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## **The role of the marketing department in Danish companies: Drivers for influence**

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### **Abstract**

The role of marketing within companies and organisations has been discussed for a long time, as well as its opportunities for influence – not least in times of financial constraints and difficult economic contexts. Through in-depth interviews we investigated how nine Danish top executives see the marketing department's potential for influence within companies in general and in their specific organisations. The objective was to gain deep insight into the informants' experiences with marketing and its position within Danish companies and to relate this insight to the level of market orientation. We found strong similarities with other research into the antecedents of marketing's influence and established another key factor, namely employee competencies and thereby the responsibility of human resource management as well as a cultural moderator, namely creativity bias of marketing employees.

**Key Words:** *Marketing department's influence in the firm, market orientation, qualitative study*

**Track:** *Marketing theory*

## **The role of the marketing department in Danish companies: Drivers for influence**

### **1. Decline or rise of the marketing department's influence in companies?**

The challenges of marketing as such are manifold and, more specifically, the challenges of the marketing department within a company or organisation. As Verhoef and Leeflang (2009) pointed out, the influence of the marketing department has been decreasing during the past two decades and heavily depends on its accountability and innovativeness. In an extension of their Dutch study to other countries (Verhoef et al., 2011), they found both similarities and dissimilarities, with the common denominator of a difficult role of the marketing department.

Denmark was not included in that international study. However, Denmark faces – and has faced for a long time – a challenge with regard to the role of the marketing department in Danish companies, no matter whether they operate nationally or internationally. On a daily basis, marketing in Denmark seems confined to communication and advertising, not least witnessed by the Danish Marketing Forum's monthly magazine, which confines itself predominantly to report about the advertising industry. The other – both traditional and extended - P's of marketing are generously overlooked.

### **2. A closer look at Danish companies**

Hence, we set out to gain a deeper understanding of not only the reasons for this disregard, but also of how Danish top executives view the current and future role of the marketing department in Danish companies and how they relate this role to market orientation (Kohli & Jaworski, 1990). The study reported here is a prelude for a larger quantitative survey currently under way. Our objective was to discuss in depth with Danish top executives the issues raised by the Verhoef and Leeflang (2009) study and subsequently investigated in numerous articles (see Google scholar for the more than 1000 citations).

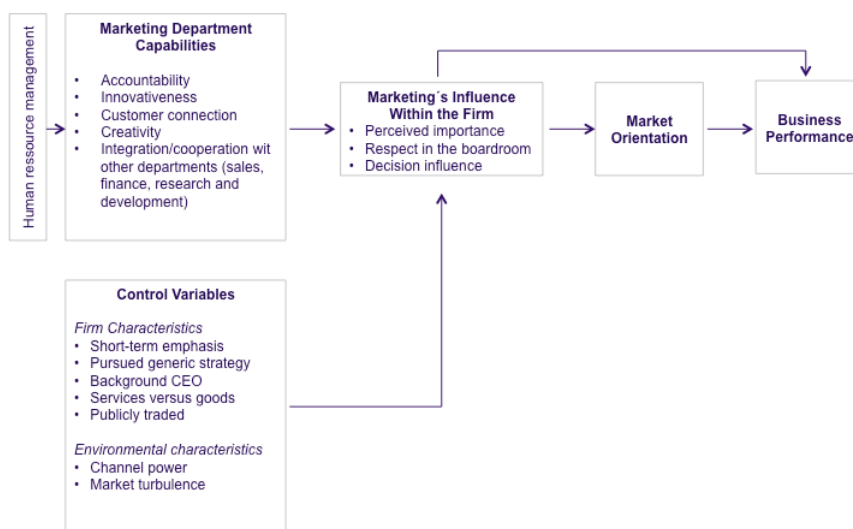
We therefore contacted a number of the big players on the Danish market for conducting in-depth interviews, striving for (1) a broad range of industries, (2) covering both BtC and BtB and (3) operating nationally and/or internationally. The final sample consisted of:

