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Is more always better? An investigation into the relationship between marketing influence and managers' market intelligence dissemination

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ABSTRACT

How does the influence of the marketing department within an organization affect marketing managers' dissemination of market intelligence (i.e., knowledge about customer needs and competitor activities) to managers of other departments? Three studies with 711 executive managers and integrated survey and experimental data offer insights. Rather than the positive relationship indicated by conventional wisdom, the study results indicate a curvilinear, inverted U-shaped effect of marketing's influence on marketing managers' dissemination of market intelligence. Managers in a marketing department with moderate influence within the organization are significantly more likely to disseminate market intelligence than are those in low and, interestingly, those in high influence departments. This finding adds nuance to the existing body of knowledge showing countervailing effects of a strong marketing department and implies that executives need to carefully manage the organization's culture to ensure well-balanced influences of the marketing department in relation to other corporate functions.

1. Introduction

Marketing managers' active dissemination of market intelligence, defined as knowledge about customer needs and competitor activities, throughout an organization is a key component of a market orientation and an important antecedent of financial performance (Kohli & Jaworski, 1990; Maltz & Kohli, 1996). A global survey of more than 1200 executives (Global Intelligence Alliance, 2013) suggests that the dissemination of market intelligence can increase the efficiency of organizational decision making by 15%; another survey of 389 executives in 42 countries reveals that managers' *insufficient* sharing of market intelligence is a key barrier to an organization's financial performance (Economist Intelligence Unit, 2013).

To encourage marketing managers to disseminate market intelligence across functional boundaries, both marketers and researchers highlight the need to strengthen the influence of the marketing department within the organization (e.g., Jaworski, 2011; Webster, 1992). One Forrester manager even claimed that the "only way to have an organization aligned with what customers want is to have a strong CMO" (MarketingWeek, 2012) who represents the strong influence of the marketing department within an organization (Nath & Mahajan, 2008). Despite this general belief in the importance of marketing's influence for ensuring the dissemination of market intelligence though, little empirical research has considered this relationship. Verhoef and Leeflang (2009) include a positive linear effect of marketing's influence on market orientation in a framework but also cite a deeper analysis of the relationship of these two variables as "the most important issue for further research" (p. 30). In particular, extant research has not examined whether this relationship is linear in nature, as is widely assumed—despite indications to the contrary.

We address this gap by investigating how the influence enjoyed by the marketing department affects marketing managers' dissemination of market intelligence across departments. We specifically consider the possibility of a curvilinear, inverted U-shaped relationship, according to the following reasoning: the department's influence likely defines managers' perceptions of their personal influence within the organization. Starting from low influence levels, increases in the level of influence should reduce the psychological costs of communicating with managers of other departments and thus stimulate intelligence dissemination. However, and more importantly, past a certain point, more influential marketing managers may become excessively self-focused, such that they reduce their intelligence dissemination. We empirically test this hypothesized relationship with data from three studies: a large cross-sectional survey among marketing and finance/controlling managers (Study 1) and two experimental studies (Studies 2a and 2b)

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with 711 managers in total. The data consistently provide support for a curvilinear, inverted U-shaped effect and offer a refinement of prior research that has assumed a simple, linear, positive relationship.

In the next section, we provide the conceptual basis for our hypothesis of an inverted U-shaped effect of marketing influence on managers' dissemination of market intelligence. We then elaborate on our methodology and report the findings of the three studies demonstrating the hypothesized effect and its consequences for the organization. Finally, we discuss the implications and limitations of our research.

2. Conceptual background

Research in various management disciplines—including applied psychology (e.g., Mesmer-Magnus & DeChurch, 2009), communication (Burgess, 2005), human resource management (Foss, Minbaeva, Pedersen, & Reinholt, 2009), organization and management science (Darr, Argote, & Epple, 1995), and marketing and sales research (Ahearne, Lam, Hayati, & Kraus, 2013; Le Bon & Merunka, 2006)—has addressed various antecedents of knowledge dissemination in an organization. In addition to organizational variables, such as its structure, functional rivalry, or interdepartmental collaboration (e.g., Homburg, Jensen, & Krohmer, 2008), extant literature has emphasized the individual organization member, who must choose to disseminate his or her knowledge to others (Le Bon & Merunka, 2006).

