

# Marketing Capabilities in International Marketing

Neil A. Morgan, Hui Feng, and Kimberly A. Whitler

## ABSTRACT

*There has been a significant increase in scholarly research focusing on marketing capabilities as an important aspect of marketing theory-based explanations of firm performance. This growing research interest in marketing capabilities has also been reflected in the international marketing literature. However, it is unclear whether and how thinking and research about international marketing capabilities differs from that of marketing capabilities in a domestic market context. To explore this question, the authors conduct a review of studies of marketing capabilities in the most influential journals publishing research in international marketing. They supplement this with insights from interviews with executives in firms engaged to varying degrees in international marketing. The study suggests that there remain numerous important unanswered questions in conceptualizing and empirically researching international marketing capabilities.*

**Keywords:** marketing capabilities, international marketing, marketing strategy, marketing performance

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The concept of capabilities in the marketing literature is not new. Drawing on theory and empirical work in strategic management, researchers have generally viewed capabilities as complex bundles of skills and knowledge embedded in the organizational processes by which a firm's available resources are transformed into valuable outputs (Day 1994). As capabilities are developed over time and become embedded in organizational processes and routines, they are difficult for rivals to observe and imitate, thereby enabling firms that possess them to enjoy sustainable competitive advantage (Grant 1996; Grewal and Slotegraaf 2007; Peteraf 1993). Marketing researchers have conceptualized marketing capabilities in terms of a firm's ability to use available resources to perform marketing tasks in ways that achieve desired marketing outcomes (Morgan, Katsikeas, and Vorhies 2012). The literature suggests that marketing capabilities are especially valuable (Dutta, Narasimhan, and Rajiv 1999),

inimitable (Morgan, Vorhies, and Mason 2009), and nonsubstitutable in creating sustainable competitive advantage and superior firm performance (Krasnikov and Jayachandran 2008; Moorman and Rust 1999). In international markets, marketing capabilities have also been shown to improve firm performance by enhancing the level and sustainability of realized positional advantages (for a review, see, e.g., Tan and Sousa 2015).

Over the past 18 years, marketing scholars have intensified their focus on conceptualizing marketing capabilities and empirically examining their role in explaining firm performance. This growth in research attention has been mirrored in the international marketing literature. However, the extent to which conceptual and empirical approaches to studying marketing capabilities in the international context differ—and should differ—from those in domestic market contexts remains unclear. This is an important gap in existing knowledge in both theoretical and practical terms. From a theory perspective, it is difficult for researchers to

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accurately conceptualize and measure marketing capabilities without knowing whether and how they may be different in international (vs. purely domestic) market contexts. In addition, without an understanding of whether and how the mechanisms linking marketing capabilities with performance outcomes may (or may not) differ in international marketing contexts, it is difficult for researchers to know what types of mediators and moderators to study.

From a managerial perspective, managers want to know both what types of marketing capabilities may be appropriate for their firms and how to build, maintain, and leverage them—and the answers to these questions may vary based on the degree to which they operate in international markets and how they are organized to do so. Without understanding whether and how these international-related contingencies may matter, it is impossible for international marketing researchers to provide appropriate guidance to managers.

We address this important gap in knowledge, in an effort to clarify thinking and provide guidance for future research in this theoretically interesting and managerially important area. As a starting point, we examine published research to identify and explore key differences between international and domestic marketing capabilities regarding their conceptualization, types, measurements, development, and relationships. We then further explore a number of important research questions arising from this analysis: (1) What are the drivers of marketing capability development in international markets? (2) Can marketing capabilities help improve firm performance in the international markets, and if so, how? (3) What conditions may enhance or weaken the marketing capability–firm performance relationship in international markets?

To accomplish this, we first review the literature to examine how marketing capabilities have been studied in international marketing contexts. Second, given important gaps identified in literature-based knowledge, we supplement this literature-based analysis with insights from practice generated through in-depth interviews with executives in firms with varying degrees of internationalization. These inputs are then used to synthesize existing knowledge regarding marketing capabilities in international marketing, identify key knowledge gaps, and develop an agenda for future research in this important domain.

## REVIEW OF EXISTING RESEARCH

### Overview

Our literature review focuses on the most influential journals publishing international marketing research since

1999. To ensure the representativeness, completeness, and high quality of studies included in our review, the criteria for journal selection were based on previous ratings of journals in marketing and international business disciplines (Kirca and Yaprak 2010). In the marketing discipline, we chose six out of the ten most influential marketing journals from Baumgartner and Pieters's (2003) study (i.e., *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, *Journal of the Academy of Marketing Science*, *Journal of Retailing*, and *Industrial Marketing Management*). The remaining four journals in that study (i.e., *Journal of Consumer Research*, *Harvard Business Review*, *Management Science*, and *Advances in Consumer Research*) on average have published only .8% of international marketing–related articles from 1975 to 2004 and are not typical publication outlets for marketing strategy studies (Leonidou et al. 2010). Because all six journals are based in the United States, we further added one international journal, *International Journal of Research in Marketing*, which is considered a top marketing journal in Europe (Kumar, Sharma, and Gupta 2017; Roberts, Kayande, and Stremersch 2014).

From the international business discipline, we added three of the six top journals from Dubois and Reeb's (2000) study (i.e., *Journal of International Business Studies*, *Journal of International Marketing*, and *International Marketing Review*). These are the most influential international business journals (Leonidou et al. 2010) focusing on marketing rather than management, whereas the remaining journals (i.e., *Management International Review*, *Journal of World Business*, and *International Studies of Management and Organization*) focus on management.

These considerations led us to select ten journals: *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, *Journal of the Academy of Marketing Science*, *Journal of Retailing*, *Industrial Marketing Management*, *International Journal of Research in Marketing*, *Journal of International Business Studies*, *Journal of International Marketing*, and *International Marketing Review*. Eligible articles were identified by an issue-by-issue manual search for qualitative and empirical articles that have “marketing capability(ies),” “marketing competence(s),” “capabilities,” and/or “competences” in their title, abstract, and/or keywords. We performed this search in EBSCO and the journals' websites.

Following procedures recommended for literature review articles (e.g., Katsikeas et al. 2016; Lipsey and Wilson 2001), when further examination was required, two

experienced researchers separately examined the articles to determine inclusion. Five criteria had to be satisfied for a study to be eligible for this review: (1) the focus of the study is on marketing capabilities,<sup>1</sup> either as a primary objective or as part of a wider research design; (2) the study examines firms engaged in international business—that is, the firms’ operations and/or markets span multiple countries (e.g., multinational corporations [MNCs]) or the firm has export ventures, international new ventures/international joint ventures (IJVs), or international logistics/outsourcing businesses—or the study examines firms from multiple countries; (3) the unit of analysis is at the *international* microbusiness level (e.g., export venture, international venture), that is, the international context is a focus of the study rather than only a part of the sampling or a control variable; (4) the study is evidence based (vs. purely conceptual) in nature, such as empirical studies using primary and/or secondary data, or qualitative research such as case studies and meta-analyses; and (5) the research was published since 1999 (because very few studies of marketing capabilities were conducted before this period; Vorhies, Harker, and Rao 1999).

A total of 57 articles remained after this filtering process. Average interrater agreement was 93%, and we discussed all remaining discrepancies to reach consensus. Finally, we supplemented the search process by scanning the reference lists of the collected articles to identify any additional relevant articles missed through the keyword searches. This produced an additional 7 articles from top management journals (*Strategic Management Journal*, *Journal of Management*, and *Decision Sciences*), for a total of 64 articles included in this review. For each of these 64 published studies, we then cataloged (1) how they define marketing capabilities and the theories on which the conceptualization draws; (2) the types of marketing capabilities identified and/or examined; (3) the marketing capability operationalization and analysis method used (for empirical studies); and (4) findings reported in the empirical studies with respect to antecedents, consequences, moderators, and mediators connected with marketing capabilities in international marketing. The

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<sup>1</sup>Marketing capabilities include but are not limited to pricing, new product development, promotion, distribution, channel, brand management, and market-based learning capabilities (for a comprehensive list, see Morgan and Slotegraaf 2012). We excluded terms relating to idiosyncratic capabilities, such as “MNC/exporter,” “exploration/exploitation,” “globalization/internationalization,” “multicultural,” “(dynamic) networking,” “technology/IT,” “MNC/global human resource management,” “(marketing) alliance (formation),” “dynamic/absorptive/learning,” “knowledge management,” “commercial,” “local supplier/distributor,” “international partners,” and “global supply chain” capabilities (e.g., Usui, Kotabe, and Murray 2017).

answers to these four questions are summarized in the various tables and discussed in more detail next.

## Marketing Capabilities

*Definition and Theory.* In the general marketing literature, marketing capabilities are viewed in terms of a firm’s ability to use available resources to perform marketing tasks in ways that achieve desired marketing outcomes (Day 1994; Morgan, Katsikeas, and Vorhies 2012). They therefore represent the processes that a firm uses to define, develop, communicate, and deliver value to its target customers by combining, transforming, and deploying its available resources (e.g., Bahadir, Bharadwaj, and Srivastava 2008; Morgan and Slotegraaf 2012). In the international marketing context, most studies define firm-level marketing capabilities in the same way as they are defined in the general marketing literature in domestic market contexts and simply emphasize that the marketing activities and the processes by which they are accomplished take place in international markets to fulfill international customers’ needs and achieve international marketplace goals (e.g., Lages, Silva, and Styles 2009; Shi et al. 2005; Zou, Fang, and Zhao 2003). Thus, firm-level marketing capabilities in international marketing are generally viewed in terms of a firm’s ability to use available resources to understand and fulfill foreign market customer needs better than its rivals. Tables 1–3 provide a review of different marketing capabilities identified in the international marketing literature.

A range of different theories are used to ground conceptualizations of marketing capabilities and hypothesize concerning their relationships with other phenomena in international marketing (see Web Appendix A). Unsurprisingly, as in the general marketing literature the majority of these draw on RBV theory. A large number also draw on dynamic capabilities (DC) theory, which, given the difficulties associated with measuring dynamic phenomena, can cause problems in matching theory to operationalization in many studies using primary survey research designs. A range of other theories used in domestic marketing contexts have also been applied in the internal marketing context, including organizational learning and the knowledge-based view. However, in a surprising number of studies (10 of the 64 studies in our sample), it is unclear what specific theory is being drawn upon to support the conceptualization of marketing capabilities in international markets.

The one theoretical viewpoint that is not used in the general marketing literature in domestic market contexts<sup>2</sup> that has

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<sup>2</sup>The only exceptions here concern studies of firms that are based in an emerging market.

