

# Marketing's contribution from the perspective of marketing executives

Perspective of marketing executives

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## Abstract

**Purpose** – The purpose of this paper is to determine the impact that chief marketing executives' (CMEs) mindsets about important marketing capabilities have on company performance.

**Design/methodology/approach** – The authors propose a structural model for analysing specialised, cross-functional and dynamic capabilities at the functional level of marketing. The model is tested by using a quantitative survey among CMEs. Additionally the authors conducted a cluster analysis with the purpose of identifying differences in CMEs' mindsets about important marketing capabilities and the impact of these differences on company performance.

**Findings** – The study identified four categories of mindset about important capabilities. An investigation into the company performance profile of each mindset shows that integration and rejuvenation are central qualities of CMEs' mindsets and important drivers for company performance. Hence, companies that have a CME who prioritises both brand management, product development and customer relationship management as well as a set of specialised and dynamic marketing capabilities will outperform companies that have a CME who focuses on only one area of cross-functional marketing capabilities.

**Practical implications** – Top managers, including CMEs, can use the typology of mindsets to analyse and critically reflect on their own ideas about important marketing processes and capabilities, but also as a tool for initialising change processes in their business unit or particular function (general management or marketing).

**Originality/value** – The study provides an original assessment of sets of marketing capabilities at the functional level of marketing, and of the link between dynamic and two cross-functional marketing capabilities (product development and customer relationship management).

**Keywords** New product development, Strategic marketing, Marketing management, Strategy

**Paper type** Research paper

## Introduction

The question of what skills and abilities should be developed and nurtured to support a sustainable and prosperous development of company's market assets, such as customer relationships and brand reputation, has long been a central issue in the marketing literature. Hence, according to literature reviews concerned with the application of the resource-based theory (RBT) in marketing, studies dealing with marketing's contribution to and impact on company performance is substantial (Krasnikov and Jayachandran, 2008; Kozlenkova *et al.*, 2014). However, as being notified by Day (2011), the apparently ever-increasing dynamic and competitive nature of most companies' environments calls for marketing scholars and managers to keep asking the question: What are the important marketing capabilities?

The notion that marketing capabilities, like other areas of organisational capabilities, such as research and development and human resource management, are linked to a "successful conduct" is a central thesis in the literature that applies a RBT on the firm or on marketing (Eggers and Kaplan, 2013; Makadok, 2001; Morgan, 2012). As per this



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theory, the term “capability” refers to: “the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result” (Helfat *et al.*, 2003, p. 999). Hence, capabilities are regarded as enablers in the sense that they allow, or more correctly empower, the company to make full benefit of its processes and other resources (Barney and Hesterly, 2012). In addition to enabling, there is the requirement of repetition and recognition, i.e. continued behaviour that has proved to result in a successful performance pattern and which has been recognised and appreciated in various processes and at various decision levels over a period of time (Birchall *et al.*, 1999; Bitar and Hafsi, 2007; Helfat *et al.*, 2003).

From sharing the view that capabilities constitute a set of routines that evolve and develop in response to decisions and processes being enacted, evaluated and appreciated follows that a company’s top managers exert a role in noticing, interpreting, coding and promoting what the important organisational capabilities are. However, in the majority of studies dealing with companies’ capabilities and performance, within and outside of the marketing field, managers are portrayed as neutral reporters, rather than the architects, of a company’s capabilities. The conclusion made by Eggers and Kaplan (2013) based on their rigorous review of studies in the strategy and management field dealing with this link goes as follows: “Managers are seen as seamless and rational conduits in the deployment of capabilities” (p. 298). According to our review of the marketing literature, empirical studies have so far been dominated by the following conception about what a capability represents: “a firm’s perceived competency [according to its top executives] on a resource and the degree to which the resource is unique to the firm when compared to its closest competitors” (Ramaswami *et al.*, 2009, p. 104).

In the study reported in this paper, the research path followed has not been aimed at examining chief marketing executives’ (CMEs’) perception of the status of their companies’ marketing capabilities compared with those of their major competitors, but rather at examining CMEs’ thoughts and ideas about what the important marketing capabilities are. Our choice of this research path is based on and justified by the strategy and management literature, where differences between companies’ performance are not understood only by analysing company resources, but also by revealing differences in how managers perceive market trends, interpret market situations and define what the important capabilities are and why (Eggers and Kaplan, 2009, 2013; Teece, 2007; Kaplan, 2011). A central thesis in our study is that CMEs’ mindsets, or mental models, about important marketing capabilities exert an impact on the performance of core business processes and on company financial performance. Hence, it is our conception that CMEs may have different cognitions about what the important marketing capabilities are even though they may be employed in companies operating in the same industry, product and market segment. From this it follows that we conceive marketing not as a generic construct and that we believe that it is possible to discover some common ideas and ideals about it among CMEs. The marketing literature supports this notion by continuously providing new conceptual and empirical studies dealing with the heterogeneous substance, or manifold interpretation, of what marketing entails in terms of values, processes and resources (Lamberti and Paladoni, 2013; Vargo and Lusch, 2004; Tollin and Jones, 2009; Verhoef and Leeflang, 2009).

The presumption that CMEs’ mindsets matter gives rise to two related questions: What may cause the differences in CMEs’ mindsets? And: What differences are associated with company performance? Based on our analysis of the literature, more specifically recent conceptual and empirical studies about marketing capabilities, we

have identified two overall themes, or core fields, of discussion and research. A central thesis in our study is that these themes are central for understanding marketing's contribution to company performance. The themes are:

- Integration

The meaning and relevance of taking an integrated, or holistic, view on a company's marketing resources and capabilities is made evident by Morgan (2012) in his conceptual framework linking marketing and business performance. Taking an integrated view means recognising types of marketing capabilities (specialised, cross-functional, architectural and dynamic capabilities) and their linkages. As an example we could mention: a major dynamic capability that is linked to a cross-functional capability, such as new product development, concerns the ability to continuously acquire new knowledge about customers that will enable not only a profound understanding of the present state of the market, but also enable predictions of possible future scenarios. Furthermore, Morgan notes that a cross-functional capability is composed of and thus reliant upon a number of specialised marketing capabilities, such as capabilities for sales reporting, market research, customer service experience mapping, etc. The financial argument for an integration of marketing capabilities across organisational levels and functions has been determined in previous studies. The study by Vorhies and Morgan (2005) revealed that each individual marketing capability, such as pricing, product development, marketing communication, etc., is related to company performance. However, from having analysed the effect of linkages between capabilities, Vorhies and Morgan suggest that that marketing capabilities should be treated as a set in benchmarking studies.

