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MARKETING'S CONTRIBUTION TO THE IMPLEMENTATION OF BUSINESS STRATEGY: AN EMPIRICAL ANALYSIS

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This paper describes a study that assesses the performance implications of matching marketing strategy to business strategy. In order to conduct this study we first reviewed the literature on marketing strategy to identify its key dimensions. We then conducted a survey of 1000 senior marketing executives about the strategic marketing practices adopted in their respective firms or business units, and developed scales to describe 11 strategic marketing activities. We next performed a K-means cluster analysis using these scales to develop a taxonomy of marketing strategy types consisting of: Aggressive Marketers, Mass Marketers, Marketing Minimizers, and Value Marketers. We then observed that superior performance at the firm or SBU level was achieved when specific marketing strategy types were matched with appropriate Miles and Snow (1978) business strategy types. Copyright © 2001 John Wiley & Sons, Ltd.

INTRODUCTION

The question "What produces heterogeneity in performance among competitors?" is central to the discipline of strategic management (Rumelt, Schendel, and Teece, 1994). Reasons that have been suggested for heterogeneity in performance among direct competitors include: (1) the quality of strategy formation processes (e.g., Mintzberg, 1990); (2) possession of resources that are valuable, rare, and difficult to imitate (Wernerfelt, 1984); and (3) effective organization design directed toward strategy implementation (Galbraith and Kazanjian, 1986).

During the 1990s a substantial body of empirical research emerged that examined the performance implications of a match between business strategy and functional strategies including: (1) human resource management strategy (e.g., Balkin and Gomez-Mejia, 1990; Rajagopalan, 1997); (2) technology strategy (e.g., Dvir, Segev, and Shenhar, 1993); and (3) administrative strategy (e.g., Floyd and Wooldridge, 1992; Govindarajan and Fisher, 1990; Powell, 1992). This research supports the proposition that appropriate functional strategies contribute to the effectiveness of business strategies (e.g., Miles and Snow, 1978; Porter, 1980, 1985). Another functional strategy that seems to hold promise for contributing to the understanding of strategy implementation is the match between business strategy and marketing strategy. The study described in this article examines that match.

We begin with a brief overview of the relevant literature on business strategy and marketing strategy. We then describe a study that develops a taxonomy of marketing strategies and assesses the performance implications of the business strategy—marketing strategy match.

BUSINESS STRATEGY

Business strategy is concerned with how businesses achieve competitive advantage. The Miles

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and Snow (1978) and Porter (1980) typologies have emerged as the two dominant frameworks of business strategy. Miles and Snow (1978) developed a comprehensive framework that addresses the alternative ways in which organizations define and approach their product–market domains (the entrepreneurial problem) and construct structures and processes (the administrative and technical problems) to achieve success in those domains.

Miles and Snow identified four archetypes of how firms address these issues. Prospectors continuously seek to locate and exploit new product and market opportunities while Defenders attempt to seal off a portion of the total market to create a stable set of products and customers. Analyzers occupy an intermediate position between the two extremes by combining the strengths of both the Prospector and Defender to cautiously follow Prospectors into new product–market domains while protecting a stable set of products and customers. A fourth type, the Reactor, does not have a consistent response to the entrepreneurial problem.

Porter (1980) proposed that the entrepreneurial problem should be viewed as a product of how the firm creates value (i.e., differentiation or low cost) and how it defines its scope of market coverage (i.e., focused or market-wide). Walker and Ruekert (1987) synthesized these typologies of entrepreneurial behavior by discriminating between Low Cost Defenders and Differentiated Defenders. This study will make use of that distinction and consider how marketing strategy contributes to the successful execution of four proactive business strategy types (i.e., Prospectors, Analyzers, Differentiated Defenders, and Low Cost Defenders). We do not consider the Reactor type because they seem to represent a small segment of the total population, a finding that was confirmed in this sample.

THE NATURE OF MARKETING STRATEGY

Marketing strategy is the set of integrated decisions and actions (Day, 1990) by which a business expects to achieve its marketing objectives and meet the value requirements of its customers (Cravens, 1999; Varadarajan and Clark, 1994). Marketing strategy is concerned with decisions relating to market segmentation and targeting, and the development of a positioning strategy based on product, price, distribution, and promotion decisions (Corey, 1991; Hunt and Morgan, 1995; Kotler, 1994).

