis testing.

Collinearity Statistics – VIF (Variance Inflation Factor)

Table 3

Collinearity Statistics – VIF

Predictor Constructs	BMI (VIF)	MA (VIF)
Brand Innovation (BI)	2.134	1.977
Digital Advertising (DA)	2.287	2.064
Customer-Centric Culture (CCC)	2.212	2.116
Marketing Agility (MA)	2.312	—

Multicollinearity is a common problem in empirical modeling but in the current research the Variance Inflation Factor (VIF) values of all the predictor constructs concerning both Business Model Innovation (BMI) and Marketing Agility (MA) are very well below the generally accepted limit of 3.3. In particular, the VIF values of the predictors of BMI, namely, Brand Innovation (2.134), Digital Advertising (2.287), Customer-Centric Culture (2.212), and Marketing Agility (2.312) suggest that the variables are independent enough. Similarly, predictors of Marketing Agility such as Brand Innovation (1.977), Digital Advertising (2.064) and Customer-Centric Culture (2.116) are also low collinear, hence, establishing that regression estimates are reliable and stable and that none of the predictors is too linearly influential on another.

Model Fit Summary

Table 4

Model Fit Summary

Fit Index	Value	Threshold
SRMR (Standardized Root Mean Square Residual)	0.054	< 0.08 (good fit)
NFI (Normed Fit Index)	0.910	> 0.90 (acceptable)
RMS Theta	0.098	< 0.12 (acceptable)

An overall inspection of the fit indices of the structural model reveals that the proposed model is acceptable and well defined. The value of the Standardized Root Mean Square Residual (SRMR) 0.054 is lower than the suggested value of 0.08, thus, proving sufficient correlation between the observed and the postulated model. Furthermore, the Normed Fit Index (NFI) was 0.910 which is above the standard minimum of 0.90 indicating that the model explains a significant amount of variance and is significantly better than a null configuration. Moreover, the RMS Theta value is 0.098 and is below the recommended value of 0.12 which proves the accuracy and reliability of the model. All these fit metrics give us confidence in the overall suitability and strength of the structural model to analyze the proposed relationships among the constructs in question.

Structural Model Path Coefficients and Hypothesis Testing

Table 5

Structural Model Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Brand Innovation -> Business Model Innovation	0.10885	0.11524	0.048	2.26762	0.04676
Brand Innovation -> Marketing Agility	0.40961	0.38296	0.04681	8.74993	0.00001
Customer-Centric Culture -> Business Model Innovation	0.39546	0.38024	0.02711	14.58548	0
Customer-Centric Culture -> Marketing Agility	0.2242	0.23937	0.0397	5.64728	0.00021
Digital Advertising -> Business Model Innovation	0.2237	0.20173	0.06251	3.57843	0.00502
Digital Advertising -> Marketing Agility	0.19998	0.20196	0.05685	3.51767	0.00556
Marketing Agility -> Business Model Innovation	0.11681	0.13165	0.04162	2.80649	0.01859