1. The former marketing director of a major Danish financial institution
  - BtC and BtB, national and international
2. The marketing director of a major Danish company operating in the food industry
  - BtC, national and international
3. The marketing director of a major security services company
  - BtC and BtB, national
4. The CEO of a large player in the gaming industry
  - BtC, national
5. The marketing director of a beverage company
  - BtC, national and international
6. The sales and marketing director of an insurance company
  - BtC, national
7. The marketing director of a pension fund
  - BtC, national
8. The marketing director of a large company in the energy sector
  - BtB, national and international
9. The vice marketing director of a company in the entertainment industry
  - BtC, national and international

All interviews were conducted using an interview guide that followed the main themes of the Verhoef and Leeflang (2009) model with a mixture of closed (for factual issues) and open questions (for interpretive topics). Yet a perspective on human resource management was added, which is of paramount concern in Scandinavian management. In essence, the interview guide followed the model in Figure 1, emphasizing the antecedents of market orientation: the general role of marketing in Danish companies, the opportunities for influence, human resources, marketing effectiveness, creativity, and innovativeness.

Hence, we attempted to understand the conceptual model and its constructs' meaning in the informants' daily work life and to find out whether there were additional elements that need to be taken into account. Moreover, the interview operated on two levels, namely a general assessment of marketing in a Danish context and the specific role of marketing within each informant's organisation.

Figure 1: Model of marketing's influence within the firm



The interviews took place at the respective informants' offices during summer 2012 and lasted on average one hour (the interview guide is available in Danish upon request). The interviewees had agreed to the interviews only knowing the general topic, but had not received the interview guide beforehand. All interviews started with a briefing that introduced the model and its constructs. Additionally, the concept of market orientation was briefly explained and informants were asked to evaluate the level of market orientation of their organisation.

Two trained interviewers conducted the interviews that were afterwards transcribed and analysed, using the interview guide's themes as primary analytic units, yet adding new units if they emerged. In the following, we will present the essence of the interviews concerning the major themes. For reasons of space limitations we have refrained from including interview citations.

### 3. Main findings

#### 3.1. The general role of marketing in Danish companies

In this introductory section of the interviews, the focus was on the general role of the marketing department not only in the interviewees' own company but also in general in Denmark.

In general, all informants agreed that marketing should be understood as a strategic discipline working analytically and with a commercial mindset taking into account the bottom-line, thus working beyond product sales and tactical activities. All informants pointed out that it is not enough for the marketing department to run its own activities, but to be able to understand the company's value chain and to create synergies together with the various other departments. Cooperation with other departments was seen as quintessential for the Danish management style. Moreover, the marketing department was expected to act as the customer's/consumer's advocate in order to create valuable customer/consumer relations.

Interestingly, all informants agreed that marketing is a long-term discipline that should refrain from demonstrating short-term effectiveness. The idea that the CFO is increasingly powerful in these times of financial crisis was not supported by those informants from market-oriented companies, to the contrary: if marketing sees itself as a commercial department, the financial crisis would be the perfect time for marketing to be successful.

As regards the actual work of marketing departments, most interviewees pointed out that it was mainly marketing's responsibility that it is viewed as more tactical and implementation oriented, not least because most employees seem to strive for "fun" advertising and awareness-oriented branding activities. Furthermore, it was made clear that Danish and Scandinavian marketing traditionally is biased towards advertising, contrary to other countries where marketing is seen as contributing more and other aspects to a company's overall strategy. All informants agreed that marketing departments too often focus on budget and increasing its size. They also emphasized that budget size does not determine the extent of influence and that fighting for higher budgets decreases the commitment to other important activities.

Last but not least, most informants made it clear that top management's level of market orientation as well as the respective company's tradition to take into account customers and market situation influence the role of marketing within a company – in other words: the less market oriented a company, the less marketing is regarded as a strategic discipline. In such a case, marketing's role is reduced to generate leads, thus operating much more on a tactical rather than a strategic level.