Market research and segmentation underlie the market targeting decision. Market targeting implies major commitments to satisfying the needs of particular customer groups through the development of specific capabilities and investment in dedicated resources (Corey, 1991; Kotler, 1994). These capabilities enable the organization to create a value proposition specific to the targeted segment utilizing the elements in the marketing mix.

Among the most important product decisions is that regarding the breadth of the product line. Should the product line be narrowly focused or should it be sufficiently broad to cover a set of complementary products, different performance specifications, or different price points (e.g., Corey, 1991; Kotler, 1994)? Related issues are the innovativeness of the products in the product line (e.g., Kerin, Varadarajan, and Peterson, 1992), their relative customer-perceived quality (Jacobson and Aaker, 1987), and customer service (Zeithaml, Berry, and Parasuraman, 1996). Service is considered to be an element in the "expanded product" concept (Levitt, 1980).

The fundamental issue in pricing is whether or not the firm should charge a premium price. Premium prices may be justified based on innovativeness (e.g., Kerin *et al.*, 1992), superior product or service quality (e.g., Jacobson and Aaker, 1987; Zeithaml *et al.*, 1996), or brand equity (e.g., Keller and Aaker, 1992). On the other hand, lower prices may be justified when market share or sales growth is the objective or when the firm's product is somehow disadvantaged.

The most common distribution decision is whether to use a selective or an intensive distribution system. Products that require substantial pre- or post-sale service, that have high costs related to stocking and selling, or that are positioned as prestige products will typically require a selective distribution system. Relatively low cost and self-service items are most efficiently handled with intensive distribution (Corey, 1991; Kotler, 1994).

The two dominant forms of promotion are advertising and personal selling. Advertising is particularly appropriate for creating awareness and interest, and for reaching a broad market. Personal selling is particularly appropriate when customers require more in-depth information in real time.

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For more expensive, complex, or high-risk products, personal selling may be necessary to close the sale. Related to promotion is the support provided through specialist personnel such as order processors and sales engineers (Walker and Ruekert, 1987).

To the best of our knowledge, little work has been done to examine these interrelated marketing strategy decisions holistically. Our review of the marketing strategy literature revealed only one academic paper, by Murphy and Enis (1986), that dealt with this issue. They proposed a unified product classification scheme that covered services, ideas, and tangible goods. Their conceptual typology is based on the convenience, preference, shopping, and specialty product categories. This typology considers price, distribution, and promotion, as well as product attributes. We found no studies that either validated or made use of this typology.

This dearth of research on marketing strategy classification is surprising since the classification is one of the most important and basic steps in conducting any form of scientific inquiry (Carper and Snizek, 1980). Typologies and taxonomies help bring order to the complex set of interrelated phenomena (Hambrick, 1984) by identifying recurring patterns of decisions which then provide a comprehensive, yet parsimonious, orientation to the study of strategy (Ginsberg, 1984). Moreover, classification is a fundamental precept in marketing practice (e.g., definition of market segments) and theory development. For example, taxonomies have been developed to understand marketing planning styles (McKee, Varadarajan, and Vassar 1990), types of industrial salespersons (Moncrief, 1986), buying decision approaches (Bunn, 1993), and advertising effects (Vakratsas and Ambler, 1999). Thus, marketing strategy lags both business strategy and other areas of marketing in the use of classification schemes. We attempt to remedy this deficiency by developing a taxonomy of marketing strategy types as the medium for our study of the performance implications of the match between business strategy and marketing strategy.

THE STUDY

Identification of marketing strategy type

This is accomplished utilizing a standard procedure for the development of a taxonomy (e.g., Ketchen and Shook, 1996; Hambrick, 1984; Harrigan, 1985). The steps in this procedure are described below. After we describe this procedure, and the results from it, we offer a set of propositions regarding the match between Business Strategy type and Marketing Strategy type. We then describe the results of an analysis that assesses the performance implications of just such a match.

Review literature

As ultimately we will be attempting to understand the performance implications of the relationship between marketing strategy and business strategy, we employed a deductive approach to identify the number and suitability of the clustering variables (Ketchen and Shook, 1996). To do this, we conducted a thorough review of journal articles and marketing management texts to identify the marketing activities that marketing strategy subsumes. These activities can be categorized according to Kotler's (1994) STP (segmentation, targeting, and positioning) framework and McCarthy's (1975) 4Ps (product, price, place, promotion). We reviewed leading textbooks such as Cravens (1999), Day (1990), Kotler (1994), Peter and Donnelly (1991), and Walker, Boyd, and Larreche (1995) to identify relevant activities. Our review also covered journal articles that specifically dealt with a broad range of marketing activities (e.g., Conant, Mokwa and Varadarajan, 1990; Corey, 1991; McDaniel and Kolari, 1987; McKee, Varadarajan, and Pride 1989; Varadarajan and Clark 1994; Walker and Ruekert 1987).

