



## 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.

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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 implemen-

tation 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, [Bonomo \(1984, p.70\)](#) 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

compete with the combined MillerCoors. David Peacock, VP of Marketing, notes that since the combined strength of MillerCoors will make execution more difficult, "We just need to be very focused on every opportunity before us to improve our performance" (Beirne, 2008, p. 9). In this case, success will be determined by whether A-B can implement its strategy and fend off MillerCoors.

Hrebinjak (2005) explains that execution is both difficult and the key to success because it is comprised of numerous small and large decisions and actions that are invisible to competitors and are thus difficult to imitate. Marketing scholars primarily have studied strategy implementation from the perspective of matching strategic behavior (e.g., market orientation, innovation orientation) (Hurley & Hult, 1998; Matsuno & Mentzer, 2000), marketing organization structure (Olson, Slater & Hult, 2005; Vorhies & Morgan, 2003), and marketing program content (Conant, Mokwa, & Varadarajan, 1990; Slater & Olson, 2000, 2001) to product-market strategy. These studies confirm that superior performance is realized when fit between strategy and organizational characteristics is achieved. Thus,

**H2.** Strategy implementation effectiveness is positively associated with performance.

### 2.3. The moderating influence of environmental uncertainty

Contingency theorists argue that the firm should match its strategic orientation to the demands of its task environment (e.g., McKee, Varadarajan, & Pride, 1989). We focus on environmental uncertainty which is a function of change and unpredictability with regard to customer needs, competitor actions, and technology (Jaworski & Kohli, 1993; Miller & Droege, 1986). When customer preferences are unsettled, such as in the early stages of a market's development, the firm must strive to effectively create a positive and meaningful image in the buyer's mind. Intense competitive rivalry creates the drive for the firm to experiment with product design, service, promotion or price to effectively differentiate itself from its competitors (Dickson, 1992). Technological uncertainty is concerned with the lack of clear standards for new innovations (Shapiro & Varian, 1999) and with the speed with which the technology is adopted (Glazer & Weiss, 1993). Technological uncertainty requires marketing creativity to reduce buyers' concerns about adoption and to demonstrate advantage compared to existing offerings.

However, in relatively mature markets where there is a well defined set of customers who have relatively stable preferences, competition is relatively predictable, and technology is advancing slowly, the emphasis shifts from creative positioning to relentless execution around a few core principles (e.g., Day & Wensley, 1988; Kohli & Jaworski, 1990). Customers in these markets are members of the early and late majority, and want proven solutions, reliable service, and results (Moore, 1991).

However, the preceding discussion also suggests a tendency to compete on price from a low cost position. In that case, a creative marketing strategy may enable the business to differentiate itself from the competition and avoid competing on price. As Day and Wensley (1988, p. 17) argue, "This type of situation is unfortunate, for strategies that 'change the game' ... are the surest way to gain a competitive advantage." This compelling counterargument notwithstanding, we believe that conditions in a stable environment suggest an emphasis on execution.

**H3.** Marketing strategy creativity is more strongly associated with performance in uncertain environments than in predictable environments.

**H4.** Marketing strategy implementation effectiveness is more strongly associated with the business unit achieving its objectives in predictable environments than in uncertain environments.

### 2.4. The moderating influence of strategy type

Strategy is concerned with the decisions that businesses make to achieve superior performance. The Miles and Snow (1978) and Porter (1980) typologies are the dominant frameworks for holistically understanding strategic decisions. Miles and Snow identified four archetypes of how firms define and approach their product-market domains (the entrepreneurial problem) and construct structures and processes (the administrative and technical problems) to achieve success in those domains. Prospectors continuously seek to locate and exploit new product and market opportunities while Defenders attempt to seal off a portion of the total market to create a stable set of products and customers. Analyzers occupy an intermediate position between the two extremes by combining the strengths of both the Prospector and Defender to cautiously follow Prospectors into new product-markets while protecting a stable set of products and customers. A fourth type, the Reactor, does not have a consistent response to the entrepreneurial problem.

Porter (1980) proposed that the entrepreneurial problem should be viewed as a product of how the firm creates customer value (i.e., differentiation or low cost) and how it defines its scope of market coverage (i.e., focused or market wide). Walker and Ruekert (1987) synthesized these typologies of entrepreneurial behavior by discriminating between Low Cost Defenders and Differentiated Defenders. Slater and Olson (2000, 2001) and Olson, Slater, and Hult (2005) found that different marketing practices were associated with superior performance for each of the strategy types lending credence to the validity of the hybrid typology. Thus, we make use of that distinction and now consider how creative marketing strategies and marketing strategy implementation success influence performance within the four proactive strategic orientations (i.e., Prospectors, Analyzers, Differentiated Defenders, and Low Cost Defenders).

