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A Configuration Theory Assessment of Marketing Organization Fit with Business Strategy and Its Relationship with Marketing Performance

Theory posits that organizing marketing activities in ways that fit the implementation requirements of a business's strategy enhances performance. However, conceptual and methodological problems make it difficult to empirically assess this proposition in the holistic way that it is theoretically framed. Drawing on configuration theory approaches in management, the authors address these problems by assessing marketing organization fit with business strategy as the degree to which a business's marketing organization differs from that of an empirically derived ideal profile that achieves superior performance by arranging marketing activities in a way that enables the implementation of a given strategy type. The authors suggest that marketing organization fit with strategic type is associated with marketing effectiveness in prospector, defender, and analyzer strategic types and with marketing efficiency in prospector and defender strategic types. The study demonstrates the utility of profile deviation approaches for strategic marketing theory development and testing.

Most businesses find it easier to formulate strategies that outline how they intend to achieve their goals than how to implement them (e.g., Noble and Mokwa 1999; Walker and Ruekert 1987). The literature suggests that an important cause of such strategy implementation difficulties is the way businesses organize their marketing activities (e.g., McKee, Varadarajan, and Pride 1989; Ruekert and Walker 1987). In particular, marketing theory posits that to enable strategy implementation and achieve superior performance, managers should organize marketing activities in different ways depending on their business strategy (e.g., Slater and Olson 2000; Walker and Ruekert 1987). However, organizing marketing activities in ways that successfully enable business strategy implementation is recognized as one of the most difficult challenges facing managers (e.g., Cespedes 1995; Webster 1997). Yet despite the theoretical and managerial importance of this issue, researchers know little about how marketing activities should be organized to enable business strategy implementation or how this affects performance (e.g., Walker and Ruekert 1987; Workman, Homburg, and Gruner 1998).

Investigating this complex theoretical and managerial problem presents two significant challenges. First, the orga-

nization of marketing activities and business strategy are each viewed as multidimensional phenomena consisting of many different but interconnected elements (e.g., Walker and Ruekert 1987). Yet strategic marketing theory frames relationships between these phenomena in holistic terms as marketing organization's role in implementing business strategy. Therefore, evaluating this relationship in these holistic terms requires a simultaneous assessment of the relationships between the many variables making up marketing organization and business strategy (e.g., Slater 1995; Walker and Ruekert 1987). Second, successfully organizing marketing activities to implement business strategy involves reconciling multiple and often conflicting contingencies (e.g., Ruekert, Walker, and Roering 1985). The wide range of possible contingencies makes the identification of "correct" configurations of marketing organization variables needed to implement a particular business strategy extremely difficult. Therefore, the challenge facing researchers is how to assess whether marketing activities are organized in ways that enable the implementation of a particular business strategy (e.g., Walker and Ruekert 1987).

Although assessing many strategic marketing theory propositions involves similar challenges, available research approaches in marketing are not well suited to deal with these problems. Surprisingly, the marketing literature does not address how such problems can be solved. Fortunately, research developments in organization theory (e.g., Powell 1992; Venkatraman and Prescott 1990) and strategic management (e.g., Doty, Glick, and Huber 1993; Ketchen et al. 1997) provide approaches appropriate for assessing such complex theoretical relationships. In this article, we draw on

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these developments to build and empirically assess a conceptual model that links the degree to which marketing activities are organized in ways that enable business strategy implementation with two different marketing performance outcomes.

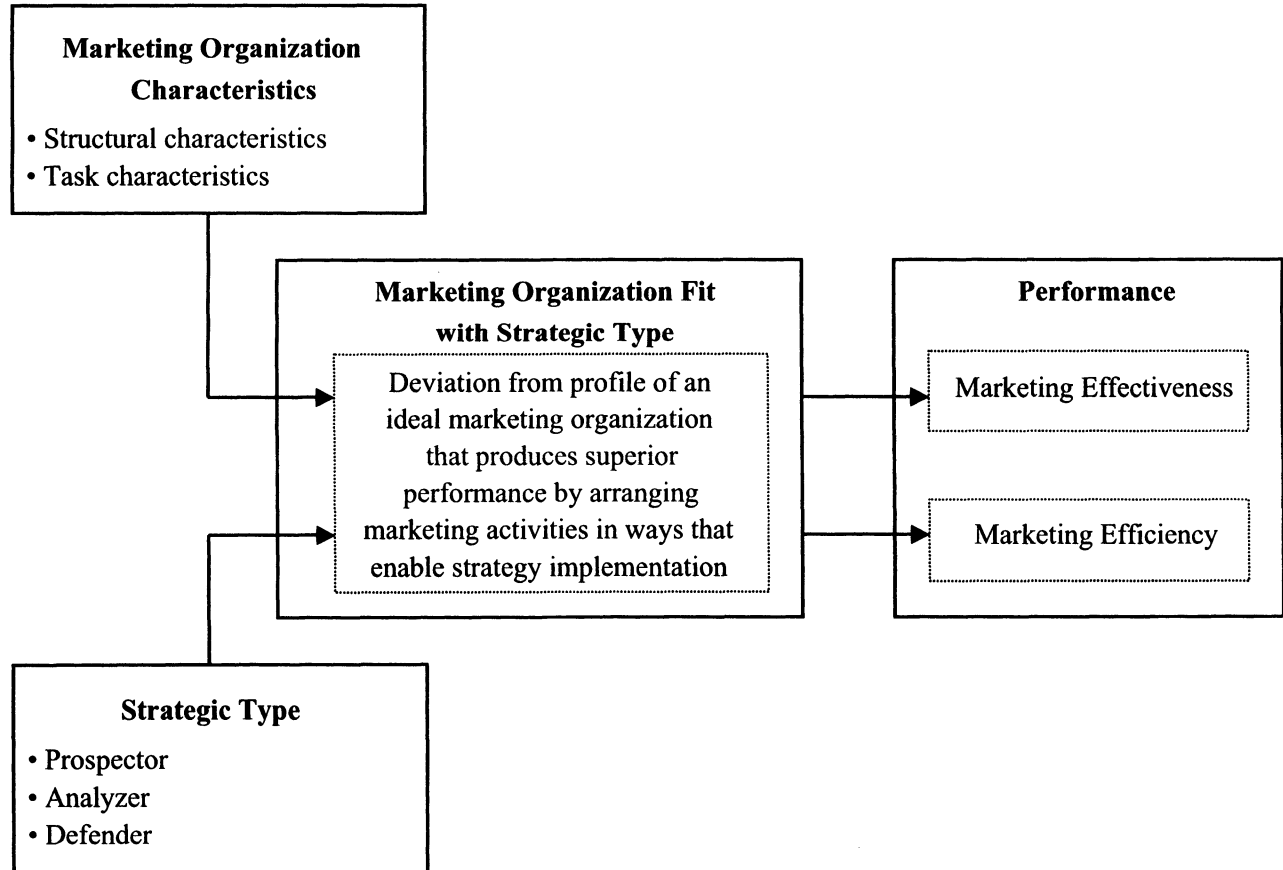
Within this important domain, our study makes two contributions. First, we fill a major knowledge gap by providing empirical support for theorized links among the organization of marketing activities, business strategy, and marketing performance. This helps managers understand how to organize marketing activities to meet the implementation requirements of different business strategies and why this is important in driving performance. Second, we introduce to the marketing literature a method for testing relationships involving the simultaneous assessment of multiple interrelated variables. We demonstrate that this method provides researchers with a way to empirically assess relationships involving complex, multidimensional phenomena that is more consistent with the holistic framing of strategic marketing theory than traditional approaches are (e.g., Meyer, Tsui, and Hinings 1993).