Pre-test instrument

Based on this review, we developed a set of 76 items that describe separate marketing activities. Respondents were asked to refer to the firm's largest business unit, or the one they were most familiar with, and to indicate the degree of importance that their firm or business unit attached to each activity. We pre-tested the instrument with 10 individuals who are directly or indirectly involved with marketing strategy development or implementation for their firms. They were asked specifically to comment on the clarity of the items and their relevance. We retained all 76 items in the final questionnaire but modified the wording of some to improve their clarity.

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Specify industries and respondents

We focused on manufacturing and service firms operating in 24 different 2-digit SIC code industries to provide a reasonably similar context for respondents but also to be broad enough for the results to be generalizable. We purchased a commercial mailing list of 1000 senior marketing managers in businesses operating in these industries. Senior marketing managers should be knowledgeable about the importance that the business attaches to the marketing activities and, thus, should be reliable informants.

Mail questionnaire

We sent each respondent a letter explaining the general purpose of the study and promising anonymity, a copy of the questionnaire, and a return envelope. The questionnaire defined the meaning of business unit and asked respondents to refer either to the largest SBU in their organization or the one they were most familiar with when answering the questions. Three weeks after the first mailing, we sent a follow-up letter with a duplicate copy of the questionnaire and a return envelope. We received 208 responses that, after accounting for undeliverables, constituted a 22% response rate. Of the 208 respondents, 132 (63%) identified themselves as manufacturers and 76 (37%) self-identified as service providers.

Although nonresponse bias is always a concern in survey research, this response rate is within the range of typical response rates for studies of this type. Furthermore, Armstrong and Overton (1977) found that late responders more closely resemble nonresponders than do early responders. Significant differences between late responders and early responders would indicate the presence of nonresponse bias. We found no difference between early and late responders, or between manufacturers and service providers, on key measures.

Group items by theoretical relatedness

Because of the large number of items in the questionnaire, we first grouped them according to their theoretical relatedness (Ketchen and Shook, 1996). This grouping is based on the segmentation, targeting, positioning (Kotler, 1994) and 4 Ps (McCarthy, 1975) frameworks. To these we added marketing research (e.g., Kotler, 1994; Peter and Donnelly, 1991), and support provided to marketing (e.g., Walker and Ruekert, 1987). Marketing research is crucial to the selection of target markets and to the development of a value proposition. The amount of support provided to marketing (e.g., technical sales support engineers, telephone order processors, designers) can be considered an element of the promotion decision.

Factor analysis and scale purification

We then conducted a factor analysis of each grouping and assessed the reliability of each primary factor. We eliminated items that reduced the reliability of a scale below Nunnally's (1978) recommended threshold of 0.7. The final result is a set of 11 scales, each with a Cronbach's α in excess of 0.7. These scales are shown in the Measurement Appendix.

Develop initial taxonomy

We performed a K-means cluster analysis, a non-hierarchical clustering technique, on the 11 scales. K-means is an iterative partitioning method that begins by dividing observations into a predetermined number of clusters. Consistent with the number of business strategy types, we selected four clusters as the starting point.

K-means cluster analysis 'implicitly minimizes the variance within each cluster' (Punj and Stewart, 1983: 139). As Punj and Stewart (1983: 143) note, 'The K-means procedure appears to be more robust than any of the hierarchical methods with respect to the presence of outliers, error perturbations of the distance measures, and the choice of a distance metric. It appears to be least affected by the presence of irrelevant attributes or dimensions in the data.' This is important given the number of clustering dimensions.

Interpret cluster solution

We used Analysis of Variance and the Scheffe Multiple Comparison Test to assess whether the means of the clustering variables were significantly different across the four clusters. We use the conservative Scheffe method to test for differences across the clusters because identifying distinct characteristics of the clusters is important for the clear description of the strategy types. Relevant statistics are shown in Table 1.

