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Strategic marketing capability: Mobilizing technological resources for new product advantage[☆]

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ABSTRACT

Although scholars have paid much attention to the conceptualization of marketing capability and its performance implications (e.g. Krasnikov & Jayachandran, 2008; Vorhies, Morgan, & Autry, 2009), there has been little research on the leading role of marketing capability in new product success. Especially, more research efforts are necessary to demonstrate how marketing capability initiates new product development and selectively articulates product advantage. This study presents a conceptual frame of new product–market success, emphasizing that strategic marketing capability (SMC) contributes to matching the revealed or potential market needs to the most appropriate technological resources. Such best-matched marketing and technological resources create either or both of new product advantages, differentiation or cost advantage, which finally lead to better new product performance. Using 209 survey data from the manufacturing and service industry firms in Korea, the current study validates the influence of a firm's SMC on the two different technological resource mobilization modes en route to product advantages and product-market performance.

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1. Introduction

Firms' marketing capacity is considered to play a critical supporting role for a new product success as advertising and promotion are of no doubt affect awareness and initial trial of the new product, increasing the possibility of early survival of the new product (Vorhies et al., 2009). Nevertheless, this view overlooks a more comprehensive aspect of marketing capability that contributes to customer value creation in the entire new product-development process. A strong marketing capability of a firm not only provides communication and promotion of a new product in the commercialization, but also can play a leading role in developing a competitive new product. The main research question of the current study is: how do marketing capabilities contribute to creating competitive advantages of new product, which lead to eventual market success?

Drawing on the seminal work by Day (1994) on strategic capabilities, this study proposes a framework in which strategic marketing capability plays a leading role in developing competitive advantages of a new product, that is, differentiation or cost advantage for new product

success. Strategic marketing capability (SMC) for new products is accumulated marketing skills and knowledge that enable the firm to coordinate strategic activities for new products. Like other organizational capabilities, SMC is a firm-specific resource that is superior, rare, non-transferable, and idiosyncratic and its importance to strategic planning has been distinctive as it relates to acquiring and sustaining competitive advantages (e.g. Day, 1994; Greenley, Hooley, & Rudd, 2005; Krasnikov & Jayachandran, 2008).

With a new conceptual framework, the current study asserts that SMC alone may not be able to develop a competitive new product, instead it takes a leading role in creating a competitive new product by mobilizing appropriate technological resources. In particular, this study proposes that two types of technological resources – dynamic and embedded technological resources – mediate firm's marketing capability into the competitive advantages of new product. Furthermore, the current study demonstrates that the relative importance of utilizing different types of technological resources depends on the level of firms' perceived environmental uncertainties (i.e., technological and market uncertainties). Using a large survey data from the manufacturing and service industry firms in Korea, this article empirically tests the influence of a firm's SMC on the two different technological resource mobilization modes en route to product advantages and product-market performance. The empirical results show SMC indeed plays a significant leading role in creating both differentiation and cost advantages of new product only through the two types of technological resources. The

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proposed mediation links are even stronger when market and technological uncertainties are high, implying a greater role of SMC in those uncertain new product environments.

The main contribution of this study is to provide a theoretical ground of the leading role of strategic marketing capability (SMC) that initiates and orchestrates the whole new product development process. Incorporating strategic choices theory as a complementary theory to the resource-based view (RBV) (Helfat & Raubitschek, 2000), the current study explores how SMC drives the transformation of resources into competitive advantages for new product success. Furthermore, this study is the first empirical study that attempts to establish and validate the mediating role of a firm's technological resources that realize SMC into the competitive advantage of the firm's new products.

The following section briefly reviews the resource-based view (RBV) and the strategic choices theory as theoretical foundations, and presents a conceptual framework and corresponding hypotheses for a new product success. The authors test the framework with firm-level survey data of South Korean enterprises and discuss the structural equation modeling results.

2. Background and hypothesis development

In line with an integrative view of marketing capabilities and strategic choices in the literature (Day, 1994; DeSarbo, Di Benedetto, Song, & Sinha, 2005; Hunt & Morgan, 1995), the current study looks into the role of SMC for a new product success at the conjunction of resource-based view (RBV) and strategic choices theory. New product success depends on both superior, rare, non-transferable capabilities as well as management's strategic choices on how to combine resources to optimize their utilities. Two theories complement each other when put together in one frame (Day, 1994). Integrating both theories helps to overcome some of the persistently argued limitations of classic RBV – inability to explain how resources are developed and deployed to achieve competitive advantage (e.g. Morgan, Slotegraaf, & Vorhies, 2009; Priem & Butler, 2001).