Conceptual Model

Assessing whether a business's marketing activities are organized in ways that enable the implementation of its

strategy and the impact this has on performance requires the simultaneous consideration of multiple characteristics of the business (e.g., Doty, Glick, and Huber 1993). In addressing similar research questions, scholars in organization theory and strategic management have used configuration theory-based approaches (e.g., Miller 1997; Veliyath and Srinivasan 1995). A configuration denotes a multidimensional constellation of the strategic and organizational characteristics of a business (e.g., Meyer, Tsui, and Hinings 1993; Miller and Mintzberg 1988). Configuration theory posits that for each set of strategic characteristics, there exists an ideal set of organizational characteristics that yields superior performance (e.g., Van de Ven and Drazin 1985). These configurations are ideal because they represent complex "gestalts" of multiple, interdependent, and mutually reinforcing organizational characteristics that enable businesses to achieve their strategic goals (e.g., Ketchen, Thomas, and Snow 1993; Miller 1997). Our research question pertains to the relationship between the marketing organization configuration and the business's strategy, rather than the coalignment of variables within the marketing organization configuration. Therefore, in Figure 1, we combine insights from configuration theory and the marketing literature to develop a conceptual model that links the degree to which marketing activities are organized in ways that enable business strategy implementation with marketing performance.

FIGURE 1
Marketing Organization Fit with Strategic Type and Its Relationship with Marketing Performance



Defining and Assessing Marketing Organization Fit with Business Strategy

Marketing scholars have used many different terms—including “match,” “alignment,” “congruence,” “complementary,” and “consistency”—to denote holistic relationships between multidimensional phenomena such as marketing organization and business strategy. Although each of these terms can connote different meanings and technical specifications, they are often used interchangeably. To more precisely specify and assess such relationships, configuration theory-based studies draw on the well-developed literature regarding fit. In this literature, fit is recognized as a term that can be defined in several ways, each of which has specific implications for how relationships between variables are conceptualized and tested (Powell 1992; Venkatraman and Camillus 1984). Therefore, management scholars have specified the different conceptualizations and technical specifications of alternative definitions of fit and have developed guidelines for selecting the approaches that are most appropriate in studying different kinds of research questions (e.g., Venkatraman 1989). This literature specifies that when fit among multiple variables is considered simultaneously (as in the holistic study of the relationship between organization and strategy) and the impact on criterion variables (e.g., performance) is assessed, fit should be conceptualized and assessed as “profile deviation” (e.g., Doty, Glick, and Huber 1993; Venkatraman 1990).

A profile deviation approach views fit between organization and strategy in terms of the degree to which the organizational characteristics of a business differ from those of a specified profile identified as ideal for implementing a particular strategy (e.g., Venkatraman 1989; Zajac, Kraatz, and Bresser 2000). Ideal profiles are defined as configurations of organizational characteristics that fit with the implementation requirements of a particular strategy and thus produce high performance (e.g., Gresov 1989; Venkatraman and Prescott 1990). From this perspective, marketing organization fit with business strategy can be defined as the degree to which a business’s marketing organization profile differs from that of an ideal marketing organization that achieves superior performance by arranging marketing activities in a way that enables the implementation of a given business strategy.

Ideal profiles against which fit can be assessed may be determined either theoretically or empirically (e.g., Venkatraman 1990; Zajac, Kraatz, and Bresser 2000). Developing theoretically derived ideal profiles requires that the relevant theoretical literature be sufficiently detailed to enable precise numerical scores to be estimated for the appropriate set of dimensions in the ideal profile (e.g., Drazin and Van de Ven 1985). However, as the configuration literature acknowledges, there are few domains in which existing theoretical knowledge is sufficiently detailed to enable researchers to objectively translate theoretical statements from the literature into precise numerical estimates across multiple dimensions (e.g., Gresov 1989; Venkatraman 1989). In the marketing domain, existing theory indicates some marketing organization characteristics that may be appropriate for firms pursuing certain types of strategy (e.g., Ruekert and Walker 1987). However, from an ideal profile

perspective, the specifications provided by marketing theory are not sufficiently detailed to enable estimation of numerical scores, nor do they consider many of the organization characteristics and types of strategy identified as important in assessing marketing organization fit with business strategy.

In this common circumstance, when ideal profiles cannot be precisely specified from existing theory, the configuration literature advocates assessing fit with empirically derived ideal profiles (e.g., Gresov 1989; Ketchen, Thomas, and Snow 1993). In the context of marketing organization fit with business strategy, this approach requires the identification of high-performing businesses implementing a given strategy and a calibration of their marketing organization characteristics as an ideal profile for implementing that strategy (e.g., Drazin and Van de Ven 1985; Venkatraman and Prescott 1990). These businesses are considered to have ideal profiles because their superior performance indicates that they have configured their marketing organization in a way that enables superior implementation of their business strategy (e.g., Van de Ven and Drazin 1985).

Configurational Elements of Marketing Organization Fit with Business Strategy

As illustrated in Figure 1, configuration theory and the marketing literature suggest two major constructs that are relevant to understanding and assessing marketing organization fit with business strategy: business’s strategic type and marketing’s organizational characteristics. Strategic type pertains to the planned patterns of organizational adaptation to the market through which a business seeks to achieve its strategic goals (e.g., Conant, Mokwa, and Varadarajan 1990; Matsuno and Mentzer 2000). Miles and Snow (1978, p. 29) identify three viable strategic types, which differ primarily in terms of product-market strategy choices (e.g., Slater and Narver 1993; Walker and Ruekert 1987).¹ *Prospector* strategic types proactively seek and exploit new market opportunities and often experiment with responses to changing market trends. They aggressively compete on innovation, seeking first-mover advantages from developing new offerings and pioneering new markets. *Defender* strategic types focus more narrowly on maintaining a secure position in existing product-markets. They often compete through operations or quality-based investments that offer efficiency-related advantages, rarely pioneering the development of new markets or products. *Analyzer* strategic types balance a focus on securing their position in existing core markets with incremental moves into new product markets. They compete by balancing investments in creating differentiation-based advantages with operating efficiency.

Marketing’s organizational characteristics are the many important structural and task characteristics that together constitute the way marketing activities are organized within the business (Day 1997; Workman, Homburg, and Gruner 1998). The structural characteristics of the marketing orga-

¹ A fourth strategic type, reactors, is also identified but is deemed not to be viable in the long run as it represents firms that have no clear or consistent strategy (e.g., McKee, Varadarajan, and Pride 1989).

nization pertain to how marketing activities and related decision-making authority are arranged (e.g., Doty, Glick, and Huber 1993; Ruekert, Walker, and Roering 1985). Although the literature identifies several different structural characteristics of organization, three have been viewed as particularly important in previous marketing strategy research: *centralization* regarding the concentration of decision-making authority at higher levels of the business's hierarchy (e.g., Jaworski and Kohli 1993; Moorman, Deshpande, and Zaltman 1993); *formalization*, which is the degree to which standardized rules and procedures proscribe how marketing activities are performed (Olson, Walker, and Ruekert 1995; Workman, Homburg, and Gruner 1998); and *specialization*, which is the extent to which marketing activities are narrowly divided into unique elements that are performed by those with specialized knowledge (e.g., Walker and Ruekert 1987). Together, these structural characteristics indicate whether marketing activities are arranged in a bureaucratic or an organic manner (Moorman and Miner 1997; Ruekert, Walker, and Roering 1985).