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Table 1. ANOVA statistics and cluster means

	F statistic[1]/ Scheffe Results[2]	Cluster 1/ Aggressive Marketers $n = 52$	Cluster 2/ Mass Marketers $n = 68$	Cluster 3/ Marketing Minimizers $n = 36$	Cluster 4/ Value Marketers $n = 52$
1. Market research	22.89/ $1 > 2,3,4$: $4 > 2,3$	4.52	3.78	3.75	4.11
2. Segmentation/ targeting	18.84/ $1,4 > 2,3$; $2 > 3$	4.28	3.90	3.37	4.26
3. Product line breadth	15.97/ $1,2,4 > 3$	3.67	3.52	3.02	3.65
4. Product innovation	43.03/ $1,4 > 2,3$; $2 > 3$	3.71	2.80	2.15	3.83
5. Product quality	13.13/ $1,4 > 2,3$	4.28	3.65	3.66	4.17
6. Customer service	6.79/ $1,4 > 2,3$	4.74	4.54	4.38	4.72
7. Premium pricing	16.43/ $1 > 2,3,4$; $4 > 2,3$	3.32	2.54	2.39	2.81
8. Selective distribution	61.51/ $1 > 2,3,4$; $4 > 2,3$	3.96	2.11	1.76	3.21
9. Advertising	14.09/ $1 > 2,3,4$; $4 > 3$	3.78	2.92	2.63	3.17
10. Internal sales force	10.84/ $1,4 > 2,3$	3.28	2.76	2.54	3.40
11. Support to promotion process	14.38/ $1,4 > 2,3$; $2 > 3$	3.86	3.27	2.79	3.68

[1]All F-statistics are significant at $p < 0.001$
[2]Cluster differences significant at $p < 0.05$

As indicated by the Scheffe Multiple Comparison Test, each cluster has several attributes that make it unique. This will become clearer when we develop the paragraph descriptions for each marketing strategy type.

Develop paragraph style descriptions of each marketing strategy type

Paragraph style descriptions serve two purposes. First, they force us to synthesize our quantitative findings into qualitative gestalts. We can then compare these descriptive gestalts to the marketing strategy literature to assess whether they are consistent with theory. Second, paragraph style descriptions are the most commonly used approach to making classification schemes operational and have been shown to be a reliable and valid measurement approach (e.g., Conant *et al*., 1990; James and Hatten, 1995; Shortell and Zajac, 1990). Thus, as described later, we use the paragraph style descriptors to assess the validity of this taxonomy but not to test for the performance implications of a business strategy—marketing strategy match. That analysis is done using the results obtained from the cluster analysis. The paragraph style descriptors are shown in the Measurement Appendix.

Assess face validity of clusters

We term Cluster 1 *Aggressive Marketers*. They resemble Murphy and Enis's (1986) category of

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Specialty Product Marketers. Their conceptual scheme and our empirical findings show a group of firms that target the segment of buyers that value high quality, innovative products, and that are willing to pay premium prices. Typically, these products are perceived by these buyers to provide an advantage in competitive markets. Aggressive Marketers reach this select group of buyers with a very selective distribution strategy, utilize an internal sales force, and invest in advertising and marketing support functions.

Cluster 2 is comprised of *Mass Marketers* that offer a broad product line of largely undifferentiated products. They utilize an intensive distribution strategy and charge low prices.

Cluster 3 is comprised of *Marketing Minimizers*. They provide the lowest level of customer service and put comparatively little effort into any marketing activity. Their limited product line, lack of investment in marketing or innovation, and low prices indicate that marketing is not a key element in their value chains (e.g., Miles and Snow, 1978; Porter, 1985; Walker and Ruekert, 1987).

Cluster 4 is similar to Murphy and Enis's (1986) description of shopping product marketers. These firms utilize selective distribution to provide high-quality, innovative products, but at significantly lower prices than Aggressive Marketers. They seem to use their own sales forces instead of advertising to communicate their value proposition. Because of their high customer service, and the apparent spread between product benefits and product cost, we term these businesses *Value Marketers*.

It appears that each of the strategy types has characteristics that are internally consistent. Thus, we now turn our attention to the validation of the taxonomy in a separate phase of this research project.