- Rejuvenation

A recurrent thesis in the strategy and marketing literature is to consider that companies and their marketing departments need to be as committed to rejuvenating their value proposition (by innovating new products/services, business models, pricing and selling strategies, etc.), as they are to securing an enduring optimal performance of investments being made in products, brands, customer relationships, etc. (Atuahene-Gima, 2005; Lavie *et al.*, 2010; Orr *et al.*, 2011; Raisch *et al.*, 2009; Verhoef and Leeflang, 2009). In order to successfully master the challenge, it follows that a company's top executives need to be committed to ensuring that its core business processes and not only its new product development capabilities are supported with processes and resources aimed to result in a continuous and successful rejuvenation process (Day, 2011; Maklan and Knox, 2009; Ramaswami *et al.*, 2009; Vorhies *et al.*, 2011). Hence, a company's core processes (i.e. new product development, customer relationship management (CRM), supply chain management, etc.) need to be linked with abilities to sense and seize opportunities and threats, as well as with abilities to create competitive advantage by continuously improving, combining, reconfiguring and protecting the company's resources (i.e. brands, customer relationships, patents, etc.). In the literature, these abilities are called dynamic capabilities (Teece, 2007; Zahra *et al.*, 2006).

Based on the discussion above and the referred literature we conjecture that integration and rejuvenation are two central qualities, or dimensions, of companies' marketing capabilities because each of the two concepts are positively associated with company performance. Due to lack of studies addressing the representation of the two

dimensions at the functional level of marketing, the purpose of the present study is to provide insight into the concept of marketing capabilities from the point of view of company top marketing executives (CMEs). This is facilitated by answering the following questions:

- Is integration a central dimension in CMEs' mindsets about important capabilities in terms of sets of specialised and cross-functional marketing capabilities being a quality that differentiates CMEs' mindsets?
- Does integration as an overall dimension, or feature, of CMEs' mindsets about important marketing capabilities matter from the perspective of company performance?
- Is rejuvenation a central dimension, or feature, of all cross-functional marketing capabilities, or are dynamic capabilities from the point of view of CMEs primarily associated with new product development?

The expected contributions of this research are threefold. First, the study offers an original typology of mindsets about important marketing capabilities and a clarification of main differences between CMEs' thoughts and ideas about marketing management. Second, by assessing the association between the manifoldness of capabilities being represented in CME's mindsets and company performance, the study offers an important contribution to previous research dealing with marketing's contribution to company performance. In relation to this, the study provides a unique insight by addressing the association at the level of companies' marketing departments, which is a level of analysis that not previously has been in focus in research about marketing capabilities. Third, by proposing that marketing management is about to encourage explorative learning processes (rejuvenation) and to establish close links between areas of marketing capabilities (integration), the study provides original insight into the complex and dynamic character of marketing management. An insight of value for a company's chief executives (CEOs and CMEs), when concerned with detecting paths for strengthening company performance, or marketing's contribution to company performance.

In the following section, the conceptual framework of the empirical study is presented in conjunction with our hypotheses and their premises. Subsequently, we describe our empirical sample, the survey instrument and our data analysis models. Finally, the results and their implications are discussed from a managerial and marketing research point of view.

### **Conceptual framework and hypotheses**

The mindset, or mental model, concept has long been central in the marketing literature when discussing factors that impede companies' inclination to be market-oriented or to exploit market opportunities (Day, 1994; Atuahene-Gima, 2005). Our conception about and inspiration to use the construct originates from this literature but also from the organisational learning and strategy literature (Kaplan, 2011; Prahalad and Bettis 1986, 2004; Thomas *et al.*, 2001; Weick, 1979). Accordingly, we believe that in heading the marketing function and enacting various marketing decisions and processes, CMEs are guided by a frame of reference, a mental model, consisting of ideas and beliefs about how to: support sustainable and prosperous development of their company's market assets such as customer relationships and brand reputation; sustain or further develop the company's market orientation; and understand, develop and nurture marketing capabilities. Consequently, we propose that CMEs have more or less firm ideas and

beliefs about what marketing capabilities are important in their business context. Our approach to determining sets of capabilities in CMEs mindsets has been explorative in the sense that we have confronted CMEs with an extended list of specialised, cross-functional and dynamic capabilities (refer to methodology section). However, our presumption before collecting and analysing data were that there is an association, a link, between certain capabilities, i.e. between cross-functional capabilities and between cross-functional and dynamic capabilities. These associations will be dealt with below through a presentation and discussion of five hypotheses relating to the two themes: integration and rejuvenation. Before that, frameworks in the literature dealing with categories of marketing capabilities are presented.

Two of the early and central contributions are those made by Day (1994) and by Greenley *et al.* (2005). According to these frameworks, a market-oriented company is characterised by a commitment to: outside-in, spanning and inside-out capabilities. The first category consists of learning processes about the market (“sensing capabilities”) and customer relationship building processes (“customer linking capabilities”). The third category, inside-out capabilities, is about capabilities that are the outcome of having acted upon challenges, opportunities and requirements in the external environment, i.e. having worked out a model and a process for new product development, CRM, etc. The framework by Greenley *et al.* (2005) also includes capabilities to communicate and to build trustful and productive relationships with various partners in the value chain (termed networking capabilities). Spanning capabilities are concerned with integration. Thus, it consists of capabilities that will make sure that inside-out capabilities (as the capabilities to manage new product development) are successfully integrated with outside-in capabilities (as the capabilities to sense end-user needs and values effectively). In a second group of frameworks; a distinction is made between marketing capabilities at different organisational levels: a strategic, a functional and an operational level (Hooley *et al.*, 1998), and between a cultural (i.e. corporate), a strategic and an operational level (Hooley *et al.*, 1999). In our understanding of the two frameworks, categories of capabilities presumably addressed by CMEs include both strategic, functional and operative level marketing capabilities. That is, market sensing and market linking capabilities (market targeting and positioning capabilities inclusive), outside-in capabilities such as product management, CRM and new product development, and capabilities aimed to secure an efficient implementation of marketing activities. The cultural (corporate level) view on marketing capabilities may also be a concern, depending on market orientation being a philosophy adopted by the firm and the positional influence of the CME.

Finally, in a third group of frameworks a distinction is made between specialised marketing and cross-functional marketing capabilities, although an association is recognised (Morgan and Slotegraaf, 2011; Morgan, 2012; Orr *et al.*, 2011; Ramaswami *et al.*, 2009). As implied by the term “specialised marketing capabilities”, it is about operational marketing capabilities. Hence, it involves capabilities that aim to enable a successful performance of decisions and other processes dealing with a company’s marketing mix (i.e. product, pricing, selling, marketing communication issues, etc.). Cross-functional capabilities contains those outside-in capabilities that are reliant upon a set of various specialised marketing capabilities, as well as capabilities from other functions such R&D, supply chain, etc. In addition to specialised and cross-functional capabilities, the framework by Morgan (2012) contains architectural and dynamic capabilities. The former type aims to support and enable effective and efficient planning processes at various decision levels. The task of dynamic capabilities is to make sure that

continuous learning will take place about a company's current and potential markets, and about how and why its resources and capabilities can be developed. Morgan's classification of dynamic capabilities resembles Teece's (2007) framework, which consists of sensing, seizing and transforming capabilities. Accordingly, dynamic capabilities deal with learning about the external environment in a proactive way (market-learning capability), and about deciding and acquiring the needed resources in order to match new and evolving requirements within and outside the company (resource configuration). Finally, a third type of dynamic capabilities in Morgan's (2012) framework (capability enhancement) aims to secure that a company's specialised and cross-functional capabilities match the requirements of its external environment.

