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Prioritisation of marketing investments in different types of marketing functions

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Abstract

To elucidate how the marketing function's efforts influence the company's results, marketing functions are classified according to their role mix. The impact of the types is studied on the basis of an empirical study among 395 marketing managers.

The study identifies four types of marketing functions based on the efforts they dedicate to seven generic marketing roles. The four types of marketing functions are denoted as follows: (1) the broadly-based; (2) the hesitant; (3) the traditional and (4) the market-creating marketing function. All four types of marketing functions directly influence the company's results, but there is considerable variation in the composition of the roles within each type of marketing function, their use and impact on the company's results. The findings of this study indicate that marketing functions are heterogeneous, and the effect achieved from investing in any given role therefore varies. The primary managerial implication is a need for prioritisation of the marketing roles with a view to maximise the marginal impact on the company's results, but also to decide if the marketing function would benefit from shifting between different types of marketing functions by prioritising some roles differently.

Introduction

Companies do not necessarily need strong marketing functions. This was the conclusion drawn by Verhoef and Leeflang (2009, p. 28, 29) as they were unable to provide empirical evidence to support a correlation between the marketing function's influence in the organisation and the company's results. Despite this, Verhoef and Leeflang (2009) recommend the establishment of strong marketing functions as they found that marketing activities have a direct effect on the company's market orientation, which – in turn – affects the company's results. Verhoef and Leeflang (2009, p. 29) provide a general recommendation for all marketing functions stating that they should reclaim influence by investing in the same two roles – »accountability« and »innovative-

ness« – regardless of their individual starting point. Verhoef and Leeflang (2009) thus assume that there is no variation as to what should be or can be prioritised by marketing functions.

If this assumption on marginalisation of the marketing function is correct, the question is not if all companies should have a marketing function or if the marketing function is losing influence (cf. Verhoef and Leeflang, 2009). Rather, the question is if marketing deserves any influence and how marketing functions become influential. We assume that the prerequisite to any influence is that the marketing function adds value. In line herewith, our study explores how different marketing functions add value to their companies through different marketing roles.

Three circumstances put this issue in perspective and challenge the marketing function. Firstly, marketing functions may be comprised by many roles and they are different from others in the way they employ and prioritise these roles to achieve results. This means that the individual marketing function has a specific platform as a basis for every new move it needs to make. Nevertheless, it seems possible to identify types of marketing functions that act similarly; types which may be useful in building a better understanding of the relation between the behaviour of the marketing function and the company's results. It can be demonstrated that marketing is a profitable activity (Day 1994; Verhoef and Leeflang 2009). Thus, the challenge here is to single out those marketing roles that maximise the profitability of marketing.

Secondly, several studies have explored the influence of marketing functions within organisations. Influence is typically perceived as: (1) importance, (2) decision-making impact and (3) the senior management's respect (see e.g. Verhoef and Leeflang 2009; Moorman and Rust 1999). How the marketing function's influence within the organisation affects the company's market orientation and business results is interesting and helpful in building an understanding of how to strengthen the marketing function's internal position in the company. But it does not improve our understanding of how the marketing function's roles directly affect the company's business results, or how the roles may be prioritised to maximise their impact on the company's results. Verhoef and Leeflang (2009) studied the political discussion of the influence of marketing and noted that it is the organisation that delegates responsibility to marketing, and that some competencies and authority are delegated mechanically. We study strategic influence and wish to shift the focus to determine if the marketing function adds value rather than if it has influence.

Thirdly, marketing research shows that there is generally a positive correlation between the senior management's respect for the marketing function and the influence of this function on the company's business results (Verhoef and Leeflang 2009).

Specifically, more respect for the marketing function among senior management correlates with the marketing function's influence on company results. In Verhoef and Leeflang's (2009) perspective, the marketing function's influence is a management issue; the management delegates decision-making competence and decides if the marketing function has more or less influence. But decreasing influence on the part of the marketing function within the company may indicate decreasing respect with the senior management. Therefore, the question is not simply if the senior management supports the marketing function and acknowledges its strategic relevance, but also how senior management's respect may be re-established. A proactive marketing function that through its work is capable of demonstrating that it has a direct impact on the company's results may be the factor needed to re-establish the senior management's respect and to increase the marketing function's influence in the organisation. But different types of marketing functions produce results in different ways, and the way in which various types of marketing functions re-establish the respect of senior management therefore also varies.

These issues challenge the marketing function and raise the following research questions: (1) How do marketing functions put together their particular mix of roles? (2) How do the company's results vary with different types of marketing function? (3) How does the senior management's respect vary with type of marketing function? (4) How is investment in marketing roles related to type of marketing function? To answer these questions, this study explores the roles of the marketing function and studies how the roles may be used to divide marketing functions into types depending on how they work. Next, the study explores how the company's results and the senior management's respect vary with the type of marketing function; and, finally, we study how marketing roles may be prioritised according to type of marketing function.

This study is interesting because it documents that the impact of investing in marketing depends on the starting point of each individual marketing function. Those in charge of marketing efforts may employ this knowledge to develop their marketing function and to improve the strategic influence of the marketing function within the company by prioritising the marketing roles that increase the marginal impact on the senior management's respect and the company's results as much as possible. Furthermore, this knowledge can be used to demonstrate accountability and support decisions concerning budget allocations.

Theoretical foundations

The marketing function's activities have been a central topic in marketing research, and previous research has focused on three issues: Firstly, the activities typically performed by the marketing function that can be grouped into generic roles, reflecting relatively general ways of doing things. Secondly, how the roles can be struc-

tured so that they may serve to develop the influence of the marketing function and, thirdly, what this influence concerns (see e.g. Day 1994; Lehman 1997; Moorman and Rust 1999; Ramaswami et al. 2004; Srivastava et al. 1999; Verhoef and Leeflang 2009; O'Sullivan and Abdela 2007; Vorhies and Morgan 2005).

The roles and their structure

Several studies have focused on selected roles and activities, e.g. Day (1994); Han, Kim, and Srivastava (1998); Lawson and Samson (2001); Lehman (1997); Moorman and Rust (1999); Ramaswami, Bhargava, and Srivastava (2004); Srivastava, Fahey, and Christensen (2001); Srivastava, Shervani, and Fahey (1999) and Verhoef and Leeflang (2009). These studies are characterised by a number of essential limitations.