The task characteristics of marketing organization pertain to the nature of the marketing activities undertaken and the ways they are performed (e.g., Day 1999; Ostroff and Schmitt 1993). Among the different task characteristics identified in the literature, three have been viewed as important both in configuration theory studies in management and in previous marketing strategy studies: *task complexity*, which is the extent of variability in marketing activities undertaken and the degree to which they can be easily performed (Menon and Varadarajan 1992; Olson, Walker, and Ruekert 1995); *marketing capabilities* regarding the business's ability to perform common marketing work routines through which available resources are transformed into valuable outputs (e.g., Bharadwaj, Varadarajan, and Fahy 1993; Day 1994; Webster 1997); and *work group interdependence*, which is the degree to which workflows within the business require cooperation between teams in performing marketing activities (e.g., Ruekert and Walker 1987; Van de Ven, Delbecq, and Koenig 1976). Together, these task characteristics indicate the ability of the marketing organization to perform necessary marketing activities and the degree to which team-based workflows are needed to accomplish them.

Marketing Organization Fit with Strategic Type and Performance

Fit between the organizational characteristics of a business and its strategic type is viewed as a desirable state that leads to superior performance (e.g., Miles and Snow 1994; Porter 1996). Marketing theory suggests that this is also true of fit between marketing organization characteristics and strategic type. For example, the literature indicates that the marketing activities needed to implement each strategic type are different and that successfully accomplishing these marketing activities requires marketing organizations with different configurations of structural and task characteristics (e.g., Matsuno and Mentzer 2000; McKee, Varadarajan, and Pride 1989; Walker and Ruekert 1987). Therefore, marketing theory suggests that organizing marketing activities in ways that fit

the business's strategic type is an important driver of marketing performance outcomes (e.g., Walker and Ruekert 1987).

Furthermore, resource-based view theory indicates that fit between marketing organization characteristics and strategic type may also exhibit the inimitability and nonsubstitutability characteristics identified as essential for sustaining competitive advantage. For example, if a firm's superior performance is driven by marketing organization fit with strategic type, it will be difficult for competitors to identify the source of the firm's performance superiority (e.g., Barney 1991). Even if identified as a driver of superior performance, the ability of competitors to distinguish precisely how this is accomplished is limited, making imitation difficult (e.g., Bharadwaj, Varadarajan, and Fahy 1993; Day 1994). In addition to being difficult to imitate, the marketing literature suggests that there may be no substitute for marketing organization fit with strategic type in driving marketing performance (e.g., Moorman and Rust 1999; Workman, Homburg, and Gruner 1998). Therefore, marketing and resource-based view theory suggest that marketing organization fit with strategic type leads to superior marketing performance and that this can be sustained over time (e.g., Powell 1992; Walker and Ruekert 1987).

However, what constitutes superior marketing performance may be different in different businesses. For example, organization theory posits that effectiveness, regarding the degree to which desired organizational goals are achieved, and efficiency, regarding the ratio of organizational resource inputs consumed to goal outcomes achieved, are two important and distinct dimensions of organizational performance (e.g., Bonoma and Clark 1988; Lewin and Minton 1986). The literature suggests that because these two dimensions of performance may not converge and can even be inversely related in the short run (e.g., Bhargava, Dubelaar, and Ramaswami 1994), firms make important trade-off decisions in emphasizing either effectiveness or efficiency in their marketing goal setting and resource allocations (e.g., Morgan, Clark, and Gooner 2002; Walker and Ruekert 1987). Therefore, configuration theory suggests that the ideal marketing organization required to fit with a particular strategic type differs depending on whether the firm seeks to maximize either effectiveness or efficiency (e.g., Tsui 1990). Assessing marketing organization fit with strategic type requires an identification of different ideal profiles against which to assess fit for firms seeking to maximize either the effectiveness or the efficiency dimension of their marketing performance (e.g., Ostroff and Schmitt 1993; Walker and Ruekert 1987).

Hypotheses

In developing hypotheses of expected relationships between marketing organization fit with strategic type and its performance outcomes, we draw directly on existing theory and empirical evidence when possible. However, although many studies have investigated structural characteristics of marketing organization (e.g., Ruekert, Walker, and Roering 1985; Workman, Homburg, and Gruner 1998), few studies have investigated marketing organization task characteristics. Similarly, existing knowledge of analyzer strategic

types is less developed in the marketing literature than knowledge regarding prospector and defender types. In addition, with a few notable exceptions (e.g., Walker and Ruekert 1987), strategic marketing theory has not considered how seeking to maximize different dimensions of marketing performance affects marketing organization. Therefore, we draw on a necessarily broad reading of the literature in developing our hypotheses.

Marketing Organization Fit with Strategic Type and Marketing Effectiveness

Marketing effectiveness pertains to the degree to which desired market-based goals are achieved (e.g., Clark 2000; Morgan, Clark, and Gooner 2002). Theory suggests that for effectiveness-maximizing businesses of each strategic type, an ideal marketing organization exists in which the configuration of structural and task characteristics enables the implementation of the business's strategy in a way that leads to superior marketing effectiveness (e.g., Cespedes 1991; Day 1997; Ruekert and Walker 1987). For example, defender strategic types focus on maintaining secure positions in established markets. Therefore, implementing this strategy requires a marketing organization configured to achieve needed market-based goals through performance of routine tactical marketing activities (e.g., Ruekert and Walker 1987; Slater and Narver 1993). Performing such routine activities calls for a marketing organization with a highly centralized, formalized, and unspecialized structure and a relatively narrow range of marketing capabilities (e.g., Walker and Ruekert 1987). By narrowly focusing the deployment of available resources, marketing organizations with these characteristics may benefit from greater depth in a few key marketing capabilities. This may be leveraged through centralized authority structures that provide control over the focus of future resource deployment and formalized work routines that minimize errors in executing required activities. Organizing marketing activities in this way should enable a business implementing a defender strategy to achieve superior marketing effectiveness.

Conversely, prospector strategic types focus on entering unfamiliar new markets and attaining differentiation-based advantages. Therefore, achieving required marketing goals in implementing a prospector strategy involves performing many complex marketing activities (e.g., McDaniel and Kolari 1987; McKee, Varadarajan, and Pride 1989). Accomplishing these activities ideally requires specialized, decentralized, and informal marketing structures with team workflows and a range of strong marketing capabilities (e.g., Ruekert, Walker, and Roering 1985; Walker 1997). In implementing prospector strategies, such organizational characteristics should enhance marketing effectiveness because they empower marketing specialists with access to wide-ranging capabilities and provide the decision-making freedom and work routine flexibility to use these capabilities to provide timely and innovative responses in dynamic product-markets (e.g., Walker and Ruekert 1987).

Businesses pursuing analyzer strategies operate in a range of established and new markets and seek to attain both cost and differentiation-based advantages. Therefore, analyzer strategic types require marketing organizations that are

able to achieve needed marketing goals by performing a particularly wide and dynamic range of marketing activities (e.g., Slater and Narver 1993). Marketing organizations ideal for the analyzer strategic type in effectiveness-maximizing businesses should therefore have high levels of marketing specialization, but formalized and centralized structures with strong marketing capabilities and team workflows (e.g., Miles and Snow 1994). Such specialization, team workflow, and marketing capability characteristics enable businesses implementing an analyzer strategy to respond quickly to the complex marketing activity requirements of unfamiliar markets while continuing to service the more routine demands of established markets. At the same time, formalization minimizes error in performing required marketing activities, and centralization allows tight control over the new market opportunities pursued. Marketing organizations with such ideal characteristics should enable the implementation of analyzer strategies in a way that produces superior marketing effectiveness.

In summary, we expect a business's marketing effectiveness to be greater when its marketing organization characteristics are similar to those of the effectiveness-maximizing ideal profile in which marketing activities are arranged to fit the implementation requirements of the business's strategic type in ways that enable marketing goals to be achieved. Therefore, we hypothesize that

H₁: The more similar a business's marketing organization profile is to that of the ideal marketing organization for its strategic type, the greater is its marketing effectiveness.