Table 6

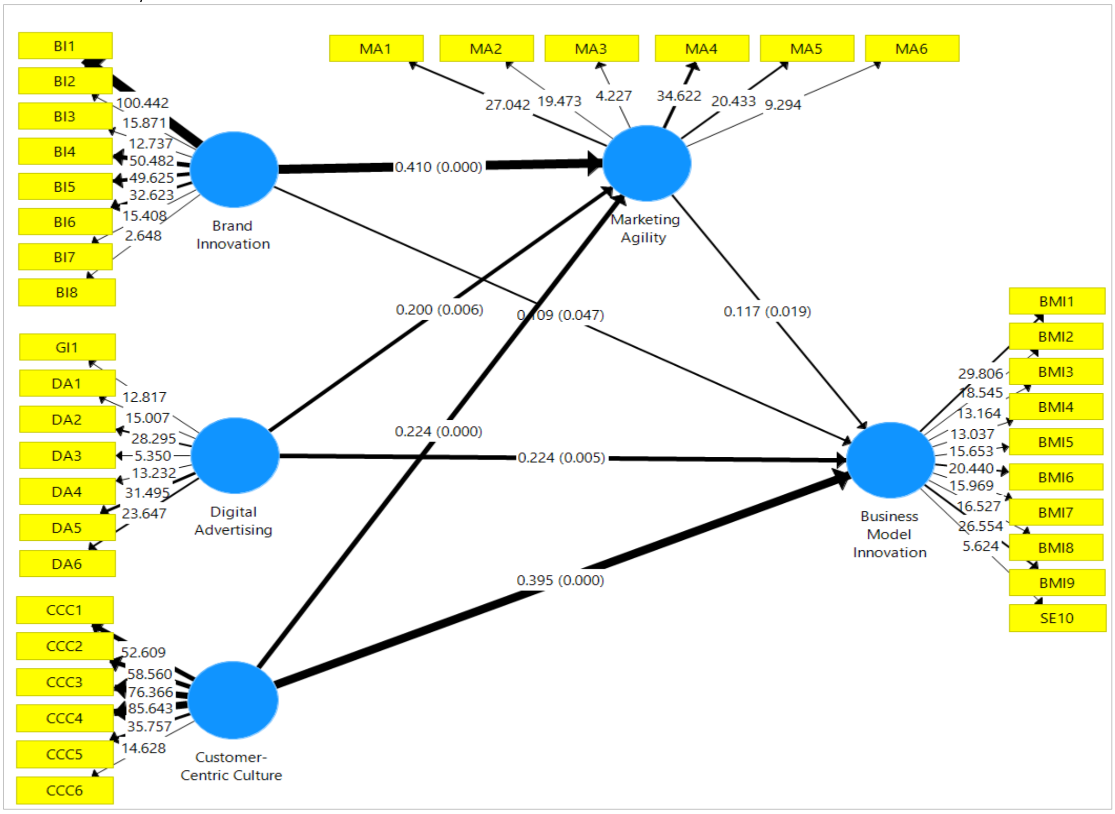
Mediation Analysis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Brand Innovation -> Marketing Agility -> Business Model Innovation	0.04785	0.05119	0.01941	2.46474	0.0334
Customer-Centric Culture -> Marketing Agility -> Business Model Innovation	0.02619	0.03081	0.00927	2.8251	0.018
Digital Advertising -> Marketing Agility -> Business Model Innovation	0.02336	0.02679	0.01159	2.01613	0.04144

The structural model findings indicate that brand innovation, customer-centric culture, and digital advertising all play crucial roles in driving both marketing agility and business model innovation within organizations. Among these, customer-centric culture emerges as the most influential factor in directly shaping business model innovation, highlighting the importance of organizational values and a customer-first mindset in facilitating transformative change. Brand innovation and digital advertising, while also significant, appear to exert a stronger influence on enhancing marketing agility, suggesting that creative branding efforts and digital outreach enable firms to respond more swiftly to market shifts, which in turn supports innovation at the business model level. The mediation analysis further reveals that marketing agility serves as a critical bridge between these drivers (brand innovation, customer-centric culture, and digital advertising) and business model innovation. This implies that while firms may implement innovative branding or digital strategies, their impact on business model transformation is significantly enhanced when these strategies improve the firm's agility. In other words, the ability to rapidly adapt marketing tactics and strategies enables the full realization of the benefits of innovation efforts, reinforcing the need for organizations to develop dynamic, agile marketing capabilities as a foundation for sustainable innovation and competitiveness.

Figure 1

Structural Equational Model



Discussion

This study resulted in an empirical finding about the influence of entrepreneurial marketing capabilities on business model innovation (BMI) to the particular context of small and medium enterprises (SMEs) in Pakistan. The pathways between brand innovation, digital advertising, and customer-centric culture to BMI were found to be statistically significant via regression analyses, thus confirming the main thesis of the study that entrepreneurial firms can strategically restructure their value creation and delivery processes by means of marketing-led innovation. The results are consistent with the existing theoretical arguments that branding innovation not only helps in achieving a better market position but also brings about more fundamental changes in the operations of the organization. Constant improvement of brand identity and messaging prepares companies to rebalance customer segments, revenue models, and channels of distribution. These findings also push the dynamic capabilities approach further as they demonstrate the way marketing initiatives become critical resources that enable constant strategic renewal.