**Table 1.** Representative Qualitative (Case Study) Research on Marketing Capabilities in International Marketing

Marketing Capabilities (MCs) Identified	Selected Findings	Authors
Dynamic MCs (incremental, renewing, and regenerative)	Case studies from six international new ventures from Ireland, Sweden, and Denmark suggest that different stakeholder groups (allied, cooperative, neutral, and entrepreneur) can influence the learning processes (single-, double-, and triple-loop) of the firm and can determine the nature of dynamic MCs needed for global competitive advantage.	Evers, Andersson, and Hannibal (2012)
The ability to sense and meet customers' demands	Interviews with 48 European, Chinese, and other managers and experts from Chinese emerging market firms operating in Europe suggest that limited motivation, few opportunities, and restricted ability constrain firms from building and deploying MCs. Authors propose that causal ambiguity, internal perception gaps, and lack of or fragmented general marketing expertise constrain building MCs, while inertia, market resistance, and limited specific marketing expertise constrain deploying MCs.	Kaufmann and Roesch (2012)
Global brand management strategy/capability and regional MCs	Global brand strategy development at Kimberly-Clark entails sharing information and best practices, implementing common brand planning processes, assigning responsibilities for global branding, and creating and implementing effective brand-building strategies. Kimberly-Clark's approach, predicated on accountable empowerment and capacity building, improves local MCs while also instilling better processes and disciplines centrally.	Matanda and Ewing (2012)
Market-based learning capability	Findings from a case study of four business process outsourcing firms in India (two Indian, one multinational, and one U.K. joint venture) suggest that effective knowledge transfer and diffusion and the development of market-based organizational learning capabilities are driven by the strength of a firm's quality management capabilities.	Malik, Sinha, and Blumenfeld (2012)
Various MCs	The authors examine case studies of 47 B2B firms (42 global firms) and identify six key marketing capabilities that tie to 14 distinct innovation-based sustainability strategies, sustainable consumption behavior, and firm performance.	Mariadoss, Tansuhaj, and Mouri (2011)
Seven dynamic capabilities for multichannel transformation	Using case studies of three international firms and one U.K. firm, the study identifies seven dynamic capabilities for multichannel transformation and finds that three integrative capabilities are critical to route-to-market multichannel transformation: IT-related, organizational structure, and metrics/rewards.	Wilson and Daniel (2007)
Global account MCs: intelligence acquisition, coordination, and reconfiguration	Study of 33 global firm cases finds that companies that proactively and systematically implement these processes (intelligence acquisition, coordination, and reconfiguration) are likely to outperform their competitors in the global marketplace.	Shi et al. (2005)
Cross-firm dispersed new product codevelopment capabilities across countries	Study of multiple and dispersed activities in the cross-firm new product development process across the United Kingdom, the United States, and China shows that firms' interorganizational ability to collectively specify and synchronize development activities drives collaborative cross-firm new product development efforts.	Perks (2005)

**Table 2.** Representative Survey-Based Marketing Capabilities Research in International Marketing

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Architectural capabilities (i.e., planning capability and implementation capability) and MCs	<i>Subjective:</i> Cost advantage, differentiation advantage, and venture financial performance (ROI, return on sales, margins, reaching financial goals)	<i>Cross-sectional:</i> 446 U.K. export ventures	Planning and implementation capabilities play important roles in minimizing goal-realized strategic position gaps. Businesses with stronger marketing capabilities are better able to achieve differentiation advantages and thereby enjoy superior performance.	Spyropoulou et al. (2017)
Informational, product development, and customer relationship capabilities	<i>Subjective:</i> Intended cost efficiency and intended marketing differentiation	<i>Cross-sectional:</i> 312 British manufacturers involved in exporting	MCs strongly influence exporters' intentions to emphasize both cost efficiency and marketing differentiation. Firms with an already established market position reveal a clear effect of informational capability on marketing differentiation and of product development capability on efficiency intentions.	Kaleka and Morgan (2017)
E-commerce MCs	<i>Subjective:</i> Export venture e-commerce performance; <i>Objective:</i> Sales	<i>Cross-sectional:</i> 340 Australian export ventures	Specialized e-commerce MCs directly increase degree of distribution and communication efficiency, which in turn leads to enhanced export market performance.	Gregory, Ngo, and Karavdic (2017)
Export MCs: Export market intelligence, product development, communication, pricing, distribution and after-sale service capabilities	<i>Subjective:</i> Export performance	<i>Cross-sectional:</i> 333 Vietnamese exporting firms	A firm's relational capability not only strengthens the efficiency of export performance as related to pricing, intelligence, and communication capabilities but also is the strongest predictor of export performance among those capabilities.	Pham, Monkhouse, and Barnes (2017)
Meta-analysis of MCs	<i>Subjective:</i> New product performance	50 studies with 341 marketing capability–new product performance effect sizes from 17 countries	MCs have a stronger influence than technological capabilities on new product performance; this effect is moderated by institutional context factors. The relative advantage decreases and even reverses with increasing growth rates, further decreases with stronger rule of law in a country, and increases in societies emphasizing self-expression vs. survival values.	Eisend, Evanschitzky, and Calantone (2016) <sup>a</sup>

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Knowledge competence (customer knowledge competence and competitor knowledge competence)	<i>Subjective:</i> Firm performance (two-year sales growth, ROI, profit)	<i>Cross-sectional:</i> 674 NPD and/or launch managers in the United States (N = 288) and China (N = 386)	Knowledge competencies mediate the positive relationships between orientations and market-based innovation. Market-based innovation mediates the positive relationships between customer and competitor knowledge competencies and overall firm performance. In U.S. vs. Chinese firms, customer (competitor) orientation leads to both higher customer (competitor) knowledge competence and enhanced market-based innovation.	Ozkaya et al. (2015)
Meta-analysis of product, pricing, distribution, and communication capabilities	<i>Subjective:</i> Export performance (financial and nonfinancial)	11 studies of 135 effects of MC-competitive advantage-performance relationship	Two types of competitive advantage (i.e., low-cost advantage and differentiation advantage) positively mediate the effect of MCs (except for distribution capability) on financial and nonfinancial export performance.	Tan and Sousa (2015) <sup>a</sup>
Market sensing, customer engaging, and partner linking capabilities	<i>Subjective:</i> NPD performance	<i>Cross-sectional:</i> 324 U.S. firms and 569 Chinese firms	MC is positively associated with NPD performance. Exploitation and exploration respectively mediate the marketing capability-NPD performance relationship. Customer-based structure, decentralization, and interfunctional integration positively moderate the marketing capability-NPD performance relationship.	Mu (2015)
MNCs' product innovation capability	N.A.	<i>Cross-sectional:</i> 86 Taiwan-based MNCs	There is a negative direct relationship between subsidiary tacit-knowledge level and MNCs' product innovation capability.	Sheng et al. (2015)
Product development capability	N.A.	<i>Cross-sectional:</i> 471 Portuguese exporting manufacturing firms	Product development capability is positively and significantly associated with export venture performance.	Vicente, Abrantes, and Teixeira (2015)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Distribution network, brand management, and product innovation capabilities	<i>Objective:</i> Probability of presence in emerging markets (EMs)	<i>Cross-sectional:</i> 271 Italian manufacturers involved in exporting	Firms that expanded their business in EMs showed a significantly higher endowment of MCs compared with firms exporting only in advanced markets. Moreover, firm size is irrelevant: even small firms can reach EMs by leveraging an appropriate set of capabilities.	Bortoluzzi et al. (2014)
Product management capability	<i>Subjective:</i> IJV performance (ROI and sales growth)	<i>Cross-sectional:</i> 156 IJVs in China	Technology and customer orientations have a positive effect on IJV product differentiation capability, and this effect is contingent on foreign parent control.	Chen, Chen, and Zhou (2014)
Market-based capabilities: in-formation, relationships, and new product development (NPD) capabilities	<i>Subjective:</i> Export performance (strategic and satisfaction)	<i>Cross-sectional:</i> 150 small and medium-sized exporters in Australia	Access to location-specific advantages (i.e., access to sources of supply, government agencies, export-related services and infrastructure, managerial labor skills, and network opportunities) is an essential antecedent for the firm's ability to develop export-related resources and capabilities that drive export performance outcomes.	Freeman and Styles (2014)
Channel networking capability	<i>Subjective:</i> Export performance (profitability, profit growth, and margins); <i>Objective:</i> Export performance (export sales turnover and average total export profit)	<i>Longitudinal:</i> 160 small and medium-sized exporters in Ghana in years $t$ and $t + 3$ ; <i>Cross-sectional:</i> 117 firms in Bosnia and Herzegovina	Innovativeness is most beneficial for firms operating in competitive and dynamic export markets; those in less competitive and more static markets do not benefit from their innovation activities to the same extent. Stronger networking capabilities and a more organic structure also enhance the innovativeness–export performance relationship.	Boso et al. (2013)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Architectural MCs: marketing planning and market information acquisition, interpretation, and dissemination; specialized MCs: pricing, product development, channel and delivery management, after-service selling, and marketing communication	<i>Subjective:</i> Market and financial performance	<i>Cross-sectional:</i> 219 U.K. exporting manufacturers	Architectural and specialized MCs positively impact export ventures' internal marketing strategy implementation, which in turn positively impacts external marketing strategy implementation effectiveness and export venture market and financial performance. Architectural (specialized) MCs also directly determine export venture financial (market) performance. MC integration is positively related to marketing strategy implementation effectiveness.	Morgan, Katsikeas, and Vorhies (2012)
Various MCs	<i>Subjective:</i> Market performance (market share) and financial performance (two-year lagged return on assets)	<i>Cross-sectional:</i> 192 Chinese firms and IJVs or foreign wholly owned firms in China	MC has a positive impact on both market and financial performance, and both pure imitation and creative imitation, when coupled with strong MCs, positively affect market performance.	Lee and Zhou (2012)
Customer relationship management, product development management, and supply chain management capabilities	<i>Subjective:</i> Firms' international growth	<i>Cross-sectional:</i> 159 young international firms in China	Early foreign market entry enhances a young venture's MCs, which in turn leads to international growth. Young ventures improve their MCs more when senior managers are highly committed to foreign markets. Impact of MCs on the performance outcomes of early internationalization is greater in ventures targeting developed vs. emerging markets.	Zhou, Wu, and Barnes (2012)
Specialized MCs: pricing, product development, distribution, and marketing communication capabilities	N.A.	<i>Cross-sectional:</i> 891 firms across four countries (China, Germany, Hong Kong, and the United States)	Social capital—managerial tie utilization, trust, and solidarity—is a strong driver of the four MCs. Managerial tie utilization and solidarity tend to be more important when the national culture's power distance is low, collectivism is high, and uncertainty avoidance is low, whereas the effect of trust is not subject to national cultural variations.	Kemper, Engelen, and Brettel (2011)



