Do creative marketing strategy and its effective execution promote business performance? An empirical assessment

Basharat Naeem¹*, Muhammad Musarrat Nawaz², Asghar Ali Rana³ and Muhammad Ishtiaq Ishaq³

¹Lecturer at IBA, University of the Punjab, Lahore (Pakistan) COMSATS Institute of Information Technology (CIIT), Islamabad Campus, Pakistan.
²Hailey College of Commerce, University of the Punjab, Lahore, Pakistan.
³Department of Management Sciences, Global Institute, Lahore, Pakistan.

Accepted 17 October, 2011

The present study aimed at investigating the impact of creative marketing strategy and marketing strategy implementation effectiveness on business performance across diversified industries of Pakistan. Structured questionnaire was personally administered to collect the data from marketing and sales managers of business units from eleven corporate sectors of Pakistan. Bivariate regression analyses endorsed that creativity marketing strategy and its effective implementation had significant role in promoting business performance. Based on survey findings, marketing management is urged to launch change programs to promote innovativeness in marketing strategy crafting and to ensure its perfect execution to gain superior business performance. This study is first of its kind (to the best knowledge of the researchers) to examine the relationship of marketing strategy creativity and marketing strategy implementation effectiveness with business unit performance in corporate sector of Pakistan. In addition, the findings contribute to improving our understanding regarding how to foster business performance.

Key words: Marketing strategy creativity, marketing strategy implementation effectiveness, business unit performance, corporate sector, Pakistan.

INTRODUCTION

Strategic researchers such as Barney (1991) and Teece et al. (1997) reasoned that vibrant skills could aid corporate executives to adapt, integrate and exploit all available resources to compete with relentlessly changing business environment. The researchers were consistent with what Markides (1996) claimed about “breakthrough strategies” - focused on reformulating businesses and redeveloping markets commensurate to the ideology of making a distinctive place; which maintain alliances with organizational environment. Hence, it seems pretty logical that creative marketing strategies and expertise in their execution in effective fashion could allow the organizations to sustain such strategic alliance. Some “ambidextrous organizations” have achieved “both exploiting the present and exploring the future successfully”, but only few do it well (O'Reilly and Tushman, 2004). In an article of the Business Week, Hindo (2007) explained the challenge of “managing the yin and yang of discipline and imagination” at 3M and argued that managing this tension “is one that's bedeviling CEOs everywhere”.

Although, intuitive relationship between creative...
marketing strategy and business performance is pretty convincing, but researchers have found mixed empirical findings. In a study, Andrews and Smith (1996) found that marketing creativity has significant association with the performance. Likewise, Menon et al. (1999) confirmed the positive relationship between the constructs. In contract, some studies (Im and Workman, 2004) showed no significant relationship between creative marketing program and new product performance. As regards execution of the marketing strategy, Noble and Mokwa (1999) argued that “implementation pervades strategic performance” but ignored to find out the relationship between effective execution of marketing strategy and performance. Whereas, Vorhies and Morgan (2005) found that high performing organization has strong marketing strategy implementation ability than the organizations of average performers. However, marketing managers face problems in the phase of strategizing to implementation (Neilsen et al., 2008). Explained variously as the “elusive phenomenon” of strategy (Bourgeois and Brodwin, 1984), “black box strategy” (Piercy, 2002), “implementation gap” (Miller et al., 2004), and successfully implementation of marketing strategies has sometime major issues for research and competitive aspect for academics (Chebat, 1999) and practitioners (Bower and Gilbert, 2007).

Investigating this complex theoretical and managerial problem presents two significant challenges. First, the organization of creative marketing activities and business strategy are each viewed as multidimensional phenomena consisting of many different but interconnected elements (Walker and Ruekert, 1987). Yet strategic marketing theory frames relationships between these phenomena in holistic terms as marketing organization’s role in implementing business strategy. Therefore, evaluating this relationship in these holistic terms requires a simultaneous assessment of the relationships between the many variables making up marketing organization and business strategy (Slater, 1995; Walker and Ruekert, 1987). Second, successfully organizing creative marketing activities to implement business strategy involves reconciling multiple and often conflicting contingencies (Ruekert et al., 1985).

The wide range of possible contingencies makes the identification of “correct” configurations of marketing organization variables needed to implement a particular business strategy extremely difficult. Therefore, the challenge facing researchers is how to assess whether creative marketing activities are organized in ways that enable the implementation of a particular business strategy (Walker and Ruekert, 1987).

Most businesses find it easier to formulate strategies that outline how they intend to achieve their goals than how to implement them (Noble and Mokwa, 1999; Walker and Ruekert, 1987). The literature recommends an important cause for such strategy implementation difficulties is the way businesses organize their marketing activities (Walker and Ruekert, 1987). In this regard, Slater and Olson (2000) recommended that marketing managers should establish the marketing activities according to the nature of business strategy which ultimately enable effective strategy implementation and achieve superior performance.