Firstly, the extant literature discusses *all roles as if they were equally important*; no differentiation is made according to the importance of the roles for the marketing function.

Secondly, it is assumed that *all roles are equally important in all marketing functions*. Such an approach to the study of roles is problematic as marketing functions may develop their profiles over time. Extant studies may not be capable of sufficiently reflecting the variation in the roles and activities that marketing functions perform, and therefore they may only to a limited degree be capable of taking into account the real world variation in the manner in which marketing functions create results.

Thirdly, the structure of the roles has not been subjected to thorough scrutiny (Day 1994). This is an issue because roles do not work independently in a vacuum, but always interact with other roles. It is the composition of the role, their complementarity and inter-relation that give the marketing function its unique identity and ability to produce results (Moorman and Slotegraaf 1999; Morgan, Slotegraaf, and Vorhies 2009); but these factors also challenge the marketing functions. It is not sufficient for marketing functions to perform central marketing roles in isolation; rather, it is essential to understand how the various roles interact. Therefore, the marketing function needs to be able to control each role and the relation between them and their relation to the other functional areas of the company. This topic is largely unexplored in the literature (Webster 2005).

The objective of the present study is to explore how the marketing function adds value via the direct impact of marketing roles on the company's results. For this purpose, we take as our starting point the frame of reference developed by Martensen and Mouritsen (2013), including seven generic roles structured across four dimensions (c.f. Figure 1A):

(a) *Little m*: is based on the traditional perception of the marketing function (see e.g. Morgan, Vorhies and Mason, 2009) and comprises the roles that the marketing function can manage and influence autonomously, the planning and implementation of which require specialist knowledge of core marketing issues: (1) Marketing implementation (PR, communications and marketing plans) and (2) Marketing strategy (prioritisation of segments, acquisition and retention of clients).

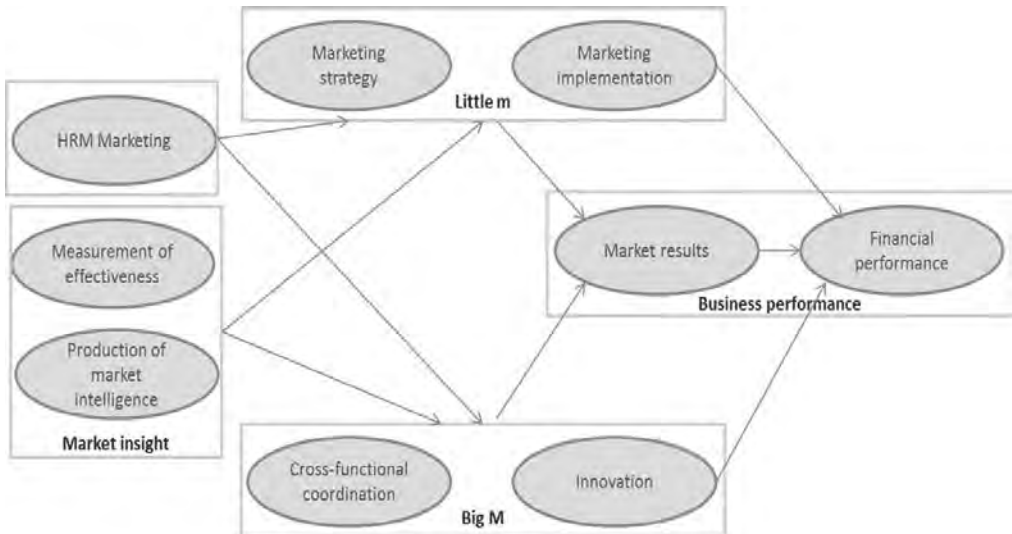
(b) *Big M*: assumes that the marketing function has a holistic approach to the implementation of growth-creating activities and comprises the roles that require interaction with other functional areas and external partners. For instance, marketing often has a facilitating role and contributes to the innovation process by ensuring a client-centric perspective. The roles in big M do not necessarily require specialist knowledge of core marketing activities. (3) Innovation (business cases for new products, business relations) and (4) cross-functional coordination (coherence with other function areas).

The distinction between little m and big M is inspired by the Marketing Science Institute (MSI): »Marketing as a function (big M) in relation to marketing as a process and a vision (little m) in the future« (MSI 1996, p. 6).

(c) Market knowledge (5) impact measurements (Key Performance Indicators (KPI) and (6) building knowledge of the market (SWOT, new ideas from many areas);

(d) *HRM marketing*: (7) HRM (Recruitment, retention and development of employees).

Figure 1A



These seven roles and the relations between them, cf. Figure 1A, form the starting point for the present study.

Influence of the roles

The targets of the marketing function's influence is a topic that has received considerable attention in the literature (Brown et al. 2005; Schultz 2005; Webster, Malter and Ganesan 2005). Frequently, the marketing function's influence in the organisation is studied in comparison with that of other functional areas. Homburg, Workman and Krohmer (1999) perceive the marketing function's influence as a function of external factors in the company's context, the company's strategies and institutional factors. Moorman and Rust (1999) along with Verhoef and Leeflang (2009) study the marketing function's influence on the basis of three factors: (1) other functional areas' perception of the marketing function's influence; (2) the senior management's respect; and (3) the marketing function's impact on decision-making relative to other functional areas and in relation to specific marketing activities. The concept of influence, then, becomes an internal issue that reflects the relation to the senior management or other functional areas, and which focuses on how the marketing function may increase its decision-making competence. The authors study how marketing roles affect the marketing function's influence in the organisation (though not simultaneously) and subsequently how the marketing function's influence in the organisation affects the company's results (Verhoef and Leeflang 2009, Moorman and Rust 1999; Morgan 2009; Simon and Sullivan 1993).

Some authors, e.g. Moorman & Rust, see a direct link between the marketing function's influence in the organisation and its impact on the company's results. Other authors, e.g. Verhoef and Leeflang (2009), find that the marketing function's influence in the organisation mediates the relation between marketing roles and market orientation and the company's results. However, the authors do not present simultaneous analyses, nor do they perform measurements to establish any mediating effect as described by Baron and Kenny (1986) and Chi et al. (2012), among others.

