



## Marketing accountability and marketing's stature: An examination of senior executive perspectives

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### ARTICLE INFO

#### Article history:

Received 11 February 2010

Revised 29 April 2010

Accepted 6 May 2010

#### Keywords:

Marketing accountability

Marketing metrics

### ABSTRACT

The recovery of marketing's "seat at the boardroom table" is determined in part by the satisfaction of senior executives with marketing's contribution to firm performance. This study of senior executives in high-technology firms examines the relationship between top management perceptions of marketing performance measurement ability and marketing's stature within the firm. Confirming and extending earlier studies, results indicate that marketing enjoys a higher status among top management when it is perceived to be accountable. Findings underpin the importance of current research attention on marketing accountability and metrics.

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### 1. Introduction

As a response to calls for research on marketing performance measurement (MPM) (e.g., Rust et al., 2004a), this study is underpinned by the increased pressure that practitioners are experiencing to account for marketing's contribution (Gupta and Zeithaml, 2006). Webster et al. (2005) observe that marketing has greatest stature and influence in firms where there are clear measures of marketing's contribution. Notwithstanding the significance of the relationship between marketing and other areas of the business, no studies have directly considered whether improved accountability actually contributes to marketing regaining its "seat at the table" (Webster et al., 2005). While recent studies (e.g., O'Sullivan and Abela, 2007; O'Sullivan et al., 2009) examine the issue from the perspective of senior marketers – evidence from top management – the audience we are meant to be accountable to – is both sparse and imperative (Verhoef and Leeflang, 2009). The perspectives of non-marketing senior executives are therefore examined in the current study.

Few studies have explored the aspects of marketing performance of interest to senior executives, or their views of the measures used to assess marketing performance (for a notable exception, see Ambler et al., 2004a). Furthermore, no studies have been undertaken to determine whether marketers and other senior managers have a common understanding of what marketing performance measures are important, or the challenges to be ad-

ressed in measuring performance. The distinctive contribution of this study is the comparative dimension that combines the perspectives of marketing and non-marketing senior executives.

While there is broad agreement as to the relationship between greater accountability and the stature of marketing, there is less consensus regarding what to measure and how to measure marketing performance (O'Sullivan and Abela, 2007). On the issue of what to measure, there are two general conceptualisations of marketing performance measurement. First, it is the measurement of the performance impact of marketing – viewed as a firm orientation. Second, it is understood as measurement of the contribution of the marketing function or department (Bonoma, 1989). Even if consideration is limited to this latter, narrower view of marketing, consensus is difficult to discern given the debate as to the role of marketing within the firm (e.g., Grigoriou, 2000; Webster et al., 2005; Zyman, 1999).

On the issue of how to measure marketing performance, the focus of research to date has been on identifying metrics in use (Ambler et al., 2004; Barwise and Farley, 2003); measuring marketing performance (Morgan et al., 2002; Rust et al., 2004b; Sevin, 1965); and measuring brand and customer equity (e.g., Aaker and Jacobson, 2001; Dyson and Farr, 1996; Keller, 1993; Morgan and Hunt, 1994; Park and Srinivasan, 1994; Simon and Sullivan, 1993). Consequently, there is little consensus as to what activities should be included in the measurement of marketing performance.

A broad array of metrics has been deployed over several decades, including financial and non-financial measures (O'Sullivan and Abela, 2007). However, Clark (1999, 2000) notes that while the development of multidimensional measures has been fruitful for researchers, these same measures have proven impractical for marketers who are unable to implement successively more

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complicated measurement schemes. Ambler and Kokkinaki (1997) concur, observing that research on marketing performance is relevant only to the extent that the firm's objectives and those chosen by the researcher as dependant variables coincide. Similarly, others (Ogbonna and Harris, 2002; Morgan et al., 2002) have called for further research to bridge this gap between theoretical and managerial understandings of performance measurement. Reflecting this situation, the MPM ability scale developed by O'Sullivan and Abela (2007) is extended to capture the views of non-marketing senior managers. A primary focus of the current study is determining whether the model proposed by O'Sullivan and Abela (2007), which links marketing performance measurement ability and marketing stature, is confirmed in a study of non-marketing senior executives (the original study looked only at senior marketers).