Marketing Organization Fit with Strategic Type and Marketing Efficiency

Marketing efficiency is the ratio of marketing performance outcomes achieved to resource inputs consumed (e.g., Bonoma and Clark 1988; Morgan, Clark, and Gooner 2002). Theory suggests that for efficiency-maximizing businesses of each strategic type, there exists an ideal marketing organization in which the configuration of structural and task characteristics enables the implementation of the business's strategy in a way that leads to superior marketing efficiency (e.g., Jennings and Seaman 1994; Milgrom and Roberts 1995; Ruekert and Walker 1987). For example, implementing defender strategies requires achieving cost-based advantages in established markets. Creating specialized structures with team workflows and developing a wide range of strong marketing capabilities are not likely to be efficient ways to achieve marketing goals when implementing this strategy (e.g., Conant, Mokwa, and Varadarajan 1990). Available resources are more productively deployed in simplifying marketing activities, increasing structural formalization and centralization, and developing a narrow range of marketing capabilities (e.g., Slater and Narver 1993). Such ideal marketing organization characteristics should maximize marketing efficiency in implementing a defender strategy by allowing more focused resource deployment in capability building, greater control of decisions involving future resource allocation, and the efficiency benefits of increased routinization (e.g., Walker and Ruekert 1987).

Conversely, efficiently implementing prospector strategies requires achieving marketing goals by entering unfamiliar new markets and delivering differentiation-based competitive advantages while minimizing the resources consumed (e.g., McKee, Varadarajan, and Pride 1989). One way to accomplish this is to narrow the scope of product-market opportunities explored and competitive advantage pursued. This simplifies required marketing activities and enables more focused investment in a narrower range of marketing capabilities. Needed flexibility to respond quickly to appropriate new opportunities can be provided by empowering marketing personnel with decentralized and informal structures. By maintaining response flexibility while consuming fewer resources through more focused investments in marketing capabilities, ideal marketing organizations that fit the prospector strategic type in this way should be more efficient in achieving marketing goals (e.g., Miles and Snow 1994).

Efficiently implementing an analyzer strategy requires minimizing the resources consumed to accomplish needed marketing goals in the different types of product-markets in which analyzers operate. Here, an ideal marketing organization requires sufficient levels of specialization, team workflows, and marketing capabilities to perform the complex range of different marketing activities required to achieve marketing goals (e.g., Slater and Narver 1993). However, to minimize the resources consumed, such analyzer businesses may also choose to operate in product-markets and pursue competitive advantages that only require strength in a narrower range of marketing capabilities. At the same time, accomplishing needed marketing goals efficiently also requires marketing organizations with enough centralized authority to tightly control resource allocations and sufficient formalization to benefit from routinization wherever possible (see Miles and Snow 1994). Marketing organizations with such ideal characteristics in businesses that implement analyzer strategies should be more efficient.

To summarize, we expect that a business's marketing efficiency will be greater when its marketing organization characteristics are similar to those of the efficiency-maximizing ideal profile in which marketing activities are arranged to fit the implementation requirements of the business's strategic type in ways that minimize the resources consumed. We therefore hypothesize that

H₂: The more similar a business's marketing organization profile is to that of the ideal marketing organization for its strategic type, the greater is its marketing efficiency.

Research Design

In examining fit-performance relationships, the configuration theory literature advocates the use of single industry studies to control for industry effects and isolate more effectively the relationships of interest (e.g., Dess, Newport, and Rasheed 1993; Ketchen, et al. 1997). We selected the trucking industry as appropriate for studying marketing organization fit with strategic type and its relationship with marketing performance for several reasons. First, with more than \$372 billion spent annually, accounting for some 6% of gross domestic product, and 9.5 million people directly

employed, trucking is a large and important industry in the United States (e.g., American Trucking Association 1999). Second, since deregulation in 1980, trucking has become a dynamic and competitive industry (e.g., Silverman, Nickerson, and Freeman 1997) in which effective and efficient marketing has become an important driver of firm performance (e.g., Lambert, Lewis, and Stock 1993; MacLeod et al. 1999). Third, the industry contains many single business firms, which reduces the problems associated with relating business unit-level phenomena and corporate-level performance data (e.g., Ketchen et al. 1997). Fourth, the trucking industry is relatively fragmented, providing a large population of firms for sampling purposes (e.g., Boyer 1993). Fifth, because of federal reporting requirements, objective performance data for the trucking industry are available, which reduces the dangers of common method bias associated with collecting data on independent and dependent variables from the same source (e.g., Olson, Walker, and Ruekert 1995; Venkatraman and Ramanujam 1986).

We collected primary data using a key-informant survey design. We mailed questionnaires to the chief marketing executive (CME) of 677 businesses, which we randomly selected from the 2771 listed in the Transportation Technical Services (TTS) database. The TTS database is representative of the industry, listing businesses generating more than 97% of total intercity freight revenues (U.S. Bureau of the Census 1998). Of the 660 deliverable surveys, 217 were completed and returned. Of the returned surveys, 8 were unusable, resulting in an effective response rate of 31%.² To ensure comparability, we deleted observations from the data set in which complete sets of both primary questionnaire data and secondary performance data were not available. The final data set contained 186 businesses, of which 28% reported sales of less than \$10 million, 25% reported sales of \$10–\$25 million, 23% reported sales of \$26–\$65 million, and 24% reported sales greater than \$65 million. Of these businesses, 77 were pursuing a defender strategy, 45 were pursuing a prospector strategy, and 64 were pursuing an analyzer strategy.

Measures

Several different operationalization alternatives exist for some of the constructs in our study. In these situations, we selected the operationalization with the strongest measurement history in the literature and the greatest face validity with managers in our pretest. The items used in our scales appear in Appendix A, and we discuss them subsequently, with descriptive statistics presented in Table 1.

Strategic type. We operationalized Miles and Snow's (1978) strategic types using the self-typing paragraph descriptor approach (e.g., Doty, Glick, and Huber 1993). This measure focuses exclusively on business strategy and excludes the structural and system elements elaborated in

²These returns were from firms reporting a reactor strategy. Because of the small number of these respondents and the inconsistency of the reactor strategy type, we follow previous empirical studies and exclude these firms from our analysis (e.g., McDaniel and Kolari 1987; Slater and Narver 1993).

TABLE 1
Construct Means, Alphas, and Intercorrelations

| | Mean | Standard Deviation | X1 | X2 | X3 | X4 | X5 | X6 | X7 | X8 | X9 | X10 |
|------------------------------------------|------|--------------------|--------|------|-------|------|-------|-------|-------|-------|-------|-----|
| X1. Centralization | 2.80 | 1.39 | .84 | | | | | | | | | |
| X2. Formalization | 4.85 | 1.27 | .28** | .78 | | | | | | | | |
| X3. Specialization | 4.11 | 1.36 | -.36** | .17* | .72 | | | | | | | |
| X4. Size | 1335 | 3231 | -.01 | .01 | .12 | N/A | | | | | | |
| X5. Task complexity | 4.18 | 1.06 | -.20** | .15* | .27** | .01 | .79 | | | | | |
| X6. Work group interdependence | 4.00 | 1.79 | -.22** | .07 | .15* | .01 | .02 | N/A | | | | |
| X7. Architectural marketing capabilities | 3.49 | 1.31 | -.46** | .17* | .54** | .08 | .29** | .28** | .78 | | | |
| X8. Specialized marketing capabilities | 3.34 | 1.11 | -.41** | .02 | .33** | .04 | .26** | .13† | .64** | .72 | | |
| X9. Marketing effectiveness | 3.91 | 1.51 | -.30** | .10 | .30** | -.07 | .27** | .03 | .50** | .60** | .85 | |
| X10. Marketing efficiency | .05 | .16 | .06 | -.07 | -.06 | -.03 | .02 | -.10 | -.10 | .03 | -.13† | N/A |

† $p < .10$.

* $p < .05$.

** $p < .01$.

Notes: Alphas are shown on the correlation matrix diagonal. N/A = not applicable.