Building on a foundation in evolutionary economics, the strategy evolution that we envision is that Prospectors innovate while Analyzers seek to understand the reasons for Prospectors' successes and failures, and improve on the Prospectors' offerings (Dickson, 1992; Lambkin & Day, 1989). Defenders, both Low Cost and Differentiated, are defending a consumer franchise and are hence more risk averse and are late followers who take advantage of, respectively, customer preferences for low prices and for superior service (Dickson, Farris, & Verbeke, 2001). We elaborate on the rationale for this position below.

Prospectors are the most entrepreneurial of the strategy types (Miles & Snow, 1978). An entrepreneurial orientation exists in a firm that "engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with proactive innovations, beating competitors to the punch" (Miller, 1983, p. 771). When Prospectors pursue new product opportunities, they must be innovative not only when developing products that solve customer needs in a way that is superior to current offerings but also with regard to other elements of the marketing mix. They must create awareness and interest among members of the innovator and early adopter segments (Slater, Hult, & Olson, 2007) with a creative promotion plan. While buyers in these segments are not particularly price sensitive, a creative pricing model may be necessary to reduce risk. Finally, Prospectors may need to develop alternative distribution systems in order to outflank incumbents in the market (Moore, 1991). This would explain why Prospectors are the most aggressive marketers of all of the strategy types (Conant et al., 1990; McKee, Varadarajan, & Pride, 1989; Slater & Olson, 2001).

Because of the uncertainty surrounding the development of new markets and technologies, and because of their need to move fast in order to reap first mover advantage, it is not in the best interest of Prospectors to strive for maximum efficiency when delivering customer solutions (Walker & Ruekert, 1987).

**H5.** Marketing strategy creativity has a stronger influence on performance than does marketing strategy implementation effectiveness for Prospectors.

*Analyzers*, as fast followers, must be creative imitators. They must be prepared to move quickly once the viability of a new product or service, or a new market has been demonstrated. For *Analyzers* “a substantial amount of growth may occur through product and market development” (Miles & Snow, 1978, p. 73). To be successful with this orientation, *Analyzers* target either the early adopter or the early majority segments (Slater, Hult, & Olson, 2007). The buyers in these segments want a total solution to their problems (Moore, 1991). To provide this, *Analyzers* must provide greater benefits or a lower cost than *Prospectors*. Just as importantly, they must differentiate themselves from *Prospectors* and other *Analyzers* and attract new customers through a creative promotion mix.

However, this will be for naught if the marketing strategy is not well executed. It is only when creativity and execution are both achieved that *Analyzers* are able to “cross the chasm” between the early adopter and early majority segments (Moore, 1991) by providing products that use proven technology and are of adequate quality. They develop broad and strong channel relationships and offer lower prices than *Prospectors* (Slater & Olson, 2001). These characteristics are strongly associated with execution. As Miles and Snow (1978, p. 68) say, “the word that best describes the *Analyzer*’s adaptive approach is balance.” Thus,

**H6.** Marketing strategy creativity and marketing strategy implementation effectiveness have a similar influence on performance for *Analyzers*.

*Low Cost Defenders* succeed by providing quality products or services at the lowest overall cost. The emphasis for *Low Cost Defenders* is on efficiency through standardized practices rather than on effectiveness that stems from creativity (Walker & Ruekert, 1987). For example, Stewart and O’Brien (2005) interviewed Dell Computer Chairman Michael Dell and CEO Kevin Rollins and concluded that the key to Dell’s success was not its business model, but rather its disciplined and consistent execution. Walker and Ruekert (1987) predicted that process engineering, production, distribution, and finance, rather than marketing, constitute the dominant functions in *Low Cost Defender* firms. Slater and Olson (2001) found that successful *Low Cost Defenders* engage in comparatively low levels of marketing activities. With achievement of a low cost position being the primary objective for this strategy type, it is logical that the most successful *Low Cost Defenders* derive greater benefit from marketing strategy implementation effectiveness than from marketing strategy creativity.

**H7.** Marketing strategy implementation effectiveness has a stronger influence on performance than does marketing strategy creativity for *Low Cost Defenders*.

