

The Components of Marketing Capability: A framework and processes of knowledge
integration for development

by

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ABSTRACT

Although organisational capabilities have been recognised as a key source of competitive advantage, the empirical understanding of marketing capability and its associated components is still relatively under-developed. There is little consistency in approaching what constitutes organisational marketing capability, proposed conceptual frameworks have not been empirically tested and little attention has been paid to how organisational marketing capabilities are developed over the longer term.

The purpose of this study was to empirically test how proposed conceptual frameworks of marketing capabilities match real-life organisational marketing capabilities, explore which marketing resources act as inputs into marketing capability and how these resources are transformed into marketing capability. The following key questions were answered: what are components of marketing capability in real-life organisational contexts, what resources inputs does it incorporate and how are these resources transformed into capabilities?

This study employed an innovative (in this theoretical context) multiple embedded case study design using multiple data sources to provide a rich and detailed understanding of marketing capability. The target population for the cases was any South African organisation marketing products and services to domestic consumers/ customers. Based on this definition, four company cases were identified, representing the two target groups (business to business and business to customer) as well as products and services. Data was derived from 22 in-depth interviews with multiple interviews conducted for each case, as well as documentation and archival records.

This study contributes at the theoretical level by developing a framework of marketing capability and sub-capabilities, providing an enhanced understanding of the nature of marketing knowledge resources underpinning marketing capability and outlining the mechanisms that integrate marketing knowledge resources in the development of marketing capability and sub-capabilities. At practitioner level, the findings can contribute to enhancing effective marketing within organisations by providing a route to building stronger underlying marketing capabilities, which in turn will improve competitiveness.

Keywords: marketing capability, marketing, organisational capability, marketing resources, marketing knowledge

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DECLARATION

I, Jacqueline Antoinette Carnelley, declare that the thesis which I hereby submit for the degree Doctorate in Business Administration at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at this or any other tertiary institution.

Signature:

Date: 9 February 2018

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CHAPTER 1: INTRODUCTION TO THE RESEARCH

1.1 INTRODUCTION

This study set out to explore marketing capability and its development within organisations. Using Morgan's (2012) grouping of marketing capabilities as a foundation, it explored a) which marketing resources act as inputs to marketing capability development and b) how marketing resources are transformed into marketing capabilities. In this context, knowledge has been described as an organisation's most important resource, particularly within the current business landscape where knowledge work dominates (McIver & Wang, 2016). Therefore, understanding the nature of marketing knowledge resources was key. This chapter details the background to the study and the research problem and objectives, as well as discusses the key limitations and assumptions underpinning the research. Finally, it outlines the structure of the remainder of the document.

1.2 BACKGROUND

In the late 1980s, the business landscape shifted fundamentally as organisations began to globalise. This brought new challenges as old models of organisational advantage relying solely on market position or cost advantage were no longer adequate to compete effectively. A new emerging perspective argued that to survive in this global environment, firms needed to recognise organisational capabilities as key drivers of competitive advantage (Archt & Teece, 2014; Dosi, Faillo & Marengo, 2008; Helfat & Peteraf, 2003; Teece, 2016; Teece & Leih, 2016; Winter, 2003).

The field of organisational capability has since been extensively researched from a number of perspectives, including the exploration of key concepts (Eisenhardt & Martin, 2000; Helfat, 2000; Makadok, 2001; Helfat & Peteraf, 2003; Ambrosini & Bowman, 2009; Barretto, 2010)¹; the impact of capabilities on firm performance (Agwunobi & Osborne, 2016; Fainschmidt, Pezeshkan & Frazier, 2016; Feng, Morgan & Rego, 2017; Koryak, Mole, Lockett, Hayton, Ucbasaran & Hodgkinson, 2015; Ringov, 2017)²; the origins of capabilities (Ethiraj, Andersson & Hannibal, 2005; Hendersen & Cockburn, 1994; Winter, 2012); the factors influencing the development of capabilities (Adner & Helfat, 2003; Zollo & Winter, 1999); how capabilities are developed (Bingham, Heimeriks, Schijven & Gates, 2015; Felin & Powell, 2016, Rahmandad & Repenning, 2016; Williamson, 2016); how capabilities can be transferred across organisations and geographies (Ambos & Ambos, 2009; Kogut

¹ Key concepts were also explored in the following studies: Danneels, 2008; Easterby-Smith & Prieto, 2008; Grant, 1996; Teece, Pisano & Shuen, 1997; Kogut & Zander, 1996.

² The impact of capabilities on firm performance was also explored in the following studies: Amit & Schoemaker, 1993; Amit & Zott, 2001; Chandler & Hanks, 1994; Collis, 1994; d'Aveni, Dagnino & Smith, 2010.

& Zander, 2003; Kostova & Roth, 2002; Zahra & George, 2002); the exploration of specific types of capabilities (Danneels & Kleinschmidt, 2001; Day & Schoemaker, 2016; Easterby-Smith & Prieto, 2008; Helfat & Martin, 2015; Pisano, 2016; Pitelis & Teece, 2016; Teece, 2017; Wang, Senaratnew & Rafiq, 2015; Zollo et al., 2016)³; and the foundations of capabilities (Felin & Foss, 2011; Hodgson, 2012; Kor & Mesko, 2013; Foss & Peterson, 2016; Makela, Sumelius, Hoglund & Ahlvik, 2012; Nonaka, Hirose & Takeda, 2016).

Extensive literature concurs that marketing has a significant impact on firm performance and competitive advantage (Day, 1994; Kaleka & Morgan, 2017; Krasnikov & Jayachandran, 2008; Morgan, Vorhies & Mason, 2009; Kumar, Jones, Venkatesan & Leone, 2011; Kumar, 2015; Moorman & Day, 2016; Wernerfelt, 2014)⁴. Within this context, focus has been placed on marketing capabilities since Day's seminal article in 1994: *The Capabilities of Market Driven Organisations* (Morgan, Slotegraaf & Vorhies, 2009; Morgan, 2012; Vorhies & Morgan, 2003, 2005; Vorhies et al., 2011; Merrilees, Rundle-Thiele & Lye, 2011; Nath, Nachiappan & Ramakrishnan, 2010; Kozlenkova, Samaha & Palmater, 2014; Leeflang, Verhoef, Dahlström & Freundt, 2014; Krush, Anihotri, Trainer & Nowlin, 2015; Amabile & Pratt, 2016; Angulo-Ritz et al., 2016; Kaleka & Morgan, 2017; Kerr & Kelly, 2017)⁵. There are, however, two main gaps that exist, namely the tendency for marketing frameworks to be explored at only a conceptual level and the inconsistent categorisation of what makes up overall marketing capability in organisations.

The literature offers two categorisations of marketing capability. Day explored the capabilities of market driven organisations (Day, 1994). More recently, Morgan (2012) outlined four groups of marketing capabilities and also explored marketing resources. While Morgan's contribution is more comprehensive than Day's, both these papers discuss capabilities only at the conceptual level and neither explored whether this matched actual marketing capabilities in a practitioner context.

A review of the literature also shows that there is inconsistency about what makes up organisational

³ Different types of capabilities were also explored in the following studies: Arikian & McGahan, 2010; Bharadwaj, 2000; Birkinshaw, Zimmerman & Raisch, 2016; Branzei & Vertinsky, 2006; Colbert, 2004; Cui & Pan, 2015; Daneels & Kleinschmidt, 2001; Dong, Garbuio & Lovallo, 2016; Eshima & Anderson, 2017; Fahy et al., 2000; Girod & Whittington, 2016; Henisz, 2016; Kim, Song & Triche, 2015; Krush et al., 2013; Laaksonen & Peltoniemi, 2016; Lessard et al., 2016; Mahmood, Zhu & Zajac, 2011; Piening & Salge, 2015; Rice et al., 2015; Song, Lee & Khanna, 2016; Subramaniam & Youdt, 2005; Tallman, 2014; Teece, 2016; Teece & Leigh, 2016; Wohlgemuth & Wenzel, 2016; Wilhelm, Schlömer & Maurer, 2015.

⁴ The impact of marketing on firm performance is also explored in the following studies: Akdeniz, Gonzales-Padron & Galatone, 2010; Angulo-Ruiz, Donthu & Prior, 2014; Azizi, Movahed & Khah, 2009; Cano, Carrillat & Jaramillo, 2004; Darroch, 2009; Fahy et al., 2000; Fang & Zou, 2009; Griffith, Yalcinkaya & Calantone, 2010; Gunther, 2009; Hanssens & Pauwels, 2016; Kumar and Shah, 2009; Moore & Fairhurst, 2003; Mu, 2015; Nalcaci & Yacei, 2014; Nath et al., 2010; Ramanathan et al., 2016; Srivastava, 1998, 1999; Uslay, Morgan & Sheth, 2009; Weerawardena, 2003a; Weerawardena & O'Cass, 2004; Yu et al., 2014; Zou, Fang & Zhao, 2003.

⁵ Marketing capabilities have also been explored by the following scholars: Akdeniz et al., 2010; Anchrol & Kotler, 1999; Atauehene-Gima, 2005; Barrales-Molina, Martinez-Lopez & Gazquez-Abad, 2013; Battor & Battor, 2010; Danneels, 2008; Eng & Spikett-Jones, 2009; Fahy & Smithee, 1999; Fang et al., 2014; Foley & Fahey, 2009; Hou, 2009; Jayachandran et al. 2003; Krasnikov & Jayachandran, 2008; Kyriakopoulos & Moorman, 2004; Madhavaram & Hunt, 2008; Morgan & Turnell, 2003; Nalcaci & Yagci, 2014; Neill, McKee & Rose, 2007; O'Cass & Weerawardena, 2010; Pavlou & El Salwy, 2011; Ritter, 2006; Shilke & Goerzen, 2010; Wang & Feng, 2012; Wilden and Gudergan, 2015.

marketing capability and scholars tend to select varying sub-capabilities as indicators. Examples include employing a selection, or all, of Day's (1994) set of outside-in capabilities (market sensing, customer linking, channel bonding, technology monitoring); employing a resource input-output approach where inputs may include marketing resources, stock of marketing expenditure, intangible resources and relationship expenditure while outputs are sales (Nath et al. 2010; Yu, Ramanathan & Nath, 2014; Feng et al., 2017); focusing on task or activity based capabilities such as advertising, selling, promotion, pricing, market research, product/service development, management and distribution (Vorhies, 1998; Vorhies & Morgan, 2005); focusing exclusively on brand management and customer relationship management (Vorhies et al., 2011); or explaining marketing capability by utilising dimensions such as quality of customer service, advertising effectiveness, quality of sales force, strength of distribution networks, market research ability, speed of new product introduction and ability to differentiate products (Weerawaredena & Mavondo, 2011). For some scholars, organisational marketing capability includes a mix of task based and strategic activities such as pricing, product management, distribution management, marketing communications, selling, marketing planning and marketing implementation (Morgan et al., 2009b). In other instances, the business environment influences the elements included. Moore & Fairhurst (2003), for example, operating within the retail fashion environment, includes customer service capability, store image differentiation, external (market level) knowledge and promotional capability.

Literature on the development of organisational capability defines the following aspects: inputs in the form of resources, and an action that transforms these resources into a desired organisational outcome. The marketing capability literature has been less consistent, but a more recent definition (Kaleka & Morgan, 2017) has incorporated three elements: marketing resources, transforming action, and outcome. However, few studies specifically explore how *marketing* resources act as inputs to capability and then how these in turn are transformed into capabilities.

As the business landscape changes again in response to an increasingly volatile and hypercompetitive global environment characterised by changing customer dynamics, new sources of competitive advantage will become important. Further insight into marketing capabilities from an organisational perspective, coupled with a better understanding of how they are developed, thus has utility for future competitive positioning.

Marketing as a discipline views the impact of technology in the form of data proliferation and advances in data analytics as significant. Some scholars even suggest that this is creating a crisis for marketing, as practitioners struggle to develop the skills to meet these new challenges (Quinn, Dibb, Simkin, Canhoto & Analogbei, 2016). This highlights how organisations are now challenged, not only to master 'traditional' marketing capabilities, but also to continuously add new ones in

response to changes in the business landscape. Organisations that understand how to develop these capabilities will thus be better equipped to adapt strategically to their environment.

1.3 STATEMENT OF THE RESEARCH PROBLEM

The capabilities included under the descriptor 'marketing capabilities' are diverse and lack both empirical evidence matching proposed conceptual frameworks to real-life business contexts, and any description of the processes by which they are developed. This gap has been noted by theorists such as Morgan who, in his 2012 paper, described the concept of marketing capabilities as "relatively new to the marketing discipline" (p. 40). Additionally, he highlighted that types of marketing capabilities "have yet to be comprehensively identified and catalogued" (p. 40). Day (2011a, 2013, 2014; Day & Moorman, 2013; Moorman and Day, 2016) further notes that various new marketing capabilities need to be understood and developed for the discipline to remain relevant in the rapidly changing business environment of the 21st century.

In summary, gaps exist in the literature about whether the proposed conceptual framework of marketing capabilities matches real-life organisational marketing capabilities; which marketing resources act as inputs to marketing capability; and how these resources are transformed into marketing capability. This study aims to determine the components of organisational marketing capability and what resource inputs it incorporates, and to explain how these resources are transformed into capabilities.

1.4 CONTRIBUTIONS OF THE STUDY

Key contributions in the field of marketing capabilities to date come from Day (Day 1994, 2002, 2011a, 2011b, 2014; Day & Moorman, 2013; Day & Schoemaker, 2016; Day, Howland & Parayre, 2009), Morgan (Morgan, 2012; Morgan, Kastikeas & Vorhies, 2012; Morgan & Turnell, 2003; Morgan, Clark & Gooner, 2002; Morgan et al., 2009a, 2009b, 2011) and Vorhies (Vorhies, 1998; Vorhies & Morgan, 2003, 2005, 2009; Vorhies et al., 2011). The only study proposing a holistic view of marketing capability is Morgan's 2012 paper, which only outlined a conceptual view that has not been explored within a practitioner context. This study will therefore make a theoretical contribution to the marketing field by developing a complete framework of marketing capability based on what is found in real organisational context.

Despite the recognition from scholars that marketing contributes to the performance of the firm, little attention has been paid to how marketing capabilities are developed and what resources act as inputs to this process. This study explores and describes these processes within organisations.

From a methodological viewpoint, some theorists foreground how much extant capability research has utilised quantitative methodologies (Ambrosini & Bowman, 2009; Barreto, 2010; Ethiraj et al., 2005). This is even more evident in the marketing capabilities literature. The majority of the studies exploring this topic take a quantitative approach (Day, 1994, 2002, 2011; Vorhies and Morgan, 2003, 2005, 2009; Vorhies et al., 1998, 2011). This study will be one of the few to utilise an embedded, multiple case study approach to investigate and explore the nature of the capabilities making up the organisational marketing capabilities and how they are developed. This approach allowed for a more in-depth exploration of the nature of marketing capabilities, their sub-components, and how they are developed, thus addressing a gap recently highlighted by marketing scholars (Moorman and Day, 2016).

Lastly, the study will also aim to contribute at practitioner level by improving overall understanding of what marketing capability is within organisations, and by describing how marketing capabilities can be developed. This will assist practitioners design more effective processes for developing marketing capability within their organisations, and thus enhance the contribution that marketing can make to the whole organisation.

1.5 LIMITATIONS

The study was conducted as an embedded, multiple case study. This design allowed for in-depth exploration of phenomena and provided the opportunity for a rich explanation within specific contexts. Case study research involves triangulating multiple sources of data, permitting both depth and richness.

The cases were a set of companies marketing products or services to individual or business customers as a core part of their activities. They included local and international businesses, since this may impact on how marketing capabilities are built: for example, through directives from global headquarters versus development at local level. They also included companies involved in both manufacturing and services, since the approach to marketing and marketing capability development may differ across these different organisational types.

Although the companies included in the sample may operate in many places, this study was restricted to the development of marketing capability within South Africa. It incorporated aspects such as the impact of global guidelines and processes but not the transfer of capabilities across geographies.

Although the process of developing marketing includes three elements – resource inputs, transforming action and marketing outcome – only the first two were explored; the outcomes of marketing capabilities were not included in the study.

While information from individuals was important to understanding specific marketing capabilities, individual cognitive or leadership characteristics were not studied, but only marketing capability at an organisational level.

1.6 ASSUMPTIONS

One of the key assumptions of this study was that the development of marketing capability is not restricted to the marketing department. It was anticipated that other departments, such as sales, human resources and manufacturing, would also play an important role.

A further assumption underpinning this study was that categories of marketing capabilities will emerge mirroring the frameworks outlined for organisational capabilities, and that these will comprise the same three elements: resources, transforming action and outcome.

1.7 DEFINITION OF KEY TERMINOLOGY

Table 1.1 outlines key terminology and its associated definition for the purposes of this study, as well as main academic sources utilised.

TABLE 1.1 DEFINITION OF KEY TERMINOLOGY

Terminology	Definition for the purposes of the research	Academic Sources
Organisational capabilities	Organisational capabilities are bundles or sets of skills, knowledge and assets that transform inputs (often resources) into valuable outputs. They usually incorporate combinations of resources and involve routines, patterns and processes to perform an activity.	Amit and Schoemaker, 1993; Day, 1994; Feng, Morgan & Rego, 2017; Grant, 1996; Teece, 2016.
Routine organisational capabilities	Ordinary organisational capabilities, usually operations, administration and governance, are the ability of the firm to efficiently keep producing the same product/service for the same customers on the same scale, using the same techniques.	Collis, 1994; Danneels, 2008; Helfat & Peteraf, 2003, 2011; Lessard, Teece & Leih, 2016; Shuen, Feiler & Teece, 2015; Teece, 2012, 2017; Winter, 2003.
Dynamic organisational capabilities	Dynamic organisational capabilities involve the ability of the firm to change internal and/or external capabilities through systematic routines and processes in response to changes in the environment.	Helfat, 1997; Helfat & Peteraf, 2003; Teece, 2012, 2015, 2016, 2017; Teece, Pisano & Shuen, 1997; Zollo & Winter, 2002.
Marketing	Marketing is the process of integrating and mobilising the marketing knowledge, skills and resources of the firm to explore, create and deliver value propositions to satisfy the needs of a target market at a profit.	Achrol & Kotler, 2012; Kotler, 2014; Vargo and Lusch, 2004, 2008; Webster, 2005, 2009.
Organisational marketing capability	Organisational marketing capability is the ability of the firm to deploy complex bundles of marketing knowledge and skills (marketing resources) using integrative processes and routines to acquire, combine and transform these marketing resources into desired marketing outcomes.	Day, 1994, 2011a, 2011b, 2012; Kaleka & Morgan, 2017; Morgan, 2012; Morgan et al., 2009; Moorman & Day, 2016; Vorhies, 1998; Vorhies et al., 2005, 2009, 2011.
Marketing mix	The marketing mix is the set of tactical marketing tools, sometimes referred to as the 4 P's (Product, Price, Promotion and Place), that organisations use in developing marketing strategies and plans to produce their desired outcome in the marketplace.	Kotler, 2011, 2012.
Specialised marketing capabilities	Marketing capabilities based on the classical marketing mix capabilities (product, selling, price, marketing communication and promotion, place) but also including market research.	Morgan, 2012; Vorhies et al., 2009.
Second order marketing capabilities	These draw together the specialised marketing capabilities and include capabilities such as new product development, brand management and customer relationship management.	Morgan, 2012.
Architectural marketing capabilities	Processes used to select, integrate and co-ordinate specialised and cross-functional capabilities.	Morgan, 2012.

1.8 STRUCTURE OF THE THESIS

The next chapter of the thesis contains the study of the literature. The field of organisational capability and its insights is used to enhance the understanding of marketing capability and its development. A comprehensive framework of types of marketing capability and sub-capabilities is developed and the mechanisms through which marketing knowledge is integrated in the development of marketing capability is proposed based on this literature.

Chapter Three explains the research design and method which was qualitative via multiple embedded case study design. The methods of selecting the four cases outlined in the study are described as well as the data collection and analysis techniques used.

The research design and methodology chapter is followed by two chapters detailing data analysis and interpretation. The first is the within case analysis, outlining the types of marketing capability found in each case, the level of alignment with the framework, the nature of the marketing knowledge resources in each and finally, describing how the marketing knowledge resources are integrated in the development of marketing capability. The second is a cross case analysis exploring similarities and differences across each.

The final two chapters comprise the discussion, conclusions and recommendations. In Chapter Five the data is linked back to a detailed answer of the three research questions. The last chapter then outlines the contributions of the study, limitations and recommendations for future study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The research aims of this study concern both the nature of marketing capabilities and their development. This has informed the approach of the literature review, with two focus areas: first, the nature of capabilities, and then the ways in which they are developed.

As has been noted, marketing capability has not been as extensively studied as organisational capability. This review will highlight the gaps in the marketing capability literature via comparison to that relating to overall organisational capability. Theories of organisational capability found in the strategic management literature will be applied to the construct of marketing capability and used to explore the components and development of organisational marketing capability.

The first section begins with a discussion regarding marketing, outlining the key definitions and factors influencing contemporary practice. The intention is to provide a contextual foundation for the sections that follow, where the nature of marketing capabilities and how they are developed are explored through synthesising the organisational and marketing capability literature.

The Context of Organisational Marketing

Marketing has been explored from two main perspectives in the literature. The philosophical perspective sees marketing as a culture within the organisation. This is expressed in the literature exploring the role marketing plays in building a customer-centric culture (Narver & Slater, 1990, 2000; Dibb, Simões & Wensley, 2014). Alternatively, it is viewed through a lens focusing on marketing as a function, in other words, what marketing does. This lies within the practice-based approach, defined as encompassing: "... the process and tasks in which those operating within a marketing role in organisations engage" (Dibb et al., 2014, p. 385).

This study will focus on the latter: the functional perspective on marketing in organisations, rather than the philosophical/cultural one. It is founded on the practice-based approach to understanding marketing. Within this specific context, marketing is defined as the process of integrating and mobilising the marketing knowledge, skills and resources of the firm to explore, create and deliver value propositions to satisfy the needs of a target market at a profit (Achrol & Kotler, 2012; Kotler 2014; Vargo & Lusch, 2004; Webster, 2009). This process operates in two sets of marketing activities: those specific to the marketing department and those applied across the organisation, and it includes the contribution of both marketers and those from other functions (Dibb et al., 2014). Arguably, as the need for marketers to become more integrated across the organisation increases,

increasingly less of what marketing does can be restricted to the marketing department alone, a point that will be discussed more fully in subsequent chapters.

Achrol and Kotler's outline of the stages of the evolution of the marketing paradigm provides a useful foundation for understanding how the discipline of marketing has developed (Achrol & Kotler, 2012). These scholars trace marketing from the functionalist paradigm (where marketing institutions and their functions were described) through the marketing management paradigm (rooted in the firm view of marketing processes and based on the classic manufacturing company) towards an emerging, network paradigm. The network paradigm is characterised by its emphasis on the relational aspect of marketing, whereby it moves closer to the consumer and emphasises these connections. One of the catalysts for this shift is the impact of digital technology, which is bringing relationship marketing, customer relationship marketing and customer co-creation to the fore (Jackson & Ahuja, 2016). This is being underpinned by an explosion in new media, changing how marketing interacts and communicates with consumers. This includes changes in how consumers use media to get the information they seek, which in turn influences when, where and how consumers choose brands (Batra & Keller, 2016). Consumers are no longer passive recipients of brand information: they now actively seek this information as needed through digital media such as search engines, mobile browsers, blogs and websites.

Increasing levels of digitisation have led marketing to evolve towards a new era. This has resulted in new challenges to marketing capability, as outlined by Moorman and Day (2016), who assert that advances in knowledge "are barely keeping up" with the transformations described above (p. 6). This is further supported by their comment on the priorities outlined by the Marketing Science Institute: "everything is on the table" (*ibid.*).

2.2 DEVELOPMENT OF THE FIELD OF CAPABILITY

Exploring the field of capability from both organisational and marketing perspectives, this section demonstrates that marketing capability has been far less extensively researched than organisational capability. An analysis of the latter is therefore used to enhance our understanding of the former.

2.2.1 ORGANISATIONAL CAPABILITY

The resource-based approach to understanding the firm emerged as a key element in strategic management literature, providing an alternative to the structure-conduct-performance view that emphasised external factors driving competitive advantage, such as industry attractiveness and differentiation (Barney, 1991; Barney et al., 2011; Morgan, 2012; Peteraf, Di Stefano & Verona, 2013;

Wernerfelt, 2014). Resource Based Theory⁶ (RBT) proposes that it is internal elements that most significantly contribute to sustainable competitive advantage. The seminal work of Penrose, *The Theory of the Growth of the Firm* (1959), has been described as a classic reference for writings on resources, capabilities and knowledge-based theories of the firm (Peteraf, 1993; Kor & Mahoney, 2004; Lockett, 2005; Pitelis, 2004, 2005, 2009), providing an essential foundation for any discussion of organisational capabilities. Penrose and Pitelis (1999) suggest that organisations should be viewed as “pools” of resources and the firm as “a collection of resources (human and non-human) under administrative co-ordination” (p. 9, referencing Penrose 1959, 1985, 1995).

For a resource to impact on competitive advantage (an important benchmark), it should have specific characteristics: be valuable, rare, imitable and not substitutable – also abbreviated to VRIN (Barney et al., 2011; Peteraf, 2013; Pitelis, 2009; Teece & Leih, 2016). The firm’s ability to effectively leverage these internal resources (tangible and intangible) creates competitive advantage. However, not all resources exhibit these characteristics, so only some are useful to the development and sustainability of a firm’s competitive advantage. A firm’s survival depends on its ability to create new resources and build its capabilities to not only best utilise and invest in, but also complement its existing capabilities infrastructure.

While the concepts of resources and capabilities have been linked from the outset, the nature of this relationship has evolved. This evolution plays an important role in informing current understanding of organisational capabilities (including marketing capability) and how they are developed. Table 2.1 outlines key definitions of capabilities from Penrose to the theorists of 2017, outlining the contributions of different authors, their definitions, and the relationship between resources and capabilities in each definition.

⁶ Some scholars continue to refer to the field as the Resource Based View in spite of consensus in the literature that it has reached the status of a theory. This paper will thus refer to Resource Based Theory (RBT) while maintaining the original references to Resource Based View where scholars quoted use this term.

TABLE 2.1 DEFINITIONS OF ORGANISATIONAL CAPABILITIES

Year: Page Number	Author(s)	Definition	Conceptualisation of a capability
1959	Penrose (referenced by Penrose and Pitelis, 1999:9)	A collection of resources (human and non-human) under administrative co-ordination for the production of goods and services for sale in the market for a profit".	Type of resource
1984:71	Wernerfelt	Resources are "anything that could be thought of as a strength or a weakness of a given firm. More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi-permanently to the firm".	Type of resource
1991:101	Barney	Resources are all assets, capabilities, organisational processes, firm attributes, information, knowledge , etc. controlled by a firm that enables the firm to conceive of and implement strategies that improve its efficiency and effectiveness .	Type of resource
1993:35	Amit & Schoemaker	Capacity of a firm to employ resources , usually in combination, using organisational process to effect a desired end.	Type of resource
1996:119	Grant	The integration of specialist knowledge to perform a discrete productive task. The firm's ability to perform repeatedly a productive task which related either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs into outputs .	Integration of specific type of resource (knowledge)
1994:38	Day	Complex bundles of skills and collective learning exercised through organisational processes that ensure superior coordination of functional activities.	Bundles of resources (knowledge and skills)
2003:991	Winter	An organisational capability is a high-level routine (or collection of routines) that, together with its implementing input flows , confers upon an organisation's management, a set of decision options for producing significant outputs of a particular type.	Routines and input flows
2003:999	Helfat & Peteraf	Ability of an organisation to perform a co-ordinated set of tasks using organisational resources for the purposes of achieving a particular end result .	Use resources
2004:535	Harmsen & Jansen	Complex bundles of skills that enable a company to achieve superior performance to the extent that they result in superior achieved value in the market and are not accessible to or can be substituted by competing companies.	Bundles of resources (skills)
2008:1165	Dosi et al.	The know-how that enables organisations to perform activities such as the creation of a tangible product, the provision of a service and/or the development of new products and services.	Capability is know- how
2011:1726	Lisboa, Skarmeas & Lages.	Complex co-ordinated patterns of skills and knowledge that, over time, become embedded in organisational routines and practices that enable the organisation to make the best use of its resources .	Patterns of using resources
2014:18	Ardt, Pierce & Teece	A set of differentiated skills, complementary assets and organisational routines that provide the basis for the firm's competitive activities in one or more businesses.	Set of resources (skills and assets) and routines
2015:649	Rahamandad & Reppenning	A set of routines that enable a firm to produce a particular output given a set of inputs and targets.	Routines that use inputs
2016:210	Teece	An organisational capability is a resource that can be harnessed to produce a desirable outcome .	A type of resource
2016:111	Teece & Leih	Set of activities that the firm performs in a semi-routine fashion to enable a particular set of tasks to be accomplished in a manner that allows – against the opposition of circumstance – products and services to be made and delivered and profits to be generated.	Performing tasks through a routine
2017:76	Feng, Morgan, Rego	Complex bundles of skills and knowledge embedded in organisational processes that a firm performs well relative to rivals and which transform the firm's available resources into valuable outputs .	Process of transforming resources through organisational processes

Analysis of these definitions indicates that while some scholars have defined capabilities as a type of resource – for example, Barney’s 1991 definition: “Resources are all assets, capabilities, organisational processes” (p. 101) – others have separated resources from capabilities. For example, Amit and Schoemaker stated in their 1993 contribution: “The firm’s resources will be defined as the stock of available factors that are owned or controlled by the firm ... capabilities, in contrast, refer to a firm’s capacity to **deploy resources**, usually in combination, using organisational processes to effect a desired end” (p. 35) [emphasis added]. Grant (1996) describes organisational capability as the “**capacity of a team of resources** to perform some task or activity” (p. 119) [emphasis added]. Helfat and Peteraf’s (2003) definition is: “An organisational capability refers to the ability of an organisation to perform a coordinated set of tasks **utilising organisational resources**, for the purpose of achieving an end result” (p. 999) [emphasis added]. In 2014, Ardt et al. described capabilities as “**A set of differentiated skills, complementary assets and organisational routines** that provide the basis for a firm’s competitive activities in one or more business” (p. 18) [emphasis added]. More recently, Feng et al. (2017) defined capabilities thus: “Complex bundles of skills and knowledge embedded in organisational processes that a firm performs well relative to rivals and which **transform the firm’s available resources** into valuable outputs” (p. 76) [emphasis added].

In spite of the growing differentiation in the literature between a capability and a resource, some scholars continue to combine the terms and simply refer to resources *and* capabilities. For example, Kozlenkova et al. (2014) describe capabilities as subsets of the firm’s resources representing “an organisationally embedded, non-transferable, firm-specific resource ... capabilities are **special types of resources** whose purpose is to improve the productivity of other resources possessed by the firm” (p. 5) [emphasis added]. Others have begun to separate the two terms within the same umbrella definition, but offer no further indication of how resources differ from capabilities, for example: “Resources and capabilities are **bundles of tangible and intangible assets**” (Barney et al., 2011, p. 1300) [emphasis added]. These more generic definitional approaches offer only limited scope for improving our understanding of organisational capability and resources.

A further review of the definitions in Table 2.1 shows that organisational capability consists of the following characteristics: It involves combinations of resources that are transformed through processes and result in value for the firm (Ardt et al., 2014; Feng et al., 2017; Rahamandad & Reppenning, 2015; Teece & Leih, 2016,)⁷. The resultant firm value is described either in broad

⁷ Table 2.1 illustrates that these characteristics of organisational capabilities have also been highlighted in earlier works including Amit & Schoemaker, 1993; Day, 1994; Grant, 1996; Winter, 2003; Helfat & Peteraf, 2003; Lisboa, 2011.

strategic terms (Barney, 1991), or, variously, as the production of goods and services (Pitelis, 1999), improved organisational efficiency (Lisboa, 2011), or improved profitability (Teece & Leih, 2016).

This analysis provides evidence that most of the more recent approaches to defining organisational capability in the literature separate resources from capabilities, viewing resources as *inputs* into capabilities rather than as a type of capability. Furthermore, the definitions of the term capability endow the concept with two characteristics: It (i) comprises *bundles* of resources and (ii) entails transforming these resource inputs into outputs.

Figure 2.1 provides a simplified visual of this proposed conceptualisation, whereby organisational capability is depicted as the process of applying transforming actions to inputs that then leads to the desired organisational output – for example, a product or service, or a quality such as increased efficiency or profitability. This visualisation will be used to further explore marketing capability in the sections that follow.

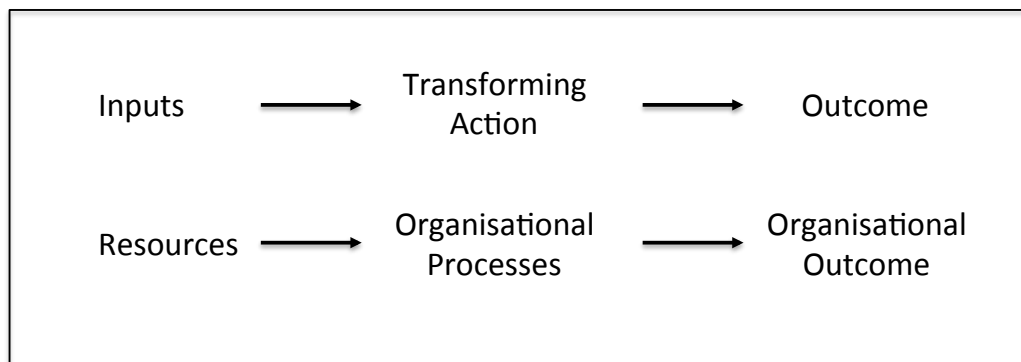


FIGURE 2.1 CONCEPTUALISATION OF ORGANISATIONAL CAPABILITIES
(Source: Author's own)

2.2.2 MARKETING CAPABILITY

Explorations of organisational marketing capability are relatively new to the discipline (Morgan, 2012; Moorman & Day, 2016) by contrast with the field of organisational capability. In 2001 Srivastava, Fahy and Christensen stated that marketing scholars' work has been "almost entirely bereft" (p. 778) of RBT or the associated concept of resources to advance marketing theory and practice. However, the field is developing rapidly and over the past decade marketing scholars have paid significantly more attention to RBT (Hooley, Fahy, Greenley, Neracs, Fonfara & Snoj, 2001; Hooley, Greenley, Cadogan & Fahy, 2005; Kozlenkova et al., 2014; Menguc & Auh, 2006; Slotegraaf, Moorman & Inman, 2003; Slotegraaf & Dickenson, 2004). Barney (2014) has also recently highlighted the potential for marketing to add to RBT scholarship: "[it can] be used to analyse and understand some

on-going issues in marketing, but [also] ... may be used to analyse and understand some on-going issues in resource-based theory" (p. 24).

Definitions of marketing capability were analysed to assess how they have evolved, identify key elements, and understand where insights from the more established field of organisational capability can be applied. Table 2.2 outlines some of the key definitions of marketing capability from the literature, summarising the contributions from key authors and outlining which of the three aspects of capability (resources, processes, outcomes) are implicit in their definitions.

This analysis demonstrates that definitions of marketing capability lack the degree of consistency evident in definitions of organisational capability. In section 2.2.1, organisational capabilities were described as having two components: inputs in the form of resources and processes that transformed these resources into valuable outputs. These might, therefore, be expected to be evident in definitions of marketing capability. The definitions in Table 2.2, however, illustrate that while some scholars have considered or incorporated these aspects (Kaleka & Morgan, 2017; Martin & Javlagi, 2016; Vorhies, 1998; Weerawardeena, 2010), not all have, and inconsistencies are evident. Some of the definitions in the literature do not refer to either resources or processes (Dutta, Narasimham & Rajiv, 1999; Krasnikov & Jaychandran, 2008; Merrilees et al., 2011; Morgan, 2009), while others include resources but do not refer to the processes involved in transforming them into outputs (Feng, Morgan & Rego, 2015; Moorman & Day, 2016). Recognising the key role of resources and transforming processes in marketing capability thus remains a gap in many of these definitions.

Additionally, many of the definitions refer only to specific capabilities or activities, for example, demonstrating superiority in identifying customer needs and understanding the factors influencing customer behaviour (Dutta et al., 1999); understanding and forecasting customer needs and linking offerings to customers (Krasnikov & Jaychandran, 2008); deploying superior market knowledge to generate economic rent (Morgan, 2009); and understanding specific complex consumer needs, product differentiation and superior brand equity (Nath et al., 2010). Although marketing capability includes activities such as identifying customer needs, understanding customer behaviour, linking offerings to customers, developing brand equity and differentiating products, evidence of these capabilities alone is insufficient to conclude that the firm possesses marketing capability at an organisational level. These definitions focus on what can be termed 'sub-capabilities' encompassed within the broader concept of marketing capability. This research however argues that, marketing capability should be viewed as a singular capability comprising various sub-capabilities. Such marketing sub-capabilities are discussed in more detail in section 2.3.2.

TABLE 2.2 DEFINITIONS OF MARKETING CAPABILITY

Year: Page Number	Author(s)	Definition	Aspects of capability
1998:4	Vorhies	The integrative processes designed to apply collective knowledge, skills and resources of the firm to the market-related needs of the business, enabling the business to add value to its goods and services, adapt to market conditions, take advantage of market opportunities and meet competitive threats .	Routines, integration processes, outcomes
1999:548	Dutta et al.	Exhibiting superiority in identifying customers' needs and in understanding the factors that influence customer choice behaviour	Not referenced in this context
2003:387	Moore & Fairhurst	Simply organisational capabilities applied to marketing	Imply routines, processes and outcomes
2008:2	Krasnikov & Jayachandran	Firm's ability to understand and forecast customer needs better than competitors and to effectively link its offerings to customers	Outcome
2008:3	Lindblom, Olkkonen, Kajalo & Mitronen.	Integrative processes whereby the collective knowledge, skills and resources of a firm are applied to the market-related needs of the business	Resources, integrative processes, outcomes
2009a:5	Morgan et al.	Important market-relating mechanisms by which superior market knowledge may be deployed by firms to generate economic rent	Outcome
2010:319	Nath et al.	Integrative process in which a firm uses tangible and intangible resources to understand complex consumer specific needs, achieve product differentiation relative to competition and achieve superior brand equity	Resources, integrative processes, outcomes
2010:573	O'Cass & Weerawardena	Integrative processes designed to apply the collective knowledge, skills and resources of the firm to the market-related needs of the business , enabling the firm to add value to its goods and services and meet competitive demands	Resources, integrative processes, outcomes
2011:369	Merrilees et al.	The sum of mid-level marketing capabilities such as advertising and distribution.	None
2012:106	Morgan	Specialised, architectural, cross-functional and dynamic processes by which marketing resources are acquired, combined and transformed into value offerings for target markets	Resources, specialised, cross-functional and dynamic processes, outcomes
2014:381	Siahtiri, O'Cass & Ngo	Repeatable patterns of action (both activities and skills) to use dedicated resources pertaining to marketing to attract customers and retain and satisfy them	Resources, outcomes
2015:3	Feng et al.	The firm's ability to use its available resources to perform marketing and other related tasks in ways that achieve a desired marketing outcome	Resources, outcomes
2016:2043	Martin & Javalgi	Processes by which firms select intended value propositions for target customers and deploy resources to deliver these value offerings in pursuit of their desired goals	Resources, selection processes, outcomes
2016:6	Moorman & Day	Complex bundles of firm level skills and knowledge that carry out marketing tasks and firm adaptation to marketing changes	Resources, outcomes
2017:3	Kaleka & Morgan	Complex co-ordinated patterns of skills, knowledge and activities by which firms transform (through informal and formal processes) available resources into market-related value outputs .	Resources, transforming processes, outcomes

While Morgan includes both resources and processes in his 2012 paper, the framework that he outlines suggests that the specialised, architectural, cross-functional and dynamic processes are both capabilities *and* processes of creating capabilities (Morgan, 2012). For example, he describes such processes as being “acquired, combined and transformed into value offerings for target

markets” (p. 106), but later in the same paragraph refers to these same processes as capabilities (*ibid.*), thus blurring any distinction between these ‘specialised, architectural, cross-functional’ entities as processes or as organisational capabilities.

Following the section 2.2.1 analysis of organisational capability, the definition of marketing capability needs to encompass the feature of resources as inputs that are transformed into desirable outcomes. Additionally, the proposed overall definition of marketing capability as a term that only highlights sub-capabilities requires a shift away from emphasis on the component sub-capabilities to the overall construct. The recent definition proposed by Kaleka and Morgan (2017) fulfils these criteria: It defines marketing capability as comprised of “complex co-ordinated patterns of skills, knowledge and activities by which firms transform (through informal and formal processes) available resources into market-related value outputs” (p. 3). By this definition, marketing capability includes inputs (marketing resources) that are transformed through processes into outputs (marketing capability).

Marketing capability can therefore be visually represented using a similar approach to that utilised for overall organisational capabilities.

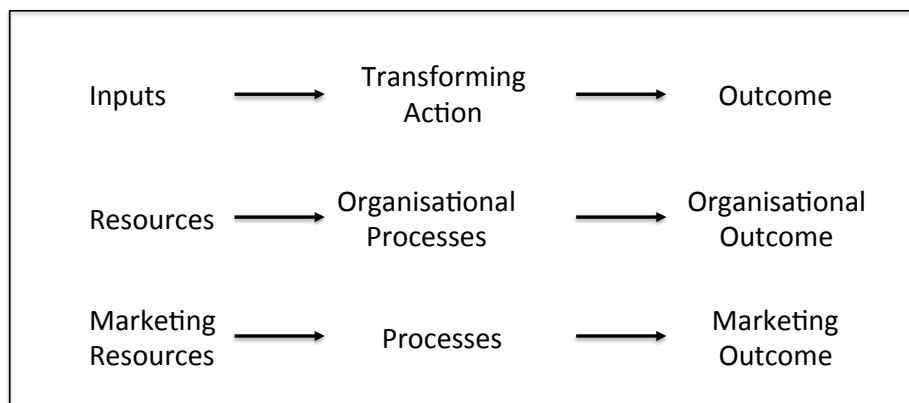


Figure 2.2 **CONCEPTUALISATION OF MARKETING CAPABILITY**

(Source: Author's own)

This section has highlighted that marketing capability consists of sub-capabilities. The following section extends this discussion through an analysis of types of organisational capability and its application to types of marketing capability. It also synthesises the insights of these two streams of scholarship

2.3 TYPES OF CAPABILITIES

2.3.1 TYPES OF ORGANISATIONAL CAPABILITY

Extensive literature deals with types of organisational capabilities. Assessing these suggests that organisational capabilities can be classified into one of two groups: (i) those important for the day-to-day functioning of the firm (for example Helfat & Peteraf, 2003; Shuen et al., 2014; Zahra, Sapienza & Davidsson, 2006) and (ii) those concerning the ability of the firm to adapt its current base of resources and capabilities in response to contextual changes (for example Lessard et al., 2016; Teece, Pisano & Shuen, 1997; Teece, 2012, 2013, 2016, 2017; Winter, 2003). This section contains a detailed discussion of both.

a) Operational Capabilities

Organisational capabilities concerned with the day-to-day functioning of the firm are variously referred to as operational capabilities (Helfat & Peteraf, 2003; O'Reilly & Tushman, 2008; Protogerou, Caloghirou & Lioukas, 2013); zero level capabilities (Winter, 2003); substantive capabilities (Koryak et al., 2015; Zahra et al., 2006); first and second order capabilities (Wang & Ahmed, 2007); and ordinary capabilities (Teece, 2012, 2013, 2016, 2017; Shuen et al., 2014). For the purposes of this study, this group of capabilities will be referred to as 'operational capabilities'. Operational capabilities are focused on 'doing things right' (Teece et al., 2016) and are concerned with how the organisation currently earns a living, allowing for the performance of activities to meet current objectives (Winter, 2003). They are predominantly focused on improving the productive efficiency of the firm through operations, administration and governance (Teece et al., 2016). It can be argued that the capabilities residing in functional areas of the firm would fall into this category, for example: finance, operations, human resources, manufacturing, and IT. As section 2.2.2 indicates, a practice-based view of marketing forms the perspective for this study (i. e. what marketing does) and thus marketing is also viewed as a functional operational capability within this perspective.

Grant provides a useful starting point for outlining different kinds of operational organisational capability (Grant, 1996) in his hierarchy of capabilities. At the base is the individual, specialised knowledge of those within the organisation. Levels of capability within the hierarchy progress from capabilities in performing a single task (single task capabilities), to those specialised capabilities involving multiple single task capabilities, and then to activity related capabilities relevant only to particular functions. The next level in the hierarchy is then functional capabilities that correspond to the various functions within the organisation (for example operations, R&D, MIS, marketing, sales and human resources), and then finally at the top of the hierarchy are those capabilities that involve co-ordination across various functions within the organisation (cross-functional capabilities). Grant

(1996) illustrates this hierarchy through the example of the organisational capabilities of a manufacturer of private-branch telephone exchanges (PBXs). This analysis reveals five types of operational organisational capabilities: single task; specialised; activity-related; broad functional; and cross-functional capabilities.

b) Dynamic Capabilities

The second group of organisational capabilities are those acting *on* operational capabilities and renewing or adapting them in response to contextual changes, referred to as dynamic capabilities (Lessard et al., 2016; Shuen et al., 2014; Teece, 2012, 2013, 2016, 2017; Teece & Leih, 2016; Teece, et al., 1997; Winter, 2003). Dynamic capabilities emerged as a separate field of scholarship in part due to the criticism that RBT failed to consider the impact of dynamic market environments. In contrast, Dynamic Capability Theory (DCT) took into account the evolving and changing nature of marketplaces. It put strategic flexibility at the heart of competing in the global environment, with the means of achieving this through dynamic capabilities.

Capabilities are dynamic when they enable the firm to implement new strategies to reflect changing market conditions by combining and transforming available resources and existing capabilities in new ways. Thus, they have also been referred to in the literature as combinative capabilities. Despite many proposed definitions and debates over their exact nature, most build upon Teece et al.'s (1997) original definition of dynamic capabilities: "the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments" (p. 516). Dynamic capabilities are focused on 'doing the right things' (Teece & Leih, 2016). Key in this is the ability of the firm to respond to the external environment by acting on existing resources and capabilities and either transforming or reconfiguring them. Thus, it is important to understand the force of the term *dynamic*. Dynamic does not refer to the dynamism of the environment, nor the nature of the capability itself (in other words, dynamic capabilities are not capabilities that themselves change over time). The term *dynamic* refers to the "change in resource base, to the renewal of resources ... the role of dynamic capabilities is to impact on the firm's extant resource base and transform it in such a way that a new bundle or configuration of resources is created" (Ambrosini & Bowman, 2009, p. 35). Dynamic capabilities are the processes that integrate and transform resources and operational capabilities (Ardt et al., 2014; Audier & Teece, 2007; Eisenhardt & Martin, 2000; Shuen et al., 2014; Verona & Ravasi, 2003).

Dynamic capabilities comprise layers of sub-capabilities and Teece outlined the following three: the abilities to (i) sense and shape opportunities and threats; (ii) seize new opportunities and (iii) continuously transform and protect the firm's tangible and intangible assets (Teece, 2010). Sensing opportunities is a process of scanning, searching and exploring the environment and examples

include exploring technological opportunities, listening to customers, and scanning elements of the business ecosystem. Seizing is the ability to address these opportunities through mobilising responses, for example securing access to capital or defining human resource needs. Transforming is the ability to continuously recombine and reconfigure resources and capabilities. These aspects of dynamic capabilities “enable a firm to sense opportunities sooner than rivals, seize them more effectively and support the organisational transformation needed to stay ahead” (Day and Schoemaker, 2016, p. 59). These scholars further extend Teece’s sensing, seizing and transforming capabilities to include peripheral vision and vigilant market learning under ‘sensing’; probing learning and flexible investing under ‘seizing’; and organisational redesign and external shaping under ‘transforming’. This discussion illustrates the clear differences between operational and dynamic capabilities and these are summarised in Table 2.3 below.

TABLE 2.3 DIFFERENCES BETWEEN OPERATIONAL AND DYNAMIC CAPABILITIES

	Operational Capabilities	Dynamic Capabilities
Other Descriptors	Zero-level, Ordinary, Substantive, Core, First Order	Combinative
Key Elements	Govern what the firm is currently doing Performance of administrative, operational or governance related functions Support greater productive efficiency or static efficiency Allow the performance of activities to meet current objectives	Act on operational capabilities to transform or reconfigure them Integrate, build, re-configure internal and external resources to address and shape rapidly changing business environments Involve facing up to external and internal challenges and opportunities
Outcome	Doing things right	Doing the right things at the right time
Competitive Impact	Make a firm capable of producing and selling a defined and static set of products and services	Enable the firm to implement new strategies to reflect changing market conditions
Examples from the literature	Functional examples: Operations, marketing, manufacturing, finance, human resources, IT Hierarchical examples: Architectural; cross-functional; broad functional; activity related	Sensing, seizing, transforming Exploitation and exploration Combinative Adaptive capability Absorptive capability Innovative capability

(Sources: Grant, 1996; Lessard, 2016; Shuen et al., 2014; Teece, 2012, 2013, 2015, 2016, 2017; Teece & Leih, 2016)

As noted, dynamic capabilities are a separate type of capability that *act on* any operational capability within the organisation. This means that dynamic capabilities can change, renew and integrate task, specialised, activity and functional or cross-functional capabilities. Dynamic capabilities thus work across the entire capability base of the organisation and can also alter the firm’s resource base: the inputs to capability.

This analysis of organisational capabilities has outlined the two broad groupings: operational and dynamic. While these are related, they result in different organisational outcomes, with operational capabilities concerned with maintaining the organisational status quo, and dynamic capabilities with adapting the resource and capability base to changes in the environment.

2.3.2 TYPES OF MARKETING CAPABILITY

In section 1.7 marketing was defined as the process of integrating and mobilising the marketing knowledge, skills and resources of the firm to explore, create and deliver value propositions to satisfy the needs of a target market at a profit (Achrol & Kotler, 2012; Kotler, 2014; Vargo & Lusch, 2004; Webster, 2009), noting that this definition is based on a practice-based view of marketing emphasising what marketers do rather than the culture/philosophy perspective of market orientation. Within this context, section 2.2.2 defined organisational marketing capability as “complex co-ordinated patterns of skills, knowledge and activities by which firms transform (through informal and formal processes) available resources into market-related value outputs” (Kaleka & Morgan, 2017, p. 3).

The discussion in section 2.3.1 distinguished between two broad groups of organisational capabilities, namely operational and dynamic, and outlined the differences between them. Various types of operational capabilities were outlined, and, based on this analysis, organisational marketing capability was defined as a *functional operational capability*. It was also argued that marketing capability is a singular capability with various sub-capabilities and that the organisation's capability to be able to perform marketing results from the integration of these sub-capabilities. This section discusses these types of marketing capabilities.

In a recent article, Moorman and Day (2016) suggest that a degree of consensus has been reached about the primary capabilities within marketing. They outline five groups of capabilities: market sensing and knowledge management; relational capabilities, including customer relationship management (CRM); managing brand assets; strategic marketing planning; and implementation and specific functional capabilities related to the marketing mix. Yet, while an overview of the literature may make it reasonable to suggest consensus, differences in how marketing sub-capabilities are treated remain. Firstly, an in-depth review of the literature illustrates that the most common groupings or clusters actually differentiate between marketing capabilities related to the classic 'marketing mix' and those related to strategy (Day, 2011a, 2011b; Morgan, 2012; Morgan et al., 2002, 2009; Vorhies & Morgan, 2009; Vorhies et al., 2011; Weerawaardena, 2003). The remaining marketing sub-capabilities referred to by Moorman and Day (2016), market sensing and knowledge management, customer relationship management and the management of brand assets, are often explored as separate capabilities within marketing rather than as part of an overall taxonomy. Secondly, while the literature outlines some frameworks (Day, 1994; Morgan, 2012), the capabilities included in these frameworks differ. Finally, and as previously noted, there is the view that marketing capability is a singular functional capability resulting from the integration of different types of marketing capability.

The first part of this section describes how the types of marketing capabilities are discussed in the literature, followed by a review of marketing capability frameworks.

Types of Marketing Capabilities

Table 2.4 on the following page presents the literature, outlining which scholars discuss which types of marketing capabilities.

Specialised marketing capabilities are included by most scholars, either alone (Vorhies, 1998), or with strategy development and implementation (Day, 1994; Moorman & Day, 2016; Vorhies & Morgan, 2003, 2005). These capabilities are also referred to as specialised marketing capabilities and are defined as tactical capabilities concerned with functional marketing activity. They include marketing communication and promotion, selling, price, channel/distribution management and product management. Although limited, some scholarship has also included market research in this category, viewing it as distinct from market sensing, which is seen as a separate capability (Morgan et al., 2009).

Marketing communication and promotion incorporates all aspects of communicating with customers to develop and maintain customer value perceptions. This includes all approaches to communication, including some newer digital communication mechanisms, such as banner or display ads on websites, paid and organic search ads, company websites, blogs, and social media. Some scholars also include the ability to integrate all marketing communication into a cohesive whole, a task that is becoming more complex with the addition of digital media channels (Batra & Keller, 2016). This is referred to as integrated marketing communication (IMC) and is defined as using multiple media in a synergistic manner (Peltier, Schibrowsky & Schultz, 2003; Reid, Luxton & Mavondo, 2005).

Pricing is closely related to perceived customer value of the product or service and incorporates activities such as developing a pricing strategy, exploring competitor prices and gaining commitment to new prices which may also include channel members (Madhavaram & Hunt, 2008).

Channel and distribution management has typically been viewed as the domain of goods companies, however again the increased use of digital channels means this aspect must now also be viewed as relevant to services. Some definitions of channel management resemble those outlined for customer relationship management. For example, Morgan (2012) outlines channel management as the “ability to effectively and efficiently manage relationships with customers” (p. 107). However, this research takes the view that channel and distribution management refer to the more tangible aspects of distribution, based on the definition of Eng and Spickett-Jones (2009): “the ability to establish and maintain channels of distribution that effectively and efficiently deliver value to end customers” (p. 465).

TABLE 2.4 OVERVIEW OF TYPES OF MARKETING CAPABILITIES COVERED IN THE LITERATURE

Author	Day	Vorhies, Harker, Rao	Vorhies	Day	Vorhies, Morgan	Vorhies, Morgan	Morgan, Vorhies, Mason	Vorhies, Morgan, Autry	Morgan, Slotegraaf, Vorhies	Day	Vorhies, Orr, Bush	Morgan
Year	1994	1998	1998	2002	2003	2005	2009	2009	2009	2011	2011	2012
Strategy Development/ Marketing Planning	X			X	X	X	X	X	X			X
Strategy Implementation	X				X	X	X	X				X
Marketing Management		X										
Environment Scanning					X							
Market Sensing	X											
Vigilant Market Learning										X		
Adaptive Market Experimentation										X		
Open Marketing										X		
Channel Bonding/ Channel Management	X	X	X			X	X	X				X
Customer Linking	X											
Customer Relationship Management									X		X	X
Customer Order Fulfilment	X											
Selling			X		X		X	X				X
Brand Management									X		X	X
Pricing	X	X	X		X	X	X	X				X
New Product Development	X	X	X		X	X	X					X
Product Management							X	X				X
Market Research/ Market Information Management		X	X			X		X				X
Communication and Promotion		X	X		X	X	X	X				X

The scope of **product** management capability reveals inconsistencies in the literature. Some scholars include only product management, others add new product development under specialised marketing capabilities, yet others place it in another capability grouping. For the purposes of this study, product management is defined as distinct from new product development. The former concerns the day-to-day management of existing products or services while the latter refers to the development of products or services not previously offered by the firm.

The second broad cluster of marketing capabilities most frequently referred to is **strategy development and implementation**, also sometimes termed architectural marketing capabilities. These are those capabilities concerned with co-ordinating and deploying specialised marketing capabilities, strategy planning and execution. Marketing strategy development includes “anticipating and responding to the market environment in order to direct the firm’s resources and actions in ways that align the firm with the environment and achieve the firm’s financial goals” (Slotegraaf & Dickson, 2004, p. 373). Some of the activities associated with this capability include market segmentation, customer and competitor analysis, internal company analysis, the definition of target markets and the development of value propositions (Morgan, 2012).

Brand management and **customer relationship management** are frequently explored together (Morgan, 2012; Morgan et al., 2009; Orr et al., 2011; Vorhies et al., 2011) and are viewed as marketing capabilities not confined to the marketing team alone but involving the input and co-ordination of other parts of the organisation. While this definition assumes other marketing capabilities (for example, marketing mix capabilities) are the domain of the marketing department alone, the literature suggests the future of marketing depends on this *not* being the case. The importance of marketers integrating with the entire organisation regardless of activity has been highlighted by a number of scholars (Feng & Rego, 2017; Hanssens & Pauwels, 2016; Kitchen & Sheth, 2016; Moorman & Day, 2016). In a study covering an industry sample of 612 public firms in the United States, Feng et al. (2015) found evidence of the importance of “access to high quality internal and external resources, which enables necessary cooperation from other functional areas to develop, maintain and enhance firm-level marketing capabilities” (p. 13). Some studies cite evidence that marketing is losing its influence in the rest of the organisation. This has been viewed with concern, because the discipline has a strong impact on firm performance: “We observe that the marketing department’s influence has the strongest effect on firm performance (...). The decline of the influence of the marketing department is thus likely to negatively affect firm performance” (Homburg et al., 2005, p. 10). Moorman and Day (2016) also point to the increasing dependence of marketing on technology, leading to an increase in the number of specialist roles and the need to continually integrate cross-functionally. All this suggests that all marketing capabilities need

interaction and collaboration with the rest of the organisation, and not only those concerned with brand management, customer relationship management or new product development.

Brand management is the ability of the firm to manage what has been described as its 'reputational' assets, and reflects its ability to create, maintain and grow these assets, whether in reference to a single brand or a portfolio of brands within an organisation. Madhavaram and Hunt (2008) define this marketing capability as the set of processes that include acquiring, developing, nurturing and leveraging an effectiveness-enhancing, high quality brand or portfolio of brands. In this context, a high equity brand is one enjoying positive perceptions from customers that in turn create sustainable and long-lasting relationships with those customers.

Relational capabilities include **customer relationship management** and the **management of channel and supplier partnerships**. This capability has also been referred to as 'customer linking' (Day, 1994) and incorporates not only the ability to create and build customer relationships but also to sustain these over time. This is a deeper relationship than customers simply using a product or service. Morgan (2012) describes relational capabilities as the abilities to "identify attractive customers and prospects, initiate and maintain relationships (...) and leverage these relationships into customer-level profits" (p. 108). In view of the importance of marketing's role within the organisation and the need for integration and collaboration across departments and functions, it may also be valid to consider the notion of *internal* customer relationship management under this capability. However, few marketing capability scholars make reference to this.

Since Day first coined the term in 1994, **market sensing** has enjoyed significant attention in the literature, particularly because this capability can assist organisations to read changes in the business environment and adapt to them (for example Bharadwaj & Dong, 2013; Day, 2011a; Day & Moorman, 2013; Foley & Fahey, 2009; Ngo & O'Cass, 2012; Moorman & Day, 2016). Included in this cluster of capabilities is the concept of market orientation as a behavioural capability, which should be viewed as distinct from (but related to) market orientation as culture. Market sensing goes beyond just gathering information and developing insights (arguably the traditional domain of market research). Some scholars have expanded the capacity by introducing a more proactive dimension, for example market learning, defined as "more than market sensing ... actively probing and experimenting in order to be able to anticipate broader marketplace changes" (Morgan, 2012, p. 109). Day has suggested that this evolution of market sensing is critical to the ability of firms to close what he suggests is a growing marketing capabilities gap driven by the increasingly complex nature of the business environment as a result of advances in technology and data (Day, 2011a).

Another category of marketing capability that has emerged in the literature is **dynamic marketing capabilities** (DMC). However, DMC overlaps with some of the other capabilities outlined in this section and there is little consensus about which capabilities are identified as DMCs (Barrales-Molina, 2013). Some scholars include market sensing, customer linking and customer-oriented capabilities (Bruni & Verona, 2009), while others (Maklan & Knox, 2009) include creating marketing knowledge, building brands, and customer relationship management.

In his 2011 paper exploring the evolution of marketing capabilities in response to the changing nature of the business environment, Day discusses the question of dynamic capabilities in the context of marketing in depth. Including the term in his conceptual depiction of how marketing capabilities have evolved, he nevertheless avoids suggesting there is a specific type of capability called dynamic marketing capability. His question is rather: “Can the capabilities for managing the marketing mix become more dynamic in a supportive organisational setting?” (p. 186). This question suggests he is referring to the dynamism of the capability itself. As discussed in section 2.4.1, in the dynamic capabilities literature, the term *dynamic* refers to the change in resource base, to the renewal of resources and therefore dynamic capabilities are the processes that integrate and transform resources and operational capabilities (Arndt et al, 2014; Audier & Teece, 2007; Eisenhardt & Martin, 2000; Shuen et al., 2014; Verona & Ravasi, 2003). The term *dynamic* does not refer to the capability itself nor to the environment. It can be argued that within the context of the dynamic capabilities literature, it may be more pertinent to explore whether a supportive environment would allow dynamic capabilities to more effectively change, renew or transform marketing mix capabilities.