Validate taxonomy

To assess the external validity of the taxonomy of marketing strategy types we conducted a second study to assess marketing executives' perceptions of the accuracy of the marketing strategy paragraph descriptions as compared to the paragraph descriptions of the Miles and Snow (1978) business strategy types. As Ketchen and Shook (1996: 447) point out, 'Only when cluster analysis is augmented with additional techniques—especially ones that are less sensitive to researchers' biases—can confidence in the results obtained be strong.'

We adopted the Miles and Snow descriptions of business strategy as our reference point because they have been utilized since the Snow and Hrebeniak (1980) study and have been repeatedly shown to be a valid measurement approach (Conant *et al*., 1990; Shortell and Zajac, 1990; James and Hatten, 1995). Thus, if our marketing strategy type descriptions are considered by our respondents to be as accurate as the Miles and Snow business strategy definitions, we can conclude that our taxonomy and the associated strategy descriptions are valid as well.

To accomplish this, we developed a second instrument that included marketing strategy type descriptions and the Miles and Snow strategy type descriptions from James and Hatten (1995). We developed scales (Measurement Appendix) to assess the accuracy of the marketing strategy type and business strategy type each respondent indicated as being most representative of their business unit's marketing and business strategies.

We mailed the questionnaire to 200 senior marketing executives who were not part of the original study with a letter requesting their cooperation in a study to assess the distribution of strategy types. Three weeks after the initial mailing, we sent a follow-up letter with another copy of the instrument. We received 41 responses, which, after accounting for undeliverables, constituted a 23% response rate.

We computed Cronbach's α and average scores for each scale. (See Table 2.) The average score indicated agreement that the paragraph descriptions were generally accurate. We then compared the average scores from each of these scales and were unable to reject the null hypothesis of no significant difference between the accuracy of the scales, even at the $p < 0.20$ level. Thus, we conclude that the accuracy of the marketing strategy

Table 2. Comparison of scale scores for strategy types

Descriptive Statistics for Strategy Accuracy Scales

	Cronbach's α	Mean	S.D.
Marketing strategy	0.74	2.67	0.81
Business strategy	0.73	2.48	0.76

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type descriptions is comparable to the Miles and Snow strategy type descriptions.

PHASE 2 OF THE STUDY

Performance and the match between business strategy and marketing strategy

The central question in this study is whether optimal performance is achieved when there is a specific match between marketing strategy type and business strategy type. We now offer propositions addressing the match between each of the four business strategy types and the empirically derived marketing strategy types.

Prospectors are the most proactive in their product and/or market development efforts. They are heavy users of marketing research, which enables them to monitor a wide range of market conditions (McDaniel and Kolari, 1987; McKee *et al*., 1989; Miles and Snow, 1978). They target early adopters, develop innovative products, stimulate demand through advertising, provide high levels of service to help customers understand their innovative products before and after the sale, and charge premium prices to recoup their investment in these activities (Conant *et al*., 1990; Miles and Snow, 1978; Walker and Ruekert, 1987). Conant *et al*. (1990: 377) characterize Prospectors as being "marketing oriented." Thus:

> *Proposition 1: Prospectors will achieve superior performance when they utilize an Aggressive Marketing strategy.*

As Analyzers are concerned both with developing new products and venturing into new markets while protecting a stable core of products and markets, they must pursue a relatively broad market with a relatively broad product line (Miles and Snow, 1978). Analyzers are able to use less advertising than Prospectors, since Prospectors have already created awareness of the product category (Miles and Snow, 1978). Following from this, Analyzers should utilize an intensive distribution strategy, relatively little promotion and charge lower prices than Prospectors to induce switching.

> *Proposition2: Analyzers will achieve superior performance when they utilize a Mass Marketing strategy.*

Low Cost Defenders are focused on efficiency in all activities. They allocate proportionately fewer resources to the marketing function than to other functions such as process engineering, production, and finance (McDaniel and Kolari, 1987; Walker and Ruekert, 1987). This is seen in, for example, low advertising expenditures (McDaniel and Kolari, 1987). Low Cost Defenders do utilize intensive distribution to deeply penetrate their target market (Miles and Snow, 1978). This enables them to charge low prices.

> *Proposition 3: Low Cost Defenders will achieve superior performance when they utilize a Marketing Minimizer strategy.*

Differentiated Defenders create customer value by offering high-quality products supported by good service at lower prices than Prospectors yet higher prices than either Analyzers or Low Cost Defenders (Walker and Ruekert, 1987). This enables them to "play the spread" and create value for buyers and superior performance for themselves.

