



Special Report

RESEARCH OVERVIEWS

Introduction

Leigh McAlister

Advertising Response

Greg Allenby and Dominique Hanssens

Brands and Branding: Research Findings and Future Priorities

Kevin Lane Keller and Donald R. Lehmann

Customer Metrics: The Past, the Present, and the Future in Academia and Practice

Sunil Gupta and Valarie Zeithaml

Marketing Organizations: Changing Structures and Roles

Ajay K. Kohli and Rohit Deshpandé

Metrics for Linking Marketing to Financial Performance

Rajendra Srivastava and David J. Reibstein

Research on Innovation: A Review and Agenda for Marketing Science

John Hauser, Gerard J. Tellis, and Abbie Griffin

Marketing Organizations: Changing Structures and Roles

Ajay K. Kohli and Rohit Deshpandé

Ajay K. Kohli is Isaac Stiles Hopkins Professor of Marketing, Goizueta Business School, Emory University. Rohit Deshpandé is Sebastian S. Kresge Professor of Marketing, Harvard Business School

Acknowledgements

The following individuals participated in the MSI Research Generation Workshop held in May at Emory University: Marni Clippinger (Marketing Science Institute), Rohit Deshpandé (Harvard Business School), Steve Fischer (Hewlett-Packard Company), Rajdeep Grewal (Pennsylvania State University), Ian Harris (Rohm and Haas), Ajay Kohli (Emory University), Neil Morgan (University of North Carolina), Paul Nunes (Accenture), Paul Root (Marketing Science Institute), Scott Sanderude (Praxair), Rajan Varadarajan (Texas A&M University), and John Workman (Creighton University).

Overview

This manuscript identifies key research themes concerning marketing organizations that have been addressed in the literature, and provides a summary of illustrative findings. Next, it draws on the MSI Research Generation Workshop held in May 2004 at Emory University to describe key issues and questions that call for further research.

“Marketing Organizations: Changing Structures and Roles” © 2004 Ajay K. Kohli and Rohit Deshpandé

Introduction

Research on marketing organizations is rather limited (cf. Lehmann and Jocz 1997). Moreover, empirical research on marketing organizations is even more limited. Much of the existing work tends to be observational in nature, and offers speculations as to the nature of marketing organizations in the future. The first objective of this manuscript is to identify broad themes investigated in the research reported in the literature, and summarize illustrative findings. The second objective is to draw on the MSI Research Generation Workshop held at Emory University in May 2004 to identify issues and research questions that call for further work. It is hoped that this will stimulate further work on this very important and under-researched topic in marketing.

Research on marketing organizations to date primarily has focused on two broad themes.

1. How are marketing organizations structured, and how should they be structured? A major issue is whether marketing tasks and activities should be centralized or decentralized in a multi-business organization. Another major issue is whether marketing tasks and activities should be diffused (i.e., performed by individuals in different functions/departments) or focused (i.e., performed by individuals belonging to the marketing function/department).
2. What is the role of marketing, and what should it be? A major issue is what tasks should be performed by marketing individuals and organizations in order to add value to their corporations. Another issue is the ability and legitimacy of marketing organizations to enact certain roles accorded to them by their corporations.

It bears noting here that investigation of issues surrounding marketing organizations is rendered more difficult because “marketing organizations” may be construed in different ways (see Webster, Malter, and Ganesan 2003). Thus, a marketing organization may be variously construed as some combination of the product/brand/category management organization, market research organization, major account management organization, sales organization, channel management organization, and business development organization, among others.

Theme 1(a): Centralized versus decentralized marketing tasks/activities

Do corporations centralize their marketing tasks/activities at the corporate level or do they decentralize them at the business unit level? Workman, Homburg, and Gruner (1998) find that when marketing tasks across business units are highly related, the marketing function tends to be centralized at the corporate level. In another study, Homburg, Workman, and Jensen (2000) take a different view of organization structure, and observe that organizations are increasingly structuring marketing activities around customer-centric arrangements (e.g., key account teams, segment managers).

