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Marketing resources, performance, and competitive advantage: A review and future research directions

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ABSTRACT

Marketing scholars and practitioners recognize marketing resources as crucial drivers in the process by which firms develop their competitive advantages and achieve higher levels of performance. However, there is little agreement in the literature on what constitutes marketing resources or how these influence brand or firm performance. In this editorial article, the co-editors of this special issue identify and describe three distinct research streams related to marketing resources and performance, namely relation to firm/brand environment, marketing as an organizational function and marketing resource deployment. Next, they discuss the theoretical frameworks and contributions of the seminal research articles as well as the papers included in this special issue that represent these three themes. Finally, this editorial identifies some open questions and future research directions in this important research area.

1. Introduction

Marketing resources are crucial drivers of a firm's business strategy as they help the firms gain a competitive advantage over competition (direct or latent) and lead to better performance. Past research in this area uses diverse theoretical perspectives, including market-based assets and their effects on the stakeholder value (Srivastava, Shervani, & Fahey, 1998), the impact of brand equity and innovation on long-term marketing effectiveness (Slotegraaf & Pauwels, 2008), resource-based theory (RBT) (Srivastava, Fahey, & Christensen, 2001; Kozlenkova, Samaha, & Palmatier, 2014), and resource advantage theory (RAT) of competition (Hunt & Morgan, 2005), among others. However, there is still little systematic research on the theoretical foundations and empirical implications of marketing resources and competitive advantage.

Researchers using RBT typically recognize the role of marketing resources such as brands and relationships (customer and distributional) in obtaining competitive advantage (e.g., Barney, 1991, 2014; Combs & Ketchen, 1999; Day, 2014). However, the literature has generally ignored the fundamental processes that transform resources into value for the customers (cf. Srivastava et al., 2001). Therefore, any contemporary application of the RBT to marketing would require identification of marketing-specific resources based on the RBT premises, namely rare, valuable, and imperfectly imitable (Kozlenkova et al., 2014; Srivastava et al., 2001). In other words, we need more research using RBT as a contemporary framework to integrate a wide array of resources to provide a compelling explanation of a firm's competitive advantage.

In contrast to RBT, RAT posits that a firm can achieve sustainable competitive advantage only if it manages and manipulates its internal resources in such a way that their consumption in a dynamic industry competition provides superior financial performance for a firm (Hunt, 1997, 2011). The theory adopts a resource-based view (RBV) of the firm by focusing on marketing resources in terms of their ability to obtain competitive advantage. RAT considers resources as the tangible and intangible assets of a firm that can produce a market offer that has a value for a specific segment of the market (Hunt & Morgan, 2005). However, there is a need for further empirical research on the efficiency of stakeholder value and inward-looking strategy.

The literature in the strategic management area has also explored marketing competencies of organizations for a long time, starting with the pioneering work by Miles and Snow (1978) that was extended by Conant, Mokwa, and Varadarajan (1990) and Woodside, Sullivan, and Trappey (1999), among others. Conant et al. (1990) provide an understanding of strategic forces in marketing competencies and organizational performance. More recently, Barrales-Molina, Martinez-Lopez, and Gazquez-Abad (2014) introduce an integrated framework for dynamic marketing capabilities (DMC), but this research stream is still limited due to a lack of theoretical support for the relationship between DMC and objective measures of market performance.

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Despite a burgeoning literature on resources and their effects on competitive advantage and performance in marketing, management and economics fields, many unchartered research avenues, unanswered questions and challenging issues remain that require further theoretical and empirical elaboration. This special issue of the Journal of Business Research with 'Marketing resources, performance and competitive advantage' as its theme, examines how diverse marketing resources may enhance the organizations' competitive advantage and performance, using multiple theoretical perspectives and empirical approaches. The following sections identify the research gaps in this field and then describe how the articles in this special issue address some of these gaps. Finally, this editorial concludes with a discussion about the remaining open questions and some useful pathways for future research.

2. Marketing resources, performance and competitive advantage — a framework

Marketing resources represent broad value propositions that affect the stakeholders in any business and firms that generally deploy these resources to gain a competitive advantage in the market (Hooley, Greenley, Cadogan, & Fahy, 2005). These resources may include tangible or intangible value propositions, physical or human processes, and intellectual or relational properties (cf. Srivastava et al., 1998; Hooley et al., 2005). Marketing resources also vary in their direct or indirect contribution to competitive advantage. For example, "market-based" resources that have direct effects on competitive advantage and are immediately deployable, whereas "marketing support" resources that serve as support activities and have indirect effects on competitive advantage (Hooley et al., 2005). Market-based resources are critical factors of firm performance, because of their pivotal role in acquiring market knowledge, developing brands, creating marketing relationships, etc. However, Srivastava et al. (1998) pointed out problems of identification of these resources in financial statements and the lack of their direct effects to improve the firm performance. In this context, despite years of research across different academic disciplines, there is scant literature exploring the inter-relationships among marketing resources, competitive advantage and marketing performance. The problem lies in the fact that the literature rarely takes a holistic view and mostly takes a partial conceptual ground and limited empirical approach.