*Differentiated Defenders* succeed by maintaining their position in early and late majority markets (Slater, Hult, & Olson, 2007) by consistently providing superior service and/or product quality. As Walker and Ruekert (1987, p. 21) argue, *Differentiated Defenders* “can maintain their profitability only if they continue to differentiate themselves from competitors by offering superior products, services, or other advantages.” While some *Differentiated Defenders* are purely service businesses, product-oriented *Differentiated Defender* businesses use pre- and post-sale service to differentiate their core product. As such, *Differentiated Defenders* must develop a creative value proposition so that they “delight customers” with superior product and service quality. They capture this value with relatively higher prices (Slater & Olson, 2001; Walker & Ruekert, 1987).

Superior product quality is achieved through careful attention to a set of mutually reinforcing principles such as creation of supplier relationships, use of cross-functional teams to identify and solve quality problems, use of analytical tools to monitor and analyze work processes, substantial investment in formal training, and top down implementation, all of which are ultimately based on fulfilling customers’ needs (e.g., Hackman & Wageman, 1995). Delivering

consistently high service quality involves communication and control processes implemented in service organizations to manage employees (Zeithaml, Berry, & Parasuraman, 1988). Olson, Slater, and Hult (2005) found that the most successful *Differentiated Defenders* employed a relatively formal set of policies to ensure consistent product and service delivery which is consistent with an emphasis on execution.

As Walker and Ruekert (1987, p. 24) note, “Therefore, we expect high competence in the areas of sales and financial management and control, as well as on the specific functions central to the units differential advantage, is critical to the success of differentiated defenders.”

**H8.** Marketing strategy creativity and marketing strategy implementation effectiveness have a similar influence on performance for *Differentiated Defenders*.

### 3. Research design

#### 3.1. Sample

We focused this study on US manufacturing and service firms operating in 20 different 2 digit SIC code industries (classification categories 20, 30, 40) to provide a reasonably similar context for respondents but also to be broad enough for the results to be generalizable. We purchased a commercial mailing list of 2000 senior marketing managers in businesses with 500 or more employees operating in these industries. A key informant design is common in studies of product-market strategy. Senior marketing managers were selected as informants because they should be knowledgeable about product-market strategy and firm performance.

Questionnaires were sent to the 2000 senior marketing managers along with a personal letter that provided a brief introduction and a general explanation of the intent of the study, a questionnaire, and a postage paid return envelope. The questionnaire defined the meaning of business unit and asked each respondent to refer to either the largest SBU in the organization or the one they were most familiar with. Four weeks after the initial mailing, a follow up mailing was sent out with a duplicate copy of the questionnaire and a return envelope. We received 192 responses that, after accounting for undeliverables, constituted a response rate of over 10%. We eliminated 12 of those responses due to missing data for some variables. Following Armstrong and Overton (1977) extrapolation technique, we compared the means for relative quality, relative cost, environmental uncertainty, marketing strategy creativity, marketing strategy implementation effectiveness, and performance for the first third and the last third of respondents. We found no significant differences. Armstrong and Overton found that later responders closely resembled non-responders. Thus, if there is little difference between early and late responders, non-response bias may not be an issue.

Furthermore, as Blair and Zinkhan (2006, p. 5) note, “if a relationship is observed across the full range of the related variables, the measurement of the extent to which the two variables covary is likely to be relatively accurate even if sampling is disproportionate at different levels of the variables... Measures of relationships should be resistant to sample bias as long as the sample is diverse.” Calder, Phillips and Tybout (1981) argue that respondent quality is a more important issue than response rate. Respondents averaged 17 years of experience in their business and 21 years in the industry. All respondents described themselves as at least knowledgeable about strategic issues in their SBU and industry, while 91% characterized themselves as very knowledgeable or extremely knowledgeable. We conducted our analyses with both the entire sample and with only those respondents who described themselves as very or extremely knowledgeable. We found no difference in regression coefficients and concluded that all respondents were sufficiently knowledgeable to be considered competent and retained all 180 cases that had complete data.

### 3.2. Description of the measures (see Measurement Appendix for the complete set of measures)

We utilized existing measures where possible to minimize concerns regarding construct validity. The following scales were adapted to measure: 1) marketing strategy creativity (Andrews & Smith, 1996), 2) marketing strategy implementation effectiveness (Noble & Mokwa, 1999), 3) product-market strategy (Slater & Olson, 2000), 4) performance (Olson, Slater, & Hult, 2005), 5) relative quality, 6) relative cost position, 7) market turbulence (Jaworski & Kohli, 1993), 8) competitive intensity (Jaworski & Kohli, 1993), and 9) technological turbulence (Jaworski & Kohli, 1993).