Miles and Snow's broader descriptions of ideal organizational archetypes. This measure has been widely used as an indicator of strategic type by marketing and management researchers (e.g., Matsuno and Mentzer 2000; McDaniel and Kolari 1987; Zahra and Pearce 1990) and has been demonstrated to yield valid measures (e.g., James and Hatten 1995; Shortell and Zajac 1990).

Marketing's organizational characteristics. We measured the structural characteristics, centralization and formalization, with multi-item scales adapted from Deshpande and Zaltman (1982), Jaworski and Kohli (1993), and John and Martin (1984), based on the well-known organization theory scales developed by Aiken and Hage (1968). We operationalized specialization using a scale adapted from Doty, Glick, and Huber (1993), based on an organization theory scale developed by Inkson, Pugh, and Hickson (1970).

Task characteristics. We measured task complexity using a scale adapted from Doty, Glick, and Huber (1993), and we assessed work group interdependence using Van de Ven, Delbecq, and Koenig's (1976) measure. We developed new measures of marketing capability for this study, combining insights from the literature with interviews with trucking industry experts and senior marketing personnel. We identified and assessed two types of marketing capabilities: specialized capabilities regarding the specific marketing mix-based work routines used to transform available resources into valuable outputs (e.g., Day 1994; Grant 1996) and architectural capabilities regarding the marketing strategy formulation and execution work routines used to develop and coordinate specialized capabilities and their resource inputs (e.g., Bharadwaj, Varadarajan, and Fahy 1993; Day 1997). We measured these marketing capabilities with scales that assessed how well businesses performed

five specialized marketing activities and four architectural marketing activities compared with their competitors (e.g., Conant, Mokwa, and Varadarajan 1990).

Marketing performance. We assessed marketing effectiveness using a perceptual measure with items tapping the degree to which the firm achieved its market share growth, sales growth, and market position goals (e.g., Clark 2000). We calculated marketing efficiency as the ratio of marketing and selling expenses to the firm's gross operating revenue using objective secondary financial data from TTS (e.g., Bonoma and Clark 1988).

Analysis

Psychometric Analyses

We assessed the measurement properties of the constructs using confirmatory factor analyses (CFAs). Because of the relatively small number of observations, we divided the measures into three subsets of theoretically related variables in line with our conceptual model (e.g., Kohli and Jaworski 1994; Moorman and Miner 1997). This ensured that our CFAs did not exceed the five-to-one ratio of parameter estimates to observations recommended in the literature (Bentler and Chou 1987). The three measurement models fit well as indicated by the CFA results for the three structural characteristics constructs ($\chi^2 = 59.42$, degrees of freedom [d.f.] = 41, $p = .03$, goodness-of-fit index [GFI] = .95, root mean square error of approximation [RMSEA] = .05), the four task characteristics ($\chi^2 = 111.80$, d.f. = 85, $p = .03$, GFI = .93, RMSEA = .04), and the two marketing performance constructs ($\chi^2 = .32$, d.f. = 2, $p = .85$, GFI = .99, RMSEA = .01). When significant correlations were observed between constructs (Table 1), we also conducted additional pairwise dis-

criminant validity assessments. This involved comparing χ^2 statistics in measurement models in which the covariance coefficient between the two constructs was allowed to vary and then fixed at one (Anderson and Gerbing 1988; Bagozzi and Phillips 1982). Changes in χ^2 were large in each of the pairwise tests, suggesting discriminant validity in each model. Reliability analyses for the measures produced Cronbach's alpha values ranging from .72 to .85 (Table 1), suggesting acceptable reliability for all constructs.

Analysis of nonresponse bias by means of an extrapolation approach (Armstrong and Overton 1977) revealed no significant differences between first wave (early) and second wave (late) respondents on any of the constructs. This suggests that nonresponse bias is unlikely to be present in the data. To validate the data provided by the key marketing respondents, we sought additional data from a second respondent (see Slater 1995). For each of the 186 firms responding to the CME survey, we also sent the chief executive officer, president, or other general manager (GM) level executive a questionnaire containing replicated scales on the marketing organization and performance measures. A total of 88 of the GM level executives responded, producing an effective response rate of 47%. For each construct, we assessed the validity of the key informant data by examining mean scores, correlations, and paired t-tests for the GM and CME level responses (e.g., Hughes and Garrett 1990). As shown in Table 2, the significant inter-rater correlations and insignificant mean differences with no systematic bias in direction between raters support the validity of the key informant data (see Jaworski and Kohli 1993).

Testing Configuration Theory Predictions with Profile Deviation Analysis

Testing the hypothesized relationships involved several stages. First, we standardized the data to remove the effects of different measurement units (e.g., Gresov 1989). Second, we identified ideal marketing organization profiles against which marketing organization fit with strategic type could be assessed (e.g., Doty, Glick, and Huber 1993). Consistent

with established configuration theory procedures, we identified the highest performing businesses of each strategic type on each of the marketing performance variables and calibrated the marketing organization characteristics of these high performers as the ideal marketing organization profiles (e.g., Doty, Glick, and Huber 1993; Drazin and Van de Ven 1985; Venkatraman 1990).

Profile deviation studies typically select the highest performing 10% or 15% of businesses in a data set to calibrate ideal profiles (e.g., Van de Ven and Drazin 1985, Venkatraman and Prescott 1990). To select the appropriate number of top performers for our study, we examined scree plots of the marketing effectiveness (in testing H_1) and marketing efficiency (in testing H_2) performance of the businesses in our data set. These indicated a drop-off in performance after the top five marketing effectiveness performers and the top five marketing efficiency performers for each of the three strategic types. Therefore, we selected the five highest marketing effectiveness performers of each strategic type to calibrate the ideal marketing organization profiles for effectiveness-maximizing businesses and the five highest marketing efficiency performers of each strategic type to calibrate the ideal marketing organization profiles for efficiency-maximizing businesses. Consistent with marketing (e.g., Ruekert and Walker 1987) and configuration theory predictions (e.g., Tsui 1990), we found that only one firm was identified as both a top effectiveness and efficiency performer in our sample.

In testing H_1 , we calculated the mean scores of the top marketing effectiveness performers for each strategic type on each of the seven marketing organization variables to form the ideal marketing organization profiles (e.g., Venkatraman 1989). For the remaining firms, we calculated the Euclidean distance of each firm from the ideal marketing organization profile for its strategic type across the seven dimensions, representing the seven marketing organization variables (e.g., Drazin and Van de Ven 1985; Venkatraman 1990), as follows:

$$\text{Dist} = \sqrt{\sum_j^N (X_{sj} - \bar{X}_{ij})^2}$$

TABLE 2
Inter-Rater Congruence

| | CME Rater Mean (S.D.) | | GM Rater Mean (S.D.) | | Mean Inter-Rater Difference ^a | t-Value (significance) | Inter-Rater Correlation ^b |
|-----------------------------------------|--------------------------|--------|-------------------------|--------|------------------------------------------------|---------------------------|-----------------------------------------|
| Centralization | 2.57 | (1.51) | 2.42 | (1.14) | .15 | .67 (.51) | .65 |
| Formalization | 5.10 | (1.37) | 5.44 | (.99) | -.34 | .95 (.35) | .56 |
| Specialization | 4.58 | (1.62) | 4.43 | (1.19) | .15 | .39 (.70) | .56 |
| Task complexity | 4.70 | (.92) | 4.97 | (1.28) | -.27 | 1.10 (.29) | .71 |
| Work group interdependence | 4.00 | (1.60) | 3.42 | (2.04) | .58 | .86 (.40) | .58 |
| Specialized marketing capabilities | 4.97 | (1.05) | 5.06 | (1.15) | -.09 | .28 (.78) | .55 |
| Architectural marketing capabilities | 4.77 | (1.19) | 5.14 | (1.10) | -.37 | 1.53 (.14) | .60 |
| Marketing effectiveness | 5.26 | (1.40) | 5.53 | (1.49) | -.27 | .67 (.51) | .57 |

^aInter-rater difference is CME mean score less GM mean score.

