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Factors influencing the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness

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ABSTRACT

It seems logical that performance is maximized when a business produces a creative marketing strategy and achieves marketing strategy implementation effectiveness. However, cultural tensions and resource competition may make it difficult, or impossible, to achieve both. Contingency theory suggests that market and/or firm level influences may exist that make one or the other more important. Thus, it is important for researchers to investigate those conditions so that we can provide managers with guidance regarding where to allocate their resources. The study reported in this article assesses the impact that environmental conditions and business unit strategy have on the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness. We discuss implications for managers and scholars.

Strategy scholars have argued that dynamic capabilities enable managers to adapt, integrate, and deploy physical, human, or organizational capital to achieve alignment with the changing business environment (Barney, 1991; Teece, Pisano, & Shuen, 1997) and are a source of competitive advantage. Markides (1996) argues that "breakthrough strategies," those that redefine businesses and reshape markets, are built on the principles of developing a unique position that maintains alignment with the changing demands of the firm's environment and is effectively implemented. Thus, it seems that creative marketing strategies and skill at marketing strategy implementation would enable the firm to maintain this alignment. Therefore, the prescription for managers should be to strive for excellence at both. Is this a reasonable prescription? Some research suggests that it is. For example, O'Reilly and Tushman (2004) found that some organizations, which they term "ambidextrous organizations," have been successful at "both exploiting the present and exploring the future," (p. 75). However, they also note (p. 74) that "few companies do it well." For example, a recent article in Business Week (Hindo, 2007) described the challenge of "managing the yin and yang of discipline and imagination" (p. 7) at 3M. The article goes on to argue (p. 8) that managing this tension "is one that's bedeviling CEOs everywhere."

Andrews and Smith (1996), in their study of antecedents to creative marketing programs, asserted that marketing creativity substantially influences performance, but neglected to test for the existence of this relationship. Subsequently, Menon, Bharadwaj, Adidam, and Edison (1999) found a positive relationship between marketing strategy creativity and market performance. However, Im and Workman (2004) found no relationship between marketing program creativity and new product performance.

Noble and Mokwa (1999), in their study of the antecedents to marketing strategy implementation success argued (p. 57) that, "Implementation pervades strategic performance," but neglected to test for the presence of a relationship between marketing strategy implementation effectiveness and performance. Vorhies and Morgan (2005), in their study of marketing capabilities, found that high performing firms had a stronger marketing strategy implementation capability than did average performers.

Marketing strategy creativity and marketing strategy implementation effectiveness are established constructs in the marketing strategy literature because of their relevance to executives. We find it somewhat perplexing that strategy scholars have not investigated the issues that arise at the intersection of pressures for creativity and for implementation. Thus, this article contributes to the literature by simultaneously examining the impacts of marketing strategy creativity and marketing strategy implementation effectiveness on performance (which we define as the business unit achieving its objectives), and by testing for important moderators of these relationships. Before we develop our framework for predicting when attention to one or the

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other should dominate, we further explore the theoretical rationale for having to choose which to emphasize.

1. The tension between creativity and implementation

Why would it be difficult for businesses to be skilled at both creativity and implementation? Abernathy (1978) was one of the first to question whether it is possible for organizations to engage in activities focused on innovation and activities focused on productivity simultaneously. We find rationale for this dilemma in March's (1991) exposition of the exploration vs. exploitation conundrum. Exploration encompasses processes such as risk taking, experimentation, innovation, and creativity while exploitation encompasses efficiency, implementation, and execution. Exploitation strategies tend to limit the amount of firm exploration and exploration strategies tend to limit the amount of firm exploitation since they often compete for limited firm resources and are associated with conflicting organizational structures and cultures.

We thus look to the literature on organizational culture for further insight. Culture is the deeply rooted set of values and beliefs that provide norms for behavior in the organization (e.g., Deshpande & Webster, 1989; Schein, 1990). The "competing values" model of organizational culture (Quinn & Rohrbaugh, 1983) is based on two key dimensions with flexibility and stability anchoring one dimension, and internal maintenance and external positioning anchoring the other dimension. This two dimensional representation of culture produces four dominant types. The adhocracy type is characterized by flexibility and an external orientation, and produces entrepreneurial and creative behaviors. The market type is characterized by stability and an external orientation, and produces highly competitive behaviors. The clan type is characterized by flexibility and an internal orientation, and produces relationship building behaviors. The final type is the hierarchy, characterized by stability and an internal orientation, and produces behaviors focused on predictability and smooth operations. It seems that the development of a creative marketing strategy is most likely to occur in an organization with an adhocracy culture, while effective strategy implementation is more likely to occur in an organization with a hierarchy culture. Deshpande, Farley, and Webster (1993) note that the values of the adhocracy culture are in direct conflict with the values of the hierarchy culture. It should be a significant challenge to blend the competing values in these two culture types to produce an ambidextrous organization.