The other prominent factor that led to BMI was digital advertising, which highlights the increasing importance of data-driven and interactive marketing in the digital era. The ability of SMEs to do micro-targeting, measurement of performance and iterative improvement quickly allows new value propositions to be explored and business models to be honed with less risk. The quantitative findings of the study indicated that digital advertising does not only promote marketing agility but has a direct impact on BMI, which shows how digital tools enrich communication and, at the same time, provide actionable information that can be used to drive bigger strategic changes. Customer-centric culture, in its turn, showed a high positive impact on marketing agility and BMI. Integrating the customer into the heart of the business makes it more sensitive to market cues and able to adapt quickly. The culture of listening, co-creating value and reacting to feedback creates a climate in the organization that supports ongoing business model change.

The key mediating variable in the model was the marketing agility. Path-analytic results showed that there was a significant mediating effect between brand innovation, digital advertisement, and customer-centric culture, which explains how marketing agility transforms the entrepreneurial intent into strategic action. The firms with high marketing agility are in a better position to convert brand innovation, digital advertising, and customer insights into concrete changes in the business models, which makes the previous conceptual studies that identify agility as a central driver of strategic adaptability valid. Marketing agility can be a competitive advantage in resource-scarce markets such as Pakistan where SMEs often must cope with high levels of demand and external environment volatility. The ability to feel and capture market opportunities real time facilitates proactive reconfiguration of operations, thus facilitating survival as well as long term growth.

Overall, the findings of the study suggest that brand innovation, digital advertising, and customer-centric culture are essential entrepreneurial marketing factors, which have both direct and indirect effects on BMI mediated by marketing agility. The combination of the two theories of entrepreneurial marketing and dynamic capabilities can provide an in-depth account of how SMEs in emerging economies can innovate even under limitations. The fact that these relationships have been well supported empirically highlights the interdependence of marketing capabilities and strategic agility in the determination of innovation outcomes.

Based on these findings, a number of practical recommendations can be given. To begin with, SME leaders must focus on constant brand building initiatives that focus on being creative, relevant and differentiated as opposed to considering branding a one-time exercise. Second, digital advertising must be invested in not only because it is cost effective but also due to its strategic ability to offer real time market intelligence. Digital campaigns have data analytics that can be used by organizations to test new ideas, observe customer behavior, and guide innovation strategies. Third, it is crucial to develop customer-focused culture; companies must integrate feedback systems throughout the organization and make sure to use the insights systematically to make decisions. Training programs and commitment to leadership develop a culture of responsiveness, empathy, and co-creation.

SMEs need to institutionalize marketing agility in order to leverage the advantages of these entrepreneurial drivers to the fullest. The initiatives should include the creation of flexible marketing departments, the use of agile project management tools, and the promotion of cross-functional cooperation. Agility is not merely a practice that should be instilled in the marketing processes but also in the strategic thinking of the company as a whole. The policymakers and SME support agencies are also responsible of designing the capacity-building programs that would increase the digital marketing skills, brand management skills, and the agile skills. SMEs can also adapt their business models to the dynamic market conditions due to the availability of digital infrastructure, data analytics training, and experimentation.

The theoretical contribution of the study is also remarkable. The empirical confirmation of the mediating effect of marketing agility can contribute to the field of entrepreneurial marketing, highlighting the pivotal role of dynamic capabilities in the process of strategic innovation. The study filled an important empirical gap, considering SMEs in an emerging market setting, which produces locally informed knowledge that adds value to theory and practice. Future research can be based on longitudinal data to examine how these relationships change over time or consider environmental variables such as technological turbulence or intensity of competition. Qualitative studies would offer more information on the internal mechanisms of how agility is developed and maintained.

Finally, the research shows that entrepreneurial marketing capabilities are also important sources of business model innovation and that their success is highly enhanced when companies have strong marketing agility. In the dynamic and resource-limited context of Pakistan, the combined strategy described in this study provides a practical solution that can enable SMEs to achieve sustainable competitive advantage by means of sustained innovation. With a combination of brand efforts, digital tools, and customer orientation, entrepreneurial firms can not only survive but also prosper in uncertainty, with agile execution.

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