Investigating factors influencing firms marketing strategy creativity effectiveness

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ABSTRACT

This paper aims to examine factors influencing the relative importance of firms marketing strategy creativity. 100 completed and usable set of questionnaires was obtained from business managers, entrepreneurs and small business owner operating in surrounding Labuan areas in Malaysia. Data were analyzed by employing multiple regression analysis. Results revealed that Quality of Product and Technological Turbulence were found to be the leading factors influencing the relative importance of firms' marketing strategy creativity. A creative strategy is the result of certain organizational characteristics and an appropriate strategy formulation process. The findings created an understanding of what attributes of external and internal factors influence the outcome of e-learning in high tech companies.

Introduction

The main problem of this research is about a different of opinion between some parties in the factors that influencing the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness. Adidam et al. (1999) found a positive relationship between marketing strategy creativity and market performance. However, Im and Workman (2004), found no relationship between marketing program creativity and new product performance. Noble and Mokwa(1999), in their study of the antecedents to marketing strategy implementation success argued that implementation pervades strategic performance, but neglected to test for the presence of a relationship between marketing strategy implementation effectiveness and performance.

Morgan and Vormies (2005), in their study of marketing capabilities, found that high performing firms had a stronger marketing strategy implementation capability than did average performers. The study reported in this article assesses the impact that environmental conditions and business unit strategy have on the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness. We discuss implications for managers and scholars. This article contributes to the literature by simultaneously examining the impacts of marketing strategy creativity and marketing strategy implementation effectiveness on performance which we define as the business unit achieving its objectives, and by testing for important moderators of these relationships. This paper aims to examine factors influencing the relative importance of firms marketing strategy creativity.

Literature Review

Culture is deeply rooted set of value and beliefs that provide norms for behavior in the organization (Deshpande & Webster, 1989; Schein, 1990). The competing values model of organizational culture based on two dimensions. First dimension is flexibility and stability anchoring. The second dimension is internal maintenance and external positioning anchoring. These,

two dimensions have four types which is adhocracy, market clan and hierarchy (Quinn & Rohrbaugh, 1983). Attempting to pursue both creativity and implementation also lead to satisfying behavior where mediocrity is achieved in each area rather than excellence in one (Cyert & March, 1963).

Marketing Strategy Creativity

Marketing strategy is concerned with the creation of the marketing mix that enables the business to achieve its objectives in a target market (Vadarajan & Clark, 1994). Marketing creativity is the extent to which the actions taken to a product represent a meaningful difference from marketing practices in the product category (Andrews & Smith, 1996). The most creative and innovative businesses have an opportunity horizon that enables them to imagine ways in which an important new benefit might be harnessed to create new competitive space or reshape existing space. Creative marketing strategies might make use of innovative value propositions, new pricing models, customer driven supply networks, or expanded ways means for "touching" customers that respond to their specific preferences and interests. These marketing mix elements could provide unique customer value or give buyers a reason to purchase. An innovative or creative strategy positions the firm in a way that is unique and is difficult for competitors to imitate and, thus, may be a source of competitive advantage (Barney, 1991).

Marketing Strategy Implementation

Bonoma (1984) argues, it is invariably easier to think up clever marketing strategies than it is to make them work under company, competitor, and customer constrains. Cespedes and Piercy (1996) view implementation effectiveness as the achievement of the strategy's goals through appropriate actions. Similarly, Noble and Mokwa (1999) define marketing strategy or strategy marketing initiative. Marketing scholars primarily have strategy implementation from the perspective of matching strategic behavior (market orientation and innovation orientation) (Hurley & Hult, 1998; Matsuno & Mentzer, 2000), marketing organization structure (Olson, Slater & Hult, 2005;

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Vorhies & Morgan, 2003), and marketing program content (Conant, Mokwa, & Vadarajan, 1990; Slater & Olson, 2000, 2001) to product-market strategy. These studies confirm that superior performance is realized when is realized when fit between strategy and organizational characteristics is achieved.

Strategy Implementation Effectiveness

Contingency theorists argue that the firm should match it is strategic orientation to the demands of it is task environment (McKee, Vadarajan, & Pride, 1989). Focusing on environmental because it is a function of change and unpredictability with regard to customer needs, competitor actions and technology (Jaworski &Kohli, 1993; Miller & Droge, 1986). When customer preferences are unsettled, such as in the early stages of a market's development, the firm must strive to effectively create a positive and meaningful image in the buyer's mind. Intense competitive rivalry can create the drive for the firm to experiment with product design, service, promotion or price to effectively differentiate itself from its competitors (Dickson, 1992).