This special issue identifies and covers three main research streams related to marketing resources and performance. The first area is the relation of firm and/or brand to its environment, such as its stakeholders (Gaur, Kumar, & Singh, 2014; Krush, Agnihotri, Trainor, & Nowlin, 2014; Kurt & Hulland, 2013). The second area includes the effects of marketing as a function, in which the articles debate about the role of marketing department or function in a firm and how that role affects the overall company performance (Nath, Nachiappan, & Ramanathan, 2010; Zhao, Libaers, & Song, 2015). The third area is the identification and deployment of marketing resources and their effects on performance (Angulo-Ruiz et al., 2014; Capron & Hulland, 1999; Hooley et al., 2005; Kor & Mahoney, 2005; Mariadoss, Tansuhaj, & Mouri, 2011; Wang, Dou, Zhu, & Zhou, 2015). Articles in this area typically discuss the problem of resource deployment within the firm and how internal strategies affect firm performance. Table 1 briefly describes the seminal research articles on these three broad themes, with their theoretical frameworks, major findings, open questions and contextual factors, as identified and discussed by these authors.

2.1. Relation to firm/brand environment

The first research stream explores the relationship between the firm and/or brand and its environment, i.e. stakeholders. For instance, Kurt and Hulland (2013) study the problem of initial public offering and effects of marketing strategy on firm performance and competitive advantage. These authors find that both, initial public offering and seasoned equity offering firms, adopt a more aggressive marketing strategy during the two years following their offering. In addition, strategic flexibility of rivals with respect to a firm moderates the link between marketing investment and firm value, whereby an aggressive postoffering marketing spending does not yield a higher firm value when a firm competes against rivals with greater strategic flexibility. Similarly, an empirical article from Gaur et al. (2014) investigates the role of marketing resources and competitive advantage in foreign direct investments (FDI) context, showing that firms are more likely to shift from exports to FDI, if they have substantial firm- and group-level international experience coupled with technological and marketing resources.

Krush et al. (2014) investigate the relationships between marketing and sales resources (e.g. sales capability and marketing dashboards) and sensemaking, and their combined effects on firm performance. The study finds that sales capability and the use of marketing dashboards contribute directly to a firm performance, but also have an interactive effect with sensemaking. In addition, sensemaking has the potential to affect both cost efficiency and firm growth. The importance of sensemaking for marketing scholars is in the fact that it plays a critical role in the firm's knowledge capabilities and critical for the firm's success in facing the market changes. These findings reaffirm the importance of integrating both sales and marketing operations.

2.2. Marketing as an organizational function

The second research stream relates to the marketing performance as a function within the firm. For instance, Nath et al. (2010) study the relative impact of a firm's functional capabilities (marketing and operations) and diversification strategies (product and international diversification) on financial performance. Using marketing resources, operation resources, product diversification, and internationalization as the contextual factors, these authors show that firms perform better when they focus on a narrow portfolio of products for the clients and concentrate on a diverse geographical market.

Zhao et al. (2015) discuss the prerequisites for the first product lunch success and the relationship to available firm resources, and investigate how product-positioning strategy may mediate the impacts of marketing resources, technical resources, and founding team startup experience on product success. In addition, the experience of a founding team startup moderates the effects of marketing and technical resources on the sustainability of product-positioning strategy. The authors argue that the impact of marketing resources on product performance is smaller for founding teams with more prior startup experience than those with less prior startup experience.

2.3. Marketing resources deployment

The third research stream includes studies that focus on the relationship between resources deployment and marketing performance. For instance, Capron and Hulland (1999) investigate the degree of redeployment of three marketing resources (brands, sales forces and general marketing expertise) across merging firms following horizontal acquisitions. They examine the impact of these resource redeployments on firm performance. The study finds that redeployment of marketing resources following acquisitions is asymmetrical. The authors argue that effects of marketing resource redeployment on cost-based synergies are marginal, but their effects on both revenue-based synergies and overall performance are more noteworthy.

Kor and Mahoney (2005) examine the effects of the dynamics, management, and governance of R&D and marketing resource deployments on firm-level economic performance, showing that a history of increased investments in marketing is an enduring source of competitive advantage. These authors underline the role of history of investments in firm's processes and resources that can offer fundamental insights for understanding the relationship between firm dynamic capabilities and performance, because resource deployments could help generate dynamic capabilities over time.