We assess the degree to which the business unit met its objectives as our measure of performance. We do this because the different strategy types have different priorities (Miles & Snow, 1978; Walker & Ruekert, 1987). For example, while new product success is likely to be an important objective for a Prospector, it would be much less so for a Low Cost Defender. Thus, we do not impose an arbitrary performance straightjacket. Morgan, Kaleka, and Katsikeas (2004) found a strong correlation between objective performance data and subjective assessments of performance by key informants, which supports the validity of key informant data.

All constructs with the exception of environmental uncertainty and strategy type were measured with reflective scales. We followed Miller, Droege, and Toulouse (1988; p. 548) and define environmental uncertainty as the "change and unpredictability in technology and in customer and competitor behavior." Thus, we measured environmental uncertainty as a second order factor comprised of the first order technological turbulence, market turbulence and competitive intensity scales. We assessed strategy type using the self typing paragraph approach (e.g., McKee, Varadarajan, & Pride, 1989; Vorhies & Morgan, 2003). All continuously scaled variables were measured with 5 point Likert scales.

### 3.3. Measurement analysis

Table 1 reports the correlations and shared variances between constructs. Table 2 summarizes the means, standard deviations, and results of the measurement testing. A three-step approach was used to assess the measures. First, a confirmatory factor analysis of all measures was conducted. Second, reliability and validity of the scales were assessed. Third, we tested the potential for common method variance influencing the data analysis.

The first step of the measurement testing was to conduct a CFA of all items simultaneously using LISREL 8.80. The model fits were evaluated using the DELTA2 index, the relative noncentrality index (RNI), the comparative fit index (CFI), the Tucker–Lewis index (TLI), and the root mean square error of approximation (RMSEA) (Hu & Bentler, 1999). After deleting one item which performed poorly (e.g., Gerbing & Anderson, 1988), the model fits of the purified 41 items and 8 factors resulted in DELTA2, RNI, CFI, and TLI all being .94, and RMSEA = .07 ( $c^2 = 1397.78$ ,  $df = 751$ ). Thus, the measurement structure of 41 items and 8 factors produced satisfactory fit statistics.

**Table 1**  
Correlations and shared variances.

	PERF	MSC	SIE	RQ	RC	MT	TT	CI
Performance (PERF)	–	.23	.27	.26	.31	.40	.00	.01
Marketing strategy creativity (MSC)	.48	–	.25	.03	.08	.15	.07	.13
Strategy implementation effectiveness (SIE)	.52	.50	–	.13	.10	.14	.01	.00
Relative quality (RQ)	.51	.16	.36	–	.15	.28	.01	.00
Relative cost (RC)	.56	.29	.32	.39	–	.23	.00	.02
Market turbulence (MT)	.63	.39	.37	.53	.48	–	.01	.02
Technological turbulence (TT)	.05	.27	.09	.11	.05	.10	–	.25
Competitive intensity (CI)	.12	.36	.06	–.06	.13	.13	.50	–

Note: Correlations are shown below the diagonal and shared variances are shown above the diagonal. All correlations  $\geq .16$  are significant at the  $p < .05$  level.

**Table 2**  
Means, standard deviations, and CFA results.

	Mean	Standard deviation	Average variance extracted	Composite reliability	Coefficient alpha	Range of factor loadings
Performance (PERF)	3.55	.80	54.2%	.85	.84	.57 to .82
Marketing strategy creativity (MSC)	3.48	.67	56.1%	.93	.93	.60 to .85
Strategy implementation effectiveness (SIE)	3.57	.63	48.7%	.83	.83	.69 to .81
Relative quality (RQ)	3.61	.74	47.0%	.74	.74	.62 to .74
Relative cost (RC)	3.28	.72	41.7%	.68	.68	.57 to .71
Market turbulence (MT)	3.28	.63	30.8%	.69	.68	.40 to .61
Technological turbulence (TT)	3.27	.77	53.8%	.85	.85	.65 to .77
Competitive intensity (CI)	3.34	.68	40.3%	.80	.79	.52 to .75

Fit statistics:

$\chi^2$ : 1211.95.

Degrees of freedom: 644.

DELTA2: .95.

RNI: .95.

CFI: .95.

TLI: .95.

RMSEA: .07.

Composite reliability was calculated using the procedures outlined by Fornell and Larcker (1981). Coefficient alpha is also included in Table 2 for comparison purposes. The parameter estimates and associated  $t$ -values were examined along with the variances extracted for each construct. The composite reliabilities for the measurement scales ranged from .68 to .93, with the factor loadings ranging from .40 to .85 ( $p < .01$ ), and with the average variances extracted ranging from 30.8 to 56.1%. In addition, the 41 purified items were found to be reliable and valid when evaluated based on each item's error variance, modification index, and residual covariation. The skewness and kurtosis results indicated that the data were reasonably normal in distribution.