Findings from the two connected analyses by Vorhies and Morgan (2005) and Morgan *et al.* (2009) revealed that interdependencies between capabilities show stronger relatedness to performance (subjectively or objectively reported) compared separate treatment of capabilities. Ramaswami *et al.* (2009) also detected synergies between capabilities. The following three categories of what they call market capabilities were analysed: customer management, supply chain management and new product development. In their study, however, company size appeared to exert an impact on the linkages. In smaller companies (less than 500 employees), high performance on both customer management and supply chain management resulted in better performance, whereas in the group of companies with more than 500 employees, it was the synergy between customer management and new product development which emerged as being related to strong performance.

### *Integration*

Our first hypothesis (*H1*) relates to the investigations about sets of marketing capabilities referred to above. However, with respect to the presence of cross-functional capabilities, we propose that there is one which is generic in the sense that it appears in all mindsets, namely brand communication management (BCM). Our understanding of what BCM capabilities represent coincides with Morgan's (2012). That is, BCM is made up of a number of specialised marketing capabilities as well as of capabilities from other functional areas in the company (such as R&D, sales, production, etc.). From a business unit perspective, these capabilities together reflect "a firm's ability to create and sustain reputational assets" (Orr *et al.*, 2011, p. 1075). Thus, our notion is that irrespectively of whether the CME places a strong emphasis on capabilities dealing with product development, customer relationship, sales force, channel, or price management, etc., s/he also stresses the importance of BCM capabilities. One supporting argument of this (*H1*) is, as discussed by Vorhies *et al.* (2011), that BCM is not constrained to a particular innovation orientation, e.g. to exploitation or exploration. Companies continuously make minor modifications to their brands to match changes in fashion in order to, for example, sustain an interest and a positive image of the brand among target customers. Furthermore, the decision to develop a new brand is often the effect of a decision to offer a radically new value proposition to customers, as an already existing brand may not be able to capture and communicate the essence of this:

*H1.* BCM is a generic marketing capability. Specifically, a certain pattern of BCM capabilities can be identified in all mindsets among CMEs about important capabilities.

The second hypothesis (*H2*) deals with the presence of mindsets focused on one cross-functional marketing capability only (i.e. product development, customer relationship

or BCM), as compared to mindsets containing a set of cross-functional marketing capabilities. Two arguments lie behind our presumption that mindsets focused on one cross-functional marketing capability are more common. The first argument is based in the literature that deals with companies' overall innovation orientation and marketing capabilities. Over the years, a number of studies have demonstrated the existence of exploration- or exploitation-oriented companies and the nature of a defender-and a prospector-strategic orientation in terms of values, processes and capabilities (Kabanoff and Brown, 2008; Matsuno and Mentzer, 2000; Menguc and Auh, 2008; Song *et al.*, 2008). From comparing the two orientations it has been found that CRM capabilities are given a higher priority in companies that pursue a defender orientation than is the case in companies which are oriented towards growth through exploitation (Desarbo *et al.*, 2005; Kabanoff and Brown, 2008; Song *et al.*, 2008). Hence, these studies suggest that product development management (PDM) and CRM are aligned with two opposing learning orientations (exploration vs exploitation). The second argument is that CRM and PDM are two disconnected management processes, not only in the literature but also in practice. The distinction, or more correctly separation, between CRM and PDM is evident in the management literature. That is, in highly recognised textbooks on CRM (Egan, 2011; Rust *et al.*, 2005), the issue of managing product/service development processes is not dealt with, and in international textbooks on innovation management, CRM is not a topic dealt with. This in spite of the fact that the benefits of practising open innovation, co-creating ideas with customers and involving so called lead-users in innovation efforts have long been described as being central (Ahmed and Shepherd, 2010; Tidd and Bessant, 2009). Like Morgan (2012), we understand CRM as representing a cross-functional company process that aims to identify and maintain lucrative customer relationships. However, as regards PDM, and in contrast to Morgan (2012), we do not distinguish between incremental and new product/service development processes. Hence, following the innovation management literature, we recognise that the two development processes are highly related as well as highly dependent on co-operation processes across functions and disciplines (Kahn *et al.*, 2005; Tidd and Bessant, 2009). Thus, in our framework, PDM incorporates all the processes involved in bringing a modified or a new product onto the market. Excluded from PDM are initiatives that only concern changes to a product's promotion strategy or tactics:

- H2.* A focus on a single cross-functional marketing capability only (such as CRM, PDM or on BCM) dominates as a mindset compared to a mindset containing multiple cross-functional marketing capabilities.

As discussed above, the existence of a positive effect on company performance of an integration of capabilities (*H3*) is supported by the studies by Vorhies and Morgan (2005), Morgan *et al.* (2009) and Ramaswami *et al.*, (2009) on marketing's contribution to company performance. Another field in literature that supports the presence of an integrated, or a holistic, mindset about important capabilities deals with the arguments, challenges and consequences of companies being oriented on pursuing ambidexterity in their innovation orientation (i.e. being continuously and simultaneously committed to exploration and exploitation). Studies dealing with the impact of ambidexterity on company performance support the importance attached to the construct in companies and in their marketing departments (Atuahene-Gima, 2005; He and Wong, 2004; Lubatkin *et al.*, 2006; Sarkees *et al.*, 2010; Tollin and Schmidt, 2012). In our third hypothesis (*H3*), the ambidexterity construct is not discussed. However, the construct

is inherent in the hypothesis because the term “holistic orientation” denotes a mindset that contains cross-functional marketing capabilities (PDM, CRM and BCM) that are oriented towards exploitation and/or exploration learning and innovation processes:

- H3.* An integrated, or a holistic, mindset about important marketing capabilities is closer related to positive company performance metrics compared to a constrained mindset (a focus on one or two areas only).

#### *Rejuvenation*

As previously stated, the importance of attaining a balance between exploitation- and exploration-oriented learning processes is emphasised in the literature (Atuahene-Gima, 2005; Lavie *et al.*, 2010; Raisch *et al.*, 2009). In this study, we propose that CMEs differ in their inclination to follow this suggestion and that this relates to the areas of specialised and cross-functional capabilities they focus on. Accordingly, we conjecture that from a CME perspective, some marketing capabilities are more aligned with exploration than others. Explicitly, we propose that CMEs oriented towards PDM stress the importance of dynamic capabilities to a higher extent than CMEs who focus on CRM. As regards the issue of what dynamic capabilities represent, a range of clarifications are offered in the literature (Zahra *et al.*, 2006). However, the variants share a number of central standpoints. One is that dynamic capabilities: “enable firms not just to invent but also to innovate profitably” (Tece, 2007, p. 1344). Another one is that the occurrence of this competence resides in the minds of companies’ top executives, i.e. in their thoughts and ideas about opportunities to productively change existing routines or resource configurations, their willingness to undertake such change, and their ability to implement these changes (Zahra *et al.*, 2006). Hence, our next two hypotheses (*H4* and *H5*) deal with the representation of dynamic capabilities in CMEs’ mindsets about important capabilities:

- H4.* A team-oriented organisational context is closer related to mindsets emphasising PDM than are mindsets focusing on CRM.