Day also references Morgan who hypothesises that a market orientation can affect capabilities, making the firm more dynamic (Day, 2011; Morgan, 2012). As outlined in section 2.3.1, one of the sub-capabilities within dynamic capabilities is market sensing: the ability to sense and shape opportunities and threats incorporating scanning, search and exploration of the environment, by, for example exploring technological opportunities, listening to customers or scanning elements of the business ecosystem. In an earlier paper, Day argued that the behavioural definition of market orientation is the same as market sensing (Day, 1994). Other scholars have also highlighted that market sensing is an essential element of market-oriented behaviour (Lindblom et al., 2008). In view of the nature of dynamic capabilities, the market orientation of the firm would be a facilitating condition for dynamic capabilities and could be viewed as a type of dynamic capability because of its relationship to market orientation. However, it can be argued that it is not a dynamic *marketing* capability but a dynamic capability.

Additionally, the discussions in the literature of what has been defined as dynamic *marketing* capabilities appear to refer to the characteristics of organisational dynamic capabilities. For example,

Fang & Zou (2009) define DMCs as “the responsiveness and efficiency of cross-functional business processes for creating and delivering customer value in response to market changes” (p. 744). In essence this describes the ability of the organisation to adapt its resources and capabilities (in this instance, marketing resources and capabilities) to changes in the organisational environment, which is the definition of a dynamic capability (see section 2.3.1). Morgan also outlines three main elements of DMCs that are identical to those outlined in reference to dynamic capabilities field, namely market-learning capability; resource reconfiguration; and capability enhancement (Morgan, 2012). None of these definitions of DMCs sufficiently differentiate the concept of a DMC from that of a dynamic capability.

However, an alternative view can be proposed by arguing that specific references to dynamic *marketing* capabilities do not make sense. Firstly, these references imply something specific about dynamic capabilities in the marketing domain that differs from that in other functions. This contention lacks robust evidence. Secondly, they could imply a need for different types of dynamic capabilities across all functional areas, for example dynamic finance capabilities, dynamic IT capabilities, dynamic human resources capabilities, and so on. But as noted in section 2.3.1, the very nature of dynamic capabilities is that they act on *any* type of organisational capability, and thus there is no need to single out dynamic marketing (or any other) capability, since the definition and characteristics of dynamic capabilities encompass all these.

This section has outlined various types of marketing capabilities that, when integrated, build an organisation’s ability to perform marketing. A key part of each of the sub-capabilities is that they work together, and ample literature has found marketing sub-capabilities to have a complementary impact, arguing that for a firm to exhibit organisational marketing capability it would need to integrate knowledge from all marketing sub-capabilities: a capability in brand management or customer relationship management alone cannot lead to overall organisational marketing capability – and, indeed, is analogous to suggesting that effectively completing hiring routines equates to full organisational human resource capability. It is all marketing sub-capabilities together that make up the firm’s overall capability to perform marketing.

Marketing Capability Frameworks

Two main frameworks for marketing capability can be discerned in the literature: those of Day (1994) and Morgan (2012).

Day’s conceptual framework (1994) was not specifically designed as a marketing capability framework *per se*, but rather examined how a market-driven orientation can be developed and sustained within an organisation. It therefore included marketing as *part* of the broader framework.

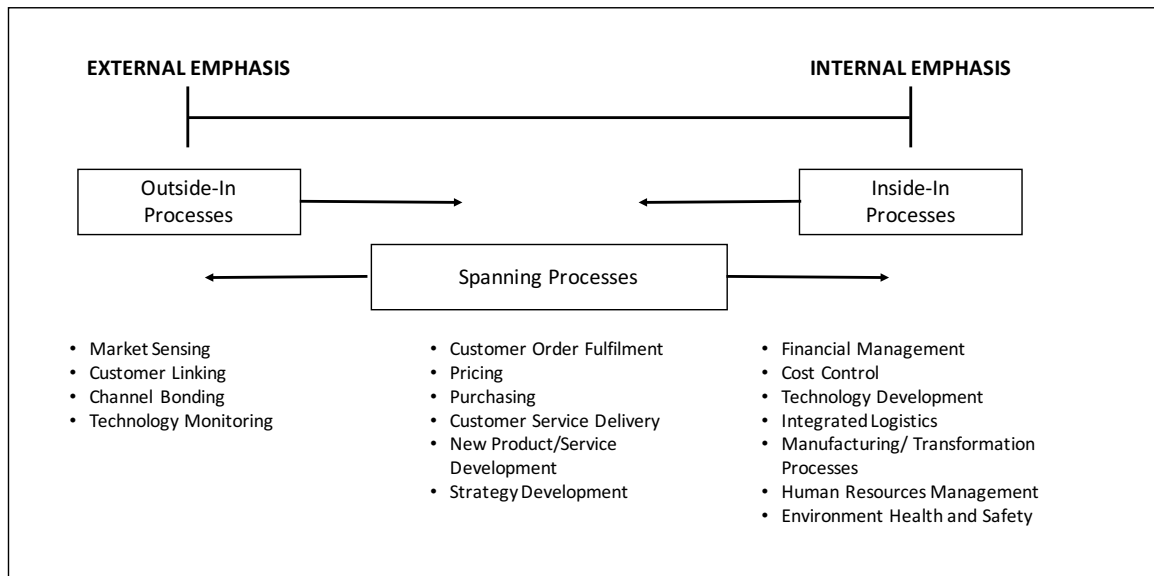


FIGURE 2.3: DAY'S CAPABILITIES OF MARKET DRIVEN ORGANISATIONS

(Source: Reproduced from Day, 1994, p. 41)

The framework distinguishes between outside-in (comprising market sensing, customer linking, channel bonding, technology monitoring) and inside-out (financial management, cost control, technology development, integrated logistics, manufacturing/transformation processes, human resources management, environment health and safety) processes and what are termed spanning capabilities (customer order fulfilment, pricing, purchasing, customer service delivery, new product/service development, strategy development). Day's framework reveals an orientation towards viewing the organisation as a whole, including some marketing capabilities such as market sensing, customer linking, channel bonding, pricing, customer service delivery, and so on. However, some marketing sub-capabilities are missing, for example brand management, integrated marketing communication, marketing communication, and promotion and selling.

More recently, Morgan (2012) has proposed a conceptual framework linking marketing with business performance (Figure 2.4). Morgan states this is not intended to be a marketing capabilities framework but rather an "integrative, theory-based conceptual framework *linking marketing with firms' business performance (italics added)*" (p. 102). However, a review of the framework in light of the earlier discussion of organisational capability suggests that Morgan has synthesised the insights from the Resource Based View of the firm and Dynamic Capabilities Theory to develop a more comprehensive description of marketing capability within organisations. Implicit in his groups of capabilities are, therefore, the theoretical contributions of key theorists, such as Pisano (1994), Grant (1996), and Teece et al. (1997).

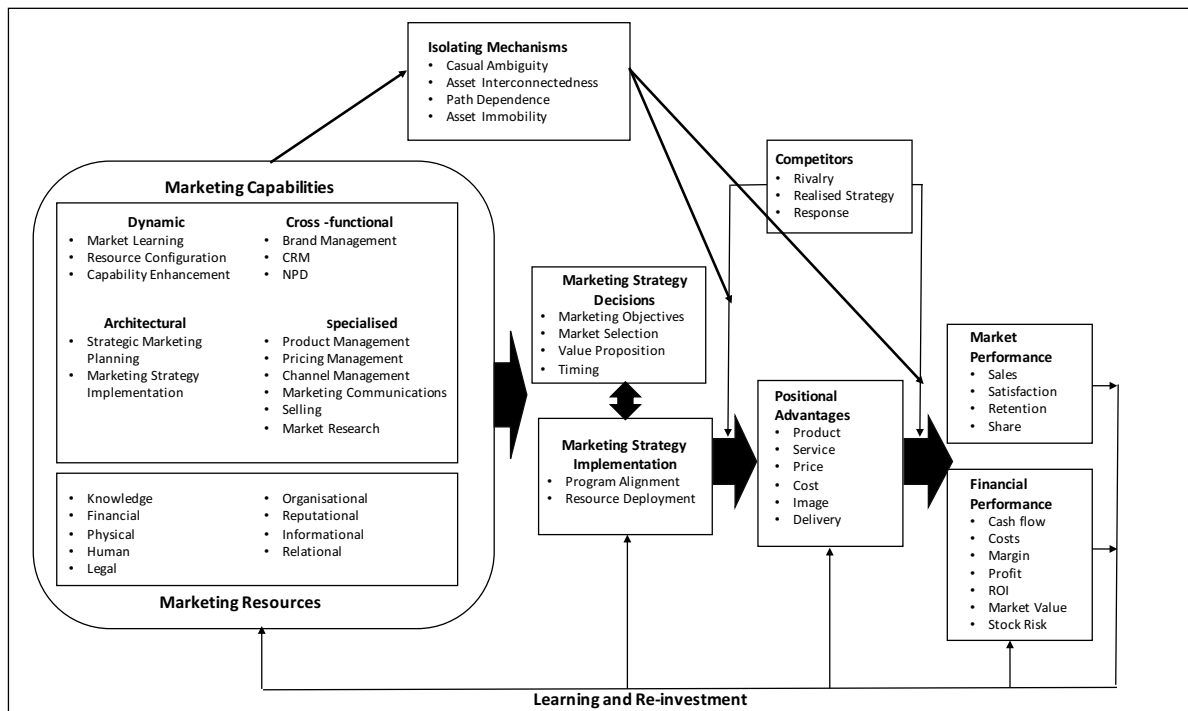


FIGURE 2.4 MORGAN'S FRAMEWORK LINKING MARKETING AND BUSINESS PERFORMANCE

(Source: Reproduced from Morgan, 2012, p. 104)

Morgan (2012) outlines nine marketing resources in his framework, recognising these are “inputs to organisational capabilities” (p. 104). He acknowledges that marketing resources have not been studied in any depth and, based on various sources, proposes a distinction between tacit knowledge resources and the remaining resources including financial, physical, human, legal, organisational, reputational, informational and relational. Although this research aligns with Morgan's view of resources as inputs to capabilities, an assessment of the categories he proposed highlights some gaps.

Firstly, it can be argued that several of the categories suggested by Morgan overlap. For example, legal resources incorporate aspects such as brand names, trademarks and patents. In organisational resource literature, this is incorporated into the physical resources category. Informational resources are “data such as facts, axiomatic propositions and symbols which can be transmitted without loss of integrity once syntactical rules for deciphering it are known” (Morgan, 2012, p. 105). This definition of informational resources, however, overlaps with human and physical resources. Relational resources are described as any type of relationship that the firm has, including those with employees, customers, channel members and suppliers and specifically how these relationships are used to provide inputs into marketing activities, for example the development of new products. The relationship dimension has been included under reputational resources in the

broader literature; however, the use of these entities as inputs in the marketing process has not, because it is argued that it is the relationship that allows for the utilisation of the resource (in this case, to provide input). Finally, Morgan provides a category labelled 'knowledge'. Knowledge is not outlined as a separate category in the organisational resource literature and was included under human resources, since knowledge exists within the individual.

Morgan outlines four groups of marketing capabilities: specialised capabilities, cross-functional capabilities, architectural capabilities, and dynamic capabilities.

Specialised marketing capabilities are those traditionally associated with the marketing mix and which have been highlighted by some scholars including Morgan (Chang et al., 2010; Evers, Kale, Krishnan & Singh, 2012; Moorman & Day, 2016; Morgan, 2012; Vorhies & Morgan, 2009). These capabilities include product management, pricing management, channel management, marketing communications, and selling. Morgan has also argued that market research should be included as a separate specialised marketing capability (Morgan, 2012). These capabilities could be viewed as the basic building blocks of marketing capability, since they comprise specific tasks related to that specific capability. For example, product management could include the design of a product, determining the product mix, developing labels and managing product returns, or the specialised capability of market research may include designing ways in which market information will be collected, managing and implementing the data collection process, analysing and communicating the results.

Morgan uses the term 'cross-functional' to describe capabilities involving the integration and co-ordination of multiple specialised capabilities. However, this research argues that using the term 'cross-functional' suggests these are capabilities that involve working across different functions within the organisation, rather than what Morgan has outlined, namely the drawing together of specialised capabilities in combinations that work in concert within each other and other functional capabilities within the organisation. Morgan describes these capabilities as "more complex and higher order" than specialised capabilities" (p. 107), suggesting that a better descriptor might be 'second-order capabilities'. In Morgan's framework these include brand management, new product development, and customer relationship management.

Capabilities associated with integrating, combining and co-ordinating the specialised and cross-functional capabilities, plus the resource inputs of these capabilities, are termed architectural capabilities. These have planning and deployment dimensions: as Morgan explains, they encompass "planning-related processes involved in selecting strategic marketing goals and formulating strategies to attain them and the implementation related processes that facilitate the deployment [of resources]" (p. 108).

Dynamic capabilities also feature in Morgan's framework under the heading of 'marketing capabilities'. One argument suggests that dynamic capabilities are organisational capabilities and thus not functionally specific. Although Morgan refers to these capabilities as dynamic marketing capabilities, neither the components nor his definition suggests any differences. Morgan's definition of dynamic capabilities is: "the firm's ability to engage in market-based learning and use the resulting insight to reconfigure the firm's resources and enhance its capabilities in ways that reflect the firm's dynamic environment" (p. 108). In the same discussion, he describes dynamic marketing capabilities as "having three major elements: market learning, resource configuration and capability enhancement" (p. 109). Comparing these definitions reveals no real distinction between them. The components of dynamic capabilities as outlined by Teece (sensing, seizing and transforming) also suggest no fundamental difference between these definitions (Teece, 2010).

This discussion has illustrated that, while some scholarly work has been conducted in the area of marketing capabilities, many gaps and inconsistencies remain. Marketing capabilities are commonly clustered into marketing mix and strategic capabilities. When market sensing, brand management and customer relationship management are explored (as a group or singly), the exploration often fails to take into account marketing mix and strategic marketing capabilities. This discussion has shown that while Day (1994) and Morgan (2012) outline conceptual groupings of marketing capabilities, these are not based on empirical findings. Rather, both frameworks form part of conceptual discussions regarding, in Day's case, firms that are market driven, or in Morgan's, exploring the relationship between marketing and firm performance. By contrast, this research explores marketing capabilities within the context of four organisational cases.

2.4 PROPOSED FRAMEWORK OF TYPES OF MARKETING CAPABILITY

Based on the literature review, a framework of marketing capability and associated sub-capabilities was developed by the author. The framework builds on Morgan's 2012 contribution by suggesting how each of the sub-capabilities and their components fit together to make up overall marketing capability. This is included in Figure 2.5 overleaf and discussed in more detail in the sections that follow.

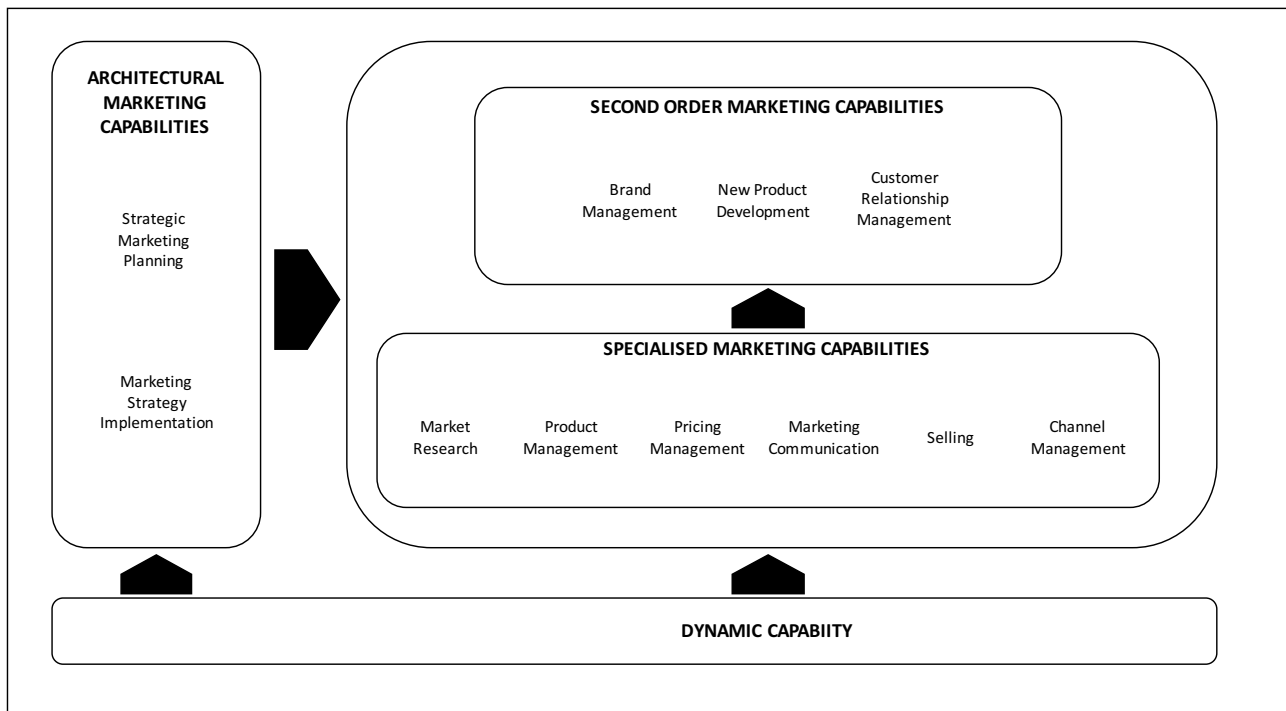


FIGURE 2.5 PROPOSED FRAMEWORK OF MARKETING CAPABILITIES

(Source: Author's own)

Four categories of marketing capability were outlined: Architectural marketing capability, Second Order marketing capability, Specialised marketing capability and Dynamic capability. Architectural marketing capability consists of strategic marketing planning and marketing strategy implementation. Second Order marketing capability consists of three sub-capabilities: brand management, new product development, and customer relationship management. Specialised marketing capability consists of market research, product management, pricing management, marketing communication, selling and channel management. Dynamic capability did not encompass any sub-capabilities.

In this framework, Architectural marketing capability is depicted as utilising combinations of both Second Order and Specialised marketing capabilities. Similarly, Second Order marketing capability utilises combinations of Specialised marketing capability. Dynamic capability is illustrated as influencing all three groups of marketing capability as per the argument outlined in the literature review.

The following sections look at another underexplored area of the marketing capability literature, namely how organisational marketing capability is developed.

2.5 HOW ORGANISATIONAL CAPABILITIES ARE DEVELOPED

Figure 2.6 illustrates how organisational and marketing capabilities comprise three aspects: inputs (organisational/marketing resources) transformed (via processes) into firm outcomes. The following visual representation is proposed.

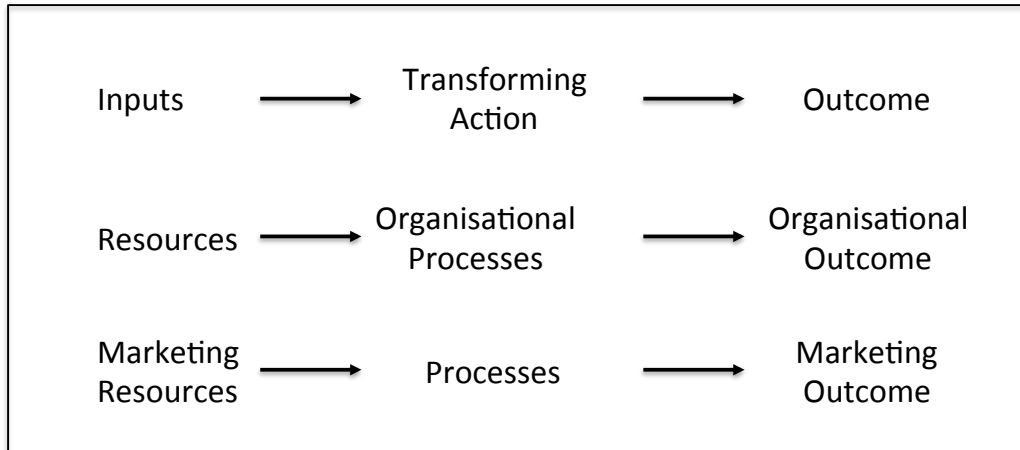


FIGURE 2.6 PROCESS OF ORGANISATIONAL AND MARKETING CAPABILITIES

(Source: Author's own)

This section explores how organisational and marketing capabilities are developed using this input-transformation approach as its foundation. Firstly, inputs (resources) are discussed, followed by a review of the processes via which these resources are transformed into outputs.

2.5.1 INPUTS TO CAPABILITY DEVELOPMENT: RESOURCES

Resources are the inputs to organisational and marketing capability. While there is extensive and consistent scholarship on organisational resources, the same cannot be said for marketing resources. For this reason, the broader field of organisational resources is used as a basis for enhancing understanding of marketing resources and developing a conceptual framework.

a) Organisational Resources

Most conceptualisations of organisational resources outline the following broad categories: (i) physical (for example, the firm's plant and equipment, geographical location and access to raw materials); (ii) human (for example, training, experience, judgement, intelligence and the insight of individual managers and workers in the firm); and (iii) organisational (for example, the firm's reporting structure, formal and informal planning, controlling and coordinating systems, informal relationships among groups within the firm and between a firm and its environment) (Barney, 1991; Eisenhardt & Martin, 2000; Mahoney & Pandian, 1992). Grant (1996) offers an alternative view creating separate

categories for financial (revenue, profit and capital), technological (IT systems) and reputational resources in addition to physical, human and organisational resources. Grouping reputational resources as a separate category is of particular importance within the context of this study, since it includes some key marketing resources, for example brand equity, brand names, relationships with customers and suppliers, patents and trademarks. Table 2.5 provides a summary of the six different types of resources discussed, with corresponding examples from the organisational capability literature.

TABLE 2.5 TYPES OF ORGANISATIONAL RESOURCES

Type of Organisational Resource	Examples
Financial	Revenue, profit, capital
Physical	Firm's plant and equipment, geographical location, access to raw materials
Human	Individual knowledge, training, experience, judgement, intelligence, insight, trade secrets, personal networks
Technological	IT systems
Reputational	Brand equity, brand names, relationships with key stakeholders (including distributors, retailers, customers, other strategic partners, community groups, governmental agencies), patents, trademarks, design, copyright,
Organisational	Organisational culture, operating model, reporting structure, formal and informal planning, controlling, co-ordinating systems, information relationships within a firm and between the firm and its environment

(Sources: Adapted from Grant, 1996; Hall 1992, 1993; Srivastava et al., 1998; Molloy, Chadwick, Ployhart & Golden, 2011; Teece, 2015)

b) Marketing Resources

Previous discussions have noted a significant increase in the application of RBT to the marketing field, but little consistency is evident in terms of how marketing resources are defined and treated in the literature. Morgan (2012) notes that marketing resources have “not been discussed explicitly...in any depth” (p. 104) in the literature. Kozlenkova et al.'s 2014 paper remains the only review of RBT in marketing to date. These authors found that the main focus areas for RBT were in marketing strategy, international marketing and marketing innovation, thus providing further evidence of this gap.

Many marketing scholars do not make any reference to resources in their discussion of marketing capabilities (Merrilees et al., 2011; Morgan et al., 2009; Orr et al., 2011; Ramaswami, Srivastava & Bhargava, 2009; Slotegraaf & Dickson, 2004; Song, Droge, Hanvanich & Calantone, 2005; Vorhies & Morgan, 2005). Where marketing resources are covered, some take the perspective that marketing capabilities are a type of resource (Auh & Menguc, 2009; Hooley et al., 2005), which – as outlined in section 2.3.1 – is not a view supported by this researcher, since resources are viewed as inputs to capabilities. Others focus only on a limited number of marketing resources, for example, customer and innovation resources (Fang & Zou, 2009); supply chain partnerships (Richy, Tokman & Delela, 2010; Jap, 2001); market orientation and innovativeness (Menguc & Auh, 2006); market information processes and organisational responsiveness (Hult, Ketchen & Slater, 2005); or

intangible marketing resources (Slotegraaf et al., 2003). Another approach simply uses firm level definitions of resources; these scholars do not outline any specific defining or distinguishing characteristics of marketing resources when compared to generic organisational resources. For example, Kozlenkova et al. (2014) define market-based resources as “a subset of the firm’s assets and capabilities that are relating to marketing activities such as building brands, relationships, innovation and knowledge”.

The only exceptions are the work of Srivastava et al. who refer to marketing resources as market-based assets and distinguish between relational and intellectual market-based assets (Srivastava et al., 2001) and of Morgan, who outlines the following categories: knowledge, financial, physical, human, legal, organisational, reputational, informational and relational (Morgan, 2012).

In Srivastava’s conceptualisation, relational market-based assets are relationship based and include relationships with, and perceptions held by, external stakeholders such as customers, channels, strategic partners and suppliers. They represent the networks of all the relationships that the organisation holds, both internal and external. Intellectual assets are organisational marketing knowledge including declarative “know-what” and procedural “know how” knowledge. Srivastava et al. cite examples of this type of market-based asset, including “knowledge about the internal and external environment, know-how embedded in individual or units’ skills (...) and know-how to leverage intraorganisational skills” (Srivastava et al., 2001, p. 782). However, these scholars’ conceptualisation is still not comprehensive; it does not include financial and technological marketing resources and considers organisational marketing resources only to a limited extent.

As indicated in section 2.4, Morgan (2012) outlines nine categories of marketing resources including specific categories for legal, informational, relational and knowledge. However, a review of the definitions of some of these additional categories suggests they are already included under overall organisational resources (Table 2.5). The utility of creating separate resource categories could be questioned.

c) Tangible versus Intangible Resources

Another way in which organisational resources have been viewed in the literature is by separating tangible from intangible resources. Tangible resources include financial, physical and technological resources; intangible resources are human, knowledge, reputational and organisational. This is a useful distinction since the increasing parity of tangible resources across different firms makes competition on these types of resources (Molloy et al., 2011; Teece, 2015) difficult. Intangible resources are thus becoming more important as a source of competitive advantage. The key distinguishing characteristics of intangibles are that they do not deteriorate with use, can be used

simultaneously across the firm and (as they are 'immaterial') are difficult to exchange (Molloy, 2011; Hall, 1992, 1993). Molloy (2011) uses the example of a brand to illustrate these three characteristics of intangibles: brands do not depreciate with use; a brand name can be used by multiple managers at the same time; and often firms may be required to purchase the entire firm to acquire a brand.

It has been proposed that intangible marketing resources are a significant contributor to the competitive advantage of firms. Some scholars have also suggested this is one of the main differences between marketing capabilities and other types of organisational capabilities: these intangible aspects of marketing capabilities are more prevalent (Kozlenkova et al., 2014).

d) Knowledge as a key organisational resource

Not all resources, whether tangible or intangible, contribute equally to the competitive advantage of the firm (Barney et al., 2011) and it has been proposed that knowledge resources are one of the most critical (Easterby-Smith et al., 2008; Eisenhardt & Prieto, 2008; Grant, 1996; Teece & Pisano, 1997; Teece, 2005). Grant (1996) emphasises this in his discussion of the knowledge-based view (KBV) of the firm, describing knowledge as the "strategically most valuable resource in the firm" (p. 110). Knowledge-based work has come to dominate the contemporary business environment, as McIver & Wang (2016) have noted: "understanding work in the 21st century means that work needs to be viewed from a knowledge perspective" (p. 639). In fact, KBV puts knowledge at the centre of organisational capability; Grant (1996) names it: "the essence of organisational capability" (p. 377).

Various knowledge taxonomies have been proposed in the literature, but it is Polanyi's seminal contribution – where he divides knowledge into tacit and explicit – that has become the most widely referenced (Alavi & Leidner, 2011; Grant, 1996; McIver & Wang, 2016; Nonaka, 1994; Teece, 2004, 2005). Explicit knowledge is that which can be codified into blueprints, manuals or formulae. It is therefore easy to observe and more easily transferable and imitated. Tacit knowledge is harder to formalise and communicate; it is rooted in action, commitment and involvement in a specific context. Because the role of individual experience and judgement play a greater role in this type of knowledge, it is not easily observable. It can be argued that tacit knowledge as a resource is a more significant contributor to firm competitive advantage due to its stronger VRIN characteristics (valuable, rare, imitable and not substitutable).

e) Types of Tacit Knowledge

Three types of tacit knowledge are outlined in the literature: cognitive/procedural, technical/declarative and transactive (Miller, Pentland & Choi, 2012; Nonaka, 1994).

The technical aspects of tacit knowledge are concrete know-how and the crafts and skills that apply to specific contexts (Nonaka, 1994, p. 16). This has also been defined as procedural knowledge (or how things are done) and it is evident when individuals perform tasks (Miller et al., 2012). As actions become more practiced and familiar, they become easier. However, at the same time they become harder to verbalise (Miller et al., 2012; Miller, Choi & Pentland, 2014; Pentland & Feldman, 2005; Zollo & Winter, 2002).

Cognitive aspects (or declarative knowledge) include the mental representations via which an individual forms working models of the world: an individual's images of reality and visions for the future that help to make sense of situations, interpret events and infer appropriate responses (Miller et al., 2012).

The third type of tacit knowledge that has been proposed in the literature is transactive knowledge. This is relatively underexplored, since most scholarly attention has focused on the previous two categories (Miller, 2014; Miller et al., 2012). It is however key to understanding the link between individual and collective aspects of knowledge. Transactive knowledge is "know-who" or collective level learning about who knows what. Miller et al. (2012) describe the way in which this type of knowledge evolves to explain how it is connected to collective knowledge. Transactive knowledge forms as individuals search for help by contacting others and remembering the contacts that helped. It emerges as consequence of interactions between individuals who, over time, work together on practical problems. Learning associated with the formation of transactive knowledge creates ties between members of an organisation, facilitating the effective combination of skills and allowing for more to be achieved as a collective than can be achieved by individuals (Miller et al., 2012). Transactive knowledge can thus be viewed as the bridge between individual and organisational knowledge (Miller, 2014).

f) Types of Marketing Knowledge

The previous discussion illustrates that the exploration of organisational marketing capability cannot ignore the role of knowledge, since this is a process via which resources are transformed into marketing outputs. However, limited literature exists on the nature of marketing knowledge. Therefore, the previous analysis will be applied to marketing knowledge to provide some conceptual clarity.

Organisational knowledge has been defined as most commonly being either explicit or tacit knowledge. Tacit knowledge has been further characterised as technical/procedural; cognitive/declarative and transactive. Marketing knowledge has both explicit and tacit dimensions. The prevalence of templates and marketing 'ways' (i. e. blueprints for how marketing should be conducted) in the practitioner environment attest to the popularity of the explicit element. However,

as suggested in the discussion on organisational capability, it is the tacit dimension of marketing knowledge that has the most potential to contribute to firm competitiveness. Therefore, the rest of this section will focus on this aspect only.

The technical/procedural aspects of tacit marketing knowledge are marketing skills and crafts – one example would be the development of a brand proposition. This involves the process of identifying the unique bundle of benefits that a brand can offer and matching it to the needs of the specified target audience.

Cognitive/declarative marketing knowledge refers to how marketers make sense of situations and interpret events, in other words, the 'mental models' that marketing individuals hold in their heads. This would include the knowledge that is required to make sense of customer information, transform it into insights, create value propositions, and the application of appropriate styles of communication that need to appeal to different target audiences. It may also include a broader conceptualisation or mental model regarding the role of brands and marketing in the life of the consumer. For example, on the one hand there has been criticism of marketing as highly exploitative and 'dishonest' (Kitchen et al., 2016), while on the other hand, there is a strong practitioner focus on understanding and communicating the higher order purpose of brands because it is argued that these are able to provide meaning and a sense of belonging for consumers.

Transactive marketing knowledge involves "know-who" within the organisation: a resource gaining importance as demands increase for marketing to integrate with other organisational functions such as IT and to align and collaborate across all levels. The ability to use transactive knowledge to secure support for increasingly scarce marketing resources is also important in the development of organisational marketing capability.

2.5.2 THE DEVELOPMENT OF CAPABILITIES THROUGH KNOWLEDGE INTEGRATION

This research argues that organisational capability involves the transformation of resource inputs into desired organisational outputs through knowledge integration processes and this is the basis for this discussion of the knowledge development literature.

Section 2.5.1 established knowledge as the most strategically critical resource input of organisational capabilities, with the KBV arguing that organisational capabilities result from the integration of knowledge. Grant (1996) describes the development of organisational capability as a process of knowledge integration within a hierarchy, where the layers of integration are influenced by, but not always completely aligned with, formal organisational structure. He illustrated this using

the conceptual example of the operations capability of a manufacturer of PBXs referred to in section 2.3.1, where the levels of integration are described. In Grant's framework, higher levels of integration result in broad functional capabilities (such as operations capability in his example) and cross-functional capabilities such as new product development or customer support which require integration of knowledge from across different parts of the organisation (Grant, 1996).

Zollo and Winter (2002) propose three processes of knowledge integration: experience accumulation, knowledge articulation and knowledge codification. Experience accumulation comes from trial-and-error learning as well as selecting and retaining knowledge based on successful or unsuccessful outcomes: a process involving mainly tacit (and particularly procedural) knowledge. Knowledge articulation is the deliberate process through which individuals and groups "figure out what works and what does not work" (Zollo & Winter, 2002, p. 341). This has also been described as 'learning in talk' as individuals debate their views and opinions (Mason & Leek, 2012). Tacit knowledge therefore becomes articulated through discussion, the sharing of individual experiences, and the comparison of different viewpoints. This in turn leads to improved collective understanding. The third process, knowledge codification, encompasses written manuals, blueprints or procedures. Evidence suggests the actual tools of codification matter less to the development of capabilities than the process of codification (Zollo & Winter, 2002).

This section has thus far argued that the development of organisational capability occurs as resources integrated via knowledge processes to produce organisational outcomes. This integration occurs through three potential mechanisms: experience accumulation, knowledge articulation, and knowledge codification. The conceptualisation of organisational capabilities outlined in section 2.3.1 can therefore be revised as per Figure 2.7.

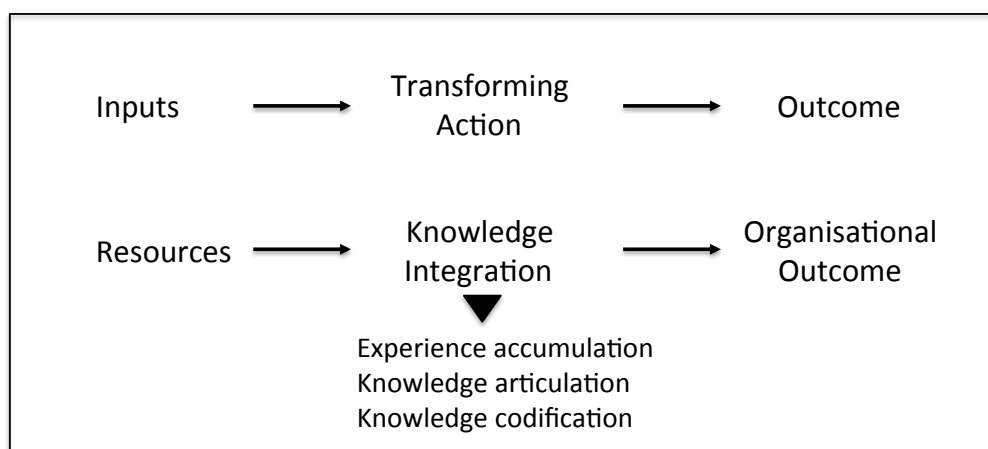


FIGURE 2.7 REVISED CONCEPTUALISATION OF ORGANISATIONAL CAPABILITIES

(Source: Author's own)

However, knowledge resources may differ across firms and functional disciplines in terms of their explicit, tacit, procedural, declarative or transactive aspects. Not all work, and, by implication, not all capabilities have the same knowledge structure (McIver, Lengnick-Hall, Lengnick-Hall & Ramachandran, 2013). McIver et al. (2012, 2013, 2016) have developed a multi-dimensional framework of knowledge, employing a practice-based approach, where practice is defined as: “the way in which work gets done and knowing how to do it” (p. 200). McIver et al. define their Knowledge in Practice (KIP) approach as “information and know-how involved in sequences, routines, capability or activity systems within an organisation” (p. 639). This approach, rather than focusing on conceptual or definitional dimensions of knowledge alone, helps us to understand the practical ways in which different types of knowledge are integrated. It has utility for and consonance with the approach of this study (section 2.3.2) which focuses on marketing in practice rather than as philosophy or culture.

McIver et al. (*ibid.*) outline KIP as comprising two dimensions of the knowledge: its levels of tacitness and of learnability. As discussed, tacitness refers to knowledge vested in an individual’s experience and judgement, and is thus less codifiable – in their framework, “unobservable, difficult to teach, unspecifiable, and/or highly embedded in the setting” (p. 640). Learnability is, in essence, the components of know-how: “the type and amount of effort, study, accumulated comprehension and expertise (...) involved in understanding the information and know-how for accomplishing work practices” (p. 640). The integration processes suggested by Zollo and Winter (experience accumulation, knowledge articulation and knowledge codification) could thus also be applied to the learnability dimension (Zollo & Winter, 2002). An adapted version of McIver et al’s model for KIP is proposed in Figure 2.8 as a means of explaining how different types of knowledge are integrated.

The vertical axis of this framework represents a continuum of tacitness from low to high. The horizontal axis represents the degree of learnability of knowledge, again ranging from high to low. The four quadrants typify knowledge in terms of its levels of learnability and tacitness.

Quadrant I, *enacted information*, displays high learnability and low tacitness (low levels of experience-based expertise or difficult-to-learn know-how). This knowledge can be integrated easily through well-established repetitive action. It may thus be expected that knowledge accumulation would play a smaller role here than knowledge articulation and codification.

Quadrant II, *accumulated information*, also displays low levels of tacitness, but the volume of information to be mastered is great, and so the knowledge is harder to learn. Thus, while the information may be documented, the process of integration is more complex. Again, knowledge

articulation and codification would feature more strongly as integration mechanisms, although the former may be more evident.

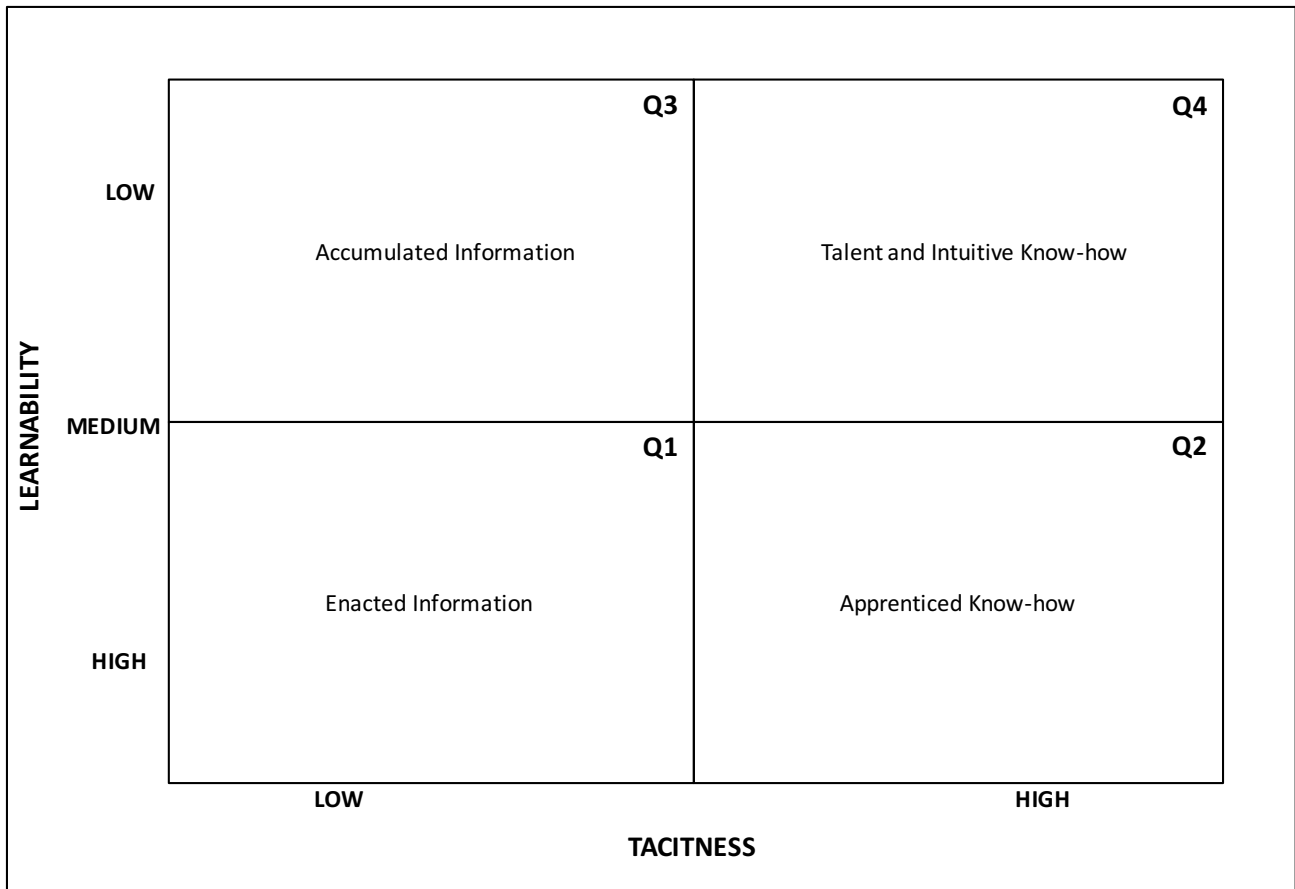


FIGURE 2.8 McIVER ET AL.'S KNOWLEDGE IN PRACTICE FOR ORGANISATIONAL WORK

(Source: McIver et al., 2012, 2013; McIver & Wang, 2016)

Quadrant III, *apprenticed know-how*, consists of knowledge that is highly tacit and easy to learn. The high levels of tacitness mean that it is embedded in the work context and thus less observable. Learnability is high, meaning that connections between actions and performance are consistent and easy to replicate. McIver et al. (2013, p. 601) describe this as “learning (...) by doing (...) based on experiencing what works and what doesn’t and recreating activities through repetition”. Since experience accumulation would result from learning-by-doing, articulation and codification would play a lesser role as integration mechanisms.

The fourth quadrant, *talent and intuitive know-how*, contains knowledge that is highly tacit and difficult to learn. A key feature is the integration of knowledge through idiosyncratic experiences, with the connections between actions and performance complex and inconsistent. Consequently, learning these actions involves “uncertain, ambiguous or unclear” (McIver et al., 2013, p. 602) steps.

Experience accumulation – specific to particular types of experiences – would be key because of their idiosyncratic nature. Knowledge articulation and codification processes would play a minor role.

The literature suggests that capabilities develop slowly over time and are often the result of small activities. Evidence for this is provided by Hendersen's assessment in the pharmaceutical industry (Henderson, 1994) and confirmed in Salvato's case study of a manufacturing environment (Salvato, 2011). Related to this is the observation that capabilities evolve through continual process of interaction and adjustment (Winter, 2012; Zollo & Winter, 2002), and these scholars have outlined a more detailed, four-stage evolutionary model of this process: from generative variation, through internal selection and replication to retention.

The level of investment that organisations will commit to (in terms of financial, temporal or cognitive investment) the learning of a capability varies widely. Further, the level of cognitive investment needed depends on environmental conditions – including the speed of technological development, and economic, cultural and institutional contexts, as noted by Fahy et al. (2000) – and the features of the organisation and of the task (frequency, homogeneity and the causal-performance link). Organisational features include the history and structure of the organisation and the manner in which decisions are made (Teece, 2012), since capabilities are path-dependent: they depend on the history of the organisation (Ethiraj et al., 2005; Teece, 2012; Winter, 1990).

The Development of Marketing Capabilities

As noted earlier, the literature on how marketing capabilities are developed is limited. As one illustration, Moorman and Day (Moorman & Day, 2016), assessing how marketing should be organised to meet the demands of the 21st century, provide a summation of the marketing capabilities development literature. They highlight the following contributions: market orientation as an antecedent of marketing capability (Kohli & Jaworski, 1990; Kirca, Jayachandran & Bearden, 2005); utilisation of benchmarking in assessing marketing capabilities (Vorhies & Morgan, 2005); the impact that a strong marketing function has on the quality of a firm's capabilities for developing and leveraging market-based assets (Feng et al., 2015); and the development of marketing capabilities via indirect or observational learning of competitor practices (Banerjee et al., 2015). That the literature can be summarised so concisely indicates its limited nature. Moorman and Day (2016) in fact note that even the most basic building block – training in marketing capabilities – remains unaddressed in the literature. Because of the growing impact of digital technology on organisational marketing discussed earlier, Moorman and Day urge: "it is imperative that marketing contribute to this literature" (p. 15).

To fill this gap, Moorman and Day propose a conceptual process of organisational marketing capability development including first, identifying the marketing knowledge and skills (resources) important to the firm's success; and second, building the required knowledge and skills through training, hiring, partnering and/or acquisition. They do not explicitly outline how these capabilities are built, nor do they utilise the full range of evidence extant in organisational capability literature to build a thorough understanding of how this can be done in practice. Further, they fail to consider that overall organisational marketing capability comprises various sub-capabilities. Insights from the organisational capability literature additionally suggest that describing building knowledge and skills as accomplished by training, hiring and so on is overly simplistic (Grant, 1996; Mason & Leek, 2012; Zollo & Winter, 2002).

Drawing again on evidence from the organisational capability literature discussed earlier, a conceptual view of how organisational marketing capability is developed can be proposed. Organisational capability is developed through transforming resources via the integration of knowledge. Previous sections have proposed that, using the same logic, organisational marketing capability can be developed through transforming *marketing* resources via the integration of *marketing* knowledge. A conceptual framework was proposed in Figure 2.8, outlining how the integration of various types of knowledge could be approached via focus on the dimensions of tacitness and learnability. By understanding where organisational marketing is positioned on these two dimensions, we are thus able to outline how organisational marketing capability is developed. Tempting as it is to take a generalised view of marketing capability and apply it directly to the proposed framework, however, the organisational capability literature previously discussed suggests certain other factors also impact on organisational marketing capability and development: environmental (technological development, economic, cultural and institutional contexts) and organisational (history, structure of the organisation and the way in which decisions are made). This suggests that different types of firms may also exhibit differences in the way their organisational marketing capabilities are developed, based on, for example, such aspects as the types of products and services they sell, their customers, marketing structure, perceptions of the role of marketing in the firm, and the impact on the marketing function of their business context.

2.5.3 SUMMARY OF THE LITERATURE REVIEW

This review has discussed and illustrated the many gaps and inconsistencies in extant organisational marketing literature, specifically around conceptualising overall organisational marketing capability versus its component sub-capabilities, and in terms of exploring how organisational marketing capability is developed. This contrasts with the organisational capability literature, which has a long-established history of scholarly work on both conceptual definitions and the development of

organisational capability. Because of the limited scholarly work on marketing capability, this review has synthesised the literature from three disciplines – organisational capability, knowledge and organisational learning – and applied it to marketing, as a basis for improving our understanding.

Based on this analysis, two frameworks have been proposed. The first outlines a conceptualisation of organisational marketing capability as comprising various sub-capabilities arranged in a hierarchy, including individual marketing skills, single task marketing capabilities, specialised marketing capabilities, cross-specialised marketing capabilities and architectural marketing capabilities. The second explores how organisational marketing capability is developed, proposing this occurs as a result of a knowledge integration process whereby marketing resources are transformed into the desired organisational marketing outcomes. How integration takes place has been shown to depend on two main aspects of knowledge: its level of tacitness and of learnability.

2.6 RESEARCH QUESTIONS

This literature review has developed a conceptual basis for exploring the key research questions underpinning this study. As illustrated by the sub-questions, specific aspects of the proposed framework and the manner in which resources are transformed into marketing capabilities were explored. This allowed for a detailed, empirical examination of these questions to be undertaken.

1. How well does the proposed marketing capability framework proposed in Figure 2.5 align with marketing practice?
 - a. Which specialised marketing capabilities align with the framework?
 - b. Which second-order marketing capabilities align with the framework?
 - c. Which architectural capabilities align with the framework?
2. What is the nature of marketing knowledge resource inputs that build marketing capability and sub-capabilities?
3. How are marketing knowledge resource inputs transformed into marketing capability and sub-capabilities?
 - a. How is knowledge codification used to integrate knowledge to develop marketing capability and sub-capabilities?
 - b. How is knowledge articulation used to integrate knowledge to develop marketing capability and sub-capabilities?
 - c. How is experience accumulation used to integrate knowledge to develop marketing capability and sub-capabilities?

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter outlines the research design and methodology of the study, discussing choice of research design, methods of selection, methods of data collection and data collection instruments and methods of data analysis and concluding with a review of quality and ethics considerations.

It is useful to begin by briefly locating the research within the researcher's paradigm or philosophical worldview, as this inevitably influences the research choices made. This overall approach reflects a pragmatic stance, however when starting the study, the researcher was more oriented towards post-positivism reflected in the expectation that the answer to the research questions would emerge through an alignment (or not) with the proposed framework and the mechanisms of marketing knowledge integration. While the findings were able to answer these questions, the way in which the results emerged led the researcher to develop a greater appreciation for the subtle, in-practice nuances of marketing which in turn impacted the answers to the questions.

Pragmatism is informed by the question: 'Will the research support action?'. As per MacKenzie and Knipe (2006), the pragmatic approach "is not committed to any one system of philosophy or reality" but rather "places the 'research problem' as central and applies all approaches to understanding the problem" (p. 4). This aligned to the researcher's motivation for conducting the study which was to better understand and contribute to the practice of marketing within organisations.

Also relevant to this study is the view of pragmatism on change and determinism (Corbin & Strauss, 1990). The fact that pragmatist perspective recognises that phenomena are not static but always changing is suited to the nature of the marketing function within organisations as it has the same characteristics, since its role is to reflect and match the changes in the broader business environment. Regarding determinism, pragmatism rejects extreme views on the extent to which individual 'actors' can determine their own choices, but recognises that people do always have choices about their responses to their conditions. A fundamental part of marketing practice is to decide on these responses and at times actively seek to challenge the status quo.

3.2 RESEARCH DESIGN: QUALITATIVE VIA MULTIPLE EMBEDDED CASE STUDIES

The research design has been described as a 'blueprint' for how the research will be conducted (Mouton, 2006) and is intended to answer the questions: What kind of study will be conducted? What type of study will best answer the question formulated? What kind of evidence is required to address

the research question adequately? In the choice research design, the researcher carefully considered the nature of the research problem and specifically whether a quantitative or qualitative approach would be the most appropriate. As outlined in section 2.6, the research questions pertain to describing and understanding the nature of marketing capability, the sub-capabilities, and the processes via which they are developed. This suggests that the research design needed to achieve a number of key outcomes. Firstly, description and interpretation of the processes of development needed to take place. Secondly, as Morgan (2012) has outlined, marketing capabilities still need to be catalogued in depth and therefore some degree of verification is required. Finally, evaluation is needed against existing policies and procedures, an aspect that was found to be particularly important within the context of this study. Cresswell (2014) suggests that quantitative research should be chosen when “the problem is best addressed by understanding what factors or variables influence an outcome” (p. 110). This presupposes that the factors or variables are known. Cresswell then adds the following characteristics of a qualitative research problem, quoting Morse (1991): “b) a notion that the available theory might be inaccurate, inappropriate, incorrect or biased; c) a need exists to explore and describe the phenomena” (*Ibid*). In view of the gaps in the literature as outlined in Chapter 2, the researcher determined that a qualitative, rather than a quantitative approach would be best suited for this study. Further detail on the rationale for a qualitative approach is outlined in the following paragraphs.

The multidimensional nature of situations, settings, processes, relationships and people emerges through **description** in qualitative research. This study sought to understand marketing capability, its resource inputs and how these resources are transformed into capability. Therefore, the ability to describe these dimensions was critical to answering the research question. Kaleka and Morgan’s (2017) definition of marketing capability as “complex co-ordinated patterns of skills, knowledge and activities by which firms transform (through informal and formal processes), available resources into market-related value outputs” (p. 3) called for descriptive capacity in the research design. This research design allowed the two key aspects of the definition of marketing capability to emerge: the nature of marketing resources and the transforming processes. Changes in the business environment via increasing digitisation are impacting on the nature of marketing and its associated capabilities and within this context a review of the literature produced three groups of marketing capabilities (specialised, second order and architectural) based on Morgan’s framework, and suggested a conceptual model explaining how they fit together. A qualitative approach allowed description of this model and its associated components. Finally, one key answer sought from the research questions in this study concerned how resource inputs are transformed into marketing capability. Describing this process necessitated a qualitative approach.

Interpretation has been described by Leedy and Ormrod (2014) as enabling “a researcher to gain new insights about a particular phenomenon, develop new concepts or theoretical perspectives about the phenomenon and/or discover problems that exist within the phenomenon” (p. 142). Far less research exists on marketing capability than on organisational capability. RBT has gained momentum only recently in understanding marketing capability, while insights from scholarly work on organisational capability have had only limited application as a lens for examining marketing capability. With so much scholarly insight concerning organisational capability, and so little for its marketing counterpart, a qualitative approach facilitates interpretative work to significantly enhance understanding of the latter.

Morgan’s (2012) conceptual definition of marketing capability formed the basis for this study. However, as he concedes, this framework has not been tested in any practical context: “...most work in this area focuses on a firm’s overall marketing capabilities and fails to identify the specific capabilities that make up the that overall capability (...). As the notion of marketing capabilities is relatively new to the marketing discipline, the constituent specialised, architectural, cross-functional and dynamic marketing capabilities have yet to be comprehensively identified and catalogued” (p. 114). There has also been limited exploration of how marketing capabilities develop and whether different marketing capabilities develop in different ways. Little attention has been given to interpreting how marketing resources are transformed into marketing capabilities and how this may differ across different types of marketing capabilities. A key part of the research was testing whether the groups of capabilities and sub-capabilities proposed in the framework, and the marketing resource inputs and transforming processes suggested in the literature match what happens in practice. This involves Leedy and Ormrod’s (2014) third purpose of qualitative research: **verification**.

Qualitative research design also allows for **evaluation**: the assessment of the effectiveness of, for example, policies, practices and innovations. However, although one aspect of organisational and marketing capability is the outcome (improved profitability for example), this study did not look at evaluating marketing outcomes, as these were outside its scope.

Case Study Research

The research strategy chosen for this study was a multiple embedded case study design. The defining characteristic of this approach is that it allows for the investigation of phenomena in-depth, thus providing the opportunity for rich explanation within specific contexts. Yin (2009) outlines a comprehensive definition of case study research design illustrating these two aspects. Firstly, case study research typically involves triangulating multiple sources of data, allowing for depth and rich explanations. Secondly, case study design allows for investigating practical phenomenon in depth

and within its practical context. Because of these characteristics, case study design has utility when the questions being asked are primarily concerned with “how” and “why”, and finding the answers requires in-depth understanding of the phenomenon.

The research questions posed in this study had all these qualities. Firstly, the nature of marketing capability is complex (comprising of resource inputs and transforming processes), and a case study design allowed for a similarly rich exploration, articulation and explanation of these complexities. Secondly, the nature of marketing capability cannot be divorced from the organisational context in which it exists, because it is key to achieving organisational objectives. Further, the nature of marketing may differ according to context: factors that impact may include, for example, the organisation’s level of marketing maturity and the competitiveness of either the environment or the types of products or services offered. The research design therefore needed location within a specific context, and a single case study was deemed insufficient. Multiple case studies were undertaken to explore comparisons between different organisational contexts.

3.3 CASE SELECTION

Cases were selected purposively – that is, the “people or other units have been chosen (...) for a particular purpose” (Leedy & Ormrod, 2014, p. 221). In this case the purpose related to the contribution each case could make to understanding the nature of marketing capability, marketing resources as inputs, and how marketing resources are transformed into marketing capability. As context is proposed as an important component of marketing capability, the cases needed to exhibit differences in the nature of their businesses (i. e. the types of products and services they sold), size, type of customer targeted, size of marketing team, and level, type and experience of personnel within the marketing team.

Four cases were selected, spread across various industries and named for purposes of anonymity by sector: marketing services (AdCo); beverage manufacturing (DrinksCo); financial services (FinCo); and heavy machinery (MachineCo). At the time of the study the researcher was working within FinCo. All the companies in the sample utilise marketing to create, communicate, deliver and exchange their offerings to customers/consumers.

The number of interviews conducted varied by case: three were conducted in Adco, three in DrinksCo, eleven in FinCo, and three in MachineCo. This difference was a function of both the nature of the cases and the size of each marketing team – which ranged from none (i. e. there was no marketing team) to 200.

Interviews conducted in later cases (MachineCo in particular) did not yield new information, suggesting data saturation had been reached. In a paper exploring data saturation, Guest, Bunce &

Johnson (2006) suggest that consensus theory, as developed by Romney et al. (1986), can provide a useful perspective on this. They explain: “Consensus theory is based on the principle that experts tend to agree more with each other (with respect to their particular domain of expertise) than novices do” (Guest et al., 2006, p. 74), and within this context, small sample sizes can yield “extremely accurate information with a high confidence level if [respondents] possess a high degree of competence for the domain of inquiry in question” (*ibid.*). All the respondents in this study were experts in the field of marketing.

Details of each case are outlined in the following sections, with overviews of the business contexts and characteristics of the respondents interviewed.

MachineCo

MachineCo is a business-to-business (B2B) organisation delivering construction and mining equipment to the earth-moving industry. They are the sole dealer for one brand of equipment in various countries across Africa and do not sell any other brands. The part of the organisation participating in the study is part of a multinational listed on the Johannesburg, London and Namibian stock exchanges, although this study concerned only the activities of the South African operation. MachineCo is classified as a goods company (manufacturing) selling equipment to businesses (B2B).

Three interviews were conducted at MachineCo: with Sally, the Chief Marketing Officer (General Manager: Marketing) and with two junior marketing managers, Angie and Lana, who, at the time, reported directly to the CMO. The total size of the marketing team at the time of the interviews was 12. The CMO had joined the organisation 18 months prior and the two junior marketing managers (Marketing Operations Specialists) had been working in the business for less than a year. The details of the respondents interviewed are presented in Table 3.1 below.

TABLE 3.1 DETAILS OF RESPONDENTS INTERVIEWED AT MACHINECO

Company	Name*	Title	Management Level
MachineCo	Sally*	Chief Marketing Officer	Senior/Executive
MachineCo	Angie*	Marketing Operations Specialist	Junior
MachineCo	Lana*	Marketing Operations Specialist	Junior

*All pseudonyms assigned for data reporting.

DrinksCo

DrinksCo is a business to consumer (B2C) goods organisation. At the time of the interviews it was owned by a large global beverage company. After the interviews, DrinksCo was sold to a larger beverage company, but still retained its brand independence. The marketing team at DrinksCo comprised five people at the time of the interviews. Three interviews were conducted: at senior, middle and junior marketing manager level. Table 3.2 outlines the details of the respondents interviewed at DrinksCo.

TABLE 3.2 DETAILS OF RESPONDENTS INTERVIEWED AT DRINKSCO

DrinksCo	Anne*	Senior Manager: Marketing	Middle
DrinksCo	Shoelene*	Manager: Innovation	Middle
DrinksCo	Belinda*	Assistant Brand Manager	Junior

*All pseudonyms assigned for data reporting.

FinCo

FinCo is a business to consumer (B2C) services company, competing in the financial services environment (banking, insurance, investments and fiduciary services). Although FinCo does offer B2B services, only the retail side of the company was included in the study. Although FinCo competes across multiple jurisdictions in Africa, the focus for this case was South Africa only.

The marketing team at FinCo was large, comprising over 200 people in South Africa. Eleven interviews with executive and senior managers in marketing were conducted at FinCo, across both specialist functions and general marketing functions within the retail bank. Given the nature of marketing at FinCo, interviews were conducted across different departments and not just the traditional marketing department, because some traditional marketing roles were not performed by the marketing team (as defined in the organisational structure) but by other areas, often referred to in the interviews as 'business'. The marketing team was primarily responsible for marketing communications. The details of respondents interviewed are presented in Table 3.3 below.

TABLE 3.3 DETAILS OF RESPONDENTS INTERVIEWED AT FINCO

Company	Name*	Title	Management Level
FinCo	Natalie*	Chief Marketing Officer	Senior/Executive
FinCo	Janet*	Executive Head: Brand and Sponsorship	Senior/Executive
FinCo	Peter*	Executive Head: Innovation Capability	Senior/Executive
FinCo	Susan*	Executive Head: Market Research	Senior/Executive
FinCo	Sean*	Executive Head: Consumer Markets	Senior/Executive
FinCo	Sandra*	Senior Manager: Internal Communications	Middle
FinCo	Nathan*	Senior Manager: Marketing Capability	Middle
FinCo	Erik*	Senior Manager: Market Research	Senior/Executive

FinCo	Sharon*	Senior Manager: Marketing HR	Middle
FinCo	Walter*	Senior Marketing Manager	Middle
FinCo	Tina*	Senior Marketing Manager	Middle

*All assigned pseudonyms for data reporting.