Finally, most informants were convinced that the influence of marketing would decline (further) if the marketing department's mind-set were not commercial enough. They stressed that this was an important goal in their own organisation for them, but that it was not reached yet, and that it constituted a continuous process.

### **3.2. Opportunities for influence: Formal versus informal**

There were basically two opposite viewpoints concerning formal versus informal influence of the marketing department. One side argued that marketing needed a formal position at the top-management level to exert influence and that informal influence did not count (or basically could not exist), presuming a market and marketing oriented CEO. The other side insisted that marketing in fact has a huge opportunity to exert influence along informal lines, albeit only if the marketing department succeeds in internally building and maintaining market orientation. This side, however, also conceded that informal influence is difficult to achieve without top management's goodwill.

Independent of these two perspectives, informants concurred that a company's culture, including the CEO's perspective, on marketing is paramount in deciding about marketing's opportunities for influence. First, if a company is used to work proactively with market intelligence and understanding consumers'/customers' needs marketing has an excellent opportunity to influence the market-oriented mind-set of a company. Secondly, both the industry and market conditions play a role: FMCG companies were generally seen as more

apt at market orientation, while less competitive markets make market orientation more difficult (if not to say, ‘unnecessary’).

### **3.3. Human resources**

As mentioned above, the Danish/Scandinavian view on marketing is rather communication centred. One reason might be found at the level of employees hired for marketing departments – well trained in advertising and communication, less familiar with other aspects of marketing. And indeed, adding the construct “human resources” to the interview guide (hitherto a rather overlooked factor in the role of marketing) shed additional light on understanding the marketing department’s extent of influence in Danish companies.

All informants very much agreed that employees’ competencies were paramount in achieving significant influence of the marketing department. These competencies should cover the ability to be analytic, understand commercial thinking, including the respective company’s value chain, cooperate with other departments, and translate market intelligence into strategic activities. Yet, informants also consented that these competencies often were scarce and quite a few of them pointed out that their organisation has started to focus more on hiring employees with other profiles than previously.

Employees with such competencies would contribute strongly to the marketing department’s level of influence, increasing its unsubstitutability. Merlo (2011, Auh & Merlo, 2012) found that both ‘factual unsubstitutability’ and ‘hypothetical unsubstitutability’ (i.e., the extent to which other departments can overtake marketing’s activities) contribute positively to marketing’s influence and thereby increase overall business performance.

### **3.4. Effectiveness and accountability**

As regards marketing effectiveness, the interviews revealed that all informants work with some kind of measurement. Yet, these measurements differ widely, contingent upon the industry the company is operating in – in general, FMCG companies seem to have more refined measurements than BtB companies. All, however, mentioned that there is no universally accepted method applicable to each circumstance. Moreover, they pointed out that marketing’s effectiveness is more difficult to measure than, for instance, sales, and that it is not possible to assess the effect of a single activity. Hence, they considered effectiveness measurement of marketing activities a rather challenging task.

Additionally, some informants made it clear that a less market-/marketing oriented CEO would have difficulties in accepting these challenges. This would then make it necessary to develop a language that can be understood by the top management – in other words, informants saw it as a very important task of the marketing department to be constantly proactive and demonstrate its value. This is in line with the Verhoef and Leeflang (2009) study that determined accountability as a key antecedent of marketing’s influence within the firm.

### **3.5 Creativity**

Creativity is another component of the marketing department’s capabilities in the conceptual model (Verhoef and Leeflang, 2009, who empirically found that creativity is not especially important). In general, our informants stated that creativity was not an essential antecedent to achieve influence. Their argument was that creativity quite often was delegated to external actors such as advertising agencies, and that the marketing department’s responsibility consisted mainly of a successful dialogue with these external actors. Hence, they again – as in

the section on the general role of marketing – emphasized that marketing in Danish organisations should concentrate more on commercial thinking and all P's of marketing rather than focus mainly on communication.