**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Informational, customer relationship, and product development capabilities	<i>Subjective:</i> Export venture performance (market share, profitability, and revenue)	<i>Cross-sectional:</i> 312 U.K.-based exporting manufacturers	Exporting experience nurtures customer relationships and informational capabilities, and availability of finance facilitates informational and product development capabilities and enables exporters to achieve service advantage and superior venture performance in the overseas markets.	Kaleka (2011)
Overseas market-related exploitative and explorative capabilities, and product-development exploitative and explorative capabilities	<i>Subjective:</i> Market effectiveness	<i>Cross-sectional:</i> 254 Portuguese export manufacturers	Entrepreneurial orientation is a precursor of exploitative and explorative product development and overseas market-related capabilities. Product development exploitative capabilities and overseas market-related exploitative capabilities have a positive effect on new product differentiation, which in turn enhances market effectiveness.	Lisboa, Skarmeas, and Lages (2011)
Business identification, relationship-building, and product-market development capabilities	<i>Subjective:</i> Export market performance and export financial performance	<i>Cross-sectional:</i> 223 U.K. exporting firms	Adoption of specific national export-promotion programs strengthens firms' export-related resources and capabilities, which in turn drive development of a sound export marketing strategy, competitive advantages, and superior export performance.	Leonidou, Palihammadana, and Theodosiou (2011)
Pricing, new development capability, and marketing communication capabilities	<i>Subjective:</i> Financial performance, strategic performance, and product performance; <i>Objective:</i> return on assets (ROA) for 271 firms	<i>Cross-sectional:</i> 491 export ventures based in China (240 Chinese and 251 non-Chinese firms from United States, Europe, Japan, and Hong Kong)	MCs mediate the market orientation (MO)-performance relationship, while competitive advantages partially mediate the MC-performance relationship. Coordination mechanism strengthens and cost leadership strategy weakens the effect of MO on NPDP and marketing communication capabilities, respectively. Market turbulence attenuates the effect of MO on NPDP capability, while competitive intensity strengthens this effect.	Murray, Gao, and Korabe (2011)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Product offering, pricing, distribution, communication, and marketing planning and implementation capabilities	<i>Subjective:</i> Marketplace performance	<i>Cross-sectional:</i> 300 Australian and 259 Vietnamese manufacturing firms	MC mediates the effects of the firm's MO on its performance; interaction of innovation and MCs significantly influences firms' marketplace performance more than each does individually; MO partially mediates the relationship between entrepreneurial orientation and innovation and MCs.	O'Cass and Ngo (2011)
International customer-support capability	<i>Subjective:</i> Improved organizational learning and performance	<i>Cross-sectional:</i> 173 international new ventures from China and India	Investments in international customer support capabilities are associated with improved organizational learning and performance. Globalization pays off when entrepreneurial firms from emerging economies invest in ongoing support of their most important international customers.	Khavul et al. (2010)
Information acquisition and adaptive capabilities	<i>Subjective:</i> International performance (growth, market share, profitability, ROI, and satisfaction)	<i>Cross-sectional:</i> 775 young and small internationalizing entrepreneurial exporters in China	Adaptive capability mediates the relationship between institutional capital/managerial ties and international performance.	Lu et al. (2010)
Dynamic MCs: product development management, customer relationship, and supply chain management capabilities	<i>Subjective:</i> Competitive advantage; <i>Objective:</i> Sales/assets and profits/assets	<i>Cross-sectional:</i> 114 manufacturing IJVs in China	Resource magnitude and resource complementarity of an IJV positively influence its Dynamic marketing Capabilities (DMCs), which positively impact IJVs' competitive advantage and financial performance. Market dynamism positively moderates the DMC-performance relationship.	Fang and Zou (2009)
Organizational learning capabilities for innovation, relationship capabilities, and quality capabilities	<i>Subjective:</i> Export performance (economic and relationship performance)	<i>Cross-sectional:</i> 419 small to midsize Portuguese exporters	Relationship capabilities improve product innovation, product quality, and relationship performance. Quality capabilities and relationship capabilities affect product quality, which improves relationship performance.	Lages, Silva, and Styles (2009)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Meta-analysis of MCs	<i>Subjective and Objective:</i> Firm performance	114 studies from United States and other countries	MC has a stronger impact on firm performance than R&D and operations capabilities. Other study characteristics (market/efficiency performance; subjective/objective data; firm size; U.S./non-U.S.; SBU/firm-level data; industry) do not influence MC-performance relationship.	Krasnikov and Jayachandran (2008) <sup>a</sup>
Market linking and marketing capabilities	N.A.	<i>Cross-sectional:</i> 709 firms across the United States, Japan, and China	Prospectors have greatest technical and IT capabilities; defenders are superior in market linking and MCs across all countries. U.S. firms have greater market linking capabilities than Chinese and Japanese firms for prospectors and defenders, but not for reactors. Japanese and Chinese firms have greater MCs than U.S. prospectors and analyzers.	Song et al. (2008)
Network, outside-in, inside-out, and spanning capabilities	<i>Subjective:</i> Economic international performance	<i>Cross-sectional:</i> 198 Spanish and 383 Belgian international firms	MCs have a positive impact on international commitment, international entry modes, and economic international performance.	Blesa and Ripolles (2008)
Local market competence	<i>Subjective:</i> Manufacturer competitiveness in export market	<i>Cross-sectional:</i> 142 U.S. manufacturer and independent foreign distributor in export market	All three governance mechanisms (trust, knowledge sharing, and contract-based relationship) contribute to firms' ability to exploit local market opportunity. Local market competence enhances the manufacturer's competitiveness in the export market.	Wu et al. (2007)
Customer linking, market sensing, and channel-bonding capabilities	<i>Subjective:</i> Profit, sales, and ROI relative to objectives of joint ventures (JVs)	<i>Cross-sectional:</i> 466 U.S. JVs	MCs positively impact JV performance. MCs have weaker impact on JV performance in technologically turbulent environments. The interaction of marketing and technological capabilities significantly impacts JV performance only in the high-turbulence environment.	Song et al. (2005)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Market linking and marketing capabilities	<i>Objective:</i> Profit margin, three-year ROI, ROA, relative market share, customer retention, sales growth, and profit margin/sales/ROI relative to strategic business unit (SBU) objectives	<i>Cross-sectional:</i> 709 firms in three countries (China, Japan, United States)	Defenders and reactors have significantly higher MCs and market linking capabilities than other strategy-type groups; they are also the best performers across all performance measures, even though they also represent the group that faces the most uncertain marketing, competitive, and technological environment.	DeSarbo et al. (2005)
CRM processes (capabilities), including customer relationship initiation, maintenance, and termination capabilities	<i>Subjective:</i> Overall performance, market share, growth, and current profitability; <i>Objective:</i> ROA	<i>Cross-sectional:</i> SBUs from 211 (Model 1) and 98 (Model 2) B2C firms from four industries in Austria, Germany, and Switzerland	Implementation of the three CRM processes (especially initiation and maintenance) has a positive impact on firm performance. CRM-compatible organizational alignment moderates the initiation/termination–capability–performance relationship positively. CRM technology negatively (positively) moderates the initiation (termination)–capability–performance relationship.	Reinartz, Krafft, and Hoyer (2004)
Informational, relationship-building, and product development capabilities	<i>Subjective:</i> Positional advantages and export venture performance (economic, distributor and end-user performance)	<i>Cross-sectional:</i> 287 exporters that export through foreign distributors	MCs affect export venture competitive strategy choices and the positional advantages achieved in the export market, which in turn affect export venture performance outcomes.	Morgan, Kaleka, and Katsikeas (2004)
Marketing competence	<i>Subjective:</i> International performance	<i>Cross-sectional:</i> 106 Danish and 186 U.S. born-global exporters	Born-global international performance is enhanced in the wake of managerial emphasis on foreign customer focus and marketing competence.	Knight, Madsen, and Servais (2004) <i>IMR</i>
Relationship learning capability	<i>Subjective:</i> Relationship performance	<i>Cross-sectional:</i> 315 relationship dyads in Scandinavian sellers and European buyers	Learning capability of a relationship has a strong, positive effect on performance.	Selnes and Sallis (2003)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Marketing planning and marketing implementation capabilities	<i>Subjective:</i> Time to market, response to competitors' product change, number of successful new products, new product revenue	<i>Cross-sectional:</i> 287 British and 173 Chinese export ventures	Individual and organizational experiential knowledge and organizational information and implementation capabilities, which in turn contribute to export venture performance. Marketing planning capabilities improve marketing implementation capabilities.	Morgan et al. (2003)
Export MCs: pricing, distribution, communication, and product development capabilities	<i>Subjective:</i> Positional advantage (mediator) and financial performance	<i>Cross-sectional:</i> 176 export ventures of 50 Chinese exporters from 20 industries	Three of the four export MCs (product development, distribution, and communication) impact firms' low-cost and branding positional advantages positively, which in turn impact firms' financial performance.	Zou, Fang, and Zhao (2003)
Service quality competence and customer competence	<i>Subjective:</i> Inimitability of a firm's competitive advantage; <i>Objective:</i> Entry mode (franchising and management contracts)	<i>Cross-sectional:</i> 139 hotels from 46 countries (55% from developing countries)	Service quality competence contributes most to the inimitability of a firm's competitive advantage; firms with higher service quality competence are more likely to choose management contracts over franchising. This effect is stronger for larger firms and in service-sensitive markets. Service quality competence and customer competence are seen to be more difficult to transfer via franchising than other competences.	Erramilli, Agarwal, and Dev (2002)
Informational, customer relationship-building, product development, and supplier relationship-building capabilities	<i>Subjective:</i> Export competitive advantage (cost, product and service)	<i>Cross-sectional:</i> 202 U.K. exporting manufactures	Information capabilities drive service advantage, product development capabilities drive product advantage, and supplier relationships capabilities drive cost advantage. Customer relationship-building capability drives all three types of competitive advantage.	Kaleka (2002)

**Table 2.** Continued

Key Marketing Capabilities (MCs) Identified	Performance Measure	Study Design and Sample	Selected Findings	Authors
Transnational product innovation capability	N.A.	<i>Cross-sectional:</i> 90 transnational product introductions from 45 MNCs	Organizations that use cross-national teams, teams with members who have prior overseas experience, and teams whose members communicate frequently with overseas managers in order to acquire information about tacit differences among countries have greater transnational product development capabilities.	Subramaniam and Venkatraman (2001)
Price competitiveness, product quality, product variety, market support, customer service, and product technology capabilities	<i>Subjective:</i> Export performance (financial outcome, strategic outcome, and satisfaction with outcomes of exporting)	<i>Cross-sectional:</i> 381 U.S. manufacturers involved in exporting	MNCs have a positive impact on export performance. Firms' integration of Internet technology into marketing activities strengthens the influence of competitor/interfunctional orientation on the firms' marketing competencies. Firm size and firm degree of export dependence further strengthen the positive impact of MCs on export performance.	Prasad, Ramamurthy, and Naidu (2001)
Market orientation, strategic decision time horizon, and market positioning capabilities	<i>Subjective:</i> Financial (profit and ROI) and market (sales and market share) performance relative to competitors	<i>Cross-sectional:</i> 1,619 firms in Hungary, Poland, and Slovenia	Wholly owned foreign firm subsidiaries and JIVs have higher levels of MC than state-owned firms in the three central European countries. Firms with higher MCs enjoy higher financial and market performance.	Fahy et al. (2000)

<sup>a</sup>Meta-analyses that we include along with the other 41 survey-based studies because they mainly review survey-based research in marketing capabilities in international marketing. Notes: N.A. = not applicable.