- H5.* Mindsets oriented towards PDM are closer related to dynamic capabilities than are mindsets focusing on CRM.

Both hypotheses aim to determine the explorative orientation of PDM, as compared with CRM. The first one (*H4*) addresses the issue indirectly by linking context (a team-based structure) to PDM. We selected organisational structure, because a decentralised structure is put forward in the strategy and innovation management literature as representing an important antecedent to company orientation towards innovation, Menguc and Auh (2010), Tidd and Bessant (2009). The other hypothesis (*H5*) addresses the explorative nature of PDM directly by proposing that dynamic capabilities are more closely linked to PDM than to CRM. Our core argument relates to the organisation of innovation work in the CRM field, as noted by Maklan and Knox (2009). They conclude that CRM development processes are mostly conducted by companies’ IT functions. Another explanation addressed by Maklan and Knox relates to the fact that even though a certain level of complexity is inherent in all types of capabilities, it is apparent that: “Dynamic capabilities exist in complex bundles with other capabilities and resources” (Maklan and Knox, 2009, p. 1394). Thus, it requires much time and effort to create, nourish and to renew dynamic capabilities associated with CRM. A final and related explanation implicitly addressed by Maklan and Knox deals with the vast investments being made by most companies in the building of databases, call centres, web sites, blogs, cloud sourcing, etc.



## Methodology

### *Exploratory pre-study*

Although the studies in the literature dealing with marketing capabilities refer to fieldwork, insights into the mindsets and the language of CMEs when discussing marketing capabilities are lacking. Due to this and also with the purpose of determining the validity of our research model, the lead author conducted semi-structured in-depth interviews with top marketing executives (CMEs) in eight global Danish companies. The following sectors were represented: financial services, mobile communication, health-care products, petrochemicals and household appliances. The interviews all focused on the following question: what are the important processes and capabilities in marketing? As to main findings, the interviews revealed both a consensus about and a divergent view as regards to important capabilities. BCM appeared to be a generic capability, while PDM was found to be a focus area of four of the eight interviewed CMEs. An association between industry or product/market segment in focus and importance given to PDM was not evident. Instead, our interviews indicate that CMEs' ideas and conceptions about PDM being an important capability reflect marketing positional influence in the company, a finding which corresponds with the qualitative analysis of CMEs' mindset about marketing management by Tollin and Jones (2009). Despite a difference between CMEs as regards to importance given to PDM, a joint theme in all of the eight interviews was innovation. Innovation was described as a key concept, process and consideration in marketing. From the list of important marketing capabilities compiled in each interview it is evident that innovation from the point of view of CME is not restricted to the products and/or services offered, but that it also concerns brands, pricing strategies, communication processes and business models.

### *Survey development and measurement*

The scale for measuring marketing capabilities contains 33 items. The collection of items and the formulation of statements (describing specialised, cross-functional and dynamic capabilities) are influenced by the literature and by the pre-study. Of the 33 items, 21 aim to express the three core categories of dynamic capabilities following the framework by Teece (2007). However, it shall be noted that we have only included some central processes related to identifying (sensing), selecting and implementing new business ideas and opportunities (seizing) and ensuring a continuous innovation orientation (transforming). Though a validated scale does not exist, we developed a set of items (i.e. statements) dealing with the three categories. Inspiration and support in formulating the statements, originates from the conceptual model and discussion by Teece (2007), from the innovation management literature's frameworks of innovation as a core business process consisting of the three categories of sub-processes (Tidd and Bessant, 2009), and from our exploratory pre-study. A five-point importance scale is used for assessing the weight given by CMEs to the 21 items addressing the three categories of dynamic capabilities. The remaining 12 items deal with both specialised and cross-functional capabilities. With the exception of one category, all the eight categories of marketing capabilities in the framework suggested and validated by Vorhies and Morgan (2005) have been included. That is, pricing, product development, channel management, marketing communication, selling, marketing planning and marketing implementation. However, the formulation and selection of items dealing with each of the seven categories have been influenced by our pre-study. The one category not represented in our set of items covering specialised marketing capabilities is market information management. The reason is that this capability is included in the list of items dealing with dynamic capabilities, i.e. sensing.

As regards to our scale to assess company performance measures, as perceived by CMEs, we used the scale applied by Tollin and Schmidt (2012), which in addition to the all the basic measures as suggested by Homburg and Jensen (2007) and Vorhies and Morgan (2005), also include brand performance.

At last, our survey contained a scale containing seven items (statements) dealing with organisational structure. The selection and formulation of items originates from the strategy and innovation management literature wherein organisational antecedents to an exploration as compared with an exploitation oriented business and innovation strategy is discussed (Lavie *et al.*, 2010). Hence, the statements aim to reveal the presence of a mechanistic (centralised, formalised) as opposed to an organic organisational structure. The appendix displays all statements used in the analysis.

#### *Data collection*

In order to test our set of hypotheses, a survey questionnaire directed at CMEs was designed. Based on other researchers' qualitative investigations of the CME role (Tollin and Jones, 2009), the study presumes that the following titles are synonyms of the CME title: General Manager in Charge of Marketing, Director of Marketing Director of Communication, Director of Marketing and Business Development, and Chief of Marketing/Marketing Manager. The channel of distributing the survey to CMEs was the web site of a leading *Scandinavian Marketing Journal for Marketing Management Practitioners*. After two weeks, 302 responses were received. However, about half of the responses had been submitted by respondents who did not hold CME positions. Since our intention was to restrict the analysis to managers with corporate responsibility for marketing (e.g. CMEs), the number of qualified respondents was reduced from 302 to 140, which is a sample size that corresponds with comparable surveys dealing with marketing capabilities (Ramaswami *et al.*, 2009; Vorhies and Morgan, 2005). Non-response bias may be an issue. Therefore a procedure suggested by Armstrong and Overton (1977) was carried out. The method aims at comparing early and late respondents. Results revealed no significant difference between the first (early) and the second (later) half of respondents. As a matter of validity, the bootstrap method was employed for assigning measures of accuracy to sample estimates. Efron (1980, p. 8) suggests that "when the ratio of the estimated bias to the standard error is less than 0.25, the bias [of the sampling distribution] is not usually a serious problem" (Efron, 1980, p. 33). In the present case, all of the five estimated ratios, see below, are much smaller than 0.25. Based on the test we find no indication of a bootstrap bias and are confident about the overall validity of the empirical sample:

- age of CME: 0.0263;
- tenure of CME (in years): 0.0093;
- company age: 0.0391;
- number of employees (total): 0.0250; and
- number of employees (marketing): 0.0596.