AdCo

AdCo is a business to business (B2B) services organisation. It is part of a global advertising agency and the South African operation was formed in 2005 from the merger of two other organisations. It comprises several sub-agencies specialising in particular areas of marketing and advertising (e. g. above-the-line; below-the-line; digital marketing; and public relations). Five interviews were conducted at AdCo, each was with an executive, but within different disciplines. Respondents comprised the Group Managing Director (Dean); Executive Director, Strategy (Michelle); Managing Director of one agency within the group (Daphne); Executive Creative Director (Patrick); and Client Service Director (Bonnie). There is no marketing department at AdCo; the function of marketing is the responsibility of the managing director of the group and the sub-business (Derek and Daphne). Details of the respondents interviewed are presented in Table 3.4 below.

TABLE 3.4 DETAILS OF RESPONDENTS INTERVIEWED AT ADCO

AdCo	Daphne*	Managing Director: Business Unit	Senior/Executive
AdCo	Dean*	Group Managing Director	Senior/Executive
AdCo	Bonnie*	Client Service Director	Senior/Executive
AdCo	Michelle*	Strategic Director	Senior/Executive
Adco	Patrick*	Creative Director	Senior/Executive

*All pseudonyms assigned for data reporting.

Summary of Case Characteristics

Table 3.5 summarises the characteristics of each of the cases included in this study.

TABLE 3.5 SUMMARY OF CASE CHARACTERISTICS

	AdCo	DrinksCo	FinCo Retail	MachineCo
Nature of business	Services	Goods	Services	Goods
Size of business (based on revenue)	Medium	Medium	Large	Large
Customer type	Businesses	Consumers	Consumers	Businesses
Size of marketing team	None	5	200	12
Number of respondents interviewed	3	3	11	3
Marketing roles of respondents	N/A	Generalists	Generalists, Specialists	Generalists
Seniority of respondents	Executive	Senior, Middle, Junior Manager	Senior Manager, Executive	Junior Manager, Executive
Type of marketing experience of respondents	High	Low to High	High	Low and High

Table 3.5 shows that the cases varied in several aspects and could therefore provide a rich explanation of marketing capability within very different contexts. The cases comprised both medium and large businesses focusing on goods and services, as well as business customers and individual consumers. The size of the marketing teams varied from AdCo, with no marketing team (marketing was the responsibility of the managing director), through small and medium teams (DrinksCo and MachineCo) to a very large marketing team comprising of both generalists and specialists at FinCo. The seniority and experience levels of respondents ranged from low levels of experience at a junior level (brand assistant) to over 20 years of experience in the case of chief marketing officers.

3.4 METHODS OF DATA COLLECTION AND DATA COLLECTION INSTRUMENTS

The data collection approach for this study utilised multiple data sources to provide a rich and detailed understanding of marketing capability. Yin (2009) suggests that this is the basis of good practice in data collection for case study research. A further advantage of using multiple sources is that it allows for triangulation of the information to assist in improving credibility and dependability.

The study utilised the following data collection methods: in-depth interviews, documentation and publicly available information from company websites. The unstructured nature of in-depth interviews provided the researcher with the opportunity to probe answers and build on responses, encouraging interviewees to explain and expand on answers. This proved especially useful in eliciting some of the tacit components of capability and capability building.

Data collection began with the identification of cases as per the criteria outlined in section 3.3. Respondents within each case company were sent e-mails requesting participation in the study. Once participants had agreed, a convenient time and date for the interview (determined by the respondent) was set. In the majority of cases, interviews were conducted at the case company premises in Gauteng, South Africa. One interview (Patrick at Adco) was however conducted off-site because of his availability. The average duration of each interview was 57 minutes.

The in-depth interviews utilised an interview guide, with questions kept as broad as possible to allow relevant themes to emerge. The interview guide was changed after the first interview, when it emerged that respondents struggled to describe how marketing capability had been developed within their organisation. In subsequent interviews, a narrative approach was taken, with the questions about developing marketing capability focused on respondents' own descriptions of how they developed marketing capability and how they would (and do) approach its development in others. This descriptive approach, with respondents "telling the story" of these development processes yielded richer and more detailed explanations than the guided question initially used.

Additional documentation, such as standard operating procedures, manuals, checklists and workflow diagrams, were also collected. This secondary data was used to both corroborate and add further insight into the information collected via respondent interviews which was found to be particularly important in view of the difficulty some respondents indicated in describing how they developed marketing capability as illustrated previously.

As outlined in the literature review, one important aspect of knowledge integration as a part of capability development is the process of codification. Copies of manuals or codified activity flows, where available, are evidence of part of this process. One of the challenges of this data source, however, is confidentiality. Often the codified marketing practices of organisations are proprietary, and intellectual property is considered a key competitive advantage. The researcher's use and reporting of this information was therefore restricted to reporting on the overall approach rather than the specifics of exact content. This did not affect the quality of the insights obtained. The artefacts collected for each case are summarised in Table 3.6.

TABLE 3.6 ARTIFACTS COLLECTED FOR CASES

	AdCo	DrinksCo	FinCo Retail	MachineCo
Job descriptions			X	
Learning and development plan			X	X
Competency guide			X	
Business strategy			X	X
Marketing strategy	X	X	X	X
Brand positioning	X	X	X	X
Brand identity guidelines	X	X	X	X
Product guidelines		X	X	X
Sales guidelines/ sales academy book			X	X
Marketing plan/ communication plan/ brand plan	X	X	X	X
Market segmentation documents		X	X	
Briefing document		X	X	X
Marketing process flow			X	X
Marketing checklists	X		X	X
Market research presentation		X	X	X
Client/customer feedback/examples	X			
Supplier relationship feedback examples		X	X	

The number of data points for each case was MachineCo: 18; DrinksCo: 18; FinCo; 70; AdCo; 19.

3.5 METHODS OF DATA ANALYSIS

The data analysis process is described in three sections: the overall analytical process; data coding techniques and process; and the deduced coding framework.

The overall analytical process

The data for the case studies were analysed using various techniques for both within-case analysis and comparative analysis across cases. The objective of the within-case analysis was to understand current reality in as much detail as possible and descriptive case analysis was used to describe the

capability features, the marketing resources, and the processes by which resources are transformed into marketing capability. The subsequent comparative analysis involved a search for patterns across the cases. Besides permitting the development of richer insights and conclusions, these approaches helped mitigate various information processing bias traps which will be discussed in more depth in section 3.6. Categories or themes emerging from the data were selected, and similarities were explored both within and across cases. Throughout the process of fieldwork, coding and analysis, the researcher engaged in analytic memo writing. Saldaña suggests this helps to make sense of the data, and to identify emerging patterns, categories and sub-categories, themes and concepts in the data (Saldaña, 2013).

Data Coding Techniques and Processes

The data were coded using qualitative content analysis. Hsieh and Shannon (2005) outline three distinct approaches: conventional, directional and summative. Conventional approaches allow the codes to emerge from the data and therefore do not use pre-determined frames. In contrast, in directional content analysis, the researcher uses existing theory to determine codes upfront and then applies these during data analysis. The summative approach is significantly different from both these, following instead an analytical process that identifies particular words or content and then explores where this appears within the text. The frequency with which the word or content occurs is interpreted within specific contexts to enhance understanding.

This study employed directional content analysis. This was driven by the research questions and emerged as an appropriate approach in view of the conclusions reached in the literature review. The following broad questions were to be answered through this study: empirically test Morgan's conceptualisation of marketing capability in a practitioner setting, identify resources required for marketing capability, and determine how these resources are transformed into marketing capabilities. Each of these questions was refined based on existing theory, which then allowed for pre-determined codes to be developed. However, as Hsieh and Shannon (2005) caution, the challenge with directional content analysis is to ensure that these pre-determined codes do not bias the researcher toward finding supportive evidence while constantly bearing in mind the potential for under-emphasising contextual variables.

The analysis started by the author reading each transcript, highlighting all the text that represented types of marketing capabilities and how they are developed, and assigning predetermined codes to these passages of text. Following this, the pre-determined sub-codes (based on Morgan (2012) and McIver's frameworks (2012, 2013, 2016)) were allocated. Data not falling into one of the predetermined codes were categorised as 'other' and analysed at a later stage to assess whether they represented a new code.

Coding Framework

The researcher first used attribute coding: logging essential information about the cases such as its demographic characteristics. Context codes were assigned to each interview, and collectively to each case (Saldaña, 2013). Each case was first coded for this demographic data: company, level (junior, middle, senior/executive), goods versus services, whether the organisation targeted businesses or consumers (B2B versus B2C) and whether the respondent was a marketing specialist or generalist. This permitted subsequent rich analysis across each characteristics of the firm and the respondents. Literature provided the basis for an *a priori* coding framework: specifically, that outlined by Morgan for types of marketing capabilities (Morgan, 2012); the nature of knowledge as defined by Nonaka and others (Alavi & Leidner, 2011; Grant, 1996; McIver & Wang, 2016; Nonaka, 1994; Teece, 2004, 2005), and the integration processes suggested by Zollo and Winter (2002). Figure 3.1 below illustrates the initial coding framework.



FIGURE 3.1 INITIAL CODING FRAMEWORK

The data were first coded using two broad categories: types of marketing capabilities, and how marketing capabilities are developed. In considering types of marketing capabilities, the next stage of coding was to identify the capabilities within each case, using the model outlined by Morgan (2012) and discussed in the literature review as a basis for these codes. However, rather than starting with the four broad categories and eleven sub-capabilities outlined, the codes were assigned dynamically. This allowed the researcher to explore whether the sub-capabilities could be grouped in the same broad categories, or whether further categories emerged. Where groups and sub-capabilities not in the original model emerged, these were categorised under separate categories.

The code “how marketing capabilities are developed” was coded into two groups: marketing resources and resource integration mechanisms. Using the categories of organisational capabilities outlined in the literature, marketing resources were then coded into the six resource categories: financial, human, physical, technological, reputational and organisational. Within the human resource category, the importance of knowledge emerged strongly from the literature and so this code was further divided into knowledge- and non-knowledge-related aspects. The knowledge code was further split into tacit or explicit knowledge. Finally, using Zollo and Winter’s (2002) three integration mechanisms, how marketing capabilities are developed was coded into codification, articulation, and experience accumulation.

3.6 ETHICAL CONSIDERATIONS AND QUALITY

Quality

As many theorists – particularly, but not only, those favouring quantitative paradigms – have noted, there is a high risk of validity and reliability issues emerging in qualitative research (Eisenhardt, 1989; Miles, Huberman & Saldãna, 2014; Yin, 2009). Quoting Guba (1981), Shenton outlines four main tests of trustworthiness that can be applied specifically to qualitative research: credibility, transferability, dependability and confirmability (Shenton, 2004).

Credibility is concerned with ensuring that findings of the study align with what is observed in reality. This may be addressed through triangulation, reducing the opportunities for bias, iterative questioning, peer scrutiny of the research project, the researcher’s reflective commentary, thick descriptions, and examination of previous research findings. In this study, triangulation was achieved by using multiple data sources including interviews, company documents and publicly available information such as that on company websites.

Miles et al. (2014) outline three main sources of bias and twelve corresponding ways in which these biases can be managed. The sources of bias include holistic fallacy (finding patterns or congruencies in the data which do not exist); elite bias (the tendency to give more weight to participants who are – or appear to be, by being more articulate for example – of a higher social status); and personal bias (the personal agenda or motive of the researcher). Any of these biases could influence the study at various points. This study therefore employed risk-management strategies including: (i) checking for representativeness; (ii) avoiding researcher effects (the effect of the presence of the researcher on the site or vice versa); and (iii) recognising the importance of outliers, extreme cases, and negative evidence.

Potential researcher bias was mitigated by ensuring a mix of participants (e. g. higher and lower managerial levels) and employing multiple data collection methods (to allow for triangulation). The

importance of outliers and extreme cases was accommodated by the inclusion of contrary viewpoints and the use of rival explanations: the process of seeking negative evidence or evidence that does not fit (Miles et al., 2014).

The unstructured and open-ended nature of the questioning technique allowed for extensive use of iterative questioning. Where responses were vague, the researcher was able to probe further: asking questions such as “why do you think that is?”; seeking specific examples of what the respondent described; and employing encouraging signals so that respondents expanded on a point or felt comfortable going into more depth.

The findings were shared with a forum of eighteen marketing practitioners from B2B, B2C and goods and services organisations in June 2017. This feedback raised important new questions and propositions and was used to refine the analysis.

The researcher ensured that the process of reflection was continuous throughout the data gathering and analysis process by keeping notes and memos including observations and thoughts.

The study demonstrates the thick descriptions required to ensure the credibility of the results in Chapter 4 below, which presents extensive within-case analysis of the organisations included in the study, including a full contextual analysis as well as numerous descriptions of actual situations from respondents.

Transferability (or whether the findings can be generalised) has often been viewed as contentious in case study research (Yin, 2009). Yin makes the distinction between statistical generalisation (which is a feature of survey research) and analytical generalisation (in his view, more appropriate for case study research). In this research, the concept of replication logic was applied across the multiple case studies and was key to ensuring some level of transferability.

Dependability (or the processes underlying how the study is conducted) was maintained by employing a case study protocol and developing a case study database. The protocol contained the procedures, general rules and, as Yin (2009) stresses, was key to the design of the study. The lack of a formal database has been suggested as a major weakness of much case study research, negatively impacting dependability (Yin, 2009). To avoid this, the researcher consciously stored case study notes, material, and narratives for easy retrieval and review. Section 3.2 above has described the other ways in which the dependability of the research was ensured through the research design and implementation, while section 3.4 has provided the operational details of data gathering, and a

reflection of the effectiveness of the research approach in answering the research questions is presented in Chapter 7 below.

Confirmability concerns whether “the work’s findings are the result of the experiences and ideas of the informants rather than the characteristics of the researcher” (Shenton, 2004, p. 72). This has been mitigated by the use of multiple data sources (interviews, documents and publicly available information) and the overall direction and framework provided by the researcher’s chosen pragmatic paradigm as discussed in section 3.1.

Ethics

Prior to the researcher entering the field, ethical clearance for the study was obtained from the University of Pretoria, Gordon Institute of Business Science.

Ethical issues can occur at any stage in a study, from design to analysis to reporting of results. The researcher accordingly remained constantly alert to respecting the rights of the participants and following a strict moral code. This researcher takes the deontological view (Saunders, Lewis & Thornhill, 2012), believing that ends do **not** justify means. Case study research is however particularly vulnerable to three areas of ethical abuse – permissions and participation, confidentiality and anonymity, and the objectivity and integrity of the researcher – and these were given special attention.

Gaining access to the organisation was the first aspect considered. Saunders et al. (2012) indicate that the likelihood of gaining access is highest where existing contacts can be utilised. A principal contact (in most instances the marketing director or executive head) was identified and updated throughout the study. Written permission was obtained from each organisation to conduct the study. Each participant signed a Research Consent Form before any other data was collected (the Research Consent Form is provided at Appendix D). It was emphasised to each respondent that there was no obligation to any individual in the organisation and participation was purely on a voluntary basis, even where the organisation agreed to be part of the study. In addition, individuals were told that they could withdraw at any stage.

Although the nature of this research is not sensitive, it was still critical to assure individuals of complete anonymity and confidentiality. No competing organisations were involved in the sample design, but marketing processes can be viewed as proprietary and sensitive and can include significant intellectual property such as strategy documents. It was therefore agreed that no information would be used for non-academic purposes, and explicit agreements were made in advance about how documentation would be treated.

3.7 SUMMARY OF RESEARCH DESIGN AND METHODOLOGY

This chapter has described how the study selected a multiple embedded case study approach designed to explore marketing capability in organisational contexts. The data was collected through four cases augmented by relevant documentation. Data were analysed using a within-case analysis and comparative analysis across cases and coded using directional qualitative content analysis based on the theory outlined in the literature review. Each of these methodological choices have been discussed. Finally, methods for ensuring the quality and ethics of the research have been described in detail.

CHAPTER 4: CASE ANALYSIS

4.1 INTRODUCTION

The aim of studying multiple cases (in addition to enhancing generalisability) is to “see processes and outcomes across many cases, to understand how they are qualified by local conditions” (Miles & Huberman, 1994, p. 172). This involves what Eisenhardt (1989) has called a “search for patterns (...) these cross-case searching tactics ... force investigators to go beyond initial impressions, especially through the use of structured and diverse lenses on the data (p. 541)”. A detailed within case analysis of each organisation is included in Appendix B and this chapter outlines the cross-case analysis starting with a brief comparison of each of the case characteristics. It then explores the types of marketing capability. This is followed by a review across cases of the marketing resource inputs, including the types of marketing resources and the nature of marketing knowledge resources. The final section explores the ways in which marketing knowledge is integrated for marketing capability across the four cases.

4.2 CASE OVERVIEWS

From a business perspective, the four cases have many similarities. All are organisations experiencing significant change that impacts on how they do business, and all are impacted by a similar external factor in the slowing South African economy. Both FinCo and AdCo are experiencing changes in customer demands and are attempting to shift their business models and service offerings in response. Other external factors are increasing levels of competitor activity and, in the case of FinCo, innovation disruption. Both MachineCo and DrinksCo are experiencing internal – albeit different – shifts: MachineCo’s relationship with its parent company is being shifted by increasing demands for alignment; DrinksCo is being bought out by a larger organisation, creating considerable uncertainty. Despite these pressures, the organisations are exploring ways to grow their businesses through increases in product sales (MachineCo and DrinksCo); numbers of customers (FinCo and AdCo); and/or changes to their product or service offering (DrinksCo, FinCo and AdCo).

4.3 TYPES OF MARKETING CAPABILITY

The data provided evidence of each of the four groups of marketing capability contained in the model: Architectural, Second-Order, Specialised. Organisational Dynamic Capability was also evident. Two additional groups of capabilities emerged in each case: Creative Marketing capability and Enabling Marketing capabilities. Creative Marketing capability consists of creative solutioning, and is specific to the marketing function; the Enabling Marketing capabilities are internal stakeholder management and third-party management. They facilitate the practice of marketing, but are not restricted to that function alone. Table 4.1 collates only the findings about types of capability across

each of the cases. For three of the cases (MachineCo, DrinksCo and FinCo), fifteen marketing capabilities were evident, compared to 13 for AdCo. While similar marketing capabilities emerged for each of the cases, nuances emerged within each case that will be discussed in the following sections.

TABLE 4.1 TYPES OF MARKETING CAPABILITIES ACROSS THE FOUR CASES

	MachineCo	DrinksCo	FinCo	AdCo
Architectural Marketing Capability				
Strategic Marketing Planning	●	●	●	●
Marketing Strategy Implementation	●	●	●	●
Second Order Marketing Capability				
Brand Management	◐	●	●	●
New Product Development	◐	●	◐	◑
Customer Relationship Management	●	◑	●	●
Specialised Marketing Capability				
Market Research	●	●	●	●
Product Management	◑	◐	◑	◑
Pricing Management	◑	◐	◑	●
Selling	◑	◑	◑	●
Marketing Communication	●	●	●	●
Channel Management	◑	●	◐	○
Dynamic Capability	●	●	●	●
Creative Marketing Capability*	●	●	●	●
Creative Solutioning	●	●	●	●
Enabling Marketing Capability*	●	●	●	●
Internal Stakeholder Management	●	●	●	●
Third Party Management	●	●	●	●

*New capabilities found in the study

4.3.1 Architectural Marketing Capability

Architectural marketing capability comprises strategic marketing planning and marketing strategy implementation. This involves the documented ability to develop a holistic view of marketing activities and messages. As an internal document from FinCo describes it, this capability entails the ability to “design effective communication and marketing experiences that will reach, communicate and connect with target markets in an impactful way” (FinCo, D1:31). Not only does the marketing person need the ability to develop and implement both strategy and plan, but they also need to be able to rally and maintain organisational support for it. It is therefore evident that Architectural marketing capability is tied to and impacts on many other aspects of the organisation. Architectural marketing capability in general was found to be highly consistent across all the cases. However, subtle differences did emerge, driven by the type of product and customer being targeted.

For MachineCo and FinCo, strategic marketing planning and marketing planning implementation follows a largely standardised process, but this is driven by different factors within each case. In the case of MachineCo, it is both a means by which the CMO ensures that all key aspects are covered by the more junior member, and a tool for governance and control within marketing and for the marketing team’s management of other stakeholders. For FinCo, the global scale of the organisation and the large size of the marketing team means that standardisation facilitates consolidating a holistic view of marketing activities and plans across the entire business. However, even with this standardisation, some individual adaptation still occurs, and not always necessarily within the defined parameters.

The two cases where standardisation was not evident were DrinksCo and AdCo. In DrinksCo, for example, the approach is described as evolving over time and is a result of the head of marketing’s own personal style and the needs of the business at the time. As Anne explained:

And then that year [*year prior to the interviews*] we didn’t even have brand planning, we just like had a promotional calendar – that was all we had. And then this year I said: ‘we need to go back to doing a proper brand plan’. So, we did a full-on look at the economy, see what the landscape looks like out there for the brand, what are the challenges facing us, so we really did a proper, thorough job now (Anne, DrinksCo, p. 13).

Given the characteristics of DrinksCo and AdCo cases as smaller and less hierarchical, this finding may suggest that within these kinds of contexts, more flexibility and variability is acceptable.

Similar components of this capability did emerge across all the cases. At the core of Architectural marketing capability is understanding the business and functional area strategy and objectives and being able to translate these into marketing objectives, thus ensuring that alignment between the two is maintained across implementation and planning. As Sally from MachineCo described:

[We] look at what the business wants to achieve, put up the management perspective and take those objectives and say 'okay, those are the objectives?' They [*the business area or department*] might have wild and wonderful ideas because they need a billboard for example and is that going to be achievable? So, let's actually look at what we need to achieve to achieve [their] objectives (Sally, MachineCo, p. 4).

The discussions regarding Architectural Marketing Capability frequently highlighted that it was highly dependent upon and integrated with other parts of the organisation. This necessitates teams not only eliciting input from other functional areas within the business, but also having an appreciation for how marketing impacts the internal value chain, as Shoelene from DrinksCo explained:

I mean there are just so many layers that you need to understand how it impacts... Making trade-offs, understanding consequences of actions. I think that is a very strong, very required skill in marketing, to be able to actually understand how what you are doing is going to impact a lot of things – not just the consumer, not just the customer, not just the shopper. But the business, sales, finance. I mean there are just so many layers you need to understand how it impacts, to be really good at it (Shoelene, DrinksCo, p. 6).

Other aspects of this capability included segmenting customers, as well as an implementation process underpinned by basic project management principles such as calendar planning, budgeting and resource planning. Part of this group of marketing capability was developing measures that allowed the marketing team to assess what did and did not work. This was seen as key, because the ability to demonstrate Return on Investment also enabled marketing to demonstrate, in commercial terms, what value was being added.

4.3.2 Second Order Marketing Capability

Second Order Marketing Capability consisted of the following sub-capabilities: brand management, new product development and customer relationship management.

Brand Management

Brand management capability incorporates the development and application of the brand proposition. This differed according to whether the brand was managed locally (within South Africa) or from another location. In the case of MachineCo, the brand parameters are dictated by a central global team located outside South Africa. The role of the team here is only to apply the set guidelines. Where the brand was locally managed – as in the case of all the other organisations – brand management capability incorporated developing the brand proposition and guidelines themselves.

Developing the brand proposition has standard elements, including determining the brand purpose, consumer take-out, brand proposition, emotional and functional benefits and attributes. As Anne

from DrinksCo described, knowing what needs to go into a brand proposition “is not rocket science” (Anne, DrinksCo, p8). It also involves developing a brand treatment for the development of creative material – for example, the brand narrative, brand voice, brand iconography and pay-off line. As described by Angie from MachineCo:

Logo, colours, material, our stationery and how it should look ... our signatures, our internal quotes. You know, when I send you a letter there is a certain way it should look. Because we are a global company, it needs to look the same everywhere (Angie, MachineCo, p. 7).

Underpinning the brand proposition is the capability to identify what differentiates one brand from another. Differentiators may be functional or emotional, although the ability to identify and communicate the latter (emotional differentiators) are becoming more important. As Janet from Finco explains:

Brands today, it is almost impossible to differentiate at a functional level. So, you have got to differentiate on tone, on style, on behaviour, on what you stand for – on something completely different (Janet, p. 7).

The importance of being able to articulate emotional differentiation is also implied at AdCo, where the key to their brand proposition is the ability to demonstrate the distinctiveness of their approach and challenge clients in turn to reconceptualise problems and solutions. An important part of their positioning capability is being able to demonstrate how the positioning of the AdCo brand will benefit the positioning of the client brand.

Additional subtleties became evident when examining how the unique characteristics of the brands and their contexts were translated into each proposition across the cases. Differences related to variations of what each case foregrounded as priorities: the need to emphasise the premium nature of the MachineCo brand, the South African provenance of the DrinksCo brand, the role that FinCo played in broader South African society, and the unique approach to creatively solving customer challenges taken by AdCo.

Brand management capability included the ability to position the brand, not only among external customers, but also among current and prospective staff – in other words, building the employer brand. This emerged particularly strongly in services contexts (Finco and AdCo) and reflects the importance of people as frontline conveyors of the brand proposition. Building the employer brand appeared to have two layers: positioning among prospective employees; and the type of talent that can be attracted. This emerged as particularly important for AdCo as it communicates to both clients and the rest of the industry how highly talented individuals view the work produced by the organisation. If AdCo can attract those known as the best creative directors or copywriters in the industry, this creates a halo effect for the AdCo brand. Dean from AdCo explains:

Part of our marketing initiative is the employment brand, finding the best talent, because as much as our work speaks volumes about us, so too does our talent speak volumes about us. So, you know people work with people and when I say people, clients work with talent that they can trust and people join agencies where they are going to work with people that are going to help them elevate their skills (Dean, AdCo, p. 11).

The findings suggest that the brand management capability has common, standardised elements. However, an important additional aspect of the capability is the nuances created by the unique characteristics and context of each different brand. These are key to how brand propositions are differentiated from one another. Furthermore, while brand management involves the capability to manage tangible aspects such as logo, colours, and pay-off line, it also needs to accommodate the more subtle, emotional nuances that are increasingly becoming markers of brand differentiation. In addition, the findings highlight that, while brand management capability incorporates the predictable aspects of brands as embodied in the goods and services a company offers, managing how current and prospective employees see the brand and what it stands for is equally important.

Customer Relationship Management

Customer Relationship Management is evident as a capability across three out of the four cases: MachineCo, DrinksCo and AdCo. In the case of DrinksCo (B2C goods), CRM to end consumers plays a smaller role than in the other three cases. Cultivating and managing this was more a responsibility of the retail channel, forming part of distribution. As such, it is discussed under specialised marketing capabilities. The level of formalised CRM strategy differed across cases, with FinCo having the highest level of formalised CRM capability than any other case. This was evidenced through its focus on direct marketing and its loyalty programme, which was intended to “enable customers to achieve consistent, attainable and relevant value through their banking relationship with FinCo” (FinCo, D58:6). CRM capability enables the organization to improve its understanding of customer demographics and financial behaviour.

At MachineCo, the nature of the product means that it is used over a length of time and so CRM is all about the journey the customer goes on with the machine. This ongoing relationship is an opportunity to entrench elements of the brand value proposition. The CRM capability in this context concerns how to keep the customer interacting with the brand and aware of the brand features. This is sometimes challenging, as the essential nature of the brand proposition is that it is more expensive than other brands. Thus, when it comes to changing parts, for example, customers sometimes opted for cheaper products.

In both FinCo and Adco (B2B and B2C service environments) having CRM capability was critical. In these instances, this capability represents the ability to **create long-term relationships** with customers. For example, in supporting documentation, FinCo described this as:

We want to make them [*customers*] feel like FinCo has partnered with them to make progress in their lives – whether it’s to help them send their kids to schools or to help them get their family into their first home, or to partner with them to do a deal that provides energy for the whole community (Finco, D53:10).

While developing a relationship with the customer is an integral part of CRM capability in each of the cases, what emerges at AdCo specifically is that this is key to the marketing process. Developing, managing and maintaining these relationships is the most fundamental way in which marketing takes place. In addition, this capability takes on a more personal dimension, involving how individuals relate to one another one-on-one, as opposed to how a consumer or user relates to a product. This is driven by the nature of AdCo’s service offering, where what is being sold is the expertise of the individual (representing the **expertise of the organisation**), and what maintains the relationship is firstly how effectively that expertise is demonstrated on an on-going basis, and secondly how the expertise is able to positively impact the customer’s business.

CRM capability focus for MachineCo, FinCo and AdCo is shifting towards providing customers with solutions rather than just a machine or one part of a service, and this therefore means the ability to deliver the entire value proposition (both tangible and intangible aspects). For example, AdCo is focused on providing ‘business solutions’ for the client rather than focusing only on the delivery of a particular project (AdCo, D1:2). This includes not only cross-selling (i. e. finding new goods or services that can be offered), but in AdCo in particular, also involves looking for ways in which more business opportunities can be developed on behalf of the customer, thus helping them grow. The following extract from supporting documentation illustrates this: “... delivering more value-added services is a means of helping to build the strength of the business relationship” (AdCo, D1:2).

CRM capability therefore often involves demonstrating a complex understanding of the full breadth of customer objectives and delivering against this. Only through this process can the expertise of the individuals be effectively applied. Getting to know the client’s business goes beyond asking them to simply describe what they do. It necessitates immersion in the business. Bonnie from AdCo advises her team to “go into their environment, purchase, talk to people, whatever” (Bonnie, AdCo, p7), illustrating the level of understanding and familiarity required.

CRM capability includes the ability to **manage the customer experience journey**. This requires matching the message to the stage the customer has reached in that journey, as described by Finco: “... what used to be a matter of identifying needs and communicating benefits now requires marketers to build an immersive experience that engages customers” (Finco, D10:6). Nathan from FinCo described the essence of this capability as follows:

What is the key message? How do I go with that message, each part of the customer journey? So where is the individual – is it a current client of customers, so what do I need to say in the acquisition phase? So, the awareness phase, the consideration phase, the acquisition part – what differs in terms of content? (Nathan, FinCo, p. 11).

In the case of AdCo, the customer experience journey was described as moving from 'light touch' to a more one-on-one approach. This can begin with receiving a weekly email from the CEO to acquaint the prospect with AdCo. The team will then examine the industry the customer operates in, and engages them on a topic of interest, suggesting that AdCo can share expertise with the client. Following this, AdCo requests an opportunity to tell the customer more about their organisation and the services they offer. Dean from AdCo described this as moving from "the kind of light touch to as specific as: can we come and talk to you about an opportunity for working with you?" (Dean, AdCo, p6).

Both FinCo and AdCo describe using **content strategies** in driving the right conversations to deepen relationships and loyalty (FinCo, D5:4), albeit in different ways. In FinCo, marketing identifies the need to couple content with the appropriate touch-points to create brand engagement (FinCo, D10:51). The objective is that the content is proactively, rather than reactively, sought out by staff and customers at FinCo. The link between digital and CRM in relation to content was particularly evident within the context of this case. It was driven by an increasingly competitive environment, plus significant changes in the customer decision journey for financial services, which was described as becoming "unique, real-time and almost everywhere" (FinCo, D10:51).

AdCo delivered content using more personal communication approaches, via, for example, direct mailers, white papers and knowledge-sharing sessions. Weekly emails were sent on topics of interest from the CEO of the group, who is well known in marketing and advertising circles. These documents display the knowledge of the organisation to current and potential clients. Thus, the ability to develop and demonstrate thought-leadership is key to this capability within the B2B services environment.

One of the unique characteristics of the AdCo environment was that often its work with customers means working together on projects, as well as with third parties on an extended basis. Therefore, CRM capability in this context also takes on a more literal meaning: it entails cultivating the relationship between client and agency while the work is being conducted, for example, in the process of working on creative ideas together with the customer, as Patrick describes:

Because it was a journey, that you and yourself had to go on with your client, with your team and it just made the relationship between an agency and a client [a] partnership trying to get the work out there (Patrick, AdCo, p. 2).

Because of the nature of B2B services, the CRM capability involves both operational and emotional elements. On the operational side, most important is continuous and consistent delivery for the customer. From an emotional perspective, the relationship is complex because, as Bonnie described, “they are calling you a partner also, but you are serving them and you need to be very clear that you are serving them and that they are paying for that service” (Bonnie, AdCo, p. 1). Being able to negotiate these is key to the management of the relationship. Bonnie describes it as each party being able to understand the expectations of the other: “I have an expectation and you have an expectation, how do we make sure we serve those expectations” (Bonnie, p. 1). The ability to strike a balance between being a ‘partner’ to the customer and being challenging is also part of this. Sometimes the agency needs to debate or even disagree with the customer. This is seen as part of the dynamics of the relationship, as Michelle explained:

If we were to reduce ourselves to giving you exactly what you have in your head, then why would you need an agency? (Michelle, AdCo, p. 4).

These more emotive aspects of CRM capability also entail a certain degree of chemistry. Thus, part of cultivating customer relationships is not focusing only on the business side, but also on building other aspects of the relationship. Bonnie outlines this as follows:

I worked out a long time ago, talk to people about people, don’t just talk to them about the work, get to know people and find out what their likes and dislikes are, what do they care about and what don’t they care about (Bonnie, AdCo, p. 6).

While the dominant CRM capability focus of MachineCo and Finco tended to be on current customers, AdCo’s CRM took a more proactive approach. This was founded on the understanding of senior management that the cultivation of prospective client relationships was key to being considered for potential new business in the future. In Dean’s words:

It feels a bit disingenuous like okay no – ja you couldn’t be bothered to build a relationship with me two years ago but not that you know that my business is out [to pitch], now you are going to chase me. So, I think it is, I think it is very much about trying to build relationships, it’s about trying to identify those prospects and try over a period of time to build a relationship with them (Dean, AdCo, p. 5).

New Product Development

New Product Development (NPD) emerged as a capability in two out of the four cases: DrinksCo and FinCo. While NPD was a marketing capability in MachineCo, due to the complex nature of the product as heavy machinery, this tended to be driven by the global team rather than local ones. NPD was not specifically singled out as a separate entity within AdCo. Rather, it was integrated into the culture and approach of the organisation. Finding new ways of doing things and new approaches to solving customer problems is the nature of the offering that AdCo provides.

However, NPD was key to the growth ambitions at DrinksCo and it was in this case that the marketing teams took the lead. NPD capability in DrinksCo includes developing brand extensions as well as new packaging. In most instances, it involves the ability to lead multi-functional project teams, where representatives from marketing, product development and manufacturing often work together. The project lead was from the marketing team.

In FinCo, while the marketing team is involved, they do not lead the development of new products; this is driven by the lines of business. Finco has a similar approach to project teams as DrinksCo, but the lead is seldom from marketing.

In both instances, NPD capability entails following a highly structured process, largely based on project management principles. For example, supporting documentation at DrinksCo described the level of detail required, including conducting a situation analysis, developing key insights, determining how the organisational value chain needs to align, and outlining the communication support needed to deliver it to the market (DrinksCo, D12). Similarly, NPD capability at FinCo starts with the development of a business case by the person proposing the new product and service. Elements to be included in the business case are strictly prescribed and include aspects such as product descriptions, descriptions of customer needs and the benefits of the products/services, financial accounting considerations and an extensive risk assessment covering each potential type, namely operational, credit, liquidity, market, and compliance risk.

4.3.3 Specialised Marketing Capability

Specialised marketing capability consisted of the following sub-capabilities across all the cases: market research, product management, pricing management, marketing communication and selling. Channel management emerged in all cases, except AdCo.

Specialised marketing capabilities often necessitated the involvement of experts from other parts of the organisation working together with the marketing team. As such, not all the expertise for specialised marketing capability resided within marketing. This was most evident in the following

specialised marketing capabilities: new product development, product management, pricing management, selling and channel management.

Market Research

Since understanding the target audience is a key part of the marketing discipline, it is not surprising that market research capability emerged across all of the cases. The technical nature of this capability also meant there was a high level of consistency in how it manifested across the different cases. The only difference was that in FinCo – which had a larger marketing team including generalists and specialists – there was a team of market research specialists dedicated to this capability.

In all cases, market research capability involved knowing and understanding the target audience within the context of the specific products or services being offered, as well as the category as a whole. Differences between the cases emerged with regard to the type of customer needing to be understood, rather than the nature of the capability itself. For example, at DrinksCo there was need to understand three target markets: the channel (or ‘partner’ as DrinksCo terms it); the shopper (the person purchasing the product); and the consumer (the person consuming the product). However, at AdCo, market research entails understanding the customer at both the institutional and individual level. Further, since relationships play a pivotal role in AdCo, understanding the target audience is also about assessing which potential clients are a good ‘culture fit’ and ‘brand fit’ (Michelle, AdCo, p2).

The way market research capability is described is similar across all the cases, including the notion that market research capability means not just observing customers but being able to turn that observation into insight. FinCo described this as developing “robust, relevant insights and grow market intimacy through insight stress testing” (FinCo, D5:19). Sean from FinCo emphasises both a scientific and intuitive dimension to this part of market research capability:

Because if you think about the art of uncovering overt versus hidden needs in clients’ lives, it is a very iterative process that requires a bit of what you would call models to uncover it, but there is a lot of intuitive art, the thing you call art, that looks at the underlying things that people are trying to do (Sean, FinCo, p. 1).

In Machine Co, the understanding of the target audience also includes identifying their specific needs, as in how they want to experience the product and how they want to be communicated with. In some instances, the target audience prefers to interact physically with the product; while in others they prefer to receive educational material that they can review in their own time.

While in all cases, market research capability was increasingly being asked to build improved capability in the use of customer data and analytics, this was emphasised more frequently in FinCo. One driver is probably that, as an entity in financial services, FinCo has the most accessible data at a customer level. Across the board, this ability to use customer data and analytics includes the ability to understand and interpret a range of information and data in a way that gives meaning to marketing. It is also linked to understanding the target audience; this capability was optimised when new data regarding customer activity was integrated with the knowledge of customer motivation, yielding new insights into needs and how best to meet them. In FinCo, other emerging areas of focus in market research capability are being influenced by advances in behavioural economics, motivational psychology, changes in cultural values, and the macro environment (Finco, D5:31).

In MachineCo, DrinksCo and FinCo, external agencies are used to run and manage research programmes. The types of research programmes included under market research capability include annual tracking studies to understand the category, the target audience, the health of the brand and the performance of the advertising.

Product Management

Each of the cases demonstrated product (or service) management capability. However, there were differences in terms of the nature of the product or service, which in turn impacts how this capability manifests and where the main source of expertise lies.

In MachineCo and AdCo, product management concerns the development and management of a tangible product, while in FinCo and AdCo this was more intangible and concerned with the articulation of a service proposition. In all instances, while marketing is involved in product management, in most cases the marketing team is not accountable for it: It is rather the accountability of specialists. For example, at DrinksCo, day-to-day product management was the responsibility of a technical team including specialists with detailed knowledge of the recipe for the product.

Product management capability therefore refers to the product specialists' development of the product, as well as the marketing team's knowledge of it. Product capability in the marketing team entails a deep understanding of how the product works and how this links to what the customer needs, to enable effective marketing and sales.

At DrinksCo, the product also includes the packaging, and both product and packaging specialists work closely with the marketing team, because this is a key part of the brand proposition. As the

DrinksCo brand is positioned as premium within its category, ensuring consistency in product delivery and packaging matters for brand integrity.

Product management capability at FinCo entails developing product and service value propositions as part of the overall customer value proposition. The management of products differs according to area at FinCo. Some parts of the company manage products providing a holistic solution for customers, rather than separate or standalone products. However, there is consistency in the underlying aspects of the product management capability, which includes developing the product propositions, understanding competitors and trends, monitoring customer numbers and revenue and setting product targets for the sales teams.

The product that AdCo sells is their expertise within the marketing communications industry. Bonnie from AdCo outlines how she views this:

It's not like buying a can of Coke that is tangible and I can walk away with it, I down it and then I move on to the next thing. This is completely intangible, we are serving the intangible and we have to deliver and go beyond that (Bonnie, AdCo, p. 1).

A further differentiating feature of the AdCo context is that part of the customer evaluation of the effectiveness of their 'product' offering is the impact that it has on their business. This is reflected in the effectiveness of their work in achieving customer objectives and also the recognition of the quality of that work within the industry through e.g. awards. Michelle describes this process as "connect[ing] the dots and try[ing] to deliver seamless communication to our clients' or our clients' customers" (Michelle, p. 1).

Once again, the importance of relationship emerged with regard to AdCo, but in the product context. The relationship that AdCo is able to maintain with their customers depends on the quality of the output produced. Dean's view is that:

... a great relationship with poor outputs, I think you are not going to sustain a client relationship. Great outputs and a mediocre relationship, I think the client would probably say yes, it is a little transactional but I am getting what I need so I am very happy to continue (Dean, p. 12).

Pricing Management

Pricing management capability was outlined in each of the cases. This is an area where the marketing team are involved but not always accountable. For example, in DrinksCo commercial teams are accountable for price setting and management although marketing is included in the

process. In FinCo, all commercial aspects of the products and services, including pricing management, are managed with the business lines within FinCo although once again marketing is involved in the process.

In all cases, pricing is monitored relative to competitors. Given that FinCo is a financial services organisation, changes in this industry do not take place frequently, tending to be restricted to a few times a year (unless, for example, there are interest rate changes announced by the South African Reserve Bank which will in turn affect the pricing of loans). Pricing at FinCo is therefore managed within the constraints of industry regulations.

Pricing management is not only a question of the actual price charged for the product or service, but also plays an important role in communicating the brand value proposition. This emerged as fundamental in both MachineCo and DrinksCo, which are premium products. For example, in MachineCo, pricing management was about determining how the price being charged fits with the premium positioning of the brand. Lana from MachineCo provides the following example:

I can't just say, 5% off (...) I need to understand that I am saying 5% but what does that mean to you? Especially as we are selling premium products. [MachineCo] products are very pricey compared to [the competition] and all of that so my selling it to you can't just say 5% off because as it stands the machine is much more expensive than all the others. I need to make sure you understand that you are getting the full life worth (Lana, MachineCo, p. 4).

Capability in setting and managing pricing at DrinksCo is also based on the premium positioning of the brand. This included how the brand is priced relative to the market leader, and understanding the relative pricing of the DrinksCo brand variants and pack sizes to communicate the value proposition.

Pricing management at AdCo differed from the other cases as it is fees based and negotiated on the basis of resources allocated and hours worked. The fees per hour are variable, depending on the seniority of the resource allocated to the business and benchmarked to the industry.

Marketing Communication Management

Marketing communication management capability was core to the marketing function in each case. This involves implementing each piece of marketing to communicate to customers. The number of aspects of the marketing mix included depend on the type of customer being targeted and the marketing budget. For example, various types of marketing communication and promotion can be employed, including television, radio, print, and in-store promotions. Given the scale and size of the marketing budget at Finco, as one instance, all types of marketing communication are used including

advertising on television, print, radio, outdoor, public relations, direct marketing, digital and social media marketing, internal and external communication and sponsorships (FinCo, D8:2).

Marketing communication management at AdCo does not, however, take the form of traditional above-the-line campaigns and involves approaches such as speaking at events where customers might be in attendance and the expertise of the company's specialists can be profiled. The capabilities of the people within the organisation are used as marketing vehicles. People in the organisation would establish themselves as experts in a particular area and this in turn profiles the organisation. In addition, industry awards were used as part of AdCo's marketing toolkit. As Michelle explains:

Well in our world, we see accolades as currency. So, like awards would be a currency that we would leverage in marketing ourselves (...) like for example, if Jackie thinks we are shit at radio it is important for us to win at radio because then that gives you the affirmation that maybe I should go and look at them differently, maybe they are not so bad. So, it's not just about glory, it's about what it signals (Michelle, AdCo, pp. 3–4).

One interesting part of the communication mix for AdCo mentioned by Michelle is the building in which the company is located:

Even our offices are part of us marketing ourselves, because it is like you come into a boring rabbit warren and dull and dingy, it's not signalling, the semiotics of it are all wrong. So, when you come in and like we have wacky chairs that look like bums or asses on the fourth floor, it signals creativity and it makes the environment something clients want to be part of (Michelle, AdCo, p. 4).

In all cases, digital marketing is emerging as a key part of marketing communication, through channels such as Facebook, Instagram, Twitter and the company website. Due to the nature of the category that FinCo competes in (financial services), communication capability is importantly about using digital platforms such as social media to engage in on-going communications with customers.

Since MachineCo is a global company, marketing material is sometimes sent from the parent company and then adapted to the South African context. Angie from MachineCo describes:

Sometimes we get: 'this is what we want and just put your dealer name there and send it to customers (...)'. For instance we had a field campaign that was just yellow and we thought no – maybe in America, yes, but here it is not going to work so we had to change it" (Angie, MachineCo, p. 5).

Marketing communication not only includes external communication but also internal. This capability is therefore part of the communication mix, i. e. which marketing messages are communicated to which target audiences. This emerged most strongly in FinCo. The services nature of FinCo's business means that employees and their understanding of the brand is critical to the ability of the organisation to deliver their products and services effectively to end customers. Therefore, part of marketing at FinCo is an internal marketing role. Janet describes the importance of this part of marketing communication capability as follows:

You have got a much bigger job of work to do to get 50 000 in our case, staff members to understand what you are promising and deliver on it (Janet, FinCo, p. 9).

This capability is defined by Sandra as consisting of “employee engagement, employee communication and that communication is centred around awareness and connecting the employees to what is happening in the organisation” (Sandra, FinCo, p1). Many of the same touchpoints are included in both internal communication and external marketing communication, for example digital internal communication, internal social media, intranet, share points, and the use of broadcast media such as internal television channels.

Selling

All of the cases outlined selling capability in some capacity. For MachineCo, DrinksCo and FinCo, marketing interacts with the sales teams but is not accountable for the selling process. For example, in DrinksCo, selling resides in the commercial teams responsible for taking product orders. This team manages sales and customer relationships including the development of sales plans, managing operational procedures for customers (for example, warehouse and storage requirements, ordering, payment, re-imburement, container returning, complaints) as well as co-ordinating logistics (DrinksCo, D13:2).

In the case of AdCo, the head of the business was responsible for both sales and marketing and so the sales approach was integrally linked to marketing. Selling at AdCo started with a list of prospects. Often an industry publication (Brewers Directory) is used, which outlines the details of every customer, Chief Marketing Officer and Chief Executive Officer in the industry. AdCo goes through this directory, creates lists of potential customers and then the MD cold calls them. The cold calling process is quite focused, as Dean describes: “You can't take a sort of funnel type approach where you start with a thousand in the hope that two people are going to drop out the bottom” (Dean, AdCo, p. 6). Another approach that is also used is to identify contacts within the broader agency group and arrange an introduction. For example, if a particular company is a customer of one of the other agencies in the group in another part of the world, then the team working on that account would be

asked for an introduction to the company in South Africa to create an opportunity to canvass for business.

Due to the relationship-focused nature of the business, the process entails moving the customer from “cold to warm to hot” (Michelle, AdCo, p. 3). In the selling process, it is important to ensure that the person with whom the prospective customer will be working is the one making the initial contact, since what AdCo is selling is individual expertise and the ability to build relationships.

The selling capability is strongly linked to product capability. Angie outlines that “it is not just about getting to apply it and then say you want this machine, because if it comes in different sizes the buckets come in different sizes, you need to know what they are doing, the type of material before you can quote the product” (Angie, MachineCo, p. 2). A similar perspective was provided by the FinCo marketing teams. In other words, a solid understanding of the selling approach was key to being able to develop and implement supporting marketing communication.

In MachineCo, FinCo and Adco, leads are generated through marketing campaigns and then passed on to and closed out by sales teams.

Channel Management

Channel management capability differed across each of the cases. For AdCo, channel management did not emerge since the channel, technically, is the people within the organisation. For the remaining three cases, the marketing team is involved and needs to have a good understanding of channel management. However, they are not accountable for this part of the process. Yet, lines of accountability are becoming more blurred, as all organisations described move more aggressively into using digital channels to both market and sell products and services.

In MachineCo, previously the main chain for distributing MachineCo products was physical. However, a greater focus on digital is emerging, which means that marketing is becoming more integrally involved in this side of the business as well. This new approach challenges some of the traditional notions of how heavy machinery could be sold, as Sally outlines:

So, we did a [product] campaign and we managed to sell three [products] through Facebook (...) obviously using that lead to pass it on and then the sale was completed by telephone (Sally, MachineCo, p. 13).

The DrinksCo approach has more of the features of what channel management is traditionally expected to entail and has not seen the same shift to digital as is evident in some of the other cases.

DrinksCo does not have its own distribution network and relies on a third-party distributor that bottles and distributes the brand on their behalf. The bottlers are therefore the key stakeholders responsible for distribution of DrinksCo brands. Managing this relationship is therefore also key part of this capability.

DrinksCo products are sold through a wide variety of retail channels including large grocery chains, smaller convenience stores, restaurants, bars and nightclubs. The relationship with the grocery chains in particular is not always positive. Shoelene from DrinksCo describes how she has had to develop a thick skin and not to “take it personally when a buyer is calling you six million names” (Shoelene, DrinksCo, p. 3). One of the challenges of channel management in this context is balancing competing priorities: driving the commercial aspect (profitability) versus preserving brand equity. Sometimes these are experienced as antagonistic to one another.

For FinCo, channel management comprises of multiple routes to market, including over 700 branches, relationship bankers, call centres, ATMs and digital channels. As seen with MachineCo, digital channels are becoming increasingly important for financial services as a whole, and a major focus for the organisation, as Janet from FinCo describes:

Today place is anything. I mean any kind of digital channel, anywhere, anytime. We are talking about banking that is available 24/7, wherever you are, however you want to engage with us (Janet, FinCo, p. 8).

A key part of channel management at FinCo also relates to customers’ experience as they transition from physical (branches, for example) to online channels (for example, websites). The challenge for marketing is how to ensure that the brand experience for customers is consistent across these platforms.

4.3.4 Creative Marketing Capability

Creative Marketing Capability emerged as an additional capability not outlined in the original model. This consisted of one sub-capability, termed creative solutioning.

This capability is described as concerned with creative ideas generated to better solve business problems and customer needs. There is consistency in how creative solutioning was expressed across each of the cases. It entails a number of aspects including communicating the brand positioning in new ways, developing creative solutions and fresh, engaging ideas to inform customers, and finding new ways for the product and brand to stand out from the competition. Included within this capability is the notion of creative insights: the application of target audience

insights to the type of creative material that will resonate with them. This capability is all about how the creative material connects with customers. Patrick from Adco's view was that the most important part of creative solutioning is the process of challenging the status quo, testing the waters and delving deep into the idea by asking questions such as "why does it work this way, why can't it work another way?" (Patrick, AdCo, p. 7).

Angie from MachineCo, describes this kind of capability in more individualistic terms as "someone who will always look for more innovative ways to do marketing and doesn't stick to one thing all the time (...) So, someone who is not open to change is bad" (Angie, p. 8).

Patrick from AdCo outlines an interesting distinction of different types of creativity where he explores the difference between creativity as an artist and what he termed "commissioned work".

Creativity as an artist means the way I see the world – that is the way it is (...) but when you are doing commissioned work (...) the creative solutions are 'this is how I want to interpret it and do what I need to do [to meet the client brief] (Patrick, AdCo, p. 5).

Part of this capability also involves assessing the creative output by third parties such as advertising agencies. This is reviewed against the initial brief from the marketing team. As Susan and Tina from FinCo explain:

You evaluate it, how do you look, and how do you know it's not right – perhaps even more so? How often do you look at a print ad and say: 'it's not right' and 'you can't do that copy, it's too dead; the body type is too long?' But then when you get to the image, and it's just not the right image for the market. What is it that makes it? Nobody did 100 miles of research but you would often be able to look at a piece of imagery and it is a businessman and go 'this one feels right and this one doesn't' (Susan, FinCo, p. 9).

Because the aesthetic is just not here and it is frustrating you almost. It's hard to explain when you are having a debate with someone, and they are going 'but I want a green sparkly background'. And you are like 'God! That is going to look so shit!' But it is so hard. (Tina, FinCo, p. 6).

An important part of creative solutioning is therefore knowing and understanding the target market. This emerged as important across all the cases. For example, creative solutioning at AdCo is linked closely to the ability to understand the client's business and their objectives: It is not simply creativity for creativity's sake. Understanding business and how business works, and the value of what customers need, is viewed as key to being able to demonstrate creative flair. Michelle from AdCo is

adamant regarding the value of creativity: “We believe that creativity makes better business solutions” (Michelle, AdCo, p. 5).

The ideal outcome of creative solutioning is a story that brings the products to life, as Lana from MachineCo outlines:

I would probably say something along the lines of not bringing something to life as such, but ja, most probably just that – bringing your campaign to life, giving it legs to run and the wings for it to fly higher, which you can probably see. Because that is what we do right? The product strategist says ‘I want to sell five machines’. I come and create this thing and by the end of it we have sold twenty machines. You only sold five. I gave it legs to run a little bit further than what you could see (Lana, MachineCo, p. 15).

This aspect of creative solutioning is the ability to tell the story of the brand in a way that resonates emotionally and makes customers want to incorporate it into their lives. As Anne from DrinksCo observes:

Ultimately marketing must tell a compelling story so that the product gets consumers and purchased (...) But that compelling story can come in many forms; it can come in packaging, it can come in communication, it can come in reducing your costs so that it becomes cheaper for the consumer or shopper to buy it, it comes in so many forms. So what is the compelling story? (Anne, DrinksCo, p. 7)

A similar sentiment was expressed by Patrick from AdCo:

Because people need to see different, engaging stories – that are refreshing to look at and experience (...) And I suppose in a lot of ways the best expression of creativity is the ideas that have a lot of empathy, that express a lot of empathy, because if you can express that empathy in a very refreshing way you are going to appeal to many different people in many different ways (Patrick, AdCo, p. 3).

The brand story can be told through multiple aspects: In the case of DrinksCo, it includes packaging, communication, merchandising.

A key part of creative solutioning is a culture within the organisation giving “permission to fail”. For example, respondents at DrinksCo state that even when marketing apply themselves to an idea, it may or may not work. This ability to fail is an important dimension of enabling creative solutioning capability. If there is fear of repercussions when an idea is not successful, the capability will not be expressed within the organisation. Patrick from AdCo also expressed this concern, describing organisations that lacked it:

So, you don't really get to see anyone's creative flair because the only bit of people you really do see what the environment is allowing you to see or allowing them to show but as soon as you get into deeper conversations with people, so you start to see a little bit more flair and those things (Patrick, AdCo, p. 5).

One of the challenges highlighted by FinCo respondents was the need to avoid "outsourcing all creative thinking" – to advertising agencies for example (FinCo, D1:12). There is a recognition at FinCo that they do not exhibit this capability to any great degree, with supporting documentation describing its current practice as "inconsistent, haphazard and fragmented, [lying] with a few people, often crisis driven and not necessarily intentional, teams not empowered to drive problem solving" (FinCo, D2:35). In contrast, for a company like AdCo, creative solutioning capability was at its core.

4.3.5 Dynamic Capability

Dynamic capability emerged through respondents' descriptions of the need to adapt on an on-going basis. It also entailed the use of experimentation and personally taking accountability for keeping up with changes in skills needed for marketing. This could impact on any part of marketing product, packaging, route-to-market, finance, or procurement. Janet from FinCo provided the following description of the need for flexibility and shifting direction when required:

And flexible, what works today isn't going to work tomorrow (...) being able to be flexible enough to go 'this was working for me now or it's not working or consumers have read it in a different direction. I need to change. So, the concept of being able to have something in place and think you can have a 3 or 5 year plan – it worries me when we talk about 5 year plans, I think right, we can't even cope with next year! (Janet, FinCo, p. 8)

This capability was seen by respondents at MachineCo as particularly important due to the changing nature of marketing as a result of the impact of digital:

Because yes, you were good in your time. Let's say you were a marketer 18 years ago and it was working for you to be in newspaper ads and everything and you were not doing anything on-line. Now with evolving changes in technology and the world and whatever, you don't change. Then your line is just cut off. And when you are evolving and changing all the same and you know what is happening in our industry, then that makes you a great marketer (Angie, MachineCo, p. 8).

This sentiment was shared by Nathan from FinCo. His view was that "the ability to adapt and change is going to become easier to do as people move to the digital bank and age. What is working, what is not working – the ability to quickly change, test and change as you go along" (Nathan, FinCo, p. 11).

Dynamic capability was thus viewed as key to marketing. Interestingly however, while all respondents mentioned this as important, it did not emerge as an aspect that was overtly being developed in all cases. The only case where it was receiving specific attention and being actioned was in FinCo. For example, Peter from FinCo described the principles of agile and lean thinking that were being applied at Finco:

So, in the lean start up world, you basically set up experiments and an experiment require a hypothesis and that you are going to test against (...) and then you run an experiment against that (Peter, FinCo, p. 2).

Due to the fast changing nature of marketing in FinCo in particular, a key aspect of dynamic capability in that context is the ability to keep up with changes in the marketing discipline and to learn new skills or display what is described as “adaptive learning” (FinCo, D5:13). It is not an easy task and Susan describes the marketing team as being “so stuck” expressing her frustration that “marketing managers, they have never heard of it [digital]” and saying she heard them say “oh no, I am not digital”. Her view was that “actually we are all digital, if you are not, get your mind-set right, otherwise you are going to get left behind” (Sandra, FinCo, p. 3).

This capability is described as a continuous process that also includes unlearning old skills and incorporating new information, as Peter from FinCo says:

Realising it is a continuous loop of learning. Not only do you need to unlearn things which is really hard as there is muscle memory in the brand, and certainly in organisations. So, unlearning is really tricky, but the other piece is being humble enough to realise that just when you think you have got it, you realise there is another layer to this onion and you haven't quite got it (Peter, FinCo, p. 1).

4.3.6 Enabling Marketing Capability

Two types of Enabling Marketing Capability emerged in the study: internal stakeholder management and managing third parties. While not specific to marketing, they were key to enabling the practice of marketing.

Internal Stakeholder Management

This was described as the capability to manage internal stakeholders to support achieving particular goals, and the ability to drive integration between marketing and other areas of the organisation. Getting buy-in from internal stakeholders is key to achieving the goals of marketing, since delivery relies on co-operation between all parts of the organisation. Supporting documentation at FinCo, for example, described this capability as “the ability to work with a broad range of people representing

different internal and external groups to get them to understand and participate constructively in addressing a common interest” (FinCo, D1:72).

Organisational structure also played a role in the importance and role of internal stakeholder management. This is particularly evident in FinCo and AdCo. In the case of FinCo, the organisation has a complex matrix structure, so there is a need to cultivate multiple levels of relationships – for example, those with business lines, product houses, and other operational functions. This is described in supporting documentation as “the ability to work cooperatively and proactively with other functions, units and disciplines inside and outside marketing as well as establish and leverage trust and credibility at various levels of seniority” (FinCo, D1: 67; 74).

This capability is described as becoming increasingly important at MachineCo as the importance of marketing itself increases. In the past, functional business units such as sales and product took the lead in determining marketing strategy and planning. Now, marketing takes a more proactive stance and drives the marketing agenda. As Lana from MachineCo outlined:

So, we are governing the business to say these are the events that we are going to run with, this is what I think will work; whereas before we were just the service provider. They would be like ‘we need flyers, we need pull-up banners’ – there was no strategy, nothing (Lana, MachineCo, p. 1).

Internal stakeholder management covers more subtle capabilities such as influencing (consciously thinking about how to influence and manage internal stakeholders), negotiating and collaborating within and across functions. This entails building relationships and making personal connections with people across the business, creating a sense of common ground through understanding of stakeholder needs, and demonstrating this via the marketing solutions provided. Lana describes this:

Because it is asking questions and understanding how they are feeling and where they are at. And because there are levels when you speak to a person: first they are closed up and then you need to say something they can relate to. People feel like they can relate to you and then they will open up to you and you can sort of, with a bit of psychology, you can play around with it (Lana, MachineCo, p. 10).

Natalie at FinCo described this as “getting close to business, building on the relationships, understanding how to position things you want to do in a way that meets their needs and sometimes you have got to go this way to go that way.” (Natalie, FinCo, p9), added that “it’s about being really good at navigating the complexity of the organisation, knowing when to give, when to push, when to give up” (Natalie, FinCo, p. 9).

Relationships are so important that some respondents even suggested that internal stakeholder management was more about the personality of the individual than about their marketing ability. For example, Natalie from FinCo says:

You have to go in and rely on your personality to break through and your relationships, and you use your relationships to get a word in edgeways and if they like the way you are bonding with them then they might ask you for help (Natalie, FinCo, p. 4).