**Table 3. Representative Outcome-Inferenced/Secondary Data-Based Marketing Capabilities Research in International Marketing**

Marketing Capabilities and How Measured	Performance Measure	Study Design and Sample	Selected Findings	Authors
Dynamic marketing capability (DMC) is measured as marketing intensity (marketing expenditure/total sales). MCs are measured by the number of months ahead the firm (1) planned its product mix and target markets; (2) allocated the necessary human resources; and (3) made the necessary investment.	<i>Subjective:</i> Foreign affiliate performance <i>Subjective:</i> Firm performance (market share)	<i>Panel:</i> 254 foreign-owned affiliates (FOAs) in India during 2000–2008 <i>Cross-sectional:</i> 19,653 firms from 73 emerging economies on four continents	Effective deployment of DMC leads to better sales performance in wholly owned FOAs than in IJVs, and in nonmetropolitan than in metropolitan areas. The MC–firm performance relationship is moderated by the level of institutional development in an emerging market. Superior MCs have a stronger performance impact in countries with higher levels of economic development and in individualistic societies, and weaker impact in countries with strong legislative systems.	Konwar et al. (2017) Wu (2013)
Parents' advertising intensity	<i>Objective:</i> City class of subsidiary location	<i>Cross-sectional:</i> 6,955 subsidiaries nested within 318 multinational enterprises	Parent firm's MCs moderate the positive relationship between a multinational enterprise subsidiary's motive for targeting local markets and its propensity to be located in a global city.	Goerzen, Asmussen, and Nielsen (2013)
Marketing communication, selling, and market information management capabilities are measured using SFE. Each of the MCs is estimated by how efficiently the firm converts marketing resource into sales.	<i>Objective:</i> Dealership network performance (firm efficiency)	<i>Panel:</i> 45 dealers (from Canada, Mexico, and United States) of a furniture firm (n = 155) in 4 years	Dealers have decreasing MCs over time, but their relative MC ranking is generally steady.	Akdeniz, Gonzalez-Padron, and Calantone (2010)
Cost-leadership competences are measured by production costs/sales and SGA/sales relative to industry median. Differentiation competences are measured by R&D expense/sales and new product outputs/total outputs.	<i>Objective:</i> Export propensity and export intensity, and export performance (return on sales)	<i>Panel:</i> 18,644 exporters (domestic private enterprises and foreign wholly owned subsidiaries) in China from 2001 to 2005	Firms with realized competencies of cost leadership and differentiation more likely to export and have high levels of export intensity. While this holds true for domestic firms, foreign firms with differentiation competencies have low levels of export intensity, and only those with cost leadership competencies have higher levels of export propensity and export intensity.	Gao et al. (2010)
Using SFE, MCs are estimated by how efficiently the firm converts its marketing expenditure (SGA), intangible resources (Tobin's q), relationship expenditure (cost of receivables), and installed customer base (sales growth) into sales.	<i>Objective:</i> Profitability	<i>Cross-sectional:</i> 102 logistics firms in United Kingdom (76% went for international diversification)	MCs positively influence firm performance. Firm efficiency enhances the positive impact of marketing capabilities on a firm's profitability.	Nath, Nachiappan, and Ramanathan (2010)

**Table 3. Continued**

Marketing Capabilities and How Measured	Performance Measure	Study Design and Sample	Selected Findings	Authors
Parents' advertising intensity	<i>Objective:</i> Entry mode: full acquisitions vs. greenfield joint ventures	<i>Cross-sectional:</i> 101 joint ventures and 168 wholly owned subsidiaries owned by Japanese subsidiaries in the United States	Japanese parents spending more on advertising are more likely to procure marketing assets from U.S. firms through acquisitions. Japanese firms operating an advertising-intensive home business also more likely to enter advertising-intensive U.S. industries.	Chen (2008)
Client-specific capability (prior experience with client) is measured by repeat clients.	<i>Objective:</i> Project contribution (revenues minus costs)	<i>Panel:</i> 57 clients of a global software service firm in India during 1996–2001	Client-specific capability is modestly related with project performance.	Ethiraj et al. (2005)
MCs are measured by advertising expenditure/sales.	<i>Objective:</i> Return on assets and market-to-book value	<i>Panel:</i> 14 major global pharmaceutical firms in 1985–1991	MC does not have a significant impact on firm performance.	De Carolis (2003)
MCs are reflected in industry brand (advertising expenses/sales) and sales force (selling expenses/sales and sales force/total employee) level.	<i>Objective:</i> Entry mode choice	<i>Cross-sectional:</i> 2,175 entries by British, Japanese, and German investors into United States	Strong marketing capabilities in the entered industry in the United States enhance the proportion of entries by acquisition.	Anand and Delios (2002)
Advertising expenditure.	<i>Objective:</i> Entry mode (joint venture vs. wholly owned subsidiary)	<i>Cross-sectional:</i> 269 Japanese affiliates in United States (101 are joint ventures)	Japanese parent firms that spent more on advertising in the United States prior to U.S. entry are less likely to choose joint ventures over wholly owned subsidiaries. Japanese parent firms that spent more on advertising in Japan prior to U.S. entry are more likely to choose joint ventures over wholly owned subsidiaries.	Chen and Hennart (2002)
MCs are measured by marketing intensity (ad expense/sales).	<i>Objective:</i> Financial and operational performance (return on assets and sales/operating costs)	<i>Panel:</i> 49 U.S. MNC firms in 12 different industries (over a seven-year period ending in 1993)	Firms with higher MC and R&D capabilities are better able to realize the inherent benefits of multinationality regarding financial and operational performance.	Kotabe, Srinivasan, and Aulakh (2002)



been used in a few international marketing studies in our sample is the institution-based view. This perspective is based on institutional theory, which focuses on institutional pressures, such as industry or societal norms, regulations, and requirements, to which firms must adapt to attain legitimacy, operate, and serve customers in a country marketplace (e.g., Peng 2003). Such institutional forces may vary across different country marketplaces and can affect informal and formal marketing exchanges and thereby impact both the design and processes of an organization (e.g., Hult 2011).

Comparing specific marketing capabilities identified in the international marketing versus general marketing literature, we find only seven marketing capabilities that are specific/unique to studies in international marketplaces and that could therefore potentially be considered “international marketing capabilities” (vs. simply general marketing capabilities in an international context): (1) MNCs’ transnational product innovation capability (Sheng et al. 2015; Subramaniam and Venkatraman 2001), (2) global brand management capability (Matanda and Ewing 2012), (3) overseas market-related exploitative and explorative capabilities (Lisboa, Skarmetas, and Lages 2011), (4) international customer-support capability (Khavul et al. 2010), (5) adaptive capability (Lu et al. 2010), (6) local market competence (Wu et al. 2007), and (7) global account management capability (Shi et al. 2005). Details of the research on these capabilities are summarized in Table 4. In the following section, we review the literature on marketing capabilities in international marketing in more detail from three perspectives: (1) the classification of marketing capabilities; (2) the measurement and analysis of marketing capabilities; and (3) the antecedents, mediators, moderators, and consequences of marketing capabilities in international marketing.

*Classification.* As the notion of marketing capabilities is still relatively new to the marketing discipline (Morgan 2012), research in this area is still rather fragmented. However, the literature reveals several ways to classify different marketing capabilities. For example, adopting a market orientation perspective, Day (1994) classifies capabilities as outside-in, inside-out, and spanning capabilities and identifies market sensing and customer linking as the most important outside-in marketing capabilities. Day (2011) extends his earlier classification by proposing three subsets of marketing capabilities: (1) static marketing capabilities, which include specialized/functional capabilities and cross-functional capabilities; (2) dynamic marketing capabilities, such as the ability to reconfigure and improve existing marketing capabilities; and (3) adaptive marketing capabilities, which deal with proactive vigilant marketing learning through experimentation and active interactions with network partners.

In a different approach drawing on qualitative fieldwork based on interviews and focus groups with managers, Vorhies and Morgan (2003, 2005) classify marketing capabilities into two categories: specialized capabilities and architectural capabilities. Specialized capabilities refer to the lower-order, functionally focused, marketing mix-related processes and routines such as pricing, advertising, product management, and channel management. Architectural capabilities such as marketing strategy planning and implementation capabilities deal with higher-order processes and routines that orchestrate and coordinate the firm’s specialized marketing capabilities and their associated resource inputs. Morgan and Slotegraaf (2012) and Morgan (2012) build on this to provide a more extensive taxonomy by (1) adding a third type of marketing capability: cross-functional capabilities, such as brand management and customer relationship management (CRM), that bring together multiple different functional inputs; and (2) classifying marketing capabilities not only by their lower- to higher-order nature but also by the different levels at which they exist—individual, group, organization, and interorganizational levels—providing the most comprehensive framework available to date for classifying various marketing capabilities.

Consistent with Morgan and Slotegraaf’s (2012) classification system, we classify the marketing capabilities in the representative set of studies we identified in the international marketing literature by their lower- to higher-order nature and the organizational levels at which they exist. Table 5 is adapted from Morgan and Slotegraaf (2012, p. 94) and summarizes the characteristics, examples, and representative studies of various types of marketing capabilities in the international market context.

Table 5 reveals that existing research on marketing capabilities in international markets has a heavy focus on midlevel marketing capabilities (35 of the 64 articles reviewed), compared with research in domestic markets, which has generally focused to a greater degree on lower-level marketing capabilities. While many articles examining marketing capability in international markets also study lower-level marketing capabilities (23 of the 64 articles), very few focus on higher-level marketing capabilities (6 of the 64 articles). This is consistent with—and may even be due to—the equally scant research on higher-level marketing capabilities in domestic market contexts in the general marketing literature.

Lower-level marketing capabilities are characterized by the specialized functional marketing processes used to design and implement individual marketing-mix (four Ps) activities

**Table 4.** Representative Empirical Research on International Marketing Capabilities

Marketing Capabilities Specific/Unique to International Markets	Definition	Captures Dynamics in Marketing Capabilities?	Capabilities Assessed Relative to Rivals?	Causal Relationships Hypothesized/Tested?	Authors
MNCs' product innovation capability/transnational product innovation capability	The capability to develop and introduce new products that fulfill needs across multiple country markets	<ul style="list-style-type: none"> <li>• Concept: no</li> <li>• Measures: no</li> </ul>	Yes	Hypothesized: no	Sheng et al. (2015); Subramaniam and Venkatraman (2001)
Global brand management capability	Ability to standardize brands across markets without upsetting (but, rather, inspiring) local managers and/or consumers	<ul style="list-style-type: none"> <li>• Concept: yes</li> <li>• Measures: N.A.</li> </ul>	N.A. (case study)	N.A. (case study)	Matanda and Ewing (2012)
Overseas market-related exploitative and explorative capabilities	Overseas market-related exploitative (explorative) capabilities reflect the firm's ability to refine and extend (acquire) its existing (entirely new) overseas market and customer knowledge, skills, and processes	<ul style="list-style-type: none"> <li>• Concept: yes</li> <li>• Measures: no</li> </ul>	No	<ul style="list-style-type: none"> <li>• Hypothesized: yes</li> <li>• Tested using cross-sectional data: yes</li> </ul>	Lisboa, Skarmeas, and Lages (2011)
International customer-support capability	All activities to ensure that a product is available for trouble-free use over its useful life span	<ul style="list-style-type: none"> <li>• Concept: yes</li> <li>• Measures: no</li> </ul>	No	<ul style="list-style-type: none"> <li>• Hypothesized: yes</li> <li>• Tested using cross-sectional data: yes</li> </ul>	Khavul et al. (2010)
Adaptive capability	The firm's ability to coordinate, recombine, and allocate resources to meet the different requirements of foreign markets	<ul style="list-style-type: none"> <li>• Concept: yes</li> <li>• Measures: yes</li> </ul>	No	<ul style="list-style-type: none"> <li>• Hypothesized: yes</li> <li>• Tested using cross-sectional data: yes</li> </ul>	Lu et al. (2010)
Local market competence	The ability of a manufacturer to recognize and exploit local market opportunities	<ul style="list-style-type: none"> <li>• Concept: no</li> <li>• Measures: no</li> </ul>	No	<ul style="list-style-type: none"> <li>• Hypothesized: yes</li> <li>• Tested using cross-sectional data: yes</li> </ul>	Wu et al. (2007)
Global account management capability	Intelligence acquisition, coordination, and reconfiguration	<ul style="list-style-type: none"> <li>• Concept: yes</li> <li>• Measures: N.A.</li> </ul>	N.A. (case study)	N.A. (case study)	Shi et al. (2005)

Notes: N.A. = not applicable.