> *Proposition 4: Differentiated Defenders will achieve superior performance when they utilize a Value Marketing strategy.*

To test the preceding propositions, we must measure business strategy and performance, as well as marketing strategy. In the following paragraphs, we describe the means through which we measure these constructs.

Measurement of business strategy type

This is accomplished using the self-typing paragraph approach that is commonly used in strategic management research (e.g., James and Hatten, 1995). Several studies (Conant , Mokwa, and Varadarajan, 1990; James and Hatten, 1995; Shortell and Zajac, 1990) have demonstrated that this is a valid measurement approach.

Measurement of performance

Performance is a multidimensional construct (e.g., Chakravarthy, 1986; Kaplan and Norton, 1996; Walker and Ruekert, 1987) that is influenced by both the level of analysis (e.g., functional vs. business strategy) and strategy type (e.g., Prospector vs. Defender). We focus on profitability and

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market performance (i.e., sales and market share effectiveness) because they are widely recognized as two of the most important indicators of financial performance (e.g., Capon, Farley, and Hoenig, 1990; Kaplan and Norton, 1996; Varaiya, Kerin, and Weeks 1987) and because of their relevance regardless of strategy level or strategy type. We use Babakus *et al.*'s (1996) 7-point measures of profitability and market performance as shown in the Measurement Appendix and ask each respondent to identify how well the business unit has performed in these areas over the past 24 months.

Analysis

To assess the benefit of the match of marketing strategy type to business strategy type, we conducted a series of one-way ANOVAs within business strategy type, using marketing strategy as the independent variable and the two performance measures as dependent variables. We then use the Least Significant Differences test to detect significant differences (at $p < 0.05$) between marketing strategy types within each business strategy type.

Least Significant Differences uses t-tests to perform pairwise comparisons between all group means. While not as conservative as the Scheffe method, it strikes a balance between the risks of committing Type I and Type II errors in that it uses an accepted p-value (0.05) but does not make identifying significant differences overly difficult to detect by using the widest interval statements.

RESULTS AND SUGGESTIONS FOR FUTURE RESEARCH

Before turning to the results of the performance analysis, we first must ask whether the marketing strategy types are simply surrogates for the business strategy types? To answer this question, we cross-tabulated respondent firms' marketing strategies—as identified by the cluster analysis—against their self-reported business strategies. The results of the cross-tabs are shown in Table 3.

Based on the results of a chi-square analysis, we reject the null hypothesis that marketing strategy types are randomly distributed across the business strategy types. However, the results also show that the congruence between the marketing strategy types and the business strategy types is far from perfect. Three of the four business strategy types use all four of the marketing strategies in the taxonomy. And, exactly half of the cases—104 of 208—demonstrated a lack of congruence between a specific business strategy type and the dominant, and predicted, marketing strategy type. Thus, these results are more consistent with the proposition that a particular marketing strategy would predominate within a business strategy type (e.g., Miles and Snow, 1978; Walker and Ruekert, 1987) than with the proposition that marketing strategy is simply a reflection of business strategy. However, if one was to interpret the marketing strategy types as being extensions of the business strategy type, the inference from support for a hypothesis would be that the more internally consistent a business strategy is, the better its performance should be. Thus, the results would illustrate a more comprehensive picture of the Miles and Snow strategy types.

We can now turn to the performance analysis. The results of this analysis, as shown in Table 4, are quite compelling. Indeed, these results indicate strong support for Propositions 1–4.

Proposition 1—Prospectors will achieve superior performance when they utilize an Aggressive Marketing strategy, is strongly supported. An

Table 3. The correspondence between business strategy and marketing strategy: numbers of observations in cells

	Aggressive Marketers	Mass Marketers	Marketing Minimizers	Value Marketers	Row total
Prospectors	31	6	4	12	53
Analyzers	0	27	4	5	36
Low Cost Defenders	6	23	17	6	52
Differentiated Defenders	15	12	11	29	67
Column total	52	68	36	52	208

Chi-square statistic significant at $p < 0.0001$

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Table 4. Performance implications of the match between business strategy and marketing strategy

Mean performance value/S.D.
Marketing strategy type differences within business strategy type