#### **Research findings**

##### *Theme: integration*

In order to discover whether categories of mindset capabilities are present, a K-means cluster analysis was conducted. The results are shown in Table I. Due to the response

n/%	39/28%		50/36%		15/10%		140/100%		Pairwise t-tests		
	PDM Cluster 1	CRM Cluster 2	HMM Cluster 3	BCM Cluster 4	CL1/CL2	CL1/CL3	CL1/CL4	CL2/CL3	CL2/CL4	CL3/CL4	
1. Implementing new pricing strategies	3.03	2.94	3.78	1.13		0.001	0.001	0.001	0.001	0.001	0.001
2. Managing product quality improvements	3.62	2.67	3.86	1.33	0.001		0.001	0.001	0.001	0.001	0.001
3. Managing product line extensions	3.54	2.56	3.44	1.40	0.001		0.001	0.001	0.001	0.001	0.001
4. Discerning changes in customers' preferences	4.05	3.53	4.16	2.20	0.01		0.001	0.001	0.001	0.001	0.001
5. Nurturing relationships in the value chain	3.62	3.50	4.30	3.73		0.001		0.001	0.001	0.001	0.05
6. Marketing communication planning	4.54	4.06	4.34	4.47	0.01			0.05			
7. Guarding brand image	4.44	4.17	4.40	4.40							
8. Managing an effective sales force	2.56	2.69	4.26	2.40		0.001	0.001	0.001			
9. Implementing CRM systems to improve relations	2.21	4.00	4.24	2.60	0.001		0.001	0.001	0.001		
10. Establishing long-term customer relationships	2.95	3.64	4.50	3.47	0.01		0.001	0.001	0.001	0.001	0.001
11. Using IT to communicate with customers effectively	2.87	3.92	4.20	3.27	0.001		0.001	0.05	0.05	0.001	0.001
12. Creating a coherent and integrated culture	3.33	3.39	4.24	3.20		0.001	0.001	0.001	0.001	0.001	0.001
Grand mean (3.60)	3.40	3.42	4.14	2.80		0.001	0.05	0.001	0.05	0.001	0.001

**Notes:** PDM, product development management; CRM, customer relationship management; HMM, holistic marketing management; BCM, brand communication management. Scaling: five-point scale measuring the perceived importance of issue. The higher the more important

**Table I.** Mindsets about important marketing capabilities

profile of each cluster in regards to the scale's 12 items dealing with marketing capabilities, the clusters, or configurations of marketing capabilities, are named as follows: PDM, CRM, holistic marketing management (HMM) and BCM. Table I and the study's first four hypotheses have determined the structure of this subsection.

*BCM (H1).* Table I shows that cluster 4 (BCM) is represented by 10 per cent of the CMEs. Furthermore, it indicates that this cluster has a high importance ranking on marketing communication planning [06] and on guarding brand image [07]. Additionally, BCM shows low importance rating on most other items, especially on pricing strategies [01], product quality [02] and management of product line extensions [03]. The other three clusters also have high scores on marketing communication and on brand image. Across the four clusters, the two items vary between 4.06 and 4.54 (average 4.34). This score is much higher than the average of all of the 48 values (average 3.60). The difference is significant on the 0.001 level (comparing the eight values of items [06] and [07] with the remaining 40 makes the difference even wider). Accordingly, we conclude that *H1* is supported.

*A constrained vs a holistic mindset (H2).* Table I also reveals that PDM minded managers focus on product quality improvements [02], product line extensions [03] and innovation by exploring changes in customers' values and preferences [04]. CRM managers, on the other hand, appear to have a focus on implementing customer communication systems [09], on establishing enduring customer relationships [10] and on using information technology for effective communication with customers [11]. As noted above, BCM minded managers primarily concentrate on communication [06] and branding [07], while they do not prioritise product development related issues highly. However, a HMM minded manager, as implied by the label, pay careful attention to almost everything. The last six columns of Table I show pairwise comparisons of the four clusters across all 12 items. The study shows 72 comparisons out of which 43 (60 per cent) are statistical, half of them (36) being significant on the 0.001 or 99.9 per cent level. HMM is involved in 36 pairwise tests. Of these 26 are significant. And in all cases, the mean of the HMM cluster is significantly higher than the mean of the other clusters. To sum up, the study concludes that the data provide reasonable support for *H2* based on the empirical findings. The study reveals that about two-thirds, or 64 per cent, of CMEs in the sample (28 + 26 + 10 per cent) are categorised as primarily pursuing a single area of capabilities (branding, product development or CRM) rather than chasing a set of different areas of capabilities simultaneously.

*Integration and performance (H3).* According to our third hypothesis (*H3*), a holistic mindset is more closely related to positive marketing performance metrics compared to a constrained mindset (a focus on one or two areas only). In order to test this hypothesis, a new K-means cluster analysis based on 28 items (including marketing capabilities and marketing performance metrics) was conducted. Since the purpose of this analysis was to identify a HMM cluster and compare it to the remaining companies, a two-cluster solution was selected. The first 12 items in the new analysis are the same as those used in the first analysis. The choice of two clusters is based on the finding described above, e.g. a constrained vs a holistic logic. Accordingly, the study assumed that one cluster would resemble a weighted average of the three specialised clusters, and one cluster would express a holistic orientation. A perfect match cannot be expected for three reasons: first, the number of clusters differs (four vs two), second, the number of input items differs (12 vs 28), and third, the scaling of the items in the second analysis is not the same (the first 12 items are scaled according to

importance, while the last 16 items are scaled according to a better/worse scale). However, the findings are quite robust across the two analyses: 66 per cent (33/50) of the HMM companies in the first analysis are members of one cluster (the HMM cluster) in the second analysis. Stated differently, 53 per cent (33/63) of the HMM cluster in the new analysis originate from the HMM cluster of the first analysis. In the first analysis, 90 companies (39 + 36 + 15) belong to a non-HMM cluster. Of these 78 per cent (60/77) reappear in the new non-HMM or specialised capabilities cluster.

It must be noted that performance measures are based on self-reports which may raise some concerns regarding validity (Podsakoff and Organ, 1986). However, since respondents are guaranteed anonymity, cross-checks on self-reported performance measures with financial measures from organisation records could not be performed. The result of the two-cluster solution is displayed in Table II. In sum, the study finds strong support for hypothesis three: Performance measures are higher in companies with

<i>n</i> = 140	HMM ( <i>n</i> = 63)	PDM/CRM/ BCM ( <i>n</i> = 77)	Prob. of difference
<i>Panel I: substantive capabilities in CMO's mindsets<sup>a</sup></i>			
1. Implementing new pricing strategies and tactics	3.24	2.94	0.108
2. Managing product quality improvements	3.46	3.01	0.016
3. Managing product line extensions	3.10	2.96	0.453
4. Discerning changes in customers' values and preferences	3.86	3.68	0.266
5. Nurturing relationships in the value chain	3.90	3.79	0.489
6. Marketing communication planning	4.33	4.34	0.972
7. Guarding brand image	4.43	4.29	0.263
8. Managing an effective sales force	3.59	2.86	0.000
9. Implementing CRM systems to improve customer relations	3.92	3.04	0.000
10. Establishing long-term customer relationships	4.10	3.44	0.000
11. Using IT to communicate with customers effectively	3.92	3.44	0.005
12. Creating a coherent and integrated culture	4.10	3.30	0.000
	3.83	3.42	0.020
<i>Panel II: perceived (self-reported) company performance relative to competitors<sup>b</sup></i>			
1. Level of customer satisfaction	4.11	3.16	0.000
2. Level of customer loyalty	3.94	3.10	0.000
3. Level of customer integration in product development	3.49	3.05	0.002
4. Market share	4.03	3.08	0.000
5. Market share growth	4.08	3.05	0.000
6. Acquiring new customers	3.94	2.90	0.000
7. Increasing sales to existing customers	3.71	3.09	0.000
8. New product successes	3.73	3.01	0.000
9. Revenue from new products	3.63	2.91	0.000
10. Profitability from new products	3.41	2.84	0.000
11. Awareness of brands	3.60	2.95	0.000
12. Perceived quality/reputation of brands	3.83	3.27	0.000
13. Internal understanding and support for brands	3.49	2.77	0.000
14. Development in turnover growth	4.19	3.12	0.000
15. Overall profit levels achieved	3.83	2.97	0.000
16. Profit margins	3.79	2.92	0.000
	3.79	3.02	0.000

