The Essential Competencies of Marketing Managers in Retail firms

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ABSTRACT

Firm resources and capabilities have repeatedly been shown to be more important than industry structure in explaining performance variation between firms. Intangible assets and capabilities explain more of the variation in performance than tangible assets. Among such capabilities are marketing capabilities which have been shown to have a positive relationship to firm performance. Indeed marketing capabilities have a stronger impact on firm performance than research-and–development and operations capabilities.

When it comes to marketing managers themselves research indicates that their most important competencies are the ability to communicate orally and in writing, interpersonal & persuasion competencies, strategic marketing planning & implementation and relationship management competencies. To test the generalizability of those findings the authors of this paper decided to do a qualitative research among marketing managers in retail firms. The findings of that research, in the form of a list of essential competencies, is provided. That list is then compared to the list of competencies that past research has identified as essential for marketing managers in general.
INTRODUCTION

„Why do some firms persistently outperform others?“ is the central research question in the field of strategic management (see for example Barney and Arikan, 2001).

At the broadest level two explanations have been offered in the strategic management literature. The first one, which could be called the industry view (Porter, 1979, 1981), looks for the explanation outside the firm, that is in the industry the firm is in and how it can position itself within it. Mobility barriers make it difficult for the competition to copy the strategies of the best performing firms and try to position themselves better in the industry. This explains why the performance differences between firms in the same industry can be persistent (Porter, 1981).

The second explanation about why some firms persistently outperform other firms, the resource-based view, looks for the explanation within the firm, in its resources and capabilities and how it can more effectively or efficiently responded to the needs of consumers (Demsetz, 1973).

By resources we mean the tangible assets (among them assets which show up in a firm´s balance sheet) and intangible assets (which in general do not show up in a balance sheet) which a firm uses to conceive of and implement its strategies. Capabilities are a subset of a firm´s resources and make them able to exploit the other resources (Barney, 1997). If the firm´s resources and capabilities are valuable and rare they can be a source of competitive advantage. If in addition they are difficult for the competition to copy then some firms can persistently outperform other firms (Rumelt, 1984). If the resources and capabilities are socially complex, causally ambiguous, or there were some unique historical conditions surrounding their creation, then it is more difficult for the competition to copy them (Barney, 1991).

But which explanation about why some firms persistently outperform others is better? Which explains more of the variation in firm performance? Many have tried to answer that question. Only the first two (Schmalensee, 1985; Wernerfelt and Montgomery, 1988) came to the conclusion that the industry was more important than firm resources and capabilities in explaining performance variation. Everybody else has reached the conclusion that it is the other way around (Galbreath and Galvin, 2008). Resources and capabilities explain from twice to over eleven times more of the variation in firm performance than the industry does.
In a meta-analysis, Crook, Ketchen, Gombs and Todd (2008) showed that the relationship between firm resources & capabilities and performance is twice as strong if the resources and capabilities are valuable, rare and difficult to copy then if they are not. The meta-analysis also showed that intangible assets and capabilities are more important for firm performance than tangible assets and that there isn’t a significant difference between their importance in service or manufacturing firms.

1.1 MARKETING CAPABILITIES

In the literature marketing capabilities are split into two groups (Vorhies and Morgan, 2005). The first group contains marketing planning and implementation capabilities (see for example Capron and Hulland, 1999; Day, 1994; Morgan, Zou, Vorhies and Katsikeas, 2003). By this we mean the firm’s ability to conceive marketing strategies that optimize the match between the firm’s resources and its marketplace (Morgan, Zou, Vorhies and Katsikeas, 2003) and the processes by which the marketing strategy is implemented by deploying the firm’s resources and capabilities (see for example Noble and Mokwa, 1999).

The second group of capabilities contains the marketing mix variables which are used to transform resources into valuable outputs (Day, 1994; Vorhies and Morgan, 2003). These are product development, processes by which firms develop and manage product and service offerings (see for example Dutta, Narasimhan and Rajiv, 1999), pricing, the ability to extract the optimum revenue from the firm’s customers (see for example Dutta, Zbaracki and Bergen, 2003), the firm’s ability to establish and maintain channels of distribution that effectively and efficiently deliver products or services to end-user consumers (see for example Weitz and Jap, 1995), the firm’s ability to manage customer value perceptions through marketing communications – advertising, public relations and sales promotions (see for example MCKee, Conant, Varadarajan and Mokwa, 1992) and sales, the processes by which the firm acquires customer orders (see for example Shapiro, Slywotzky and Doyle, 1997).