^bAll correlations significant at $p < .001$ level.

Notes: S.D. = standard deviation.

where

- X_{sj} = the score for a firm in the study sample on the j th dimension,
- \bar{X}_{ij} = the mean for the ideal profile along the j th dimension, and
- j = the number of profile dimensions (1, 2, ..., 7).

This calculation provides a profile deviation score that represents the degree to which the marketing organization profile of each firm is similar to that of the ideal profile for its strategic type. The profile deviation score for each firm was then regressed onto marketing effectiveness to test H_1 . Because the trucking industry is a capital-intensive service business, in which economies of scale may be expected to affect performance (e.g., Bharadwaj, Varadarajan, and Fahy 1993; Boyer 1993; Silverman, Nickerson, and Freeman 1997), we also included firm size, indicated by the natural logarithm of the number of employees, in our regression equations as a control variable (e.g., Germain, Droge, and Daugherty 1994). We then repeated this procedure using the top marketing efficiency performers for each strategic type in calibrating ideal profiles, with the profile deviation scores of the remaining firms regressed onto marketing efficiency to test H_2 .

For our hypotheses to be supported, empirical results should indicate that deviation from the ideal marketing organization profile is negatively and significantly related to marketing effectiveness and positively and significantly related to marketing efficiency for each of the three strategic types (e.g., Drazin and Van de Ven 1985; Gresov 1989).³ Assessing the power of these hypothesis tests requires comparing the regression models containing deviation from the ideal marketing organization profile with regression models containing deviation from an alternative "nonideal" baseline profile (e.g., Venkatraman 1989). Therefore, we randomly selected five firms of each strategic type for each of the per-

formance dimensions, in which the level of marketing organization fit with strategic type was unknown. We used these randomly selected firms to calibrate an alternate nonideal profile from which we calculated the deviation of the remaining firms (e.g., Venkatraman and Prescott 1990). We then substituted the nonideal profile deviations into the regression models in place of the ideal profile deviations to enable comparisons.

Before testing the hypotheses, we first validated two assumptions implicit in our conceptualization. First, consistent with configuration theory predictions and prior evidence that, when implemented appropriately, any one of the strategic types can lead to superior performance (e.g., Conant, Mokwa, and Varadarajan 1990; Slater and Narver 1993), we checked that marketing performance variations between firms in our data set were not simply a result of differences in strategic type. We validated this assumption with analysis of variance tests that revealed no significant relationship between strategic type and either marketing performance outcome. Second, we checked that our ideal profiles correctly identified marketing organizations that contributed to superior performance by being configured in ways that fit the requirements of the business's strategic type—and not just those that were high performers regardless of their fit with strategic type. We compared the marketing performance outcomes of deviation from two different ideal marketing organization profiles, one developed from firms of the same strategic type and one developed irrespective of the firm's strategic type (e.g., Venkatraman 1990). This analysis (Table 3) validates our second assumption by indicating that calibrating ideal marketing organization profiles within strategic-type groups produces stronger deviation term coefficients and greater explanatory power in the regression models.

Results

As shown in Table 4, the results of our hypothesis testing provide support for H_1 , which predicts that the more similar a business's marketing organization profile is to that of the ideal marketing organization for its strategic type, the greater is its marketing effectiveness. Our marketing effec-

TABLE 3
Regression Models Using Within and Across Strategic-Type Ideal Profiles

| Independent Variables | Dependent Variable | | | |
|-----------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | Marketing Effectiveness | | Marketing Efficiency | |
| | Within Strategic-Type Group Ideal Profile Model | Across Strategic-Type Group Ideal Profile Model | Within Strategic-Type Group Ideal Profile Model | Across Strategic-Type Group Ideal Profile Model |
| All Firms | | | | |
| Profile deviation | -.44** | -.39** | .29** | .12 |
| Firm size (log) | .09 | -.02 | .18* | .22* |
| R ² | .20 | .15 | .13 | .06 |
| F-value | 19.49** | 14.09** | 8.39** | 3.96** |

* $p < .05$.

** $p < .01$.

TABLE 4
Marketing Organization Fit with Strategic Type and Performance Regression Models

| Independent Variables | Dependent Variable | | | |
|-------------------------|-------------------------|-----------------|----------------------|-----------------|
| | Marketing Effectiveness | | Marketing Efficiency | |
| | Ideal Profile Models | Nonideal Models | Ideal Profile Models | Nonideal Models |
| Prospectors | | | | |
| Profile deviation | -.42** | -.01 | .69** | .22 |
| Organization size (log) | .23* | .28 | -.15 | -.10 |
| R ² | .26 | .08 | .46 | .07 |
| F-value | 6.12** | 1.43 | 9.70** | .92 |
| Analyzers | | | | |
| Profile deviation | -.64** | .21 | .24 | -.19 |
| Organization size (log) | .18 | -.04 | .43* | .40* |
| R ² | .41 | .04 | .15 | .12 |
| F-value | 18.08** | 1.24 | 3.20* | 2.78 |
| Defenders | | | | |
| Profile deviation | -.28* | .15 | .33* | .16 |
| Organization size (log) | -.11 | -.16 | .22 | .27* |
| R ² | .09 | .05 | .15 | .10 |
| F-value | 3.20* | 1.55 | 3.98* | 2.58 |

* $p < .05$.

** $p < .01$.

tiveness regression models show significant, negative coefficients for deviation from the effectiveness-maximizing ideal profile for businesses implementing a prospector strategy ($\beta = -.42, p = .008$), an analyzer strategy ($\beta = -.64, p = .0001$), and a defender strategy ($\beta = -.28, p = .02$). Confidence in the power of these tests is provided in the nonideal regression models that indicate no significant relationship between deviation from the nonideal profile and marketing effectiveness for any of the three strategic types.

In H_2 , we predicted that the more similar a business's marketing organization profile is to that of the ideal marketing organization for its strategic type, the greater is its marketing efficiency. This yielded mixed results. We observed significant, positive coefficients in the models that regressed deviation from the efficiency-maximizing ideal marketing organization profile against marketing efficiency in businesses implementing a prospector strategy ($\beta = .69, p = .0002$) and those pursuing a defender strategy ($\beta = .33, p = .02$). However, in analyzer strategic types, the relationship between deviation from the ideal marketing organization profile and marketing efficiency, though in the expected direction, is insignificant ($\beta = .24, p = .17$). Confidence in the power of these tests is provided in the nonideal profile regression models that indicate no significant relationships between profile deviation and marketing efficiency.

Discussion and Implications

Our results indicate that organizing marketing activities in ways that fit the business's strategic type is associated with marketing effectiveness in each of the three strategic types and with marketing efficiency in firms pursuing prospector and defender strategies. This provides empirical support for

strategic marketing theory predictions linking marketing organization fit with business strategy and marketing performance (e.g., Walker and Ruekert 1987). Although the total variance explained in our regression equations is moderate (ranging from 9% to 46%), these values are in line with configuration studies in the management literature (e.g., Doty, Glick, and Huber 1993; Powell 1992). The profiles of the ideal marketing organizations revealed in Appendix B are also broadly consistent with previously untested systems-structural theory propositions regarding structural differences between firms implementing different strategic types (e.g., Ruekert, Walker, and Roering 1985; Walker and Ruekert 1987).