Profitability	1. Aggressive Marketers	2. Mass Marketers	3. Marketing Minimizers	4. Value Marketers
Prospectors	3.39/.60 1 > 2,3,4	2.75/0.61	2.50/0.71	2.88/0.77
Analyzers		3.70/0.47 2 > 4	3.25/0.29	2.80/0.45
Low Cost Defenders	2.58/0.49	3.04/0.67	3.62/0.76 3 > 1,2,4	2.75/0.52
Differentiated Defenders	3.33/0.41 1 > 2	2.88/0.53	2.95/0.72	3.71/0.54 4 > 1,2,3

Market performance	1. Aggressive Marketers	2. Mass Marketers	3. Marketing Minimizers	4. Value Marketers
Prospectors	3.71/0.55 1 > 2,3,4	2.67/0.20	2.69/0.80	3.27/0.86
Analyzers		3.67/0.48 2 > 4	3.25/0.20	2.90/0.60
Low Cost Defenders	3.04/0.51	2.74/0.45	3.47/0.39 3 > 1,2,4	2.67/0.41
Differentiated Defenders	3.17/0.51	2.85/0.71	3.00/0.59	3.60/0.48 4 > 1,2,3

Differences between marketing strategy types significant at $p < 0.05$ using test for least significant differences

Aggressive Marketing strategy for Prospectors produces superior performance compared to any other marketing strategy.

Proposition 2—Analyzers will achieve superior performance when they utilize a Mass Marketing strategy—is partially supported in that performance for Mass Marketers is significantly greater than for Value Marketers. While performance for Mass Marketers is not significantly greater than for Marketing Minimizers, the difference between the two is in the hypothesized direction. Seventy-five percent of the Analyzers in this study employed a Mass Marketing strategy and none employed an Aggressive Marketing strategy.

Proposition 3—Low Cost Defenders will achieve superior performance when they utilize a Marketing Minimizer strategy—is strongly supported. Marketing Minimizers outperform the other three marketing strategy types for Low Cost Defenders.

Proposition 4—Differentiated Defenders will achieve superior performance when they utilize a Value Marketing strategy—is strongly supported as well. The Value Marketing strategy produces superior performance to all other marketing strategy types for Differentiated Defenders. Thus, with the exception of Proposition 2, which is partially supported, we find strong support for our proposed contingency framework.

While the results show that firm performance is heightened when specific business strategies and specific marketing strategies are linked, we reiterate that each of these contingent relationships is unique. In other words, each of the four identified business strategies requires a different marketing strategy comprised of unique combinations of marketing decisions and related practices to achieve superior performance. And, there is no significant difference among the business strategy types with regard to either profitability or market performance (relative to objectives and competitors) when marketing strategy type is appropriately matched to business strategy type.

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While the results from this study support the proposition that benefits accrue to firms that have internally consistent marketing and business strategies, there may well be other factors that influence this relationship. Future research should investigate whether different marketing strategies are appropriate for specific market conditions. Research on the Miles and Snow strategy types (cf. Zahra and Pearce, 1990) has revealed just such a relationship. Research should address the match between marketing strategy and competitive hostility, market growth, market turbulence, technological turbulence, and buyer power, among other market conditions.

Another fruitful area for future research is concerned with the requirements for successful implementation of the marketing strategies themselves. Is there a match between marketing strategy and marketing organization structure (Workman, Homburg, and Gruner, 1998), control system (Anderson and Oliver, 1987), degree of vertical integration (Anderson and Weitz, 1986), or functional interrelationship (Walker and Ruekert, 1987).

A contribution of the development of a taxonomy of marketing strategy lies in our ability to examine contingent relationships between integrated marketing strategies and other firm-level or market-level factors (Zeithaml, Varadarajan, and Zeithaml, 1988). We suggest that utilization of paragraph style descriptors such as the ones we developed to test for external validity of the taxonomy is both efficient and appropriate. And, while the accuracy of the descriptors of the marketing strategy types is not significantly different from that of the accepted descriptors of the Miles and Snow types, they could be improved. We encourage other researchers to refine and improve these descriptors.

CONCLUSION

Understanding the requirements for successful strategy implementation is of interest to both academics and practitioners. Although there is some perception that marketing's contribution to the strategy dialogue has diminished (Day, 1992), this study illustrates the central role of marketing strategy in the business strategy dialogue. Managers should not consider decisions regarding marketing strategy independently of their business strategy. And, as this is the first study of marketing's contribution to the implementation of business strategy, researchers should refine the theory and continue to investigate the linkage between marketing strategy and business strategy.