Bonnie and Patrick from AdCo also highlighted this more personal aspect. Their view was that it is about recognising the need not just to work with the person, but also about taking time to understand and know them. They used the example of not relying on electronic communication, but rather taking the time to talk to people. They explained why this was so important in their roles:

So, I spend very little time in my chair and most of the time running between agencies. I hate email because it eliminates conversation. I am not saying I can't have a relationship via email but it's not a relationship, it's a conversation (Bonnie, Adco, p. 7).

Even with me, the way I go around the agency, my last port of call is typing up an email. First point is to get up and out of my chair and I walk and say what I need to say (Patrick, AdCo, p. 16).

Another aspect of this capability is the role marketing plays in integrating different departments, both in terms of activities and attitudes. This was highlighted in DrinksCo, FinCo and AdCo. For example, in the case of AdCo this includes sharing information with internal stakeholders, and leading and driving integration between the various agencies working on the client's business (AdCo, D1:1-2).

As Bonnie outlines:

So, it is not just your relationship with your clients, it is your relationship with your peers and then when they are not part of your group, you can bring them in and they can feel like they are part of the group, and it is trust and respect (Bonnie, AdCo, p.11)

In organisations that are at lower levels of marketing maturity, such as FinCo, this capability also includes educating the organisation on aspects of marketing so that they can develop an appreciation for both the role and the value of the function

Despite the continued focus on developing internal stakeholder management capability, in three out of the four cases (MachineCo, DrinksCo and FinCo), tensions persist between marketing and other parts of the organisation. For example, in MachineCo, questions are still raised about what value marketing adds. Lana from MachineCo described it as the view that "marketing is just putting together the poster: pretty pictures" (Lana, MachineCo, p. 14). A similar sentiment was expressed in DrinksCo by Shoelene, who said: "they [other parts of the organisation] don't understand what we are trying to achieve in marketing, they kind of belittle any efforts we make as frivolous, you know?"

(Shoelene, DrinksCo, p. 11). Sally from MachineCo described it as “they [the team] have got a lot of people, people’s egos to manage as well. Because it’s not just the centre – because the line of business centre, where they manage products – it is also the regions” (Sally, MachineCo, p. 15). This was exacerbated in MachineCo by the internal conflict existing over the responsibility and accountability for marketing output. To counter this, specific controls were put in place by the CMO to avoid additional tensions. These took the form of ‘brand approval checklists, intended to avoid finger-pointing should any problems arise about who was accountable for the approval of which marketing material’. For FinCo, dealing with the tension was described by Peter as “being a political animal and doing stakeholder management and appeasing this ego and stroking that ego and assuring this insecurity – all that EQ that you burn” (Peter, FinCo, p. 4).

Other frustrations with internal stakeholder management were also mentioned. One was how stakeholders sometimes impede the speed at which marketing can deliver necessary innovation. As Shoelene from DrinksCo outlines:

It is really frustrating. So, I mean, I conceived of a lemon juice idea six months ago, we still haven’t even got to square one because everyone is still having circular conversations and [the competition] has just launched a lemon cooler (Shoelene, DrinksCo, p. 9).

Another frustration shared by DrinksCo and FinCo was an organisational culture necessitating multiple inputs into marketing and “you have people interfering in this they shouldn’t interfere with, because it just then wheel-spins everything” (Shoelene, DrinksCo, p. 10).

Third Party Management

Some marketing capability rests outside the organisation, so a key capability enabling the practice of marketing is the ability to brief and manage third parties, for example advertising agencies, media agencies, research agencies, packaging agencies and marketing consultants.

In some cases, such as FinCo, there is a standardised process in place to facilitate this. In others, such as AdCo and MachineCo, it is driven by the preferences and experience of the relevant marketing people. The marketing team is required to manage the output delivery of these third parties. This includes operational aspects such as deciding which agencies should work on the brand, negotiating contracts and agreeing fees, briefing, regularly managing agency outputs and regularly conducting performance assessments. The ability to choose the right partners at AdCo also involves convincing the customer that the person is the correct choice. Michelle’s description of a situation with a particular customer illustrates this:

I remember at one stage [the client] (...) said: 'we will use X person, the guy who did [XYZ campaign] and now, we knew that guy could not pull that off (...) you have also got to choose the director to get the work right for the client (Michelle, AdCo, pp. 6–7).

For AdCo, therefore, being able to develop and maintain relationships with third parties enables the capability of internal stakeholder management in that it facilitates easier sourcing for the customer, which in turn is viewed as adding value by offering 'seamless' delivery.

An important part of this capability is the ability to translate the requirements of the business units into a brief that permits detailed third party understanding of the business unit and of requirements. Erik from FinCo describes this in relation to working with market research companies:

So, my role comes in to make sure that translation from a business point of view to the research is done without losing the business requirements or expectations and also the deliverables from a research house doesn't come in a format that doesn't deliver on the business requirements (...). Quite often the business speaks business and the suppliers speak models and sample sizes and methodologies and all that, and those two, without the proper translation, you don't know what they are delivering (Erik, FinCo, p. 2).

Affective aspects of managing third party relationships are also important. When managing creative agencies for example, this includes inspiring them to do good work and is described as encouraging them to disrupt the norm and ensure that their work differentiates the brand from competitors. As Jane from FinCo describes:

And also getting marketing people to get the best out of their advertising agencies or their partners, whatever they are. You are not buying pens, you are not buying a commodity, it is a completely different relationship. And getting to the points where they see and understand, the more your agency understands your business, the better the work is going to be and the more you can inspire and encourage them and the less you use the stick approach, the better the work tends to be (Janet, FinCo, p. 5).

4.3.7 Individual Traits

Some individual traits – such as curiosity, resilience, passion, confidence and gut-feel – were outlined in the discussions for each case as critical to the ability of the organisation to perform marketing effectively. Individual traits are the secret ingredient or 'magic' in the marketing mix. Janet from AdCo likens this to baking a cake:

I can follow the recipe and yet my cake does not look like it should – and I have followed that recipe to within an inch of its life. But somehow the magic is just not there. I have followed that recipe exactly, I have all the ingredients, I have done exactly what they have told me, yet my

cake doesn't come out the same way. There is a magic ingredient missing (Janet, FinCo, p. 6).

In three out of the four cases (MachineCo, DrinksCo and FinCo), a sense of **curiosity** (about people, or generally about what is happening in the world) was mentioned. For example, Lana from MachineCo feels this has been a key aspect of her interest in marketing "because I really just want to understand why do people think the way they do, why do they make the purchases they do?" (Lana, MachineCo, p. 10). At DrinksCo, curiosity is both awareness of what is happening in the environment and the ability to act on it. It is described as an "innate ability to be able to absorb things around you and understand what serves the moment and what doesn't: to act to make a choice" (Shoelene, DrinksCo, p. 6). Natalie from FinCo described it as a 'meerkat perspective' (Natalie, FinCo, p. 3) and Janet adds: "So, to be curious and constantly looking for what is out there, who is doing what, what is the next big thing, why do people do what they do" (Janet, FinCo, p. 3)

In DrinksCo, FinCo and Adco, an additional individual trait was **resilience**: being able to manage conflictual situations with internal stakeholders (FinCo), channel partners (DrinksCo) or clients (AdCo). For example, because a conflictual aspect to the retail channel relationships exists, the personal attribute of resilience is critical to fulfilling the marketing role when dealing with these stakeholders. As Shoelene from DrinksCo says:

And that is where I learnt, don't take it personally when a buyer is calling you six million names. You really do need to be a certain type of person to handle the abuse all the time (Shoelene, DrinksCo, p. 3–4).

This emerged at FinCo because of the need to manage so many different stakeholders. It includes displaying a sense of optimism, adopting a positive outlook despite setbacks and obstacles, acknowledging the need for change, accepting change, adapting to effectively address change, helping others deal with change, and recognising and managing stressful, pressurised and adverse situations (FinCo, D1:78). Coupled with resilience was the need to be able to "recognise, assess, respond to, and resolve conflict in a constructive way" (FinCo, D1: 77).

A sense of **passion** was mentioned in MachineCo, AdCo and FinCo: at MachineCo a passion for marketing as a discipline; at FinCo, a passion for the organisation and its products offerings. This was described by Angie at MachineCo as:

I mean, if you love something, for instance if you are a singer and you love singing, no matter what you do, you can be a baker, you can be a nurse, you can be an accountant, but because you like singing, you will always find a way to sing somewhere. It is the same with marketing.

If you have a love for it and you go to a different industry, you will find a way to work back to what you love (Angie, MachineCo, p. 12)

A passion for marketing was also described as something that drives marketers to “make sure that they give a little extra attention to the process” (Lana, MachineCo, p. 13). Sally from MachineCo defined it as a “hunger and a willingness, drive and motivation to get there” (Sally, MachineCo, p. 7).

Respondents in both service organisations in particular mentioned the ability to radiate a sense of **confidence** in interactions: at FinCo in how the team related to internal stakeholders; in AdCo mainly with reference to external clients. At FinCo this is described as demonstrating that members of the marketing are “empowered to pitch solutions” (FinCo, D5:26) and marketing teams present “the case for specific marketing actions in a confident manner” (FinCo, D5:33). This attitude signals to stakeholders that marketing is knowledgeable about their area of expertise and can be trusted to deliver the agreed outcome. This is the ability to develop and maintain trust. Bonnie from AdCo attributes this to displaying honesty in this relationship:

Because if you are honest and you have integrity you clients also respect and they feel like they can rely on you to do stuff for them, because that is what [clients] are asking us to do, [they] are saying please do something for me. I think that’s where relationships come in and that’s where they get forged, because you tend to like somebody you can trust, you don’t have to love them (Bonnie, AdCo, p. 8).

An additional individual trait that appeared in FinCo and AdCo was **the ability to use gut-feel** in making marketing decisions (FinCo). This emerged particularly in reference to the debate about whether marketing is more art or science. Some respondents asserted that it is more art and thus should rely more on gut-feel. As Susan outlines:

You are marketing to a human, and somewhere along the line you have to go with what feels better. Choosing an ad, sometimes you have to go ‘does this feel right or not’ because you are human and someone on the other side is going to receive that ad, how are they going to feel? (Susan, FinCo, p. 8).

Patrick from AdCo also says that the ability to make decisions based on gut feel without having to always rely on the data is key in their context:

Because when I grew up in an era of advertising where your gut, your intuition was a large part of the decision-making you did, and you could see the success that came from that kind of trust that one had in your instincts (Patrick, AdCo, p. 1).

He later adds:

Obviously you had to be responsible, obviously you had to think about all the things you think about today but there was an element of stuff that you couldn't calculate, a stuff that you could just feel and that is a hard thing to try and put a formula around and it is a hard thing to try and build a structure around, when I say gut reaction, to listen to something or explain something to you and you go 'that feels good' (Patrick, AdCo, p. 2).

There is a view that marketing has an 'inherent' desire to **challenge the status quo**, which is not similarly seen in other functions. Angie from MachineCo makes the following comparison with accountants to illustrate this point:

I am comparing myself with my friend who is an accountant. I think they are people who can do the same thing over and over and over again, and they don't get bored. And with marketing people, or marketers, we love challenges and we love changing things (Angie, p. 13).

In her view, marketers want to disrupt the norm, and

... like changing cultures, we like challenging things, we are like pushers for what we want. So, I am not saying that other people don't but I am saying that we are kind of special in a sense that we are forced to think outside of the box. You can't be successful in marketing if you always think 'this is how it goes – stick to this'. So, we always have to push in order for us to be different from the next. (Angie, p. 13).

For others, it is simply that marketing people are the 'crazy' ones:

I think with marketing you have to have a little bit of craziness within you. To be able to make a machine seem amazing and sell it to someone (Lana, p. 14)

4. 4 MARKETING RESOURCE INPUTS

4.4.1 Types of marketing resources

In all cases, seven marketing resources are evident: financial, physical, technological, reputational relational, organisational and knowledge. This is a function of the services context of the organisation and the importance that staff outside the marketing team play in embodying the brand positioning and conveying it to customers through their interactions. Each of these types of marketing resource is outlined in Table 4.2, with examples.

TABLE 4.2 MARKETING RESOURCES

Marketing Resource	MachineCo	DrinksCo	FinCo	AdCo
Financial	Marketing investment (budgets)	Marketing investment (budgets); cost of raw materials	Marketing investment (budgets)	Marketing investment (budgets)
Physical	Product portfolio, machine designs	Product, product portfolio, product recipe, packaging, provenance (South Africa and regionally)	Physical channels (branches, ATMs), product portfolio, provenance (Africa)	Physical building
Human			Staff outside of marketing	Staff
Technological	Customer database of 9 000 customers, MachineCo website	DrinksCo website	Customer database of 11m customers, data analytics, FinCo website	Customer database, AdCo website
Reputational	Premium brand equity, brand identity, trademarks, customer value propositions, machine patents	Premium brand equity, brand identity, trademarks	Brand equity, brand identity, trademarks, customer value propositions	Brand equity, brand identity, brand positioning, trademarks
Relational	Relationships with sales teams, customers, personal networks within the organisation and externally	Relationships with sales teams, distributor, customers, shoppers, consumers, personal networks within the organisation and externally	Matrix structure, relationships with channel teams, customers, business lines, product houses, personal networks within the organisation and externally	Relationships with customers, between different companies within AdCo, personal networks within the organisation and in the industry
Organisational	Improvements in marketing orientation, focus on marketing planning and reporting, newly implemented operating model, controlling and co-ordinating systems	High marketing orientation	Improving customer-centric orientation, improving recognition of the role of brand in achieving business growth ambitions, structure of marketing (multiple specialist marketing resources)	Customer-centric orientation, structure as integrated agency and independent specialist agencies as required by clients
Knowledge	Training through MachineCo university e-learning, other marketing training, experience, judgement, intelligence, insight, trade secrets	Recognition of importance of training, increasing support from Human Resources on training, experience, judgement, intelligence, insight, trade secrets	Marketing capability investment, recognition of importance of training, team and individual experience, judgement, intelligence, insight	Proprietary conceptual models, team and individual experience, judgement, intelligence, insight, marketing capability investment

Across all four cases, **financial** marketing resources are the investments the organisations make in marketing. These differ in terms of amounts invested: FinCo has the largest budget, followed in order by DrinksCo, MachineCo and Adco. More investment in financial resources is evident in business to consumer environments, which may be a function of marketing needs, with the need to reach more target audience groups demanding spending on more elements in the firm's communication mix.

Physical marketing resources consist of a range of tangible aspects such as packaging and brand

logo design. They are often also parts of the equity of a brand, allowing for customer recognition and differentiation. These aesthetic aspects – such as packaging design in the case of DrinksCo – also play a role in communicating the intangible aspects of the brand: for example, the emotions and perceptions that different icons or colours may evoke in the mind of the consumer. In the case of MachineCo, branches are physical resources, not only with respect to the customer experience of services, but also with regard to the existence of flagship branches that more explicitly demonstrate the brand positioning of products. This is also evident in AdCo where the interior of their office is consciously designed to reflect a particular culture of creativity and innovation.

The rapid digitisation of marketing means that **technological** resources such as customer databases and IT systems are important for marketing, and this impact is mentioned as a factor influencing all four cases. Respondents in all the organisations mentioned using digital marketing tools more frequently in their communication mix: websites were a key technological marketing resource. Aligned to this was the mention of increasing use of data analytics in market research capability, which requires the availability of IT marketing resources to track and deliver customer behaviour in online and mobile environments. Of all the cases, FinCo respondents mentioned this approach most frequently, describing how technological marketing resources were used to customise offerings in real time. This depends strongly on harnessing technological resources.

Reputational resources include brand equity, brand identity elements, value propositions, trademarks and patents. In each case, protecting brand integrity is recognised as important. This is achieved through ensuring the consistency and quality of the brand identity elements (logo, colours and other iconography) and protecting trademarks and patents, mainly through legal means. Value propositions are also a reputational marketing resource as they outline in detail the various dimensions of what is offered by each organisation. They emerged in the following ways: brand, product and customer value propositions. In the case of DrinksCo, the last refers to value propositions to channel partners. Another type of reputational resource is the perception of the brand among employees within the organisation, also referred to as the employee value proposition. This emerged in the service environments of FinCo and AdCo, where the intangible nature of the offering means that employees are a critical conduit of the brand proposition.

Relational marketing resources are key across all the cases especially in relation to capabilities such as CRM, internal stakeholder management and third-party management. These resources are also linked to transactive knowledge resources i. e. the 'know-who' knowledge of individuals. Relational marketing resources play a role in all the relationships that marketing builds, both internally and externally. It includes relationships with sales teams and other functional areas internally, and with retail customers, consumers and shoppers depending on the case context. This

category of resources also includes the personal networks that individuals have, both within the organisation and externally.

How marketing is structured, as well its perceived 'place' within the organisation, both impact on organisational marketing capability. This is included in the **organisational** marketing resources category and covers the level of customer-centric focus in the organisation, marketing planning and reporting systems, operating models and marketing structures, as well as the controlling and co-ordinating systems for marketing. All four cases illustrated shifts towards a greater focus on customer-centricity, although they are at different stages on this journey. DrinksCo and AdCo displayed the highest levels, followed by MachineCo and then FinCo. While marketing planning and reporting are evident across all cases, there is little evidence of a commonly applied system that could be viewed as a marketing resource. Controlling and co-ordinating systems are informal at DrinksCo and AdCo, and more formalised in MachineCo and FinCo. Each operating model differs slightly. In MachineCo, the role of marketing is evolving from a passive 'receiver' of instructions within the business to a more proactive contributor to organisational growth. In DrinksCo, although marketing is already perceived as key to achieving the strategic objectives of the organisation, their contribution is hampered by integration challenges. FinCo displays the lowest levels of marketing maturity, and this is illustrated by the emergence of various basic operational issues, such as questions about marketing's role and debates around basic terminology such as the concept of brands. While AdCo does not have a specific marketing team, knowledge of marketing and its practice are fully integrated in all parts of the organisation and everyone views themselves as accountable for it.

The following marketing **knowledge** resources are evident across the cases: access to marketing training (whether offered within the organisation or through external parties) and the experience of individuals in the marketing team and in the broader organisation that could impact on marketing. This latter dimension is also linked to the judgement, insight and intelligence applicable to marketing. Another type of marketing knowledge resource is the proprietary conceptual tools AdCo has developed. The nature of marketing knowledge resources across the cases is discussed in depth in the following section.

4.4.2 The nature of marketing knowledge resources

Five characteristics of marketing knowledge resources emerged in each case: the tacit, explicit, procedural, declarative and transactive dimensions of knowledge. However, data from each case demonstrated these at a different level. Table 4.3 summarises the level of each, positioning them as high, medium or low. Each characteristic is then discussed across the cases.

TABLE 4.3 MARKETING KNOWLEDGE CHARACTERISTICS

Knowledge Characteristics	MachineCo	DrinksCo	FinCo	AdCo
Explicit	Medium	Low	High	Low
Tacit	Medium	High	Medium	High
Procedural	High	High	High	High
Declarative	High	High	High	High
Internal transactive	Medium	Medium	High	High
External transactive	Medium	High	Medium	High

Procedural and Declarative Knowledge

All cases demonstrated the same high levels of procedural and declarative knowledge. This is not surprising, since the basic practice of marketing consists of knowing both what to do (procedural knowledge) and how to do it (declarative knowledge).

Explicit and Tacit Knowledge

Levels of explicit and tacit marketing knowledge differed by case, with the highest levels seen in FinCo and the lowest in DrinksCo.

The knowledge in FinCo demonstrated the highest levels of explicitness since it has extensive knowledge codified in manuals, templates and standardised processes. This is the result of a number of initiatives within the organisation over the past ten years that have aimed to make tacit knowledge more explicit. However, this is met with varying levels of success, as Tina notes:

I don't see anyone using manuals, I have never seen it. I think manuals make people feel better because they have documented the process, but I never see anyone using a manual. And it is not about it being a paper manual. You could make it electronic – I still don't ever see anyone using it (Tina, FinCo, p. 4).

The approach to making marketing knowledge more explicit at FinCo also seems to also rely strongly on the style or preference of the incumbent CMO. While the previous CMO made extensive use of tools such as manuals, blueprints and frameworks, the current one, Natalie, does not emphasise this as much, with consequently less uptake. She seems to prefer a greater reliance on tacit knowledge. Explicit knowledge is also contained in the qualifications that the marketing team members have acquired, with many having studied marketing either at undergraduate or post-graduate level. While external short courses did feature among some respondents as another source of explicit knowledge, FinCo has developed a full menu of in-house marketing courses (both on-line

and face-to-face) where the tacit knowledge of specialists is shared. Therefore, while there seem to be shifts in emphasis toward tacit marketing knowledge on some levels, explicit marketing knowledge still features strongly at FinCo.

Knowledge at MachineCo was at medium levels of explicitness: the company was in the process of shifting from low to high through the efforts of the CMO, Sally. Explicit knowledge was contained in documentation such as templates provided by Sally, the courses offered by MachineCo university (e-learning platform), and the MachineCo Sales Academy. The more junior members of the MachineCo team tend to rely more on explicit marketing knowledge that is more easily learned.

By contrast, few of these codifiable or observable formats existed at DrinksCo or AdCo. There is limited explicit knowledge in DrinksCo, with most being tacit. Anne from DrinksCo states that there are no formally documented marketing processes, routines or 'ways'. Members of her team have borrowed 'ways' from other companies where they may have worked previously, or from the parent company. As Anne explains:

It is not a formal, documented way if doing it, it's just how we do it. It's not like it is mandatory and you have to do it like this. And I suppose you know we just carry on doing things the way we have done them, because they work (Anne, DrinksCo, p. 14).

Explicit knowledge at AdCo emerges mainly in the documentation of the proprietary tools the company has developed. Other than this, there are few formally documented processes within the company. Since the culture of the organisation encourages challenging the status quo and deviating from the norm, standardisation could be antithetical to this culture.

With regard to levels of tacitness, marketing knowledge is always tacit to some extent, thus none of the cases were categorised as having low levels of tacit knowledge. As suggested by the previous discussion, the marketing knowledge at DrinksCo and AdCo exhibited high levels of tacitness, illustrated by the tendency of this knowledge to exist in experts and specialists within the organisation, rather than being codified and easily observable. MachineCo and FinCo exhibited medium levels of tacit knowledge, reflecting that the organisations did rely to some degree on knowledge that was less observable, but resided with individuals.

Transactive Knowledge

For each case, transactive knowledge was found to have two components - internal and external transactive knowledge. This reflects the finding that the "know-who" part of marketing knowledge involves not only knowing which expert individuals can be consulted within the organisation, but also

similar people outside, for example in the marketing community, or via third parties such as advertising, media, research agencies or marketing consultants. As a result, this type of knowledge is also linked to the two enabling marketing capabilities, internal stakeholder and third-party management.

Internal transactive knowledge characteristics emerged to some extent for all cases suggesting that this is never a factor that can be ignored in marketing. This knowledge was found to be highest in FinCo and AdCo, reflecting the greater emphasis on consulting and negotiating with internal stakeholders in these two service organisations. It indicates the importance of internal relationships in marketing practice there. Internal transactive marketing knowledge is a major contributor to how marketing is done at FinCo – and, indeed, whether it can be done at all. This includes complexities such as knowing who to consult on what which of the marketing programme; who can provide final approvals; who in marketing or the lines of business is most likely to provide expertise; and who within, for example, legal and compliance, needs to rubber-stamp plans. The formal reporting hierarchy of the organisation provides some direction here, but in many instances understanding the subtleties of the networks of influence within FinCo is of greater importance. The structure of AdCo means that internal transactive knowledge also has a significant impact on whether the organisation to deliver its services to clients. It requires co-ordination both within and across subsidiary specialist organisations.

The marketing knowledge in MachineCo and DrinksCo evidenced medium levels of internal transactive knowledge. The more junior members in MachineCo developed this knowledge by being part of the Sales Academy, while the CMO used her personal networks at Exco level. Internal transactive knowledge at DrinksCo is key in facilitating the management of the multiple relationships and networks that require negotiation, such as with sales, distributors, and channel partners.

External transactive knowledge emerges in reference to the third parties with whom the team need to engage to get marketing work done. It entails knowing what external suppliers to approach for which task, and who within those will be responsible for which part of a task. In DrinksCo and AdCo, levels of external transactive knowledge were highest and included reliance on personal networks, reflecting the importance of this knowledge to activities. External transactive knowledge in AdCo is one of the key 'engines' that drives the business. This has two dimensions. First, maintaining networks within the client environment are key to the effective marketing of the organisation, by keeping the company and its suite of services top of mind among current and prospective customers. Second, there is a need to tap into and manage the service delivery of third party networks to clients, since the quality of the work delivered by these companies – directors, photographers, editors, sound experts and animators – is viewed as synonymous with AdCo itself.

Levels of external transactive knowledge were medium in MachineCo and FinCo. In the case of MachineCo, this indicates that the type of marketing at the company was moving more towards the digital arena, with fewer agencies and third-party suppliers involved in the process, and respondents tending to employ personal networks more to connect externally. While in MachineCo only Sally originally held this knowledge, it has quickly been developed by other members of the team. In FinCo external transactive marketing knowledge emerges through the networks of multiple third parties that the marketing team interacts with: an interaction prescribed by the lead agency model guidelines.

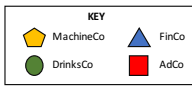
4.4.3 The relationship between marketing capabilities and types of marketing knowledge

A relationship between marketing capabilities and the types of marketing knowledge was observed in each case. Each capability was plotted on the matrix, reflecting its relative levels of tacitness and learnability. The interviews revealed that levels of tacitness and learnability could not always be easily fitted into either a low or high level. For some, there was evidence of a mix of either lower and higher tacitness or learnability in the same capability, suggesting that a more pertinent classification would be high, medium or low. For example, in the case of brand management, some elements are easily learnable (e. g. where the logo needs to be placed on a piece of stationery), while others are not (e. g. being able to identify when communication does or does not align with the premium positioning of the brand). Less easily learnable knowledge only emerges over time through practice. Similarly, with regard to levels of tacitness, codified guidelines are in place outlining the positioning of the brand, but these cannot be created with the same levels of clarity and explicitness for such tasks as how to assess whether a trade publication is appropriately aligned for a brand print ad. Many contextual variables can influence such an assessment, including the content of the publication, readership, as well as page placement within it. The matrix therefore emerged as comprising nine quadrants assessing both dimensions based on high, medium or low levels. Figure 4.1 provides a visual representation of the matrix.

		Q7	Q8	Q9
LOW				
MEDIUM		Q4	Q5	Q6
HIGH		Q1	Q2	Q3
	LOW	MEDIUM	HIGH	
		TACITNESS		

FIGURE 4.1 TACITNESS-LEARNABILITY MATRIX

The output for each of the cases is included in Appendix B, and Figure 4.2 overleaf provides a cross-case comparison of the findings.



	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
Tacitness	Low	Med	High	Low	Med	High	Low	Med	High
Learnability	High	High	High	Med	Med	Med	Low	Low	Low
Architectural									
Strategic Marketing Planning		MachineCo, DrinksCo			AdCo				
Marketing Strategy Implementation		MachineCo, FinCo, DrinksCo			AdCo				
Second Order									
Brand Management					MachineCo, FinCo, AdCo, DrinksCo				
New Product Development	MachineCo, FinCo, AdCo, DrinksCo								
Customer Relationship Management	FinCo			MachineCo		AdCo			
Specialised									
Market Research	MachineCo, FinCo, AdCo, DrinksCo								
Product Management	MachineCo, FinCo, AdCo, DrinksCo				AdCo				
Pricing Management	MachineCo, FinCo, AdCo, DrinksCo								
Selling	MachineCo, FinCo, AdCo, DrinksCo				AdCo				
Marketing Communication		MachineCo, FinCo, AdCo, DrinksCo							
Channel Management	MachineCo, FinCo, AdCo, DrinksCo								
Dynamic Capabilities									
Dynamic						FinCo, AdCo			MachineCo, DrinksCo
Creative Marketing Capability									
Creative Solutioning									MachineCo, FinCo, AdCo, DrinksCo
Enabling Marketing Capabilities									
Internal Stakeholder Management						MachineCo, FinCo, AdCo, DrinksCo			
Third Party Management						MachineCo, FinCo, AdCo, DrinksCo			

FIGURE 4.2 COMPARISON OF THE NATURE OF MARKETING KNOWLEDGE UNDERPINNING DIFFERENT MARKETING CAPABILITIES

No capabilities from any of the cases fell into Quadrant 3 (high tacitness, high learnability), Quadrant 7 (low tacitness, low learnability) or Quadrant 8 (medium tacitness, low learnability). The following section explores a cross-case analysis by the groups of capabilities identified: Architectural, Second Order, Specialised, Dynamic, Creative, and Enabling.

Architectural Marketing Capability

With regard to the two Architectural marketing capabilities (strategic marketing planning and marketing strategy implementation), three out of the four cases (MachineCo, DrinksCo, FinCo), fall into the same quadrant, (Quadrant 2), displaying high levels of learnability and medium levels of tacitness. Thus, there are some elements that are rooted in action, rely on individual judgement and have not been formalised, but others that have been codified into templates and processes – although this set of capabilities was found to be easily learned.

Anne from DrinksCo describes how she followed no specific pattern in performing strategic marketing planning and marketing strategy implementation, but relied on her own experience and in fact at times found templates restrictive (Anne, DrinksCo, p. 13). The high learnability of strategic marketing planning and marketing strategy implementation at MachineCo is demonstrated by the following comments from Sally:

And basically, it was a process of teaching them how to develop a budget, look at what the business wants to achieve, put up the management perspective and taking those objectives and saying 'okay, those are the objectives (Sally, p. 4).

In FinCo, the marketing strategy is outlined in a format prescribed and used by the organisation as a whole, known as the strategy map. This includes: marketing purpose, legitimacy (defined as: “How FinCo marketing can legitimately harbour such high aspirations, why does FinCo marketing think they can win”), vision, tasks, goals and actions (D57:14). Strategic marketing planning and strategy implementation has also been made explicit via documented processes (FinCo, D10) which outline in detail each step of what needs to be completed including strategy and planning, marketing charter and project set-up, concept development and briefing, communication and media plan, creative development, campaign implementation development, campaign material produced, launch and monitoring, and evaluation.

In spite of this codification, however, tacit elements still need to be considered for Architectural marketing capability in FinCo, especially when the implementation does not always go to plan, as Tina describes:

And also, if we are actually honest with ourselves, you do a nice strategy and then when you start implementing it everything changes and everything goes to hell in any case and you realise that that nice strategy template you filled in was irrelevant (Tina, FinCo, p. 1).

AdCo is the only case reflecting different characteristics for Architectural marketing capability (Quadrant 5: medium levels of learnability and tacitness). This reflects the low levels of formalisation and high reliance on individual expertise for this capability in AdCo.

Second Order Marketing Capability

The three capabilities consisting of Second Order marketing capability vary in terms of their underlying knowledge characteristics, but some synergy is evident across the cases.

The knowledge characteristics of **brand management** reflect medium levels of tacitness and learnability in all four cases: a result of the tendency of some parts of the brand management process to be codified in manuals and guidelines. However, the application of these principles within the different case contexts is more reliant on experience and is harder to formalise, making it more tacit and harder to learn. As a result, in all cases brand management falls into Quadrant 5. For example, descriptions given by Angie from MachineCo below illustrate the easy application of learning from MachineCo university, but also the need to have experience to make more subtle decisions on aligning a campaign's tone with brand positioning.

Less tacit, more learnable:

It [the logo] has to be on the right-hand side everywhere, it has to be on the left-hand side everywhere, it should be shaded like this. You know those things [logos, colour, material, stationary, how it should look] even though it is written in Zulu and another in English (we don't do Zulu, it's just an example) – ja, has to have the same look and feel. So that type of training, you need to know where to place things, I can't just take the logo and put it in the middle of the page, that is not allowed. It has to be at the right- hand corner or at the bottom. Or our slogan, it can't be at the top of the page, it has to be 'there'. You know those things (Angie, p. 7).

More tacit, less learnable:

But with campaigns, I know that is two different things, but not so far apart, knowing this will appeal and this will not, it is through experience really (Angie, p6).

Similarly, in DrinksCo, the various guides (brand style guide, visual guide and brand ladder) help to increase ease of learnability and lower the levels of tacitness. However, certain aspects of brand management cannot be included in these guides and this shifts the levels of learnability and tacitness into the middle quadrant – for example, the ability to decide whether an innovation applied to communication aligns with brand positioning, and insights about the target audience. Such capability can only result from practice over time.

In FinCo, the explicit dimension of the brand is also outlined in detail in the style guide and includes guidelines for elements from logo design, colours and types of images to be used (people, places and environments), to typography, graphics and iconography. There are also instructions about how these are to be applied in different contexts, for example brochures, stationary, print, outdoor, branches, ATMs, merchandising and digital environments (FinCo, D4). A one-page document further details all aspects of brand positioning, including the link between the brand purpose and the organisational purpose, through to a broad description of the target audience and key customer insight is also included in the document (FinCo, D1:11). The more tacit elements of brand management concern how such brand positioning can be applied to meet the needs of specific target audiences and different customer contexts. Supporting documentation outlines the more tacit nature of the task. It needs to address the following: "Based on the global brand positioning, how does this translate into the South Africa brand positioning? It must incorporate all the key elements of the global brand positioning but localise it for South Africa, so it becomes real within our context" (FinCo, D5:1).

The knowledge underpinning **new product development (NPD)** is the same across each of the cases, reflecting low levels of tacitness and high levels of learnability (Quadrant 1). In all cases there are codified processes and templates guiding the development of new products. New product development often involves all aspects of the value chain and so effective co-ordination is important. NPD typically follows a structured and sequenced plan based on project management principles.

The knowledge underpinning **Customer Relationship Management (CRM)** differs across all the cases from low tacit – high learnability (FinCo); through low tacit – medium learnability (MachineCo); to high tacit – medium learnability (AdCo). This reflects whether the approach to CRM is highly systematised using IT, as is the case in FinCo, or whether the approach relies more on the role of individuals and one-on-one relationships in B2B services environments as at AdCo.

Specialised Marketing Capability

There are six capabilities in the category of Specialised marketing capability and the knowledge underpinning four out of the six – market research, pricing management, marketing communication and channel management – shows similar characteristics across all cases. The knowledge characteristics of market research, pricing management and channel management reflect high levels of learnability and low levels of tacitness in each case. All these capabilities are easy to observe and easily transferable, as well as more likely to have been codified into manuals, templates or processes.

Market research, pricing management and channel management (in the three cases where it was evident), all fell into Quadrant 1, reflecting low levels of tacitness and high levels of learnability. Market research most frequently used a tacit approach based on the standard technical aspects of the discipline. Pricing management is based on structured and explicit guidelines. For channel management, guidelines are contained in multiple documents in FinCo, for example (FinCo D4, D5, D6, D7, D8), outlining details such as channel behavioural requirements, how behaviours are to be implemented, the consequences for non-compliance to behavioural requirements, appearance guidelines, and in-depth outlines of how customers should be interacted with and what to say both in person and in telephonic interactions. Another example outlines the minimum standards for branches, detailing how customers are serviced, branch appearance, employee attitudes, and types of customer engagement (FinCo, D8).

Marketing communication is also the same across all four cases, falling into Quadrant 2. This illustrates the nature of this knowledge as showing medium levels of tacitness and high levels of learnability. While there is tendency for all cases to use templates, more tacit aspects involving experience and judgement come into play in the choice and application of different elements. Marketing communication has also been made easily learnable via various tools used by the marketing team and their external agencies. While marketing communication is a matter of implementing these tools, an element of tacitness is also evident: applying experience and judgement between the options available for marketing communication to resonate with the needs of the target audience on the one hand, and the brand promise on the other.

Selling and product management are in the same quadrant (Quadrant 1) for three out of the four cases (MachineCo, DrinksCo and FinCo). Both these capabilities reflect low levels of tacitness and high levels of learnability in these cases. For example, in MachineCo, selling and product management are codified into a “tiny blue book and it was on how to close a sale, how to report on a sale” (Sally, MachineCo, p1). Selling capability is taught through the MachineCo sales academy, as Angie describes:

And there is this PH book, that is like ‘this’ thick, that we kind of go through, and it teaches us about products, how the product works and how you quote. Like if the client is looking for say a back loader then you need to know what kind of material they are working with, how much time would they need to gain, what happens if they don’t finish the job – that technical stuff, to do the job. So that is what it teaches you about, and the product – it is a sales academy after all (Angie, MachineCo, p. 2).

In terms of product management, sometimes brand and regulatory reasons dictated the need for prescribed guidelines such as in the case of DrinksCo. In this case, the product recipe is a key

component of the brand positioning which is described as the “integration of intrinsic (e. g. pure, single fruit juice) and extrinsic (e. g. emotional and social badge value)” (DrinksCo, d12:8).

For AdCo, selling and product management fall into Quadrant 5, illustrating medium levels of tacitness and learnability. This reflects the nature of AdCo’s product offering: by its nature it is more tacit, since the company is selling its expertise, which is not easily learnable. The medium levels of tacitness and learnability of the selling capability in AdCo is evidenced by the company’s approach to sales, which demonstrates elements of codification (prospects lists and segments), but is deliberately dependent on the approach and style of the individual making the sale: in most instances, the MD.

Dynamic Capability

Dynamic capability falls into either Quadrant 6 (high tacitness-medium learnability) or Quadrant 9 (high tacitness-low learnability). The common element across all cases is that the nature of the knowledge is always tacit and only the level of learnability differs. In the two services environments, FinCo and AdCo, this capability is classified as slightly more easily learnt than at the goods companies MachineCo and DrinksCo. This is because some processes have been implemented in the former two to enable dynamic capabilities (for example, using the principles from agile and lean thinking at FinCo, or developing proprietary tools and processes at AdCo).

At MachineCo and DrinksCo, there is little codification of dynamic capability and learning this capability happens almost entirely through experience, including trial and error, reflection, adapting and retrying. Dynamic capability relies almost entirely on the individual’s experience and their ability to develop judgment about application. As such, it is hard to communicate and formalise.

Dynamic capabilities are not rated high on learnability at FinCo because, as Peter noted, there has been extensive use of the principles of agile and lean methodologies in FinCo. This improved the learnability of the capability. However, because a high level of judgment is needed in application, tacitness is still rated as high.

At AdCo, Dynamic capability is woven into the fabric of the organisational culture and, as outlined previously, is an integral part of their offering to clients. Therefore, although its application exhibits highly tacit characteristics, it is more easily learnable in such a context.

Creative Marketing Capability

Creative marketing capability (creative solutioning) exhibits high levels of tacitness and low levels of learnability across all cases (Quadrant 9). This capability involves applying creative insights to

business solutions. Aligning creatively to the nuance of target audience insights, and being able to assess good from poor creative work, results from multiple experience in varied contexts. Individual judgement and perceptions play a key role. As such, this capability is not easily observable, codifiable or learnable.

Lana's metaphorical description of how marketing develops creative solutions to help the company sell more machines at MachineCo is also illustrative of the low tacitness and learnability of this capability. She describes marketing as bringing

... [a] campaign to life, giving it legs to run and wings for it to fly higher, which you can probably see. Because that is what we do, right? The product strategist says 'I want to sell five machines'. I come and I create this thing and by the end we have sold twenty machines. You only sold five. I gave it the wings to run a little bit further than what you could see (Lana, MachineCo, p. 15).

In some respondents' view, part of this capability is understanding that marketing involves communication between human beings, which means that "somewhere along the line, you have to go with what feels better" (Susan, FinCo, p. 8). Others go even further, suggesting that this type of knowledge is innate and cannot be taught. As Janet asserts:

Creativity, and I am not sure you can teach people how to be creative; you can give them all the tools but that ability to love to brainstorm and free think and come up with ideas and build on ideas, I am not sure you can teach people that (Janet, p. 3).

For AdCo, the ability to develop creative solutions that are differentiated from competitors is key to competing in the advertising industry. Thus, it makes sense that this capability is not seen as easily learnable or explicit –if it were, it could equally easily be transferred and imitated. Allied to this is the strong reliance of AdCo on specific individuals in creative roles. The strength and range of these individuals' experience and their successes in successfully building client business are often showcased as part of AdCo's unique offering.

Enabling Marketing Capability

The two enabling marketing capabilities – internal stakeholder management and third-party management – have a strong relationship-building component. The kind of knowledge underpinning them is the same across all the cases, reflecting high levels of tacitness and medium learnability (Quadrant 6).

While the capability to manage of internal stakeholders is learnable, it was not explicit and nor was this learning easy. The knowledge is gained through experience within different situations, as the following extracts from the interviews with Angie at MachineCo demonstrate:

And I believe I was exposed to the different departments as well, it helped me to be more comfortable working with them, because I know even though people change departments, now and again, there will be someone, or two people that I know in the team, and then I will sell and push the idea to them and I know if I win then over then come they will influence everybody because they already know what is coming.

Okay. Do you do that consciously? Do you think, 'that is a person that I must influence' and go?

Not really, but because they are my friends, I will put it, I will always bounce ideas off them.

Before you go?

More on a daily basis, just to check how everything is going and then 'oh, by the way, I am working on...' It just comes naturally as part of the conversation. And then by the time I go there, they already know what is coming and they are already like pushing it on their side, because if I tell you about it and you know you must make calls about it, already thinking, Angie is helping me get more commission (Angie, pp. 9–10).

This is further illustrated by Belinda at DrinksCo in her description of her process of learning internal stakeholder management. She outlines how it necessitates various experiential and observational activities:

I think by watching other people and how they engage with people at a different levels or partners or colleagues and that kind of thing. It's been very, very interesting to see what or how the best way to manage different people is by watching other people and I think that, I think that the only time that you can actually learn something like that is by as the old rule goes, listening twice as much as you talk (Belinda, DrinksCo p6).

By contrast, internal stakeholder management at FinCo also exhibits a high degree of tacitness based on the judgment of the individual, but only medium levels of learnability. Management of third parties has a similar profile, however its learnability is also enhanced by the guidelines provided by FinCo's central marketing function. This is known as the Global Lead Agency model and is outlined as "the way in which the central marketing functions reinforced its ways of working with creative agencies to achieve the best possible service and value and to ensure consistency across the group" (FinCo, D11:2). There are additional guidelines, including a decision tree, for third party management, based on the type of marketing work required.

Managing third parties and internal stakeholder management at AdCo both involve managing multiple networks of relationships. The nature of these tasks entails a higher level of tacitness as the capability is developed based more experience and depends on individual style. However, since this is again so integral to the day-to-day running of AdCo, it is at a medium level of learnability.

4.4.4 Summary: market resource inputs

In terms of the nature of the knowledge underpinning the capabilities, five characteristics of marketing knowledge resources emerge in each case, although at different levels: tacit, explicit, procedural, declarative and transactive. Linking the knowledge characteristics with marketing capabilities across each case indicates a great deal of synergy. In three out of the four cases (MachineCo, DrinksCo, FinCo) they show the same nature of underlying knowledge for strategic marketing planning, marketing strategy implementation, brand management, new product development, pricing management, selling, marketing communication, channel management, internal stakeholder management and third-party management. However, AdCo differed in five of the capabilities: strategic marketing planning, marketing strategy implementation, customer relationship management, product management and selling. This was a result of the higher levels of tacitness evidenced in the knowledge underpinning these capabilities in this organisation.

4.5 MARKETING KNOWLEDGE INTEGRATION MECHANISMS

Marketing knowledge is integrated via three mechanisms: codification, articulation and experience accumulation. The three knowledge integration mechanisms are evident in each of the cases and consist of similar activities.

Knowledge Codification

This involves manuals; the development and application of templates; codification from tertiary and organisational training as well as short courses and conferences. Codified knowledge is also evident through sourcing knowledge available online or 'borrowing' it from another company.

FinCo was the only case to use a formal marketing 'way' contained in a **company manual**. Across the board at FinCo there is a sense that while company manuals are well-intentioned, they are most useful for specific purposes such as the brand visual identity manual (FinCo: D4, D12, D13). Some respondents are categorical that "manuals are useless" (Tina, FinCo, p. 3).

Extensive use is made of **templates** across all cases. Examples of templates in FinCo included the agency briefing template (FinCo D14), marketing strategy template (FinCo D6, D7, D8), and new product development template.

MachineCo uses templates that Sally had developed in previous companies and re-purposed for use at MachineCo. In the initial stages, she describes being pedantic about the team's use of these templates, but she knew that as their knowledge increased they would start to adapt or develop their own, as she describes:

I do have templates which are re-purposed, new logo, every time (...) And I say, 'this is my way; it might not necessarily be the way you will find they do it in other businesses, there will be different ways to do it' (Sally, MachineCo, p. 7–8).

The DrinksCo team does not use many standard marketing templates. Anne uses those she sourced from her previous companies, from the parent company of DrinksCo, or from examples shared around the marketing community. Anne described being exposed to different approaches through the years and using whichever one suited her purpose at the time (Anne, DrinksCo, p. 13).

Sally also introduced governance and control processes through brand approval forms and checklists, as outlined by Angie:

So, as you are busy with your campaign, you do that [tick off checklists] and final approval before everything goes live is this brand approval form. And then to obviously sort out the "I said, she said" what happens between the two departments is that all the changes that were made regarding copy, design and final artwork, if there were ever changes they need to sign in the applicable boxes. I print out all the emails and then put them together and then obviously have the final artwork approved, that they agree on... she [Sally] put together a system that will work ... just to make sure that everybody is clear and everybody is on the same page (Angie, MachineCo, p. 8).

Tina, however, warned of some of the dangers of over-using templates: "... sometimes they [the marketing team] get so worried about filling in the template, that they don't actually think about what they are filling in" (Tina, p8). Another aspect raised by respondents at FinCo is that even by following the manual or filling in the template, the outcome may still not be what is intended. Janet uses the analogy of baking a cake, saying anyone can follow a particular recipe but that does not mean the cake will turn out well (Janet, FinCo, p. 6).

Similarly, Anne from DrinksCo expressed a mixed opinion of using templates, saying she thought

... [they] train you in a way that otherwise you perhaps wouldn't have. But I think for me, I prefer ... It's nice to have the experience of what those things bring, but it is nice to have the flexibility to do it your way and in a way that makes sense for the brand (Anne, DrinksCo, p. 13).

Knowledge codification also occurs, both externally through tertiary training and short courses, and internally through organisational training. There were mixed views about **formal qualifications** with some respondents expressing a view that they are just “passport factors”, with courses taken merely to achieve the qualification, rather than because of the relevance of the content. Others feel formal qualifications allow them to cement their existing knowledge.

More junior members of the marketing team at MachineCo, Angie and Lana, describe using their tertiary qualifications mainly as back-up or to remind them of key concepts which they needed to use in the workplace. These respondents also indicated that their tertiary education, as well as being a safety net, has introduced them to marketing and helped them to ‘get a foot in the door’ for employment. So, although the knowledge obtained through formal qualifications is viewed as important, it is not seen as sufficient to fully support being able to ‘do’ marketing once work begins. Angie says:

With me, I learnt everything when I got here. Varsity did part of introducing marketing to me, but everything else was experience, that is why I believe now that working experience does count a lot from theory. Because theory only gives you this much, but everything else comes with experience. I don't think I was going to be able to do this straight from varsity (Angie, MachineCo, p. 4).

Belinda, in a junior marketing role at DrinksCo, expresses similar sentiment, emphasising in particular her post graduate studies. While she agrees that her undergraduate marketing degree was less useful, she says her post graduate qualification is important to fill in the gaps in her workplace knowledge and “the reason why I did the post grad was because I definitely felt that people were speaking about things that I have lack of knowledge about” (Belinda, DrinksCo, p. 3).

Those in more senior marketing roles, however, tended to describe formal qualifications as ‘passport factors’ that provide basic knowledge. Shoelene from DrinksCo calls formal qualifications ‘base’ level or ‘root’ things that, as people become more senior, they refer to in need. As capability improves, these move further into the background. Anne also relates this to her approach to marketing managers:

So, I think for me when you recruit people it is about they must have the qualification because it is a passport factor and you have to know they are capable. And they must be able to show that they have got initiative to use their brain and stuff (Anne, DrinksCo, p. 10).

Thus, for middle and senior levels, formal qualifications were seen as providing basic skills and knowledge (such as terminology) which were necessary but not sufficient to do marketing, as Shoelene describes:

So ja, I mean I think having the qualification, actually saying I have studied marketing, I understand the communication aspect on paper and I understand what advertising is on paper, statistics and all that; I think that gives you the credibility to actually put your foot in the door (Shoelene, DrinksCo, p. 3).

Sandra from FinCo confesses that for her that the nature of the qualification did not matter, she just wanted a qualification. "I actually didn't care what it was. I didn't want to study journalism to be honest, I was just getting a qualification to be honest" (Sandra, FinCo, p. 4).

Training, in the form of formal company training, external short courses, and conferences also emerged as a way to access codified knowledge. Respondents in all the cases outlined formal company training as playing an important role. For example, at MachineCo, marketing interns are first trained at the organisation's Sales Academy. Sally explains they "spend six months learning about business, they learn all about the machines, they actually learn how to drive the machines, they learn about the work tools, they go on to sites" (Sally, MachineCo, p. 4). In the Sales Academy, a manual (the sales manual) teaches interns about the products, how they work, and how to quote. Interns work through this book for three months and then conduct in-service training, work in the parts department, then with the mechanics and finally, fix machines. The Sales Academy process for gaining knowledge is therefore a mix of classroom and on-the-job training.

Formal organisational training continues at MachineCo when the interns start in the marketing department, and is on-going through an e-learning capability known as MachineCo University. This is focused, to some extent, on how MachineCo performs marketing. As an example, Lana adds: "... now there is this new global advertising framework" which was taught via MachineCo university (Lana, MachineCo, p. 11). Despite the evidence of formal company guidelines on some aspects of marketing shared via this formal e-learning processes, and "Across the Table" outlining key capabilities required, there is no standardised way of performing marketing at MachineCo. Codification is mainly through Sally's own individual expertise. She had previously been exposed to companies with global 'ways', but says she did not really find this an effective way of working. For her, the development of marketing capabilities means finding out what works and applying that. She emphasises the importance of keeping marketing knowledge locally relevant, even within a global organisation.

Similarly, it is clear that FinCo is committed to building capability through company courses. Janet describes trying to build marketing capability in FinCo through using multiple practical examples (case studies) that resonate personally with those participating in the training. FinCo tries to place participants in the customer's or agency's shoes, to see things from their perspective. This applies in particular to skills such as understanding brand positioning and agency management. Janet described going through the process of agency management by conducting role-plays from beginning to end, including swapping roles, where the agency plays the role of the client and vice versa:

So, until they see it themselves, where they experience and they receive a brief and they realise that that single-minded proposition actually has about ten different ways you could go and how easy it is to get a creative team going off in one direction when you thought you were sending them in another direction. Role play, get them to do it themselves. It has often been a great tool (Janet, FinCo, p. 5).

Belinda from DrinksCo had attended a training course at the parent company: a week-long 'marketing foundation workshop'. This is described as a crash course in marketing, focusing predominantly on integrated activity planning with an emphasis on brand planning. "It was like a crash course in what opportunity looks like in a market and how you identify it, you know which is feasible for you, which is feasible for your business or your brand, so a lot of it was brand because there were a lot of brand managers there and channel managers as well. How you identify and how you pursue it" (Belinda, DrinksCo, p. 4). This course includes group work, presentation skills and a visit to a trader in a South African township. The intention is to try and make the course as practical as possible.

Some respondents view company courses as most useful for certain skills. For example, Anne from DrinksCo mentions that this is probably most applicable to skills such as media training, and is particularly important for those within the organisation not working in marketing: for example, the managing director and finance team. She references in particular training offered by advertising agencies. This is described as quite specific to particular skills such as the media skills of understanding a media flow plan, judging a media schedule and using the media buying systems in the agency. The approach used within this training is practical application: they "put us into groups, gave us a brief and then said: 'right, go and buy media'" (Anne, DrinksCo, p. 3).

Some respondents expressed a strong degree of scepticism about the impact of short courses, though. As Tina from FinCo describes:

... if you want to go on formalised training, unlike a lot of organisations, you have got all the support in the world [at FinCo]. We really have spent massive loads of time and money-making

manuals, putting formalised courses, getting Garth and Penny to do all kinds of clever little things that people can book and go to. So, I think we are a structured environment, we want it. I think a lot of other marketing companies don't worry about training nearly as much – or they just leave it all to on the job training. So, we are very good with that, I just think maybe we are going about it the wrong way (Tina, FinCo, pp. 9–10).

Short courses are seen as particularly useful in gaining knowledge of new or emerging areas of marketing such as digital marketing, and also to help career growth. Softer skills such as behaviour and general management skills were also described as amenable to course training.

There was a mixed view of the role of conferences. Some, such as Anne at DrinksCo, notes that often external industry conferences are not as useful as they initially appear and need to be considered carefully, based on the speakers and the content on offer. Anne has cautioned her team to use their judgment in choosing these courses (Anne, DrinksCo, p. 7). Some international conferences – for example, the Cape Town Design Indaba and the Cannes Festival of Creativity – were mentioned, but these are seen as sources of inspiration rather than places where specific capabilities are built.

There also seems to be a sense that there is a place for outside courses when new skills – especially digital skills – need to be learned. To some extent this is driven by the fact that at the time some respondents completed their degrees, e-commerce and digital were covered in very limited detail, if at all:

I do think there is a place for courses when there are new skill sets to be learned. So, let's say digital is always the easiest because I think this is the one we all struggle with the most. I benefitted from courses to explain to me how or what is a Google search term versus a display term. I didn't learn that at university because also the world changed. When I was at university e-commerce was one text book and it was about Amazon (Tina, FinCo, p. 4).

While courses are attended by those at AdCo, these are used as inspiration for ideas and to connect with others in the industry rather than as ways in which codified processes are shared and borrowed. In the same way, for specialists such as those in the market research roles at FinCo, conferences are seen as an important way to keep up with developments in the industry.

Knowledge Articulation

Knowledge articulation took place through coaching, consulting mentors, and learning from third parties such as agencies, consultants, friends, colleagues and the marketing community. In all cases, coaching within the organisation was described as a one-on-one process where an individual

would sit with another person (who might or may not be more senior), go through a specific output or piece of work, and then discuss feedback.

At MachineCo, **coaching** is described as a process of teaching the team the basics such as objective setting, budgeting, briefing and managing outputs. Sally's approach was to use a step-by-step process of guiding the team through the process of how to do marketing, from taking the brief, through developing the communications plan and briefing the agency, to managing implementation, as Angie describes:

She [Sally] was able to say 'okay Angie, you do it like this, you start from here and from here to here. Like literally when you take your child and they are starting to walk, holding my hand, that is literally what happened to me. That was my learning experience. She took me through the first campaign and then the next one and she said try it and if you fail, come back (Angie, MachineCo, p. 4).

Coaching is also viewed as a way of building confidence for the more junior employees, which the guided process helps to achieve. It is also described as important in terms of encouraging repeated practice of a part of marketing. Within this context, it is not enough to simply perform the activity once, as Anne from DrinksCo explains:

I think under basic supervision, and there is a lot of coaching and helping and saying: 'have a go'. 'Here is an example of a brief, we need to allow in our brief for a promotion. Have a go at writing it. You have this as a guide, then come bring it back to me and talk to me' (Anne, DrinksCo, p. 10).

The respondents in FinCo provided many descriptions of how the coaching process works within the company. Three specific elements were highlighted: coaching allows coaches to develop their own knowledge through a process of self-discovery which is more beneficial than being instructed; the coaching process allows for the provision of context and outlines the principles underlying a particular course of action which can then be applied more easily in other contexts; and observation is often combined with coaching. Respondents described how they would suggest the coaches observe a particular situation which would be reviewed together afterwards. Table 4.4 provides selected quotes from respondents highlighting these key elements of coaching.

TABLE 4.4 KEY ELEMENTS OF COACHING

Key elements	Coaching Descriptions
Self-discovery	<p>“Now I have adapted my style and realise that you have to say: ‘you come and tell me what you think of it’ and then we sit and go through it together. So, what is happening if you are telling, is people get lazy and they are also not learning because they just know: ‘I don’t have to worry, Tina will pick up on everything that is wrong, and I am actually not going to think about it’” (Tina, FinCo, p. 3).</p> <p>“Let’s use Daniel. Let’s say to Daniel: ‘could you give me a view (and I started doing it with them this year), could you give me a view of how you would structure you budget given that you have more money now?’ So instead of me telling him what I would spend more money on if I were him, I would ask him ‘in your mind, what do you think we should be doing and why?’ That is quite a wide ask. Or if you say to him: ‘Could you look at increasing spend above the line?’” (Walter, FinCo, p. 2).</p> <p>“Here is an example of a brief, we need to allow in our brief for a promotion. Have a go at writing it. You have this as a guide, then come back to me and talk to me” (Anne, DrinksCo, p. 10)</p>
Opportunity to provide context	<p>It is putting your thinking in, so that they can start learning to apply the logic behind it. Because marketing is gut. So, I can’t learn [teach] your gut easily, but if I can learn [teach] why you have reacted on your gut then maybe try and apply that thinking somewhere else” (Susan, FinCo, p. 7).</p>
Combined with observation	<p>“I took him for every meeting, I said to him ‘even if you feel uncomfortable you are not saying anything, that is okay, sometimes I sit in lots of meetings where I just listen’. And I said to him, ‘just listen and take notes’ and he was happy enough to watch and see what I do. And ask the questions when he didn’t understand” (Sandra, FinCo, p. 6).</p> <p>“And even with Emma now, I just enrol her in everything. So, I say to her she must be involved in everything. So, if we are briefing a TV ad she must come. She must come otherwise she is not going to know how we do it” (Anne, DrinksCo, p. 11)</p> <p>“I think that the only time that you can actually learn something is by the old rule goes – listening twice as much as you talk” (Belinda, DrinksCo, p. 6)</p>

At AdCo coaching is informal and continuous. Patrick describes a typical situation where a colleague would approach him and say: “Hey, I have the brief that is in [for a particular client], it is due in two days’ time, it is amazing. There might be one or two things over here or there, but just have a look at it. I think we are in a good space” (Patrick, AdCo, p. 16).

Linked to coaching is the importance of mentors in helping to develop marketing capability. They are described as those with different skills who can ask the right questions and are brought together to brainstorm customer challenges, as Bonnie describes:

So, you have got so many different people and bringing them together and getting them to really feed and play off each other is another skill which that has taught us. Also, there is no rule book for it (Bonnie, AdCo, p. 11).

Allied to this is a process of consulting and discussing solutions with **third parties**. One way this is achieved is by seeking advice from friends, experts, colleagues or contacts who have previously done that kind of work. It may also take the form of learning from identified experts in the field both within and outside the organisation. Within the marketing environment, many situations arise that

are not exactly as per the manual or template. Therefore, being able to share ideas is an important part of the process of solutioning. However, it is also easier to ask someone rather than to go through a manual, as Tina from FinCo describes:

Eventually we threw the manuals out I think; I just think people don't refer to manuals (...) all I do is send it to Stacey and go 'give me a view on this'. I don't go and dig through the manual.

So, you would rather ask an expert?

Ja, who I perceive to be an expert, rather than trying to dig through a manual (Tina, FinCo, p. 4).

As another example, Shoelene from DrinksCo describes how she decided to learn about the factory and the product and so picked people in the factory and asked them to teach her about it. Externally, she describes using people in an agency who were experts in packaging to learn and get advice from.

So, I really use mentors and people that have that specialist skill and I really always defer to them.... So, in terms of packaging, if I have an idea, I give it to Mary and I always say, 'what do you think, can you do this?' And they have the final say as far as I am concerned. So, I always defer to higher experience and I think as you are learning that is really important to do (Shoelene, DrinksCo, p. 9).

There is a culture within AdCo of discussing ideas and bouncing solutions off one another. This is facilitated by the fact that there is access to many experts in the organisation. As Bonnie says:

There were people in the company that said: 'you can do this; these are the people we use and phone them and go and chat to them' and do this and do that. So, it was like learning that I need 1000 of these and the size and you would have creative helping you and you weren't really in it on your own (Bonnie, AdCo, p. 3).

Anne from DrinksCo says that learning from the expertise of advertising agencies was one way in which she was able to build her marketing capabilities, particularly new capabilities such as digital marketing. However, this approach also has an element of self-directedness in that it remains up to her to ask 'what is that?' and then source the information she needs.

Experience Accumulation

This route to knowledge integration was evident in all the cases. It involves on-the-job training, the application of experience obtained in other jobs and roles, or hiring-in expertise, either permanently or on a consultancy basis, to speed up integration and self-directed learning. In each case, mistakes

were viewed as an important part of the learning process and the knowledge underpinning marketing capability was integrated using multiple mechanisms. These are compared across the cases for each group of capabilities in the following sections.

This process of immersing oneself in a role on the job seems to improve knowledge of the holistic marketing process and what each part brings to the final outcome. At DrinksCo it is important for Anne that team members have ‘actually done’ something rather than that they just ‘know’ how to do it to be viewed as competent. They need to demonstrate **on the job** experience. She describes the importance of having the opportunity to experience or do something more than once in different contexts. Anne draws the analogy with medicine, where she says trainee doctors experience an emphasis on practical application. She regrets the same does not hold for the discipline of marketing. In describing her personal experience of on-the-job learning, Anne tells a story about being “thrown into the deep end”:

But then [my manager] resigned and then they decided not to get a category manager on the portfolio, so I just got: ‘you must handle it’. So, then I reported directly to the marketing manager and that was fortuitous for me because I just had to do stuff (Anne, DrinksCo p. 2).