No authors have studied the marketing function's influence as a function of the direct impact of its roles on the company's results. This approach is relevant to the discussion of the marketing function's accountability and justification as it provides a tool to prioritise marketing roles. When the marketing function can demonstrate that it has an impact on the company's business results and even show how it influences these results, the senior management's and other function areas' respect for the marketing function increases which, in turn, cf. Verhoef and Leeflang (2009), can increase the marketing function's influence in the organisation.

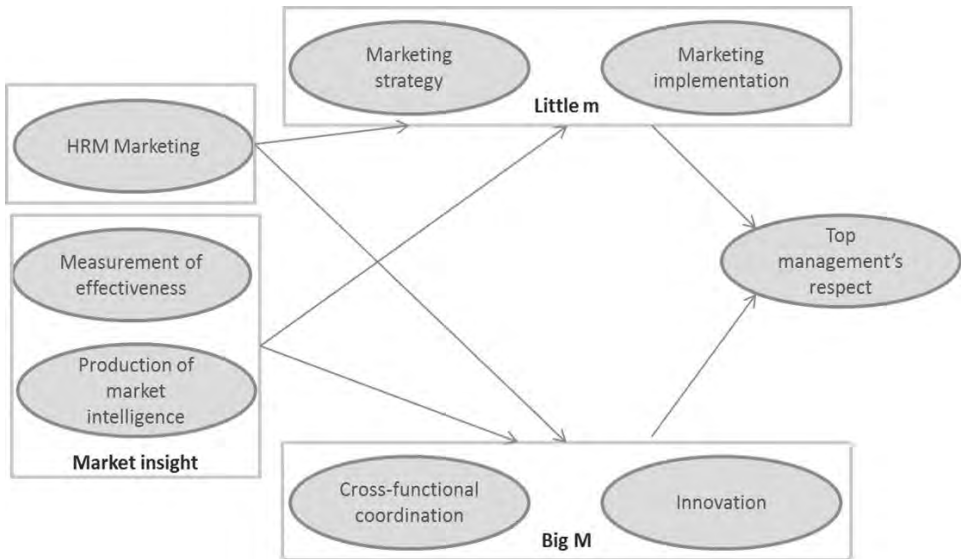
Theoretical frame of reference

The theoretical frame of reference for the present study is presented in Figure 1A (Martensen and Mouritsen, 2013). It is based on the following approach: The marketing function can directly create results for the company by focusing on traditional core marketing roles (little m) and/or market-developing roles (big M) (Morgan, Slotegraaf, and Vorhier, 2009; Verhoef and Leeflang, 2009). Big M and little m can affect each other, and dynamics can arise that may increase their independent impact. Recruitment, retention and development of competent staff members (HRM marketing) can ensure that all knowledge relating to the market is collected and then spread across the organisation where it may form the basis for the execution of big M as well as little m (Hooley et al. 2005; Patterson et al. 1997).

The framework of reference presented in Figure 1A was tested in an empirical study including nearly 400 marketing managers. Martensen and Mouritsen (2013) found that marketing roles are related to and have an impact on market results which, in turn, affect financial performance. The way in which the various marketing roles impact on the company's results varies greatly. Market results are a direct result of implementation and innovation. A stronger and indirect effect derives from market knowledge and HRM, which are also the primary factors in financial performance. Therefore, when investments are to be made in marketing roles to improve the company's results, the company should primarily recruit and retain competent staff members and secondarily collect, spread and act on the basis of market knowledge in the form of impact measurements and build knowledge of the market. This is so because these roles support a market-oriented strategy that is based on innovation and cross-functional coordination. Martensen and Mouritsen's study (2013) also demonstrates that big M and little m roles interact and affect business results with about the same impact; this allows the marketing function to gain strategic strength. Finally, market knowledge provides input for both little m and big M activities (implementation and innovation). This result underlines the importance of performing simultaneous analyses, which allow for interaction between the roles.

The roles' interaction, structure and their link to the company's performance are relevant in the context of the present study because we want to study the effect of the marketing roles and to prioritise the roles in the context of investment decisions for the individual type of function (cf. the discussion below). Martensen and Mouritsen's (2013) theoretical frame of reference forms the basis for the present study because we want to explore how the roles are linked to the company's results and how the roles influence the senior management's respect for the marketing function. The roles' interaction, structure and their link to the senior management's respect are studied in exactly the same manner as the roles' link to business results, cf. Figure 1B.

Figure 1B



Method

About the studies

The seven marketing roles were operationalised by way of 36 survey questions that were formulated by a group of experts consisting of four researchers and six marketing practitioners. The questions were pre-tested among staff in charge of marketing activities and were then reduced to 31. The senior management’s respect (3 questions) and the company’s results (12 questions) are based on existing scales. A total of 46 questions were employed, all worded as statements ranging from 1 Fully disagree to 7 Fully agree in the quantitative study, cf. the Appendix.

The quantitative online questionnaire completed by Danish employees in charge of marketing, which is used for empirical validation of the frame of reference in Figure 1A, was also used for the present study in which we divided marketing functions into types according to the roles they perform. We contacted the respondents either by e-mail or by phone. Phone recruitment targeted an initial 2,500 phone numbers, and the online questionnaire was based on 1,144 e-mail addresses from Huset Markedsføring and 500 e-mail addresses from randomly selected companies. A total of 550 usable interviews were performed, and this study is based on 395 of those interviews. Completion percentages of 17%, 19% and 14% were achieved for each of the three contact forms, respectively. Approx. 57% of the respondents are sales/marketing managers and approx. 34% are managing directors. 22% of the companies primarily sell to BtC markets, whereas 53% of the companies primarily sell to BtB markets. 53% of the