Quality of Product

Differentiated Defenders succeed by maintaining their position in early and late majority markets by consistently providing superior service and/ or product quality (Slater, Hult, & Olson, 2007). Differentiated Defenders can maintain their profitability only if their continue to differentiate themselves from competitors by offering superior products, services, or other advantages (Walker & Ruekert, 1987). While some Differentiated Defenders are purely service businesses, product-oriented Differentiated Defenders businesses use pre- and post-sale service to differentiated their core product. As such, Differentiated Defenders must develop a creative value proposition so they "delight customers" with superior product and service quality. They capture this value with relative higher prices (Slater & Olson, 2001; Walker & Ruekert, 1987). Superior product quality is achieved through careful attention to a set of mutually reinforcing principles such as creation of supplier relationships, use of cross-functional teams to identify and solve quality problems, use of analytical tools to monitor and analyze work processes, substantial investment in formal training, and top down implementation, all of which are ultimately based on fulfilling customers' needs (Hackman & Wageman, 1995). Delivering consistently high quality involves communication and control processes implemented in service organizations to manage employees (Zeithaml, Berry, & Parasuraman, 1988). Olson, Slater, and Hult (2005) found that the most successful Differentiated Defenders employed a relatively formal set of policies to ensure consistent with an emphasis on execution.

Market Turbulence

Strategy is concerned with the decisions that businesses make to achieve superior performance. The Miles and Snow (1978) and Porter (1980) typologies are the dominant frameworks for holistically understanding strategic decisions. Miles and Snow identified four archetypes of how firms define and approach their product-market domains which are entrepreneurial problem and construct structures and processes which are the administrative and technical problems to achieve success in those domains.

Competitive Intensity

Building on a foundation in evolutionary economics, the strategy evolution is that Prospectors innovate while Analyzers seek to understand the reasons for Prospectors' successes and failures, and improve on the Prospectors' offerings (Dickson, 1992; Lambkin & Day, 1989). Defenders, both Low Cost and Differentiated, are defending a consumer franchise and are hence more risk averse and are late followers who take advantage of, respectively, customer preferences for low prices and for superior service (Dickson, Farris, & Verbeke, 2001). Prospectors are the most entrepreneurial of the strategy types (Miles & Snow, 1978). An entrepreneurial orientation exists in a firm that "engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with proactive innovations, beating competitors to the punch" (Miler, 1983). When Prospectors pursue new product opportunities, they must be innovative not only when developing products that solve customer needs in way that is superior to current offerings but also with regard to other elements of the marketing mix. They must create awareness and interest among members of the innovator and early adopter segments (Slater, Hult, & Olson, 2007) with a creative promotion plan. While buyers in these segments are not particularly price sensitive, a creative pricing model may be necessary to reduce risk. Finally, Prospector may need to develop alternative distribution systems in order to outflank incumbents in the market (Moore, 1991).

Technology Turbulence

Technological uncertainty is concerned with the lack of clear standards for new innovations (Shapiro & Varian, 1999) and with the speed with which the technology is adopted (Glazer & Weiss, 1993). Technological uncertainty need marketing creativity to reduce buyers' concerns about adoption and to demonstrate advantage compare to existing offerings. However, in relatively mature markets where there is a well defined set of customers who have relatively stable preferences, competition is relatively predictable, and technology is to slowly, the confirmation shift from creative positioning to relentless implementation around a few core principles (Day & Wensley, 1988; Kohli & Jaworski, 1990). Customers in these markets are members of the early and late majority, and want prove solutions, reliable service, and results (Moore, 1991).

Performance of Business

Because of the uncertainty surrounding the development of new markets and technologies, and technologies, and because of their need to move fast on order to reap first mover advantage, it is not in the best interest of Prospectors to strive for maximum efficiency when delivering customer solutions (Walker & Ruekert, 1987).

Methodology

100 completed and usable set of questionnaires was obtained from business managers, entrepreneurs and small business owner operating in surrounding Labuan areas in Malaysia. It has been distributed in various shop and merchandised in businesses with at least 5 or more employees operating in their premises. The questionnaire comprises of 42 questions with two parts: Part A on demographic profile and Part B on eight influencing factors of the marketing creativity which include marketing strategy creativity, strategy implementation effectiveness, quality of product, cost, market turbulence, competitive intensity, technological turbulence and performance of business. In terms of measurement, all items were sourced from prior research, and these were constructed as agree–disagree statements on a 5-point Likert scale. Table 1 presents the study variables and references from which validated instruments were sourced. Data were analyzed by employing multiple regression analysis.