Notes: <sup>a</sup>5 = very important to 1 = not important at all; <sup>b</sup>5 = much better to 1 = much worse

**Table II.**  
Mindsets and  
perceived  
organizational  
performance

CMEs pursuing a holistic mindset about important capabilities in marketing (HMM), compared to companies having CMEs who follow a constrained mindset. Concerning 27 of the 28 items of Table II the mean is higher for HMM than for the PDM/CRM/BCM group. In 19 cases the difference is significant on the 0.001 level and in three cases on the 0.05 level. Regarding the remaining six items the difference is not statistically significant. Based on the findings of Table II we find substantial but not universal support for *H3*.

*Theme: rejuvenation*

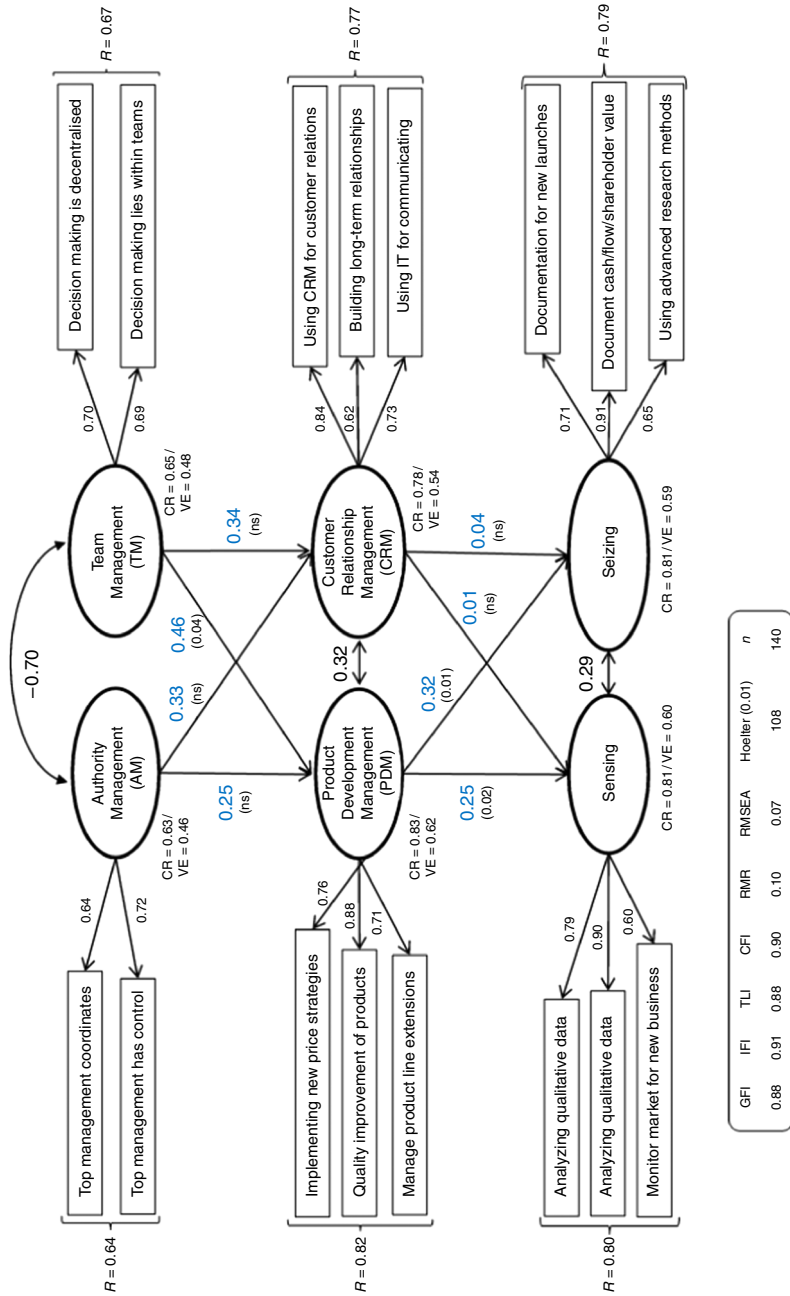
*A compound model.* The next hypothesis (*H4*) deals with the structural context of organisations' marketing functions. The hypothesis posits that a structural context characterised by teamwork is closer related to PDM than to CRM. Furthermore, the related hypothesis (*H5*) posits that PDM-oriented mindsets show a stronger link to dynamic capabilities compared to CRM-oriented mindsets. Due to the inherent relatedness between *H4* and *H5*, a compound path model is established. The result is shown in Figure 1. With regards to the merits, or lack of merits, of the estimated model, the following model fit measures are attained: The goodness-of-fit index (GFI) and the Tucker-Lewis index (TLI) are both 0.88 – a close to acceptable level. The same holds for the root mean square residual (RMR) of 0.10 and the root mean square error of approximation (RMSEA) of 0.07. The incremental fit index (IFI) and the comparative fit index (CFI) – 0.91 and 0.90, respectively – can be regarded as indicators of a well-fitted model (Bentler, 1992).

Assessment of reliability and validity:

- (1) Since the correlation between all of the indicators and the corresponding latent constructs are statistically significant at the 0.01 level and numerically 0.60 or higher, an acceptable convergent validity appears to have been established.
- (2) Coefficient  $\alpha$  of the two exogenous constructs are 0.64 and 0.67, respectively. The corresponding composite reliability is 0.63 and 0.65. Hence, the measures are below, but very close to, the 0.70 threshold for good reliability suggested by Janssens *et al.* (2008, p. 308).
- (3) The degree of variance extracted (VE) of the two constructs are 0.46 and 0.48. According to Janssens *et al.* (2008, p. 309), a VE of 0.50 or above indicates a sufficient construct validity. So while the measures do not entirely meet this threshold level, they come very close.
- (4) The correlation between the two exogenous constructs is  $-0.70$ , and thus the shared variance between the constructs is  $0.49$  ( $-0.70^2$ ), which is about the same level and virtually no higher than the VE of both constructs. A little more of the total variance of the exogenous constructs is separate than shared. Based on this, it can be deduced from the study that an adequate discriminant validity is established.

Note that the two successive sets of endogenous constructs (PDM-CRM and sensing-seizing, respectively) all suggest that the issues (1)-(4) listed above are met: indicators are higher than 0.60, coefficient  $\alpha$ /reliability is better than 0.70, VE exceeds 0.50, and discriminant validity is good since shared variance ( $0.32^2 = 0.10$  and  $0.29^2 = 0.084$ ) is much less than the corresponding VE measures.