How *should* marketing tasks/activities be structured? The general idea emerging from available research is that there is no one best way to structure marketing activities. For example, Webster, Malter, and Ganesan (2003) argue that there is value to centralizing brand management at the corporate level, though there is value to decentralizing at the business unit level as well. Similarly, Vorhies and Morgan (2003) find that a marketing organization is more effective and efficient when its profile is similar to that of an ideal marketing organization for its particular strategy. This suggests the need for further research into developing a better understanding of contingency conditions that call for centralized versus decentralized approaches to organizing marketing activities, and delineating the capabilities and cultural requirements for the two approaches.

Theme 1(b): Formal function or diffused throughout other functions (or cross-functional teams)?

Do individuals belonging to the marketing function/department perform marketing tasks and activities, or are these performed in part by individuals in other functions (or cross-functional teams)? Homburg, Workman, and Jensen (2000) note that marketing activities are moving from the marketing function to cross-functional teams and other functions (e.g., R&D and sales).

Should marketing tasks/activities be performed by the marketing function or should these be diffused across multiple functions? The literature suggests marketing tasks/activities should be the responsibility of multiple functions, not just the marketing function (Day 1994; Deshpandé, Farley, and Webster 1993; Kohli and Jaworski 1990; Narver and Slater 1990). Similarly, Kennedy, Lassk, and Goolsby (2002) argue that it is desirable to have a “customer mind-set” of all employees in a firm and not just marketing employees.

Importantly, Workman, Homburg, and Gruner (1998) note that diffusion of marketing activities across multiple functions is more common in market-oriented businesses serving business customers, and operating in uncertain markets with uncertain technologies and differentiation strategies. This suggests that whether marketing activities should be focused in a marketing function or diffused across multiple functions depends on multiple contingencies. It would be important to delineate additional contingencies in future research and also identify the capabilities and cultural requirements for the two different ways of organizing marketing activities.

Theme 2 (a): What is the current role of marketing?

What is the current role of marketing in the firm? Research on this issue has focused on the influence of the marketing function (department) in an organization. The evidence on this question is mixed. Day (1992) argues that marketing is losing its voice in the strategy dialogue. Workman (1993) found that marketing plays a limited role in new product development in a high-tech firm. In a similar strain, Lehmann (1997) notes “marketing loses control...and becomes solely an implementer of the 4Ps...essentially the department of cents-off coupons and blue-light specials.”

On the other hand, Moorman and Rust (1999) find that the marketing function adds value to the firm when it connects customers to products, service delivery, and financial results. Homburg, Workman, and Krohmer (1999) find that marketing organization plays an influential role in classic marketing decisions (advertising, customer satisfaction measurement) and strategic direction of a business unit, and that its influence is greater when the firm’s CEO has a marketing background and the firm is pursuing a differentiation strategy. They do not find the influence of marketing to be affected by market growth rate, market uncertainty, technological uncertainty, and nature of business (B2B or B2C). Still, the evidence available to date suggests the need for more research to describe variations in the role and influence of marketing across firms, and the reasons underlying these variations.

Theme 2 (b): What should be the role of marketing?

Marketing scholars have approached this topic from a variety of perspectives. Achrol (1991) argues that in turbulent environments, knowledge and competence is dispersed across firms, which calls for marketing to play the role of a “marketing exchange company” (an information exchange hub) or a “marketing coalition company” (i.e., managing functional partners). Webster (1992) suggests that the role of marketing must vary depending on the level of the corporation. He suggests that the role of marketing is to perform market analysis, value chain positioning, and customer advocacy at the corporate level; segmentation, targeting, positioning, and partnering at the business unit level; and marketing mix and relationship management at the operating level. George, Freeling, and Court (1994) argue that marketers will serve as “customer integrators” and “product integrators” and also as specialists providing analytic support services.

Achrol and Kotler (1999) predict that marketing’s role will evolve to interacting and managing a network of internal and external entities. In such cases, marketing would play the role of an infomediary, educator, integrator, coordinator, conflict manager, etc. Webster, Malter, and Ganesan (2003) suggest that marketing must focus on business innovation (not just product innovation), reinforce the importance of branding and brand equity, and link its contributions to firm performance.

This research, again, points to the need to develop a better understanding of the different roles marketing should perform across different situations or contingencies. In addition, it highlights the need to identify the different capabilities and cultures required for successfully enacting each of the different types of roles.