Table 1: Study Variables and Their Measures

Variables	Source
Marketing Strategy Creativity	Andrews & Smith (1996)
Product-Market Strategy	Slater & Olson (2000)
Performance	Olson, Slater, & Hult (2005)
Relative Quality	Jaworski & Kohli (1993)
Relative Cost Position	Jaworski & Kohli (1993)
Market Turbulence	Jaworski & Kohli (1993)
Competitive Intensity	Jaworski & Kohli (1993)
Technological Turbulence	Jaworski & Kohli (1993)

Data Analysis

A statistical elaboration of the sample took place, and the distributions of the sample are presented in Tables 2. The gender distribution of the survey respondents is 62 per cent males and 38 per cent females. The results also indicated that the samples have age predominantly between 25 and 35 years, which is 75 per cent. More than 90 per cent of the respondents are working adults with monthly salary RM2501-3000.

Table 2: Demographic Profile of Respondents

Variable		Frequency	Percentage
Gender	Male	62	62
	Female	38	38
Age	20-25	25	25
	25-30	36	36
	30-35	39	39
Race	Malay	53	53
	Chinese	29	29
	India	12	12
	Others	6	6
Occupational	Student	6	6
	Working	94	94
Monthly Salary (RM)	1001-1500	20	20
	1501-2000	35	35
	2501-3000	45	45

Reliability Analysis

Cronbach's Alpha reliability coefficient determines the internal reliability of the questionnaire. There are 42 items in total. According to the rules of thumb of George and Mallery (2003), the Cronbach's Alpha of Coefficient that more than 0.9 is excellent, more than 0.8 is good, more than 0.7 is acceptable, more than 0.6 is questionable, more than 0.5 is poor, and less than 0.5 is unacceptable. Since the Cronbach's Alpha for all variables as stated in Table 3 is more than 0.7, this indicates that the survey instrument (questionnaire) can be a reliable tool to measure the ten constructs consistently. Moreover, all of the measures of constructs had been used in past studies, and have thus been validated

Table 3: Reliability Analysis

Variable	No. of Item	Item Deleted	Alpha
Cost (C)	3	-	0.904
Market Turbulence (MT)	5	-	0.800
Competitive Intensity (CI)	6	-	0.913
Marketing Strategy Creativity (MSC)	10	-	0.750
Strategy Implementation Effectiveness (SIE)	5	-	0.850
Quality of Product (QP)	3	-	0.846
Technological Turbulence (TT)	5	-	0.764
Performance of Business (PB)	5	-	0.813

Correlation Analysis

In order to identify the correlations between the eight variables applied in this research paper, that is, Strategy Implementation Effectiveness, Quality of Product, Cost, Market Turbulence, Competitive Intensity, Technological Turbulence, Performance of Business, and Marketing Strategy Creativity, Pearson correlations were calculated. The average score of the multi-items for a construct was computed since a single construct in the questionnaire was measured by multiple items, and the score was used in further analysis such as correlation analysis and regression analysis (Wang and Benbasat, 2007). As cited in Wong and Hiew (2005) the correlation coefficient value (r) range from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. However, according to Field (2005), correlation coefficient should not go beyond 0.8 to avoid multicollinearity. Since the highest correlation coefficient is 0.612 which is less than 0.8, there is no multicollinearity problem in this research (Table 4).

Table 4: Correlation Matrix and Mean Values

	C	MT	CI	MSC	SIE	QP	TT	PB
C	1							
MT	.288(**)	1						
CI	.294(**)	.269(**)	1					
MSC	.447(**)	.197(*)	.231(*)	1				
SIE	.444(**)	.418(**)	.322(**)	.363(**)	1			
QP	.464(**)	.446(**)	.225(*)	.344(**)	.544(**)	1		
TT	.350(**)	.540(**)	.535(**)	.447(**)	.401(**)	.426(**)	1	
PB	.417(**)	.383(**)	.372(**)	.373(**)	.404(**)	.403(**)	.612(**)	1
Mean	2.6367	2.4900	2.8533	2.9100	2.6100	2.3633	2.6460	2.6600
Std. Deviation	.70448	.51825	.48216	.40664	.53889	.67851	.59822	.50572

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Multiple Regression Analysis

Multiple regression analysis was performed to test the hypothesis relationship between independent variables and dependent variable. Seven hypotheses were proposed and results were enumerated in Table 5. The F-statistics produced (F = 6.370) was significant at 1 per cent level (Sig. F<0.01), thus confirming the fitness for the model. Therefore, there is a statistically significant relationship between the seven factors and the marketing strategy creativity. The coefficient of determination R^2 was 32.6 per cent. Thus, the seven factors can significantly account for 32.6 per cent in the firms marketing strategy creativity.