Discriminant validity was assessed in two steps. In Step 1, we calculated the shared variances of all pairs of constructs and verified that they were lower than the applicable variances extracted for the constructs (Fornell & Larcker, 1981). In all cases except the pair of performance and market turbulence scales, the variances extracted for the individual scales were higher than the associated shared variance (see Table 1 for shared variances and Table 2 for average variances extracted). Second, we analyzed all pairs of constructs in a series of two-factor CFA models using LISREL 8.80. Each model was run twice – once constraining the  $\delta$  coefficient to unity and once freeing it. The  $\Delta\chi^2$  was significantly lower for the unconstrained models ( $\Delta\chi^2_{(Ddf=1)} > 3.84$ ) in all pairwise comparisons, including the performance and market turbulence combination.

We examined the potential of common method variance in the dataset via the confirmatory factor-analytic approach to Harmon's one-factor test. If common method bias poses a threat, a single latent factor would account for all manifest variables (Podsakoff & Organ, 1986). The one-factor model for the perceptual measures yielded a  $\chi^2 = 2819.90$  with 779 degrees of freedom (compared with the  $\chi^2 = 1397.78$ ,  $df = 751$  for the measurement model), suggesting that CMV is not a serious threat in the study. Thus, the quality of the data allows us to move on to the hypothesis testing with confidence.

## 4. Results

We tested the hypotheses using two types of OLS regression equations (no evidence of non-normality was found in the data based

**Table 3**  
Main and moderator effects related to performance standardized regression results.

Predictor variables	EU as moderator (n = 180 <sup>a</sup> )	Subgroups (strategy types) analysis			
		Prospectors (n = 59)	Analyzers (n = 32)	Low Cost Defenders (n = 31)	Differentiated Defenders (n = 53)
<i>Step 1</i>					
Relative quality (RQ)	.343***	.322***	.227*	.081	.426***
Relative cost (RC)	.426***	.321***	.302**	.558***	.351***
Environmental uncertainty (EU)		.333***	.113	.112	−.005
R <sup>2</sup>	.412	.487	.193	.408	.476
Adjusted R <sup>2</sup>	.405	.459	.107	.342	.444
F-value	65.758***	17.407***	2.296*	6.209***	14.485***
<i>Step 2</i>					
Relative quality (RQ)	.270***	.328***	.126	.131	.375***
Relative cost (RC)	.315***	.208**	.121	.388**	.351***
Environmental uncertainty (EU)	.036	.169*	.037	−.030	−.086
Marketing strategy creativity (MSC)	.236***	.351***	.336*	.221	.308**
Strategy implementation effectiveness (SIE)	.190***	.035	.273	.330**	.132
R <sup>2</sup>	.537	.575	.430	.531	.623
Adjusted R <sup>2</sup>	.525	.534	.320	.437	.583
F-value	42.936***	14.315***	3.917***	5.650***	15.524***
DR <sup>2</sup> (from Steps 1 to 2)	.126	.084	.236	.122	.147
<i>Step 3</i>					
Relative quality (RQ)	.269***				
Relative cost (RC)	.315***				
Environmental uncertainty (EU)	.023				
Marketing strategy creativity (MSC)	.245***				
Strategy implementation effectiveness (SIE)	.183***				
MSC*EU	.093*				
SIE*EU	−.152***				
R <sup>2</sup>	.554				
Adjusted R <sup>2</sup>	.537				
F-value	32.501***				
DR <sup>2</sup> (from Steps 2 to 3)	.017				

\*\*\* =  $p < .01$ ; \*\* =  $p < .05$ , \* =  $p < .10$ ; one-tailed tests.

<sup>a</sup> The total of usable cases for the Prospector, Analyzer, Low Cost Defender, and Differentiated Defender samples is 175. The other 5 cases are Reactors.

on skewness, kurtosis, or heteroscedasticity examinations). First, we tested the effects of marketing strategy creativity (MSC) and marketing strategy implementation effectiveness (SIE), along with the moderators involving the MSC and SIE variables and the formative variable of environmental uncertainty (EU; composed of market turbulence, technological turbulence, and competitive intensity), on performance (PERF) to assess H1 through H4. The control variables (RQ, RC, and EU) were entered in Step 1 in the hierarchical regression, followed by the direct effects (MSC and SIE) in Step 2, and then interaction terms (MSC\*EU and SIE\*EU) in Step 3. We used subgroups analysis (Sharma, Durand, & Gur-Arie, 1981) to test H5–H8. We entered the three control variables in Step 1, and the hypothesized effects in Step 2.