**Table 5. Classification of Marketing Capability Levels in International Marketing**

Level of Marketing Capabilities	Characteristics	Examples	Representative Studies
High-level	Dynamic marketing capabilities, market learning, resource reconfiguration, and capability enhancement (Day 2011; Morgan 2012; Morgan and Slotegraaf 2012)	Individual Adaptive selling, process thinking, marketing skills development Group (team/function) Channel transformation Organization (firm) Market learning, marketing resource reconfiguration, and capability augmentation Adaptive marketing mix to foreign markets Exploitative and explorative (product development and overseas market-related) Interorganizational learning/benchmarking	N.A. Wilson and Daniel (2007) Evers, Andersson, and Hannibal (2012); Fang and Zou (2009); Lages, Silva, and Styles (2009); Shi et al. (2005) Lu et al. (2010) Lisboa, Skarmeas, and Lages (2011) Selnes and Sallis (2003)
Midlevel	Architectural/orchestrating or strategic marketing capabilities (Morgan 2012; Morgan, Katsikeas, and Vorhies 2012; Morgan et al. 2003)	Individual Customer complaint resolution Group (team/function) Team selling Organization (firm) Market environment scanning or market sensing (information) Strategic marketing planning (segmentation, targeting, and positioning) Marketing strategy implementation, control, and evaluations Brand management	N.A. Akdeniz, Gonzalez-Padron, and Calantone (2010) Kaleka (2011); Kaufmann and Roesch (2012); Lu et al. (2010); Malik, Sinha, and Blumenfeld (2012); Mu (2015); Wu et al. (2007) Fahy et al. (2000); Gao et al. (2010); Knight, Madsen, and Servais (2004); Morgan, Katsikeas, and Vorhies (2012); Song et al. (2008); Spyropoulou et al. (2017) DeSarbo et al. (2005); Lages, Silva, and Styles (2009); Morgan et al. (2003); Song et al. (2008); Wu (2013) Bortoluzzi et al. (2014); Erramilli, Agarwal, and Dev (2002); Matanda and Ewing (2012) Kaleka and Morgan (2017); Leonidou, Palihawadana, and Theodosiou (2011); Mu (2015); Reimartz, Krafft, and Hoyer (2004); Shi et al. (2005); Zhou, Wu, and Barnes (2012) Eisend, Evanschitzky, and Calantone (2016); Freeman and Styles (2014); Sheng et al. (2015); Subramaniam and Venkatraman (2001); Vicente, Abrantes, and Teixeira (2015) Blesa and Ripolles (2008); Bortoluzzi et al. (2014); Boso et al. (2013); Kaleka (2002); Mu (2015); Song et al. (2005); Zhou, Wu, and Barnes (2012) Perks (2005)
	Cross-functional marketing capabilities (Day 1994, 2011; Morgan 2012)	Organization (firm) Customer relationship management (CRM) New product development (NPD) Channel bonding, channel relationship management, channel networking Dispersed NPD	

**Table 5. Continued**

Level of Marketing Capabilities	Characteristics	Examples	Representative Studies
Lower-level	Specialized/functional or tactical marketing skills in implementing marketing-mix activities (Vorhies and Morgan 2005)	Overseas personal selling and call handling	N.A.
		Overseas store management and merchandise management	N.A.
		Pricing	Kemper, Engelen, and Brettel (2011); O’Cass and Ngo (2011); Pham, Monkhouse, and Barnes (2017); Prasad, Ramamurthy, and Naidu (2001); Tan and Sousa (2015); Zou, Fang, and Zhao (2003)
		Selling	Akdeniz, Gonzalez-Padron, and Calantone (2010); Lee and Zhou (2012); Mariadoss, Tansuhaj, and Mouri (2011); Morgan, Katsikeas, and Vorhies (2012)
		Advertising and promotion	Anand and Delios (2002); Chen (2008); Chen and Hennart (2002); De Carolis (2003); Goerzen, Asmussen, and Nielsen (2013); Kotabe, Srinivasan, and Aulakh (2002); Lee and Zhou (2012)
		Market research	N.A.
		Marketing communication	Kemper, Engelen, and Brettel (2011); O’Cass and Ngo (2011); Pham, Monkhouse, and Barnes (2017); Tan and Sousa (2015); Zou, Fang, and Zhao (2003)
		Product management	Chen, Chen, and Zhou (2014); Erramilli, Agarwal, and Dev (2002); Morgan, Katsikeas, and Vorhies (2012); Murray, Gao, and Kotabe (2011)
		Market information/knowledge management	Akdeniz, Gonzalez-Padron, and Calantone (2010); Ozkaya et al. (2015); O’Cass and Ngo (2011) Pham, Monkhouse, and Barnes (2017)
		Customer service	Ethiraj et al. (2005); Khavul et al. (2010); Prasad, Ramamurthy, and Naidu (2001)
	E-commerce marketing capability	Gregory, Ngo, and Karavdic (2017)	
	Distribution/channel management/delivery	Kemper, Engelen, and Brettel (2011); Mariadoss, Tansuhaj, and Mouri (2011); Song et al. (2005); Zou, Fang, and Zhao (2003)	

Notes: This table is adapted from Morgan and Slotegraaf (2012, p. 94). N.A. = not applicable.

(e.g., Morgan, Katsikeas, and Vorhies 2012; Vorhies and Morgan 2005) such as pricing (e.g., Zou, Fang, and Zhao 2003), advertising and promotion (Chen 2008; De Carolis 2003), and selling (e.g., Lee and Zhou 2012). In the international market context, most research on lower-level marketing capabilities focuses on firm-level capabilities, particularly in the areas of advertising, marketing communications, and product management capabilities in foreign markets. In contrast, we observe no research on functional market research capabilities or on individual- and group-level marketing capabilities, such as overseas salesperson skills and overseas store management skills, perhaps because of the different nature of international selling (i.e., foreign sales) or difficulty getting data on overseas retail stores.

Midlevel marketing capabilities are characterized by architectural or strategic marketing capabilities (Morgan, Katsikeas, and Vorhies 2012; Morgan et al. 2003) such as market sensing (e.g., Kaufmann and Roesch 2012; Malik, Sinha, and Blumenfeld 2012; Song et al. 2005), marketing strategy planning (e.g., Morgan, Katsikeas, and Vorhies 2012), and strategy implementation capabilities (e.g., Spyropoulou et al. 2017); cross-functional capabilities such as brand management (e.g., Erramilli, Agarwal, and Dev 2002), CRM (e.g., Reinartz, Krafft, and Hoyer 2004; Leonidou, Paliawadana, and Theodosiou 2011), and new product development (Kaleka 2011); and interorganizational capabilities such as channel bonding and networking (Blesa and Ripolles 2008; Boso et al. 2013; Zhou, Wu, and Barnes 2012). We find that in the international context, environmental scanning or market sensing capabilities are the most frequently studied midlevel capabilities. This makes sense given the increased complexity of the environment when dealing with international markets. Meanwhile, brand management capability is the least frequently studied midlevel marketing capability, which mirrors the equally scant research in a domestic market context (Morgan, Slotegraaf, and Vorhies 2009) and may be due—at least in part—to the relative lack of established scales for this capability. In comparison with domestic marketing capability research, studies in international marketing have paid relatively more attention to interorganizational capabilities such as channel bonding and channel relationship management and networking capabilities, perhaps due to the importance of relying on local partners to understand and facilitate marketing operations in overseas markets in exporting—the most widely used mode of international market entry.

However, in general, marketing capability research in international markets is clearly dominated by firm-level marketing capabilities, with very few studies examining individual-level and group-level marketing capabilities. In

addition, very few studies have focused on exploring higher-level, dynamic marketing capabilities associated with reconfiguring resources and enhancing current marketing capabilities. Examples of such higher-level marketing capabilities are market learning capabilities (e.g., Morgan 2012), adaptive capabilities (Lu et al. 2010), and interorganizational learning capabilities (e.g., Selnes and Sallis 2003). Marketing capability research in domestic markets has also studied some individual-level higher-order capabilities like adaptive selling (e.g., Spiro and Weitz 1990) and process thinking (e.g., Dickson et al. 2009). Research in our sample of studies in the international marketing context has not examined such marketing capabilities.

In general, such higher-order marketing capabilities are difficult to observe and measure; thus, most studies of dynamic marketing capabilities adopt in-depth case study research designs (Evers, Andersson, and Hannibal 2012; Shi et al. 2005; Wilson and Daniel 2007). With few exceptions (e.g., Fang and Zou 2009), studies using primary survey data designs often conceptualize marketing capabilities as “dynamic” (or at least draw on dynamic capabilities theory) but measure them in a static way that does not reflect the “dynamism” proposed in the conceptualization (see detailed examples in Table 4) (e.g., Lages, Silva, and Styles 2009; Lisboa, Skarmeas, and Lages 2011; Selnes and Sallis 2003). Nevertheless, theoretically dynamic marketing capabilities are widely considered to be the ultimate source of competitive advantage in complex and rapidly changing global markets as they allow firms to continuously update their lower-order marketing capabilities and thus overcome path dependencies and avoid “competency traps” (Danneels 2002; March 1991; Morgan 2012). Given this, more research is clearly needed in the realm of higher-order dynamic marketing capabilities in both domestic and international markets.

*Measurement and Analysis Method.* Our review of the literature reveals that researchers have generally adopted one of three approaches to empirically investigate marketing capabilities: (1) direct observation using primary case studies, (2) direct primary survey methods, and (3) inference-based approaches using secondary data. The first approach measures marketing capabilities through in-depth case studies, and we identified eight such studies in the international marketing research in our sample (for a review, see Table 1). While such case studies provide in-depth understanding of firms’ specific marketing capabilities in international markets, they suffer from small sample size and generalizability problems.