Some specific marketing capabilities were described as being more suited to on-the-job knowledge integration. These include those more oriented to execution and the ability to assess creative work. Both these are described as being subject to variability depending on context, which is why this approach is viewed as more suitable. Tina describes an example of making a print ad and “having got a newspaper and realising oh hell, no-one can actually read this because we have made the font so small” (Tina, Finco, p2). With regard to executional competencies, this relates back to the need to be able to manage issues which arise within the situation and are not covered in the theoretical approach. As Susan describes:

When you get into the reality of a comms program or whatever, there is always the fact that it doesn’t quite work. So how do you manage that? ... So instead of a beautifully planned roll-out you are on the back foot – how do you deal with it, how do you play catch up, how do you? (Susan, FinCo, p. 4).

However, on the job learning should still entail some supervision, particularly at more junior levels where the team are not simply left to their own devices. This is described as a process of the junior person earning the trust of the more senior person over time: it is a more guided on-the job learning experience. In addition to being given tasks to try, on-the-job learning is also described as observing by accompanying a more senior person to meetings or activities to learn from that person.

However, there is also a place for “dropping people into the deep end”, as Sally from MachineCo put it. This involves leaving the team to develop, for example, a communication plan or brief to an agency unaided and without having had any previous experience. They would then bring the brief back to her to talk through, and she would use what they had done to guide and teach them how it could be improved next time. As the interns became more proficient, she would be less involved upfront and only provide guidance later in the process as needed. Her expectation is not that the output must be excellent – in fact, she expects snags, viewing this as part of the learning process.

In addition, learning through trial and error and failing on the job is not seen as a negative, but is rather encouraged as part of the process, as Lana from MachineCo describes:

Yes, obviously there will be hits and misses here and there, but you apply more to it which means you open yourself up to do it better. You may not see it at that point but in the end, you are like ‘oh wow!’ (Lana, MachineCo, p. 13)

The importance of being able to fail and then learn from mistakes was also raised as key in DrinksCo. This was attributed to the more creative nature of marketing, suggesting that it is not an exact science and sometimes trial and error are required to get it right. This culture was also seen as being key to the process of innovation. Tina from FinCo notes that this did sometimes mean a financial cost for the organisation in fixing the errors. Peter describes his experience of on-the-job learning as having “been very much a function of two things: being sort of tricked into walking to the water’s edge and then being given a kick up the butt into the water and realising it’s the deep end and having to figure out how to swim quickly or risk sinking” (Peter, FinCo p. 1). Sandra’s view was that on-the-job learning is a process of “finding a way to bring a method to the chaos that is around you” and a way to “see what happens and say, ‘oh sh*t, okay, how does it not happen next time around?’” or “how can I do it better?” (Sandra, FinCo p. 4)

As such, this approach is not without its risks, but making and learning from mistakes is seen as part of the learning process. Bonnie from AdCo describes her personal experience as follows:

Deep end, boom! And interestingly enough I think that is probably the best way to do it because we are going to make mistakes, but you learn from them and boy, did I make mistakes (Bonnie, AdCo, p. 3).

An important aspect of accumulating experience is also **applying** what has been gained from **previous experience** elsewhere.

This emerges in Sally's description of using templates and approaches she had used at other companies, but was also evident from Angie and Lana. For example, Lana had worked at a cigarette company before joining MachineCo and describes bringing the following insights from that company: "... how to change a customer's perspective on a product and how to engage them and convince them that this is better and greater" (Lana, MachineCo, p3). In addition, she spoke about how being at a below-the-line agency had allowed her to see "how they presented to the clients and how we had to interact with either the school kids or the people we were going to at the various companies, because it is asking questions and understanding how they are feeling and where they are at" (Lana, MachineCo, p10). Bonnie from AdCo outlined that in her earlier career, she has been exposed to a large variety of clients, which in turn means she has gained diverse knowledge. She started her career in travel and has progressed through various types of agencies before starting at AdCo. She says that this previous experience shaped her understanding of the service industry, building relationships and learning how to manage third parties (Bonnie, AdCo, p. 2).

Anne from DrinksCo, also describes how, when new people join the team, they bring their expertise with them. She describes an instance in the past where a new brand manager, Jenny, had joined, and she had "a very structured approach, I loved them, because it was straight back to the controlled environment of a big company" (Anne, DrinksCo, p. 13). Because DrinksCo is small, with limited budgets, the team often opts to use their previous knowledge to do things themselves where they may in the past have used an agency. For example, Anne describes the pitch process for appointing a new agency:

Ja, and I am just thinking now of the pitch process of agencies. So, I mean this company is small as you know, we don't have the money to spend on pitch consultants. So before when I have been involved in agency pitches, like at [Company] we did a big pitch, but it was run through a consultant.

Yes.

We had [Company] or one of those companies. I can't remember who it was. And we had Anthony Smith facilitating a whole lot of stuff. Ja.

Okay.

He was actually facilitating and I sure it was [Company]. But anyway, and then here [at DrinksCo], when we did the pitch with [Agency], I said to [my manager]: 'we don't need them, we can do it'. And so, it was a bit of learning and I asked [a colleague] also, 'can I do this'. And it was fine. So, we saved lots, but I mean we had to (Anne, DrinksCo p. 7).

Finally, **Self-directed** knowledge-building is the process of respondents taking responsibility for their own training: for example, using textbooks and online resources to augment their knowledge. Rather

than being something required by the organisation, it is described as motivated by the respondents' own desire to keep up to date with developments in the field of marketing.

It could include activities such as reading about trends and changes in marketing, new approaches and so on and is seen as important for keeping capabilities up to date, as Shoelene from DrinksCo outlines:

I read voraciously. I subscribe to about a hundred different articles on the internet. My inbox is full every day.... So, keeping up with the trends in terms of reading, there are so many amazing websites out there that are writers from all over the work that help you to think differently, that help you to track trends if that's what you are into (Shoelene, DrinksCo, p. 12).

A key enabler of self-directed learning is the amount of information available on-line. Whereas previously it was difficult to access advertising and communication from other organisations, this is now freely available, as Tina from FinCo, explains:

Six years ago, it was so fabulous to sit and see all the Cannes Lions winners and I would sit there and think 'oh this is so great!' But now you know, as the winners come out you get the link, you go to YouTube at night, you sit and watch all the ads. So, I think the way information becomes available to use even from when I first started working here, and my career to now, it has changed so much that you can actually help yourself a lot. There is less need for formalised courses (Tina, FinCo, p. 5).

Another way in which experience accumulation takes place is via **recruiting experienced senior** marketing people into the organisation was the best way to build capability. Some respondents felt that in order to keep up with the changing nature of the marketing function, there might be a need to hire differently, i. e. bring in the expertise from the outside. This could even extend to a broader approach such as buying a new company. For example, an important emerging capability mentioned by Dean is content creation, and so AdCo has acquired a content creation company to get this expertise into the organisation. Dean describes the thinking behind this as follows:

One of our objectives now is to acquire a content creation company, a specialist content creation company. It started off as a content production company and we have been working with them over the last while to say content production is probably not going to be vastly attractive to our parent company, so how do we build you guys into a content creation and production company (Dean, AdCo, p. 3).

Figure 4.3 summarises these findings.



FIGURE 4.3 KNOWLEDGE INTEGRATION MECHANISMS

Knowledge integration and marketing capability

Architectural Marketing Capability

Figure 4.4 represents the ways in which knowledge is integrated for architectural marketing capability across all cases.

In both MachineCo and FinCo, all three knowledge mechanisms were used to integrate both types of architectural marketing capability. Although knowledge about how to conduct strategy and planning was codified in plans such as the communication plan, the development of the content included coaching and discussions with others. Developing the content requires coaching and discussions with others in the organisation (knowledge articulation). It is only through being able to observe the outcomes of planning and implementation, which sometimes includes learning from mistakes, that the final part of the knowledge integration process (experience accumulation) occurs.

In contrast, at DrinksCo and AdCo, only two out of the three (knowledge articulation and knowledge codification) are evident. Few codified strategic approaches existed in these two cases, and at DrinksCo in particular the preferred approach of the head of marketing was to use whatever approach she preferred at any given time. Another feature of both DrinksCo and AdCo – which may bear on the approaches used – was the size of their marketing teams: in both cases small, relative to MachineCo and FinCo. A small team poses less need for codifying the strategic approach.

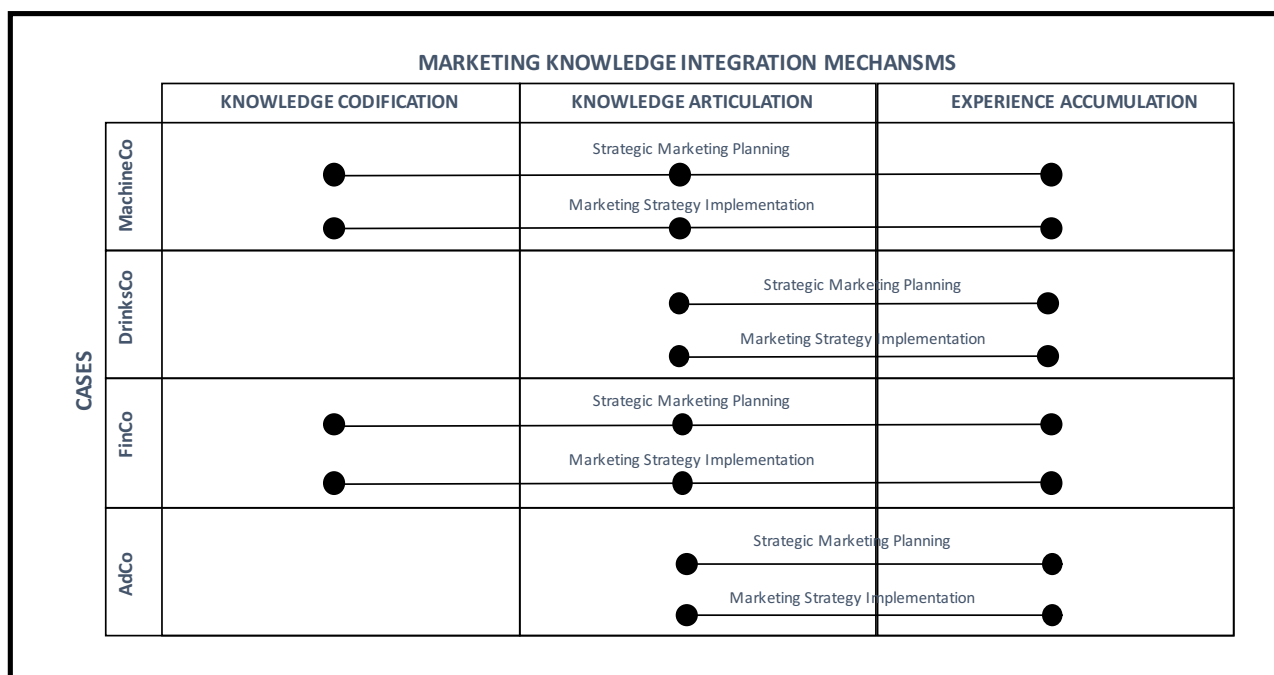


FIGURE 4.4 KNOWLEDGE INTEGRATION: ARCHITECTURAL MARKETING CAPABILITY

Second Order Marketing Capability

Second Order Marketing capability consists of three sub-capabilities (new product development, CRM, and brand management). CRM was not evident in DrinksCo, nor new product development at AdCo.

In all cases where it appeared, knowledge regarding **new product development** was integrated via knowledge codification. This reflects the tendency across all cases for this knowledge to be contained in standardised process flows and templates.

Brand management reflected the same approach (a mix of all mechanisms) to knowledge integration across cases. This reflects the nature of this capability, which combines highly codified knowledge (such as brand guidelines) combined with coaching about how to apply it in context, and also dependent on accumulated experience of desired versus actual outcomes of applying the brand positioning in practice.

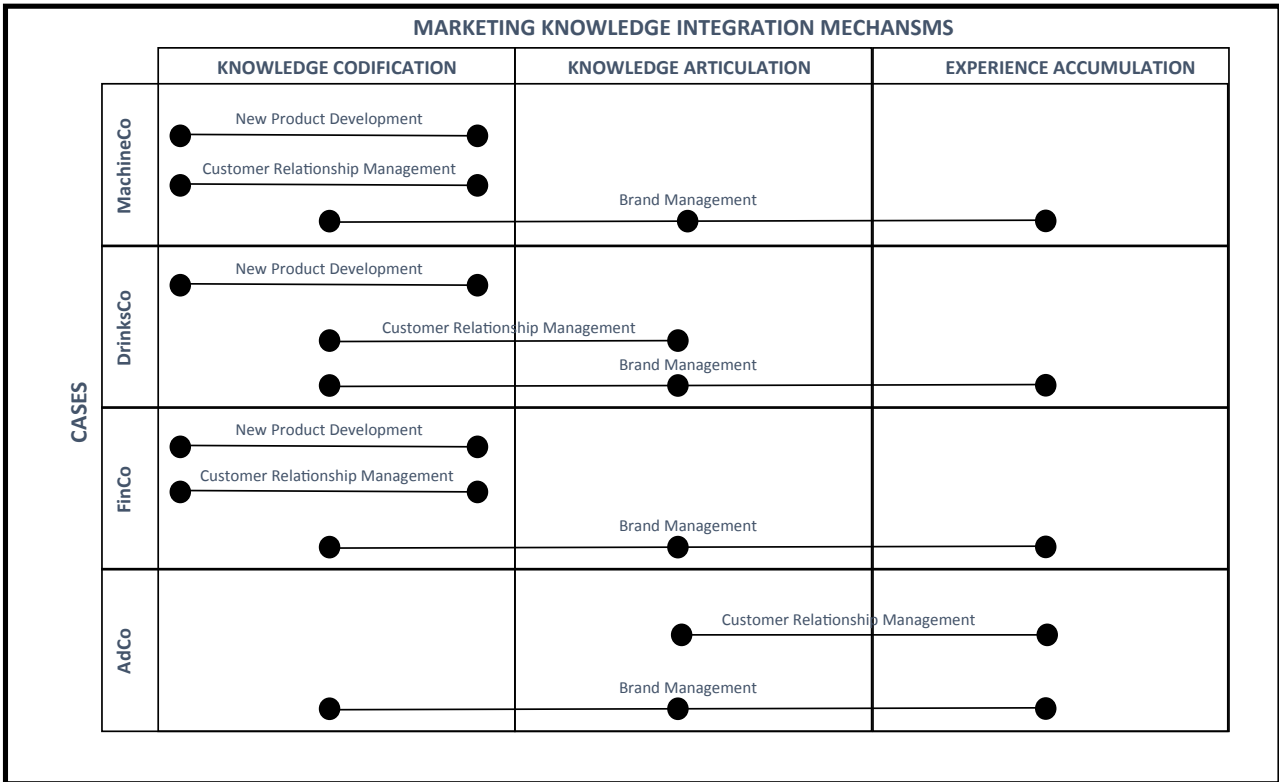


FIGURE 4.5 KNOWLEDGE INTEGRATION: SECOND ORDER MARKETING CAPABILITY

The integration of knowledge underpinning **CRM** showed some variation across the cases. For MachineCo and FinCo, this also relied on codified approaches derived from information in customer databases. By contrast, customer relationship management at DrinksCo is developed via a combination of knowledge codification and knowledge articulation. AdCo’s customer base was much smaller and relationships were established and maintained individually with institutions or individuals. As a result, knowledge was not integrated in any codified manner.

Specialised Marketing Capability

Knowledge was integrated for specialised marketing capability in a consistent manner for three out of the four cases: MachineCo, DrinksCo and FinCo. AdCo displayed some differences. This is illustrated in Figure 4.6

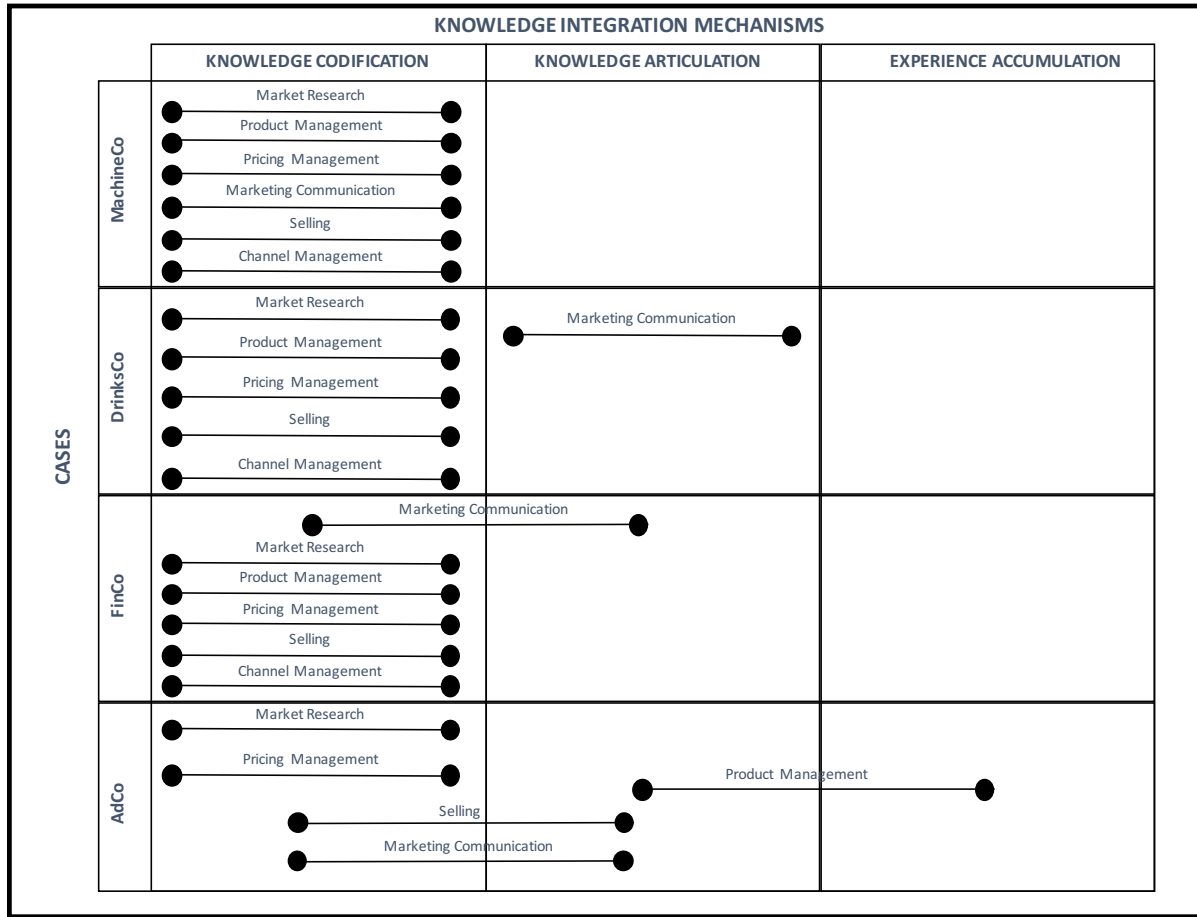


FIGURE 4.6 KNOWLEDGE INTEGRATION: SPECIALISED MARKETING CAPABILITY

Across all cases, the knowledge underpinning **market research, pricing management and marketing communication** was integrated through knowledge codification. These three capabilities tend to involve standardised approaches and technical constraints, meaning their practice is similar across different contexts.

Product management knowledge was integrated via knowledge codification in three out of the four cases, but in AdCo via knowledge articulation and experience accumulation. This is a function of the nature of the product within these different contexts. In MachineCo and DrinksCo, the product is tangible, and features are documented in a standardised manner. For FinCo, while the product is less tangible (since it is a service), the highly regulated nature of financial services means that the organisation must also approach product management in a standardised and documented manner. AdCo’s product, by contrast, is the expertise that it sells. This, by its nature, is more variable and less observable, with more tacit characteristics. The knowledge that underpins it is difficult to integrate via overt codification mechanisms. The same variation was evident in relation to the knowledge underpinning selling capability. At FinCo, MachineCo and DrinksCo this was integrated through knowledge codification. While codification also featured at AdCo, it was coupled with

knowledge articulation as a means of knowledge integration. Again, this is a function of the nature of Adco’s product, which is often adapted to the client context and need.

Creative Marketing Capability

The knowledge that underpins creative marketing capability (creative solutioning) was integrated via experience accumulation in all cases as outlined in Figure 4.7. The nature of this capability is such that regardless of context, its application is entirely dependent on what it is being applied to. This may relate to the nature of the target audience, the business problem to be solved and the type of creative application being considered.

MARKETING KNOWLEDGE INTEGRATION MECHANISMS			
	KNOWLEDGE CODIFICATION	KNOWLEDGE ARTICULATION	EXPERIENCE ACCUMULATION
MachineCo			● Creative Solutioning ●
DrinksCo			● Creative Solutioning ●
FinCo			● Creative Solutioning ●
AdCo			● Creative Solutioning ●

FIGURE 4.7 KNOWLEDGE INTEGRATION: CREATIVE MARKETING CAPABILITY

Dynamic Capability

The nature of dynamic capability is to change the capability base of the organisation to respond to changes in the environment. These environmental changes are unpredictable and could include shifts in consumer preferences, competitor activity and/or the availability of new technology, materials or markets. Figure 4.8 illustrates the findings from each of the cases.

		KNOWLEDGE INTEGRATION MECHANISMS		
		KNOWLEDGE CODIFICATION	KNOWLEDGE ARTICULATION	EXPERIENCE ACCUMULATION
CASES	MachineCo			● ————— Dynamic ————— ●
	DrinksCo			● ————— Dynamic ————— ●
	FinCo			● ————— Dynamic ————— ●
	AdCo	● —————	Dynamic capabilities ● —————	● —————

FIGURE 4.8 KNOWLEDGE INTEGRATION: DYNAMIC CAPABILITY

Knowledge regarding dynamic capability was integrated in the same way in MachineCo and DrinksCo: through experience accumulation. This capability was not codified in either case; the knowledge is reliant on the specific case context of changes in the environment and the application of individual experience and expertise. By contrast, for FinCo and AdCo, two other mechanisms were evident: knowledge codification and knowledge articulation. For FinCo, the knowledge has been codified by applying principles borrowed from the agile and lean thinking paradigms of IT. For AdCo, Dynamic capability is codified as part of their organisational offering.

Enabling Marketing Capability

Enabling marketing capability consists of two sub-capabilities: internal stakeholder management and third-party management. This capability, universally, was concerned with managing internal and external relationships. Figure 4.9 illustrates the findings across the cases. In two out of the four cases (MachineCo and FinCo), knowledge of these capabilities was integrated using a mix of all three mechanisms (codification, articulation and experience accumulation). In the case of DrinksCo and AdCo there was no codification of either, so the organisations rely solely on articulation and experience accumulation.

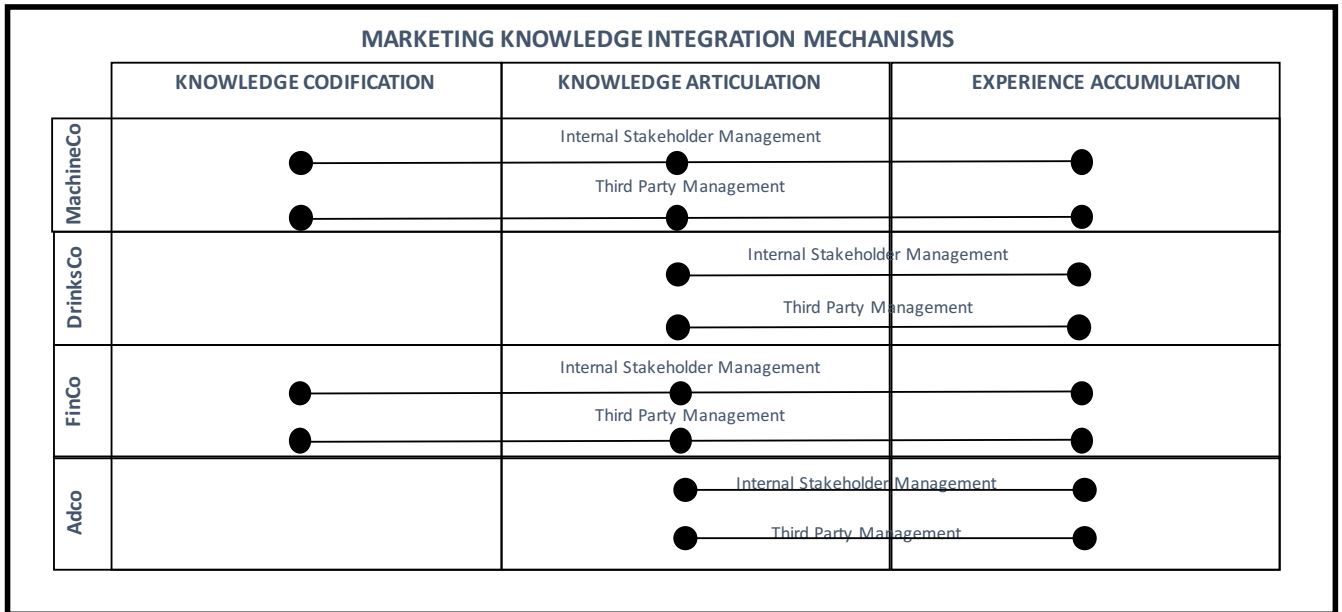


FIGURE 4.9 KNOWLEDGE INTEGRATION: ENABLING MARKETING CAPABILITY

4.6 CASE ANALYSIS SUMMARY

Similar marketing capabilities emerged across all cases, and there is evidence of each of the four groups of marketing capability contained in the model: architectural, second order, specialised and dynamic. The two additional groups of capabilities, Creative Marketing capability and Enabling Marketing capabilities emerged in each case. Individual traits impacting on the practice of marketing were evident across all cases, with the most common being curiosity, displaying passion for the organisation or for marketing, and resilience. The seven marketing resources (financial, physical, technological, reputational, relational, organisational and knowledge) are common across all cases with an additional category, human marketing resources, emerging in FinCo. Further, the following characteristics of marketing knowledge resources emerge in each case: tacit, explicit, procedural, declarative and transactive, with differences occurring based on the level to which they are evident. There is a relationship between the marketing capabilities and the nature of the marketing knowledge underpinning them. The three mechanisms for integrating marketing knowledge (knowledge codification, knowledge articulation and experience) were observed in each case. However, differences across cases were evident when looking at how these integration mechanisms were applied to each group of marketing capability.

CHAPTER 5 DISCUSSION OF FINDINGS

5.1 INTRODUCTION

This chapter returns to the literature to discuss the research findings in the context of both similar and divergent scholarly viewpoints. The sections relate to the three research questions posed: the level of alignment between the proposed marketing framework and marketing practice; the nature of marketing knowledge resource inputs that build marketing capability (and its component sub-capabilities); and outlining how these marketing knowledge inputs are integrated in the development of marketing capability and sub-capabilities. The chapter concludes with a summary of the discussion of findings.

5.2 ALIGNMENT BETWEEN THE PROPOSED MARKETING CAPABILITY FRAMEWORK AND THE PRACTICE OF MARKETING

This section answers the first research question and three sub-questions, namely:

- How well does the proposed marketing capability framework align with marketing practice?
 - a. Which Specialised marketing capabilities align with the framework?
 - b. Why do Second Order marketing capabilities align with the framework?
 - c. Which Architectural marketing capabilities align with the framework?

The following categories of capability were established in this study: Architectural, Creative, Second Order, Specialised, Dynamic and Marketing Enabling Capability. The first four were specific to the marketing function, while the remaining two operated at an organisational level, although they were important to facilitating the practice of marketing. The majority of the categories of capability also indicated sub-groups. Architectural marketing capability consisted of strategic marketing planning and marketing strategy implementation; Second Order marketing capability consisted of brand management, new product development, and customer relationship management; Specialised marketing capability consisted of market research, product management, pricing management, marketing communication, selling and channel management; Creative marketing capability consisted of creative solutioning; and Marketing Enabling capability consisted of internal stakeholder management and third party management.

The results of the study only partly concurred with the literature (Morgan, 2012). Findings matched with regard to Architectural, Second Order and Specialised marketing capabilities. However, two additional groups were found. These were termed Creative marketing capability and Enabling

marketing capability respectively. These two new groups of marketing capability provide a more holistic view of the practice of marketing and take into account elements that have seldom been explored in the marketing capability literature.

Creative marketing ability highlights that marketing is not simply about strategy and execution, but also involves developing solutions by applying a creative process – a perspective that has not been explored in marketing literature previously. Furthermore, exploring this capability also highlighted that there is a tendency for organisations to outsource it to external creative agencies. The findings suggest that there is an opportunity for creativity to be brought back into the client side of organisations. This therefore is an important extension to the scope of marketing capability.

Within the context of Enabling marketing capabilities, this finding recognises that marketing and its practice does not exist in a vacuum within organisations. It is evident that, in fact, marketing is connected to and impacts on all parts of the value chain. It is the role of marketing to ensure that all of these parts work together in concert to successfully deliver marketing outputs to the target customer. Even if all other aspects of the marketing strategy and plan are perfectly implemented by marketing itself, without getting internal stakeholder buy-in, these strategies and plans will not have the desired level of effectiveness. Few marketing scholars have recognised or explored the importance of this capability.

Similarly, it is seldom recognised in the literature that a great deal of what marketers within organisations do is manage the outputs of external third parties. In most instances, the impression that is provided is that all aspects of marketing are developed and managed internally (Morgan, 2012; Feng et al., 2015; Moorman & Day, 2016). The evidence from this study suggests that this is clearly not the case. Marketing, and its successful practice, always involves third parties, whether this is in the development of creative work or management of execution such as media buying or sometimes more specifically event activation. Being able to manage these third parties effectively so that they understand the strategy and objectives and deliver the required outcomes in a way that is aligned to the marketer's organisation is fundamental. This capability is therefore more than simply a project management function, it is core to whether the marketing communication and other projects are successfully executed.

5.2.1 ARCHITECTURAL MARKETING CAPABILITY

Architectural marketing capabilities are those related to strategic planning and the implementation of marketing within an organisation (Moorman & Day, 2016; Morgan, 2012). This category comprises two sub-capabilities: strategic marketing planning, and marketing strategy implementation.

Strategic Marketing Planning

Strategic marketing planning was found to involve the process of outlining how the organisation would reach, communicate and connect effectively and relevantly with its chosen target audiences. It outlined which market and customer⁸ segments the organisation would compete in and how it would do so. Strategic marketing planning involved presenting these aspects in a documented format and providing a holistic view of marketing focus areas and activities across the business for the short, medium and long term. A key part of the approach was that it needed to demonstrate a 'golden thread' in logic, linking objectives to strategy to implementation.

Strategic marketing planning took into account broader business perspective, and thus usually incorporated input from other functional areas in the form of their strategies and objectives. These were then translated into marketing objectives at an overall business level and, if relevant, per functional business unit as well. This capability also included applying an understanding of current and prospective customers, including the size of the market, which customers are to be targeted, how they may be segmented and how the products and/or services offered by the organisation will be positioned for them. This was a key art of understanding how the objectives of the plan would be realised, in other words. The planning capability took into account the full value proposition offered by the business and not just brand, product or service elements. As such, the findings outlined that the strategic plan needed to consider the impact of implementation on the entire value chain of the business, not just marketing.

Marketing strategy implementation

Marketing strategy implementation was outlining the specific activities needed to drive customer demand. It was therefore concerned with providing detail on execution and was generally written up in an overall implementation plan which, depending on the organisation, included subplans such as communication, shopper activation and channel activation plans and plans for supporting activities required from the rest of the value chain. This capability involved ensuring the activities being implemented were integrated across various touchpoints to ensure consistent delivery to customers. Part of the implementation process was managing trade-offs in allocating marketing resources to implement the plan and thus aspects such as calendars and budgets were also included. This capability included measures to assess what worked or did not work after implementation, with effective components ideally presented as an illustration of return on investment.

These findings from the data align closely with the literature and the definition of marketing strategy and development as outlined by Slotegraaf and Dickson, namely: "... anticipating and responding to

⁸ Note: In the study, various terms were used to refer to the segments that organisations target including customer, shopper and consumer. In this section, for ease of reference, the term 'customer' is used as an overarching term

the market environment in order to direct the firm's resources and actions in ways that align the firm with the environment and achieve the firm's financial goals" (Slotegraaf & Dickson, 2004, p. 273). As per Morgan (2012), the findings outlined some of the specific activities, such as market segmentation, customer analysis, internal company analysis, defining target markets and developing value propositions. What emerged from the study, however, was that sometimes the execution of marketing strategy development and implementation is more dependent on the personal preference and style of individual marketers than rigidly adhering to codified documents and processes. In fact, in some instances, the rigidity of standardised approaches is actively rejected in favour of a more flexible style.

5.2.2 SECOND ORDER MARKETING CAPABILITY

Three types of Second Order marketing capabilities emerged in the study. These capabilities involved the use of various combinations of some or all of the Specialised Marketing capabilities in order to develop new products (new product development); manage the brand (brand management); and maintain on-going relationships with customers (customer relationship management). However, in contrast to some of the literature (Moorman & Day, 2016; Morgan et al., 2009; Morgan, 2012; Vorhies et al., 2009), not all of these capabilities were present in every context, and this related to the nature of the product or service offered to customers.

New Product Development

New product development was a capability that involved looking for new sources of revenue and so was one of the keys to the achievement of business growth ambitions. This capability included developing new brands or refreshing or extending old ones, developing new products and developing new packaging formats or, again, refreshing existing ones.

New product development usually involved the co-ordinated activities of a multi-functional project team consisting of representatives from various parts of the business, for example, marketing, finance, product development, manufacturing, channel, sales and so on. Where organisations had a relatively high level of marketing maturity, these project teams were led by marketing. However, where levels of marketing maturity were low, or the discipline was still establishing its credibility, the project lead came from another part of the organisation.

New product development often followed a highly structured approach, using basic project management principles and including activities such as, but not limited to, conducting a situation analysis; assessing the new product or service's 'fit' with strategic direction; outlining the support required from the rest of the organisation; and establishing measures of success. The level of detail required, however, varied between cases, depending on the business context. In highly regulated

environments, such as the financial services of FinCo for example, risk was assessed from multiple perspectives (operational, credit, liquidity, market and compliance risk) and sub-plans were prepared for each.

New product development capability often included participation in some kind of governance or monitoring committee, typically including representation across the value chain, the objective being to assess proposals and whether the organisation had the resource capacity to accommodate them.

The findings with regard to new product development concur with the literature, from the starting-point of Morgan's (2012) definition of the capability as pertaining to 'the firm's ability to create meaningful new value offerings for its target markets' (Morgan, 2012, p. 108). The key activities highlighted in the study also align closely to those defined in the literature, for example the acquisition of marketing and technical knowledge, creation of insights based on this knowledge to identify opportunities for growth and identifying, and sourcing and deploying organisational resources in order to capture these opportunities (Madahavan & Grover, 1998; Morgan, 2012; Sethi, Smith & Park, 2001). What was also evident was that in many instances, this capability is often the domain of product specialists and the marketing team tend to be part of the multi-function team. As such, the required capability might range from being able to co-ordinate various specialists to simply playing a functional specialist role.

Brand Management

Brand Management was also sometimes referred to by respondents as 'reputation management' and involved the ability to position the brand in the market and internally among staff. This latter feature was important in all contexts but particularly in services environments where the staff and the experience they offered to customers daily was one of the main ways in which the brand proposition was delivered. In B2B services contexts there was also an association between the supplier and the customer brand, with the one impacting on the other: there was a potential halo effect between the two sets of brand characteristics and their perceptions in the market.

Brand management comprised both tangible and intangible elements. Tangible dimensions included the visual representation of the brand, for example its logo characteristics, art direction and colour matching guidelines. Brands with an international footprint also needed to decide how to localise the guidelines. More intangible aspects included determining what the brand stood for (the brand proposition) and outlining how it should be positioned in the market. The essence of brand positioning and proposition was articulating what differentiated the brand from competitors. Many different tools were used to develop the brand proposition and positioning, but all were viewed as having the same general features: brand purpose, brand promise, customer insights, functional

benefits, emotional benefits and 'proofs' (reasons why customers should believe the brand's claims). Brand management also included applying the brand proposition and positioning to creative elements such as brand iconography, the tone of communications, and the application of the pay-off line.

In the literature, brand management is described as the set of processes that includes acquiring, developing, nurturing, and leveraging an effectiveness-enhancing, high quality brand or portfolio of brands (Madhavaram & Hunt, 2008). The findings of the study not only concurred with this, but also permitted additional detailing of some of the associated activities (Morgan, 2012; Vorhies et al., 2011). For example, where a global team is in place, the capability of brand management also included the ability to localise the brand proposition without losing its essence nor compromising consistency. The nuances associated with this application have not received a great deal of attention in the literature previously. Another area that has been highlighted by this study is the important role of the internal or employer brand, particularly within the context of services environments, where the frontline is one of the most important conveyers of the brand proposition. Again, little attention has previously been given to this area in the marketing capability literature, especially as this relates to how it in turn impacts on the ability to attract talent to an organisation. This study therefore adds to the literature on brand management by emphasising the need to not only take an external view of the brand, but an internal one as well, and that this is key from both a marketing and a human resources perspective

Customer Relationship Management

The third Second Order marketing capability was customer relationship management (CRM), involving the maintenance of ongoing relationships with customers. This was found to be important in most organisations, but was of particular significance in the B2B and B2C services contexts, driven by the fact that the success of the organisation was fundamentally built on the strength of these relationships. In the B2C goods context, this capability did not emerge as key. However, it was evident that CRM is emerging as an area warranting increased focus consequent on the opportunities inherent in advances in data analytics. One emerging aspect of this capability was the ability to use the data available from various sources to deliver CRM.

CRM reflected the desire of the organisation to make the brand an integral part of customers' lives. This went beyond being simply selling the product or service to them. Each case organisation was focused on deepening relationships with and levels of loyalty among customers, aiming to encourage on-going customer interactions, using multiple communication mechanisms across various touchpoints. Some also included loyalty programmes in this mix.

In some cases, the CRM programme was supported by an IT system. This was particularly prevalent with companies such as financial services engaging large numbers of customers. This was unnecessary in B2B environments, with more limited numbers of customers. The tendency here was to rely more on personal, individualised interactions.

Day (1994) suggests that CRM is the ability to create, build and sustain customer relationships and this was supported by the findings of this study. The study also provided evidence of Morgan's conceptualisation of relational capabilities in which he highlights the ability to "initiate and maintain relationships with these attractive customers and leverage relationships into customer-level profits" (Morgan, 2012, p. 108). This study was able to explore fewer operational aspects of CRM as opposed to those perhaps more commonly associated with the capability, for example operational aspects and IT systems. Specifically, the role of aspects such as human expertise in providing complete solutions to organisations was a key contribution. Within this context, it also emerged that the core of successful CRM in organisations such as AdCo was the ability to deliver successful outcomes to the client-company's customers. This 'secondary' CRM impact has not been explored within the context of marketing capability.

5.2.3 SPECIALISED MARKETING CAPABILITY

Specialised Marketing capability was, in the majority of cases, found to consist of six sub-capabilities: market research, product management, pricing, selling, channel management, and marketing communication. These are the same capabilities outlined by Morgan and others who sometimes refer to them as 'marketing mix' capabilities (for example, Day 2011a, 2011b; Morgan, 2012; Morgan et al., 2003, 2009, 2012; Vorhies, 2005; Vorhies & Morgan, 2009; Vorhies et al., 2011).

Market research

Respondents shared a broad consensus that market research meant developing an understanding of the customer in the context of the relevant category, brand and products. Ideally, marketing aimed to represent the voice of the customer and use this to advise the broader business on the customer's viewpoint. More specifically, the activities market research included were understanding customers' needs (including expressed and latent needs); identifying the gap between actual and desired perceptions of the organisation, brand, product and service; and also gaining an understanding of best ways to communicate with the target audience. Within B2B contexts this sometimes included distinguishing between understanding a customer at an institutional and an individual level and, within this, assessing whether the potential customer was a good culture and brand fit. This slight variation derives from the nature of customer relationships in the B2B context, which tend to be more personalised. All of these activities closely align with the literature findings on market research capability as involving "the ability to translate questions asked by managers into defined research

briefs, design appropriate research plans, collect required data, analyse the data collected and communicate the required answers to the original questions” (Morgan, 2012, p. 107).

However, the marketing literature seldom takes into account another aspect of market research, namely capability. This is the capability that involves the management of research agencies. Evidence from the research showed that this capability also included managing external research agencies, including specific operational elements such as defining what was needed from the research; the ability to make recommendations about methodology; analysing results and utilising the insights from research to make informed marketing decisions. Increasingly, organisations are tending to use external research agencies and an additional part of this capability is thus managing the output of these third parties. Aspects of market research such as fieldwork, and often initial analyses, are in the majority of instances not actually executed by the marketing team, nor even by market research specialists within organisations. These activities are conducted by market research companies contracted by the client organisations. Therefore, part of the marketing capability is to be able to brief and manage these external organisations as well as be able to appropriately add to their data analyses.

This is also related to the *capability* of third party management, discussed later in this section.

This capability is also being influenced by advances in data analytics, behavioural economics and motivational psychology, as well as shifts in cultural values. Therefore, keeping up to date on new thinking from other disciplines also forms part of market research capability.

Product Management

Product management also fell within the category of Specialised Marketing capability as suggested by the literature (Vorhies, 2009; Vorhies et al., 2009; Morgan, 2012). In this study, product management was found to include the development of the product proposition as part of the overall value proposition, and the day-to-day management of the product, which in turn included aspects such as understanding competitors and trends, monitoring product sales and revenues, and setting product targets for sales teams. It entailed a deep understanding of how the product worked and how it linked to customer needs. The product elements were also integrated into the brand positioning and proposition, customer relationship management, and selling.

How products were managed was also influenced by whether the organisation offered goods or services. In goods environments, product management capability tended to be held by product or technical specialists – for example, in the beverage category it was the responsibility of the technical team, including specialists knowledgeable about the recipe. Here too, product management

capability also included the management of packaging (with design occurring as part of the brand management capability to ensure that specifications and quality were monitored and maintained). Challenges included managing the availability and price of inputs such as raw materials.

Product management in the services environments had a slightly different emphasis, particularly in B2B organisations. Here, the 'product' being sold was expertise, the quality of which was reflected in the ability to help clients to achieve their objectives. Relationships were an additional key input into the quality of the output.

As Chapter 2 notes, there is inconsistency in how product management is treated by scholars, with some including new product development in this category and others not doing so. The study findings provided robust support for the view that these are two distinct and different types of capability: the former relates more to new offers; the latter is concerned with the day-to-day management of existing offers. The findings of this research thus most closely concur with Morgan's (2012) discussion of this capability, where he outlines the following aspects of product management capability: the importance of understanding customer needs and how this impacts on products, evaluation of product performance, and adapting existing products to changes in customer needs and competitor activities (Morgan, 2012). However, the differences found in the services environment with regard to product management capability have not been explored in any depth in the marketing capability literature.

Pricing management

The fourth sub-capability in this category was the management of pricing. The inclusion of this capability into the Specialised marketing capability grouping thus aligned with the literature (Day, 1994; Vorhies, 1998, 2009; Vorhies & Morgan, 2003, 2005; Vorhies et al., 1998; Morgan, 2012). As well as simply setting the desired price, pricing management capability included ensuring that price fitted with the positioning of the brand (for example, being a 'premium' brand) and understanding how the price communicated the relative value of the product or service to the customer. In this study, pricing management also entailed close monitoring of pricing relative to, for example, competitors such as the market leader, as well as – in goods companies – understanding the relative pricing of brand variants and pack sizes.

Changes in pricing tended to take place at pre-determined times of the year, since they needed to accommodate the price changes of inputs and needed a timeframe for communication to the market (e. g. channel partners and/or customers). There were also some regulatory impacts, for example in financial services, where the pricing of some products, such as home loans, was determined by interest rates set by the South African Reserve Bank.

Morgan's (2012) outline of pricing management highlights the following aspects: the nature of pricing as a key component of value delivery to customers; pricing impact on customer value perceptions; importance of understanding competitor pricing; development of pricing strategies; and communication of pricing changes. Similarly, Dutta, Zbaracki & Bergen (2003) also outlined three components of price-management capability: identifying competitor prices; performing analysis of proposed prices; and gaining commitment to the new prices (Dutta et al., 2003, p. 619). These scholars outlined identifying competitor prices as consisting of the following aspects: knowledge regarding competitive products and product changes and co-ordination of cross-functional teams to compare products. Setting price strategy included having expertise in pricing strategy understanding customer price sensitivity and co-ordinating this knowledge across the organisation. Gaining commitment to the new prices consisted of "convincing customers of the price change logic and negotiating price changes with major competitors" (Dutta et al., 2003, p. 624). Their extensive outline of pricing capability aligned with the findings of this study.

However, pricing management in the B2B services context again showed some idiosyncrasies. Pricing was often set on a fee basis negotiated with reference to the type and number of resources allocated and the hours worked for the customer. This context has led to procurement departments – which have been involved in the pricing processes of goods companies for some time – now becoming increasingly prominent in those of B2B services companies too. This distinction has not received much attention in the literature.

Selling

Selling capability included the following elements: developing sales plans; communicating pricing; managing operational procedures with customers (ordering, payment, reimbursement); returns (in goods companies); complaints; and logistics. Different organisational contexts produced differences in how selling was managed. In some, the selling capability did not reside with marketing and was the responsibility of specific commercial or sales teams. Although a close relationship between marketing and sales might have been expected, this was not always the case, and sometimes this relationship was beset by challenges and tensions. These aspects of selling capability have been highlighted in the literature by various scholars (for example Morgan, 2012; Morgan et al., 2009; Vorhies et al., 2011).

In goods companies, selling capability included a strong focus on taking and fulfilling product orders. Within this context, the role of the marketing department was limited to generating supporting collateral and developing sales promotions. For service organisations, however, the marketing department did have a role in terms of developing the same sales collateral, but was also able to

generate leads for the sales teams through marketing activities such as CRM and marketing communication capabilities such as events.

Morgan's (2012) outline of the selling capability entails two aspects: the nature of the sales task, and "the systems and structures required to ensure efficient and effective management of the sales force" (p. 107), both of which are detailed in Chapter Two. The findings of this study, with regard to selling capability specifically, align more closely with Morgan's second aspect. Those aspects highlighted in the first part of Morgan's definition were present, but more in relation to two other capabilities: market research capability and channel management.

Once more, B2B services exhibited some differences from other organisational contexts. Since these types of organisations generally have a smaller pool of possible customers, their approach began by identifying a shortlist of prospective customers. The sales process was highly relationship dependent and entailed a potentially time-consuming contact strategy. One feature specific to the advertising environment was that selling took place through a 'pitch' process, where various agencies would be invited to present solutions competitively, with the agency judged as performing the best on specific criteria being engaged. (This could be compared to the tender process often employed by large-scale goods purchasers.) Although customers' criteria included pricing, many other factors, such as creativity, level of relationship fit, experience, and the ownership structure of the agency, could also be decisive.

Across all the business contexts studied, a significant shift was occurring towards increasing reliance on digital channels to generate sales (i. e. e-commerce). However previously restricted to services, products that could be delivered digitally (for example e-books), or small goods, the research found instances of even large items such as heavy machinery now being purchased online. This study therefore highlighted the growing importance of e-commerce in terms of the sales role and suggested that there is a blurring between what is considered a 'sale' and the role of digital marketing. This has not been extensively looked at in the literature previously.

Channel Management

Channel management was the route the product or service takes to get to the end customer. There was generally more than one route to market, and some organisations owned their channels while others did not. The aspects of channel management capability were found to be dependent on the nature of the business, more specifically goods versus services.

In goods companies, the method of distribution differed according to organisation. Firstly, in some instances, the company had its own distribution network, whereas in others, an intermediary

distributed the goods on behalf of the company. In both instances, maintaining relationships with distribution or third-party distributors was part of the channel management capability.

Secondly, physical channels were often key for the sale of goods and in the main are not owned by the organisation. The types of channels varied in relation to the type of product: in the case of a beverage company, for example, they included supermarkets, convenience stores, garage stores, restaurants, bars, and nightclubs. However, varied the channels though, maintaining relationships with key stakeholders was always critical. This objective was sometimes difficult to achieve, particularly in retail channels known for being tough on suppliers.

For services companies, the nature of distribution channels also differed according to context. For example, in financial services, the tendency was for these institutions to own their physical channels (branches, ATMs etc.) and this allowed for easier monitoring and control. Additionally, an increasing shift to using digital channels in financial services became evident. The situation was different in B2B services (where a marketing and communication agency was studied). The means of distributing their 'product' (defined as their expertise), was through the people within the organisation and thus they did not need or have specific channel management capability.

The findings of this study concerning the elements of channel management align not with Morgan's (2012) emphasis on CRM-based elements, but rather with the definition developed by Eng and Spickett-Jones (2009), who emphasise the distribution-oriented aspects of this capability, also prominent in these findings. An aspect emerging in this study that has not been explored in any of the capability literature is the increasing importance of how to manage digital distribution channels. While in some instances this is very much in its infancy – for example at AdCo, where leads are generated on Facebook, but the physical distribution still takes place in the traditional manner – in other cases such as FinCo, distribution is happening in the digital realm. Although there is recognition of the increasingly important role of digital in the marketing literature, the need for channel capability to start moving into this context has not received much attention and the results of this study have highlighted its importance.

Marketing communication

Marketing communication capability involved how messages regarding brand, product and/or service were delivered to customers. All possible avenues of communication were considered, from traditional advertising (television, print, radio, outdoor) and supporting collateral (brochures, point of sale material), through promotions, eventing and sponsorships, to direct marketing, public relations and digital marketing. Digital marketing emerged across all cases as an increasingly important focus area. The term was used by respondents to refer to a wide range of communication approaches,

including websites, search marketing (Search Engine Optimisation i. e. unpaid search listings and Search Engine Maximisation, i. e. paid search listings), content marketing, and social media marketing (e. g. Facebook, Instagram, Twitter, Interest, LinkedIn, YouTube etc.).

The findings of the study concur with extant scholarship, as illustrated by Morgan's (2012) description of marketing communication as "built upon fundamental marketing activities such as advertising, social media participation, sponsorship and corporate image management" (Morgan, 2012, p. 107), and underlined the increasing focus on digital marketing across all organisational contexts. Similarly, other scholars have highlighted this aspect of marketing capability (Moorman and Day, 2016; Vorhies, 1998, 2005; Vorhies and Morgan, 2003, 2005; Vorhies et al., 1998, 2009; Morgan, 2012).

5.2.4 DYNAMIC CAPABILITY

Dynamic capability was discussed as encompassing the ability to deal with changes in positioning and the environment in general by being flexible and adaptable. It emerged as important to take personal responsibility for keeping up with and implementing the changes in skills needed. Dynamic capability was illustrated by emphasis on the ability to adapt on an on-going basis, and in some instances, was described as a process of frequent reinvention. This was applicable to any part of the organisation and any element of marketing. A central feature of this capability was the need to experiment: trying something new, testing, learning and adjusting. In some respects, this was seen as being facilitated by the increased use of digital technology across all parts of the organisation. Thus, some the features of dynamic capability outlined in the literature were evident (Lessard et al., 2016; Shuen et al., 2014; Teece, 2012, 2013, 2016, 2017).

Some evidence of tools used to facilitate applying this capability emerged from the study. In one instance, agile and lean thinking methods were mentioned as having been borrowed from IT and now being applied throughout the organisation, not simply in marketing. In another instance, the essence or culture of the organisation was described in a way that aligned it with the notion of Dynamic capability – the core approach of this latter business was challenging the status quo and finding ways outside the norm of solving business and marketing challenges.

It was argued in the literature review that dynamic capability is an organisational capability and should therefore not be functionalised as some scholars had suggested (Barrales-Molina, 2013; Bruni & Verona, 2009; Maklan & Knox, 2009). It was argued that it made no sense to refer specifically to dynamic *marketing* capabilities, based on two grounds. First, the reference implied there was something specific about dynamic capability in the marketing environment that distinguished it from that in other operational contexts. Second, it further implied a need to distinguish between different

types of dynamic capability, running counter to the definition of dynamic capability as the ability of a firm to change *any* capability in response to changes in the environment (Teece, 2017). The findings of this study support the notion of dynamic capability rather than dynamic *marketing* capability. The research produced no evidence suggesting that dynamic capability within marketing exhibits any unique or differentiating features. Further, the study found that while reference was made to adapting marketing capabilities in response to changes, examples were also provided of changes in capabilities and resources that were not specific to marketing. This strongly indicated that the ability to effectively change resources and capabilities was experienced as necessary across the organisation.

The literature on dynamic capabilities outlined three aspects to this capability: sensing, seizing, and transforming (Teece, 2016, 2017). This was further expanded by Day to include component dynamic capabilities within the three groups: peripheral vision, vigilant learning, probe and learn (or adaptive market experimentation), flexible investing, organisational redesign and external shaping (Day, 2014; Day, 2011; Day & Schoemaker, 2016). Only one of the six components of dynamic capabilities emerged in this study: in the descriptions of experimentation or testing and learning. This matches Day's description of 'probe and learn' or adaptive marketing experimentation, which he describes as investing in "small experiments that generate new insights" (Day, 2011). Day further outlined three enabling conditions: displaying "nurturing an experimental mind-set", which includes "a willingness to challenge existing beliefs" (Day, 2011, p. 189); codifying and sharing "insights and successful practice across the organisation" (Day, 2011, p. 189); and tapping "a wider variety of peer companies, precursors and network partners to learn from their experience" (Day, 2011, p. 189). Evidence of the first condition emerged; the other two were absent.

5.2.5 CREATIVE MARKETING CAPABILITY

A high level of alignment was observed between the proposed framework and the research findings with regard to creative marketing capability. This group of capabilities has not to date been covered in the marketing capability literature, and specifically what has been termed creative solutioning. This capability was the generation of creative solutions and fresh ways to engage with customers and staff about the brand, product or service. It included the ability to apply creative insights, develop new ways of solving business problems and deliver the brand, product, or service message to customers.

Creative solutioning also applied to how these ideas were translated into creative material; this was in most instances done by the creative agency. However, the capability of the marketing team lay in their ability to assess creative outputs for alignment to the needs of customers and brand. This

involved applying insights to identify what would best resonate with customers, based on their understanding of how creative material connects with customers.

One desired outcome of creative solutioning was often a story – potentially told through many different elements including communication, packaging, or even in channels through merchandising – that brought the brand, product or service to life. This required the ability to manage and assess whether the creative translation told the story in a way that resonated with customers, created a sense of empathy, and made them want to make the brand, product, or service part of their lives.

Creative solutioning therefore relied on a deep understanding of both the customer and the business. It was not simply creativity for creativity's sake, but needed to result in a tangible business outcome. The culture of the organisation had an impact, creating the kind of enabling environment that allowed room for experimentation and mistakes. One challenge observed was how to avoid outsourcing creative solutioning inappropriately to external agencies and consultants.

While creative capability has not been explored within the context of marketing capability, it has been investigated as a separate field of study. Scholars have highlighted the increasing focus directed to this area over the past decade. As George (2007) notes, "Creativity is increasingly recognised as a critical means by which organisations and their members can create meaningful, lasting value for their multiple stakeholders in today's dynamically changing environment" (p. 439). This capability therefore remains a significant gap in marketing capability frameworks. However, where creative capability is described as part of the initial stages of the innovation process, this research does strengthen the positioning of the construct. Amabil et al. (2016) define a difference between innovation and creativity, whereby creativity is "the production of novel or useful ideas by an individual or group of individuals [and] is often conceived of as the fuzzy front end", whereas innovation is "the successful implementation of creative ideas within the organisation" (p. 158). The findings of this study align with Amabil's definition of creativity.

Anderson et al. (2014) propose that creativity comprises idea generation and is concerned with the generation of novel and useful ideas. Edwards-Schachter, Garcia-Granero, Sánchez-Barrioluengo, Quesa-Pineda & Amara (2015) provide a further illustration of other dimensions of this capability, highlighting it as "the ability to adopt different perspectives and to see and try new possibilities based on open observations of (changes in) the environment" (p. 34). They add that creativity comprises "individual characteristics (creative personality, thought processes, personal traits and thinking styles)" and "creative processes (problem solving skills) and acts" (Edwards-Schachter et al., 2015, p. 34). The Creative Marketing capability findings in this study concur with this.

The importance of Creative marketing capability to the practice of marketing were highlighted in the opening paragraphs of this chapter. In spite of the view that marketing is a 'creative' pursuit, there is little evidence in the current marketing literature that creativity is considered a key marketing capability. This study has found that in practice, this capability plays a key role in the practice of marketing (and it could possibly be argued, other parts of the organisation as well). It has also found that marketing within client organisations risks increasingly outsourcing their creativity to external agencies, thus reducing their in-house marketing teams to project managers. The statements of respondents within these client organisations show that the creative solutioning capability is motivator of their passion and interest in the discipline, and this would suggest that organisations need to emphasise it more and offer greater opportunity for application. Additionally, because in-house marketing teams have opportunities to develop enhanced perspectives and understanding of business challenges (a key part of architectural marketing capability), they would perhaps be in a better position to provide more appropriate and effective creative solutions.

5.2.6 ENABLING MARKETING CAPABILITY

The second group of capabilities to emerge in the study was Marketing Enabling capabilities. As the name suggests, these were capabilities facilitating the practice of marketing. But importantly, they were not specific to marketing and were as important in the other functional areas of the organisation. Marketing Enabling capabilities comprised two sub-capabilities: internal stakeholder management and third-party management. Both of these concerned how marketing was able to manage relationships internally and externally, since the practice of marketing was highly dependent on using and co-ordinating resources within and outside the organisation. Without strong capabilities in internal stakeholder and third-party management, the discipline could not achieve desired marketing outcomes.

Internal stakeholder management

Internal stakeholder management was also a key capability for the practice of marketing. It was found to be becoming even more important because of the rising number of stakeholders outside the traditional marketing environment. This capability involved managing internal stakeholders to support the achievement of a particular marketing goal. It included the ability to work with a broad range of people representing internal and external stakeholder groups to encourage them to understand and participate constructively in addressing a common interest including through collaboration and idea-sharing. Within this context, it was also found to include the ability to drive the integration between marketing and other parts of the organisation, via both activity and analysis.

In low maturity marketing environments, internal stakeholder management also included taking a more proactive stance in driving the marketing agenda, which also necessitated creating a common

understanding of the goals of marketing, including educating the business about basic marketing concepts, with the objective of promoting a more than superficial view of marketing.

The fundamental aspect of internal stakeholder management was the ability to build relationships and to create common ground, including, importantly, understanding the needs of different stakeholders at multiple levels and incorporating this understanding into marketing solutions. Aligned to this were the subtle aspects of internal stakeholder management, including negotiation and the ability to influence people beyond the individual's organisational role. This was seen as key, but some respondents felt the capability relied more on personality than on technical marketing ability.

Because internal stakeholder management was so challenging, some respondents recounted tensions between marketing and other stakeholders, especially when other parts of the organisation questioned what value marketing was adding. Additionally, because often multiple stakeholders were involved in projects, internal politics emerged around who should be responsible and accountable for which aspects of the marketing outputs.

Internal stakeholder management has not been explored as part of the marketing capability literature. However, much attention has been given to how marketing is perceived and its role within the organisation. The need to educate members of the C-suite has been outlined by scholars such as Webster, who found that organisational definitions of marketing tend "to be company-specific, often guided by the personal view of the CEO" (Webster, 2005, p. 36). Webster goes on to share specific responses which further highlight this element: "The chief executive of a consumer packaged-goods company told us: 'I have always defined marketing as brand management plus sales' and another 'who explained that his marketing department had gone from advertising and merchandising to being part of the sales and service division'" (Webster, 2005, pp. 36–37). The findings of this study illustrate a similar view of marketing in many organisations, especially those with low levels of marketing maturity.

Learnings from the area of stakeholder management can be used to support the findings of this study. Although much of the literature in this area concerns external stakeholders, there is recognition that internal stakeholders also have relevance, as illustrated by the seminal definition of stakeholders from Freeman (2001): "[stakeholders are] any group or individual who is affected by or can affect the achievement of an organisation's objectives" (Freeman & McVea, 2011, p. 4). In line with this definition, the purpose of stakeholder management is outlined as being to "devise methods to manage the myriad groups and relationships that resulted in a strategic fashion" (Freeman & McVea, 2001, p. 4). In line with the findings of this study, the stakeholder perspective takes an active approach to the management of relationships and the promotion of shared interests. These activities are built on a "partnering mentality that involves communicating, negotiating, contracting, managing relationships and motivating" (Freeman & McVea, 2001, p. 22).