Table 3 summarizes the results of the regression analyses. The variables were mean-centered to reduce the potential effects of multicollinearity (e.g., Mason & Perreault, 1991). One-tailed tests were used for the hypotheses because directional predictions were offered; otherwise two-tailed tests were used. Each subjective scale was composed as a summated index of the items that constitute the scale; equal weights were given to each item. For all models, the Variance

Inflation Factors (VIF) were lower than 2.23, indicating that multicollinearity does not affect the weights of the explanatory variables in the model (Mason & Perreault, 1991). Additionally, we conducted power analyses, as suggested by Cohen, Cohen, West, and Aiken (2003), to determine the probability of finding the sample  $R^2$  to be greater than zero with  $\alpha = .01$  for each strategy type for each of the tested models. We achieved good statistical power related to each equation.

#### 4.1. H1 through H4: main and moderator effects related to performance

In H1 and H2, we predicted positive relationships between marketing strategy creativity and marketing strategy implementation effectiveness on one hand and performance on the other. H3 and H4 dealt with the moderating effects of environmental uncertainty on the relationships in H1 and H2. Marketing strategy creativity ( $\beta = .236$ ) and marketing strategy implementation effectiveness ( $\beta = .19$ ) were related to performance ( $p < .01$ ) and substantially improved the explanatory power of the model ( $\Delta R^2 = .126$ ). The two interaction terms, MSC\*EU ( $\beta = .093$ ,  $p < .10$ ) and SIE\*EU ( $\beta = −.152$ ,  $p < .01$ ), were also related to performance, but only increased explained variance marginally ( $\Delta R^2 = .017$ ). The overall model had an adjusted  $R^2 = .54$ . Thus, we find strong support for H1 and H2, but only marginal support for H3, and H4.

#### 4.2. H5 through H8: effects on performance for alternate business strategies

In H5 through H8, we predicted that certain differences would exist within the strategy types with respect to the importance of marketing strategy creativity and marketing strategy implementation effectiveness. Regarding Prospectors, we found that marketing strategy creativity ( $\beta = .35$ ,  $p < .01$ ) but not marketing strategy implementation effectiveness was related to performance, and the addition of the MSC and SIE variables explained significant variance beyond that explained by the controls ( $\Delta R^2 = .088$ ,  $p < .01$ ). The overall Prospector model had an adjusted  $R^2 = .534$ . Regarding Analyzers, we found that marketing strategy creativity ( $\beta = .336$ ,  $p < .10$ ) was related to performance but not marketing strategy implementation effectiveness. The addition of the MSC and SIE variables explained significant variance beyond that explained by the controls ( $\Delta R^2 = .236$ ,  $p < .05$ ). The overall Analyzer model had an adjusted  $R^2 = .32$ . Regarding Low Cost Defenders, we found that marketing strategy implementation effectiveness ( $\beta = .33$ ,  $p < .05$ ) but not marketing strategy creativity was significantly related to performance. The addition of the MSC and SIE variables explained significant variance beyond that explained by the controls ( $\Delta R^2 = .123$ ). The overall Low Cost Defender model had an adjusted  $R^2 = .45$ . Regarding Differentiated Defenders, we found that marketing strategy creativity ( $\beta = .308$ ,  $p < .05$ ) but not marketing strategy implementation effectiveness was related to performance. The addition of the MSC and SIE variables explained significant variance beyond that explained by the controls ( $\Delta R^2 = .147$ ). The overall Differentiated Defender model had an adjusted  $R^2 = .583$ . Thus, we found support only for H5. Contrary to our expectations, marketing strategy implementation effectiveness was not related to performance for Analyzers or Differentiated Defenders.

#### 4.3. Limitations

Although we primarily used established measures to allay concerns regarding measurement error, the average variances extracted for some of the measures fell below the 50% threshold advocated by Fornell and Larcker (1981). While the only substantial deviations were for the relative cost, and market turbulence and competitive intensity (Jaworski & Kohli, 1993) measures, these measures should be revisited if they are used in future studies. This

