Alignments and misalignments of realized marketing strategies with administrative systems: Performance implications

Simos Chari, George Balabanis, Matthew J. Robson, Stanley Slater

ABSTRACT

On the basis of intended marketing strategy plans, firms design administrative systems to support strategy implementation. In increasingly turbulent business environments—characterized by complexity, scarce resources, and escalating competitive opportunities and threats—firms are forced to alter intended and realize emergent strategies more frequently than ever before. The eventualities of realized marketing strategies may lead to misalignments between the strategy and the existing administrative system designed to support it. To examine performance implications of such misalignments we use Slater and Olson’s (2001) taxonomy of marketing strategies. We distinguish between intended and realized plans and we propose an administrative system framework of structural (i.e., centralization, formalization, and specialization) and dynamic (i.e., interdepartmental connectedness and strategic control mechanisms) parameters for the effective implementation of realized strategies. We propose three-way interactions between realized marketing strategies and the dynamic parameters of the system. Research hypotheses on performance implications and responses from 215 marketing executives show performance differences across strategy types and (mis)alignments of the administrative system. Our findings confirm three-way interactions among strategy types, interdepartmental connectedness, and control mechanisms for all realized strategy types.

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1. Introduction

Strategy typologies and taxonomies have played an influential role in shaping strategic management thought. Work incorporating classification schemes facilitates theory building and advances understanding of the strategic realities facing firms (Thorpe & Morgan, 2007). Despite the popularity of business-level strategy classifications in marketing management (e.g., Menguc & Auh, 2008; Song, Di Benedetto, & Nason, 2007), research has placed little emphasis on marketing strategy typologies or taxonomies. Few studies (e.g., Murphy & Enis, 1986; Slater & Olson, 2001) have developed marketing strategy classifications that feature marketing-related problems and even fewer have incorporated them in empirical research. For this reason, the conceptual landscape of marketing strategy remains underdeveloped.

By contrast, the interface of organizational parameters with realized (implemented) strategies has long been focal to strategic marketing research (see Varadarajan, 2010). Theory argues that performance outcomes of realized strategies are determined, partially, by how well organizational characteristics align with strategy-specific requirements (Yarbrough, Morgan, & Vorhie, 2011). In marketing strategy studies, the focus has been constrained to the alignment of either structural and/or task-specific characteristics with: detached marketing-mix components (e.g., Kabadayi, Eyuboglu, & Thomas, 2007); standardization–adaptation choices (e.g., Xu, Cavusgil, & White, 2006); or business-level strategies (e.g., Vorhies & Morgan, 2003). Despite accumulated knowledge, scholars still call for further research on organizational contingencies (see Morgan, 2012). Thus far, no study has captured how firms deploy structural and more dynamic organizational parameters collectively, within administrative systems, to facilitate the implementation of diverse marketing strategy types. An administrative system refers to the deployment of structural parameters for rationalizing strategic decisions and the formulation and implementation of process facilitating a firm’s dynamic capacity to adapt and evolve (Dvir, Segev, & Shenhair, 1993).

Scholars (e.g., Chandler, 1962) argue that managers initially develop a strategy and then design a fitting administrative system to support their plans. However, evidence suggests firms “reinvent the strategy making process as an emergent process” (Hamel, 2009, p. 91). In increasingly turbulent marketplaces, firms are expected to blend deliberative (i.e., patterns of action realized as initially intended) and emergent...
adaptation process; which is more likely to be an emergent process. Thus, we extend the notion of strategies. In doing so, we unveil that structural and dynamic parameters need to adapt in order to maintain an effective alignment with emergent marketing strategies. Thus, we extend the notion of strategy contingencies and has developed sufficiently to provide information for conjecturing alignment assumptions for all parameters concerned. We follow a multiple input (i.e., theoretical and qualitative) approach to fully inform realized marketing strategy–administrative system alignment conditions. To develop theory, we systematically reviewed research (i.e., 193 articles from 39 cross-disciplinary journals) over a 34-year period (i.e., 1980–2014). To improve accuracy, we complement theory-driven conditions with specifications by expert raters (i.e., qualitative input).

2 Theoretical background

2.1. Contingency theory and strategic alignment

Chandler’s (1962) maxim structure follows strategy, conjectures that managers initially design a strategy and then establishes a structure to support strategy intentions (Hult, Cavusgil, Kiyak, Deligonul, & Lagerström, 2007). Notwithstanding that empirical findings show that strategy or structure alone can affect performance outcomes, performance differences across firms may be better explained by considering strategy–structure fit or alignment (Zott & Amit, 2008). No single structure is applicable for all kinds of strategic tasks, weakening one-size-fits-all perspectives in favor of contingent solutions (Mintzberg, 1993).

Contingency theory (e.g., Zajac et al., 2000) posits that “organizational performance is a consequence of fit between two or more factors; such as, the fit between organization environment, strategy, structure, systems, style, and culture” (Drazin & Van de Ven, 1985, p. 334). From this viewpoint, organizational characteristics and strategy choices are co-dependent such that when fit conditions between strategy and its environmental context exist, performance can be optimized (e.g., Xu et al., 2006). In line with other strategy studies in marketing (e.g., Yarbrough et al., 2011), we adopt a strategic fit perspective for this study.

2.2. Marketing strategy

A firm’s marketing strategy refers to a set of integrated decisions through which firms respond to competitive conditions and accomplish organizational objectives in target markets (Griffith, 2010). Central to marketing are choices pertaining to: segmentation, targetting, allocation of marketing resources for creating, communicating and/or delivering value to customers for profit (Varadarajan, 2010). Firms are faced with the need to revisit these complex decisions on an ongoing basis. It is thus surprising that research in marketing has yet to scrutinize marketing strategy formation considerations. The connotation of intended (i.e., planned) and realized strategies is rarely considered in marketing strategy studies (Chari, Katsikeas, Balabanis, & Robson, 2014). Purely deliberate or emergent strategies seem unrealistic in fast-moving business environments, as real-world strategies entail planned and emergent facets (Mintzberg, 1994; Bensaou et al., 2013). Failure to distinguish conceptually between intended and realized strategies runs the risk of managerial overemphasis of an idealized version of strategy that does not correspond to the implemented strategy.

To advance knowledge on marketing strategy, the present study adopts Slater and Olson’s (2001) taxonomy (see Appendix A for strategy type descriptions). Unlike other marketing frameworks (e.g., Murphy & Enis, 1986) that are classified narrowly on the basis of the marketing

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2 In parentheses we provide living examples of firms for aggressive marketers, mass marketers, marketing minimizers, and value marketers. These examples were provided by an author of the original strategies, Prof. Eric M. Olson. We thank him for his contribution.
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