In line with the current “Zeitgeist” in Denmark, most informants associated creativity with the use of digital platforms, i.e. mainly social media, since they believed in their opportunities of differentiation.

### **3.6. Innovation and innovativeness**

All informants assured that innovation and innovativeness were an important task for the marketing department, especially in these times of recession where innovativeness is seen as paramount to induce growth. It should be noted that innovativeness was a key antecedent in the Verhoef and Leeftang (2009) study.

One important finding was, that market orientation was closely related to a systematic work with innovation, especially in FMCG companies where innovation and marketing were integrated within one department. Less market oriented organisations seem to have a somewhat diffuse approach to innovativeness, leaving it to all departments without much coordination. Moreover, there was a clear tendency in these organisations that innovation was determined more by profit challenges than by customer needs.

Most informants though stressed that innovativeness should be grounded in market insights - delivered by the marketing department - and not in gut feeling. They also conceded that the marketing department's ability to translate customer needs into customer solutions was an important driver for marketing's influence (thus confirming Moorman and Rust's findings (1999), which, however, were not confirmed by Verhoef and Leeftang (2009)).

As regards user driven innovation, none of the organisations had a structured approach to it. Some informants talked about good experiences with co-creation, while others were sceptical and believed that often consumers/customers did not really know what they needed and wanted. Most agreed though that it was important to maintain a critical stance to avoid believing too much in crowd intelligence.

## **4. Conclusions – Where do we go from here?**

This study investigated the marketing department's role, both from a general viewpoint and within a given company, as seen by top-level representatives from nine major Danish companies and organisations. Most of our interviewees were member of the top management of their respective company/organisation. Since this is not necessarily common in Danish firms (the majority of which are SMEs, while we interviewed representatives of large organisations), our interpretation of the findings has therefore to consider that other marketing directors could have displayed different opinions. Yet, all our interviewees have experiences from other companies and organisations and belong to various networks, thus making them relevant informants on the topics discussed and extending their specific experiences to more general perspectives.

The findings show that the Verhoef and Leeftang (2009) model's components of marketing department capabilities indeed make sense in a Danish context. We could establish that similar antecedents of marketing's influence are at play, though their level of importance differed. These differences can be explained through both cultural differences, the fact that the original Dutch study was conducted before the global economic and financial crisis, and the nature of the data (qualitative versus quantitative) that allows more nuanced views.

Our assumption that human resource management – and thereby employee competencies – plays an important role in the level of the marketing department's influence within the

organisation, was confirmed and is thus a significant addition to the original model by Verhoef and Leeflang (2009). Additionally, our findings revealed that cross-functional cooperation is deemed crucial for the marketing department's level of influence – again a result that was not found in the Dutch study. Since our informants also confirmed Merlo's finding (2011) that unsubstitutability is an important factor for the marketing department's contribution to business performance, we trust that this construct adds explanatory power to the original Dutch model.

Interestingly, most informants displayed a somewhat contradictory attitude vis-à-vis their own role and tasks: while on the one hand pointing out the necessity of a proactive role, they conceded, on the other hand, that without the CEO's support, a significant influence of the marketing department - as well as an increased market orientation - was difficult to achieve. Hence, they believed that their hard work in meeting the standards of their own "license to operate" was paramount, though their success is partly dictated by top management expectations and understanding of marketing's challenges, not least in terms of accountability. This finding underlines the importance of top management perspectives on marketing as an important and relevant contributor to business performance.

On a final note, we would like to emphasize that this particular research is a precursor for a larger quantitative survey. Our findings (which we though consider relevant and interesting in themselves) concerning two aspects stressed by our informants as different from other findings in this line of research - namely creativity bias and employees' competences - were added to the survey questionnaire. Results will show their level of importance as antecedents of the marketing department's role in Danish companies and future research may want to look into whether this also applies to other cultural contexts.

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