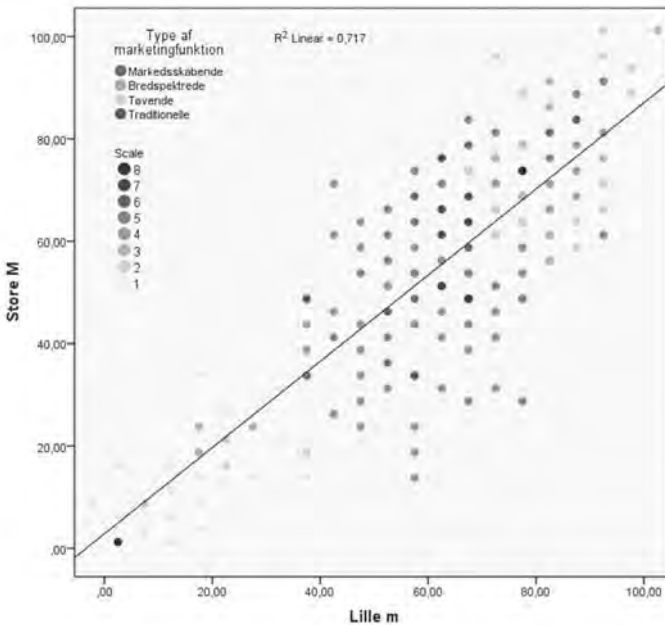
respondents were from companies with less than 50 employees and 16% from companies with less than 250 companies.

Four types of marketing functions

Marketing functions are differentiated by the weight they attribute to each of the seven roles, and this prioritisation leads to essential differences between the marketing functions; some functions attribute more weight to specific individual roles or to a certain combination of roles than other companies do. Some degree of uniformity does seem to exist in the manner in which marketing functions perform and prioritise the basic roles that affect the company's results. The marketing functions were therefore divided into types according to how they employ the seven roles. This was done through cluster analysis in which the marketing functions are homogeneous in their efforts vis-a-vis the seven roles within the type, but heterogeneous between the types. To determine how many types of marketing functions should be studied, we first performed a K-means cluster analysis and then a two-step cluster analysis, and the solution that yielded the most valid, stable and reliable solution was selected. This modus operandi produced four types of marketing functions, which can be categorised in a system of coordinates according to the weight attributed to the dimensions of little m and big M, respectively, see Figure 2.

The four types of functions are situated around the diagonal and will be denominated: (1) The broadly-based function types, which very much perform activities of both little m and big M; (2) the hesitant function types which perform only limited activities within both little m and big M; (3) the market-creating function types which perform fewer activities than the traditional types and mainly focus on big M activities; (4) the traditional marketing types which perform fewer activities than the market-creating marketing function, but more than the hesitant functions and perform slightly more small m than big M activities. The four types can be characterised on the basis of their averages and cross tabulation (e.g. one-sided variance analysis (ANOVA) and Tukey's multiple comparison test (see e.g. Bowen 1990; Kotabe and Duhan 1993; Grove, Fisk and Dorsch 1998). Such analyses reveal many significant differences between the four types of marketing functions.

Figure 2



Results

Characteristics of the four types of marketing functions

The four types of marketing functions' average efforts made for each of the seven roles, the senior management's recognition and the company's results can be calculated, cf. Table 1, and may be described as follows:

1. The *hesitant marketing function* is the polar opposite of the broadly-based marketing function. The companies that primarily operate in the BtB market are either small or very large. The hesitant marketing function counts with less senior management recognition despite the fact that the CEO is often in charge of the function, which indicates that marketing and the marketing function are not considered as being particularly important to the company and its performance. This is in line with the fact that companies with this type of marketing function have few marketing employees and invest less in marketing than any other type.
2. The *traditional marketing function* is the type of marketing function that invests most in marketing activities. This function is primarily characterised by marketing implementation. It focuses extensively on HRM, among others by developing, recruiting and retaining competent employees, but the primary focus is on the planning of marketing efforts and the allocation of marketing tasks. The marketing function is typically headed by a marketing director/manager who is rarely a member of the board of managers, and the marketing function is not very well respected among the senior management. As for the broadly-based marketing func-

Table 1. Results of cluster analysis*

Marketing roles forming the basis for the division of the marketing function into groups	Average				Comparison of the average from the four groups of marketing functions (p-value 2-tailed)				
	Sample total (N = 395)	Hesitant N = 55 (14%)	Traditional N = 75 (19%)	Market-creating N = 107 (27%)	Broadly-based N = 158 (40%)	Broadly-based versus Traditional	Broadly-based versus Market-creating	Traditional versus Market-creating	
Role 1: Implementation of marketing	63.7	16.5	67.3	58.1	81.4	.000	.000	.000	
Role 2: Marketing strategy	59.9	15.7	45.8	61.8	80.4	.000	.000	.000	
Role 3: Innovation	54.5	16.1	32.6	62.9	73.5	.000	.000	.000	
Role 4: Building knowledge of the market	58.1	18.6	46.9	54.7	79.3	.000	.000	.013	
Role 5: Impact measurement	50.8	7.2	45.9	45.7	70.7	.000	.000	.958	
Role 6: Cross-functional coordination	55.8	12.9	49.7	52.9	75.7	.000	.000	.280	
Role 7: HRM	57.7	12.1	58.7	49.1	77.8	.000	.000	.023	
Performance variables									
Market orientation	62.9	38.6	56.9	67.3	70.3	.000	.172	.000	
Competitive advantage	58.3	34.5	57.1	65.6	64.2	.037	.610	.009	
Senior management's respect	65.4	31.3	55.6	67.5	77.4	.000	.000	.001	
Market results	72.4	59.3	71.5	74.5	75.8	.039	.474	.207	
Financial results	63.6	51.4	63.4	65.5	70.1	.063	.119	.616	

* All 59 questions were transformed from the original 7-point-scale to a 0-100 (low-high) scale.

tion, this type of function is found in many medium-sized and large companies that have a relatively high number of marketing employees.

3. The *market-creating marketing function* is characterised by performing new marketing tasks. It builds new markets and performs marketing activities according to the plans and guidelines outlined in the marketing strategy and thus serves as a hub for the coordination between the market and the company's other functions. The focus is on moving and developing the market. The marketing function is typically headed by the CEO, which (naturally) ensures a high level of recognition from senior management. Both the company and the marketing function are small. The company invests relatively heavily in marketing, given that the level of investments is slightly below that seen for the broadly-based and the traditional types of marketing function.
4. The *broadly-based marketing function* has more marketing employees per number of employees in the company than any of the other types, and it invests heavily in marketing. The marketing function is headed by a marketing director or manager and is well-respected by the senior management to whom it refers directly. It invests in all of the seven roles, i.e. performs traditional marketing tasks and participates in the development of the company through innovation, internal and external coordination. On average and compared with the other types of marketing functions, this type is mainly found in large BtC companies.