Attempting to pursue both creativity and execution simultaneously may also lead to satisficing behavior where mediocrity is achieved in each area rather than excellence in one (Cyert & March, 1963). As such, firms that pursue both strategies may be viewed as lacking focus and internal fit. Consequently, March explains (1991, p. 71) "organizations make explicit and implicit choices between the two." The explicit choices are found in decisions regarding resource allocation and strategic emphasis, in this case emphasis on developing a creative marketing strategy or on effective marketing strategy implementation. When describing the Analyzer strategy type, Miles and Snow (1978, p. 80), argue that because of its dual focus on locating new product opportunities and maintaining its position in existing product-markets, it "can never be completely efficient nor completely effective."

Varadarajan and Jayachandran (1999, p. 121) argue that, strategic "actions are shaped, and their outcomes influenced, by the external environment and internal environment of the firms." There is a long tradition in marketing strategy research of studying the influence of environment (e.g., Jaworski & Kohli, 1993; Slater & Narver, 1994) and product-market strategy (e.g., Matsuno & Mentzer, 2000; Vorhies & Morgan, 2003). We suggest that environmental uncertainty and product-market strategy influence the relative importance of each.

In this article, we first review the rationale for the marketing strategy creativity – performance and marketing strategy implementation effectiveness – performance relationships. We define performance as the degree to which the business unit met its objectives. We do this because the different strategy types have different priorities (Miles & Snow, 1978; Walker & Ruekert, 1987). We then develop hypotheses regarding both market and firm level conditions under which each should be emphasized. We test these hypotheses in a diverse, cross section of businesses and discuss our results.

2. The importance of marketing strategy creativity and marketing strategy implementation effectiveness

2.1. Marketing strategy creativity

Marketing strategy is concerned with the creation of a marketing mix that enables the business to achieve its objectives in a target market (Varadarajan & Clark, 1994). Hamel (1998, p. 8) argued that "Strategy innovation is the only way for newcomers to succeed in the face of enormous resource disadvantages, and the only way for incumbents to renew their lease on success." Marketing creativity is "the extent to which the actions taken to market a product represent a meaningful difference from marketing practices in the product category," (Andrews & Smith, 1996, p. 175). An innovative or creative strategy positions the firm in a way that is unique and is difficult for competitors to imitate (Barney, 1991; Porter, 1996).

Kim and Mauborgne (2004) use Cirque du Soleil as an example of a very creative, or what they call "Blue Ocean," strategy. In a crowded and declining industry, Cirque knew that simply trying to beat the competition by tweaking traditional circus acts would be futile. They began their transition with a new value proposition, "We reinvent the circus." Among other things, Cirque shifted to an enchanting, sophisticated style (product), a glamorous, comfortable venue (place), and modestly higher prices that are consistent with the unique experience. As a result, Cirque profitability increased by a factor of 22 over ten years.

The most creative and innovative businesses have an opportunity horizon that enables them to imagine ways in which an important new benefit might be harnessed to create new competitive space or reshape existing space. Creative marketing strategies might make use of innovative value propositions, new *pricing* models, customer driven supply networks, or expanded ways and means for "touching" customers that respond to their specific preferences and interests. These marketing mix elements could provide unique customer value or give buyers a reason to purchase. An innovative or creative strategy positions the firm in a way that is unique and is difficult for competitors to imitate and, thus, may be a source of competitive advantage (Barney, 1991). Thus,

H1. Marketing strategy creativity is positively associated with performance.

2.2. Marketing strategy implementation

On the other hand, Bonoma (1984, p.70) argues, "It is invariably easier to think up clever marketing strategies than it is to make them work under company, competitor, and customer constraints." In a five year study of 160 companies, Joyce, Nohria, and Roberson (2003) found that success was strongly associated with an ability to execute flawlessly. Cespedes and Piercy (1996) view implementation effectiveness as the achievement of the strategy's goals through appropriate actions. Similarly, Noble and Mokwa (1999, p. 57) define marketing strategy implementation as the "adoption and enactment of a marketing strategy or strategic marketing initiative."

Anheuser-Busch, the Saint Louis-based brewer, is the most admired company in its industry according to Fortune magazine. While A-B has long been known for its skill at innovation, the company is shifting from creating brands to creating brand extensions, supported by a major reorganization of the marketing function in order to better