From a strategic marketing theory perspective, these findings highlight the importance of strategy implementation as a source of competitive advantage. Our results indicate that marketing organization fit with strategic type, a key enabler of strategy implementation in marketing theory (e.g., Bonoma 1985; Walker and Ruekert 1987), is significantly associated with marketing performance. In contrast, our data suggest that a business's strategic type alone is not significantly associated with marketing performance. These findings are consistent with two central tenets of strategic marketing theory that have received only limited empirical attention: When implemented successfully, several different strategies can lead to superior performance (e.g., Day and Wensley 1988), and the way marketing activities are organized is an important enabler of strategy implementation (e.g., Walker and Ruekert 1987).

Our findings also indicate the existence of important trade-offs between the effectiveness and efficiency dimensions of marketing performance (e.g., Bonoma and Clark 1988; Walker and Ruekert 1987). For example, we observed a negative correlation between marketing efficiency and

effectiveness in our data (Table 1). We found that of the 15 top performers (5 for each strategic type) used to calibrate the ideal marketing organization profiles for each dimension of marketing performance, only one firm appeared as a top performer on both marketing effectiveness and marketing efficiency performance dimensions. This highlights the need for researchers to specify and explore relationships involving different dimensions of marketing performance in empirical research (e.g., Clark 2000; Day and Wensley 1988; Slater 1995).

From a methodological perspective, our study demonstrates the utility of profile deviation approaches in assessing fit–performance relationships in strategic marketing theory. Although these approaches have been adopted in the organization theory and strategic management fields, they have not been used previously in the marketing literature. Profile deviation approaches enable researchers to assess fit in a way that is consistent with the multidimensional and holistic perspectives used in theorizing about marketing strategy. By enabling multiple variables to be assessed simultaneously, this approach also enables researchers to more closely represent the complex constructs and multiple contingencies faced by managers in the “real world” (e.g., Gresov 1989). More traditional approaches, such as moderated regression analysis, slope analysis, and subgroup analysis, can be effective in assessing fit–performance relationships involving small numbers of variables. However, these approaches are unable to effectively deal with the complex and holistic views of organization, strategy, and environment common to marketing theory (e.g., Drazin and Van de Ven 1985; Schoonhoven 1981; Venkatraman and Camillus 1984). Therefore, the profile deviation approach offers an important theory-building and theory-testing method for marketing strategy research.

From a managerial perspective, our findings highlight the need for managers to understand the multiple variables that are important characteristics of the way marketing activities are arranged and the ways they must be configured to fit the implementation requirements of the firm’s business strategy. Although research on marketing organization has traditionally focused on the importance of fit between marketing organization and the served market (e.g., Achrol 1991; Day 1994), our findings indicate that to enhance performance, marketing organizations also must fit the business’s strategic type (e.g., Workman, Homburg, and Gruner 1998). In designing marketing organizations to fit with business strategy, our research indicates that managers should not seek a single marketing organization template that will be both effective and efficient across different strategic types (see Aufreiter, George, and Lempres 1996; Ruekert, Walker, and Roering 1985). Rather, our findings suggest that managers should be guided by the business’s strategic goals and the implementation needs of its strategic type in designing and managing their marketing organization (Walker and Ruekert 1987; Workman, Homburg, and Gruner 1998).

Furthermore, the profile deviation method used in our study and the results we obtained may be useful to managers from a benchmarking perspective. Although benchmarking has been a popular management tool in areas such as operations and quality management, its use in marketing is less common. Benchmarking involves four key stages: (1) iden-

tifying a firm or group of firms with superior performance, (2) calibrating the business processes or characteristics believed to be important in creating superior performance in the benchmark firm, (3) identifying gaps between the benchmark firm and the firm undertaking the benchmarking, and (4) developing and executing gap-closing improvement strategies to move closer to the benchmark (e.g., Camp 1989; Day 1994). The first three stages of this process are consistent with the profile deviation method outlined here. Consultants and consortia of interested firms could use this approach to undertake detailed benchmarking studies. Such studies would be able to validate the assumed link between superiority on a key business process or characteristic and superior performance and provide insights regarding the profile of the specific business processes or characteristics associated with superior performance.

For example, a trucking firm interested in benchmarking its marketing organization design could use our results as the basis of a rigorous benchmarking exercise because our study (1) identifies groups of firms that are particularly high performers, (2) calibrates their marketing organization profiles, and (3) demonstrates that deviation from these marketing organization profiles is associated with firm performance. Having established that marketing organization fit with business strategy is an important driver of marketing performance, managers can use the profiles of the top-performing marketing organizations in Appendix B to calibrate their own marketing organization. Managers can distinguish the appropriate benchmark for their firm by first identifying whether their firm emphasizes efficiency or effectiveness in its strategic goals and then comparing its business strategy with the strategy type descriptions in Appendix A. For example, managers in a firm that emphasizes efficiency goals with a business strategy conforming to the prospector strategy type could calibrate their marketing organization characteristics against those of similar top-performing firms in Appendix B to identify which particular marketing organization characteristics need to be changed to get closer to the benchmark profile that delivers superior marketing efficiency (see Day 1994).

Limitations and Further Research

As a result of trade-off decisions in research design, our study has several limitations. First, the single industry setting of our study limits the generalizability of the findings. Although such research designs are necessary to control for industry effects and isolate the fit–performance relationships of interest, studies in additional industries and multi-industry studies are needed to establish the generalizability of our findings. Second, given the novelty of the approach adopted in our study, we were conservative in our marketing organization variable selection and measurement choices to ensure that our results would be robust. Therefore, we selected only those organizational characteristics that have been highlighted as important in both configuration theory and marketing strategy studies, have well-established operationalizations to minimize measurement error, and are viewed as important by managers in our trucking industry context. Given the emergence of new virtual organizational forms (e.g., network orga-

nizations), the development of newer terms for some organizational phenomena (e.g., “empowerment”), and the need for studies in additional industries, further research may need to examine different sets of marketing organization variables.

Third, we used an empirical approach to identify ideal profiles in assessing marketing organization fit with strategic type. This is a valid and appropriate research design choice in domains in which existing knowledge is insufficient to objectively estimate theoretically derived ideal profiles. However, another intriguing possibility suggested by the management literature is the use of “experts” to derive theory-based normative ideal profiles. For example, Doty, Glick, and Huber (1993) collected questionnaire data from three of the primary researchers involved in the original development of Miles and Snow’s (1978) strategic types to provide numerical estimates for theoretically derived ideal profiles of corporate characteristics appropriate for each strategic type. In exploring fit relationships in marketing strategy domains in which established theories are well accepted, future researchers may be able to similarly use data from the theory’s authors as a mechanism for developing ideal profiles.

Fourth, although our study addresses the theoretically important but previously neglected question of fit between marketing organization and business strategy, we do not address the issue of the coalignment (or internal consistency) among the different marketing organization characteristics. The relationships between the multiple variables that constitute the marketing organization are a theoretically interesting and managerially difficult issue on which there has been little theoretical or empirical work. Having demonstrated the performance consequences of fit between marketing organization characteristics and business strategy, it is now important to gain an understanding of how to coalign the multiple characteristics of marketing organizations to achieve such fit. Managers need to understand how the various “levers” of marketing organization are connected to one another if they are to successfully configure marketing organizations capable of executing the firm’s business strategy in ways that deliver desired strategic goals. This requires further research focused on the interrelationships between the multiple variables that are important characteristics of marketing organization.