The second approach uses primary survey measures of marketing capabilities (for a review, see Table 2), and this is the most frequently used method in studies in international marketing (64%, or 41 of the 64 articles reviewed). Marketing managers responsible for the international market(s) in question generally serve as key informants, and they are asked to rate how well their companies perform various marketing activities, often relative to their major competitors (e.g., Fang and Zou 2009; Spyropoulou et al. 2017). Given the widespread use of this method in international marketing research, we further examined the types of operationalizations used in primary survey measures of marketing capabilities in our sample (see Web Appendix B). All 41 studies that use survey approaches use multi-item scales, with the majority (63%) employing seven-point scales and either “much worse/much better” or “strongly agree/strongly disagree” scale anchors. Almost half the studies we reviewed (49%) use absolute (vs. relative to rivals) measures of capabilities (i.e., how well various activities are performed) when asking managers to evaluate their marketing capabilities.<sup>3</sup> The majority of the studies (71%) draw on existing conceptualizations and/or measures, primarily from the general domestic marketing capabilities literature.

The primary survey approach is a direct method to assess marketing capabilities, and it is flexible in enabling researchers to assess different types of marketing capabilities in various cultures and countries. However, there are two main problems with this method. First, with very few exceptions (e.g., Boso et al. 2013), due to the difficulty of collecting data from the same firms at different points in time over long time frames, survey studies use cross-sectional research designs, mostly with single informants, and are therefore prone to common method bias. Second, data collected via primary surveys cannot empirically establish causal relationships that may be hypothesized with marketing capabilities. In addition, this research design approach often limits the number of different control variables that can be included in the data collection.

The third broad approach to assessing firms’ marketing capabilities relies on proxy measures from secondary data to infer a firm’s marketing capabilities (for a review, see Table 3) since no secondary data directly measuring firms marketing capabilities currently exist. There are generally two different methods used in this approach. One method uses marketing resource inputs such as advertising or selling, general, and administrative (SGA) expenditures/sales (e.g.,

De Carolis 2003; Gao et al. 2010; Goerzen, Asmussen, and Nielsen 2013; Kotabe, Srinivasan, and Aulakh 2002) and selling expenses/sales (Anand and Delios 2002) or simply advertising expenses and time spent (Chen 2008; Chen and Hennart 2002; Wu 2013). The inference is that the more a firm allocates resources to something, the more likely it is to be or become good at that thing. This is the most widely adopted method of measuring marketing capabilities using secondary data in international marketing. The second method uses marketing-related outcomes such as repeat client proportions (Ethiraj et al. 2005) to proxy how well a firm performs its marketing activities. This assumes that firms with better observed marketing-related outcomes have superior processes required to perform the activities that may deliver such outcomes. Both approaches have limitations in that the level of both (a) marketing resource deployments and (b) marketing-related outcomes represent only a part of the conceptualization of marketing capabilities as the firm’s ability to use available resources to achieve desirable marketing outcomes.

For this reason, scholars in the general domestic market context have begun to adopt “input-output” approaches using stochastic frontier estimation (SFE) as a third way to use secondary data to measure capabilities. This approach measures marketing capabilities by calibrating how well a firm transforms a given set of resources (e.g., advertising, sales expenses, trademarks) into certain desirable marketing-related outputs. Using SFE, this method estimates the maximum observed efficient frontier among firms in an industry in converting resources into desirable marketing output objectives in a sample of firms and then compares this maximum value with the actual resource-to-output performance of each firm in a sample. Greater deviations from the efficiency frontier value represent lower marketing capabilities.

This measurement approach offers several benefits. First, it is well aligned with the conceptualization of capabilities in that it calibrates how well a firm is able to deploy its available resources to implement marketing activities that achieve desired marketing outcomes relative to how well rivals do so. Thus, each firm is benchmarked in terms of its marketing capabilities against the best possible practices of firms with similar resources in the industry or sample of firms. Second, because it uses secondary data, this method can enable researchers to examine the drivers and impact of marketing capabilities over longer time periods across firms—which is almost impossible to assess using primary data through case studies or surveys.

However, while this method has many merits and is gaining popularity in domestic market marketing capabilities

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<sup>3</sup>This is often inconsistent with the implicit or explicit conceptualization and definition of marketing capabilities used in a study as being anchored on a relative-to-rivals basis.

research (e.g., Dutta, Narasimhan, and Rajiv 2005; Feng, Morgan, and Rego 2015, 2017; Xiong and Bharadwaj 2011), only two of the studies we reviewed of marketing capabilities in international markets have adopted this method (Akdeniz, Gonzalez-Padron, and Calantone 2010; Nath, Nachiappan, and Ramanathan 2010). This may be due to the difficulty of obtaining multiple input and international market output secondary data to calibrate marketing capabilities or to the complexity/newness of this method.

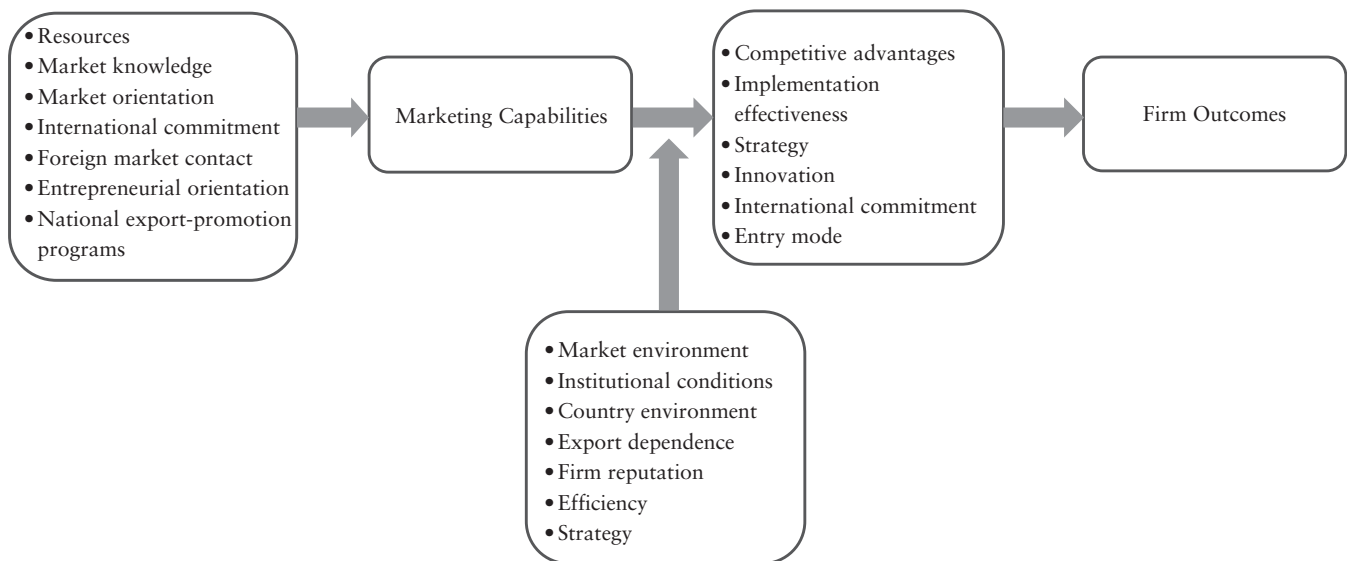
We also examined the major methods of analysis used in exploring the relationships between marketing capabilities and other phenomena in the published international marketing research represented in our sample (see Web Appendix C). Most studies in our sample use structural equation modeling, which reflects the relative popularity of studies using primary survey research designs. Regression-based approaches (both hierarchical and nonhierarchical) are also frequently used. The relative infrequency of econometric modeling approaches (including mixed models and fixed or random effects) also makes sense given the infrequent use of panel and time-series data in the studies in our sample.

*Antecedents, Moderators, Mediators, and Consequences.* The role of marketing capabilities in explaining firm performance has been of increasing interest to marketing scholars, as many have questioned the value of firms' marketing activities

and investments (Rust et al. 2004). Generally, the literature suggests that firms with stronger marketing capabilities are better able to create value for customers and other stakeholders and thereby achieve and sustain competitive advantage and superior financial performance (Day 1994; Morgan 2012). Though still relatively scant, a growing number of empirical studies have examined the impact of various marketing capabilities on different kinds of firm performance (mainly subjectively assessed) ranging from product-market performance indicators, such as sales revenue, market share, sales growth, and customer satisfaction, to financial performance outcomes, such as cash flow, profitability, and return on investment (ROI) (Krasnikov and Jayachandran 2008). Research in international marketing also generally shows that marketing capabilities improve firms' financial and nonfinancial performance in international markets (Tan and Sousa 2015).

Figure 1 synthesizes existing research on marketing capabilities in international marketing. Table 6 summarizes representative studies on the antecedents, mediators, and moderators of marketing capabilities in domestic versus international market contexts. This reveals that research on the antecedents of marketing capabilities in both domestic and international markets is scarce and has had a very limited focus. This lack of knowledge regarding the drivers of marketing capabilities is surprising given their

**Figure 1.** Synthesis of Research on Marketing Capabilities in International Marketing



**Table 6. Research on Marketing Capabilities in Domestic Versus International Markets**

Domestic Marketing Capability Research		International Marketing Capability Research	
Characteristics	Representative Studies	Characteristics	Representative Studies
Antecedents	Resources	Resources	Fang and Zou (2009); Freeman and Styles (2014); Gregory, Ngo, and Karavdic (2017); Kaufmann and Roesch (2012); Kemper, Engelen, and Brettel (2011); Khavul et al. (2010); Lu et al. (2010); Shi et al. (2005); Wu et al. (2007)
	Market knowledge	Market knowledge	Ethiraj et al. (2005); Morgan et al. (2003); Sheng et al. (2015); Subramaniam and Venkatraman (2001); Wu et al. (2007)
	Market orientation	Market orientation	Chen, Chen, and Zhou (2014); Murray, Gao, and Korabe (2011); O’Cass and Ngo (2011); Ozkaya et al. (2015); Prasad, Ramamurthy, and Naidu (2001)
	Strategy type	Internationalization motivation/commitment	Kaufmann and Roesch (2012); Khavul et al. (2010); Knight, Madsen, and Servais (2004); Wu et al. (2007); Zhou, Wu, and Barnes (2012)
		Foreign participation/contact	Fahy et al. (2000); Wu et al. (2007)
		Entrepreneurial orientation	Lisboa, Skarmeas, and Lages (2011); O’Cass and Ngo (2011)
		National export-promotion programs	Leonidou, Paliawadana, and Theodosiou (2011)
Mediators	N.A.	Competitive advantages (e.g., low-cost, differentiation, positional, brand, service)	Kaleka (2011); Leonidou, Paliawadana, and Theodosiou (2011); Lisboa, Skarmeas, and Lages (2011); Morgan, Kaleka, and Katsikeas (2004); Tan and Sousa (2015); Zou, Fang, and Zhao (2003)
	N.A.	Strategy (e.g., competitive strategy, product strategy, differentiation, exploitation, exploration)	Lages, Silva, and Styles (2009); Leonidou, Paliawadana, and Theodosiou (2011); Morgan, Kaleka, and Katsikeas (2004); Mu (2015)
	N.A.	Implementation effectiveness and marketing efficiency	Gregory, Ngo and Karavdic (2017); Morgan, Katsikeas, and Vorhies (2012); Spyropoulou et al. (2017)
	N.A.	Innovation	Ozkaya et al. (2015)
	N.A.	International-related (e.g., commitment/involvement, entry mode)	Blesa and Ripolles (2008)