Table 5 deduced results of regression analysis. H1 suggested that there is significant relationship between strategy implementation effectiveness and marketing strategy creativity. Results revealed insignificant result ($\beta_1 = 0.134$; t = 1.216; p = 0.227). This result is contrary to Dickson (1992) stating that intense competitive rivalry influences the firms' marketing strategy creativity. It is anticipated that the implementation effort on the creativity of marketing strategy is not disappointing but is generally considered to be a success.

Table 5: Relationship between Independent Variables and Dependent Variable

Variables	b	SEb	β	T
Strategy Implementation Effectiveness	.101	.083	.134	1.216
Quality of Product	.032	.067	.053	.469
Cost	.164	.060	.284*	2.741
Market Turbulence	-.127	.084	-.162	-1.503
Competitive Intensity	-.068	.087	-.081	-.782
Technological Turbulence	.256	.089	.376*	2.879
Performance of Business	.033	.091	.041	.363

Notes: *b* = Unstandardized coefficients beta; SE*b* = standard error beta; β = Standardized coefficients beta; * *p*<0.05; R = 0.571; R^2 = 0.326

Further investigation of study was performed on second proposed hypothesis and results confirmed that quality of product ($\beta_2 = 0.053$; t = 0.469; p = 0.640) is not significantly related to marketing strategy creativity. Hence, H2 is not

verified. This corroborates the opinion that marketing strategy creativity of a firm do not influenced by the quality of product used. The products/services used are of higher quality than competing products/services. Subsequently, cost exhibited a significant relationship with marketing strategy creativity (β_3 = 0.284; t =2.741). Its p-value is < 0.05, posited that H3 is strongly supported. The cost helps boost up the creativity of firms' marketing strategy to be better competitive in the marketplace. The firms could achieve higher profit margins, even when charging comparable prices, than major competitors. Indeed, creative marketing strategy may enable the business to differentiate itself from the competition and avoid competing on price.

In terms of the relationship between market turbulence and marketing strategy creativity, the market turbulence factor was not found to be an important predictor to explain the firms' marketing strategy creativity (β_4 = -0.162; t = -1.503; p = 0.136). Thus, H4 is not supported. The firms expected that new customers tend to have different product-related needs compared to existing customers. The finding in this study does not support the existing finding (Miles & Snow, 1978). Similar conclusion was found in the ensuing hypothesis. Competitive intensity was found to have an insignificant effect on marketing strategy creativity and known to be one of the barriers that prevent firms' marketing strategy creativity (β_5 = -0.081, t = -0.782) though there are many promotion wars in the industry. The findings do not verified H5 and provide inverse support to research by Slater, Hult, & Olson (2007).

Technological turbulence does contribute to produce significant relationship with marketing strategy creativity of the firms. Table 5 infers that p-value for this relationship is < 0.05, conjectured that H6 is supported (β_6 = 0.376, t = 2.879). This significant relationship is considered important to represent firms' marketing strategy creativity despite the fact that the technological sophistication of products in this industry is changing rapidly. Many new product ideas have been made possible by technological advances in the industry. The finding provides evidence to support prior studies (Day & Wensley, 1988; Kohli & Jaworski, 1990).

Next, as stated in Table 5 results indicate differential influences of the performance of business on marketing strategy creativity, thus pointing towards the existence of insignificant interactions between these variables (p = 0.718; β = 0.041; t = 0.363). Thus, the final hypothesis, H7 is not verified posited that creative marketing strategy does not affect the performance of business. The firms have much room to improve the overall performance of the business. Walker & Ruekert (1987) reported divergent result to the current study.

Conclusion

All things considered, results inferred that two imperative factors: quality of product and technological turbulence were found to be the leading factors influencing the relative importance of firms' marketing strategy creativity. A creative strategy is the result of certain organizational characteristics and an appropriate strategy formulation process. Significant work remains to be conducted in future in order to investigate the antecedents to the development of a creative marketing strategy. They should also investigate other potential performance predictors for the different strategy types. This work would have important implications for both scholars and business manager. It is recommended that further research should be conducted on a larger population since this study was conducted based on the findings taken only from mainly respondents in The Federal Territory of Labuan, Malaysia. Regardless the effort of collecting samples, the findings may not be representative of the general population of respondents. To generalize the findings of this study, more diversified random samples across gender and age are suggested. Data collection would be the most considerable challenge researchers confront when conducting a similar study to the research phenomenon based on data from areas having a larger population.

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