Beyond these limitations, our results, which indicate that the relationship between marketing organization fit with strategic type and marketing performance varies across

strategic types and between marketing performance dimensions, raise several questions for further research. For example, our findings suggest a particularly strong relationship between marketing organization fit with strategy type and marketing efficiency in prospector firms but weaker relationships on both dimensions of performance for defender firms. Although this could be connected with marketing having a more important role in implementing prospector strategies than defender strategies (e.g., Walker and Ruekert 1987), there is no theoretical reason that these relationships should be so varied across performance dimensions. Similarly, why does marketing organization fit with strategic type have a greater impact on marketing effectiveness in analyzers than in either prospector or defender types, but no significant impact on analyzer’s marketing efficiency? The literature identifies the analyzer strategy type as difficult to execute successfully because of the conflicting demands of the simultaneous internal and external orientation required (e.g., Slater and Narver 1993). However, there is no obvious reason that this should result in such different relationships between marketing organization fit with the analyzer strategy type and the effectiveness and efficiency dimensions of marketing performance. Given the importance of these questions to managers engaged in designing and managing marketing organizations, understanding the reasons for these different relationships is a priority for further research.

Conclusion

Holistically framed fit–performance relationships involving strategy, organization, and environment are central to strategic marketing theory but are rarely assessed in empirical research (e.g., Day 1999; Walker and Ruekert 1987). We demonstrate that by drawing on configuration theory conceptualizations and methodological tools, many of these fit–performance relationships can be empirically assessed in ways that match their multidimensional conceptualization and holistic framing. As an example, our results indicate that organizing marketing activities in ways that fit business’s strategy type can form a significant source of competitive advantage (e.g., Walker and Ruekert 1987). Given the importance of fit–performance relationships in strategic marketing theory and managers’ interest in identifying such valuable sources of competitive advantage, additional studies of this type are clearly needed to enhance marketing strategy scholars’ contribution to theory development and practice.

APPENDIX A

Constructs and Measurement Items

Centralization (seven-point scale with “strongly disagree” and “strongly agree” as anchors)

Source: Jaworski and Kohli (1993)

The following questions concern how decisions are made in your marketing organization.

How strongly do you agree or disagree with each of the following statements about your marketing organization?

- There can be little action taken in the marketing organization until a supervisor makes a decision.
- A person who wants to make his or her own decisions would be quickly discouraged in the marketing organization.

- Even small matters have to be referred to someone with more authority for a final decision.

- Any decision a person in the marketing organization makes has to have his or her boss’s approval.

Formalization (seven-point scale with “strongly disagree” and “strongly agree” as anchors)

Source: Deshpande and Zaltman (1982)

The following questions concern the impact of work rules used in your marketing organization.

How strongly do you agree or disagree with each of the following statements about your marketing organization?

APPENDIX A
Continued

- Most people in the marketing organization follow written work rules for their job.
- How things are done in the marketing organization is never left up to the person doing the work.
- People in the marketing organization are allowed to do almost as they please when performing their work. (RS)

Specialization (seven-point scale with “strongly disagree” and “strongly agree” as anchors)

Source: Doty, Glick, and Huber (1993)

The following questions concern job responsibilities and skills within your marketing organization.

How strongly do you agree or disagree with each of the following statements about your marketing organization?

- Marketing personnel in this firm have very specific job responsibilities.
- Most marketing employees have jobs that require special skills.
- Standardized training procedures exist for marketing jobs. (RS)
- Written position descriptions are provided to marketing specialists.

Specialized Marketing Capabilities (seven-point scale with “not very well” and “very well” as anchors)

Source: New Scale

How well does your organization perform the following activities relative to competitors ...

- advertising and promotion
- public relations
- personal selling
- pricing
- new product/service development

Architectural Marketing Capabilities (seven-point scale with “not very well” and “very well” as anchors)

Source: New Scale

How well does your organization perform the following activities relative to competitors ...

- environmental scanning
- market planning
- marketing skill development
- marketing implementation

Task Complexity (seven-point scale with “not at all” and “to a great extent” as anchors)

Source: Doty, Glick, and Huber (1993)

To what extent ...

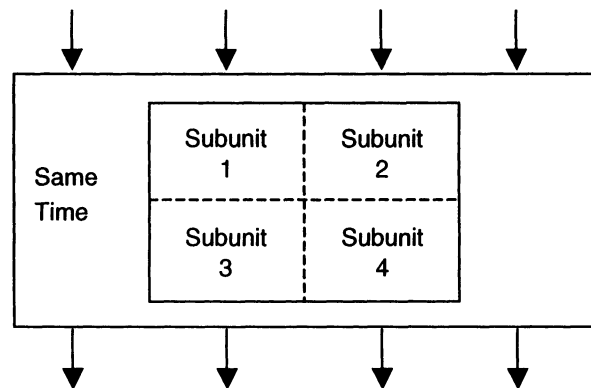
- is the work that people in the marketing organization do the same from day to day?
- does the work move among the marketing work groups in a sequential manner?
- is there a clearly known way to do the major types of work that marketing work groups deal with?
- do marketing employees tend to perform the same tasks in the same way?
- is there an understandable sequence of steps that can be followed to perform most marketing tasks?

Work Group Interdependence (seven-point scale with “not at all” and “to a great extent” as anchors)

Source: Van de Ven, Delbecq, and Koenig (1976)

To what extent does the flow of work in the department reflect the diagram below, in which work comes into the department and different subunits diagnose, problem solve, and work together as a group at the same time?

Materials, customer orders, and information enter the marketing department.



Services and information leave the marketing department.

Strategic Types

Source: McKee, Varadarajan, and Pride (1989)

The following descriptions characterize equally effective strategies that organizations can use to position themselves relative to their competition. Please select the description that you feel best characterizes your firm today.

Prospector Strategy: This business unit typically operates within a broad product-market domain that undergoes periodic redefinition. The business unit values being “first in” in new product and market areas even if not all these efforts prove to be highly profitable. This organization responds rapidly to early signals concerning areas of opportunity, and these responses often lead to a new round of competitive actions. However, this business unit may not maintain market strength in all areas it enters.

Analyzer Strategy: This business unit attempts to maintain a stable, limited line of products or services while moving quickly to follow a carefully selected set of the more promising new developments in the industry. This organization is seldom “first in” with new products and services. However, by carefully monitoring the actions of major competitors in areas compatible with its stable product-market base, this business unit can frequently be “second in” with a more cost-efficient product or service.

Defender Strategy: This business unit attempts to locate and maintain a secure niche in a relatively stable product or service area. The business unit tends to offer a more limited range of products or services than competitors, and it tries to protect its domain by offering higher quality, superior service, lower prices, and so forth. Often, this business unit is not at the forefront of developments in the industry. It tends to ignore industry changes that have no direct influence on current areas of operation and concentrates instead on doing the best job possible in a limited area.

Marketing Effectiveness (seven-point scale with “not very well” and “very well” as anchors)

How well has your firm achieved its goals in terms of ...

- market share growth
- sales growth
- market position

Marketing Efficiency (objective data from TTS database)
Marketing and selling expenses/gross revenue

Notes: (RS) = reverse scoring.

APPENDIX B
Ideal Marketing Organization Profile Mean Scores

| Marketing Organization Characteristics | Prospector Firms | | Analyzer Firms | | Defender Firms | |
|----------------------------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | Marketing Effectiveness | Marketing Efficiency | Marketing Effectiveness | Marketing Efficiency | Marketing Effectiveness | Marketing Efficiency |
| Centralization | 2.25 | 2.30 | 2.10 | 2.10 | 3.50 | 3.75 |
| Formalization | 4.67 | 4.33 | 5.47 | 5.53 | 6.00 | 5.28 |
| Specialization | 5.75 | 4.45 | 5.50 | 4.65 | 4.15 | 3.33 |
| Task complexity | 4.04 | 3.84 | 5.24 | 4.00 | 5.12 | 4.47 |
| Work group interdependence | 3.00 | 4.00 | 4.40 | 3.00 | 4.00 | 3.33 |
| Specialized marketing capabilities | 4.24 | 3.70 | 5.62 | 3.53 | 4.00 | 3.62 |
| Architectural marketing capabilities | 4.76 | 4.34 | 5.38 | 3.81 | 4.44 | 3.25 |

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