study also has the limitations common to survey research. This study utilizes a cross-sectional design, thus inferences about causality should be made cautiously. While there are inherent risks in ascribing causal inference based upon a cross-sectional study, Rindfleisch, Malter, Ganesan, and Moorman (2008) recently demonstrated that such studies have comparable validity with longitudinal studies when the relationship between examined constructs is reasonably large. We also use a single respondent from each organization. While use of multiple raters may enhance the reliability of our measures, inclusion of "less knowledgeable informants can actually decrease the accuracy of responses," (Huber & Power, 1985, p. 175). While the commonly used Harmon's one-factor test shows no evidence of common respondent bias, this is a relatively weak test for the presence of CMV and it may exist. We believe that the results of the CFA that point to the presence of 8 distinct factors may be a stronger indication that CMV is not a problem. Also, the Analyzer and Low Cost Defender samples are relatively small. This increases the probability of a Type II error, particularly with regard to the finding of no relationship between marketing strategy implementation effectiveness and performance for Analyzers, as SIE has a  $\beta$  of .273. Finally, having collected data only from companies with at least 500 or more employees, the ability to generalize the reported results to smaller companies is restricted.

## 5. Discussion and conclusions

Our basic finding, that both marketing strategy creativity and marketing strategy implementation effectiveness are positively and generally associated with the business unit achieving its objectives, comes as no surprise. The more nuanced and interesting finding is that their relative importance depends, to some degree, on context. However, while the coefficients for the interaction terms are significant and in the hypothesized directions, matching focus to environmental conditions has only a modest impact on performance as shown by the small increase in  $R^2$ . Thus, we do not advocate that managers should try to adjust their focus as conditions change. The story with regard to strategy is considerably more interesting. For all of the strategy types, one or the other focus seems to dominate. The conclusion though is not that the other focus should be neglected. Instead, when faced with a constraint that requires a dominant focus, whether it is resources, skills, or culture, the marketing executive should direct the firm's activities in the optimal direction as suggested in this study.

Of course, this begs the questions: how does the firm develop a creative marketing strategy and what does it take to successfully execute a strategy? A creative strategy is the result of certain organizational characteristics and an appropriate strategy formulation process. Andrews and Smith (1996) found that marketing program creativity is positively influenced by both individual and situational factors including the manager's knowledge of the macro-environment, formal business education, intrinsic motivation to plan, a willingness to take risks, organizational use of a moderately formal planning process, and low time pressure. Menon et al. (1999) found that cross-functional integration and communication quality were positively associated with marketing strategy creativity while an emphasis on marketing assets and capabilities hurts creativity. In their meta-analysis of the antecedents and consequences of a market orientation, Kirca, Jayachandran, and Bearden (2006) found that market orientation was positively associated with innovativeness, which we infer to mean marketing strategy creativity as well since market-oriented firms have greater insight into customers' extant and latent needs.

In the only specific study of the antecedents to marketing strategy implementation effectiveness, Noble and Mokwa (1999) found that managers' commitment to the marketing strategy mediated the relationships between the perceived fit of the marketing strategy with the organization's vision and marketing strategy implementation effectiveness, and between the perceived importance of the marketing strategy to the organization's future and marketing strategy imple-

mentation effectiveness. Other studies have claimed to assess how product-market strategies are implemented by studying, among other things, the relationships between marketing organization structure (Vorhies & Morgan, 2003; Olson, Slater, & Hult, 2005) and performance, and between market orientation and performance (Matsuno & Mentzer, 2000; Slater, Hult, & Olson, 2007). However, none of these studies specifically addressed the impact of these organizational characteristics on marketing strategy implementation effectiveness. Given the importance of marketing strategy implementation effectiveness to performance, this is an area that warrants further study.

Given the constraints facing marketing managers, it is imperative that they carefully consider which of these critical activities to invest in, develop supporting capabilities for, and organize around. However, we suggest caution as it must be noted that neither marketing strategy creativity nor marketing strategy implementation effectiveness appears to be a drag on performance for any of the strategy types. We see an analogy in Treacy and Wiersema's (1995) discussion of value disciplines. While they argue that market leaders have a clear and consistent focus on one value discipline, they also achieve competitive parity on the other two. Thus, while there may be no statistically significant relationship between the non-dominant activity in this study and performance, subpar performance in that area may negate excellent performance in the dominant area. Consequently, our recommendation is to commit the bulk of resources to the most critical activity but not neglect the other. It may be that too great an emphasis on marketing strategy creativity for Prospectors inhibits their ability to "cross the chasm" and compete successfully in the mass market. And, it may be that too great a focus on implementation distracts the management team in Low Cost Defender firms from reinventing their marketing strategies, thus turning them into Reactors.

