

What do we mean by “marketing” resources and competencies? A comment on Hooley, Greenley, Cadogan, and Fahey (JBR 2005)

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Received 1 January 2005; received in revised form 1 February 2005; accepted 1 March 2005

Abstract

Hooley et al. [Hooley, G.J., Greenley, G.E., Cadogan, J.W., and Fahy, J., 2005. The performance impact of marketing resources. *J Bus Res*, 58, 18–27.] develop and empirically test scales for measuring marketing resources and competencies and to assess their performance outcomes. Their method provides a useful aid only for expanding understanding of marketing where “marketing” is interpreted as an adjective, rather than a verb. We develop a refined categorization of marketing competencies based on this important distinction. In particular, we argue that a view of marketing competencies as a verb complements Hooley et al.’s treatment by suggesting a new type of marketing competence, called “competence-based marketing”. A case study in the Italian high fashion industry illustrates this new perspective.

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Keywords: Marketing; Competencies; Competitive advantage

Hooley et al. (2005) develop and empirically test scales for measuring marketing resources and competencies and for assessing their performance outcomes. Although many observers have made the link between marketing resources or competencies (we use the terms “resources” and “competencies” interchangeably) and performance outcomes (Srivastava et al., 1998; Srivastava et al., 2001; Bharadwaj et al., 1993; Day, 1994), Hooley et al. further distinguish marketing competencies into market-based resources and marketing support resources. According to them, market-based resources are those that are “directly deployed in the marketplace to create or maintain competitive advantage, whereas marketing-support resources ‘support’ marketing activities and contribute indirectly to competitive advantage” (Hooley et al., 2005: 19). They find that, so-conceptualized, marketing resources strongly influence performance (p. 25).

However, according to Golfetto and Mazursky (2004), a method such as Hooley et al.’s can only be a first step towards understanding the performance impact of marketing resources. Indeed, such a method may obscure the function of resources and competencies also as marketable output, rather than inputs to organizational processes. To remedy this, the present commentary develops an important distinction between marketing competencies (where “marketing” is used as an adjective) and the marketing of competencies (where “marketing” is used as a verb).

In particular, Hooley et al.’s argument has two important shortcomings. First, their view conflates the input and output side of marketing competencies. Second, Hooley et al.’s work does not recognize the importance of a particular form of marketing, called “competence-based marketing” (Golfetto and Mazursky, 2004). Our criticism of Hooley et al.’s argument allows us to show how a view of competencies also as marketable output may offer normative prescriptions for creating and sustaining competitive advantage that may widen the prescriptions offered by those with a resource-based view (e.g. Barney, 1991; Peteraf, 1993).

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1. Hooley et al.'s implicit assumptions and their shortcomings

Hooley et al. set out to explore the link between marketing resources and performance outcomes, taking from the literature those resources and competencies that fulfil the RBV criteria for creating and sustaining competitive advantage.

Hooley et al., as well as others (e.g. [Srivastava et al., 1998](#); [Day, 1994](#)) have treated marketing competencies by following the assumption that resources and competencies are to be seen primarily as inputs to organizational processes ([Barney, 1991](#); [Peteraf, 1993](#)). Thus, Hooley et al. have restricted themselves to interpreting marketing competencies as an adjective, as an input factor. “Marketing competencies” thus becomes a generic label for specific competencies such as customer relationship capabilities, channel management skills, and so on.

This assumption limits understanding of the performance impact of marketing resources. For instance, the selling of “solutions” (i.e., complex packages of products and value-added services) is establishing itself as a standard practice in industrial marketing contexts. IBM serves as a well-documented example. The computer giant moved from selling standardized computer hardware and software to delivering solutions to customers’ information technology problems, offering such competencies as IT consulting, total systems management, strategic outsourcing, and e-business services.

In addition, scholars in the industrial marketing and purchasing group have for some time been examining the ‘marketing of competencies’ by industrial suppliers ([Håkansson, 1982](#); [Ford, 1990](#); [Håkansson and Snehota, 1995](#); [Möller and Törroen, 2003](#)).

Hooley et al. seem to defy the competence-input nexus by defining market-based resources as “immediately deployed in the market place” (p. 19). But the authors do not consistently develop this perspective. Their examples of such market-based resources almost exclusively are inputs, rather than outputs. For instance, one of Hooley et al.’s marketing resources, human resources, is clearly an input rather than an output factor ([Barney and Arikan, 2000](#)). The authors even state that “the employees of the firm are the conduit *through which* marketing strategies are implemented” (p. 20, *emphasis added*). Yet, curiously, their arguments imply that human resources as a process through which strategies are implemented should be seen as an output, rather than an input factor. As another example, consider “the ability to successfully innovate” (p. 20). The authors convincingly argue that this facet of marketing competence relies “on tacit skills and learning” (p. 20). However, tacit skills, by definition, cannot be easily transferred, let alone directly deployed in the marketplace (e.g. [Nonaka, 1994](#)), and should more correctly be seen as input, rather than output competencies.

In sum, Hooley et al. provide a framework useful for analyzing marketing resources and competencies as input factors, rather than (as the authors seem to suggest) also as output factors, which can be directly deployed in the marketplace. In other words, Hooley et al.’s categorization approach can be a useful one for understanding better competence marketing only where “marketing” is interpreted as an adjective, rather than a verb.

2. Competencies as output: differentiating between sales and promotion

In order to shed more light on the output side of marketing competencies, in which “marketing” is seen as a verb, rather than an adjective, we need to take another course.

An increasingly popular approach for companies to distinguish themselves from their closest rivals and to fight relentless commoditization and emerging competition from, say, the Far East, is to emphasize the organization’s competence in the business as opposed to the quality of the product ([Golfetto and Mazursky, 2004](#)). Actively marketing one’s competence in the business can take one of two forms. One approach is simply to move from selling products to selling solutions, as in the case of IBM. In transforming themselves into solutions providers, companies typically integrate forward—by adding services such as planning, design, implementation, and maintenance of IT systems in the case of IBM. So a first way to re-conceptualize competencies is as marketable output in the guise of value-added services that are wrapped around products and other services. Marketing competencies in this sense are understood as transferring a business’s competencies to commercial ends. This interpretation of competence marketing is in line with the RBV notion that competitive advantage is a function of an organization’s focus on core competencies. To the extent to which firm A focuses on core competencies, which fulfill certain criteria, and outsources those competencies that are less critical or “core” to firm B, firm B logically becomes a ‘competence marketer’, selling the required competencies to firm A (e.g. [Quinn, 1980](#); [Hamel and Prahalad, 1994](#)).

Distinct from this actual transfer of competencies is another form of competence marketing, where the role of competencies is one of promotion, rather than sales. A group of yarn makers in the Tuscany region of Italy provides a case in point ([Golfetto and Mazursky, 2004](#)).

The “Tuscan Spinners” were for many years world leaders in the production of yarn for fine apparel. However, in the 1990s, they faced increasingly fierce competition from rivals in developing countries, who copied designs and produced yarn at substantially lower cost. In response, the Tuscan Spinners started to work closely with university researchers and prominent designers to develop new styles not only of yarn, but also of textiles and apparel. These new

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