Child (1972) defines *strategic choice* as the process whereby power-holders within organizations decide upon the course of strategic actions. The strategic choices theory focuses on the actions that organizational decision makers take to adapt to an environment as an explanation for different organizational outcomes (Andrews, 1986; Child, 1972). The theory argues that management has a pool of various options, selections, and preferences to compose a resource set that may optimize the matching between internal formations and external environments (Hambrick & Finkelstein, 1987; Venkatraman & Camillus, 1984). Therefore, the management's strategic choice of product differentiation over cost advantage or vice versa, depends on contingency factors such as varied market and environmental conditions, which induce the management to make a right choice to better fit the given factors.

While strategic choices theory well elaborates on the management's autonomic decisions on what competitive advantages to create and how to create them, it assumes that all firms are equally able to access needed resources, make right decisions, and implement their decisions on the bases of value chain analysis. Actually, this assumption of equally-endowed resource opportunities may not be that persuasive because according to RBV, the firm heterogeneity does exist in terms of resource portfolios. The RBV proposes that a firm's idiosyncratic, inimitable, and non-substitutable resources, which are basically heterogeneous in the organizationally embedded levels, create a competitive advantage (Barney, 1991; Eisenhardt & Martin, 2000) and generate abnormal performance (Barreto, 2010). Recently, to incorporate dynamic resource application capability, a resource deployment approach of RBV explains why some firms perform better than others with the similar amount of accessible capitals (Helfat & Raubitschek, 2000). Well-developed strategic capability of a firm's marketing function is the firm's idiosyncratic resource that determines which customer benefits to pursue. Furthermore, such strategic marketing capability (SMC)

prescribes the guidelines on whether to use the firm's currently serving technologies or to access new techniques for new product development process. The research framework of this study is in Fig. 1, where SMC leads and drives integrative strategic processes designed to recognize, collect, and apply the needed technologies and methodologies to create competitive new product (Fig. 1).

As “[technology] can have a powerful effect on both cost and differentiation” (Porter, 1985, p. 169), this study conceptualizes two types of technological resources that are critical to obtaining competitive advantages of new products – dynamic technological resources (DTR) and embedded technological resources (ETR). Although Michael Porter recognizes that marketing capability is crucial to obtain differentiation (See 8 steps in differentiation on Porter, 1985, p. 162–163), the connection of marketing capability to different types of technological resources has not been established. The schematic linkage of firms' SMC to appropriate technological resources (i.e., DTR and ETR) is important because although SMC takes a kind of *process enabler* role for creating competitive advantages for firms, SMC itself may not be able to create competitive advantages unless it is effectively and efficiently implemented via reasonable technological support. A firm with great SMC is proficient at monitoring market trends and corresponding to changing customer needs by purposefully connecting internal and external resources. This type of proficiency should play a lead role in competitive resource configuration by gluing necessary internal endowments, knowledge in network, and external technologies.

In the following section, the current study introduces two types of technological resources and develops hypotheses, which explain the inter-relations between SMC and technological resources and the moderating impact of environmental uncertainty on the technological resources–new product advantages relationship.

2.1. Product differentiation advantage by mobilizing dynamic technological resources

Dynamic technological resources (DTR) refer to the firm resources that provide new ways of wiring its exploratory ability to select appropriate foreign means, methods, and technologies and adapt them to its internal operations (Barreto, 2010; Teece, Pisano, & Shuen, 1997). These resources include a firm's buyout of licenses and patents from external sources and explorations of new networks, communities, and relationships as well as the acquisition of new foreign procedures that can bring new technological portfolios into the firm (Capron, Dussauge, & Mitchell, 1998; Eisenhardt & Martin, 2000). When a firm detects market opportunities, which are not to be served with its current resource sets, DTR is geared to explore, select, and bring the most appropriate technologies and scientific know-how into the organization that will seize the juncture. These newly accessed resources help the firm overcome the continuous recycle of internal tacit knowledge, and create timely and superior paths out of the routine processes created through firm experience. Based on the strategic choices theory (Hambrick & Finkelstein, 1987; Venkatraman & Camillus, 1984), SMC is able to induce new, unique, and different outputs – product differentiation, when it takes a leading role in mobilizing DTR to outplay the internal limitations and to realize market opportunities. Thus, firms, that strategically empower SMC as a role of the leading integrator, need to fortify the efforts in mobilizing DTR to appropriate the chosen resources for product differentiation. Hence, a suggested hypothesis is:

H1: A firm's strategic marketing capability increases product differentiation of new product via mobilizing its dynamic technological resources.

2.2. Cost advantage by mobilizing embedded technological resources

Embedded technological resources (ETR) illustrate already owned, therefore identifiable and specific proprietary assets, knowledge, and skills deeply rooted in the organizational routines, process, and

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