

## **DOES MARKETING PERFORMANCE DRIVE FINANCIAL PERFORMANCE?**

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### **ABSTRACT**

Critics of marketing commonly allude to problems with its accountability and credibility. In order to address these issues, marketing professionals have been called on to demonstrate the contribution of marketing to firm performance. A better understanding of current research in marketing performance can better enable marketing managers to justify its expense. In addition, very limited studies in this area have been conducted in transition economies. Thus, the objective of this research is to examine how marketing drives firms' financial performance in the context of China, the largest emerging economy in the world.

Using data collected from 370 business leaders in China, the current research established a significant positive relationship between marketing performance and financial performance, which provides additional strong evidence of marketing's contribution to a firm's performance. However, different elements of marketing performance contributed very differently to financial performance. The customer satisfaction/retention and market share variables had strong positive and significant impacts on financial performance. But a non-significant impact of brand equity on financial performance was found in this research. Furthermore, the innovation variable was not statistically significant in relation to financial performance, though the relationship showed a positive sign. The interesting finding sheds some light on understanding the role of brands and innovation in enhancing firm's financial performance for Chinese companies, and the unexpected results warrant further investigation.

Taken as a whole, there is enough evidence to show that the outcome of marketing performance can drive a firm's financial performance. These research findings help to justify marketing expenditures, and to establish marketing as a distinct capability within the firm (Luo and Donthu 2006, O'Sullivan and Abela 2007). Implications and limitations of the research are also provided.

References Available on Request.