Vorhies and Morgan (2005) found that the relationship between each and everyone of the marketing capabilities cited above and firm performance was both direct and positive. This indicates that each of the marketing capabilities can be a source of competitive advantage. In addition, the research showed that there is an interaction effect between the marketing capabilities which amplifies their effects. This had not been shown before. These
results indicate that it could be difficult to copy marketing capabilities which then makes them again more likely to be sources of sustainable competitive advantages for firms.

Vorhies, Morgan and Autry (2009) also showed that it is not enough to possess resources and capabilities which are valuable, rare and difficult to copy. How capabilities are deployed is more important for creating and sustaining competitive advantage than their mere possession. In their research they showed that marketing resources (in the form of funds and personnel) were less important than their deployment through marketing capabilities (strategic marketing planning & implementation and the marketing mix variables) and their coordination for firm performance.

Krasnikov and Jayachandran (2008) did a meta-analysis on the relative impact of marketing capabilities, research & development and operations capabilities on firm performance. Capabilities in these three areas have been considered key to creating superior customer value and thereby competitive advantage (Treacy and Wiersema, 1993). The result of the meta-analysis was that in general marketing capabilities have more impact on firm performance than research-and-development and operations capabilities.

1.2 COMPETENCIES OF MARKETING MANAGERS

Competencies can be split into knowledge (know-what) on the one hand and skills (know-how) on the other. The emphasis in the literature has first and foremost been on fields of knowledge within marketing (academic knowledge) and the skills which marketing managers in general have to possess to do their jobs effectively.

Research into what competencies marketing managers need to have to be successful in their jobs is sparse (Meldrum, 1996). The question can be answered from a couple of perspectives. You could ask academics, employers and the marketing managers themselves or you could content analyse marketing managers´ job descriptions. The literature review below is confined to research were the marketing managers themselves were asked what competencies they needed to possess to perform their jobs effectively.

Melaia, Abratt and Bick´s (2008) literature review revealed that three types of general competencies were considered especially important among marketing managers. These were the ability to communicate orally and in writing and interpersonal & persuasion competencies along with global marketing competencies. In addition academics believed that relationship management and marketing planning & implementation competencies would be more important in the future.
The results of a qualitative study which Melaia, Abratt and Bick (2008) did among 10 marketing managers in large South-African firms, to confirm or reject the results of past research, revealed that four out of the five competencies mentioned above were supported. The ability to communicate orally and in writing ranked number one in terms of importance followed by interpersonal & persuasion competencies. Strategic marketing planning & implementation placed third and relationship management competencies last. Global marketing competencies were not considered important.

Within „strategic marketing planning & implementation“, knowledge of marketing communications, new product development and channel management was considered to be important. 9 out of 10 participants had to mention a competency for it to count. Knowledge of pricing and sales were not among those competencies.

Marketing capabilities are likely to be a source of competitive advantage for firms because such capabilities are valuable, rare and difficult to copy. Research among marketing managers then indicates that certain competencies are more important in their jobs than others irrespective of the industry they are in. To examine the generalizability of those results the authors of this paper decided to do a research among marketing managers in retail firms. A priori one can expect that the essential competencies they have to possess are to some extent different from the competencies marketing managers in general have to possess because retail firms first and foremost sell other firms’ brands. The research question is therefore, „What are the essential competencies of marketing managers in retail firms?“
2.0 METHODOLOGY

To answer the research question, “What are the essential competencies of marketing managers in retail firms?“ the authors of this paper decided to do a qualitative research. The reason for this is that this is really an exploratory study were a better understanding of the subject matter is the objective.

The criteria for choosing retail firms to participate was that they had a marketing manager. A convenience sample was used. The researchers examined a list of the largest companies within each subgroup of retail firms and contacted the most likely, because of their size, to have a marketing manager.