The effort and performance of the four types of marketing functions

The effort and performance levels of the four types of marketing functions raise a number of interesting considerations (cf. Table 1 and Figure 2).

The four types of marketing functions *perform* very differently. The broadly-based function creates the largest market and financial results; the traditional and the market-creating function share the same level of results, which is lower than that observed for the broadly-based type, and the hesitant marketing function yields the poorest results of the four. A similar pattern is seen for the senior management's respect, the company's market orientation and competitive advantage. Nevertheless, for these factors the market-creating function produces results that are clearly superior to those observed for the traditional type. It is interesting that the market-creating function achieves competitiveness at a par with that of the broadly-based function.

When the four types of marketing functions are compared with regard to *level of efforts*, it becomes clear that the broadly-based type makes considerable efforts with respect to all roles, whereas the hesitant type does not. The traditional and the market-creating types are positioned in-between the two others and score similarly on impact measurement and coordination, but are significantly different as far as the five other roles are concerned, i.e. implementation, strategy, market knowledge, innovation and

HRM. If the level of effort is studied in more detail, it can be discerned that like the broadly-based function, the traditional marketing function focuses on implementation of marketing, which is underpinned by a strong focus on competent employees (HRM). The broadly-based type has a very strong focus on the development of the marketing strategies that form the starting point for implementation of marketing, which is another main focus area. The strategic focus is not particularly strong for the traditional type, which has a number of consequences when marketing activities are implemented and may be one of the causes contributing to the relatively poor financial results recorded compared with the broadly-based type (cf. Table 1).

For the market-creating function, investments in market knowledge and innovation are relatively high, even though the efforts made are more limited than in the broadly-based type. For the market-creating type, the efforts made towards strategy, innovation and market knowledge have index values of 55-63. For comparison, the broadly-based type's index values range from 74 to 80, which may help explain the differences between the financial results achieved by the two types, cf. Table 1).

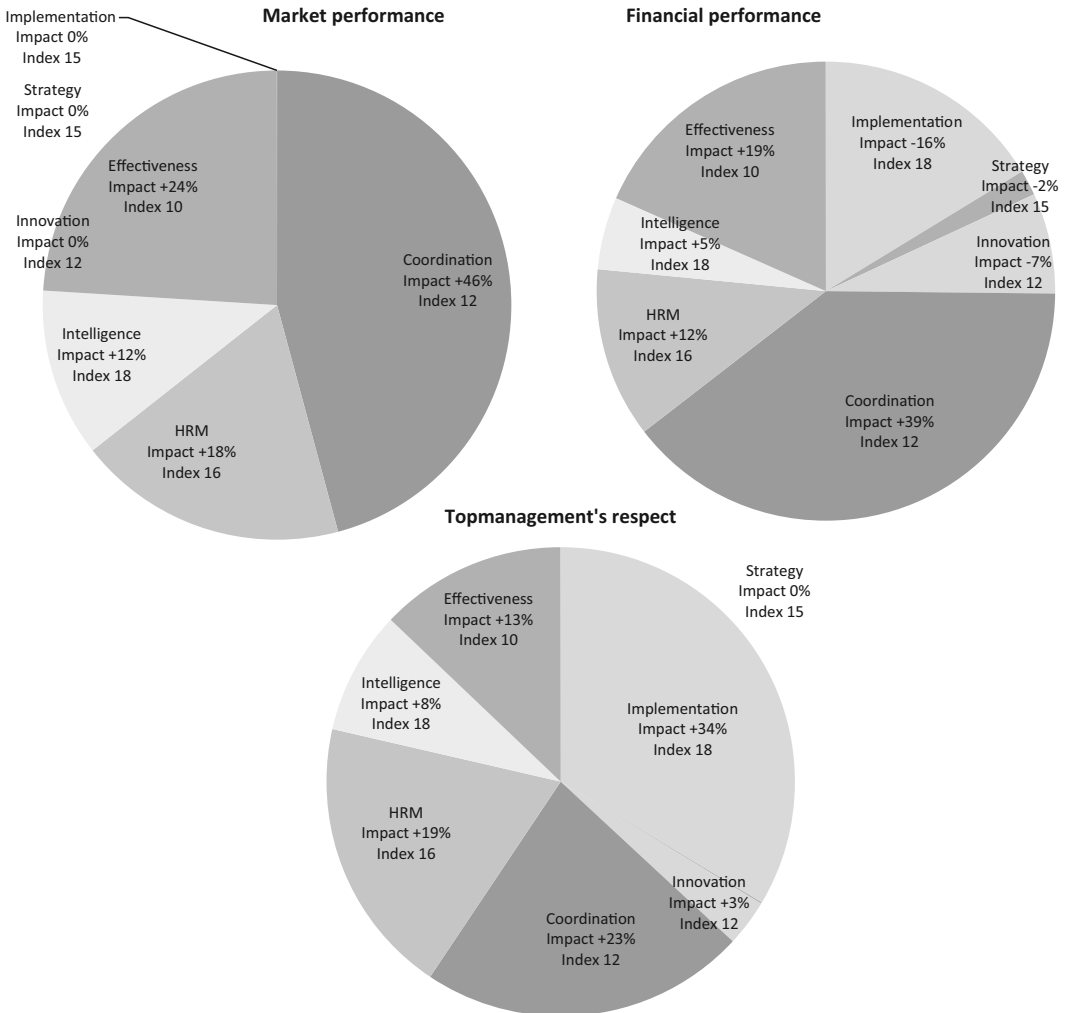
Generally, the hesitant type does not focus extensively on marketing. The efforts made for the seven roles score index values below 19, and no role is more prominent than the others, apart from impact measurements (index 7). Nevertheless, the hesitant marketing function achieves financial and market results of 51 and 59, respectively, compared with the broadly-based type's index values of 70 and 76, respectively. The differences are significant, but the business results are not as poor as you might expect for the hesitant marketing type. This result indicates that some companies perform relatively better than expected even if they lack a strong marketing function. This is a paradox and begs the question if all companies benefit from having a marketing function. Verhoef and Leeflang (2009) present a similar finding in their study. We believe that there may be two explanations for this phenomenon. Firstly, some roles are naturally embedded within the marketing function, e.g. implementation of marketing activities, whereas other roles also involve other functions, e.g. innovation. In the latter case, the process can easily become complex, and it may therefore become difficult for the marketing function to document an independent impact on the company's results. Secondly, marketing is everyone's trade, according to Verhoef and Leeflang (2009). If the marketing function's tasks are outsourced, the question no longer is if all companies need a marketing function (cf. Verhoef and Leeflang 2009), but how it creates results.