**Table 6.** Continued

Domestic Marketing Capability Research		International Marketing Capability Research	
Characteristics	Representative Studies	Characteristics	Representative Studies
Moderators Market environment (e.g., turbulence, competitive intensity)	McKee, Varadarajan, and Pride (1989); Trainor et al. (2011)	Market environment (e.g., market turbulence, uncertainty, competitive intensity)	Boso et al. (2013); DeSarbo et al. (2005); Erramilli, Agarwal, and Dev (2002); Fang and Zou (2009); Kaleka and Morgan (2017); Murray, Gao, and Kotabe (2011); Song et al. (2005)
Moment of entry	Ruiz-Ortega and García-Villaverde (2008)	Institutional factors (e.g., organization alignment and technology, coordination mechanism, customer structure, decentralization, interfunctional integration, partner relationship, ownership type)	Boso et al. (2013); Fahy et al. (2000); Konwar et al. (2017); Mu (2015); Murray, Gao, and Kotabe (2011); Pham, Monkhouse, and Barnes (2017); Reinartz, Krafft, and Hoyer (2004); Wu (2013)
Comprehensiveness and budgeting rationality of marketing plan content	Slotegraaf and Dickson (2004)	Country-specific macroenvironmental factors (e.g., socioeconomic system, legislative and regulative system, national culture/social values, economic development level, metropolitan location)	DeSarbo et al. (2005); Eisend, Evanschitzky, and Calantone (2016); Erramilli, Agarwal, and Dev (2002); Gao et al. (2010); Kemper, Engelen, and Brettel (2011); Konwar et al. (2017); Ozkaya et al. (2015); Song et al. (2008); Wu (2013); Zhou, Wu, and Barnes (2012)
Marketing employee development capability	Orr, Bush, and Vorhies (2011)	Efficiency	Nath, Nachiappan, and Ramanathan (2010)
		Strategy	Murray, Gao, and Kotabe (2011)
		Degree of export dependence	Prasad, Ramamurthy, and Naidu (2001)
		Firm reputation	Erramilli, Agarwal, and Dev (2002)

theoretical importance in explaining marketing's role in firm performance. Most research on the antecedents of marketing capabilities has been limited to firm resources (e.g., Fang and Zou 2009), market knowledge (e.g., Morgan et al. 2003), and market orientation (e.g., Murray, Gao, and Kotabe 2011). Beyond these variables, explorations of the antecedents of marketing capabilities are fragmented. Domestic marketing capabilities research has explored strategy type as a driver (Vorhies, Morgan, and Autry 2009), while international marketing capabilities research has studied internationalization motivation/commitment (e.g., Kaufmann and Roesch 2012; Khavul et al. 2010), foreign participation/contact (e.g., Fahy et al. 2000; Wu et al. 2007), entrepreneurial orientation (Lisboa, Skarmeas, and Lages 2011; O'Cass and Ngo 2011), and national export-promotion programs (Leonidou, Palihawadana, and Theodosiou 2011) as drivers. While still small in number, a greater proportion of international versus domestic studies have explored antecedents of marketing capabilities.

Regarding mediators of the marketing capabilities–firm performance relationship, there is relatively little research in domestic market contexts but more such studies in international markets. Competitive (positional) advantages, business strategy, implementation effectiveness and efficiency, innovation, and international-related factors such as international commitment, involvement, and entry modes have all been studied as mechanisms by which marketing capabilities impact firm performance. A meta-analysis by Tan and Sousa (2015) finds that two types of competitive advantage (i.e., low-cost advantage and differentiation advantage) positively mediate the effect of marketing capabilities on financial and nonfinancial export performance. In general, understanding of the mediating mechanisms of how marketing capabilities impact firm performance is still in its infancy and remains underresearched in both domestic and international market contexts.

Table 6 also highlights the opportunity to investigate boundary conditions impacting the relationship between marketing capabilities and firm performance in international markets. Market environment (e.g., turbulence, competition) is the most frequently examined boundary condition in both domestic and international markets (e.g., Fang and Zou 2009; Kaleka and Morgan 2017). Explorations of other moderators of the marketing capabilities–firm performance relationship are rather fragmented. In the international market context, various institutional factors (e.g., organization structure, interfunctional integration, ownership type) and country-specific macro-environmental factors (e.g., socioeconomic and legal systems,

culture and social values, economic development level) have been extensively examined (e.g., Eisend, Evanschitzky, and Calantone 2016; Ozkaya et al. 2015; Wu 2013; Zhou, Wu, and Barnes 2012). Several other moderators such as firm efficiency, strategy, degree of export dependence, and firm reputation have also been explored in different contexts in international marketing (e.g., Erramilli, Agarwal, and Dev 2002; Murray, Gao, and Kotabe 2011; Nath, Nachiappan, and Ramanathan 2010; Prasad, Ramamurthy, and Naidu 2001). In domestic markets, various moderators, such as market entry timing, marketing plan characteristics, and marketing employee development capability, have been explored (e.g., Orr, Bush, and Vorhies 2011; Ruiz-Ortega and García-Villaverde 2008; Slotegraaf and Dickson 2004).

However, most of these moderators in international or domestic markets have been examined only once in a single study. Market turbulence is the only moderator that has been repeatedly tested in both domestic and international markets (Fang and Zou 2009; McKee, Varadarajan, and Pride 1989; Song et al. 2005). Unfortunately, researchers have reached conflicting conclusions regarding the impact of market turbulence. For example, Fang and Zou (2009) find that market turbulence enhances the positive impact of marketing capabilities on firms' competitive advantage and financial performance in IJVs in China. In contrast, Song et al. (2005) find that the impact of marketing capabilities on joint venture performance is weaker in more technologically turbulent environments in joint ventures in the United States. Thus, no consensus has been reached regarding the fragmented moderators of the marketing capability–firm performance relationship proposed in various studies.

## **ADDITIONAL INSIGHTS FROM PRACTICE**

While there is a rich stream of literature in international business and international marketing investigating internationalization, and another in both the general and international marketing literature examining marketing capabilities, these two streams have not generally intersected. Given the lack of conceptual and empirical attention to the question of whether and how marketing capabilities may differ in international versus domestic contexts apparent in our literature review, we sought additional insights on this question from practice. Specifically, we searched for insights addressing the key question “Does marketing capability vary as a company migrates from a local to global focus, and if so, how and in what way?” Thus, from a practical standpoint, we sought to begin to

understand whether as firms move from a local to an international orientation, how and in what ways this impacts the firm's marketing capabilities (if at all).

Given the lack of existing empirical exploration on the topic, and the importance of generating insight from different perspectives, we interviewed five C-level executives (three CMOs and two presidents who were once C-level marketers). The interviews were used to identify common conceptual themes that may serve to better illuminate differences between domestic and global marketing capabilities (Corbin and Strauss 2008). The interview protocol designed was reviewed by two academics and a practitioner (Kalton and Anderson 1986). Each reviewer was taken through the interview guide, asked to comment on clarity and length, and given an opportunity to suggest amendments or additional questions. This reviewer input led to revisions of the interview guides, which were then piloted with a C-level executive.

All the interviews were confidential. The executives interviewed were from firms that varied in size, industry, ownership (private/public), and customer type (B2B/B2C) (see Web Appendix D). Important for the research design, we ensured that we had balance across degree of internationalization, with two of the firms in expansionary stages of globalization and three firms in mature and broadly terminal stages of global development. This blend was important because, as we anticipated, the challenges faced by firms on either end of the internationalization spectrum may be different. All the executives interviewed held or had held the top marketing position in their firms (i.e., their official titles could have been Chief Marketing Officer or Senior Vice President of Marketing).

To source respondents, we contacted executives within our own and our schools' networks. Because respondents were geographically dispersed, the interviews were conducted via telephone. The interview protocol consisted of open-ended questions and was structured in three parts: (1) background information related to the respondent (title, years with firm) and to the firm (industry, type of customer, firm size, degree of internationalization, etc.); (2) the general differences in building and managing global (vs. domestic) marketing capabilities; and (3) how specific characteristics (i.e., organization design/structure, process, talent, communication, and management) and capabilities may be associated with firms at varying levels of globalization (and associated with different stages of migration to a global marketing capability).

The fundamental question we asked is what changes with regard to a firm's marketing capabilities when the firm

chooses to become more international. While a good deal of research attention has focused on examining firm internationalization, little of it has investigated this from a marketing capability perspective. Interestingly, one of the key insights from the interviews was that the answer to this question largely depended on the firm's degree of internationalization. In our research, three of the firms were fully global, having a majority of their revenue generated from outside the United States and spread across multiple countries. The executives interviewed from these firms were not the architects that shaped the globalization of the firm but, rather, had been placed in positions of authority in an already established global firm. The other two executives were members of the C-suite who were trying to increase the global footprints of their firms.

The responses from the two groups varied. Respondents in firms with established global operations found it more difficult to articulate how local versus global marketing capabilities were different. This is likely because they were stewards of already global firms rather than their original globalization architects. However, they suggested that the key ways in which local and global marketing capabilities differed centered on the complexity of the processes required to create, align, and manage marketing capabilities. As one commented:

The process of marketing is identical no matter where you are practicing it. This was the most important 'aha.' The key is to ensure that everybody is actually using the same process and this is where globalization can lead to complexity. A CMO for one country comes from Unilever and another comes from Procter & Gamble, and another comes from Pepsi. They all bring their own methods for generating consumer insight, their own processes for developing TV ads, their own methods for analyzing data, and even their own approaches to making a recommendation. This is when developing a global marketing capability can become a challenge. The key is to define one process, sell the entire organization on adhering to that one process, and ensure that everybody is trained globally on that process and held accountable for using that one process.

Respondents from the more mature, global firms consistently suggested that the difference between local and global marketing capability centered on aligning global leaders in the same direction in terms of using the same marketing processes to help increase speed, agility, and best practices redeployment. As one respondent suggested:

The advantage of having global marketing capabilities is in scale, best practice development, and the

muscle needed to build superior brands. The tension is that people want to do things their own way. Local is closer to the consumer, has better insight into local customs, habits, and practices, which leads to better granular understanding. However, if every country developed their own marketing capabilities, then you wouldn't have scale, or repeatable processes, or leverage.... Most countries would be less effective because they wouldn't be implementing proven best practices. While being global can slow things down (more agile if fighting locally), the benefit is that you learn from other cultures, you have more exposure to different ways of thinking about things, you learn more, and you can reapply to other parts of the world.... Best practices travel. So the priority has to be developing the processes that enable us to capture the learning, synthesize it, and export best practices to the globe. And this is not easy.