The participants in the research were marketing managers of 10 retail companies in Iceland. They were contacted by telephone and the research explained to them. Anonymity and confidentiality were promised. They were told that the interview would last less than an hour and be conducted at their place of work. No one rejected to be interviewed.

Six of the participants in the research were female and four male. Their average age was 35 years. The youngest was 31 and the oldest 47. Nine had university degrees. One had a master’s degree and one was attending a part-time masters program. Of those who had university degrees six had specialized in marketing. On average the participants had been marketing managers in their respective firms for 4 years. The one who had been marketing manager for the shortest time period had been marketing manager for ½ a year but the one who had been the longest 10 years. Four had been marketing managers before. Seven of the ten firms had more than 250 employees and are therefore classified as large. The rest of the firms had between 50 and 250 employees and are therefore classified as medium sized.

Semi-structured interviews were used to obtain data. They were conducted at the interviewees’ place of work in January and February 2010. To increase the reliability of the research one of the authors did all the interviewing. In the interviews two open questions were asked. The first question was, “What competencies do you think are the most important in your job as marketing manager?” When participants had mentioned everything they could think of they were told that competencies could be divided into general skills and marketing knowledge. When the participants again had mentioned every skill that they could remember a list of additional skills was read out to them (Melaia, Abratt and Bick, 2008) and they asked to indicate which ones were essential for their job.
Next the attention turned to the fields of knowledge within marketing. When the participants had mentioned everything they could remember a list of additional knowledge areas was read out to them (Melaia, Abratt and Bick, 2008) and they asked to indicate which ones were essential for their job. In addition they were asked whether it was only important to have knowledge of the area or whether they also needed to have skills in it.

Secondly, the participants were asked whether they were a part of the upper management team or had regular contacts with the team. If the answer was yes then they were asked, „Knowledge of which fields of study within business administration (in addition to marketing) do you think is important in that capacity?“ When the participants had mentioned the relevant fields of study a list of additional fields of study was read out to them and they asked to indicate which ones were the most important in their relations with members of the upper management team.

The interviews were taped and transcribed. They were read by the same researcher who conducted them and coded. The same coding system used by Melaia, Abratt and Bick (2008) was used. If 90% or 100% of the participants indicated that a competence was very important the results of earlier studies were considered supported. The researchers tried to insure, as best they could, the validity and reliability of the research (see Bryman and Bell, 2007). It is not possible to make generalizations based on the results of this research.
3.0 RESULTS

This results section is split into three parts. In the first part the results for the general competencies marketing managers in retail firms considered to be most important for their jobs will be detailed. In the second part knowledge and skills within areas of marketing will be discussed. Finally the results for other important areas of knowledge within business administration, in addition to marketing, will be reported.

In table 1 the most important general competencies (skills) marketing managers indicate they have to possess are listed.

Table 1. General competencies

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Earlier research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal &amp; persuasion competencies</td>
<td>x</td>
</tr>
<tr>
<td>Ability to communicate orally and in writing</td>
<td>x</td>
</tr>
</tbody>
</table>

In accordance with earlier research (Melaia, Abratt and Bick, 2008) competencies coded as „interpersonal & persuasion competencies“ and „ability to communicate orally and in writing“ were deemed to be the most important for marketing managers in retail firms.

In table 2, on the other hand, we can see the broad areas of marketing knowledge the marketing managers in retail firms believe are the most important to possess. In accordance with earlier research, knowledge areas that are coded as „strategic marketing planning & implementation competencies“ are considered most important. Knowledge areas coded as „global marketing competencies“ were not considered to be important. The same applies to knowledge areas coded as „relationship management competencies.“

Table 2: Marketing knowledge

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Earlier research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic marketing planning &amp; implementation</td>
<td>x</td>
</tr>
<tr>
<td>Global marketing</td>
<td>x</td>
</tr>
<tr>
<td>Relationship management</td>
<td>x</td>
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</table>

The participants in the research considered it very important to not only have knowledge in the area of strategic marketing planning & implementation but also the skills to apply it. Earlier research had only examined knowledge areas within marketing but not whether skills were also
important in those areas. When the marketing managers in the retail firms were asked to describe the skills in greater detail many of them mentioned skills in segmenting the market into target audiences and how to reach them.