Third party management

Some of the work in developing and executing marketing was not performed by marketing and was briefed out to third parties. These included advertising agencies, research houses, packaging agencies, media buying agencies, event agencies, PR agencies, and marketing consultants. This capability therefore involved the ability to co-ordinate and manage these third parties and their outputs, both individually and collectively.

Third Party management included both operational and emotional aspects. Operational activities included deciding which agencies the organisation would work with, negotiating contracts, agreeing fees, briefing, managing outputs, and assessing performance. In larger organisations, the contracting process was quite prescriptive and formally managed. The emotive element of this capability was the ability to inspire agencies to do good work and to foster trust in the relationship with them.

Third Party management has not been explored as part of the marketing capability literature. However, the supply chain management literature highlights its importance within the broader organisational context (Park, Shin, & Change, 2010).

As outlined in the opening paragraphs of this chapter, marketing is a discipline that relies on both the internal value chain and external third parties to deliver its desired outcome. In virtually no instances is the practice of marketing a solo pursuit. Yet, both of these aspects have received little attention in extant marketing literature. While the ability to manage internal stakeholders and third parties is not a technical marketing capability, poor delivery in both of these respects can thwart even the most carefully devised marketing campaign. If we adopt the cake-making analogy that one respondent employed (Janet, FinCo, p6), this study has brought to the fore how and why this category of marketing capabilities can be viewed as the 'secret ingredient' of exceptional marketing.

5.2.7 REVISED FRAMEWORK OF MARKETING CAPABILITY

Alignment was found between the proposed framework and the research findings. Architectural Marketing capability and its two sub-capabilities, strategic marketing planning and marketing strategy implementation, were observed. Similarly, evidence of Second Order Marketing capabilities (new product development, brand management and customer relationship management) was found by the study. Not all of these capabilities were present in every organisational context, and this depended on the nature of the product or service offered to customers. Specialised Marketing capability was, in the majority of cases, found to consist of 6 sub-capabilities, namely market research, product management, pricing, selling, channel management, and marketing communication. Dynamic capability emerged in this study, but, as argued in Chapter Two above, this presented as an organisational rather than a marketing-specific capability.

Two additional groups of capability emerged from this study that did not match the original model. These were Creative Marketing capability and Enabling Marketing capability. Creative Marketing capability consisted of one sub-capability: creative solutioning. This was found to be specific to the marketing function. Two Enabling Marketing capabilities were observed in this study: internal stakeholder management and third-party management. Although these capabilities were not found to be specific to the marketing function, they were key to the facilitation of marketing practice.

Based on these findings, an alternative framework is proposed and outlined in Figure 5.1. In line with this revised framework, marketing capability consists of six groups of sub-capabilities. These are Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. Architectural marketing capability consists of strategic marketing planning and marketing strategy implementation. Second Order marketing capability consists of new product development, brand management and customer relationship management. Specialised marketing capabilities are market research, product management, pricing, selling, channel management, and marketing communication. One Creative marketing capability is placed in this framework: creative solutioning. Two groups of organisational level capabilities are Marketing Enabling capability (internal stakeholder management and third-party management) and Dynamic capability.

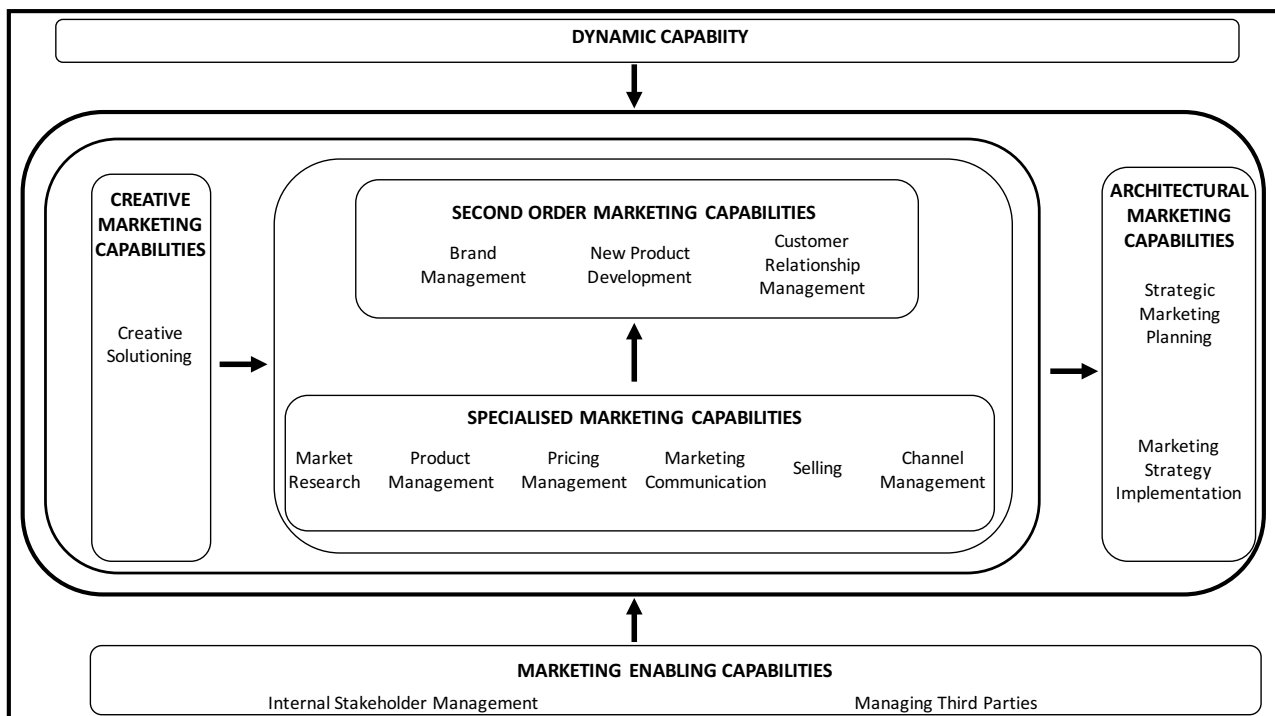


FIGURE 5.1 FRAMEWORK OF MARKETING CAPABILITY
(Source: Author's own)

The findings also suggested how these marketing capabilities interact with one another, and this has also been added to the framework. Combinations of Second Order and Specialised marketing capabilities are used in planning and implementing marketing strategy (Architectural Marketing capability). Similarly, combinations of Specialised Marketing capabilities are used in brand planning, new product development and customer relationship management (Second Order Marketing Capabilities). Creative Marketing capability, specifically creative solutioning, is an input into Architectural, Second Order and Specialised marketing capabilities. Internal Stakeholder Management and Management of Third Parties enable the practice of marketing (Enabling Marketing Capabilities). Finally, Dynamic capability is the organisational ability to modify any of the marketing capabilities (and resources) in response to changes in the environment.

5.3 THE NATURE OF MARKETING RESOURCES

This section discusses the second research question, namely:

- What is the nature of the marketing knowledge resource inputs that build marketing capability and sub-capabilities?

This study found that in most instances there are seven types of marketing resources: financial, physical, technological, reputational, relational, organisational, and knowledge resources. In

services environments, human marketing resources also emerge, because staff impact on the delivery of the brand promise in the context of the customer experience.

The following marketing knowledge resources were evident across all cases: access to marketing training (whether offered within the organisation or through external parties) and the experience of individuals in the marketing team and in the broader organisation that could have an impact on marketing. This last dimension was also linked to the judgement, insight, and intelligence that could be applied to marketing.

The findings of this study suggest that the two categories of marketing knowledge resources outlined by Srivastava et al. (2001) – relational and intellectual market based assets – do not adequately describe the nature of these resources, since they take into account only two of the resources (relationships and knowledge). Morgan's more extensive outline (Morgan, 2012) does align somewhat to these research findings, although differences emerge in respect of legal and informational resources. Although these were mentioned by respondents, they did not feature strongly and, it could be argued, are covered by other resource categories. The legal aspects of marketing featured particularly in relation to aspects such as changes in marketing regulations and the registration of trademarks, for example. However, it could be argued that they are better situated in the category of knowledge resources, since they represent individual expertise in legal matters. Informational resources also emerged in the form of customer databases but, again, the findings suggest that, rather than being a category on their own, they are situated in technology, relational, and knowledge resources.

5.4 THE NATURE OF MARKETING KNOWLEDGE RESOURCES

Five descriptors of marketing knowledge resources emerged in this study: procedural, tacit, explicit, declarative, and transactive dimensions (Miller et al., 2012; Nonaka, 1994). Procedural and declarative elements were always present at high levels with respect to marketing knowledge, since the practice of marketing always involved knowing what marketing to do (declarative) and how to do it (procedural). The other three dimensions of marketing knowledge existed at differing levels in organisations, depending on the particular contextual characteristics. Importantly, a medium to high level of tacitness was always present for marketing knowledge, due to the nature of the discipline.

Transactive aspects of marketing knowledge (or "know-who") were found to be key as they related to the relationships that marketing developed. Two aspects of this type of knowledge were found in this study, namely internal transactive knowledge relating to individual relationships and networks

within the organisation, and external transactive knowledge relating to those outside the company with parties such as the marketing community, marketing-related third parties, or personal networks.

There is concurrence between the findings of this study and those of the broad knowledge literature employed here (Miller, et al., 2012, 2014), more specifically, the existence of procedural, tacit, explicit, declarative, and transactive dimensions of marketing knowledge. Procedural and declarative elements were particularly noticeable within the context of marketing capability. However, as noted in Chapter 2, the marketing capability literature has given limited attention to the nature of marketing knowledge, as well as how this knowledge relates back to the development of marketing capability.

5.4.1 The relationship between the nature of marketing knowledge and marketing capabilities

This relationship was explored by comparing relative levels of tacitness and learnability as proposed by McIver et al. and outlined in Chapter 2 (McIver et al., 2012, 2013; McIver and Wang, 2016). Each of the capabilities was plotted on a matrix reflecting the relative levels of tacitness and learnability of each capability. While a relationship between marketing capabilities and types of marketing knowledge was observed in the study, the categorisation of tacitness and learnability into only high and low levels was not found to apply. Instead, the knowledge underpinning some marketing capabilities exhibited a mix of low and high tacitness and learnability. To accommodate this finding, tacitness and learnability were categorised into high, *medium* or low levels. Figure 5.2 represents an overview of the findings in this study, and the details are discussed in the sections that follow.

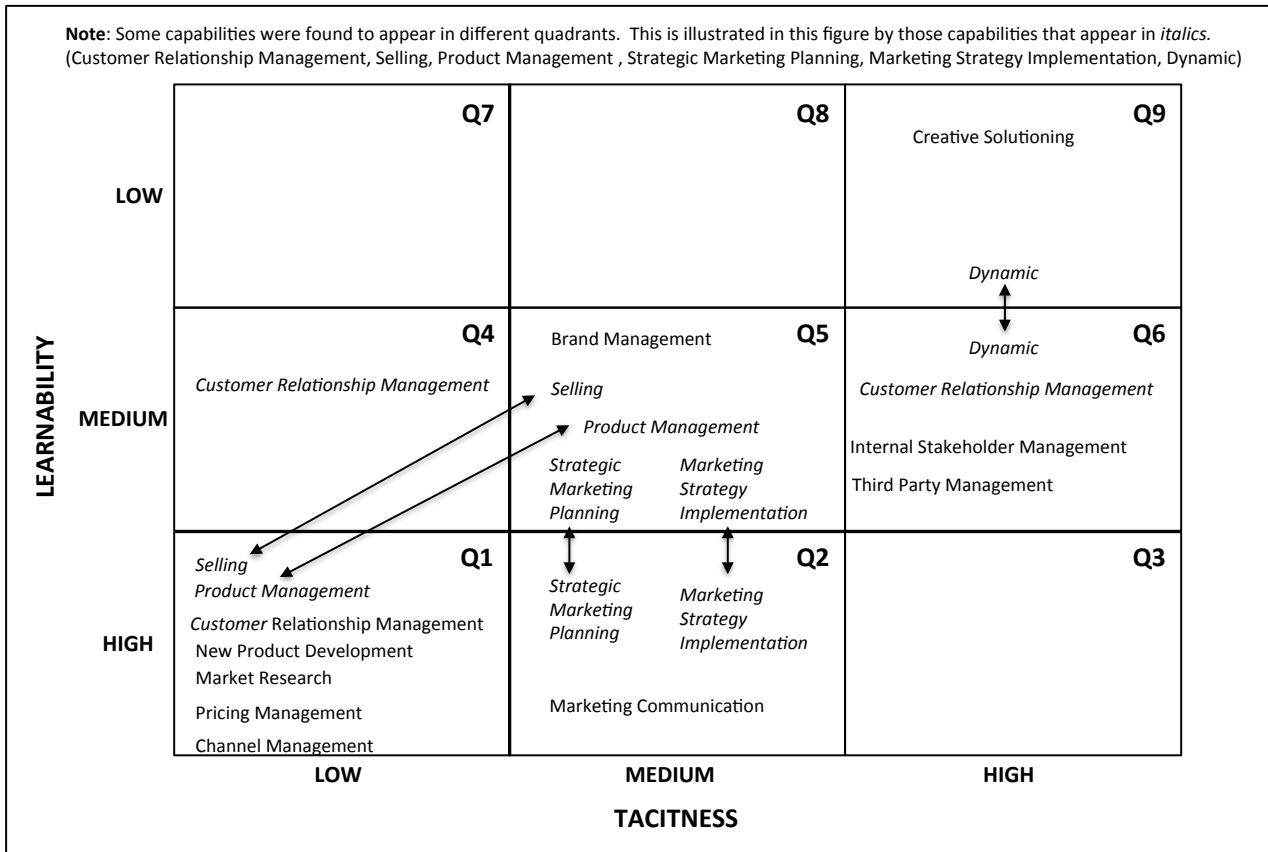


FIGURE 5.2 THE RELATIONSHIP BETWEEN THE NATURE OF MARKETING KNOWLEDGE

This study found fifteen sub-capabilities making up marketing capability. A high level of consistency was observed for 9 of these marketing capabilities, regardless of context: new product development; market research; pricing management; channel management; brand management; marketing communication; internal stakeholder management; third party management; and creative solutioning. The remaining six sub-capabilities showed some variations, depending on the organisational and/or goods or services context.

There was some variation evident with regard to strategic marketing planning, marketing strategy implementation, customer relationship management, product management, selling and dynamic capability. These are also highlighted in Figure 5.2 with arrows that depict the quadrants where they appeared.

The following sections discuss the findings in more depth.

5.4.2 Low tacitness – high learnability marketing capabilities

Four marketing capabilities consistently displayed knowledge that was low in tacitness and high in learnability: new product development; market research; pricing management; and channel management. While these capabilities entailed a small amount of tacit knowledge, they were largely

information based and more likely to be contained in company manuals, templates and processes, and to include a consistent sequence of events leading to a predictable outcome. These capabilities were easy to observe and easily transferable.

5.4.3 Medium tacitness – high learnability marketing capabilities

The knowledge characteristics of marketing communication capability were also high in learnability and but exhibited medium levels of tacitness. When compared to the previous grouping, some of the same characteristics were evident, for example, the existence of templates and stable sequences of events that made learnability easier. However, there was a higher degree of tacit knowledge required, as evidenced in the need to apply judgement and individual experience during the process of application.

5.4.4 Medium tacitness – medium learnability marketing capabilities

Brand management displayed knowledge characteristics at a medium level of both tacitness and learnability. Some aspects of brand management knowledge were easily learnable, as they are contained in manuals such as brand style guides. The practice of this part of these capabilities tended to follow a pre-determined and consistent sequence of events. For example, comparing the actual versus the ideal colour, or placing the logo on a piece of stationary, were both simply a question of following the documented 'rules'. However, there were elements of brand management that did not follow this same predictable pattern, where knowledge was only obtained through action and repeated practice. For example, simply following the step-by-step approach to developing a brand proposition using a brand ladder tool did not always lead to the desired outcome. Variables such as the history of the brand, the needs of the customer and the ability of the organisation to deliver also needed to be factored in. These aspects were specific to the particular organisational context and were not always easily observable in practice. Getting it right required practice and reflection on what had succeeded and what had not.

5.4.5 High tacitness – medium learnability marketing capabilities

The knowledge underpinning both Marketing Enabling capabilities was the same, demonstrating high levels of tacitness and medium levels of learnability. Each had a strong relationship-building component that was learned through coaching and experience, with limited information available on how to practice these capabilities. The nature of the knowledge was also largely action based.

5.4.6 High tacitness – low learnability marketing capabilities

The knowledge underpinning Creative solutioning was highly tacit and relatively difficult to learn. In the majority of cases, it was not easily translated into templates or manuals and was highly impacted by individual experience, judgement, and perceptions.

5.4.7 Marketing capabilities showing variation based on context

Six marketing capabilities showed variation in their underlying knowledge characteristics based on context (i. e. Goods versus services or B2B versus B2C): strategic marketing planning; marketing strategy implementation; selling; product management; customer relationship management; and dynamic capability.

Strategic marketing planning, marketing strategy implementation, selling and product management always exhibited medium levels of tacitness reflecting that there was always some element of documented knowledge underpinning them. This could be in manuals, templates or documented processes. These, however, varied according to context in terms of learnability, where the knowledge underpinning strategic marketing planning or marketing strategy implementation was either medium or low. Levels of learnability related specifically to the particular context: where there were codified approaches and templates, learnability was improved, suggesting that such tools could improve learnability.

Selling and product management exhibited the most variation across learnability. They were either easy to learn and not very tacit, or were at medium levels on both dimensions. This was due to very specific characteristics of the context: the ‘product’ being sold was highly intangible and based heavily on expertise, which had an impact on both product management and selling. For example, in the B2B services environment, the product being sold was the expertise of the organisation and was reflected on the ability to help the client to achieve their objectives. As such, dimensions such as relationships were a critical part of selling and product management. This was less the case in goods and B2C environments where the product was more tangible.

5.5 MECHANISMS OF MARKETING KNOWLEDGE INTEGRATION

Marketing knowledge was integrated via three mechanisms: knowledge codification, knowledge articulation, and knowledge accumulation (Zollo & Winter, 2002). This section discusses the third research question and its associated sub-questions, namely:

- How are marketing knowledge resource inputs transformed into marketing capability and sub-capabilities?

- a. How is knowledge codification used to integrate knowledge and to develop marketing capability and sub-capabilities?
- b. How is knowledge articulation used to integrate knowledge and to develop marketing capability and sub-capabilities?
- c. How is experience accumulation used to integrate knowledge and to develop marketing capability and sub-capabilities?

5.5.1 Knowledge codification

Marketing knowledge was codified through formal training such as tertiary qualifications, organisational training, training offered by supplier partners such as advertising agencies, short courses offered externally, and at conferences. Knowledge contained in company manuals, templates and online sources was by definition codified.

Some codified knowledge was available via the tertiary qualifications (in subjects such as commerce degrees or diplomas in marketing) of individuals, although not all marketers had these qualifications. In many instances, the type of knowledge that was codified was 'know-what' or declarative knowledge, rather than "know-how" or procedural knowledge. As a result, there was a view that this type of codification offered a passport or 'foot in the door', rather than that it was a useful means of accessing practical marketing knowledge. Marketing knowledge was also codified and accessed through organisational training courses, for example via formalised sales or marketing academies, e-learning platforms, or training courses offered by agencies in specialised areas such as media or agency management.

Short courses were seen as useful, mainly to access codified knowledge in new and emerging areas such as digital. Conferences were not viewed as useful for codified knowledge, but rather played a role in providing inspiration, or a platform for generating new ideas.

The marketing knowledge most commonly codified was of technical processes, such as new product development processes, pricing management, and some aspects of brand management. The codified elements of brand management were brand style guides on topics such as iconography, logo design and application and art direction, as well as prescriptions for localising global brands. There was limited use of company manuals outlining the entire marketing process. Larger organisations had attempted this, and codified, for example, a marketing 'way,' but there still was little evidence of company-wide application. More common was the use of marketing templates applied to all aspects of marketing practice. These were re-purposed from other companies (either from the experiences of individuals, or borrowed), or even sourced online. As such, their

development and application depended on individuals within the marketing team. Initially this was often driven by the most senior marketing person, especially where levels or marketing maturity were low. However, as new people joined the team, either from within the company or from outside, they would add to the pool of templates being utilised.

5.5.2 Knowledge articulation

Knowledge articulation was achieved mainly via coaching and mentoring. This was a way of building confidence for more junior employees, but was important at all levels. In general, knowledge was articulated through consulting with others and discussing marketing challenges, issues, ideas and solutions. Ideally, this was a continuous process that incorporated both formal and informal approaches. It was best facilitated by an encouraging culture that promoted discussing solutions and bouncing ideas off one another. In some instances, it could also be enabled through technology such as online knowledge-sharing platforms or discussion forums.

Coaching was described as the step-by-step process of guiding an individual or a team. In some instances, this included the entire marketing process, from taking a brief, through developing the communications plan and briefing the agency to managing implementation. In most cases it involved direct personal discussion of the work and personalised feedback. The role of the coach or mentor was to ask questions and challenge perspectives to improve the level of thinking and help with the development of new insights. Coaching also included facilitating active reflection, particularly learning from mistakes.

Three important aspects of coaching were highlighted: the importance of individuals and teams developing their own insights through self-discovery rather than instruction; an understanding of key principles that could then be transferred and used in other contexts; and, very importantly, the observation of others in practice. Organisations sourced coaching both internally and externally. Some contexts could access specialists from within the firm with expert knowledge to coach. External platforms for integrating knowledge through articulation were also prominent, including the marketing community, friends, colleagues, and experts in supplier organisations such as agencies.

5.5.3 Experience accumulation

Experience was accumulated by learning on the job within the current context, applying experience from other contexts, recruiting experience into the organisation, and self-directed learning.

With regard to on the job learning, immersion in the role was discussed as leading to a better understanding of the holistic marketing process. It was important to have actually done the work, rather than just having theoretical knowledge of how to do it. This also entailed having the opportunity

to experience the practice of marketing more than once, and in different contexts. On the job learning often entailed being thrown in the deep end to work out what needed to be done. Inevitably, mistakes would be made, but this was viewed as part of the learning process rather than as a negative.

Applying experience from previous roles also played a part in experience accumulation. This did not necessarily have to be marketing experience. For example, learning how to develop and nurture stakeholder relationships in another context (such as the travel industry, in this study) could be transferred to marketing. In some instances, there was a deliberate move towards seeking expertise from outside marketing, because it was felt this could add much needed new capabilities (for example, experience in consulting).

In some instances, experience was recruited into the organisation. This took one of two forms: either finding an individual, usually at a senior level, recruit in order to import and transfer their expertise; or buying a company with the required expertise and then offering that as part of an enhanced business solution to customers. Self-directed learning was the process of taking responsibility for one's own training. It could enable accessing knowledge through any means, and was facilitated by the proliferation of information and sources available online.

Integration of marketing knowledge comprises a number of stages that work together in synergy, as outlined in Figure 5.3. Marketing knowledge integration can commence at any stage in the process. Starting, for example, at individual experience accumulation, this emerged through individuals who brought in the expertise they had developed from other organisations – for example through the use of templates and governance processes. There was a constant 'refreshing' of this pool of individual experiences through the introduction of new marketing team members from outside the organisation and even from outside the industry. Both their personal and the codified approaches from their previous organisations might be imported and adopted. Knowledge articulation took place through one-on-one coaching in various aspects of the marketing process, which in turn led to opportunities to build the experience of the team through on-the-job learning. Accumulated on the job experiences and trial and error then followed via the application of knowledge. All three aspects of marketing knowledge integration – codification, articulation, and experience accumulation – worked together and resulted in the integration of the marketing knowledge that underpins marketing capability.

These findings match the conceptual outline provided by Zollo and Winter (2002) of the three processes of knowledge integration: knowledge codification, knowledge articulation, and experience accumulation. However, whereas these scholars applied this primarily within the context of Dynamic capability, this study indicated that these three mechanisms can be applied across the various types of marketing capability.

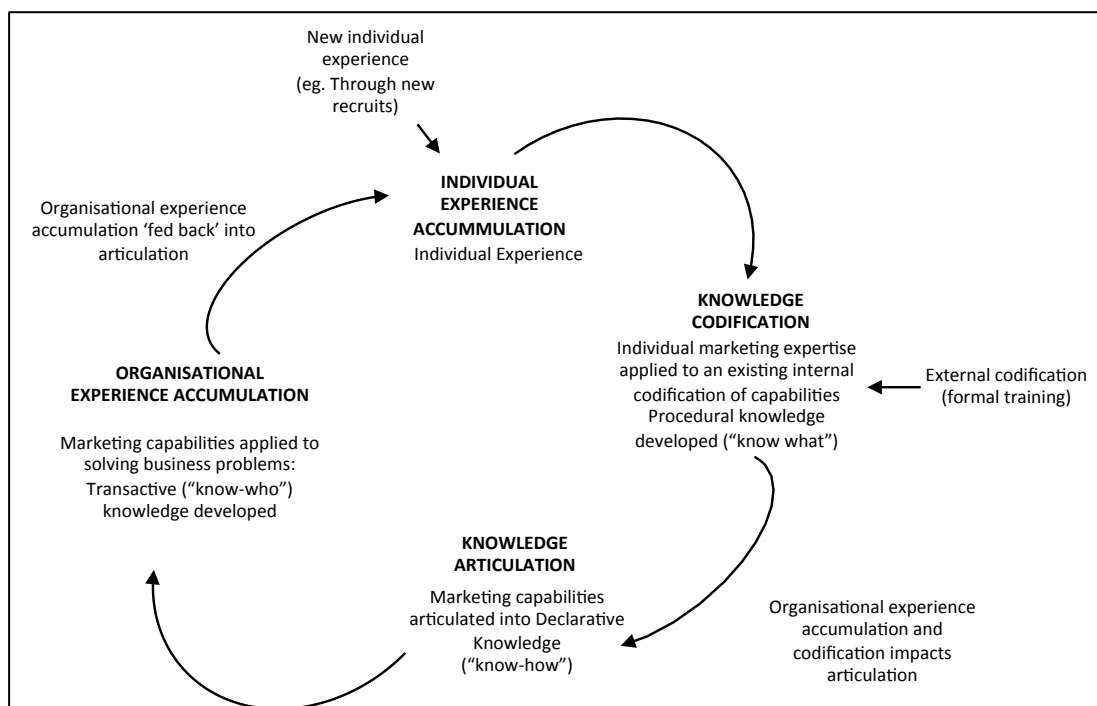


FIGURE 5.3 INTEGRATION OF MARKETING KNOWLEDGE

(Source: Author's Own)

Zollo and Winter's (2002) outline of the nature of knowledge codification and experience accumulation was also confirmed by the findings of this research. Knowledge accumulation was found to be mainly via blueprints, manuals and standardised procedures, and experience accumulation was shown to involve trial and error learning and the selection of knowledge based on successful or unsuccessful outcomes.

The findings regarding knowledge articulation show significant alignment with Mason and Leek's conceptualisation of this capability as 'learning in talk', primarily achieved through coaching (Mason & Leek, 2012). In this study, Zollo and Winter's (2002) view that this integration mechanism was primarily concerned with distinguishing what worked from what did not was found to apply more strongly to experience accumulation. In addition, whereas knowledge articulation has typically been viewed as an internal process, this study found that it also has external aspects: this process of 'learning in talk' can also take place with people in the broader marketing community, friends, colleagues and experts among suppliers. It is also facilitated by online platforms that encourage sharing of information and discussing of ideas.

5.6 THE TRANSFORMATION OF KNOWLEDGE RESOURCE INPUTS INTO MARKETING CAPABILITY AND SUB-CAPABILITIES.

Marketing knowledge is the key resource underpinning the development of marketing capability. Marketing knowledge was found to be integrated in a number of ways: via knowledge codification, knowledge articulation, and experience accumulation. To outline how this in turn results in marketing capability and sub-capabilities, the mechanisms of knowledge integration were applied to the identified marketing sub-capabilities. This was facilitated by the understanding of the type of knowledge underpinning each of these sub-capabilities established in Section 6.4.

5.6.1 Architectural marketing capability

The development of architectural marketing capability (strategic marketing planning; marketing strategy implementation) always included knowledge articulation and experience accumulation, regardless of organisational context. However, it also included knowledge codification where this was a specific focus, particularly when this was an individual preference of the most senior marketing person in the organisation. Another factor that seemed to encourage higher levels of codification was the level of marketing maturity displayed. When the role of marketing was evolving and often questioned by other parts of the organisation, the tendency to have codified approaches to architectural marketing capability was higher. In organisations where marketing was viewed as having more credibility and seen as a key part of the strategic growth agenda, codification of these capabilities was not as prominent, and their development relied more on articulation and individual experience.

5.6.2 Second order marketing capability

The development of Second Order marketing capabilities showed variation in relation to different sub-capabilities. Both this marketing capability and the marketing sub-capabilities that make up the category are developed in different ways within different organisational contexts.

New product development capability was always developed through codification. This reflected the finding that this process was explicit and highly structured. New product development was often subject to technical and/or regulatory constraints with broader organisational and reputational consequences. As such, adherence to a standard approach with strict governance processes was key. This capability in turn impacted on other parts of the value chain within the organisation, and these then required co-ordinated management to ensure a successful outcome for the organisation.

The capability to manage the brand (or brands) was consistently developed through knowledge codification, knowledge articulation, and experience accumulation. The study found certain key combinations of these three mechanisms. Codified knowledge was accessed primarily via brand

guidelines including aspects such as logo design, typography, colours, art direction, logo placement, pay-off line, and methods for applying brand visuals to various items. In practice, marketers were required to familiarise themselves with these and apply them consistently across all their marketing activities. However, the capability to develop the proposition and positioning of the brand were developed through knowledge articulation. A codified tool such as template was often provided, comprising certain standardised elements such as brand purpose, brand promise, functional benefits, emotional benefits and reasons to believe. Populating this template was not a 'paint by numbers' exercise, but would entail discussion and consultation (knowledge articulation) internally and externally. The third layer to the development of brand management capability was experience accumulation, emerging through experiencing and reflecting on the outcome of the application of the two mechanisms in practice.

The study found that the development of customer relationship management (CRM) capability was dependent on the organisational context. In some instances CRM was absent, but this may be a function of the organisational focus on the capability, rather than evidence that it was not relevant. In organisations where a comprehensive customer database was available and where the products or services being offered were 'packaged', the approach to developing CRM capability could rely on accessing codified knowledge. This was because the approaches to segmenting the customer base and identifying different segments relied on standardised processes and sequences that were documented and could easily be learned and applied. In an organisation with smaller numbers of customers, such as a B2B service, it was found that large codified databases were unnecessary. In this type of context, the relationship was built and maintained by individuals, and therefore knowledge articulation and experience accumulation were the means via which the capability is developed.

5.6.3 Specialised marketing capability

Although there was some level of consistency, the development of Specialised marketing capability showed slight variations according to context. Market research, pricing management and marketing communication were found to be developed through accessing codified knowledge. These capabilities involved learning and applying standardised approaches. The development of product management capability was, however, dependent on the nature of the product being sold. Where the product was articulated in a standardised manner via documents or templates, the capability was developed via codification. Another factor impacting on this was the need to ensure that strict governance processes were adhered to in managing products – because these were foodstuffs, potentially dangerous machinery, or services regulated by government. Where the nature of the product might differ according to context, it was developed via knowledge articulation and experience accumulation, as, for example, in a B2B services context where the product offered was

expertise. Because the exact nature of this offering would differ according to customer context and requirements, the capability could not be codified.

The development of selling capability was found to have many of the same characteristics; this was also linked to the product being sold. Where a product was articulated in a standardised manner, selling capability could be developed through similar standardised processes and specific sequences. The task of selling therefore entailed learning and applying the sequence of activities beginning with contacting the customer, taking the product order, co-ordinating the logistics of ensuring delivery, and conducting follow-ups to manage returns and/or complaints. However, where the product was almost entirely intangible, as in B2B services, some consistency and predictability in the process could be learned by referring to codified processes, but some simply could not be learned this way.

5.6.4 Creative marketing capability

Creative marketing capability in the form of creative solutioning was found to be difficult to develop and was achieved only via experience accumulation. This capability was complex and relied heavily on individual experience and judgement. The steps needed to perform creative solutioning were unclear, ambiguous and extremely variable. Thus, it was only through practising this capability that it was acquired. This finding is supported by the literature. Verhoef and Leefland (2009) outline the contrast between “the ‘intangibility’ of changing marketing practices as a result of creativity” and the “‘tangibility’ of initiating new offerings and showing accounting figures” (p. 19). A recent paper by Perry-Smith and Mannucci (2017) exploring different phases of idea generation also supports the findings of this study. These scholars describe how, at the idea generation stage, “the fundamental requisite is cognitive flexibility – the ability to shift schemas and cognitive categories”. This flexibility “enables remote and uncommon associations between conceptually distant ideas”. They conclude: “with this cognitive structure and organization of content in mind, the creator has the capacity to integrate content from the social environment to generate novel ideas that depart from existing practices” (Perry-Smith & Manucci, 2017, p. 56).

5.6.5 Dynamic Capability

Dynamic capability had many of the same characteristics as creative solutioning, and in many instances was also found to be difficult to develop and achieved only via experience accumulation. While developing this capability also relied strongly on individual experience and judgement, some organisations were able to use tools such as agile thinking and lean management to facilitate this process. However, there was still a need for coaching and it was unlikely that the capability could be developed through accessing codified knowledge. In these contexts, the capability was developed through a combination of knowledge articulation and experience accumulation.

5.6.6 Marketing Enabling Capability

The development of the two Marketing Enabling capabilities always included both knowledge articulation and experience accumulation. This was because the nature of this marketing capability was such that it depended on developing and nurturing internal and external relationships, which by definition had a higher level of variability based on context, individual style, and the person with whom the relationship was being developed. However, in some contexts, parts of the relationship were codified, for example through governance processes outlining specific accountabilities and responsibilities relating to levels and types of consultation around marketing, as well as sign-off processes. Other contexts had standardised processes governing the approach to managing third party relationships, often including procurement.

In summary, the nature of knowledge that underpins marketing capability displays varying levels of the following characteristics: tacitness, explicitness; and procedural, declarative and transactive aspects. The extent to which these characteristics are present, as well as how they manifest, is dependent on contextual organisational factors such as the target customers, whether the organisation sells goods or services, the culture of the organisation, the level of marketing maturity displayed in the organisation, the structure of the marketing department and the extent to which it comprises specialists or generalists, as well as the individual traits of members of the marketing team – and, in particular, the head of marketing. Marketing knowledge is integrated via three mechanisms: knowledge codification, knowledge articulation, and experience accumulation, depending on the underlying characteristics of the marketing knowledge.

Marketing capability is developed based on way in which the marketing knowledge is integrated, and this is, in turn, determined by the nature of the marketing knowledge that underpins it. Strategic marketing planning and marketing strategy implementation (Architectural marketing capability) are developed through knowledge codification and knowledge articulation. Knowledge codification can also play a role within specific contexts such as where it is emphasised by senior marketing figures, or where it is used as a means of lending credibility to marketing in low marketing maturity environments.

New product development is developed through accessing codified knowledge, while brand management capability is developed through a combination of different approaches: using codified knowledge, knowledge articulation, and experience accumulation. The way in which CRM capability is developed is highly dependent on context, most notably whether there are databases of large numbers of customers available that can be interrogated using standardised processes, as opposed to situations where there may be a small pool of customers and relationships are built via individuals.

The majority of Specialised Marketing capabilities are developed via codified knowledge, namely market research, pricing management, marketing communication and channel management. How selling and product management capabilities are developed depends on the nature of the product. If the nature of product varies according to context (for example where the product is expert knowledge), this is not easily accessed via codification and is learned through knowledge articulation and experience accumulation.

Creative solutioning (Creative Marketing capability) is only developed through experience accumulation. And while Dynamic capability can be developed in the same way, it can sometimes also be developed through knowledge articulation where certain tools are available.

Overall, within the context of this study, marketing capability is developed via a combination of different mechanisms. Certain specialised marketing capabilities (market research, pricing, management, marketing communication and channel management) are developed through accessing codified knowledge. Brand management capability is developed through a mix of three different mechanisms: knowledge codification, knowledge articulation, and experience accumulation. Creative marketing (creative solutioning) capability is developed via experience accumulation. Developing Architectural marketing capability (strategic marketing planning and marketing strategy implementation) always encompasses knowledge articulation and experience accumulation, but in some organisational contexts, such as where there are low levels of marketing maturity, knowledge codification also plays a role. Dynamic capability development always involves experience accumulation but, in some instances, where tools have been made available, knowledge articulation has been used as well. The development of Marketing Enabling marketing capability (internal stakeholder and third-party management) always includes experience accumulation and knowledge articulation. However, some organisations also codify this knowledge, which can also be used as a means of developing the capability. The development of Customer Relationship Management (CRM) capability varies according to the nature of the customer. Selling and product management capabilities are related, and their development depends on the nature of the product being sold. Figure 5.4 summarises this discussion. Contextual variation has been denoted by a dashed line.

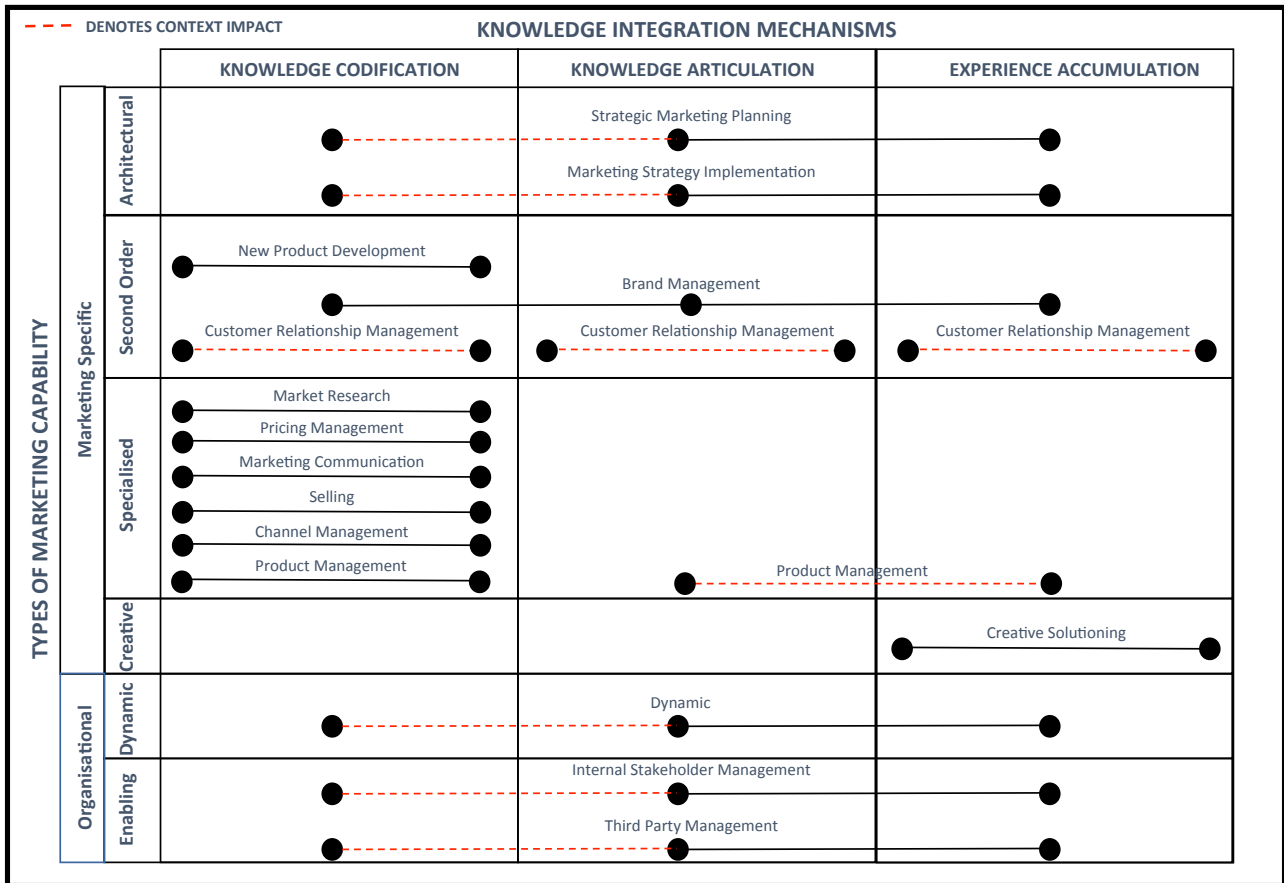


FIGURE 5.4 DEVELOPMENT OF MARKETING CAPABILITY AND SUB-CAPABILITIES

5.7 SUMMARY OF DISCUSSION

Marketing capability consists of various groups of capabilities, some of which are specific to the function while others are more organisation-wide. The marketing-specific capabilities are Architectural, Second-Order, Specialised and Creative Marketing capabilities. While the literature has recognised the first three, little attention has been given the notion of Creative Marketing capabilities. Dynamic capability and a new category, Enabling Marketing capability, are organisational capabilities that impact the practice of marketing. While there are many types of marketing resources that play a role in the development of marketing capability and its sub-capabilities, marketing knowledge resources are strategically the most critical. The development of marketing capability, therefore, is an outcome of the integration marketing knowledge via mechanisms such as knowledge codification, knowledge articulation, and experience accumulation (singularly or in combination). However, as the underlying knowledge structures differ across various types of marketing capability, this means that the way in which these capabilities are developed differs.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The purpose of this study was to understand the nature of marketing capability and to explore how marketing knowledge is integrated in the development of marketing capability. The research was conducted via interviews and documentary research at four South African organisations offering distinct and different business and marketing contexts. The study employed a multiple embedded case study design, using four case studies. Data collection was via in-depth interviews and documents sourced from the cases that allowed for the triangulation of findings. A total of 137 data points were utilised for the study, including interviews and documentation.

The literature review explored the following theory domains: Research Based Theory (RBT), Dynamic Capability Theory, and Knowledge Based view of the firm and Organisational Learning. This study utilised these three areas to advance the work regarding marketing capability, predominantly conducted by Day, Morgan and Vorhies (Day, 1996, 2011; Morgan, 2012; Vorhies, 2009; Vorhies et al., 2009, 2011).

The study offered a response to the observations of both Morgan and Day about the need for more scholarly work on types of marketing capabilities and how they are developed (Moorman & Day, 2016; Morgan, 2012). Based on the literature, a framework of marketing capability and component sub-capabilities was developed. This was then applied within the practical context to assess levels of alignment. From the literature, three aspects of marketing capability were defined, namely that it consists of resource inputs that are transformed into an outcome. This study focused on the nature of the resource inputs and the transforming mechanisms, placing outcome outside its scope. A specific emphasis was placed on knowledge resources, both because the business environment currently displays a significant shift towards the dominance of knowledge-based work, and because much marketing practice is based on knowledge. The nature of marketing knowledge was explored for its underlying characteristics in terms of levels of explicitness and tacitness, as well as declarative, procedural and transactive aspects.

The nature of marketing knowledge was then explored within the context of types of marketing capabilities, as per the framework. The features of the knowledge underpinning these capabilities were identified as the foundation for understanding how this knowledge is integrated (transformed) in the process of marketing capability development. The findings from these three areas, namely the

types of marketing capability, the nature of marketing knowledge and how it is integrated, were then synthesised to explain how marketing capability is developed.

This chapter presents the final conclusions of the research. It begins by presenting conclusions related to the study's three research questions and then presents an outline of the contributions of the study from a theoretical, methodological and practical perspective. Finally, it discusses limitations and recommendations for future research.

6.2 RESEARCH QUESTIONS

6.2.1 RESEARCH QUESTION 1: How well does the proposed marketing capability framework align with marketing practice?

The first question involved applying the framework developed for types of marketing capability within a practical context to explore the alignment between theory and practice. Some level of alignment was found; however additional capabilities emerged that were not part of the original framework. For Architectural, Second Order, Specialised and Dynamic capabilities, there was general alignment with respect to the sub-capabilities included within these groups. Two additional groups of capabilities were observed. One was specific to marketing and concerned creative solutioning capability, grouped into the category Creative Marketing capabilities. The other comprised capabilities – internal stakeholder management and third-party management – not specific to marketing, but critical in enabling the practice of marketing. These were grouped into the category Marketing Enabling capabilities. A further observation not included in the original model was the impact of individual traits such as passion for the discipline of marketing, curiosity, a desire to challenge the status quo, and resilience.

The framework thus demonstrated its robustness in a practical context by indicating alignment and extending knowledge about the capabilities comprising and related to marketing capability.

6.2.2 RESEARCH QUESTION 2: What is the nature of the marketing knowledge resource inputs that build marketing capability and sub-capability?

Because the organisational capability literature defined capability as resulting from the transformation of resources (inputs), this question sought to probe the same process in relation specifically to marketing capability, by exploring the nature of one specific type of marketing resource: knowledge. It distinguished the following marketing knowledge resources: access to marketing training (internal or external); the experience of individuals in the marketing team; and the judgement, insight and intelligence of these individuals. The following characteristics of marketing knowledge were found: levels of explicitness and tacitness, as well as procedural, declarative and transactive aspects. Two dimensions of transactive knowledge characteristics were identified:

internal and external transactive knowledge. The study was thus able to answer Research Question 2 by outlining the nature of marketing knowledge and identifying its specific characteristics.

6.2.3 RESEARCH QUESTION 3: How are marketing knowledge resource inputs transformed into marketing capability and sub-capabilities?

The process of transforming marketing knowledge resources into marketing capability was found to involve the integration of marketing knowledge via three mechanisms: knowledge codification, knowledge articulation, and experience accumulation. These three mechanisms operated in different ways according to type of marketing sub-capability. Thus, the development of marketing capability results from combining the knowledge integration mechanisms in different ways, depending on the nature of the knowledge that underpins the sub-capability. How marketing knowledge is integrated, and how some types of integration capability are developed, was also found to depend on context in the cases of Architectural Marketing capabilities (strategic marketing planning and marketing strategy implementation); one Second Order Marketing capability (customer relationships management); two Specialised Marketing capabilities (product management and selling); and Dynamic capability. The relevant contextual aspects were the type of customer being targeted; whether the organisation offered goods or services; the culture of the organisation; the level of marketing maturity displayed in the organisation; the structure of marketing; the extent to which it comprised marketing specialists or generalists; and the individual expertise of the most senior marketing person in the team. The study was therefore able to outline the process by which marketing capability is developed, by describing the mechanisms for the integration of marketing knowledge and their variations.

6.3 RESEARCH CONTRIBUTION

6.3.1 THEORETICAL CONTRIBUTION

Corley and Gioia (2011) propose that theoretical contribution “rests largely on the ability to provide original insight into a phenomenon by advancing knowledge in a way that is deemed to have utility or usefulness for some purpose” (Corely & Gioia, 2011, p. 15). The main theoretical contributions of this study are outlined in Chapter 2 and Chapter 6, where paucity in the literature is demonstrated, and findings that either provide enriching concurrence or add new knowledge about marketing capability are outlined. Overall, this study has added to the understanding of marketing capabilities by synthesising insights from the fields of strategic management, organisational capability, the knowledge-based view of the firm, marketing, and marketing capability. It has expanded the understanding of marketing capability by outlining a comprehensive framework of types of capabilities, and illustrated how the sub-capabilities interact, and added new insights to the field of marketing capability literature by outlining the nature of marketing resources (and specifically

marketing knowledge resources), as well as illustrating the ways this resource is integrated into marketing capability.

In comparison to the field of organisational capability, explorations of marketing capability are relatively new (Moorman & Day, 2017; Morgan, 2011). The study applied findings from the organisational capability literature to outline the nature of marketing capability as consisting of the following elements: marketing knowledge resources as inputs and mechanisms that transform marketing knowledge into marketing capability to produce desired marketing outcomes.

The study advances the frameworks of marketing capability proposed by Morgan (2012) and Day (1994). Using rich findings from marketing in practice, the study confirmed four groups of capabilities: Architectural, Second Order, Specialised, and Dynamic capabilities. Two additional groups of capabilities were identified, one specific to marketing – Creative Marketing capability – and one operating at an organisational level: Marketing Enabling capabilities. The study also was able to identify the sub-capabilities within Creative Marketing and Marketing Enabling capabilities. The frameworks were further expanded by outlining 16 sub-capabilities making up the initial groups of marketing capabilities and outlining the types of activities underlying each. This has contributed to understanding types of marketing capabilities in greater depth, closing the gap noted by Morgan as “the constituent specialised, architectural, cross-functional and dynamic marketing capabilities have yet to be comprehensively identified and catalogued” (Morgan, 2012, p. 106). Adding the existence and sub-components of Creative Marketing Capability has further enriched a previously neglected aspect of marketing capability theory: the existence of creative ability in marketing practice. Introducing and outlining the components of a new organisational capability, Marketing Enabling Capability (internal stakeholder management and third-party management), has permitted the use of insights from other theories, such as stakeholder management theory, to enrich knowledge of marketing capability by outlining factors enabling the practice of marketing within organisations.

There have been previous explorations of how specific combinations of marketing capabilities interact with one another (e. g. Vorhies, Orr & Bush, 2011), but limited scholarly attention has been paid to how all the different types of marketing capability work together. This study was able to propose a conceptualisation for this, using the marketing capabilities framework. The study suggested the following: Architectural Marketing capability is made up of combinations Second Order and Specialised Marketing capabilities; Second Order capabilities are made up of combinations of Specialised Marketing capabilities; Creative Marketing capability is an input into Architectural, Second Order and Specialised capabilities; Marketing Enabling capabilities enable the practice of marketing; and Dynamic capability acts on all marketing capabilities by adapting them in response to changes in environment.

In terms of marketing resources, the study identified seven types of marketing resources, building on both Strivastava and Morgan's conceptualisations (Morgan, 2012; Strivastava, 2001). These were financial, physical, reputational, relational, organisational, and knowledge marketing resources. These findings contributed to closing another gap in the literature noted by Morgan: "marketing resources have not been discussed explicitly in the literature in any great depth" (Morgan, 2012, p. 104).

The review of the literature uncovered limited exploration of the nature of marketing knowledge. This study was able to provide some insights to advance understanding by applying the knowledge literature. Five features of marketing knowledge were identified as having a bearing on marketing capability development: tacitness, explicitness and levels of declarative, procedural and transactive knowledge. The study was further able to expand the notion of transactive knowledge by distinguishing between internal and external transactive knowledge.

This study utilised the knowledge-in-practice model proposed by McIver et al. (2012, 2013) for the first time within the context of marketing to elucidate the nature of knowledge underpinning specific marketing capabilities (McIver et al., 2012, 2013), thus expanding the McIver model. These scholars' classification of learnability and tacitness was extended by the addition of medium levels, to accommodate knowledge with a mix of levels that is not as dichotomous as the original model suggested.

Zollo and Winter (2002) outlined three knowledge integration mechanisms that they applied to the development of Dynamic capability. This study, however, found evidence of each of these mechanisms, regardless of whether the capability was dynamic or not. This suggests that Zollo and Winter's conceptualisation may be applied to a wider number of capability types than previously thought.

The study also synthesised extant findings regarding the nature of marketing knowledge and mechanisms of marketing knowledge integration, to outline how the six overall groups and their associated sixteen marketing capabilities are developed. This has not been explored in the literature previously. Additionally, the study has identified four contextual characteristics impacting on the development of marketing capability: whether the organisation offers goods or services; the type of customer targeted; the level of marketing maturity displayed; and the marketing expertise of senior marketing leadership.

Corley and Gioia (2011) state that, to make a theoretical contribution, perceptions should be changed. This section has described how the extension to existing theory made in this study have changed perceptions regarding types of marketing capability and its sub-capabilities, as well as how marketing capability is developed.

6.3.2 METHODOLOGICAL CONTRIBUTION

Bloomberg and Volpe suggest that methodological significance arises from “engaging research methodology in novel, creative or insightful ways” (Bloomberg & Volpe, 2012). This study was conducted using a multiple embedded case study design. The methodological contribution is therefore twofold: the use of a qualitative methodology, and within this, the case study design.

The majority of extant studies exploring marketing capability have taken a quantitative approach. An early paper by Bonoma also drew attention to this from an overall marketing perspective, adding that most such research employs “indirect measures of behaviour (e. g. verbal reports rather than direct assessment” (Bonoma, 1995, p. 202). Zinkhan’s assessment of the research traditions in marketing, exploring only three specific areas – consumer, sales and advertising research – reached the same conclusion (Zinkhan, 2006). This has also been noted more recently in the marketing capability arena, where some scholars have argued that important insights regarding the nature of marketing capability and how it is developed are being missed due to the lack of qualitative methodology being applied. For example, in their study examining the practice of marketing, Dibb et al. (2014) noted “there is scope for a programme of deeper qualitative content to supplement the findings reported here. Future research involving a series of in-depth interviews with marketing professionals as they go about their work”, adding that a qualitative approach “could shed further light on how and what the individuals actually do in the course of their jobs” (Dibb et al., 2014, p. 398).

The other area where this study was able to make a methodological contribution was in its use of case study design. There has been very limited use of case studies in understanding marketing capability and indeed, in the broader capability literature, despite scholars noting that this approach could yield important insights about the development of organisational capability, and by implication, marketing capability (Pentland & Feldman, 2008).

6.3.3 EMPIRICAL CONTRIBUTION

This study has made an empirical contribution in identifying and explaining the types of sub-capabilities that make up marketing capability. It has additionally outlined the nature of marketing knowledge and how this knowledge is integrated in the development of each type of marketing capability.

A further empirical contribution was made through the context of the four cases: financial services, heavy machinery, beverages and marketing and communications services. The study was able to identify where specific contextual characteristics had an impact on how marketing knowledge is integrated and, as a result, capability developed.

The study was also conducted in an emerging market context, namely South Africa. As Zinkhan noted, “there is increasing concern that much of marketing knowledge concentrates too heavily on studying empirical regularities in the US economy”, and where other countries are explored, “authors often study international data” (Zinkhan, 2006, p. 282).

6.3.4 PRACTICAL CONTRIBUTION

Corley and Gioia’s description of the ‘practical utility’ of a theory provides a useful basis for assessing the practical contribution of this research. They outline practical utility as consisting of the ability to directly apply the findings to “the problems practicing managers and other organisational practitioners face” (Corley & Gioia, 2011, p. 18). This aligned with one central focus area of this research: understanding the various types of marketing capability in practice.

The study illustrated the importance of senior marketing expertise in building marketing capability, especially in organisations where there is low marketing maturity. This implies that in these types of environments, the choice of who to recruit into this role is critical, not only for improving perceptions of the discipline, but also for spearheading and generating momentum to develop capabilities. Within this context, the choice of person should also take into account the proficiency and preparedness of that individual to develop marketing capabilities within the organisation.

This study also provided practical insights on how marketing capability should be developed both in tertiary institutions and within organisations. It could be argued that marketing education, particularly at undergraduate level, tends to focus on specialised marketing capabilities. This study suggests that, while these capabilities are important, they are ‘passport factors’ that tend to be standardised and codified within organisations. This may thus not be the area where marketing adds its greatest value. There is an opportunity to ensure other capabilities are taught, most notably how marketing gets done through the management of internal stakeholders and third parties, and the value-add

that marketing provides for, for example, creative solutioning capability. The study provides evidence to argue that those already in marketing do not themselves spend enough time on building their skills in these two areas. The study also identified a tendency for marketing practitioners to increasingly outsource creativity to agencies. The evidence from the research suggests that creativity, especially as it relates to creative solutioning, should be brought back into marketing departments. Because creative solutioning in particular is a key source of differentiation, organisational investment in skills development would be worthwhile.

The study provided some insights for human resources practitioners with regard to how the learning and development plans for marketing capability could be approached. Codified approaches through, for example e-learning or classroom learning, can be utilised for the development of new product development, market research, pricing management, marketing communication, selling, and channel management capability. The development of product management capability can, in the majority of cases, also be developed in this manner, except where the product relies on the expertise of individuals within the organisation, such as in B2B services organisations. Strategic Marketing planning, marketing strategy implementation, Dynamic capability, internal stakeholder management and third-party management ideally require a component that is codified combined with coaching and on-the job training. Creative solutioning capability can only be taught via experience accumulation and as such should follow a learning path which encourages on-the-job learning and examination of anticipated versus actual outcomes. Customer relationship management is a capability that is most dependent on the context of the organisation and human resources practitioners would need to take this into account in developing learning plans. In contexts where there are standardised or 'packaged' products or services offered that rely on large numbers of customers, a more codified approach can be used. However, where there is a smaller group of customers, and the relationship management process relies heavily on individuals and personal style, this requires learning via gaining experience.

The findings highlighted an over-focus was identified on specialised capabilities in marketing practice; yet, the research suggests that the most highly codified marketing knowledge and capabilities may easily be conducted by other parts of the organisation, or even automated. The trend towards the dispersion of marketing capability noted by Webster is indicative of this: "In practice, many elements of the central marketing function have been 'centrifuged' outward and embedded in functions as diverse as field sales and product engineering" (Webster, 2005, p. 36).

The study found that marketing capability is made up of a number of sub-capabilities developed through different types of knowledge. This, in turn, means that the development of marketing capability results from a diverse range of knowledge integration mechanisms. Effectively developing

marketing capability therefore demands the incorporation of all three aspects of knowledge integration: knowledge codification, knowledge articulation, and experience accumulation. This implies a need to move away from sole reliance on tertiary education, organisational classroom training, and e-learning towards a more integrated approach.

One-on-one coaching was found to be a key path for knowledge articulation. Yet, managers are seldom taught to be functional marketing coaches: how to teach the development of marketing capability through the use of in-context training. This tool could with benefit be given to both generalist and specialist practitioners in the development of marketing capability in their organisations.

Similarly, this study found that experience accumulation and, most notably, on-the-job training is critical in developing marketing capability. While this is generally a task undertaken within organisations when recruits start work, there is an opportunity to develop this experience as a part of tertiary training. Many institutions offer the opportunity to work on practical cases or real business problems, but to develop the skills required for Enabling Marketing capabilities, marketing students need to go beyond this: to learn how the practice of marketing happens within a real-life organisation with its consequent reliance on the internal stakeholders and third parties. In the same vein, practitioners – instead of allocating interns only to technical and ‘safe’ marketing projects – should ‘drop them in the deep end’ (with supervision), exposing them to what can go wrong as well as right in the practical context.

Study findings on the importance of coaching and on-the-job training suggest that the notion of apprenticeship may have more utility than that of internship. Exploring the difference between schooling and apprenticeship, Collins, Brown & Holum (1991) make the distinction between traditional and cognitive apprenticeship. Traditional apprenticeship is where “the expert shows the apprentice how to do a task, watches as the apprentice practices portions of the task and then turns over more and more responsibility until the apprentice is proficient enough to accomplish the task” (Collins et al., 1991, p. 2). This is most suited to tasks that are easily observable, and could be applied to Specialised and some Second Order Marketing capabilities. The other form of apprenticeship these scholars outline is cognitive apprenticeship, where “one needs to deliberately bring thinking to the surface, to make it visible” and “by bringing these tacit processes into the open, students can observe, enact and practice them with help from the teacher and from other students” (Collins et al., 1991, p. 3). This could be applied to marketing capabilities such as Creative Solutioning, Dynamic, and Enabling Marketing capabilities.

One other way that knowledge articulation played a role in marketing knowledge was through discussion and debate: the 'learning in talk' aspects of marketing highlighted by Mason and Leek (2012). Marketing is often so focused on the outputs to be delivered that this aspect is neglected. One way this could be encouraged is through the deliberate development and use of communities of practice, e. g. communities of marketing practitioners within an organization, focused on creative solutioning (Wenger, 2011).

The findings suggest that the practical guidelines could provide an approach for the development of marketing capability at each stage of the marketing process. The first step involves identifying which marketing capability is required. For example, the development of the marketing strategy, the management of the brand, or the management of internal stakeholders. The second step would then be to match how that capability would be developed within the organisation. To illustrate, the following could be utilised by senior marketing and human resources to understand how to close capabilities gaps in each stage. Practitioner recommendations are outlined in Table 6.1.