*Team vs authority management (H4).* In Figure 1, the 95 per cent confidence interval surrounding the path from authority management (AM) to PDM (0.25) is  $[-0.18; 0.67]$ ,



Notes: R, reliability (Cronbach's coefficient  $\alpha$ ); CR, composite reliability; VE, variance extracted

Figure 1. Organisational context and marketing capabilities (substantive and dynamic)

while the corresponding interval regarding the AM-CRM path (0.33) is  $[-0.14; 0.80]$ . Both paths originating from AM are statistically non-significant (both confidence intervals overlap 0). The equivalent interval of the path from team management (TM) to PDM (0.46) is  $[0.00; 0.92]$ , while the interval of the TM-CRM path (0.34) is  $[-0.13; 0.80]$ . The TM-PDM path is significant on the 95 per cent level, but the TM-CRM path is not. However, the TM-PDM path (0.46) is higher than the TM-CRM path (0.34), and the former is significant on the 95 per cent level while the latter is not. To sum up: since the confidence intervals of the two paths overlap, the study cannot claim that support for *H4* is based on statistical significance. However, at least there appears to be some directional support for *H4*: a team-oriented organisational context might be closer related to mindsets oriented towards PDM than to mindsets oriented towards CRM. So far our results are only tentative in that regard and more research, say, based on a bigger sample is needed to either find proper statistically significant support for *H4* or, alternatively, to conclude that *H4* lacks support and needs revision.

In order to determine if the same result is apparent at a lower level of the data, a comparison between our path model and the identified four clusters was conducted. The result of the cluster analysis (Table III, statements differ from those of Table I) supports the path analysis in Figure 1. That is, the two clusters that are oriented towards product development show the highest mean scores on the two items [03 and 04 in Table III] dealing with TM (PDM: 3.33 and 3.49; HMM: 3.38 and 3.32). In Figure 1, the path from TM to PDM and further the paths from PDM to seizing and sensing are statistically significant on the 0.05 level (see the section on *H5*). So there is a correspondence with the findings of the cluster analysis and of the path model. Table III also shows that the cluster with the lowest scores on TM [items 03 and 04] is BCM (2.80 and 2.87) and not CRM (3.14 and 3.19). Differences are not significant here, though. However, the overall pattern appears to fit with Figure 1, where the paths emanating from PDM are significant while the corresponding ones originating from CRM are not significant. Accordingly, the study concludes that *H4* would need a modification in order to get full acceptance, namely as follows: a team-oriented organisational context is closer related to mindsets oriented towards PDM than to mindsets oriented towards CRM or BCM.

*Substantive and dynamic capabilities (H5)*. The 95 per cent confidence interval (Figure 1) surrounding the path from PDM to Sensing (0.25;  $p = 0.02$ ) is  $[0.07; 0.43]$ , while the corresponding interval regarding the PDM-seizing path (0.32;  $p = 0.01$ ) is  $[0.13; 0.52]$ . Since none of the confidence intervals overlap with the comparable paths from CRM to sensing (0.01) and seizing (0.03), the study concludes that *H5* is confirmed, based on a 95 per cent level of significance: PDM capabilities appear to be closer related to dynamic capabilities than are CRM capabilities. Note though that the 95 per cent confidence interval surrounding the path from CRM to sensing (0.01) of  $[-0.16; 0.17]$  overlaps somewhat with the confidence interval of the path from PDM to sensing  $[0.07; 0.43]$  while the interval of the path from CRM to seizing (0.04) of  $[-0.13; 0.22]$  overlaps a little with the confidence interval of the path from PDM to seizing (0.32) of  $[0.13; 0.52]$ . The confidence in our hypothesis would have been even stronger if there would have been no such overlap of confidence intervals regarding the corresponding paths.

As with the previous hypothesis, a manual check of correspondence between the four clusters of Table I and the path model of Figure 1 was carried out. The comparison revealed that the two clusters oriented towards product development (PDM and HMM) show the highest mean scores. The PDM cluster has higher values than CRM and BCM on, respectively, seven and eight out of 12 issues (out of which four are significant).



n/%	39/28%		36/26%		50/36%		15/10%		140/100%		Pairwise t-tests				
	PDM Cluster 1	CRM Cluster 2	HMM Cluster 3	BCM Cluster 4	CL1/CL2	CL1/CL3	CL1/CL4	CL2/CL3	CL2/CL4	CL3/CL4	CL1/CL3	CL1/CL4	CL2/CL3	CL2/CL4	CL3/CL4
01-04 relate to H4, 05-17 to H5															
1. Management coordinates	3.23	3.39	3.44	3.47											
2. Management has control	3.64	3.69	3.74	4.00											
3. Network organisation	3.33	3.14	3.38	2.80								0.06			
4. Organised around projects	3.49	3.19	3.32	2.87											
5. Collecting/analysing quantitative data	4.28	4.00	4.40	4.27											
6. Collecting/analysing qualitative data	4.44	4.08	4.42	4.33			0.07								
7. Monitoring cultural trends in society	4.00	3.50	3.66	3.67			0.05								
8. Monitoring trends in product/process	3.56	3.64	4.00	4.07					0.02		0.05				
9. Ensure consensus in company	3.59	3.92	4.08	4.00					0.02						
10. Converting ideas to business models	3.97	3.92	4.46	4.13					0.001						0.08
11. Assessing what to outsource	3.38	3.58	3.82	3.27					0.04						0.06
12. Documentation for new products	3.46	3.31	3.84	3.47					0.08						
13. Documentation for cash/flow	3.18	3.19	3.66	3.40					0.03						
14. Managing radical new products	3.28	3.08	3.52	3.20											
15. Working with clients on new concepts	3.64	3.50	4.02	3.87					0.04						
16. Using electronic media for dialogue	3.85	3.97	4.28	4.60					0.02		0.001			0.01	0.10
17. Monitoring for new businesses	4.26	3.83	4.18	4.00			0.03								

Notes: PDM, product development management; CRM, customer relationship management; HMM, holistic marketing management; BCM, brand communication management

Table III. The four mindsets – a comparison

The HMM cluster outperforms the CRM cluster on all 12 means (in ten cases significant on the 0.05 level) while it outperforms the BCM cluster on ten issues (nine cases of 0.05 level significance). Additionally, the analysis reveals that managers pursuing a holistic logic (HMM) stand out (show the highest means) with regards to dynamic capabilities dealing with economic analysis, e.g. financial investment analysis of innovations and cash-flow analysis of new product launches (see Items 12 and 13 in Table III). Thus, the study is inclined to conclude that the comparative analysis provides additional support in favour of *H5*.

### Implications for theory and practice

By building on earlier research dealing with the impact of marketing capabilities on company performance (Ramaswami *et al.*, 2009; Vorhies and Morgan, 2005), a major contribution of the present study is that it provides empirical support for the thesis that an integrated, or a holistic, mindset about important, functional-level marketing capabilities pays off. Hence, the wider the range of marketing capabilities being emphasised by a company's CME, the better the company performance.