Research Issues Developed during MSI Research Generation Workshop

Role of marketing: General issues

A general observation noted in course of the Research Generation Workshop was that the role of marketing function in organizations is changing. Moreover, the role of marketing differs across organizations. Some of the broad questions that call for further research include the following:

- What should be the mission of a marketing function (department)? In what ways should the mission vary across firms?
- What strategies should the marketing function employ to realize different aspects of its mission?
- What capabilities must a marketing function have in order to effectively realize each of the different aspects of its mission?
- What competencies must a marketing function have in order to realize the various elements of its mission?
- What kind of culture does it take to deliver on different types of missions?
- How should marketing activities be structured?

Note that the general questions noted above call for a contingency approach discussed earlier in this paper. For example, the mission of a marketing function probably should vary across firms, and different missions call for different competencies and cultures. It would be useful to develop

insights into the specific contingencies that call for different types of missions, and identify specific competencies and cultures that support the different types of missions. Some of the other and more specific ideas generated are discussed below.

What is the value of and expectations from marketing?

A theme of major interest was how the marketing function creates value for the firm. What activities performed by the marketing function create shareholder value? An equally important issue dealt with demonstrating the value added by the marketing function in a way that is credible to top management and non-marketing functions in an organization.

Role of marketing at the firm level and business unit level

A fairly robust theme in the workshop was that of the current and desired role of marketing at the firm and business unit level. For example, what role does the marketing function play in charting the strategic direction of the firm or business unit? What role should it play? What role should a marketing function play in developing a customer-centric culture throughout the organization? Should the marketing function be involved in designing an organization's processes and systems (e.g., compensation systems) to ensure sound execution of its marketing strategies?

Influence of the marketing function

Another theme that surfaced in the workshop dealt with the fact that the marketing function is very influential in some organizations but quite weak in others. What explains the relative influence of marketing (department and personnel engaged in marketing) in an organization? It is likely that specific predictors of influence are likely to belong to the following categories of variables:

- Employee characteristics (e.g., technical skills, performance record)
- Organizational characteristics (e.g., organization structure, compensation systems)
- Industry characteristics (e.g., competitiveness, dynamism)
- Macro environmental characteristics (e.g., regulatory stringency, economic growth rate)

What explains the evolution of the organization of marketing activities?

How are marketing activities organized, and how are these organizational arrangements changing? It would be useful to identify these trends and the reasons underlying these trends. Moreover, it would be useful to develop an understanding of the consequences of the different types of organizational structures for marketing effectiveness as well as the effectiveness with which marketing interfaces with other functions in a firm. Furthermore, it would be useful to delineate the specific capabilities and competencies needed to support the different types of organizational arrangements.

What explains CMO presence and effectiveness?

The relatively recent prominence of chief marketing officers (CMOs) in organizations raised two interrelated sets of questions. First, what factors explain why some firms have CMOs on their staffs and others do not? Under what conditions should a firm have a CMO? What should be the roles and responsibilities of a CMO, and how might this vary across firms? Can CMOs be effective without P&L

responsibility (McGovern et al. 2004)? Second, what factors explain differences in effectiveness of CMOs across firms? These factors are likely to include the CMO's relationship with the CEO and the board of directors. In addition, CMO effectiveness is likely to depend on his or her relationships and interactions with other C-level executives.

Marketing capabilities

Another area for further research pertains to the notion of marketing capabilities. How should these be construed? What elements comprise a marketing capability? It would be useful to develop a typology of marketing capabilities, and identify contingencies under which one or another type of capability is more (or less) important. How should marketing capabilities be measured? It would be useful to develop an approach for the measurement of the different types of marketing capabilities.

Marketing and society

Finally, the role of marketing in adding value to a firm and society at large in an ethically responsible manner was seen as an important issue. Some of the issues that may be useful to consider are: What role should marketing play in ensuring ethically responsible behavior on the part of the firm? What ethical dilemmas arise in the course of performing marketing tasks and activities? What factors explain differences in the effectiveness with which these ethical dilemmas are resolved?

Conclusion

The purpose of this manuscript is to briefly review reported research on marketing organizations and identify directions for future research. The literature primarily focuses on two issues: (1) How are marketing tasks organized and how should they be organized? and (2) What is the current role of marketing and what should it be? Although available research sheds light on these topics, much work remains to be done.