The study reported in this article provides guidance to managers regarding conditions under which to emphasize either the development of a creative marketing strategy or the implementation of marketing strategy. These results complement those from previous studies that helped to provide insight into the general characteristics of marketing strategy for the different product-market strategy types (Conant, Mokwa, & Varadarajan, 1990; Matsuno & Mentzer, 2000; McKee, Varadarajan, & Pride, 1989; Olson, Slater, & Hult, 2005; Slater & Olson, 2000, 2001; Slater, Hult, & Olson, 2007). These studies are serving to form the basis of a contingency-based approach to the study and practice of marketing strategy. However, despite these advances, significant work remains to be conducted. To provide a more complete roadmap marketing scholars should further investigate the antecedents to the development of a creative marketing strategy and to marketing strategy implementation effectiveness. They should also investigate other potential performance predictors for the different strategy types. This work would have important implications for both scholars and managers.

## Appendix A. Measures

### Marketing Strategy Creativity

1.  Compared to our competitors, our marketing strategy is dull.
2.  Compared to our competitors, our marketing strategy is fresh.
3.  Compared to our competitors, our marketing strategy is conventional.
4.  Compared to our competitors, our marketing strategy is novel.
5.  Compared to our competitors, our marketing strategy is usual.
6.  Compared to our competitors, our marketing strategy is unique.
7.  Compared to our competitors, our marketing strategy is commonplace.
8.  Compared to our competitors, our marketing strategy is innovative.

9.  Compared to our competitors, our marketing strategy is nothing special.

10.  Compared to our competitors, our marketing strategy is revolutionary.

#### Strategy Implementation Effectiveness

11.  Our marketing strategy was effectively implemented.

12.  Our implementation effort on this marketing strategy was disappointing.

13.  The implementation of our marketing strategy was generally considered to be a success.

14.  I personally think that the implementation of the marketing strategy was a success.

15.  The implementation of the marketing strategy was considered a success in my area.

#### Quality

16.  The quality of our products/services compares well with competitor products.

17.  Our products/services are of higher quality than competing products/services.

18.  The quality of our current products/services compares well with others we have offered in the past.

#### Cost

19.  Our business unit has a cost advantage compared to our major competitor.

20.  Our business unit is recognized for its operational excellence.

21.  We achieve higher profit margins, even when charging comparable prices, than major competitors.

#### Market Turbulence

22.  In our market, customers' product preferences change quite a bit over time.

23.  Our customers tend to look for new products or services to satisfy their needs.

24.  Demand for our products or services is coming from customers who never bought them before.

26.  New customers tend to have different product-related needs compared to existing customers.

27.  We have a relatively stable customer base (r).

#### Competitive Intensity

28.  Competition in our industry is "cutthroat."

29.  There are many "promotion wars" in our industry.

30.  Price competition rarely is a factor in our industry (r).

31.  Anything that one competitor can offer other competitors can easily match.

32.  One frequently hears of new moves by competitors.

33.  Competitors in this industry are relatively weak (r).

#### Technological Turbulence

33.  The technological sophistication of products in this industry is changing rapidly.

34.  Technology in this industry is relatively stable (r).

35.  Technological change provides big opportunities in our industry.

36.  Many new product ideas have been made possible by technological advances in our industry.

37.  Technological developments in our industry are relatively minor (r).

#### Performance

38.  The overall performance of the business was below expectations last year.

39.  The overall performance of the business last year exceeded that of our major competitors.

40.  Top management was satisfied with the overall performance of the business last year.

41.  We have much room to improve the overall performance of the business.

42.  Competitors respect the performance of this business.

**Please indicate which ONE of the following profiles best describes your business unit's overall strategy.**

**1.** : These businesses are frequently the first-to-market with new products or services. They do not hesitate to enter new market segments where there appears to be an opportunity. These businesses concentrate on offering products that push performance boundaries. Their proposition is an offer of the most innovative product, whether based on substantial performance improvement or cost reduction.

**2.** : These businesses are seldom first-in with new products or services or to enter emerging market segments. However, by monitoring market activity, they can be early-followers with a better targeting strategy, increased customer benefits, or lower total costs.

**3.** : These businesses attempt to maintain a relatively stable domain by aggressively protecting their product-market position. They rarely are at the forefront of product or service development. Instead, they focus on producing goods or services as efficiently as possible. These businesses generally focus on increasing share in existing markets by providing products or services at the best prices.

**4.** : These businesses attempt to maintain a relatively stable domain by aggressively protecting their product-market position. They rarely are at the forefront of product or service development. Instead, they focus on providing superior service and/or product quality. Their prices are typically higher than the industry average.

**5.** : These businesses do not seem to have a consistent product-market strategy. They primarily act in response to competitive or other market pressures in the short-term.

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