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MEASUREMENT APPENDIX

Marketing activity scales

Please use the following scale to indicate the importance your firm (or business unit) currently places on each marketing practice.

1 Not at all important	2	3 Somewhat important	4	5 Extremely important

1. Market Research ($\alpha = 0.81$):

   Systematically learn about customers.
   Analyze competitor objectives and actions.
   Systematically collect information about industry trends.

2. Segmentation/Targeting ($\alpha = 0.91$):

   Segment markets.
   Systematically evaluate which markets to target.
   Focus marketing activities on specific segments.
   Attract new customers.

3. Product Line Breadth ($\alpha = 0.70$):

   Offer a broad product/service line.
   (R) Offer a focused product/service line.
   Develop products/services that have broad market appeal.

4. Product Innovation ($\alpha = 0.82$):

   Develop innovative new products/services.
   Utilize early adopters for new product/service ideas and feedback.
   Achieve or maintain short time from product/service concept to introduction.

5. Product Quality ($\alpha = 0.79$):

   Provide products/services that have a long operating life.
   Provide products/services with a low probability of failure.
   Regularly increase technical sophistication of products/services.
   Achieve or maintain superior product performance.

6. Service Quality ($\alpha = 0.83$):

   Provide service with a high degree of consistency and accuracy.
   Respond quickly to customers' requests and problems.
   Clearly understand and communicate with customers.
   Provide superior post-sale service quality
   Develop long-term relationships with key customers.

7. Premium Pricing ($\alpha = 0.72$):

   Use of premium pricing.
   (R) Price below industry average.
   (R) Use price promotions and discounts.

8. Selective Distribution ($\alpha = 0.92$):

   Selective distribution through best distributors available.
   Distribute through exclusive distributor that invests in specialized selling effort or unique facilities.

9. Advertising ($\alpha = 0.87$):

   Achieve above industry average number of impressions through advertising.
   Generate high-quality advertising materials.
   Use media advertising.
   Use Web/Internet advertising.
   Use direct mail advertising.
   Use integrated marketing communications programs.
   Use public relations.

10. Personal Selling ($\alpha = 0.81$):

    Highly skilled and knowledgeable sales force.
    Generate sales through internal sales force.
    Maintain high salesperson to sales manager ratio.
    Evaluate salesperson performance based on achievement of targets or quotas.
    Evaluate salesperson performance based on accomplishment of prescribed behaviors.

11. Support to the Promotion Process ($\alpha = 0.80$):

    Provide support to customer contact personnel.

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Use 'specialist' marketing personnel who direct their efforts to a well-defined set of activities.

Performance measures

Profitability ($\alpha = 0.80$):

Profitability compared to industry average.
Profitability compared to business unit objectives.

Market Performance ($\alpha = 0.72$):

Sales growth compared to industry average.
Sales volume compared to business unit objectives.
Market share compared to your major competitor.
Market share compared to business unit objectives.

Paragraph descriptions of the marketing strategy types

Cluster 1 These businesses provide high-quality, innovative products. They maintain close relationships with customers and engage in extensive marketing research to identify market segments with buyers that will pay premium prices. They reach buyers in these markets with a selective distribution strategy and communicate with buyers through intensive advertising. They utilize a relatively high proportion of specialist marketing personnel.

Cluster 2 These businesses provide products of adequate quality and are innovation followers. They utilize broad distribution channels and compete with price rather than with advertising. They utilize some specialist marketing personnel.

Cluster 3 These businesses reduce risk by waiting until a product concept is proven in the market before introducing their version. They pursue their market with adequate quality, low prices, and an intensive distribution strategy. They generally have the most focused product line and utilize the fewest specialist marketing personnel.

Cluster 4 These businesses also provide high-quality, innovative products and value close relationships with customers. However, they engage in only a moderate amount of systematic marketing research and do not typically charge premium prices. Their distribution strategy is somewhat less selective and they utilize advertising moderately.

Scale for assessing accuracy of strategy type descriptions

Strongly Agree 1	Agree 2	Agree Somewhat 3	Disagree Somewhat 4	Disagree 5	Strongly Disagree 6

___ This accurately describes the business unit's marketing (business) strategy.
R This leaves out one or more key elements of the marketing (business) strategy.
R This mischaracterizes a key element of the marketing (business) strategy.
___ This encompasses the primary features of the marketing (business) strategy.
R This is an inadequate characterization of the marketing (business) strategy.

R = reverse coded.

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