TABLE 6.1 PRACTITIONER GUIDELINES FOR THE DEVELOPMENT OF MARKETING CAPABILITIES

Marketing Activity	Role of Senior Marketing Practitioner	Factors to consider
Strategic Marketing Planning	Share codified processes where available Develop codified processes Step by step coaching Allow less experienced marketers to learn through trial and error	Extent to which the most senior marketing person determines the approach.
Marketing Strategy Implementation	Share codified processes where available Develop codified processes Step by step coaching Allow less experienced marketers to learn via trial and error	Extent to which the most senior marketing person determines the approach.
New Product Development	Share codified processes where available Develop codified processes Develop training to share codified processes (with HR)	Easily codified
Brand Management	Codify aspects such as brand visual language, art direction, iconography, etc. Step by step coaching for application Allow less experienced marketers to learn through trial and error	Always include mix of codification, coaching and experience
Customer Relationship Management	Codify in environment where high numbers of customers and teach One-on-one coaching and experience where personal relationships to be developed	Highly context specific Depends on nature of the organisation
Market Research	Share codified processes where available Develop codified processes if not available Develop training to share codified processes (with HR)	Easily codified, utilise internal and external specialists
Pricing Management	Share codified processes where available Develop codified processes if not available Develop training to share codified processes (with HR)	Easily codified, utilise internal and external specialists
Marketing Communication	Share codified processes where available Develop codified processes if not available Develop training to share codified processes (with HR) Use experts and external training to close gaps on new communication approaches e. g. digital	Easily codified, utilise internal and external specialists
Selling	Share codified processes where available Develop codified processes Develop training to share codified processes (with HR)	Easily codified, utilise internal and external specialists Link nature of the product and selling capability.
Channel Management	Share codified processes where available Develop codified processes if not available Develop training to share codified processes (with HR) Use experts and external training to close gaps on new communication approaches e. g. digital	Nature of the channel: in B2B services this may be the person.
Product Management	Share codified processes where available Develop codified processes Develop training to share codified processes (with HR)	Nature of the product as tangible or intangible, link to selling.
Creative solutioning	Use experience to develop and improve capability	Ensure organisational capability focus rather than outsource all to agencies
Dynamic	Develop principles that can be applied from other areas Practice Use experience to develop and improve capability	Levels of codification can be improved through application of models such as agile and lean
Internal stakeholder management	Implement guidelines and governance processes where possible One-on-one coaching Use experience to develop and improve capability	Level of marketing maturity in the organization
Third-party management	Implement guidelines and governance processes where possible One-on-one coaching Use experience to develop and improve capability	Can be codified using overarching guidelines but still needs coaching and on-the-job experience

6.4 LIMITATIONS OF THE STUDY

Because this was a qualitative study, it cannot be easily generalised to other contexts. This is a general feature of qualitative research as outlined by Yin (2009).

Another limitation is the nature of the cases studied. None of the cases came from a multi-brand organisation: although DrinksCo did manage sub-brands, these were brand extensions. A further aspect to note is that AdCo was a particular type of B2B services organisation, operating within the marketing and communication discipline. Exploring marketing capabilities in other B2B services environments, such as architectural or legal firms, may therefore yield different results.

The study was limited to the role that the integration of marketing knowledge plays in the development of marketing capabilities. Research in the area of organisational routines suggests that this is also another area which can yield insights into how marketing capability is developed within marketing capabilities. Zollo and Winter (2002) also highlight this in their analysis of capability development. Exploring marketing routines and their impact on developing marketing capability is therefore another area that should be explored.

One limiting methodological factor may have been the relationship of the researcher to some of the respondents in the cases. In the case of FinCo, the researcher was employed at the company as a marketing executive at the time of the interviews. As such, the researcher was in a senior position to some of the participants. In addition, AdCo did provide marketing and communication services to FinCo at the time of the interviews, and the researcher was a customer of some of participants as well. Within this context, extensive measures were taken to ensure that these existing relationships did not result in any bias in the research findings. To mitigate against these potential issues, the researcher emphasised the confidential nature of the research, both in the research consent form and in the discussions. In addition, the researcher de-emphasised hierarchical relationships during the discussions through the tone and manner.

6.5 RECOMMENDATIONS FOR FURTHER RESEARCH

This research presents a number of opportunities for future work, particularly since marketing capabilities and how they are developed have received relatively little attention. Broad areas that could be explored include marketing in different contexts, applying the capability findings using a quantitative methodology, exploring the additional capabilities identified in more depth, and further enhancing the understanding of how marketing capabilities are developed.

From a contextual viewpoint, the opportunity exists to explore the types of marketing capabilities and their development in an organisation with a portfolio of different sub-brands, to understand

whether this differs from the observations in this study. Similarly, since AdCo is a B2B organisation providing marketing and communications services, additional insights might be obtained by exploring the issue in a different B2B services context such as a legal or architectural firm.

Because this study's qualitative approach limits the transferability of the findings, these may benefit from testing that employs a quantitative research design, for example: testing the marketing capabilities framework across different contexts; matching each marketing sub-capability to the process of development to explore if differences emerge; quantifying the role individuals play in marketing to understand the impact of individual level capability on organisational marketing capability when the individual leaves the organisation; and assessing the application of the tacitness and learnability framework within different types of organisations.

Two additional groups of capabilities involving marketing were identified in this study and further investigation of these categories and their sub-capabilities should be undertaken. Specific capabilities that warrant further investigation are understanding creative capability and its impact on marketing, and exploring marketing stakeholder management and what happens when marketers lose their seat at the boardroom table.

Finally, how marketing capabilities are developed has probably received the least attention in the marketing capability literature and thus offers many opportunities to improve understanding at both organisational and individual levels. One example would be to explore how the concept of apprenticeships and communities of practice can be applied in developing marketing capability. Additionally, there is an increasing focus on organisational routines within the strategic management literature; these have been identified as key ways in which organisational capabilities are developed. Applying these insights to marketing capability (for example, to explore how marketing routines impact on marketing capability and identify which routines lead to specific types of capabilities) could further enhance the field.

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APPENDICES

APPENDIX A: DETAILED CASE CONTEXTS

A1 CASE CONTEXT: MACHINECO

Business context

At the time of the interviews, the operating environment for MachineCo was undergoing significant change; the industry was moving out of a supercycle and into period where margins were starting to decline. This is as a result of the slowdown in commodity markets and the construction industry, both globally and locally within South Africa. In spite of the difficult operating environment in which MachineCo finds itself, their strategic focus is still on growth. There is strong emphasis on the contribution that each part of the business can make to the organisational growth agenda.

Although MachineCo has in the past operated fairly independently from its global parent company, indications are that increasing levels of alignment are being demanded in terms of the way in which the business functions. This is impacting all parts of the organisation including marketing. The parent company utilises the concept of growth territories (since these receive more support and focus) to incentivise their subsidiaries and to encourage alignment on thirteen core organisational capabilities. An assessment of organisational capabilities at MachineCo is conducted every year and reported to the parent company. Capability building is also included in the performance contracts of employees and they are required to learn at least three new capabilities or have completed three courses per year.

At the time of the interviews, many of the capability development programmes focused on sales rather than marketing. MachineCo is perceived by others within the industry to be a 'university' for sales people in particular, as the company invests so much time educating their sales staff. They view this with pride, in spite of the fact that many sales staff are poached by competitors as a result.

Marketing Context

The way in which marketing had been managed at MachineCo for the past 88 years illustrated that it had not been viewed as a strategically important function. During this time, marketing fell under sales and their contribution was limited to advertising and events. Culturally, marketing was relegated to the background and described as the place for employees who the company did not know what to do with. As the CMO, Sally, describes:

Marketing was the place for people who basically had maybe failed in another region or hadn't done as well as they should have done, so it was let's just put them in marketing, it's easier to not have to pull the plug (Sally, p3).

In spite of a very strong culture of developing capability internally at MachineCo, the decision was taken to bring in senior marketing expertise from the outside. This suggests that the management of the company at the time felt that they could not develop these capabilities in-house. This is not surprising in view of the fact that the history of the company is sales-oriented rather than marketing-oriented, and so this is not where their core competence lay. Thus, the knowledge that was needed was from an external source.

Evident from this timeline is that there were specific catalysts that led to shifts in how marketing capability is approached. The first was the re-launch of “Across the Table,” the global capabilities handbook, which prompted a review of the organisational marketing capability at MachineCo. This was then followed by the recognition that this capability was not available within the company and external expertise was needed. Hiring marketing expertise from outside provided the impetus for the evolution of organisational marketing capability in MachineCo. Once the CMO had been put in place, she set about introducing a focused approach based on her individual marketing expertise.

Sally is thus focused strongly on marketing, proving the commercial contribution they can make to the organisation. She is introducing a marketing approach in MachineCo where the team take a proactive rather than reactive role. This moves marketing away from being viewed as only a service provider i.e. where the business tells marketing what they need and there is no strategy in place, to a partner that contributes to the growth of the business.

The role of marketing as a strategic contributor at MachineCo is therefore evolving, and this means that there is also increasing focus on developing marketing capability as part of the organisation’s overall growth agenda. The commercial imperative for growth as a catalyst for enhancing marketing capabilities was highlighted more than once in the interviews. The local business needs to demonstrate close alignment with the priorities of the parent company (one of which is marketing), because if this did not take place, MachineCo would not be classified as a growth territory, and as such be unable to take on new territories. The consequence of this is that the potential growth of the local organisation could be stalled.

A2 CASE CONTEXT: ADCO

Business Context

At the time of the interviews, DrinksCo formed part of a larger company that sold both alcoholic and non-alcoholic beverages, but was in the process of being sold to another company that focused only on soft drinks. There was, therefore, uncertainty in the company at the time. As Shoelene describes:

And of course [the pending buy-out] has thrown a massive spanner in the works because there is no single-mindedness, there is no focus because we don't know what the outcome is. Are we moving [to the buyer], are we staying on, are we leaving, what is the brand about, is the brand going? Can we even talk about what the brand is doing in two years' time? Not really because who knows? So of course, we are now completely derailed and it has been a frustrating process because the longer this lasts, the more people feel derailed (Shoelene, p11).

DrinksCo operates in the highly competitive carbonated soft drinks and fruit juice categories. The company has a wide market portfolio, i.e. competes in many markets, but a narrow brand portfolio, i.e. has a few brands. They focus primarily on one brand with flavour extensions. While the brand is available in different parts of the world, it is still in its infancy in most countries. Within South Africa the brand is at a mature stage within the beverages category and is very well known. A key feature of the DrinksCo brand is its South African origins and these are important to the culture of the organisation and its growth.

The company sells its products through grocery channels and on premise channels (restaurants, bars, nightclubs, etc.). Distribution is through a two-tiered structure and their focus is on both the customer in the retail channels and the end consumer buying the product in those channels.

The strategic focus of DrinksCo is on growth via brand, pack and product extensions. A key challenge is balancing the premium positioning of the brand with the price conscious nature of the end consumer.

Marketing Context

DrinksCo has a small marketing team comprising four employees at the time of the interviews. Thus, the team members tend to act more like multi-disciplined marketers than perhaps a marketing team might in a larger company where there is a greater amount of specialist marketing support available. The smaller nature of the organisation also provides the marketing team with more flexibility, enabling them to do things the way they want to.

As illustrated in the business context, the brand and marketing are seen as key to achieving the growth ambitions of DrinksCo. As such, marketing capability is viewed as a strength and is central to delivering their strategic objectives. However, marketing's contribution is frustrated by what is described as a lack of functional integration at DrinksCo, which slows things down. Leadership at DrinksCo is criticised for not providing enough of an enabling environment to perform marketing well. In the view of some of the respondents, a single-minded vision regarding the organisation is lacking and this is having a negative impact on an integrated approach.

A culture of continuous learning is encouraged within the marketing team at DrinksCo. This involves each person learning what they would need to do to move to the next stage of their career. Formalising capability building at DrinksCo is a relatively new focus, but the head of marketing, Anne, had had experience in this area at previous companies. Tools such as competency guides are being utilised more frequently and a focus is starting to emerge on building the competencies of those individuals that were identified as talented.

The process of developing marketing capabilities at DrinksCo has evolved from being very self-directed and distanced from the parent company to recently moving closer and leveraging off their courses and expertise. Anne mentioned that this was being driven by external legislation within South Africa that allowed benefits to be gained from reporting levels of training. However, in most instances, this did not entail specific training courses for marketing, but focused on developing overall business skills such general management.

A3 CASE CONTEXT: FINCO

Business context

At the time of the interviews, the nature of the financial services industry was undergoing significant shifts. The forces shaping South African banking at the time were the shift into digital channels by customers; increasing levels of regulation globally and locally; intensification of competition, particularly with non-banking players entering the market; shifts in demographics with an increasingly youthful population; a growing banked population, but high unemployment; and a proliferation of innovation within the category including mobile payments, social networks, more customer-centric business models and the use of big data (FinCo, D54:1). These shifts are the result of both the economic environment, which is becoming tough with low economic growth, and customers who are increasingly indebted and therefore struggling to meet their financial obligations. At the same time, however, customers in financial services are becoming increasingly demanding of the financial services companies that they choose, demanding better service and more value for the fees that they are paying. Within this context, a relatively new player in the market was starting to make in-roads into the market share of the established incumbents through a simple proposition based on offering a limited product portfolio, superior service and good value for money. In spite of all of these challenges, the focus of the retail part of FinCo was still firmly on growing the business. This included growth in numbers in specific customer segments and for products, as well as growth in revenue (FinCo, D53:9).

From the CMO, Natalie's perspective, FinCo is not customer oriented and the customer does not drive the organisational agenda. She described observing this especially when new people joined the team from FMCG companies:

The lack of customer-centricity of the organisation freaks them [marketing team] out as marketers and they don't know how to begin because they have worked for an organisation before that was pushing them into customer-centric behaviour and client understanding and now they don't even know how to have the conversation because no one is even talking to them (Natalie, p3).

Another defining characteristic of FinCo is the size and complexity of the organisation. It consists of over 35 000 employees in South Africa and operates via a complex matrix structure. On the one hand, FinCo is structured along business lines, and within the context of the retail bank this was according to both type of customer (lower income versus higher income for example) and product, for example home loans, credit card, and transactional accounts. On the other hand, the operational functions of the business (marketing, finance, human resources, risk, credit and IT) are structured using a centralised operating model whereby members of these teams 'partner' with the business lines to provide their respective functional services. Overall, FinCo is an organisation that is very siloed, and this also impacted to a large extent marketing's ability with the company. Thus, accomplishing things is fundamentally dependent on building good relationships across the organisation.

Marketing Context

The marketing context in FinCo was in flux at the time of the interviews. Senior marketing people were questioning the role of marketing in a general sense and also the role of marketing in the company specifically. New approaches to managing marketing are being discussed and experimented with, such as agile, lean, holocracy. As a result, the capabilities that marketers would need in FinCo are also being questioned and rethought.

From a functional marketing perspective, many of the functions that may be considered 'marketing' are not performed by the marketing department, but are split across more than one department in Finco. There was also a view from within marketing that, given the changes in demands being made on them and the size of FinCo, it was not possible for one department to manage the expectations and deliver what is required. This was also articulated from the perspective that marketing should be embedded in across the organisation rather than the responsibility of only one department. The marketing team in FinCo therefore have more of a brand and marketing communications function as opposed to taking full responsibility for all aspects of the marketing discipline on their own.

Although those who worked within the marketing team are experienced and skilled in their field, overall the organisation is still at a relatively low level of marketing maturity. This is driven by a number of factors: marketing is seen as a less important function in the business, there are low levels of understanding of marketing at the executive level, the brand is not viewed as a key part of the business, and there is a lack of alignment regarding what marketing capabilities are important at

FinCo. The role of marketing is seen as secondary rather than as one of the key drivers of the business agenda, and is referred to as a “support function to tell them [the rest of the business] about the stuff they think they already know that customers need” (Natalie, p2). The following description by Tina also illustrated how marketing is perceived in Finco:

Like we are freezing account accounts again if you read the [customer] letter, it is the most confusing letter in the world and some ‘poephol’ in compliance has written it and given it to the poor marketing guys and said, ‘this must go out today’ and I have only given it to you this morning. So, the poor marketing person is thinking ‘%\$@#, %\$@#, %\$@#, the email has to go out because otherwise I am going to get into trouble.’ They are not actually having the time to do the customer piece (Tina, p9).

This type of behaviour is viewed partly as a function of the low level of marketing understanding at C-suite and executive management level within the business. For example, Natalie, the CMO, described having to remind herself to ‘go back to basics’ in her interactions in order to educate those at more senior levels.

This also emerged in relation to the role that the brand proposition plays in FinCo. As Janet outlined, the brand is not seen as central. This was further illustrated through descriptions from respondents, which detailed needing to change their language from, for example, using the word ‘brand’ to rather using the word ‘reputation’, as it is seen as more palatable by the organisation and less ‘marketing-speak’. However, recently there had been an increasing recognition by the c-suite level executives that the brand/reputation was going to be an important part of the journey towards the company achieving its financial objectives and that internal changes are required to meet the challenges of a shifting business landscape. As a result, brand and reputation were included as one of the key workstreams in a set of company-wide initiatives. This recognised that to deliver the strategy that the overall organisation had put in place, FinCo would need “a clearly defined brand that was universally relevant and understood and consistently delivered” (FinCo D53:2).

Natalie asserted that there is not a common view within the company of what should be developed in FinCo. She drew attention to the fact that this differs at different levels within the organisation, as well as among different people. She again alluded to the fact that this is driven to a large extent by the lack of knowledge of the executives (C-Suite level of marketing in general).

Some of the additional frustrations that were experienced by the marketing team are the difficulties experienced with regard to effective implementation resulting in large part from the low levels of marketing maturity, the lack of accountability for outcomes, and the sense that multiple stakeholders were involved in the marketing process. Natalie cited frustration that, since marketing is not wholly

supported in practice by all C-suite executives, this makes effective implementation difficult. This also creates a tension between marketing and the rest of the business who, discussing marketing, were often on opposing side of the fence, jostling for what they believed was the right thing to do for the organisation. Walter described an organisation from a marketing point of view where everyone weighed in on what marketing should be done and where there was little discipline in terms of marketing implementation and governance. This power struggle has an impact on how marketing is perceived and thus how it was done at FinCo.

A4 CASE CONTEXT: ADCO

Business context

Three key themes emerged with regard to the business context within which AdCo is operating. These are finding new sources of growth; the impact of changes in the broader environment, on client demands and in the company; and the struggle that the industry is facing in attracting talent. The fundamental business question that concerns AdCo is how to find new sources of growth in an environment where agency margins are continually being squeezed by competitors. Coupled with this is that the rate of growth of “traditional advertising” is slowing down significantly and moving more into digital, design, and strategy development. The group MD, Dean, felt that growth was going to come from existing clients, but they would also need to, as he described it, ‘buy market share’ through specialisation:

We are also going to get a point where we have to buy market share and in buying market share our strategy will be to buy specialists that support our holistic offering (Dean, p. 3).

AdCo needs to be able to cater for different kinds of client needs within the context of this increasing demand for more digital solutions. This was driving AdCo to change how they approached the market, for example:

[Smaller clients] are not going to do a three million rand or a four million rand or a ten million rand TV commercial, they want to do a very quick five hundred thousand rand YouTube insert.... So again, it is about getting our market approach right and making sure that we've got the right businesses for the right requirements (Dean, p. 3).

These changes are being felt within AdCo on three levels: the broader environment, in client demands, and within the company. These included the speed at which the industry is changing, particularly as a result of digital technology and the struggle that AdCo has in trying to keep up. Dean described a world where time and resources are increasingly scarce, and thus one of the key decisions that needs to be made within this context is how to deploy these resources. This sense was echoed by Michelle:

The world has changed so vastly, and it has changed for everybody in the business space, not just us. And technology, I mean that is the explosion and what are we in the new world and how do we make sure that we are delivering in the new world. And it really is changing the tyre while the car is running (Michelle, p. 10).

The ways that clients are interacting with agencies is also changing. While the trend within the industry is to have one agency offering multiple services, Dean observed that the demand from clients seemed to be to want to also buy services from specialist agencies. This left the AdCo in a dilemma as to how to best structure themselves to effectively compete.

In response to these shifts in the environment, at the time of the interviews, AdCo was going through a great deal of change in terms of defining its offer to the market, determining its positioning, and deciding how it was going to be structured. One of the cornerstones of the AdCo cultural philosophy was challenging convention and disrupting the norm, which was seen to be an important asset in view of the big changes happening in the industry.

Capabilities development is core to achieving the business objectives and opening new sources of growth. There is a sense that the traditional capabilities of old are not necessarily going to take them into the future, and so the expertise they are recruiting for is now focused on digital, consulting, and analytics. The development of capabilities includes not only those in Adco itself, but also the development of capabilities on the client side. This is seen as integral to being able to produce and implement good creative work.

Marketing Context

In response to the challenges in the industry as a whole, particularly regarding finding new sources of growth and the emergence of new growth categories, such as digital, design, and strategy, AdCo wants to move away from simply being viewed as an advertising agency and rather position themselves as a holistic marketing and communications organisation. However, there is confusion in the industry between the parent company and one of the group companies that had built up a reputation over many years in South Africa. The organisation therefore needs to establish the positioning of the overall company with the sub-companies as various specialists. The intention is to create a 'house of brands' architecture, where the group company acts as an endorser brand for the sub-companies.

AdCo does not have a marketing team and the responsibility for marketing lies with the managing director of the organisation and the subsidiaries. Due to the relationship-based nature of the way in which AdCo interacts with current and prospective clients, the Group MD said that clients want to interact with the person they are going to be working with, rather than a separate marketing or sales person.

APPENDIX B: DETAILED WITHIN CASE ANALYSIS

This appendix outlines the within-case analysis of each of the four cases and the purpose is to provide an overview of each case before exploring a cross case analysis. As Eisenhardt outlines: “The overall idea is to become intimately familiar with each case as a stand-alone entity. This process allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases. In addition, it gives investigators a rich familiarity with each case which, in turn, accelerates cross-case comparison”. (Eisenhardt, 1989, p. 540)

The four cases are discussed in turn in the sections below. The analysis of each case focuses on the types or marketing capability outlined at each case, marketing resource inputs, and the process of marketing knowledge integration. The conceptual frameworks outlined in Chapter Two are applied as part of these discussions. Each case analysis then ends with an overall summary of key observations and findings. This section focuses on the findings most relevant to answering the three research questions. Detailed findings relating to other aspects of interest, such as the business and marketing context of each case, are included in Appendix A.

B1 MACHINECO: WITHIN CASE ANALYSIS

TYPES OF MARKETING CAPABILITIES AT MACHINECO

In the past, marketing capabilities at MachineCo were embedded into the sales capabilities. In 1927, the global organisation launched an initiative they called ‘Across the Table,’ described as a ‘little blue book’ outlining the operational requirements or capabilities of a dealer.

‘Across the Table’ had been re-launched in MachineCo eighteen months prior to the interviews being conducted. It includes thirteen sets of organisational capabilities, for example Human Resource Practices and Policy Studies, Vision and Ethics, and Sales and Technology Capabilities. Within each capability a further ten to twelve sub-capabilities are outlined. Included are the specific capabilities that Sally, the CMO, incorporated into her marketing capability framework: brand management (maintaining consistency and equity of the calibre of the brand); digital capabilities (online selling and e-business); general marketing capabilities (the need to have a strategy to sell to the market, the value proposition, the ability to do marketing, the ability to create a proposition, and customer experience management). Sally’s initial focus is on four specific marketing ‘pillars’: reputation management; customer experience management; marketing operations; and e-business/digital.

Architectural, Second Order, Specialised, and Dynamic capabilities were observed in MachineCo. Some capabilities that could not be classified under the existing categories emerged in MachineCo: creative solutioning; internal stakeholder management; and management of third parties. Creative solutioning was categorised into Creative Marketing capabilities. Internal stakeholder management

and managing third parties were capabilities that facilitated the performance of marketing, but which were not restricted to the marketing department only. They were therefore grouped together under the descriptor Marketing Enabling capabilities. In addition, certain individual traits are described as key in the development of organisational marketing capability: displaying a 'passion' for the marketing function; innate curiosity; and a desire to challenge the status quo. Each of these capabilities is described in detail in the sections below.

Architectural Marketing Capabilities

Architectural marketing capabilities in MachineCo consist of strategic marketing planning and implementation. Strategic marketing strategy planning is described as having two important components: the need to take into account the entire value proposition of MachineCo; and the need for a 'golden thread' throughout, aligning objectives with the related activity of marketing strategy implementation.

The marketing strategy is described in a document incorporating input from other functional areas within MachineCo. The process includes asking the functional teams as many questions as possible, reviewing the business and growth plans of stakeholders, and then producing an aligned marketing strategy. Lana outlines this process as follows:

Go and sit with the manager for product support, and then she will say 'in the coming year what do you guys want to push up, what new machines are you bringing in, what tools do you want to push?' and then she will just get that from them and the all the other departments that she will go and see (Lana, p. 6).

The next step is to translate functional area objectives into marketing objectives, as Sally describes:

[We] look at what the business wants to achieve, put up the management perspective and take those objectives and say 'okay, those are the objectives?' They [the business area or department] might have wild and wonderful ideas because they need a billboard for example and is that going to be achievable? So, let's actually look at what we need to achieve to achieve [their] objectives (Sally, p. 4).

Strategic marketing planning also includes segmenting customers according to their purchasing behaviour: "there is the 'do it myself' customers, there is the 'do it with me', and then there is the 'do it for me'" (Lana, p. 17).

Marketing strategy implementation follows strategy development and is when a marketing communication plan is developed. Angie describes the role of the marketing team as being the 'brains' of this part of campaign, "because we are the ones that take the campaign, whatever the

product is that we need to advertise and we put ...because what they just say: 'we want to sell this' – this is what the people say or 'there is a new product coming. So, from this, I need to say, 'okay since this is new, we need to have a launch, we need to sell the machine" (Angie, p. 3).

The communication plan is the most important marketing document for the team, as it directs all activity and outlines all accountabilities. It needs to fit with the overall business objectives throughout the year and match when there may be a need to focus on specific areas, such as technology or parts, at a particular time. This includes the ability to look across the appropriate timeframe and determine the existence of sufficient marketing activity. One overall communication plan is developed that then comprises various sub-plans covering the key marketing elements, for example, a digital plan, an eventing plan, and more.

Setting and managing the budget and measurement form part of implementation. Measures are put in place to allow the marketing team to assess what did and did not work, and then to adapt the plan for the future. Being able to calculate return on investment from campaigns also enabled marketing to demonstrate, in commercial terms, the value that they were adding.

Second-Order Marketing Capabilities

Second order marketing capabilities at MachineCo consist of brand management, customer relationship management, and new product development.

Being part of a global company means that the guidelines for **brand management** are firmly entrenched, and much energy is invested in the ability to ensure consistency, particularly since MachineCo is positioned as a premium brand. Included in this capability is understanding what the MachineCo brand stands for, the positioning of the brand in the market, and whether the communication and branding developed aligns with these. However, because MachineCo is a global brand, it also means that part of managing the brand effectively is knowing when and how to localise it.

Other aspects of brand management include more tangible elements, such as visual representation, art direction (placement of the logo and text), colour matching, and guidelines on local language use. Angie describes why this is key:

Logo, colours, material, our stationary and how it should look... our signatures, our internal quotes. You know, when I send you a letter there is a certain way it should look. Because we are a global company, it needs to look the same everywhere (Angie, p. 7).

The nature of the product at MachineCo means that maintaining on-going relationships with customers is an important part of competitive positioning. **Customer Relationship Management** programmes need to interact with current customers on an ongoing basis, so that they can understand how to better utilise the full spectrum of the machine features, further entrenching the brand value proposition. Therefore, the technology incorporated in the product itself is also developed to facilitate CRM. For example, some machines tell customers automatically if there are technical issues, and send direct SMS notifications about the driving habits of operators. While this is part of keeping the relationship with the customer, it is also part of the selling job included in marketing campaigns, as it communicates the bundle of benefits associated with the product (in other words, the brand proposition). A challenge outlined is that some customers buy their machines from MachineCo, but then use another supplier for parts and servicing. This is driven in part by the perception of MachineCo as expensive, and is a challenge that the CRM programme is attempting to address.

Specialised Marketing Capabilities

The specialised marketing capabilities observed in MachineCo are market research, product management, pricing management, selling, channel management, and marketing communication and promotion.

Market research involves knowing and understanding the target audience within the context of MachineCo's specific products, as well as the product category as a whole. Understanding the target audience also includes identifying their specific needs in how they want to experience the product and how they want to be communicated with. In some instances, the target audience prefers to interact physically with the product; while in others they prefer more educational material that they can review in their own time. Lana's description helps to illustrate this distinction:

You know, it will take time to make decisions and open up, but essentially being 'I know you move at your own pace but I am here to take you through all the steps and it is not going to bombard you.' Because I feel like what I have seen with some of the customers, especially the farmers and the old construction guys, they get overwhelmed with all this technology and email's and it is like 'I don't understand it, I don't want to understand it' (Lana, p. 11).

As part of market research capability, the marketing team are also building improved capability in their use of customer data and this in turn helps them to develop better marketing communication.

Product management at MachineCo refers to the product specialists' development of the product, as well as the marketing team's knowledge of it. Product capability in the marketing team specifically

entails a deep understanding of how the product works and how this links to what the customer needs, to enable effective marketing and selling of the product.

Pricing management is described in terms of how it communicates value to the customer, as well as how it fits with the premium positioning of the brand. Lana provides the following example:

I can't just say 5% off (...) I need to understand that I am saying 5% but what does that mean to you? Especially as we are selling premium products. [MachineCo] products are very pricey compared to [the competition] and all of that so my selling it to you can't just say 5% off because as it stands the machine is much more expensive than all the others. I need to make sure you understand that you are getting the full life worth (Lana, p. 4).

The **selling** capability is strongly linked to the product capability of MachineCo. Angie outlines that "it is not just about getting to apply it and then they say you want this machine, because it comes in different sizes and the buckets come in different sizes, so you need to know what they are doing, the type of material before you can quote the product" (Angie, p. 2). Leads are generated through marketing campaigns and then passed on to, and closed out by, the sales teams.

In terms of **channel management**, previously the main channel for distributing MachineCo products was physical. However, a greater focus on digital is emerging. This new approach challenges some of the traditional notions of how heavy machinery could be sold, as Sally outlines:

So, we did a [product] campaign and we managed to sell three [products] through Facebook.... obviously using that lead to pass it on and then the sale was completed by telephone (Sally, p. 13).

Marketing communication capability is implementing each piece of marketing to communicate to customers. All relevant aspects of the communication mix are included. This capability thus comprises coordinating, consolidating and actioning all aspects of the campaign. Since MachineCo is part of a global company, marketing material is sometimes sent from the parent company and then adapted to the South African context. Angie describes this:

Sometimes we get: 'this is what we want and just put your dealer name there and send it to customers For instance, we had a field campaign where it was just yellow, and we thought 'no' – maybe in America, 'yes', but here it is not going to work. So, we had to change it (Angie, p. 5).

Dynamic Capability

Dynamic capability emerged through respondents' descriptions of the need to adapt on an on-going basis. Innovation and trying new things is described as inherent to marketing at MachineCo, because it is their view that the function should be less rigid in its approach, with innovation and experimentation encouraged, as Lana describes:

So, you have the freedom to sort of explore and you know, you can trickle back, go back, trickle – or just literally do that – which is completely different but you are getting what you want done in a different way; and doing it in a way that might open up other horizons that you did not know, that you can use later on (Lana, p. 14).

This is seen as particularly important in view of the changing nature of marketing as a result of the impact of digital. In Angie's words:

Because yes, you were good in your time. Let's say you were a marketer 18 years ago and it was working for you to be in newspaper ads and everything and you were not doing anything on-line. Now with evolving changes in technology and the world and whatever, you don't change. Then your line is just cut off. And when you are evolving and changing all the time and you know what is happening in our industry, then it makes you a great marketer (Angie, p. 8).

Additional capabilities that emerged in MachineCo

Three marketing capabilities emerged in MachineCo that were not included in the initial model: internal stakeholder management, managing external parties, and creative solutioning. Creative solutioning relates specifically to marketing and was grouped in a category entitled "Creative Marketing capabilities". The remaining two capabilities were not specific to marketing, but were key in facilitating the practice of marketing at MachineCo. They were therefore placed in a category with the descriptor: marketing enabling capabilities.

Creative Marketing Capabilities

Creative solutioning is the capability concerned with creative ideas generated to better solve business problems and customer needs. Examples of this capability include idea generation, brainstorming, utilising creative insights, approaching the marketing of the machines in a new way (such as through simulations), and managing creative outputs from agencies. Angie describes displaying innovation at MachineCo as "someone who will always look at more innovative ways to do marketing, and doesn't stick to one thing all the time.... So, someone who is not open to change is bad' (Angie, p. 8).

One example described of how marketing used creative solutioning to approach communication in a new way related to eventing. The new idea emerged from a deep understanding of the target audience, and applying that knowledge to the challenge of positioning and marketing a specific MachineCo product:

Previously when we were in product launches as they call them here, customers would come for breakfast and then sit down for a very boring PowerPoint on the things the machine can do. And I sat there and was like falling asleep, it was bad. So now we will have the machine there, we have someone talk to you about EM solutions, someone to speak to you about GT ... someone from MachineCo finance ... you know it is all there, the entire solution is there for you (Lana, p.12).

Part of this capability involves assessing the creative output developed by third parties such as advertising agencies. This is reviewed against the initial brief from the marketing team and also depends on marketing's knowledge of the target market. The ideal outcome of creative solutioning is a story that brings the products to life, as Lana outlines:

I would say probably something along the lines of not bringing something to life as such, but ja, most probably just that – bringing your campaign to life, giving it legs to run and the wings for it to fly higher, which you can probably see. Because that is what we do right? The product strategist says 'I want to sell five machines'. I come and I create this thing and by the end of it we have sold twenty machines. You only sold five. I gave it the legs to run a little bit further than what you could see (Lana, p. 15).

Marketing Enabling Capabilities

Internal stakeholder management plays a role in all aspects of marketing at MachineCo. For example, while in the past functional business units such as sales and product had taken the lead in determining marketing strategy and planning, marketing now takes a more proactive stance and drives the marketing agenda. As Lana outlines:

So, we are governing the business to say these are the events that we are going to run with, this is what we think will work; whereas before we were just a service provider. They would be like 'we need flyers, we need pull-up banners' – there was no strategy, nothing (Lana, p. 1).

This capability also covers more subtle capabilities such as influencing (consciously thinking about how to influence and manage internal stakeholders), negotiating, and the ability to collaborate within and across different functions. This entails building relationships and making personal connections with people across the business, creating a sense of common ground through understanding the

needs of the stakeholder, and then demonstrating this via the marketing solutions provided. Lana describes this as follows:

Because it is asking questions and understanding how they are feeling and where they are at. And because there are levels when you speak to a person: first they are closed up and then you need to say something they can relate to. People feel like they can relate to you and then they will open up to you and then you can sort of with a bit of psychology you can play around with it (Lana, p. 10).

Sally's sees it as: "they [the team] have got a lot of people, people's egos to manage as well. Because it's not just the centre – because the line of business centre where they manage products – but it is also the regions" (Sally, p. 15).

This capability also involves some elements of project team management, in other words, managing different parts of MachineCo around the marketing output. Within this context, the role of marketing is described as to 'orchestrate' and 'pull everything together' across different functional areas. Since there are often many stakeholders and activities involved in the campaign, there is a need to be demonstrate adaptability and flexibility in the process.

In spite of the strong focus on developing internal stakeholder management capability, tensions persist between marketing and other parts of the organisation. For example, questions are still raised about what value marketing adds. Lana describes this as the view that "marketing is just putting together the poster, pretty pictures" (Lana, p. 14). This continues to drive the marketing team's focus to "prove the contribution that marketing was making to the organisation" (Sally, p. 3). One way this is being addressed in MachineCo is by consistently reporting in executive forums on the commercial contribution that marketing is making.

There is also some internal conflict regarding responsibility and accountability for marketing output in MachineCo, and specific controls were therefore put in place by the CMO to avoid additional tensions. These take the form of 'brand approval checklists' intended to avoid finger-pointing, should any problems arise about who was accountable for the approval of which marketing material.

Some of the marketing capability at MachineCo is outside the organisation, and so one of the capabilities is the ability to brief and manage third parties such as external agencies, in other words, **manage third parties**. Once the overall communication plan is completed, multiple briefs are developed for each component of the plan and these may be given to various third parties to action. The marketing team is then required to manage the output delivery of these third parties.

Individual Traits

A number of individual traits outlined in the discussions are viewed by respondents at MachineCo as critical to the ability of the organisation to effectively perform marketing. These are: displaying a passion for marketing as a discipline; being curious about people; and the need for marketing to challenge the status quo. Although these are not organisational capabilities, and are more individual traits, they are included here as the discussions indicated they have an influence on marketing at MachineCo.

The personal attribute of being **passionate about marketing** as a function is described by Angie:

I mean if you love something, for instance if you are a singer and you love singing, no matter what you do, you can be a baker, you can be a nurse, you can be in marketing, you can be an accountant, but because you like singing, you will always find a way to sing somewhere. It is the same with marketing. If you have the love for it and you go to a different industry, within that industry, you will find a way to work back to what you love (Angie, p. 12).

Passion for marketing is also described as something that drives marketers to “make sure they give a little extra attention” to the process (Lana, p. 13). Sally outlines it as a “hunger and willingness, drive and motivation to get there” (Sally, p. 7).

Some also describe displaying a **curiosity** for people and their motivations as underlying this passion for marketing. Lana feels this has been a key aspect of her interest in marketing “because I really just want to understand why do people think the way they do, why do they make the purchases they do” (Lana, p. 10).

There is a view that marketing has an ‘inherent’ desire to **challenge the status quo**, which is not similarly seen in other functions. Angie makes the following comparison with accountants to illustrate this point:

I am comparing myself with my friend who is an accountant.... I think they are people who can do the same thing over and over and over again, and they don't get bored. And with marketing people, or marketers, we love challenges and we love changing things (Angie, p. 13).

In her view, marketers want to disrupt the norm: and

... like changing cultures, we like challenging things, we are like pushers for what we want. So, I am not saying that other people don't, but I am saying that we are kind of special in a sense that we are forced to think outside of the box. You can't be successful in marketing if

you always think 'this is how it goes – stick to this'. So, we always have to push in order for us to be different from the next. (Angie, p. 13).

For others, it is simply that marketing are the 'crazy' ones:

I think with marketing you have to have a little bit of craziness within you. To be able to make a machine seem amazing and sell it to someone (Lana, p. 14).

Summary: types of marketing capabilities at MachineCo

Figure B1.1 conceptualises the key findings discussed in this section. In addition to the capabilities proposed in the initial outline, three other capabilities emerged in MachineCo: creative solutioning, internal stakeholder management, and managing third parties.

Marketing capability at MachineCo consists of six groups of sub-capabilities. These are Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. Architectural marketing capability consists of strategic marketing planning and marketing strategy implementation. Combinations of Second Order and Specialised marketing capabilities are used in the planning and implementation of marketing strategy (Architectural marketing capability). Similarly, combinations of Specialised marketing capabilities are used in brand planning, new product development, and customer relationship management (Second Order Marketing Capabilities). Creative marketing capability via creative solutioning is an input into Architectural, Second Order, and Specialised marketing capabilities. Internal Stakeholder Management and Management of Third Parties enable the practice of marketing at MachineCo (Enabling Marketing Capabilities). Finally, Dynamic capability is the organisational ability of MachineCo to change all the marketing capabilities in response to changes in the environment.

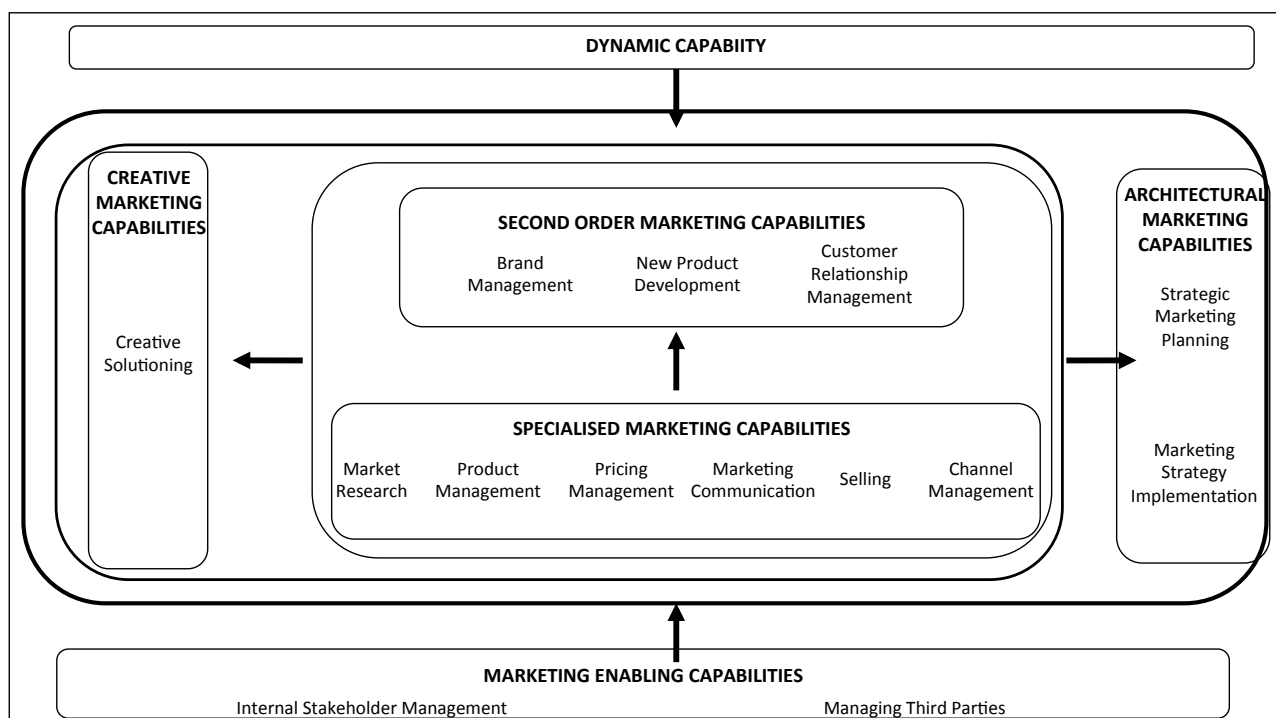


Figure B.1.1 Types of Marketing Capabilities at MachineCo

MARKETING RESOURCE INPUTS AT MACHINECO

This section briefly outlines the marketing resource inputs identified in MachineCo and then explores the specific nature of marketing knowledge resources.

Types of marketing resources at MachineCo

MachineCo has seven marketing resources, namely financial, physical, technological, reputational relational, organisational and knowledge. All are utilised in performing marketing in the organisation. Table B1. 1 outlines these resources, providing examples from MachineCo.

Table B1.1. Marketing Resources at MachineCo

Type of Organisational Resource	Examples of resources at MachineCo
Financial	Marketing investment (budgets)
Physical	Product portfolio, machine designs
Technological	Customer database of 9 000 customers, MachineCo website
Reputational	Premium brand equity, brand identity, trademarks, customer value propositions, machine patents
Relational	Relationships with sales teams, customers, personal networks within the organisation and externally
Organisational	Improvements in marketing orientation, focus on marketing planning and reporting, newly implemented operating model, controlling and co-ordinating systems
Knowledge	Training through MachineCo university e-learning, other marketing training, experience, judgement, intelligence, insight, trade secrets

The focus of this study was on marketing knowledge resources, and this will be the focus of the discussion. Knowledge resources emerged through a number of elements, including the investment

in training offered through their e-learning platforms and the experience, judgement, and insight observed in all members of the marketing team.

The nature of marketing knowledge resources at MachineCo

The nature of marketing knowledge at MachineCo includes tacit, explicit, procedural, declarative, and transactive aspects. Explicit knowledge is mainly procedural and is contained in documentation such as the templates provided by Sally, the courses offered through MachineCo university (e-learning platforms), and the Sales Academy. This type of marketing knowledge is also described as being contained within the formal qualifications of the team and the courses that they attended. The more junior members of the organisation tend to rely more on this type of marketing knowledge, which is relatively easily learned. This also aligns with the procedural knowledge ("know-what") of marketing in the organisation.

Transactive marketing knowledge (know-who) has an internal and external aspect at MachineCo. Internal transactive knowledge is held by all members of the team. The more junior members developed this knowledge by being part of the Sales Academy for example, while Sally used her personal networks at Exco level. External transactive knowledge emerges in reference to the third parties the team need to engage with to get marketing work done. It entails knowing what external suppliers to approach for which task, and who within those external suppliers will be responsible for which part of a task. While this knowledge was originally only held by Sally, it has quickly been developed by other members of the team.

The nature of marketing knowledge is aligned to the types of marketing capability at MachineCo. Fifteen sub-capabilities for marketing were outlined at the organisation. Figure B1.2 classifies these according to their level of tacitness and learnability. Interviews revealed that the levels of tacitness and learnability of the capabilities did not always fit into either a low or high level, with, for some, evidence of a mix of either lower and higher tacitness or learnability in the same capability. This suggested that a more pertinent classification would be high, medium or low. For example, in the case of brand management, some elements are easily learnable (e. g. where the logo needs to be placed on a piece of stationery) while others are not (e. g. being able to identify when communication does or does not align with the premium positioning of the brand). This latter knowledge only emerges over time through practice. Similarly, with regard to levels of tacitness, codified guidelines are in place outlining the positioning of the brand, but these could not be created so clearly and explicitly for how to assess, for example, whether a trade publication was appropriately aligned in terms of premium positioning for a brand print ad. Many contextual variables could influence such an assessment, including the content of the publication, readership and page placement within the publication.

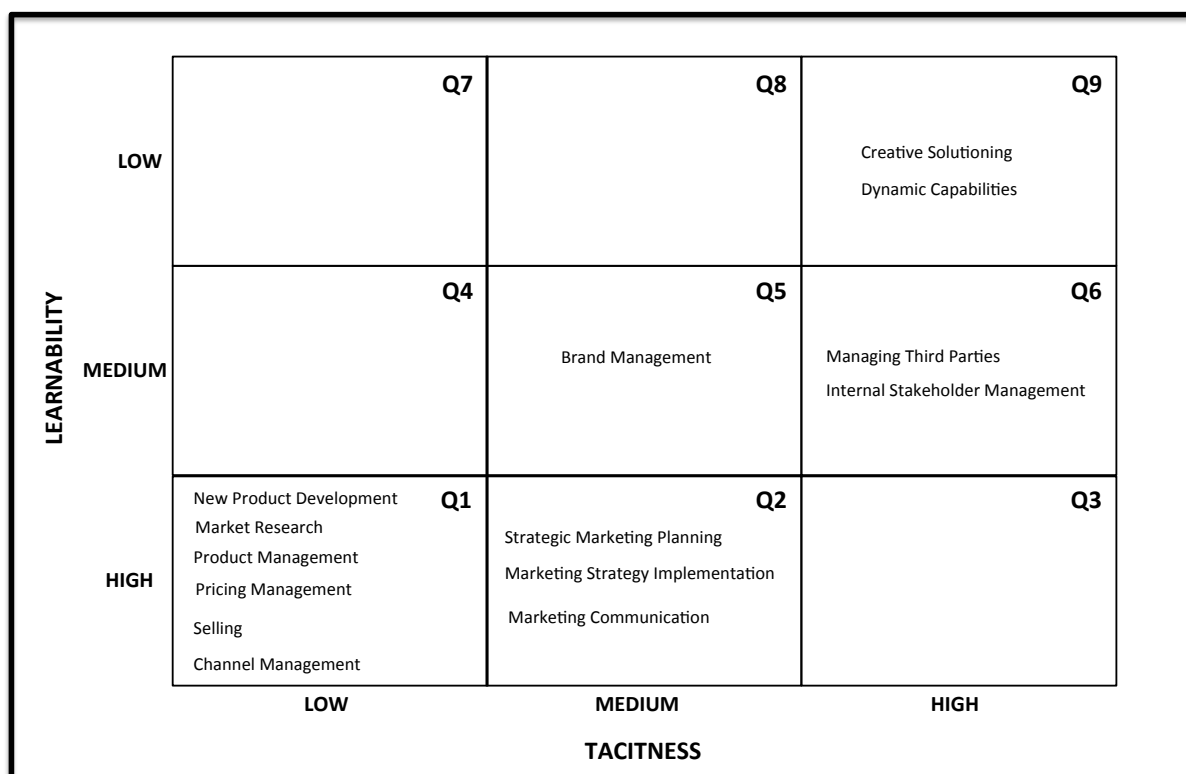


Figure B1.2 The nature of Knowledge Resources Underpinning Marketing Sub-Capabilities at MachineCo

Quadrant 1 includes those capabilities exhibiting low levels of tacitness and high levels of learnability. These are new product development, market research, product management, pricing, marketing communication and selling. For example, selling and product management is codified in a “tiny blue book and it was on how to close a sale, how to report on a sale” (Sally, p1). The selling capability was taught through the Sales Academy, as Angie describes:

And there is this PH book, that is like ‘this’ thick, that we kind of go through, and it teaches us about products, how the product works and how you quote. Like if the client is looking for say a back loader then you need to know what kind of material they are working with, how much time would they need to gain, what happens if they don’t finish the job – that technical stuff, to do the job. So that is what it teaches you about, and the product – it is a sales academy after all (Angie, p. 2).

Although capabilities in **Quadrant 2** demonstrate higher levels of tacitness, they are still easily learnable. The high learnability of strategic marketing planning and marketing strategy implementation is demonstrated by the following comments from Sally:

And basically, it was a process of teaching them how to develop a budget, look at what the business wants to achieve, put up the management perspective and taking those objectives and saying ‘okay, those are the objectives’ (Sally, p. 4).

The higher levels of tacitness of this capability became evident in description of the process of translating the business objectives into a marketing plan and being able to adapt the various marketing options available to achieve these objectives. This is illustrated by Lana's comment underscoring the need to have experience to do this effectively:

I mean I sit with Sally and go through a comms plan and I am like 'can't I think like you?' I promise you, like she shows you, okay, 'you wanted to go about it this way, what about this way because then you could achieve, this and this and this'. (Lana, p11).

Lana's metaphor for this process is being "like boiling an egg for instance, you take it in its form, and then the whole thing putting it in water, having it at the right temperature, over the right period of time, and then when it is done, letting it cool down before you take off all your shells and either chop it into a salad or whatever you want to do with it. It is that process" (Lana, p. 13). This metaphor describes the learnability element (anyone can learn to boil an egg) combined with the higher tacit requirement (how the cook decides to use the egg after it is boiled is a judgement that can differ according to context).

Customer relationship management was placed at a medium level of learnability but a low level of tacitness (**Quadrant 4**). This capability requires accumulating and assimilating large quantities of data which makes learnability more challenging. However, since the processes were highly codified, its level of tacitness was still low.

Both brand management and managing third parties are in **Quadrant 5**, the middle of the matrix, highlighting that these capabilities demonstrated medium levels of learnability and tacitness, showing a mix of high and low levels on both dimensions. For brand management, the descriptions given by Angie are outlined in Table B1.2 to illustrate the easy application of learning from MachineCo university, but also the need to have experience to make more subtle decisions on the alignment a campaign's tone with brand positioning. Similarly, the descriptions of how managing third parties took place from Angie and Sally indicate that while they are also highly learnable, with low tacit activities such as briefing an advertising agency to change colours, there are also aspects of managing the outputs of third parties that need to be learned over time.

Table B1.2 Marketing Knowledge for Brand Management and Managing Third Parties

Sub-capability	Less Tacit, More Learnable	More Tacit, Less Learnable
Brand Management	“It [the logo] has to be on the right-hand side everywhere, it has to be on the left-hand side everywhere, it should be shaded like this. You know those things [logos, colour, material, stationary, how it should look] even though it is written in Zulu and another in English (we don’t do Zulu, it’s just an example) – ja, has to have the same look and feel. So that type of training, you need to know where to place things, I can’t just take the logo and put it in the middle of the page, that is not allowed. It has to be at the right-hand corner or at the bottom. Or our slogan, it can’t be at the top of the page, it has to be ‘there’. You know those things” (Angie, p. 7).	“But with campaigns, I know that is two different things, but not so far apart, knowing this will appeal and this will not, it is through experience really” (Angie, p. 6).
Managing Third Parties	“For instance, we had a field campaign where it was just yellow, and we thought ‘no – maybe in America ‘yes’, but here is it not going to work. So, we had to change. So, with that we just do a creative brief. So, we took the creative, we put it in the brief and we tell the agency that we don’t like the colour, please come up with new things that will make this look better, but keep the messaging the same” (Angie, p. 5).	“Okay now we are going to manage an agency. So, the agency relationship is terrible for the first three months until they actually realise how to do things. So, it is kind of like letting them grow and then moving them on” (Sally, p. 4).

The management of internal stakeholders exhibited high levels of tacitness and medium learnability and so fell into **Quadrant 6**. While this capability was learnable, this was not explicit nor was this learning easy. The knowledge was gained through experience within different situations as the following extracts from the interviews with Angie demonstrates:

And I believe I was exposed to the different departments as well, it helped me to be more comfortable working with them, because I know even though people change departments, now and again, there will be someone, or two people that I know in the team, and then I will sell and push the idea to them and I know if I win then over then come they will influence everybody because they already know what is coming.

Okay. Do you do that consciously? Do you think, ‘that is a person that I must influence’ and go?

Not really, but because they are my friends, I will put it, I will always bounce ideas off them.

Before you go?

More on a daily basis, just to check how everything is going and then ‘oh, by the way, I am working on’. It just comes naturally as part of the conversation. And then by the time I go there, they already know what is coming and they are already like pushing it on their side, because if I tell you about it and you know you must make calls about it, already thinking, Angie is helping me get more commission (Angie, p. 9–10).

Both Dynamic capability and Creative solutioning have been placed in the low learnability/high tacitness quadrant: **Quadrant 9**. At MachineCo, there is little codification of dynamic capabilities and the ability to learn them is almost entirely through experience, including trial and error, reflection, adapting and retrying.

Creative solutioning is applied within MachineCo in a number of ways, including developing ideas for different approaches to marketing the product, managing creative outputs from agencies, assessing creative material and bringing the product to life through storytelling. Lana’s metaphorical description of how marketing develops creative solutions to help the company sell more machines is also illustrative of the low tacitness and learnability of this capability. She describes marketing as bringing a “campaign to life, giving it legs to run and wings for it to fly higher, which you can probably see. Because that is what we do, right? The product strategist says ‘I want to sell five machines’. I come and I create this thing and by the end we have sold twenty machines. You only sold five. I gave it the wings to run a little bit further than what you could see” (Lana, p. 15).

KNOWLEDGE INTEGRATION MECHANISMS AT MACHINECO

At MachineCo, marketing knowledge resources are transformed into marketing capability through formal training (including tertiary training, organisational training, graduate programmes, short courses), coaching, on the job (learning by doing) and self-directed capability development. The formal training mechanisms primarily involve knowledge codification (both internally within MachineCo and externally – for example, through tertiary education or short courses). Coaching provided the opportunity to employ knowledge articulation and on-the-job and self-directed capability development fell under experience accumulation. These observations are summarised in Figure B1.3 and discussed in more depth in the sections that follow.

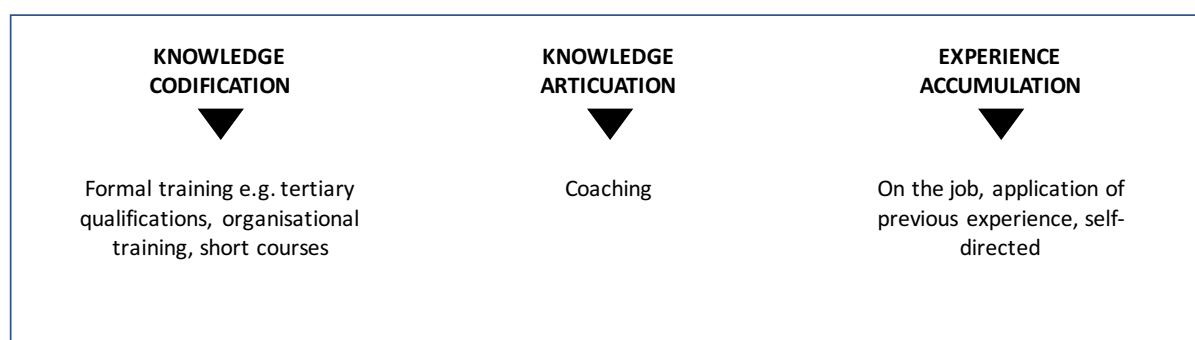


Figure B1.3 Knowledge Integration at MachineCo

Knowledge Codification

Knowledge codification occurs both internally through organisational training and externally through tertiary training and short courses. Following her appointment, the CMO, Sally, introduced specific approaches to codifying marketing capability at MachineCo, as she describes:

Yes, I always say, ‘this is my way and I think this is the way you should be doing it – this has always worked for me in the past’. And this is what I teach them (Sally, p. 7).

The interns hired by the CMO had degrees in commerce and marketing. These more junior members of the team, Angie and Lana, describe using their tertiary qualifications mainly as back-up or to remind them of key concepts which they needed to use in the workplace. As well as being a safety net, they also indicate that their tertiary education has introduced them to marketing and helped them to 'get a foot in the door' from an employment perspective. Therefore, while the knowledge obtained through formal qualifications are viewed as important, they are not seen as sufficient to fully support being able to 'do' marketing once they started working. Angie says:

With me, I learnt everything when I got here. Varsity did part of introducing marketing to me, but everything else was experience, that is why I believe now that working experience does count a lot from theory. Because theory only gives you this much, but everything else comes with experience. I don't think I was going to be able to do this straight from varsity (Angie, p. 4).

Short courses are seen to be particularly useful in gaining knowledge of new or emerging areas of marketing such as digital marketing, and also to help career growth.

Formal company training plays an important role building capability at MachineCo and interns are first trained at the organisation's Sales Academy. Sally explains they "spend six months learning about business, they learn all about the machines, they actually learn how to drive the machines, they learn about the work tools, they go on to sites" (Sally, p. 4). In the Sales Academy, a manual is used that teaches interns about the products, how they work, and how to quote (sales manual). Interns work through this book for three months and then conduct in-service training, work in the parts department, then with the mechanics and finally, fix machines. The Sales Academy process of gaining knowledge is therefore a mix of classroom and on-the-job training.

The formal organisational training continues when the interns start in the marketing department and is on-going through an e-learning capability known as MachineCo University. This is focused to some extent on how MachineCo performs marketing for example, Lana adds "now there is this new global advertising framework" which was taught via MachineCo university (Lana, p. 11).

Despite the evidence of formal company guidelines on some aspects of marketing shared via this formal e-learning processes, and "Across the Table" outlining key capabilities required, there is no standardised way of performing marketing at MachineCo. Codification is mainly through Sally's own individual expertise. She had previously been exposed to companies with global 'ways' but says she did not really find this an effective way of working. For her, the development of marketing capabilities means finding out what works and applying that. She emphasises the importance of keeping marketing knowledge locally relevant, even within a global organisation.

Sally uses templates that she had developed in previous companies and re-purposes them for use at MachineCo. In the initial stages, she describes being pedantic about the team's use of these templates, but she knew that as their knowledge increased they would start to adapt or develop their own, as she describes:

I do have templates which are re-purposed, new logo, every time (...) And I say, 'this is my way; it might not necessarily be the way you will find they do it in other businesses, there will be different ways to do it (Sally, p. 7–8).

Sally also introduced governance and control processes through brand approval forms and checklists, as outlined by Angie:

So, as you are busy with your campaign, you do that [tick off checklists] and final approval before everything goes live is this brand approval form. And then to obviously sort out the "I said, she said" what happens between the two departments is that all the changes that were made regarding copy, design and final artwork, if there were ever changes they need to sign in the applicable boxes. I print out all the emails and then put them together and then obviously have the final artwork approved, that they agree on... she [Sally] put together a system that will work ... just to make sure that everybody is clear and everybody is on the same page" (Angie, p. 8).

Knowledge Articulation

Knowledge articulation occurs primarily through coaching at MachineCo and is described as a process of teaching the team the basics such as objective setting, budgeting, briefing and managing outputs. Sally describes this as a step-by-step process of guiding the team through the process of how to do marketing, from taking the brief, through developing the communications plan and briefing the agency, to managing implementation, as Angie describes:

She [Sally] was able to say 'okay Angie, you do it like this, you start from here and from here to here. Like literally when you take your child and they are starting to walk, holding my hand, that is literally what happened to me. That was my learning experience. She took me through the first campaign and then the next one and she said try it and if you fail, come back (Angie, p. 4).

As part of the development of her team's knowledge, Sally describes a process of "dropping them in the deep end" (Sally, p. 4): leaving them to develop, for example, a communication plan or brief to an agency on their own without having had any previous experience. They would then bring the brief back to her to talk it through, and she would use what they had done to guide and teach them how it could be improved next time. As the interns became more proficient, she would be less

involved upfront and only provide guidance later in the process as needed. Her expectation is not that the output must be excellent – in fact, she expects snags, viewing this as part of the learning process.

Experience Accumulation

Experience is accumulated at MachineCo through on-the-job training (both from within the company and from previous organisations where respondents had worked) and self-directed learning.

This process of immersing oneself in a role on the job seems to lead to better knowledge of the holistic marketing process and what each part brings to the final outcome. In addition, learning through trial and error and failing on the job is not seen as a negative, but is rather encouraged as part of the process, as Lana describes:

Yes, obviously there will be hits and misses here and there, but you apply more to it which means you open yourself up to do it better. You may not see it at that point but in the end, you are like 'oh wow!' (Lana, p. 13).

An important aspect of accumulating experience is also applying at MachineCo what had been gained from previous experience elsewhere. This emerges in Sally's description of using templates and approaches she had used at other companies, but was also evident from Angie and Lana. For example, Lana had worked at a cigarette company before joining MachineCo and describes bringing the following insights from that company: "how to change a customer's perspective on a product and how to engage them and convince them that this is better and greater" (Lana, p. 3). In addition, she spoke about how being at a below-the-line agency had allowed her to see "how they presented to the clients and how we had to interact with either the school kids or the people we were going to at the various companies, because it is asking questions and understanding how they are feeling and where they are at" (Lana, p. 10).