As this comment highlights, respondents from the more globally mature companies tended to see mostly positives in developing global marketing capabilities, with the upside benefits of scale and best practice deployment being greater than the downside costs associated with potential lack of flexibility and less localization of marketing processes to deal with differences across countries. In contrast, respondents from less globally mature companies focused primarily on the significant resource acquisition (both money and talent) and systems challenges associated with building international marketing capability. In explaining the challenge, one respondent relayed the following story:

At one point, we were essentially a North American firm. While CMO, we decided to launch in two additional countries—one in Asia and one in Latin America. Now you have three climate regions which requires substantial product versioning. We then opened two other stores in another country. Each addition felt like something that was digestible, but, without knowing it, it added significant complexity. Running 18 promotions per country per year which had to be tailored to the locality ... preparing for contingency sales and signage changes every 21 days ... and then one country wants to have their own website. You have nuances in the language in social media. There are 500 holidays annually across our countries—and they don't line up globally. We are a fashion company and so things like sizing vary significantly by country.... Going global was a three-year nightmare. To make this even more concrete, we didn't have the digital asset management systems or really good marketing automation systems or really good translation or even servers that would enable us to transfer huge images for trade show posters so that French Morocco can get the right poster and you

don't end up starting a holy war. This isn't funny. We sent something meant for an Asian country to the Middle East, and I was worried that our stores might get bombed. The big challenge is that building global marketing capabilities takes a lot more money and people than senior management want to throw at it. It takes time to generate the revenue and yet you need the resources up front. Everything I mentioned could be fixed with more people and more money ... but you don't get that until you start shipping product globally and generating revenue. This is the problem.

In line with this resource constraints-related problem focus, another less globally mature company respondent also focused on their firm's resource challenge:

It simply takes a lot more resources—both money and people—to deal with the complexity of developing global marketing capabilities. Our goal is to become 50% global, but it is a chicken and egg problem.... I can't afford to run research studies in every country, I can't yet afford to establish regional marketing organizations (instead of managing it from the home office). And by not having local marketing folks, we may have to start developing a dealer/co-op program because we don't know the market well enough.... We may have to turn over the marketing to these markets. So without the talent, we can't effectively replicate the marketing that we conduct in the U.S., and therefore can't effectively market. I can't afford the talent until we get the sales.... Back to the chicken and egg problem.

Interestingly, overall, the interviews suggest that firms seeking to become more global by establishing international operations (i.e., moving beyond simply exporting) are more focused on granular levels of lower-level marketing capability development in the countries in which they establish operations. In doing so, they face barriers primarily in obtaining required levels and types of resources to deploy in building such capabilities. In contrast, more globally mature firms are focused on architectural-level capability refinement and improvement. In doing so, they face barriers in terms of gaining alignment to use common marketing processes when these may not necessarily be the most appropriate for the local market conditions.

## DISCUSSION AND IMPLICATIONS

Our review of the representative research literature and qualitative fieldwork interviews reveal important gaps in

conceptual and empirical knowledge regarding marketing capabilities in international marketing. In addition to the specific gaps already highlighted in our review of existing research, in the interests of guiding future research, we focus here on the areas that we think hold the greatest promise for developing theoretically interesting and managerially relevant new knowledge in this increasingly important domain.

First, much greater conceptual attention is required to the fundamental question of whether and how international marketing capabilities are intrinsically different from purely domestic marketing capabilities. Our initial qualitative fieldwork data seem to suggest that the answer is “yes” with respect to there being differences in international vs. purely domestic marketing capabilities. However, it is unclear whether this is in terms of requiring *different* marketing capabilities or simply the ability to deal with the increased complexity created by between-country differences in building and managing broadly the *same* marketing capabilities. Our fieldwork interviews indicate that at least the latter is the case. They suggest, for example, that building marketing capabilities across country markets requires greater resources and may constrain (or enable) movement from one stage of internationalization to the next. Our interviews also indicate that identifying marketing best practices and processes across different country marketplaces and standardizing these across market-facing organizational units is required to enjoy benefits of scale.

On the bigger conceptual question of whether international marketing capabilities are fundamentally different in nature from those in purely domestic contexts, our initial fieldwork did not produce any obvious “yes” answer. The international marketing literature we examined is also generally undeveloped in this regard. The seven “different” marketing capability examples we uncovered in our review of representative studies may be viewed as being primarily different in terms of being contextually adapted versions of domestic marketing capabilities. For example, MNCs’ transnational product innovation capability concerns a general product development capability that produces new products that fulfill needs across multiple country markets (Sheng et al. 2015; Subramaniam and Venkatraman 2001). Similarly, overseas market-related exploitative and explorative capabilities (Lisboa, Skarmeas, and Lages 2011) are applications of more general marketing-related capabilities to non-domestic markets. Likewise, both local market competence (Matanda and Ewing 2012; Wu et al. 2007) and adaptive capability (Lu et al. 2010) may be viewed as capturing the ability to apply more general market sensing and responsiveness capabilities to various country marketplaces. Both global account management (Shi et al. 2005) and international

customer support (Khavul et al. 2010) capabilities are applications of general customer management capabilities customized to the particular needs of global customers. Finally, global brand management capability (Matanda and Ewing 2012) is the application of brand management in a global setting.

All of this would seem to suggest that the primary difference between international and domestic marketing capabilities concerns the ability to create, maintain, and leverage the same set of general marketing capabilities in ways that cope with context-based variance across country markets and organizational differences across units catering to different markets. Yet, it remains unclear whether such international-versus-domestic market context differences are different in either nature or scale between, for example, a firm operating across multiple different product markets in a single country versus a firm operating in a single product-market segment across different country marketplaces. Beyond the need to be adapted to contextual international differences, are there any novel capabilities that are required *solely* for marketing in international markets? Conceptual and empirical research on this fundamental question is sorely needed.

Second, while it is true that the antecedents of marketing capabilities and mechanisms by which marketing capabilities may contribute to performance outcomes have generally been a greater focus of researchers in international versus domestic marketing contexts, much remains to be explored. In particular, some of the antecedents explored in a domestic market context have received very little attention in an international market context. For example, how does the presence of a CMO or marketing department power within the firm affect international marketing capabilities? Similarly, some of the capability–performance mechanisms explored in a domestic market context have received little research attention in international marketing. For example, studies in a domestic market context have shown that an important route by which marketing capabilities contribute to firm performance is by “adding value” to a firm’s assets, such as market knowledge (e.g., Morgan, Vorhies, and Mason 2009) or brands (e.g., Wiles, Morgan, and Rego 2012). Does this also occur in leveraging firms’ assets across country marketplaces? If so, are marketing capabilities more complementary to some types of assets than others? Do these assets differ between within and across country contexts?

In addition, from a performance-enhancing mechanism perspective, our qualitative fieldwork suggests that there may be marketing capability economies of scale and scope available to a firm operating across country marketplaces. In particular, our interviews suggest that global firms may be exposed to a

greater variety of different marketing practices from which they can select “best practices” and standardize these across their myriad different organizational units across country markets. Essentially, countries operate as test markets through which best practices are identified and then exported to other markets within the firm. These are potential performance-enhancing mechanisms of marketing capabilities in international marketing that have received almost no research attention to date. If these marketing capability performance-enhancing mechanisms do exist in global firms, how may they be different in nature and scale from those available to domestic firms operating across multiple different product markets in a single country? For example, are domestic firms exposed to less variety in marketing practices but find it easier to transfer best practices among organizational units, or vice versa? In addition, what are the downside costs associated with such cross-country standardization? When may these outweigh the benefits?

Third, our fieldwork and observations across some of the studies we reviewed strongly suggest that a key difference of marketing capabilities in international marketing is the ability to operate effectively and efficiently within and across the organizational units by which firms interact with different country marketplaces. Importantly, this suggests that marketing capabilities will likely differ across firms in different stages of internationalization. In our review of the international marketing literature, we found numerous studies of marketing capabilities within stages of internationalization. For example, a large (and growing) number of studies examine marketing capabilities in exporting manufacturers, and a smaller (but also growing) number of studies do so in MNC and IJV contexts. However, there have been few (if any) studies that examine the extent to which marketing capabilities (and their antecedents, consequences, moderators, and mediators) differ across firms at different stages of internationalization. There may be much to be learned from such studies, including answers to questions such as the following: (1) Does “fit” between marketing capabilities and stage of internationalization impact firm performance? (2) What is the role of marketing capability development in enhancing or inhibiting firms’ movement from one stage of internationalization to another?

This naturally also leads to additional questions about the nature of dynamic marketing capabilities. Dynamic capabilities theory is oft-cited but has been infrequently empirically studied in international marketing research. Firms operating in international markets may be exposed to a greater variety of marketplace environments, all of which may be changing in different ways and at different rates. The need to effectively and efficiently deal with such dynamic complexity would suggest that dynamic marketing

capabilities may be particularly valuable for firms operating in international markets. Yet, difficulties in measuring such marketing capabilities in a dynamic manner (i.e., observing shifts in firms’ resource and capability configurations over time that are driven by marketplace change or anticipated change) using primary case study and survey research designs have severely limited our knowledge to date. This is perhaps why we currently know much more about firms’ ability to sense their marketplace environments than we do about how they are able to acquire, improve, and reconfigure marketing-related resources and capabilities designed to match the changing marketplace environments they face.

However, it is possible to design even survey-based measures that better capture the dynamic (vs. static) aspects and changing nature of marketing capabilities, and researchers should be encouraged to do so in order to explore how firms evaluate, develop, integrate, monitor, and manage such dynamic marketing capabilities. Alternatively, researchers can explore using secondary data approaches in panel data where firm-specific changes over time may be used to infer such dynamic marketing capabilities, and this may offer another route forward for future research.

Perhaps even more important from a practice perspective is the question of how marketing capabilities—dynamic and operational—can best be built, maintained, improved, and leveraged in firms operating in international markets. Drawing on the sizable and growing research literature, there appears to be little doubt that marketing capabilities are generally valuable in enabling firms operating in international markets to enjoy superior performance. Research to date is helpful for managers in understanding what types of marketing capabilities may be particularly valuable under certain conditions. However, once they understand and believe in the performance-enhancing value of marketing capabilities, managers inevitably want to know, “How do I build such capabilities in my firm?” While international marketing researchers have studied several antecedents of marketing capabilities, almost all of these have been from the perspective of different types of knowledge and other resource inputs that are deployed by various marketing capabilities. We have little or no knowledge of how marketing capabilities can be deliberately and proactively built and improved to match the international marketplace environments faced. Yet, theoretically the ability to do so is a core component of dynamic marketing capabilities. It is also among the primary questions that managers would like answered: How should I go about building marketing capabilities across country markets? Which skills are portable and which are not? Who should own marketing capability development and compliance? All these key managerial questions are currently unanswered in existing research.

## CONCLUSIONS

Marketing capability has been a growing area of interest among international marketing researchers. Despite the progress in unpacking the performance implications, drivers, moderators, and mediators of marketing capabilities, our review of the literature and qualitative fieldwork interviews reveal important gaps in conceptual and empirical knowledge regarding marketing capabilities in international marketing. Clearly, there remains important work to be done in this theoretically important and managerially interesting domain. This study provides a number of new directions that may be helpful in guiding research attention to those questions that may offer the greatest contributions to both theory and practice in international marketing.

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