Prioritisation of marketing roles in the four types of marketing functions

The frame of reference presented in Figure 1A and 1B forms the starting point for our study of how the four types combine the marketing roles, and how the interplay between the roles affect the respect for the marketing function among senior man-

agement and the company's results. The models presented in Figure 1A and 1B were estimated and tested via the Partial Least Square (PLS) technique for each of the four marketing functions. The result demonstrates that the four types work differently and that there is considerable variation in the way in which each type produces results and in the positive and negative impact of the roles. This becomes evident when the relative total impact of the roles on the company's results and on senior management's respect are studied, cf. Figure 3.

Figure 3



The relative total impact reflects the relative increase in the senior management's respect and in the market and financial results for every 1-point increase in the efforts put into the role. As investment in the same roles has different effects, it is possible to prioritise the roles, which brings into play two decision variables: (a) the number of roles; (b) the nature of the roles. If the results presented in Figure 3 are summarised, the following may be concluded regarding the prioritisation of the roles:

The hesitant marketing function	The traditional marketing function	The market-creating marketing function	The broadly-based marketing function
<i>Primary efforts</i>	<i>Primary efforts</i>	<i>Primary efforts</i>	<i>Primary efforts</i>
<ul style="list-style-type: none"> • Coordination • Impact measurement • HRM marketing 	<ul style="list-style-type: none"> • Innovation • Strategy • Implementation 	<ul style="list-style-type: none"> • Innovation 	<ul style="list-style-type: none"> • Implementation
	<i>Secondary efforts</i>	<i>Secondary efforts</i>	<i>Secondary efforts</i>
	<ul style="list-style-type: none"> • Impact measurement 	<ul style="list-style-type: none"> • Implementation 	<ul style="list-style-type: none"> • HRM marketing • Strategy • Intelligence • Impact measurement

The traditional and the hesitant marketing functions perform many roles, whereas the broadly-based and the market-creating functions only perform few roles. Consequently, the dilemma is larger for the traditional and the hesitant marketing function as these functions have more relevant investments. Verhoef and Leeflang (2009) provide the same recommendation for how this dilemma may be solved for all marketing functions. As opposed hereto, we do not recommend that all marketing functions do the same or with the same intensity, because their starting points are different.

The hesitant type builds respect in the senior management by performing all roles, particularly coordination, implementation and HRM. Market results and financial performance are primarily produced through coordination and impact measurement, but HRM is also important. In this context, it is interesting that implementation does not create market results or financial performance – rather, implementation has a negative impact on financial performance. The hesitant type may benefit from coordinating activities with other functions and from ensuring that market knowledge and employees with the right competences (HRM) are in place. For this type, it is therefore not the traditional marketing tasks (little m) that are employed to produce results and build respect; rather, it is the coordinating role in connection with which market knowledge is used as input.

The traditional type builds respect by performing all seven roles, particularly innovation, strategy and implementation. Financial results are produced through innovation, implementation, impact measurement and strategy, whereas market results are

produced through innovation, strategy and impact measurement. It is interesting that HRM has a negative impact on market results and that implementation has no impact on market results. To ensure that implementation has an impact on market results, the traditional function may consider strengthening market knowledge, which is also important for market results, financial performance and the senior management's respect. In the traditional marketing function, a broad competence profile is needed as staff need to be competent within little m and big M as well as within market knowledge. This may prove challenging for managements and make the HRM role complex, but essential.

The market-creating marketing functions gain the senior management's respect by assuming all roles, particularly strategy, innovation implementation and market knowledge. Financial performance is created through innovation and implementation, whereas the remaining five roles all have a negative impact on financial performance. Market results are achieved owing to innovation exclusively. Therefore the market-creating marketing functions can primarily focus on innovation and only secondarily on implementation, i.e. both little m and big M activities are brought into play. For implementation to have a positive impact on market results (it currently has a considerable, negative impact on market results), a different level of effort is probably needed, but this seems to be a negotiable road as the senior management supports that market knowledge is important. The market-creating function requires employees with specific competencies within either big M or little M activities.

The broadly-based function builds respect with the senior management through implementation alone; all other roles have a negative impact on the senior management. Financial performance is primarily achieved owing to implementation, whereas innovation and coordination have a negative impact on financial performance. Market results are primarily owed to implementation and secondarily to market knowledge (impact measurement and intelligence). However, a strengthening of market knowledge requires a change of perception in the senior management as market knowledge is not currently one of the roles that adds to its respect for the marketing function. Either strategy or innovation creates market results. The broadly-based functions may benefit from investing in little m activities, but probably not in big M activities. The limited investment opportunities of the broadly-based functions probably testify to a need for implementation competences to ensure excellent performance.

Discussion

The marketing function's influence

In recent years, marketing literature has discussed the marketing function's influence from a reactive and pessimistic viewpoint. Our results indicate that a more positive agenda may be established for the development of the marketing function and its role within companies. We assume that the marketing function's influence is based on the

roles that it has control over and performs, because these efforts directly influence the company's results and therefore also the senior management's respect. Verhoef and Leeflang (2009) assume that the marketing function's influence in the company is a function of the senior management's respect, the recognition it receives from other functional areas and increased influence on decision-making in the company. The organisational power balance and the management's delegation of decision-making competence to the marketing function are important issues, but these will not help the marketing function build an understanding of how it may increase its influence on the company's results by way of its own activities. We argue that the marketing function's influence is achieved through both increases in senior management's respect for its activities, as pointed out by Verhoef and Leeflang (2009), and particularly through documentation of the direct impact of its activities on the company's results. In our perspective, the marketing function is also partaker in the development of the marketing function, and influence is therefore not exclusively a factor allocated to the marketing function following a political process in the senior management. We contribute to extant research by studying which roles have the greatest impact on the company's results as we assume that the achieved results will, in turn, increase the respect in the company for the marketing function's work.