#### *Theoretical implications*

The study provides, to the best of our knowledge, a first attempt to empirically assess the representation of different areas of important marketing capabilities at the functional level of marketing and among CMEs. The typology of mindsets revealed offers new insight to the theory about the diverse meanings of marketing management. Of the four mindsets identified in the study, HMM is set apart by its emphasis on a broad set of marketing capabilities (substantive and dynamic), and by its strong link to positive company performance metrics. Considering that only about one-third of CMEs according to the study share a holistic mindset, it appears important in further research to focus on barriers and drivers to adopt the HMM mindset. Another essential issue brought up by our study concerns the leadership style of a CME pursuing a HMM path. As proposed by Rosing *et al.* (2011), there is a requirement of "temporal flexibility" in any innovation process, i.e. whether it concerns a development process of a new product or an incremental modification of an existing product, brand communication or CRM process. Accordingly, a critical issue and research question concerns how CMEs pursuing a HMM mindset master an adequate level of a team-based and an autocratic leadership style.

Due to the explorative character of the study, its findings give rise to a number of issues for further research. One issue concerns the finding that BCM is a generic, or basic, capability in marketing. Considering the many and diverse frameworks offered in the literature about brand management, one may presume that differences also exist among CMEs with respect to how they conceive and enact BCM. Studies about CMEs' mindsets about product innovation have shown that PDM has more than one meaning in terms of the issues, tasks and knowledge processes involved (Tollin, 2008). Hence, further studies about CMEs' mindsets are needed, as are studies aimed at identifying alternative mindsets of the areas included (i.e. mindsets about BCM, PDM, CRM, etc.). The scale used in this study to detect CMEs orientation on dynamic capabilities has aimed at being applicable to both PDM and CRM. However, we recognise the need of further scale development work in order to assess what is the optimal balance of exploration and exploitation in relation to not only PDM, but also CRM and BCM capabilities.

### *Implications for practice*

A central task for corporate and business unit managers is to secure that their company's top management team has the ideas and experiences that will secure a continuous and prosperous development of the company's profit levels and assets. In mastering this challenge it is suggested in the strategy and the marketing literature, that insight into managers' mental models, or mindsets, about customers' values, about how to establish a viable position in the market, or about what the important marketing capabilities are, etc. may provide guidance and support. Our study endorses this idea by having revealed a differentiated image of what the important marketing capabilities are from the view of CMEs. A related finding concerns distinguishing qualities, or dimensions, of CMEs mindsets. We found integration and rejuvenation representing central qualities of CMEs mindsets and being related to company performance.

In response to these two core findings our advice to companies' and business units' general managers is to make use of the typology of mindsets (BCM, CRM, PDM and HMM) alongside with the two dimensions (integration and rejuvenation) as a tool to start up a reflective discussion within the top management team on how marketing is conceived and enacted in the company. From having initiated such a discussion follows the question: Does the present mindset governing the management and leadership of marketing processes match the corporate and/or business unit strategy? Hence, one important implication of the study is that the typology inspire to a nuanced understanding of what marketing management is and to a productive critical view on marketing's alignment with company DNA (vision, strategy, culture, etc.) and contribution to company performance.

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### Further reading

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Constructs (inspired by or based on)	Questions and items
Specialised and cross-functional marketing capabilities Vorhies and Morgan (2005)	<p>According to your view: Which are the important marketing capabilities when implementing marketing plans and programmes in your company?</p> <ul style="list-style-type: none"> <li>Implementing new pricing strategies and tactics</li> <li>Managing quality improvements of our product portfolio</li> <li>Managing product line extensions</li> <li>Discerning changes in consumers' values and preferences</li> <li>Nurturing relationships with resellers, customers, and suppliers</li> <li>Implementing marketing communication strategies</li> <li>Guarding/controlling brand image</li> <li>Managing an effective sale force</li> <li>Implementing CRM systems to improve customer relations</li> <li>Establishing long-term relationships with customers</li> <li>Using IT to communicate with customers effectively</li> <li>Creating a coherent and integrated company culture</li> </ul>
Dynamic marketing capabilities Teece (2007, 2009), Tidd and Bessant (2009)	<p>According to your view: Which are the important capabilities in marketing in order to develop marketing strategies?</p> <p><i>Sensing capabilities</i></p> <ul style="list-style-type: none"> <li>Analysing quantitative data about customers' values</li> <li>Analysing qualitative data about customers' values</li> <li>Monitoring cultural trends in the society</li> <li>Monitoring trends in new product, process, or packaging technologies</li> <li>Monitoring the strategic landscape/market in order to detect new business opportunities</li> </ul> <p><i>Seizing design capabilities</i></p> <ul style="list-style-type: none"> <li>Delineating ideas into concepts and value propositions</li> <li>Assessing the impact of innovation initiatives on firm/brand image and reputation</li> <li>Assessing the match between innovation ideas and the firm's visions, values and policies</li> <li>Assessing what to do internally and which processes to outsource</li> <li>Creating a consensus across the organisation around new ideas and innovation projects</li> <li>Coordinating and integrating knowledge across the organisation in innovation projects</li> </ul> <p><i>Seizing finance capabilities</i></p> <ul style="list-style-type: none"> <li>Documenting investment requirements for new product launches</li> <li>Documenting the effect of new products on cash flow and shareholder value</li> <li>Using advanced research methods such as conjoint analysis, positioning analyses, etc., in evaluating projects</li> </ul> <p><i>Transforming</i></p> <ul style="list-style-type: none"> <li>Leading projects that deal with radical product innovation</li> <li>Leading innovation project across functions and/or organisations</li> <li>Cooperating with key-customers or end-users in developing new concepts</li> <li>Leading knowledge creating networks of different partners</li> <li>Integrating strategic partners into innovation processes</li> <li>Protecting strategic knowledge related to marketing and innovation (brands, patents, etc.)</li> <li>Using IT to communicate with customers continuously</li> </ul>
Firm's performance	How is the firm performing in comparison with its main competitors?

(continued)

**Table AI.**  
Items used in analysis and sources of inspiration

Constructs (inspired by or based on)	Questions and items
	<i>Growth performance</i>
Tollin and Schmidt (2012),	Level of customer satisfaction
Homburg and Jensen (2007),	Level of customer loyalty
Vorhies and Morgan (2005)	Market share
	Market share growth
	Acquiring of new customers
	Increasing sales to existing customers
	<i>New product development performance</i>
	Level of customer integration in product development
	Frequency of new product launches
	Revenue from new products
	Profitability of new products
	<i>Brand performance</i>
	Overall awareness of your company's brands
	Overall perceived quality/reputation of your company's brands
	Internal understanding and support of your company's brands
	<i>Profit development</i>
	Development in turnover growth
	Overall profit levels achieved
	Development of ROI
Firm's organisation structure	Which statements do best describe the organisational structure of your company?
Lavie <i>et al.</i> (2010)	We are organised in functions. Top management coordinates the processes between functions
	Top management has a significant control over decision processes in the whole organisation
	We have a matrix structure
	Decisions are very much decentralised
	Decisions are taken by teams across the organisation.
	We are a network organisation with a focus on internal and external partners
	We are organised around projects

Table A1.

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