When looking at the individual knowledge areas under the “strategic marketing planning & implementation” code, earlier research (Melaia, Abratt and Bick, 2008) had revealed that competencies in applying the three marketing mix variables; product development, marketing communications (advertising, sales promotion and publicity) and channel management were considered very important in addition to competencies in strategic brand management.

In the research among marketing managers in retail firms on the other hand, the most important competencies were confined to one marketing mix variable, namely marketing communications (see table 3). The competencies were first and foremost connected to advertising and the marketing communication part of sales promotion. Participants indicated that they had to have both knowledge of marketing communications and skills in applying it.

Table 3: Knowledge areas within marketing

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Knowledge</th>
<th>Skills</th>
<th>Earlier research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic marketing planning &amp; implementation</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Product development</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Marketing communications</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Channel management</td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Brand management</td>
<td>X</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Marketing research</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services marketing</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product display</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing on the internet</td>
<td>X</td>
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In both this research and earlier research participants agreed that brand management competencies were very important. When asked, the participants first and foremost mentioned the image of the corporate brand and its consistency and the skills needed to convey it through marketing communications.

Finally, the marketing managers in the retail firms, in contrast to earlier research, considered it very important to have knowledge of (but not skills in) marketing research, services marketing (tangible evidence), product displays and marketing on the internet. Excluding marketing research the knowledge needed had mostly to do with messages and how to get them
At the end of the interviews the marketing managers were asked which fields of knowledge within business administration, in addition to marketing, were most important in their relations with the upper management team. The answer was that strategic management and financial accounting were the most important fields of knowledge.
4.0 DISCUSSION

The research among marketing managers in retail firms is in most regards in line with earlier research and increases therefore its generalizability. The ability to communicate orally and in writing, interpersonal & persuasion competencies and strategic marketing planning & implementation competencies seem to be essential for for marketing managers irrespective of the industry. The relationship management competency was the only one not supported by the research among marketing managers in retail firms.

When individual knowledge areas within marketing were examined differences started to emerge between this research and the results of earlier research. Both agreed though that competencies in strategic marketing planning & implementation, brand management and marketing communications are very important. The knowledge and skills of the marketing managers in retail firms seemed to revolve mostly around messages and how they were conveyed.

Product development and channel management competencies do not seem to be as important to marketing managers in retail firms as they are to marketing managers in general. A possible reason may be that retail firms in Iceland first and foremost sell the products of other firms. Still, new services have to be designed and product assortment decisions have to be made. It seems that decisions concerning new services, product assortment and channels are first and foremost made by others than the marketing managers in retail firms.

On the other hand knowledge in the areas of marketing research, services marketing, product display and marketing on the internet seem to be more important to marketing managers in retail firms than marketing managers in general. If we exclude marketing research then the knowledge mostly seems to have to do with messages and how they are conveyed.

In accordance with earlier research the results of the research among marketing managers in retail firms indicate that pricing and selling competencies are not very important for marketing managers. In addition, marketing managers in retail firms indicate that product development and channel management competencies are also not very important. This is worrying since research has shown that capabilities in deploying all the marketing mix variables can have positive effects on firm performance and that their interaction effects can increase that effect.
Marketing managers in retail firms only seem to need competencies in certain of the marketing areas. Others within the retail firms are the chief decision makers when it comes to other areas. How much marketing knowledge and skills they have is open to debate. But why are the marketing managers not responsible for more of the marketing activities. Does marketing and its importance need to be sold within firms or do the marketing managers not have the required knowledge and skills to play a bigger part in the deployment of the marketing mix variables and their coordination?

One of the findings in the research among marketing managers in retail firms was that they first and foremost believed that they had to have marketing skills in a small subset of marketing mix variables, i.e. marketing communications. Earlier research among marketing managers did not examine marketing skills as such. The focus was on marketing knowledge but not the skills in applying it. Therefore we do not know whether the most important marketing skills of marketing managers in general are confined mostly to marketing communications.

Lastly, marketing managers in retail firms indicated that knowledge of strategic management and financial accounting were two fields of study within business administration, in addition to marketing, was very important in their dealings with the upper management team. It is not known whether this also applies to marketing managers in general since it has not been researched before.
REFERENCES