The marketing roles' impact and prioritisation

Our findings show that through its efforts within the seven generic roles and their composition, the marketing function influences the company's results and senior management's respect. We document that the roles' impact and prioritisation depend on the type of marketing function in question, and it follows that the marketing function's next move will depend on its current type.

Verhoef and Leeflang (2009) were unable to document that the marketing function's influence in the organisation has a direct impact on the business results. This finding makes it hard for the authors to argue for a strong marketing function, or to provide any documented recommendations for the roles in which the marketing function may invest to improve the company's results. Our analysis is more positive with regard to the marketing function's influence as we provide empirical evidence to show the roles have a direct impact on the company's results and on senior management respect. Our study adds to previous research on how the marketing function may increase its influence. It also contributes by clarifying and specifying the basis and application for the solutions provided by Verhoef and Leeflang (2009).

Two substantial contributions

The present study affords us the opportunity to implement strategic prioritisation within each type of marketing function, as we divide marketing functions into types according to the roles they comprise and on which they base their efforts. This ap-

proach contributes to the solution of two central issues that were previously neglected in the literature.

The first contribution Extant literature discusses all roles as if they were equally important; a point of view that has three interesting consequences. The first consequence is that the roles are not prioritised, and authors typically do not state that prioritisation is a relevant issue (see e.g. Day 1994; Lehman 1997). Implicitly, it is assumed that all marketing functions need to perform all tasks. The second consequence is that it is decisive if the influence is directed towards the company's results, cf. the present study, or towards the marketing function's influence on the senior management's respect and on other organisation-internal issues, cf. e.g. Verhoef and Leeflang (2009) and Moorman and Rust (1999). A third consequence is that no authors take into account that marketing roles are interdependent and that this interdependence determines how and with what impact the roles contribute to achieving results. Our study discusses these three consequences and provides empirical evidence that there are considerable differences between the tasks solved by different marketing functions and between the efforts put into their work, and that this is decisive for the results achieved for the company and therefore for any investment in marketing roles.

The second contribution Extant research assumes that all roles are equally important for all marketing functions, regardless of the functions' unique starting point; there is no variation in the manner in which marketing functions create results. Our study documents that marketing functions may be divided into four heterogeneous types of marketing functions and that the manner in which roles are practised within each type is homogeneous. This reflects considerable variation in the work done in marketing functions and provides various different starting points for how the respect of the senior management is gained and how the function affects the company's results. Marketing functions are not as homogeneous as assumed by Verhoef and Leeflang (2009), and therefore they will not benefit equally from taking the same course of action. Verhoef and Leeflang (2009) recommend that all marketing functions focus on innovativeness and accountability, whereas we recommend that the marketing function prioritises the roles that will yield the largest relative impact on the company's results and the senior management's respect. Assuming that all marketing functions can be analysed as one is probably too simple an approach, and that may be one of the reasons why previous studies have been unable to document the marketing function's impact on the company's results.

Managerial tasks and challenges

The above discussion places a range of managerial tasks and challenges with the marketing function, and these tasks and challenges may have implications for the field of marketing.

Strategies for the development of the marketing function

Categorisation of the marketing function into one of the four types does not produce a static position; the marketing function is dynamic and may shift from some to other activities. This creates an interesting but complex managerial task as the marketing function may, in principle, shift between the various types over time as the roles are prioritised differently. But the question is if the various types of marketing function may be achieved without restrictions, or if this mobility is limited. To establish this, the characteristics of each type are studied.

Surprisingly, our results show that background criteria do not yield an unambiguous description of the four types of marketing functions. Differences as well as similarities are observed when comparing the four types with regard to demographics, market and internal organisation. To take an example, the broadly-based and the traditional marketing function are organised similarly, as these functions are typically headed by a marketing director/manager. The hesitant and the market-creating marketing functions are frequently headed by the CEO in person. In the broadly-based and the market-creating types, the function typically refers directly to the CEO, and both types of marketing functions are more frequently represented on the board of directors than is the case for the remaining functions. The hesitant type tends to operate more in the BtB market, whereas the broadly-based type is mainly found in the BtC market. The hesitant type has fewer marketing employees per company employee than any other type, the broadly-based has more, the market-creating type typically has small marketing functions, and the traditional type is characterised by having marketing functions of any size. The market-creating type primarily consists of small companies, the hesitant type of many small and few very large companies, whereas the broadly-based as well as the traditional type are typically seen in companies with many employees. The hesitant type employs fewer resources on marketing, whereas the three other types have similar marketing budgets. This result indicates that market functions cannot be categorised unambiguously by reference to organisational and structural factors alone. This finding is interesting because extant literature frequently uses background criteria to categorise companies.

If the four types are studied to determine how they practice the seven roles, we see that e.g. the hesitant marketing function has a different starting point than the broadly-based type. The hesitant type is characterised by limited efforts on all roles, and by focusing mainly on coordination, market knowledge and HRM. The broadly-based type practices all seven roles at a high effort level and focuses extensively on implementation. Therefore, a diagonal shift from hesitant to marketing-creating marketing function requires enormous financial and human resources, but also organisational and structural changes. The consequence is that not all strategies for the development of marketing functions are possible within our typology, and that

limits mobility. Development of the marketing function becomes a managerial issue; a question of prioritisation of marketing investments rather than a question of organisational and structural characteristics. The way in which the marketing roles interact and create company results in part determines which strategy is relevant, and whether the function may shift horizontally or diagonally within the typology.

Marketing function challenges

The marketing function faces three essential challenges.