## 2. The study: setting, model, measures and sample

### 2.1. Research setting

The research setting is Chief Marketing Officers (CMOs) and senior executives in high-tech firms. This responds to demands for context-specific studies to deepen existing knowledge of the contingencies that affect the measurement of marketing performance. The high-tech sector is appropriate for a study of this kind for several reasons. First, the intense pressure to demonstrate the contribution of marketing to firm performance is recognised (Mohr and Shooshtari, 2003). Second, marketing's stature tends to be lower in high-tech firms (Davies and Brush, 1997); because firms in this sector tend to be engineering-dominated, marketing consistently struggles to establish its value and contribution (Mohr and Shooshtari, 2003). Finally, data from high-tech firms allows comparison with findings from previous work in the sector on the relationship between accountability and marketing stature (O'Sullivan and Abela, 2007).

### 2.2. Measures

Consistent with the recommendations of Malhotra (1996) and Churchill (1979) on scale development, expert screening was undertaken to capture the views of the CMO Council's MPM Steering Committee throughout the development of the survey instrument. Subsequently, each scale was piloted with a sample of non-marketing senior managers to test for completeness and comprehension. Four key issues were addressed: the stature of marketing among non-marketing executives; ability to measure marketing performance; the relative importance of sources of information for marketing performance; and perceived challenges to marketing performance measurement.

#### 2.2.1. Marketing's stature

Marketing's stature is operationalised as senior executives' assessment of marketing's contribution to the business. Respondents were asked "How satisfied are you with marketing's contribution to the achievement of your company's business objectives?" The seven-point response scale was anchored by "very dissatisfied" and "very satisfied".

#### 2.2.2. Marketing performance measurement ability

MPM ability was assessed using the 15 item scale proposed by O'Sullivan and Abela (2007). These items assess two aspects of MPM – activities and metrics. "Activities" assesses the ability to measure performance of a range of marketing activities. "Metrics" assesses the ability to assess marketing performance using an array of measures such as financial and non-financial. Overall MPM ability is the summed mean of these two subscales.

#### 2.2.3. Relative importance of sources of information for measuring marketing performance

The relative importance of various sources of information for the measurement of marketing performance was ascertained by asking respondents to rate 19 items on a seven-point scale from "unimportant" to "very important".

#### 2.2.4. Challenges to marketing performance measurement

Ten challenges for marketing performance measurement were identified based on a review of the literature and from preliminary interviews with marketers and senior executives. Respondents' assessments of the extent to which these factors were a challenge to marketing performance measurement within their firm were captured on a seven-point scale anchored by "unimportant" and "very important".

Following O'Sullivan and Abela (2007), two profiling questions related to firm size and age were included to allow for a finer level of analysis. Firm size is operationalised as the firm's annual revenue. Firm age is measured as the number of years the firm has been in business.

### 2.3. Sample

The study was undertaken in the USA. The sample frame was the membership of the Chief Marketing Officers Council, a US-based organisation for senior executives. For the purpose of this study, the sample was limited to members from high-tech firms. In the first phase, a survey questionnaire was administered online to 810 marketing executives by email notification. This was followed fourteen days later by a reminder email to non-respondents. Each email contained an embedded link to the survey. Total usable response was 214, representing a response rate of 26.4%. This response rate was highly satisfactory given that rates ranging from 12% to 20% are considered acceptable for cross-sectional samples (Churchill, 1979; Kohli and Jaworski, 1992). Survey responses were collected over a four-week period, a duration which is consistent with previous research (e.g., Wygant and Lindorf, 1999). After that time the sample frame was extended to a number of additional channels, most notably the BusinessWeek research panel. This produced an additional 288 responses. These additional responses comprised 98 CMOs and 190 senior executives, giving a total of 312 CMOs and 190 other senior executives.

## 3. Results

Results are presented as follows. First summary statistics are presented on senior executive perspectives of their firm's ability to measure marketing performance and on their satisfaction with marketing's contribution. Here the focus is on differences between senior marketers and non-marketing senior executives. Next, the relationship between marketing performance measurement ability and marketing's stature is considered. Next, variation in satisfaction with marketing performance measurement between senior marketers and other senior executives is assessed. This phase of the analysis considers whether satisfaction with marketing's contribution varies across the senior management team. Then, the priority that executives place on marketing metrics is analysed. Finally differences in executive assessment of the MPM challenges facing firms are considered. To focus more clearly on the main research issues, results variously split respondents between marketers and non-marketers or between non-marketing senior executives and CEOs.

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