As discussed earlier, it would be useful to adopt a contingency view on these questions – the organization of marketing activities should depend on the context, as should the role of marketing. The MSI Research Generation Workshop generated these and additional issues worthy of further investigation. These include issues surrounding the capabilities, competencies, and cultures required to support different roles and missions of marketing functions. In addition, the demonstration of the value created by marketing for the firm is an important issue. Factors affecting the influence of a marketing function and that of a CMO also are useful issues for future research. The development of a deeper understanding of marketing capabilities and their measurement is of interest, as is the interplay between marketing and society. It is hoped that this manuscript provides an impetus for additional investigations into this very important but relatively neglected area of marketing.

References

Achrol, Ravi S. (1991), "Evolution of the Marketing Organization: New Forms for Turbulent Environments." *Journal of Marketing* 55 (October), 77-93.

_____ and Philip Kotler (1999), "Marketing in the Network Economy." *Journal of Marketing* 63 (Special Issue), 146-63.

Day, George (1992), "Marketing's Contribution to the Strategy Dialogue." *Journal of the Academy of Marketing Science* 20 (Fall), 323-9.

_____ (1994), "The Capabilities of Market-Driven Organizations." *Journal of Marketing* 58 (October), 37-52.

Deshpandé, Rohit, John U. Farley, and Frederick E. Webster, Jr. (1993), "Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrant Analysis." *Journal of Marketing* 57 (January), 23-37.

George, Michael, Anthony Freeling and David Court (1994), "Reinventing the Marketing Organization." *McKinsey Quarterly* 4, 43-62.

_____, John P. Workman, Jr., and Ove Jensen (2000), "Fundamental Changes in Marketing Organization: The Movement Toward a Customer-Focused Organizational Culture." *Journal of the Academy of Marketing Science* 28 (Fall), 459-78.

Homburg, Christian, John P. Workman, Jr., and Harley Krohmer (1999), "Marketing's Influence Within the Firm." *Journal of Marketing* 63 (April), 1-17.

Kennedy, Karen N., Felicia G. Lassk, and Jerry R. Goolsby (2002), "Customer Mind-Set of Employees Throughout the Organization." *Journal of the Academy of Marketing Science* 30 (Spring) (2), 159-71.

Kohli, Ajay K., and Bernard J. Jaworski (1990), "Market Orientation: The Construct, Research Propositions, and Managerial Implications." *Journal of Marketing* 54 (April), 1-18.

Lehmann, Donald R. (1997), "Some Thoughts on the Futures of Marketing." In *Reflections on the Futures of Marketing*, eds. Donald R. Lehmann and Katherine E. Jocz. Cambridge, Mass.: Marketing Science Institute.

_____, and Katherine E. Jocz, Eds. (1997), *Reflections on the Futures of Marketing*. Cambridge, Mass.: Marketing Science Institute.

McGovern Gail J., David Court, John A. Quelch, and Blair Crawford (2004), "Bringing Customers into the Boardroom." *Harvard Business Review* (November), 70-81.

Moorman, Christine, and Roland T. Rust (1999), "The Role of Marketing." *Journal of Marketing* 63 (Special Issue), 180-97.

Narver, John C., and Stanley F. Slater (1990), "The Effect of a Market Orientation on Business Profitability." *Journal of Marketing* 54 (October), 20-35.

Vorhies, Douglas W., and Neal A. Morgan (2003), "A Configuration Theory Assessment of Marketing Organization Fit with Business Strategy and Its Relationship with Marketing Performance." *Journal of Marketing* 67 (January), 100-15.

Webster, Jr., Frederick E. (1992), "The Changing Role of marketing in the Corporation." *Journal of Marketing* 56 (October), 1-17.

_____, Alan J. Malter, and Shankar Ganesan (2003), "Can Marketing Regain its Seat at the Table?" Cambridge, Mass.: Marketing Science Institute, Report No. 01-113.

Workman, Jr., John P. (1993), "Marketing's Limited Role in New Product Development in One Computer Systems Firm." *Journal of Marketing Research* 30 (November), 405-21.

_____, Christian Homburg, and Kjell Gruner (1998), "Marketing Organization: An Integrative Framework of Dimensions and Determinants." *Journal of Marketing* 62 (July), 21-41.