One *challenge* is that the four types of marketing function are very different. The dilemma therefore is that marketing functions can choose to shift from one type to another, but this may not be well advised. It is clear that the broadly-based marketing function does everything well, but it is just as clear that it requires considerable resources. Furthermore, it is clear that the hesitant marketing function scores low on all marketing roles, but it seems that the company's results are not as poor as might be expected. This indicates that other functions within the company provide their answers to how clients and markets should be understood and developed. There are alternatives for marketing. The following central questions arise: (a) Should all companies have a strong marketing function?; (b) How does marketing add value?; (c) What are the characteristics of a profitable marketing investment?

A *second challenge* is the organisation of the marketing function and the decision as to who should attend to each of the roles. The dilemma here is that the marketing function unites the qualifications needed to manage and lead innovation owing to its insight into clients and markets. But so do other functional areas. For example, R&D often has deep insights into which products and process may be developed, but this insight is informed by an internal and technical perspective. Therefore, internal competition concerning the organisation of the marketing function and R&D may arise. This may be the case in the broadly-based type in which the marketing function's participation in innovation does not produce a (positive) effect on market results and financial performance. The marketing function cannot count on achieving increased influence through the roles that form part of big M, as it risks becoming an »R&D appendage«. The following central questions arise: (a) How can the marketing function be developed – should the marketing function take over the roles of other functional areas?; (b) How can the marketing function be organised?

A *third challenge* is cross-functional coordination, including the marketing function's understanding of other functions. If the path forward is development of the marketing function and annexation of other function areas, it may be necessary to improve marketing's understanding of the processes that form part of the other functions, e.g. production, procurement, logistics, R&D, finances and accounts (Kumar 2008). Mar-

keting will need a broader and deeper understanding of the organisation as a whole and not simply of the roles that form part of little m (Webster 2005; Kerin 2005). This may be relevant to the hesitant marketing function where coordination has considerable impact on the company's results. But it is also an advantage if marketing can help other functions gain insight into what marketing can offer as a discipline, and why it is essential to follow the marketing function's objectives. This will make it easier for other functional areas to accept and pursue a marketing focus and to apply a market-oriented mind set (Sheth and Sisodia 2005; Srivastava et al. 1999). But it may be that other functional areas will not pursue the marketing function's objectives regardless, as they have goals of their own to pursue. Dilemmas may also be formulated to describe which objectives should be set and followed. Therefore: (a) How can we ensure that the marketing function builds an understanding for other functional areas' objectives and methods?; (b) How may the marketing function communicate its objectives to other functional areas with a view to ensuring a market-oriented culture in the company?

Limitations and future research

The division of marketing functions into types according to their efforts on seven marketing roles seems relevant and applicable in a theoretical as well as in a managerial perspective. But we would recommend that the typology be tested further to validate the generalisability of the findings, e.g. by using data from other countries. It may also be interesting to study how different types of marketing functions interact with other functional areas in the company. For instance, does the broadly-based function interact more with the financial function than with the traditional function does? Does the market-creating function interact more with the R&D than with the traditional function, etc.?

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Appendix

THE ROLES AND FUNCTIONAL AREAS OF THE MARKETING FUNCTION

To which degree does Marketing in your company/business unit perform the following activities?

Role 1: Implementation of marketing

11. We develop and implement the integrated market communication strategy
13. We coordinate communication measures and disseminate communication internally in the company
14. We uphold a state of PR preparedness and head stakeholder relations
15. We monitor and ensure the company's name and reputation
19. We generate support and enthusiasm in the management and across the organisation for marketing projects and processes, and marketing staff are committed to these projects and processes
20. We implement marketing strategies and marketing plans
21. We are responsible for the financial project resources and marketing budgets
26. We ensure marketing services, among others through collaboration with third-party providers

Role 2: Marketing strategy

3. We identify and prioritise client segments for the company's products and services. We develop segmentation strategies including assessment of the segment's financial ROI (return on investment)
4. We develop the company's marketing strategy and focus by driving and inducing strategic market-focused thinking and by documenting the value of customer relations in financial terms.
5. We collaborate closely with the senior management to implement the company's market-oriented agenda
6. We develop marketing strategies and plans to strengthen the portfolio of products/services and brands, to attract new clients and to retain existing clients
10. We establish and maintain policies on pricing, packaging, distribution and sales promotion and client service in line with strategic market objectives

Role 3: Innovation

7. We approve major growth-oriented investments, e.g. penetration into new markets and new product launches
8. We provide input for and participate in innovative and product development processes
9. We develop business cases for new products and services
27. We work with key accounts to develop products and solutions
28. We build business relations, networks and partnerships

Role 4: Cross-functional coordination

22. We further and implement integration of marketing and sales activities
23. We further and implement cross-functional coordination between marketing and R&D
24. We further and implement cross-functional cooperation between marketing and the remaining functions, e.g. finance, accounts, production, HR
25. We proactively provide services and recommendations for other functional areas and business units

Role 5: Impact measurement

16. We establish »key performance indicators« (KPIs)
17. We measure and assess the effectiveness of marketing activities
18. We provide an overview and disseminate information and knowledge about market performance across the organisational functions

Role 6: Building knowledge of the market

1. We support strategic assessments of the company's surroundings (e.g. competitive situation, logistics, technology, political and financial situation) and identify threats and opportunities
2. We gain ideas, information and insights from clients through research and other sources. We make recommendations aiming to strengthen the company's products and services
12. We monitor, ensure and evaluate the positioning of the brand portfolio

Role 7: HRM

29. We recruit, select and retain competent and qualified marketing staff
30. We lead the marketing staff, including planning of working efforts and allocation of marketing tasks
31. We procure learning opportunities for and insist on innovation among the staff

SENIOR MANAGEMENT'S RESPECT AND THE COMPANY'S RESULTS

Senior management's respect

To which degree do you find that the following statements fit your company/business unit?

99. Senior management assesses the current marketing performance as being excellent

100. Senior management recognises the strategic importance of marketing

101. Senior management's decisions generally reflect marketing viewpoints

How has your company/business unit performed compared to the competition within the past 3 years in the following fields:

Market results

102. Product quality

103. Service quality

104. Image

105. Customer satisfaction

106. Customer loyalty

107. Customer acquisition

108. Market share

Financial performance

109. Turnover

110. Operating profit/loss

111. Client profitability

112. Return on capital employed

113. Productivity