

What Marketing Strategy Matters? Examining a Contingency Model of the Relationship Between Marketing Performance Management and Business Unit Performance

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Abstract A firm's ability to understand the effects of its marketing resource deployments continues to be a major focus of organizations. In order to assess the effectiveness and efficiency of marketing implementation, the ability to measure and track activities is vital. Marketing performance measurement systems provide the marketing function with the capability to measure the impact across a variety of marketing activities and to evaluate the performance of marketing activities vis a vis an ample set of metrics (O'Sullivan & Abela, 2007).

However, a marketing performance measurement system is a resource of the firm. The resource-based view (RBV) suggests that the link between the firm's resources and its performance must be understood within the organization's structures and processes (Teece, Pisano & Shuen). Hence, the deployment and effectiveness of a marketing performance management system may not be universally equivocal; instead its effectiveness may be contingent on the strategic direction of the firm and its marketing strategy. Yet, research examining the moderating impact of marketing strategy on the link between the marketing performance management system and performance is relatively sparse. Our research intent is to provide greater learning by examining a series of strategic conditions on the marketing performance

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management to performance relationship. Strategies provide direction to the marketing function regarding the use of marketing resources (Slater & Olson, 2001), including how a firm chooses to “deploy marketing resources at its disposal to facilitate the achievement of competitive positional advantage(s) in the marketplace” (Varadarajan & Yadav, 2002, p. 299).

We utilize the classification of four marketing strategy prototypes submitted by Slater and Olson (2001). We apply this understanding of marketing strategies and examine their contingent effects on the relationship between marketing performance management and its relationship to performance. Our study sample was comprised of key informants, which were marketing executives across an array of U.S. based businesses and industries. In terms of results, we found a series of significant moderating effects. The results find a number of positive moderating conditions for the relationship between marketing performance management and business unit performance. Specifically, our results reflect that a firm’s marketing strategies and its use of marketing performance measurement can be complementary and provide an opportunity to gain an advantage position in the marketplace (Homburg et al., 2000; Slater & Olson, 2000). Conversely, we find two instances, in which the configuration does not enhance the effects between marketing performance measurement and business unit performance. Our results should encourage managers to carefully consider the implementation of marketing performance measurement systems depending upon their marketing strategies.

References: Available upon request