Resource competition, uncertain environment and cultural problems may create difficulties to creatively organizing marketing activities and ensuring their implementation effectiveness (Salter et al., 2010) which is the biggest challenge faced by the management (Cespedes, 1995; Webster, 1997). So, in the current study, impact of marketing strategy creativity and marketing strategy implementation effectiveness on business performance in diverse sectors of Pakistan is examined.

LITERATURE REVIEW

The question of why organizations face difficulties to be adept simultaneously at both creativity and its implementation is of great interest for practitioners and researchers. Abernathy (1978) was first to question whether or not it is feasible for organizations to take and concentrate on innovations productivity simultaneously. March (1991) provided the rational for this dilemma as explanation of “exploration versus exploitation conundrum”. Exploration includes procedures like “risk taking, experimentation, innovation, and creativity” which tends to limit the amount of firm exploitation whereas exploitation covers “efficiency, implementation, and execution” which tend to limit the amount of firm exploitation (Slater et al., 2010).

Marketing strategy is related in developing of unique marketing mix which allows the businesses to attain its goal in the marketplace (Varadarajan and Clark, 1994). Whereas marketing strategy creativity was defined by Andrews and Smith (1996) as “the extent to which the actions taken to market a product represent a meaningful difference from marketing practices in the product category”. Regarding its significance, Hamel (1998) claimed that “strategy innovation is the only way for newcomers to succeed in the face of enormous resource disadvantages, and the only way for incumbents to renew their lease on success”. The most creative businesses have a chance allowing them to craft innovative techniques to improve their status and gain competitive edge over competitors (Slater et al., 2010). They also argued that creative marketing strategies may use innovative pricing models and customer driven networks or expanded ways and means for approaching their target markets having specific preferences. These elements of marketing could provide distinctive value for customers or give them a reason to buy. So, the following hypothesis was tested in this study:
H₁: Improved business unit performance is positively reliant on creative marketing strategy.

The word strategy implementation has multiple definitions with diverse perspectives (Noble, 1999). Some researchers highlighted behavioral and interpersonal factors (Franwick et al., 1994; Noble and Mokwa, 1999) but marketing literature uncovers very few classifications of strategy implementation. Wind and Robertson (1983) defined marketing strategy implementation as “the operationalization of a clearly articulated strategic marketing plan”. Bonoma (1984) presented that, “It is invariably easier to think up clever marketing strategies than it is to make them work under company, competitor, and customer constraints”. Cespedes and Piercy (1996) viewed effective implementation as “the achievement of the strategy’s goals through appropriate actions”. Similarly, Noble and Mokwa (1999) defined marketing strategy execution as “adoption and enactment of a marketing strategy or strategic marketing initiative”. An efficient and well prepared marketing strategy must be implemented successfully (Slater et al., 2010). However, Effectiveness of implementation depends on strategy appropriateness, achievability and desirability.

In literature concerning strategy implementation, it was found that middle management plays crucial responsibility in investigating whether or not strategies are executed successfully (Floyd and Wooldridge, 2000). Although, limited empirical research has dedicated to those factors which affect the implementation success of middle level managers yet these managers play a crucial role in building success story for their organizations (Bower and Gilbert, 2007). Varadarajan et al. (2001) argued that marketing managers must be provided with capital, direction and environment so that they could be able to implement marketing strategies in effective and efficient way which could result into improved performance. It was endorsed by the study conducted on manufacturers by Conant and Echambadi, (2003) that marketing strategy implementation capability resulted into improved organizational performance. Joyce et al. (2003) found that the achievement was strongly related with the capability to implement flawlessly. According to Chimhanzi (2004) one of the important reasons for rising research interest in strategy execution is expectation that it could have positive impact on business performance. So, the following hypothesis was also tested in the present study:

H₂: Higher the effectiveness in marketing strategy implementation, greater will be the business unit performance.

**RESEARCH METHODS**

Survey questionnaire was administered to the business units heads, marketing head of strategic business units, national sales manager and brand managers of the companies listed in Lahore Stock Exchange pertaining to eleven sectors such as telecommunication, home appliances, fertilizers, insurance, banking, pharmaceutical, chemical and FMCG etc. Two hundred and seventy five questionnaires were personally distributed during April to July 2010 to the potential respondents. Two hundred questionnaires were returned after dedicated efforts and multiple follow ups. However, one hundred and eighty nine questionnaires were in statistically usable condition with satisfactory response rate of 69%.

Marketing strategy creativity construct was measured by scale developed by Andrews and Smith (1996). Marketing strategy implementation effectiveness and business unit performance constructs were measured by scales developed by Noble and Mokwa (1999) and Olson et al. (2005), respectively. Respondents were asked to respond to the statements by selecting one of the five response categories where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Bivariate regression procedures were used to test the study hypothesis.