To extend this literature stream, we focus on marketing managers' dissemination of a particular form of knowledge throughout the organization, namely, *market intelligence*, which refers to formal and informal knowledge about current and future customer needs and competitor activities (Maltz & Kohli, 1996). Disseminating market intelligence critically improves the effectiveness and efficiency of decision processes at various functional boundaries, including marketing–finance (e.g., Ganesan, 2012) and marketing–R&D (e.g., DeLuca & Atuahene-Gima, 2007) interfaces. Furthermore, market intelligence dissemination enhances the organization's financial performance (Jaworski & Kohli, 1993). Accordingly, we concentrate on *marketing managers* who choose whether to disseminate market intelligence to managers of other departments, because prior market orientation research emphasizes marketing managers' knowledge sharing as critical for aligning the organization with the voice of the market (e.g., Luo, Slotegraaf, & Pan, 2006).

In turn, we investigate the influence of the marketing function within an organization and its effect on marketing managers' dissemination of their market intelligence. *Marketing's influence* refers to the perceived contribution of the marketing department to the success of an organization, *relative* to other departments (Moorman & Rust, 1999; see also Homburg, Workman, & Krohmer, 1999). Verhoef and Leeflang (2009) offer some empirical evidence of a simple, positive, linear relationship between marketing influence and market orientation which includes sharing knowledge about customers and competitors.

However, we anticipate that the benefits of marketing influence may be limited, such that we propose a curvilinear relationship to describe managers' dissemination of their market intelligence across departments. According to self-categorization research (Hogg & Terry, 2000), people internalize the characteristics of the groups to which they belong. Therefore, marketing managers should internalize the (relative) influence of their department to define their own personal influence in the organization, relative to that of members of other departments. Managers working in low influence departments then should define themselves as having little influence on organizational decisions, whereas managers of departments with high influence likely regard themselves as highly influential in the organization.

The extent of this personal influence then should affect managers' dissemination of market intelligence across departments. Specifically, prior research cites several behavioral consequences stemming from individual perceptions of their influence. For example, when dealing with others who appear to have greater influence, people with low influence tend to be reactive rather than proactive, behave passively, are less likely to make the first move, and volunteer little information (Galinsky, Gruenfeld, & Magee, 2003). Such findings imply that low influence persons experience psychological costs when communicating with high influence others. Therefore, we propose that marketing managers who perceive themselves as lacking in influence are less likely to communicate proactively with managers of other departments and disseminate their market intelligence to them. With increasing influence however, the psychological costs of communication dissipate, which should increase the managers' dissemination. This proposition is in line with Verhoef and Leeflang's (2009) argument that marketing influence enhances the market orientation.

However, we posit detrimental effects on intelligence dissemination when managers reach high influence levels. People with high influence often become self-focused (Rucker, Dubois, & Galinsky, 2011), consider the perspectives of others less (Galinsky, Magee, Inesi, & Gruenfeld, 2006), reject the advice of others, and perceive themselves as more important (See, Morrison, Rothman, & Soll, 2011; Tost, Gino, & Larrick, 2012). Notable evidence also suggests that obtaining more influence motivates people to withhold essential knowledge from others. Maner and Mead (2010) show that high influence group members seek to maintain their current position in the group, so they give themselves the best clues for solving a task while withholding those clues from others. Following this reasoning, we propose that managers become less likely to disseminate their market intelligence when they perceive their own greater influence within an organization. The combination of the likely positive effects of marketing's influence and the limitations created by these negative mechanisms suggests an inverted U-shaped relationship between marketing influence and managers' dissemination of market intelligence to managers of other departments. Formally, we hypothesize:

H1. The influence of the marketing department has a curvilinear, inverted U-shaped effect on marketing managers' dissemination of market intelligence to managers of other departments.

We test this prediction in a series of three studies with 711 experienced managers. Specifically, Study 1 demonstrates the proposed curvilinear relationship between marketing influence and managers' market intelligence dissemination, using a cross-sectional survey of marketing and finance/controlling managers. Study 2a extends these findings with an experimental manipulation of marketing influence in a marketing–finance context, using formal market intelligence (written market report). Study 2b replicates and validates this effect in a marketing–R&D context, using informal market intelligence (expert information provided at a conference).

3. Survey findings (Study 1)

With Study 1, we investigated the relationship between marketing's influence within an organization and marketing managers' dissemination of market intelligence to managers of other departments. We sought to test this relationship from the perspectives of both senders (i.e., marketing managers) and receivers (i.e., non-marketing managers) of market intelligence, so we invited experienced marketing and finance/controlling managers, working for firms in three European countries (Austria, Germany, and Switzerland) across various industries, to complete a survey about marketing's role within their organization. In addition, we sought to examine the relevance of managers' dissemination of market intelligence throughout the organization and explore whether marketing influence affects financial performance, through marketing managers' dissemination of market intelligence.

3.1. Method

We recruited 194 marketing managers (mean age: 43.8 years; 77% male) from three sources to participate in our online surveys: an alumni organization of a European management school, a European marketing