**RESULTS**

Table 1 displays descriptive statistics such as mean and standard deviation and reliability coefficients of business unit performance, marketing strategy creativity and marketing strategy implementation effectiveness.

The results (Table 2) reflect that about 13% variance (adjusted $R^2 = 0.13$) in business unit performance was explained by the organizational marketing strategy creativity across diverse sectors.

ANOVA results (Table 3) endorse that the aforementioned regression model ($F_1, 187 = 26.97, p < 0.001$) is suitable to explaining variability in business unit performance.

Standardized regression estimate (Table 4) shows significant positive impact ($β = 0.36, t = 5.19, p < 0.001$).
Table 2. Model summary* (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. error of estimate</th>
<th>Change statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.05</td>
<td>0.13</td>
<td>0.13</td>
<td>0.50</td>
<td>0.13 26.67 1 187 0.000 1.77</td>
<td></td>
</tr>
</tbody>
</table>
*Predictor: (constant), marketing strategy creativity.

Table 3. ANOVA* (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.74</td>
<td>1</td>
<td>6.74</td>
<td>26.97</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>46.74</td>
<td>187</td>
<td>0.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>53.48</td>
<td>188</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
*Predictor: (constant), marketing strategy creativity.

Table 4. Coefficients* (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.59</td>
<td>0.41</td>
<td>0.36</td>
<td>3.88</td>
</tr>
<tr>
<td>MSC</td>
<td>0.55</td>
<td>0.11</td>
<td>5.19</td>
<td>5.19</td>
</tr>
</tbody>
</table>
*Predictor: (constant), marketing strategy creativity.

Table 5. Model summary* (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. error of estimate</th>
<th>Change statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.44</td>
<td>0.19</td>
<td>0.19</td>
<td>0.48</td>
<td>0.19 43.57 1 187 0.000 1.77</td>
<td></td>
</tr>
</tbody>
</table>
*Predictor: (constant), marketing strategy implementation effectiveness.

Table 6. ANOVA (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>10.11</td>
<td>1</td>
<td>10.11</td>
<td>43.57</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>43.38</td>
<td>187</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>53.48</td>
<td>188</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
a. Predictor: (constant), marketing strategy implementation effectiveness.

of marketing strategy creativity on business unit performance which is consistent with the first hypothesis.

Table 5 is indicative of the evidence that marketing strategy implementation effectiveness explains about 19% variance (adjusted R² = 0.19) in business unit performance.

ANOVA results (Table 6) confirms the suitability of aforementioned regression model (F 1, 187 = 43.57, p < 0.001) to explaining variability in business unit performance.

Standardized regression estimate (Table 7) indicates significant positive influence (β = 0.44, t = 6.60, p < 0.001) of marketing strategy implementation effectiveness on business unit performance which is line with the second
To be consistent with Slater et al. (2010), it is recommended to marketing management that innovative pricing models, customer driven networks and extended channels for approaching their target markets may be employed to make marketing strategies more creative which could result into gaining and sustaining competitive advantage over their rivals. In line with the findings of Menon et al. (1999) improved cross functional integration and quality communication may be foster creativity in marketing strategy whereas too much focus on marketing assets and capabilities may hurt creativity. Strategic management is urged, parallel to what Varadarajan et al. (2001) suggested, for providing marketing managers with adequate capital, direction and environment so that they could be able to execute marketing strategies in effective fashion to obtain exceptional business performance. Since research on strategy implementation is consistently reporting incompetence of businesses to execute the strategy successfully to acquire competitive advantage (Chimhanzi, 2004). So, senior leadership of business units is urged, parallel to what Varadarajan et al. (2001) suggested, for providing their marketing management with adequate capital, direction and environment to upgrading their capabilities so that they could be able to competently execute marketing strategies to obtaining exceptional business performance.

As regards limitations, the current study used cross sectional survey design, so caution should be exercised while making inference about causality. So, longitudinal studies are called for to better understand the causal relationship between study variables. Multiple key informants from the business units rather than single respondent could improve the reliability of the survey measures. Researchers are suggested to examine the antecedents and consequences of developing creative marketing strategy and its effective implementation.

**CONCLUSION AND RECOMMENDATIONS**

Researchers intended to examine whether or not creative marketing strategies and their implementation effectiveness influence business performance.

It can be concluded from the study findings that strategic management of Pakistani organizations in both product and service businesses can achieve superior business performance depending upon to what extent their marketing managers craft creative marketing strategies and bring perfection in their successful execution.

Table 7. Coefficients* (Dependent variable: Business unit performance).

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficient</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.23</td>
<td>0.38</td>
<td>3.28</td>
<td>0.000</td>
</tr>
<tr>
<td>MSIE</td>
<td>0.64</td>
<td>0.09</td>
<td>0.44</td>
<td>6.60</td>
</tr>
</tbody>
</table>

a. Predictor: (constant), marketing strategy implementation effectiveness.

**REFERENCES**