Self-directed knowledge-building is the process of respondents taking responsibility for their own training: for example, using textbooks and online resources to augment their knowledge. Rather than being something required by the organisation, it is described as motivated by the respondents' own desire to keep up to date with developments in the field of marketing.

FRAMEWORK OF ORGANISATIONAL MARKETING CAPABILITY DEVELOPMENT AT MACHINECO

Fifteen organisational marketing sub-capabilities were described at MachineCo. These were then applied to a framework distinguishing them from one another based on the nature of the knowledge that underpinned them, specifically their levels of tacitness and learnability. This was followed by a discussion outlining the ways marketing knowledge is integrated at MachineCo, based on the following mechanisms: knowledge codification, knowledge articulation and experience accumulation. This final section of the within-case analysis for MachineCo, synthesises marketing capabilities, their knowledge structures, and how marketing knowledge is integrated at the organisation to develop an overall conceptualisation of how marketing capability is developed at MachineCo and this has been outlined in Figure B1.4.

Figure B1.4 illustrates that MachineCo marketing capability is the result of a variety of knowledge integration mechanisms dependent on the nature of the various sub-capabilities. In some instances, knowledge is integrated specifically via one mechanism such as knowledge codification or experience accumulation, while in others the process comprises a mix of integration mechanisms.

Both **Architectural** marketing capabilities at MachineCo are developed by integrating knowledge using a mix of knowledge codification, knowledge articulation and experience accumulation. Knowledge is codified in templates such as the communication plan. However, developing the content requires coaching and discussions with others in the organisation (knowledge articulation). It is only through being able to observe the outcomes of planning and implementation, which sometimes includes learning from mistakes, that the final part of the knowledge integration process (experience accumulation) occurs.

The knowledge underpinning **Specialised** marketing capabilities is integrated via knowledge codification. This takes the form of explicit outlines communicated via manuals or in organisational training sessions.

Experience accumulation is the only way in which knowledge of **Creative Solutioning** is integrated. This capability is highly dependent on factors such as the business problem to be solved or the customer need to be met, and therefore the approach differs according to context. In addition, there is no step-by-step manual to outline how this happens, and it is through experience in these different contexts that the knowledge is acquired.

Dynamic capability is integrating the knowledge of changing capabilities in response to shifts in the environment of MachineCo. The nature of this knowledge at MachineCo is highly tacit, which means it relies solely on experience accumulation to develop.

The knowledge integration of the two **Enabling marketing capabilities** – internal stakeholder management and managing third parties – reflects a mix of all three mechanisms. At MachineCo, knowledge of Internal Stakeholder Management emerges through one-on-one engagements between senior and more junior members of the team (knowledge articulation) and via on-going experiences (experience accumulation). However, codified elements such as brand checklists and approval forms have also been introduced. Managing third parties has similar characteristics, with codified knowledge available in the form of project management principles and process documents outlining, for example, how agencies are to be managed. However, less explicit elements of these relationships are also described; the knowledge of these aspects can only be integrated via knowledge articulation and experience accumulation.

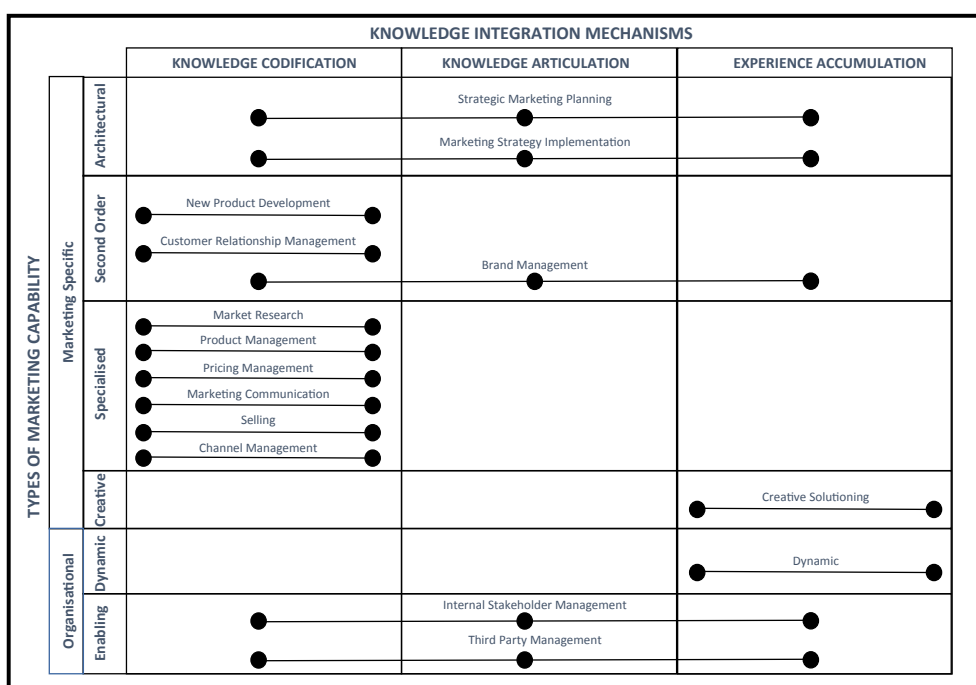


Figure B. 1.4 Organisational Marketing Capability Development at MachineCo

SUMMARY: MACHINECO WITHIN-CASE ANALYSIS

Types of organisational marketing capability

Fifteen marketing capabilities are evident in MachineCo. These include marketing strategy, implementation, planning and measurement; brand management, customer relationship management, integrated marketing communication, market research, product, pricing, selling, channel management and distribution, marketing communication and promotion. Dynamic capability – or the ability to adapt or change with the times – is also evident. Three additional capabilities emerged in MachineCo that were not included in the original conceptualisation: creative solutioning, internal stakeholder management and management of external parties. Creative solutioning was

included under the descriptor 'Creative Marketing Capabilities' and the others in a category entitled 'Enabling Marketing Capabilities'. In addition, some individual traits also emerged as important with respect to marketing capability: displaying a 'passion' for the marketing function, innate curiosity and a desire to challenge the status quo.

Marketing knowledge integration at MachineCo

Perceptions of marketing capability at MachineCo have evolved very recently from its being a peripheral focus area to now being viewed as key to the growth ambitions of the business. This led to the company hiring an executive responsible for marketing, who then drove the development of organisational marketing capability. Initially, the process of developing organisational marketing capability was highly dependent on the individual expertise and approach of this CMO. She developed various mechanisms to codify marketing as much as possible through, for example, introducing approaches and templates gained from her experience in previous organisations. She then used extensive one-on-one coaching to develop the capabilities of the interns she had hired. As the capabilities of the interns developed, their individual experiences started to play a greater role.

Analysis of the integration of marketing knowledge at MachineCo showed that this does not occur in a single way. It is dependent on the nature of the knowledge that underpins the sub-capabilities. The knowledge underpinning Architectural, Marketing Enabling and Brand Management capabilities is integrated through a mix of knowledge codification, knowledge articulation and experience accumulation. Codification is the knowledge integration mechanism for the remaining Second Order marketing capabilities (new product development and customer relationship management) and all the specialised marketing capabilities. Finally, knowledge of Creative solutioning and Dynamic capability are integrated only via experience accumulation.

B2 DRINKSCO WITHIN-CASE ANALYSIS

TYPES OF MARKETING CAPABILITIES AT DRINKSCO

The marketing capabilities evident at DrinksCo are Architectural marketing capabilities (marketing strategy, planning and measurement); Second Order marketing capabilities (new product development, brand management, customer relationship management); Specialised marketing capabilities (market research, product management, pricing management, selling, channel management, marketing communications); and Dynamic capability. Three capabilities emerged which did not fall into existing categories: internal stakeholder management, management of third parties, and creative solutioning. Separate groups were created for these additional capabilities. Creative solutioning was grouped under Creative marketing capability, with internal stakeholder

management and management of third parties forming another group: Marketing Enabling capabilities. In addition, three individual traits were outlined as having a significant impact on the ability to perform marketing at DrinksCo: curiosity, decisiveness, and resilience. Each of these capabilities are discussed in the sections below.

Architectural Marketing Capabilities

The architectural marketing capabilities observed in DrinksCo were strategic marketing planning and marketing strategy implementation.

There is no standardised way of developing the marketing strategy and plan, and the approach had evolved over time in accordance with Anne, the head of marketing's personal style and the needs of the business as she explains:

And then that year [year prior to the interviews] we didn't even have brand planning, we just like had a promotional calendar – that was all we had. And then this year I said: 'we need to go back to doing a proper brand plan'. So, we did a full on, look at the economy, see what the landscape looks like out there for the brand, what are the challenges facing us, so we really did a proper, thorough job now (Anne, p. 13).

In DrinksCo, the marketing strategy and plan are outlined in the brand plan. The key objective of this plan driving consumer demand through integrated activities and value chain alignment (DrinksCo, D1:1). This capability includes the ability to consider a broader perspective on tackling marketing challenges, more specifically getting a 'bird's eye view' of the business and "how the marketing relates back to business objectives" (Belinda, p. 5).

Supporting documentation illustrates the approach to the plan as consisting of 'where to play' (which markets and occasions); 'how to win in the market' (what mix of product, packaging and market engagement levers to utilise); and "how to execute" through the third-party distributors (DrinksCo, D1:10). DrinksCo segments shoppers and consumers by exploring how and where they purchased (shoppers) and how and where they consumed (consumers) the brand. This then forms the foundation of an integrated activity plan that is also developed (DrinksCo, D14:1-9; DrinksCo, D15:1-17). The integrated activity plan is described as the means through which consumer demand at DrinksCo is created (DrinksCo, D1: 9). This plan is then translated into creative material and executed in the market.

The planning process also includes developing a demand plan that includes all sub-plans and their associated activities across the value chain – for example, a consumer communication plan covering budgets, briefs, media plans, consumer promotions, packaging and website strategy. It also involves

understanding different media channels and their associated tools such as flow plans and media schedules. Basic or foundational aspects such as understanding media reach and media frequency are key, and include being able to assess a media schedule and understanding technical terms such as Audience Ratings (ARs). This part of marketing at DrinksCo is evolving to include more digital media such as Facebook, social media content and websites as ways of engaging with consumers. Other sub-plans are the shopper activation plan (point of engagement ideas for different channels, space management programmes, development of point of sale material); the customer activation plan (listing plan, plans per customer, finalisation of pricing strategy); the partner activation plan (partner value chain and funnel approvals, warehouse education and management, launches to partners); and the supporting activities plan (risk management plan, forecasting, early warning dashboards) (DrinksCo, D10:1).

Considering the impact of marketing plans and campaigns on the organisational value chain is also part of strategic marketing planning. This is an appreciation for how marketing impacts the internal value chain (manufacturing, sales and finance,) as Shoelene explains:

I mean there are just so many layers that you need to understand how it impacts. Making trade-offs, understanding consequences of actions. I think that is a very strong, very required skill in marketing, to be able to actually understand how what you are doing is going to impact a lot of things – not just the consumer, not just the customer, not just the shopper. But the business, sales, finance. I mean there are just so many layers you need to understand how it impacts, to be really good at it (Shoelene, p. 6).

The number of touchpoints DrinksCo has with customers, shoppers and consumers means that integrated messaging is important. A compelling story needs to be told in a similar way with aligned messages across each of these touchpoints. This also extends into the internal parts of the organisation, as Shoelene describes:

Whether that compelling story is being told in trade by the merchandising unit that your commercial people have just put up you know...but it aligned perfectly with the same compelling story that the communication goes out on TV or radio etc. – it aligns back perfectly with finance who are trying to keep costs down, etc. Or procurement that is trying to procure a superior product or whatever. That is how marketing integrates in a company (Shoelene, p. 12).

This capability was described as synergistic with campaign development and implementation. It entails bringing the campaign in the advertising channels and the experience of the shopper together at the point at which purchase decisions are made.

Second Order Marketing Capabilities

The following second order marketing capabilities emerged in DrinksCo: new product development, brand management, and, to a lesser extent, customer relationship management.

New product development is key to growth ambitions at DrinksCo. This includes brand extensions, as well as new packaging, and involves multi-functional project teams from marketing, product development and manufacturing working together. The project team lead is, in most instances, from the marketing team. New product development takes place through a highly structured process, founded on project management principles (DrinksCo, D10). Supporting documentation describes the level of detail this process entails. It includes situation analysis and key insights; the link between the brand strategy and packaging solutions (for example); how the organisational value chain needs to align; and the communication support to deliver it to the market (DrinksCo, D12).

DrinksCo are the owners of the **brand** and so the marketing team determine how it is to be positioned and managed. The brand has a uniquely South African story that is included in the brand idea; being able to recognise and leverage the local story is key to the brand positioning.

Part of brand management is developing the brand value proposition. Anne describes how she has experienced many different ways of doing this, but as she said, “it’s not rocket science” (Anne, p. 8) and all methods are all based on the same foundational principles. At DrinksCo, a tool called the ‘brand ladder’ is used. This builds positioning on four elements: brand purpose, functional benefit, reasons for consumers to believe and consumer insight. In DrinksCo, the value proposition includes the brand purpose, consumer take-out, brand proposition, emotional and functional benefits and attributes (DrinksCo, D3:3). It also outlines treatment for the brand during the development of creative material – for example, the brand narrative, brand voice, brand iconography and pay-off line.

Specialised Marketing Capabilities

Six specialized marketing capabilities are evident in DrinksCo: market research, product management, pricing management, selling, channel management and marketing communications.

Market research at DrinksCo involves understanding all the target audiences that the organisation focuses on: the channel (or ‘partner’ as DrinksCo terms it); the shopper (in other words the person purchasing the product); and the consumer (the person consuming the product). Insights are developed for each of these groups and also used to inform planning and implementation. External research agencies are used to run and manage research programmes. The activities of these

agencies include annual tracking studies to understand the category, the target audience, the health of the brand and the performance of the advertising (DrinksCo, D8).

Product management is the day to day management of the product at DrinksCo. This is the responsibility of a technical team including specialists intimately knowledgeable about the recipe of the product. At the time of the interviews, one of the challenges DrinksCo faced was the increasing price of raw materials, which in turn was creating pressure on the selling price in a market with highly price-conscious consumers. Product and packaging work closely with the marketing team since this is a key part of the brand proposition. In addition, because the brand is positioned as a premium brand within its category, ensuring consistency in product delivery and packaging is important to brand integrity. The management of packaging (ensuring that packaging is delivered to the bottlers with the correct labels and specifications) is thus also included under this capability.

Capability in setting and managing **pricing** at DrinksCo is based on the premium positioning of the brand within its category. It includes how the brand is priced relative to the market leader, and understanding the relative pricing of the different DrinksCo brand variants and pack sizes to communicate the value proposition. Inherent in this capability is an understanding of the target audience and their consumption patterns (DrinksCo, D1:9).

Selling capability resides in the commercial team responsible for taking product orders. This team manage sales and customer relationships, including the development of sales plans, establishing pricing structures together with finance, and managing operational procedures for customers (for example, warehouse and storage requirements, ordering, payment, re-imburement, container returning, complaints), as well as co-ordinating formulated logistics (DrinksCo, D13:2).

The organisation does not have its own distribution network, but relies on a third-party distributor in the form of a large beverage brand that bottles and distributes the product on its behalf. The bottlers are therefore the key stakeholders responsible for distribution of DrinksCo products. Managing this relationship is therefore important to this capability. **Channel management** also includes communicating marketing initiatives to the channel; an integrated team of people presents strategies and plans to the retail channel on a regular basis. Anne's description of these presentations highlights their importance:

And especially when you are presenting, like in DrinksCo, you have got to present those plans to bottlers and you need them to get excited about the brand, and trying to create headspace amongst [other brands]. You need to score 12 out of 10 to get 1% of their headspace and for them to remember what you are trying to get them to do (Anne, p. 13).

DrinksCo products is sold through a wide variety of retail channels including grocery stores (including forecourt stores), liquor outlets and on premise channels for example restaurants, bars and nightclubs (DrinksCo, D1:12).

Managing the relationships with stakeholders within the various retail channels (for example, large grocery chains or smaller convenience stores) is part of channel management. This relationship is not always positive, and Shoelene describes how she has had to develop a thick skin and learn not to “take it personally when a buyer is calling you six million names” (Shoelene, p. 3). The challenge in this capability is also to balance competing priorities: driving the commercial aspect (profitability) versus preserving the brand equity. Sometimes these are experienced as at odds with one another.

DrinksCo employs various types of **marketing communication and promotion** to support its products, including television, radio, print, in-store promotions (both within the on-premise channel and off-premise retail channels). Digital marketing is emerging as a key part of their marketing communication through channels such as Facebook, Instagram, Twitter, and the company website.

Dynamic Capability

Dynamic capability emerged at DrinksCo describes the ability to identify gaps where there is an opportunity to innovate on any aspect, including product, packaging brand, route to market, finance or procurement: the ability to deal with any changes in positioning and environment. The organisation innovates in each of these areas on a regular basis and has therefore established this as a strong capability. Supporting documentation for the innovation capability at DrinksCo illustrates an in-depth approach including innovation planning over a five-year period, problem identification and solution generation across all relevant aspects of the business including consumer, shopper, customer, competitors, partners and the organisation itself. This is then followed by the development of an execution plan by each part of the value chain (DrinksCo, D2: 1–2).

Additional capabilities that emerged in DrinksCo

Three capabilities emerged at DrinksCo that were not included in the original conceptualisation: internal stakeholder management, managing third parties and creative solutioning. Creative solutioning was specific to marketing and has been grouped into the category, Creative marketing capabilities. The other two are not specific to marketing, but are key in enabling its practice within DrinksCo, and are thus categorised under the descriptor Marketing Enabling capabilities.

Creative Marketing Capabilities

Creative solutioning entails a number of aspects, including communicating the brand positioning in new ways, developing creative solutions and fresh, engaging, exciting ideas to inform shoppers

and consumers, and finding ways for the product and brand to stand out from the competition. Underpinning all this is the ability to tell the story of the brand in a way that resonates emotionally and makes shoppers and consumers want to make the brand a regular part of their lives. Reaching beyond mere consumption of the product, this means the marketing team must have the ability to assess creative outputs for their alignment to the brand and the needs of shoppers and consumers.

Given the nature of the product, the brand story is told through multiple aspects including packaging, communication, and – in retail channels – merchandising. While often this work is conducted by advertising agencies, they work closely with the marketing teams to develop what DrinksCo terms “a big idea” based on the brand positioning. This is then visually translated into communication material such as in-store displays, television advertising, print advertising, digital and so on. As Anne observes:

Ultimately marketing must tell a compelling story so that the product gets consumed and purchased. But that compelling story can come in many forms; it can come in packaging, it can come in communication, it can come in reducing your costs so it becomes cheaper for the consumer or shopper to buy it, it comes in so many forms. So, what is the compelling story?
(Anne, p. 7)

When the creative work is presented by the agencies, the marketing team also need to be able to assess what is good and what is not good from a creative point of view.

A key part of creative solutioning is a culture within the organisation giving ‘permission to fail’. The respondents at DrinksCo state that even when marketing teams apply themselves to an idea it may or may not work, and thus this as an important dimension to enabling creative solutioning capability. If there is fear of repercussions when an idea is not successful, the capability will not be expressed within the organisation.

Marketing Enabling Capabilities

Internal stakeholder management at DrinksCo is the capability to manage internal stakeholders to support the achievement of particular goals, and the ability to drive integration between marketing and other areas of the organisation. This is, however, sometimes thwarted by internal barriers and frustrations. Taking internal stakeholders along the journey is key to the marketing team achieving its goals, since delivery relies on co-operation between all parts of the organisation. Marketing thus needs to create a common understanding of its goals and promote a view of marketing that is beyond the superficial. Shoelene explains that “they [other parts of the organisation] don’t understand what we are trying to achieve in marketing, they still kind of belittle any efforts that we make as frivolous things, you know?” (Shoelene, p. 11)

Related to this is marketing's role in integrating – both in terms of activities and attitudes – the different departments within DrinksCo in order to transcend the organisational silos that can slow down progress. This is described by Shoelene as “working together and thinking together” (Shoelene, p. 11): more than just the saying the word ‘integration’, but actually acting on it. In this way a common understanding of what each part of the organisation is trying to achieve is developed.

There are two main sources of frustration related to internal stakeholder management at DrinksCo. One is stakeholders sometimes impeding the speed at which marketing can deliver a necessary innovation:

It is really frustrating. So, I mean, I conceived of a lemon juice idea six months ago, we still haven't even got to square one because everyone is still having the circular conversations and [the competition] has just launched a lemon cooler (Shoelene, p. 9).

The other is that the organisational culture necessitates multiple inputs into marketing and “you have people interfering in things they shouldn't interfere with because it just then wheel-spins everything” (Shoelene, p. 10).

Much of the work of developing and executing material is not done by the marketing team at DrinksCo themselves, but is briefed to third parties such as advertising agencies, media agencies, research agencies packaging agencies and marketing consultants. Therefore, **managing third parties** (individually and as a collective) is a key part of the practice of marketing at DrinksCo. This includes activities such as deciding which agencies should work on the brand, negotiating contracts and agreeing fees, briefing, regular management of agency outputs and regular performance assessments. No standard way of managing third parties exists at DrinksCo; the process tends to be driven by the preferences and experience of the relevant marketing people.

Individual traits

Two individual traits emerged as important to marketing in DrinksCo: curiosity and resilience. Curiosity and an awareness of what is happening in the environment and being able to act on it are described as an “innate ability to be able to absorb things around you and understand what serves the moment and what doesn't: to act to make a choice” (Shoelene, p. 6). Part of this is also a personal commitment to understanding trends in the broader environment and then being able to apply this understanding within the marketing context.

Because a conflictual aspect to the retail channel relationships exists, the personal attribute of resilience is critical to fulfilling the marketing role when dealing with these stakeholders. As Shoelene

says: “And that is where I learnt, don’t take it personally when a buyer is calling you six million names.... You really do need to be a certain type of person to handle the abuse all the time” (Shoelene, p. 3–4).

Summary: Types of Marketing Capabilities at DrinksCo

Architectural, Second order marketing and Specialised marketing capabilities emerged at DrinksCo. Three additional marketing-related capabilities were also identified: internal stakeholder management, third party management and creative solutioning (grouped under Enabling Marketing capabilities and Creative marketing capabilities). The individual traits of curiosity and resilience were mentioned as part of performing marketing at the company. Figure B2.1 conceptualises these capabilities at DrinksCo.

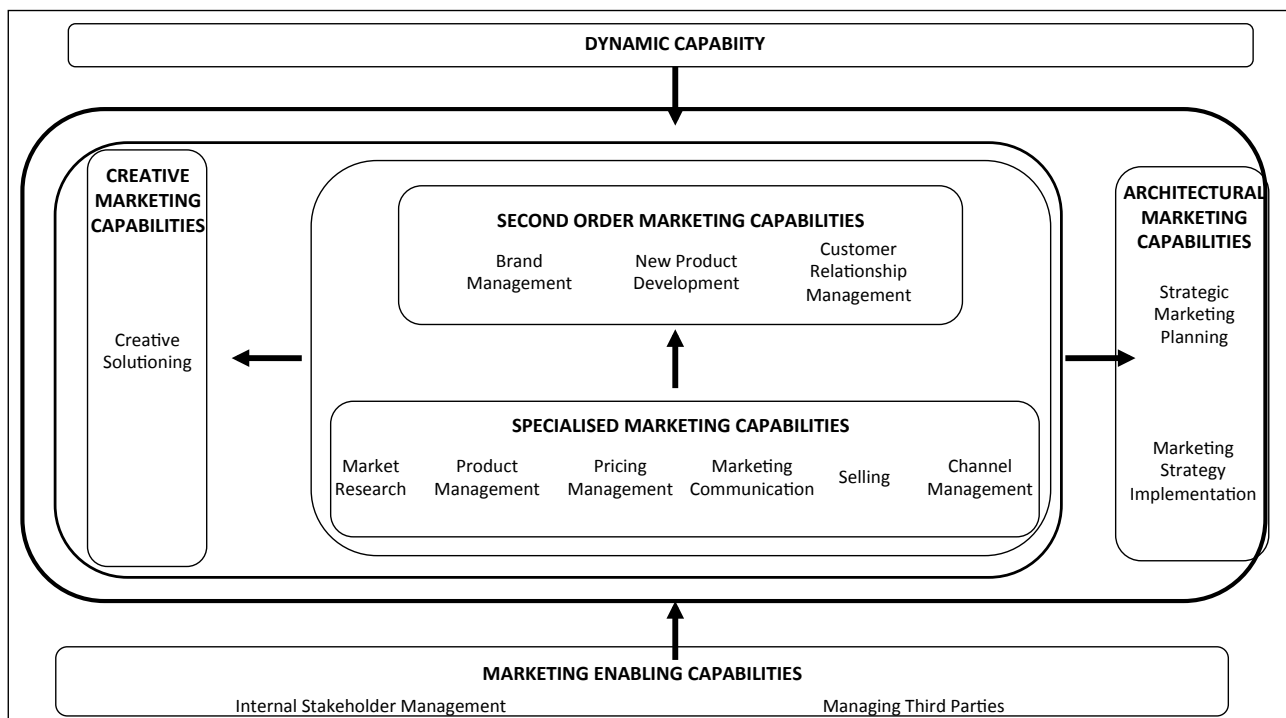


Figure B2.1 Types of Marketing Capabilities at DrinksCo

Six groups of marketing capabilities are evident at DrinksCo, namely Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. Architectural marketing capabilities consist of strategic marketing planning and marketing strategy implementation. Combinations of Specialised and Second Order marketing capabilities are used in planning and implementation at DrinksCo. The three Second Order marketing capabilities (brand management, new product development, and customer relationship management) use combinations of the six Specialised marketing capabilities. Creative marketing capabilities are used in Architectural, Second Order, and Specialised

capabilities, acting as an input. The two Enabling marketing capabilities (internal stakeholder management and managing third parties) facilitate the practice of the Architectural, Second Order, Specialised, and Creative marketing capabilities. Dynamic capability is the ability of DrinksCo to adapt its capability base in response to changes in the environment and therefore changes all marketing capabilities at DrinksCo.

MARKETING RESOURCE INPUTS AT DRINKSCO

Types of marketing resources at DrinksCo

Seven types of marketing resources are evident at DrinksCo: financial, physical, technological, relational, reputational, organisational and knowledge. This section outlines these resources and Table B2.1 provides a summary with examples. As the key focus is on marketing knowledge resources, only this category is discussed in depth.

Table B2.1 Marketing Resources at DrinksCo

Type of Organisational Resource	Examples of resources at DrinksCo
Financial	Marketing investment (budgets); cost of raw materials
Physical	Product, product portfolio, product recipe, packaging, provenance (South Africa and regionally)
Technological	DrinksCo website
Reputational	Premium brand equity, brand identity, trademarks
Relational	Relationships with sales teams, distributor, customers, shoppers, consumers, personal networks within the organisation and externally
Organisational	High marketing orientation
Knowledge	Recognition of importance of training, increasing support from Human Resources on training, experience, judgement, intelligence, insight, trade secrets

Marketing resources are contained in the experience of individuals that, as Anne notes, is a key feature of the marketing team: the team is small but has a great deal of experience. Also included in this resource is the training the team had attended within DrinksCo, at the parent company, and at previous organisations.

The nature of marketing knowledge at DrinksCo

Marketing knowledge at DrinksCo includes explicit, tacit, procedural, declarative and transactive aspects. There is limited explicit knowledge outlined at DrinksCo with most being tacit. Anne states that there are no formally documented marketing processes, routines or 'ways'. Marketers have borrowed 'ways' from other companies where they may have worked previously, or from the parent company, as Anne explains:

It is not a formal, documented way of doing it, it is just how we do it. It is not like it is mandatory and you have to do it like this. And I suppose you know we just carry on doing things in the way we have done them, because they work (Anne, p. 14).

Explicit knowledge at DrinksCo is therefore mainly procedural and is contained in the templates that Anne developed and in processes such as the new product development process. It is also obtained via whatever formal training marketing team members had received (tertiary qualifications, courses that the organisation offered or external short courses). This is also easily learnt knowledge.

Internal and external transactive marketing knowledge are evident at DrinksCo. External transactive knowledge emerges through the third parties the team engaged in performing marketing-related activities, for example, which agencies to choose for activities such as media, research or strategic advice. Internal transactive knowledge is also key in facilitating the management of the multiple relationships and networks that require negotiation, such as with sales, distributors and channel partners.

There is a link between marketing knowledge and the types of marketing capabilities at DrinksCo. Fifteen sub-capabilities were outlined at DrinksCo. In addition, two capabilities were highlighted that are not specific to marketing but enable its effective practice. These marketing sub-capabilities can be classified according to their level of learnability and tacitness. This is outlined in Figure B2.2 and discussed in the sections that follow. Levels of tacitness and learnability do not fit neatly into the low or high classifications outlined in the original model based on the literature (Chapter 2). Rather, what emerges are high, medium, or low levels of tacitness and learnability – for example, brand management has explicit elements such as the brand style guide, brand visual guide and brand ladder (DrinksCo D12:10; DrinksCo D3:3). These guides prescribe the appearance of the brand logo, its placement in any communication and on other surfaces such as promotional material, the specific colours to use and the functional and emotional benefits of the brand that should be highlighted in communication and price positioning. At the same time, however, knowledge of how the premium brand positioning is best applied to specific pieces of communication (television, sponsorships or print for example), has more tacit characteristics that cannot be specifically outlined in any of these guides.

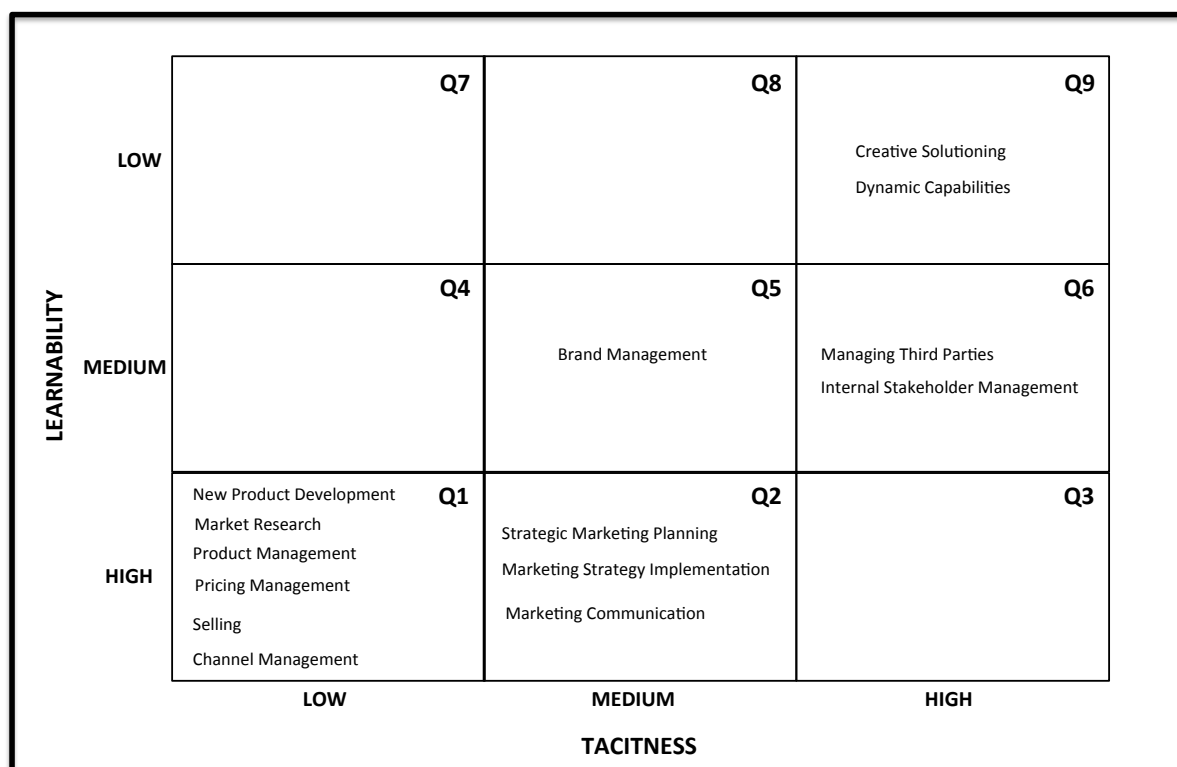


Figure B2.2 The Nature of Knowledge Resources Underpinning Marketing Sub-Capabilities at DrinksCo

Capabilities in **Quadrant 1** are easy to learn and are less tacit in DrinksCo. Four capabilities fall into this quadrant: new product development, product management, selling, and channel management. New product development follows a structured and sequenced plan based on project management principles (DrinksCo, D10); new product development often involves all aspects of the value chain in DrinksCo and so effective co-ordination is important.

Product management at DrinksCo is conducted within prescribed guidelines for both brand and regulatory reasons. The product recipe is a key component of the brand positioning which is described as the ‘integration of intrinsic (i. e. pure, single fruit juice) and extrinsic brand properties (i. e. emotional social badge value)’ (DrinksCo, D12:8). Selling and channel management follow structured approaches with highly explicit characteristics, since to be effective they need to be performed in a similar fashion across the organisation.

Many of the marketing capabilities in DrinksCo fall into **Quadrant 2**, indicating high levels of learnability with medium levels of tacitness. This is driven by the context of the organisation, which shows overall low levels of explicitness about marketing capabilities. The capabilities in this quadrant are: strategic marketing planning, marketing strategy implementation, market research, pricing management, and marketing communication. While these capabilities remain relatively easy to

learn, the low levels of explicit knowledge in DrinksCo means their development tends to rely more on tacit knowledge than those included in Quadrant 1 (higher degree of explicitness). For example, Anne describes how she followed no specific pattern in performing strategic marketing planning and marketing strategy implementation, but relied on her own experience and in fact at times found templates restrictive. This implies that much of this knowledge resides with Anne and thus is more tacit than if it had been highly codified. A similar trend is evident in market research and marketing communication. Pricing management contains elements of knowledge that are explicit, such as the premium that DrinksCo maintains relative to competitors and within its brand portfolio. However, as the pricing of the DrinksCo products is also part of its brand positioning, some elements of this capability are also more tacit, in that marketing needs to judge which price points communicate premium, and when a higher price would move the positioning into an unattainable perception of the brand.

Brand management is placed in the middle of the matrix (**Quadrant 5**), illustrating that it displays medium levels of learnability and tacitness in DrinksCo. The various guides (brand style guide, visual guide and brand ladder) help to increase the ease of learnability and lower the levels of tacitness. However, certain aspects of brand management cannot be included in these guides which shift the levels of learnability and tacitness into the middle quadrant – for example, the ability to decide whether innovation applied to communication is aligned with the brand positioning, and insights about the target audience. Such capability can only result from practice over time.

The two marketing capabilities employing relational resources are classified as highly tacit and at medium levels of learnability, thus placing them in **Quadrant 6**. These are internal stakeholder management and management of third parties. At DrinksCo, there is no explicit dimension to either of these capabilities and their nature is highly tacit. Therefore, while they are not difficult to learn, they still require the application of greater levels of individual experience and judgement than other marketing capabilities. This is illustrated by Belinda, the assistant brand manager, in her description of her process of learning internal stakeholder management. She outlines how it necessitated various experiential and observational activities:

I think by watching other people and how they engage with people at a different levels or partners or colleagues and that kind of thing. It's been very, very interesting to see what or how the best way to manage different people is by watching other people and I think that, I think that the only time that you can actually learn something like that is by as the old rule goes, listening twice as much as you talk (Belinda, p. 6).

Dynamic capability and creative solutioning display high levels of tacitness and are more difficult to learn than the other capabilities. Both of these rely almost entirely on the individual's experience and the ability to develop judgment about application. As such, they are hard to communicate and formalise and fall into **Quadrant 9**.

KNOWLEDGE INTEGRATION MECHANISMS AT DRINKSCO

Marketing knowledge resources at DrinksCo are transformed into marketing capability through formal training (including tertiary and organisational training, short courses and online sources), coaching, mentoring, accessing contacts in the marketing community, consulting friends and colleagues, and also learning from the agencies that the company used. Other key ways in which knowledge resources are transformed are on-the-job (learning by doing), the application of experience gained in other contexts for example in previous roles) and self-directed capability development (for example, through reading). The formal training mechanisms involve knowledge codification (both internally within DrinksCo and externally, for example through tertiary education or short courses). Coaching, mentoring and accessing contacts through various means provide the opportunity to employ knowledge articulation and on-the-job and self-directed capability are evidence of experience accumulation. These observations are summarised in Figure B2.3 and discussed in more depth in the sections that follow.



Figure B2.3 Knowledge Integration at DrinksCo

Knowledge Codification

The use of templates and descriptions of formal training in the form of tertiary qualifications, organisational training, short courses, and accessing online courses provide evidence of knowledge codification at DrinksCo.

The team does not use many standard marketing **templates**. Anne uses those she sourced from her previous companies, from the parent company of DrinksCo, or examples shared around the marketing community. Anne described being exposed to different approaches through the years and using whichever one suited her purpose at the time.

Although the relationship with the parent company is not close, Anne describes ‘borrowing’ information from the company – for example, how to approach brand positioning. Rather than using formal means, however, this tended to be via those within DrinksCo who had networks within the parent company and could call on those contacts for information when required. However, Anne had a mixed view of using templates, saying she thought they “train you in a way that otherwise you perhaps wouldn’t have. But I think for me, I prefer It’s nice to have the experience of what those things bring, but it is nice to have the flexibility to do it your way and in a way that makes sense for the brand” (Anne, p. 13). Thus, DrinksCo does not have its own codified marketing ‘way’ per se, but rather borrows and adapts codified knowledge from various sources.

Formal qualifications are described rather as ‘passport factors’ that provide basic knowledge particularly by more senior members of the team. Shoelene calls formal qualifications ‘base’ level or ‘root’ things that, as people became more senior, they referred to in need. These were moved more and more into the background as capability improves. Anne also related this to her approach to marketing managers:

So, I think for me when you recruit people it is about they must have the qualification because it is a passport factor and you have to know they are capable. And they must be able to show that they have got initiative to use their brain and stuff (Anne, p. 10).

For middle and senior levels, the formal qualifications were seen to provide the basket of basic skills (such as terminology) which were essential but not sufficient to do marketing. As Shoelene describes:

So ja, I mean I think having the qualification, actually saying I have studied marketing, I understand the communication aspect on paper and I understand what advertising is on paper, statistics and all that; I think that gives you the credibility to actually put your foot in the door (Shoelene, p. 3).

However, Belinda, who was in a junior marketing role, feels differently. She agrees that her undergraduate marketing degree was less useful, but on the other, she says her post graduate qualification is important to fill in the gaps in her workplace knowledge and “the reason why I did the post grad was because I definitely felt that people were speaking about things that I have lack of knowledge about” (Belinda, p. 3).

Anne’s view was that **organisational training** needs to be offered for some areas of expertise. She mentions that this is probably most applicable to skills such as media training and is particularly

important for those within the organisation who do not work in marketing, for example, the managing director and finance team.

Belinda had attended a training courses at the parent company: a week-long “marketing foundation workshop”. This is described as a crash course in marketing focusing predominantly on integrated activity planning with an emphasis on brand planning. “It was like a crash course in what opportunity looks like in a market and how you identify it, you know which is feasible for you, which is feasible for your business or your brand, so a lot of it was brand because there were a lot of brand managers there and channel managers as well. How you identify and how you pursue it” (Belinda, p. 4). This course includes group work, presentation skills and a visit to a trader in one of the South African townships. The intention is to try and make it as practical as possible.

Training is also offered by agencies. This is described as quite specific to particular skills such as the media skills of understanding a media flow plan, judging a media schedule and using the media buying systems in the agency. The approach used within this training is practical application where they “put us into groups, gave us a brief and then said: ‘right, go and buy media” (Anne, p. 3).

Anne notes that often external industry **conferences** are not as useful as they initially appear and need to be considered carefully, based on the speakers and the content on offer. This is becoming more important as Human Resources’ increased focus on capability in general means they often make recommendations to the team. However, Anne has cautioned her team to use their judgment in choosing these courses. Some international conferences – for example, the Cape Town Design Indaba and the Cannes Festival of Creativity – were mentioned, but these are seen as sources of inspiration rather than places where specific capabilities are built.

Knowledge Articulation

Other ways in which marketing knowledge was transformed are through coaching, mentoring, and relying on others such as the marketing community, friends, colleagues, and those within advertising agencies (knowledge articulation).

The process of **coaching** is described as being given a task to do step-by-step, based what their line manager thought they could do, and growing capabilities in this way. It is also viewed as a way of building confidence for the more junior employees, which a guided, step-by-step, process helps to achieve. Coaching is also described as important in terms of encouraging repeated practice of a part of marketing. Within this context, it is not enough to simply perform the activity once, as Anne explains:

I think under basic supervision, and there is a lot of coaching and helping and saying: 'have a go'. 'Here is an example of a brief, we need to allow in our brief for a promotion. Have a go at writing it. You have this as a guide, then come bring it back to me and talk to me' (Anne, p. 10).

Linked to coaching is the importance of mentors in helping to develop marketing capability. They are described as those who can ask the right questions about the work being done and challenge thinking.

The process of consulting and discussing solutions with third parties is also a way in which knowledge is integrated. One way this is achieved is through consulting with friends or contacts who have previously done that kind of work, and getting advice from them. It may also take the form of learning from identified experts in the field, both within and external to the organisation. For example, Shoelene describes how she had decided to learn about the factory and the product, so she picked people in the factory and asked them to teach her about it. Externally, she describes using people in an agency who were experts in packaging to learn and get advice from.

So, I really use mentors and people that have that specialist skill and I really always defer to them.... So, in terms of packaging, if I have an idea, I give it to Mary and I always say, 'what do you think, can you do this?' And they have the final say as far as I am concerned. So, I always defer to higher experience and I think as you are learning that is really important to do (Shoelene, p. 9).

Anne says that learning from the expertise of advertising agencies was one way in which she was able to build her marketing capabilities particularly new capabilities such as digital marketing. However, this approach also has an element of self-directedness, in that it remains up to her to ask: 'what is that' and then source the information she needs.

Experience Accumulation

On the job learning, the application of previous experience in other contexts or previous roles and self-directed learning are all examples of how knowledge is integrated via experience accumulation at DrinksCo.

At DrinksCo it is important for Anne that team members have 'actually done' something, rather than that they just 'know' how to do it to be viewed as competent. They need to demonstrate **on the job** experience. She describes the importance of having the opportunity to experience or do something more than once in different contexts. Anne draws the analogy with medicine, where she says trainee doctors experience an emphasis on the practical application. She regrets the same does not hold

for the discipline of marketing. In describing her personal experience of on-the-job learning, Anne tells a story about being “thrown into the deep end”:

But then [my manager] resigned and then they decided not to get a category manager on the portfolio, so I just got: ‘you must handle it’. So, then I reported directly to the marketing manager and that was fortuitous for me because I just had to do stuff (Anne, p. 2).

However, on the job learning at DrinksCo still entails some supervision, particularly at more junior levels, where the team are not simply left to their own devices. This is described as a process of the junior person earning the trust of the more senior person over time: it is a more guided on-the-job learning experience. In addition to being given tasks to try, on-the-job learning is also described as observing by accompanying a more senior person to meetings or activities to learn from that person:

The importance of being able to fail and then learn from mistakes was also raised as key in DrinksCo. This was attributed to the more creative nature of marketing, implying that it is not an exact science and sometimes trial and error are required to get it right. This culture was also seen as being key to the process of innovation.

It is not only experience at the current DrinksCo that plays a role, **previous experience** from other organisations and in other roles is also important to process of experience accumulation. Using previous experience is referred to as acquiring layers of knowledge. Anne also describes how, when new people join the team, they bring their expertise with them. She describes an instance in the past where a new brand manager, Jenny had joined, and she had “a very structured approach, I loved them, because it was straight back to the controlled environment of a big company” (Anne, p13).

Because DrinksCo is small, with limited budgets, the team often opt to use their previous knowledge to do things themselves where they may in the past have used an agency. For example, Anne describes the pitch process for appointing a new agency:

Ja, and I am just thinking now of the pitch process of agencies. So, I mean this company is small as you know, we don’t have the money to spend on pitch consultants. So before when I have been involved in agency pitches, like at [Company] we did a big pitch, but it was run through a consultant.

Yes.

We had [Company] or one of those companies. I can’t remember who it was. And we had Anthony Smith facilitating a whole lot of stuff. Ja.

Okay.

He was actually facilitating and I sure it was [Company]. But anyway, and then here [at DrinksCo], when we did the pitch with [Agency], I said to [my manager]: ‘we don’t need them,

we can do it'. And so, it was a bit of learning and I asked [a colleague] also, 'can I do this'. . . And it was fine. So, we saved lots, but I mean we had to (Anne, p. 7).

Self-directed learning is described as reading about trends and changes in marketing, new approaches and so on, and is seen as important for keeping capabilities up to date. It also includes reading from a variety of sources, and not just about marketing.

I read voraciously. I subscribe to about a hundred different articles on the internet. My inbox is full every day.... So, keeping up with the trends in terms of reading, there are so many amazing websites out there that are writers from all over the work that help you to think differently, that help you to track trends if that's what you are into (Shoelene, p. 12).

FRAMEWORK OF ORGANISATIONAL MARKETING CAPABILITY DEVELOPMENT AT DRINKSCO

Figure B2.4 illustrates DrinksCo's marketing capability and shows that it results from a variety of knowledge integration mechanisms, depending on the nature of the knowledge underpinning the sub-capabilities. In some instances, marketing knowledge is integrated via one mechanism such as knowledge codification or experience accumulation; in others it is integrated via a combination of two or all three.

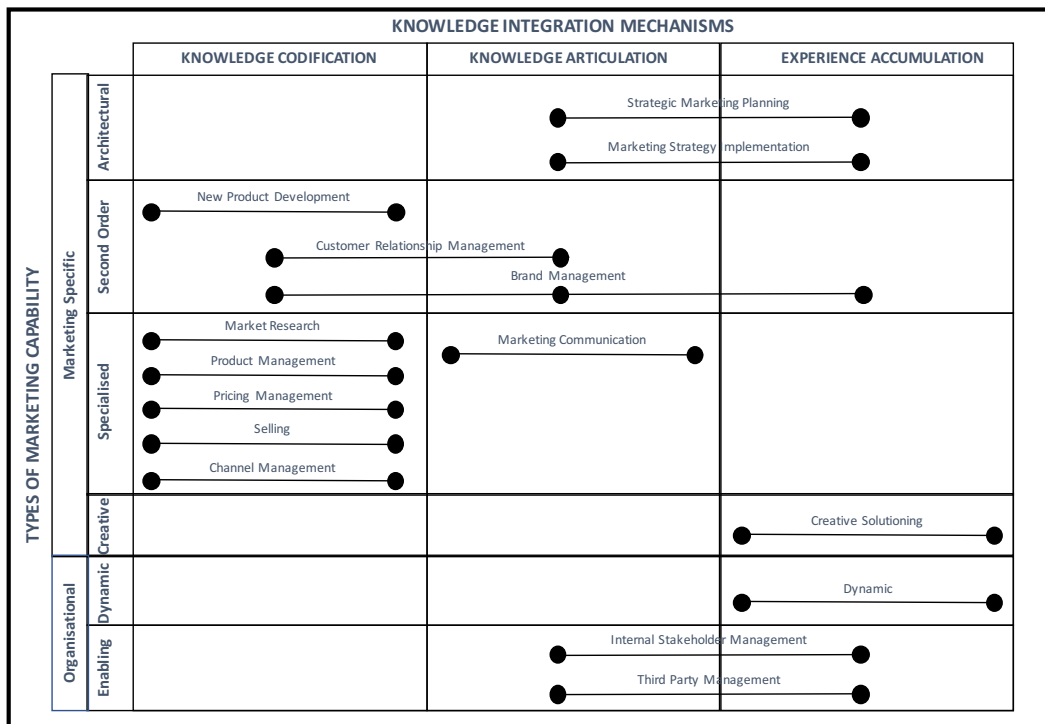


Figure B2.4 Organisational Marketing Capability Development at DrinksCo

The knowledge of **Architectural** marketing capabilities (strategic marketing planning and marketing strategy implementation) is integrated by a combination of knowledge articulation and experience accumulation. This is a function of the finding that there are few codified strategic approaches in DrinksCo, combined with the preferred approach of Anne who chooses to use whichever approach suits the task at the time.

Second Order marketing capabilities knowledge is integrated via different combinations of mechanisms. The strict processes associated with new product development mean that the knowledge underpinning this capability is integrated via codification. By contrast, customer relationship management is developed via a combination of knowledge codification and knowledge articulation. Brand management knowledge integration involves the combination of all three mechanisms: codification, articulation, and experience accumulation. Codification is reflected in the use of various brand guides, articulation in the coaching provided by more senior members of the team, and experience accumulation in the need to practice the application of the more tacit aspects of brand management over time.

In the case of **Specialised** marketing capabilities, the knowledge underpinning them is integrated mainly via knowledge codification, aside from marketing communication, which is integrated via knowledge articulation. This reflects the more explicit nature of this knowledge.

The knowledge that underpins **Creative Solutioning** and **Dynamic capability** is integrated through experience accumulation. This is because of the highly tacit nature of these two capabilities and the finding that they are highly dependent on contextual factors. In the case of Creative Solutioning, this may also relate to the nature of the target audience, the business problem to be solved, and the type of creative application being considered. The nature of dynamic capabilities is to change the capability base of the organisation to respond to changes in the environment. These environmental changes are unpredictable and could include shifts in consumer taste preferences, competitor activity, and/or the availability of new types of packaging materials.

The two marketing capabilities included under **Enabling marketing capabilities** (internal stakeholder and third-party management) exhibit the same means of knowledge integration: a combination of knowledge articulation and experience accumulation. This reflects the need for coaching combined with experience in practice about how these relationships are built and maintained.

SUMMARY DRINKSCO WITHIN CASE ANALYSIS

The components of organisational marketing capability at DrinksCo

Fifteen marketing capabilities are evident at DrinksCo and these are placed into four categories: Architectural marketing capabilities (strategic marketing planning, marketing strategy implementation); Second order marketing capabilities (brand management, new product development, customer relationship management); Specialised marketing capabilities (market research, product management, pricing, selling, channel management and marketing communication); Creative marketing capabilities (creative solutioning); and Dynamic marketing capability. Two Marketing Enabling capabilities are also observed: internal stakeholder and third-party management. Some individual traits also emerged as important with respect to organisational marketing capability: having a 'passion' for the marketing function, and displaying resilience in dealing with stakeholders.

Marketing Knowledge Integration at DrinksCo

Marketing knowledge integration at DrinksCo had many tacit features, particularly where this related to Architectural, Second-Order, Creative and Marketing Enabling capabilities. This is a reflection of the context with the company which tends to rely on the expertise of Anne, the CMO, rather than more explicit approaches emphasising the use of company manuals and highly standardised processes.

Integration of marketing knowledge at DrinksCo occurs through combinations of the following mechanisms: knowledge codification, knowledge articulation, and experience accumulation. This depends on the nature of the knowledge that underpins the sub-capability. In the case of Architectural and Marketing Enabling capabilities, this takes place through a combination of knowledge articulation and experience accumulation. The knowledge underpinning Second Order marketing capabilities differs occurring through knowledge codification for new product development, both knowledge codification and articulation for customer relationship management, and via all three mechanisms in the case of brand management. Knowledge integration of Specialised capabilities is primarily via knowledge codification aside from marketing communication, which exhibits features of both knowledge codification and articulation. Finally, Creative and Dynamic capabilities utilise the knowledge integration mechanism of experience accumulation.

B3 FINCO: WITHIN CASE ANALYSIS

MARKETING CAPABILITIES OUTLINED AT FINCO

A number of projects at FinCo in the past view years have been designed to understand the marketing capabilities the company needs. Additionally, a review was taking place at the time of the

interviews, driven by the recognition of the changes in the broader marketing environment, as well as those within the financial services industry as a whole.

Although Susan is responsible for market research for the group, she is also tasked with running the current marketing capability project for FinCo. This project identified three broad categories of marketing capabilities: understanding markets, clients and competitors; reputational management (including the ability to plan marketing); and campaign design and execution (the ability to do the things that need to be done in marketing). However, during the research, no-one else in the marketing team mentioned this framework, and so it did not seem to have been embedded within the organisation at that time.

From the interviews, the following marketing capabilities emerged in FinCo: Architectural, Second Order, Specialised, and Dynamic. Some additional capabilities emerged at FinCo that could not be classified into existing categories and so two new groups were created to cater for this. A category termed 'Creative marketing capabilities' included creative solutioning capability and another, Marketing Enabling capabilities, incorporated two capabilities, internal stakeholder management and managing third parties. Additionally, five individual traits also emerged: curiosity (also described as showing an interest in the world), interest and passion for the organisation, the ability to use gut-feel, resilience, and ability to resonate a sense of confidence. Each of these capabilities is outlined in the sections which follow.

Architectural Marketing Capabilities

The starting point for strategic marketing planning capability at FinCo is understanding the business. The elements of this capability are "to design effective communication and marketing experiences that will reach, communicate and connect with the target markets in an impactful and relevant way" (FinCo, D1:31). As Erik describes "marketing must make it [the product or service] live and it must start working. So, you must go tell the market, go and tell everybody that this is what we have" (Erik, p. 4). Importantly, this also involves developing a holistic view of marketing activities and messages across all business units and ensuring alignment to overall business objectives, as well as maintaining customer perception of FinCo as a whole (FinCo, D6:1). This includes not only an appreciation for how the financial services industry works, the various players and the factors influencing the industry (FinCo, D1:13), but also a broader perspective: understanding the role of the business in society, which is outlined as "the impact of FinCo on society relative to competitors and the overall financial services market" (FinCo, D1:14). Planning incorporates understanding what is needed to deliver for target customers in both the short and long term, including sizing the market, identifying customers, determining which products and services to sell to them and then the best way in which to communicate key messages.

This capability therefore aligns to the achievement of business objectives (FinCo, D5:24) and allows marketing to identify opportunities that enable the organisation to find sources of growth (FinCo, D6:1). It is part of marketing's aim to develop the ability to perform as a commercially astute strategic partner, supporting business (FinCo, D10:49). One of the activities of the planning process is developing processes for collaboration across the organisation and managing trade-offs in the allocation of resources to implement the plan (FinCo, D5:4).

Due to the services nature of FinCo, one capability emerging in the planning stage is the understanding and development of customer experience. This involves using insights about what constitutes a good customer experience and mapping out the customer journey, which feeds into the key touchpoints required for communication.

Budgeting is included in the strategic planning capability: developing the annual budget and managing expenditure against budget in the most efficient and effective manner (FinCo, D1:16). It also includes realising efficiencies in using and managing third parties such as agencies and suppliers (FinCo, D5:4).

Underpinning marketing strategy implementation is project management, whereby people from different disciplines within the organisation, and external suppliers, are coordinated to ensure effective delivery of marketing and communication (FinCo, D1:21).

Finally, marketing and communication measurements and metrics to assess performance against objectives and to monitor and evaluate the effectiveness of these activities form part of this architectural marketing capability (FinCo, D1:50). This takes place at FinCo in a number of ways, including ongoing feedback from clients and staff, post campaign analyses, and value generated through projects as measured through sales, revenue and reputation impact. (FinCo, D5:5; D6:1). It is important for marketing to be able to show a substantial, demonstrated, top- or bottom-line effect, and therefore marketing performance indicators need to be clearly linked to overall business performance (FinCo, D10:49).

Second Order Marketing Capabilities

New product development at FinCo is driven by the business lines, and starts with the development of a business case. The business case is developed by the person proposing the new product or service, and is required to include a product description, description of the needs to the customer and the benefits of the product/ service, the target market and the effect of the new product/service on the customer base of FinCo, an overview of the market from an industry and competitor point of view, level of fit with the strategic direction of the business, existing products

which may have an impact as a result of the launch of the new product, launch process, channel delivery, proposed sales support, economics, tax issues, and financial accounting considerations (FinCo, D50). An extensive risk assessment must be included, covering operational risk (“the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”, FinCo, D50:1); credit risk (“the risk of loss arising from counter party default”, FinCo, D50:5); liquidity risk (“the risk that the bank has insufficient funds or marketable assets available to fulfill its obligation to the counterparty”, FinCo, D50: 6); market risk (“the risk of a decrease in the value of a portfolio as a result of an adverse move in market variables such as price, currency exchange rates and interest rates”, FinCo, D50:6); and compliance risk (“the risk of non-compliance with any statutory requirements, FinCo, D50:6). It is evident from supporting documentation that the development of new products and services within FinCo is a complex process, involving many stakeholders, and needing to take into account many potential factors from a regulatory and risk point of view.

Business cases for new products and services are presented to a governance committee that assesses each one individually and within the broader context of the capacity of the organisation to implement and support it. The purpose of this committee is defined as to “review and assess risks relating to (and approve, decline or refer) new or amended business plans, products/services submitted by business areas within FinCo and to provide assurance that the new product proposal process is adequate and adhered to” (FinCo, D51:3). Its role is both as strategic gatekeeper and as a means of assuring adherence to the governance processes. The committee comprises representatives across the value chain, including all business lines, marketing, compliance, risk, sales, tax, financial crime, and operations.

Brand management is defined at FinCo as “about keeping a promise to clients, employees and the communities in which we operate” (FinCo, D53:2). The brand is managed by a centralised group function within FinCo, because the company operates across many geographies and maintaining brand consistency and equity across these jurisdictions is key. Therefore, how the brand is managed within all these areas, including South Africa, is prescribed using strict brand guidelines outlining the brand promise (defined as “the long-term, tacit promise based on purpose of the organisation” (FinCo, D56:3), the brand characteristics, the evidence which would convince customers (‘proofs’), the tone of the communication that the brand would use, and the visual guidelines (FinCo D53:12).

Brand positioning in FinCo is viewed as the ability to position the brand broadly and it requires the ability to answer the question, “what is your position in the architecture?” (Nathan, p. 4). This capability means understanding the principles of brand marketing and the role brands play in

customers' lives (FinCo, D1:25). Part of the brand positioning within FinCo is also thinking about the role of the brand within the broader context of South African society, as Janet explains:

We, as a bank, drive economies. We literally can change the world, literally because of the fundamental role we play in society. And in growing wealth and creating opportunities. I genuinely believe that financial services brands have got a much higher role to play in society (Janet, p. 9).

Brand management includes understanding what differentiates FinCo from competitors. These may be functional and emotional differentiators, although the ability to identify and communicate the latter (emotional differentiators) is viewed as becoming more important. Janet explains:

Brands today, it is almost impossible to differentiate at a functional level. So, you have got to differentiate on tone, on style, on behaviour, on what you stand for – on something completely different (Janet, p. 7).

Brand positioning at FinCo also involves positioning the brand within the organisation **to** its own staff, because of the important role that staff play in the embodying the brand in a services organisation. The ideal outcome for marketing is for the leadership and staff to have a clear understanding of what the brand stands for and how it is differentiated in the market, “to inspire our people to be brand ambassadors” (FinCo, D5:4). This aspect of the brand positioning was also known as the Employee Brand Proposition at FinCo.

Increasingly, the positioning of the brand at FinCo is moving into emphasising what is termed brand purpose. This entails brands needing “to do more than just drive consumers to a purchase, they have to inspire them to participate” (FinCo, D10:16). Thus, the brand purpose is seen as a means to improve alignment throughout the organisation and ensure consistency across touchpoints (FinCo, D10:49).

An important part of **Customer Relationship Management** is the desire for FinCo to be an integral part of their customer's lives, as described in the supporting documentation:

We want to make them [customers] feel like FinCo has partnered with them to make progress in their lives – whether it's to help them send their kids to school or to help them get their family into their first home, or to partner them to do a deal that provides energy for an entire community (FinCo, D53:10).

This capability requires matching the message to the stage the customer has reached on their customer experience journey, “what used to be a matter of identifying needs and communicating

benefits now requires marketers to build immersive experiences that engage consumers” (FinCo, D10:16). As Nathan asks:

What is the key message? How do I go with that message, each part of the customer journey...? So where is the individual – is it a current client or customer, so what do I need to say in the acquisition phase? So, the awareness phase, the consideration phase, the acquisition part – what differs in terms of content? (Nathan, p. 11).

This is a specific area of focus for marketing capability in FinCo that involves using content to drive the right conversations to deepen relationships and loyalty (FinCo, D5:4). Importantly, marketing identifies the need to couple content with the appropriate touchpoints to create rich brand engagement (FinCo, D10:51). The outcome sought is that the content delivered to staff and consumers at FinCo is proactively sought out and curated with an “always-on” mindset (FinCo, D5:35). This is being driven by changes in the consumer decision journey for financial services which are described as “unique, real time and almost everywhere’ (FinCo, D10:51).

FinCo also has a loyalty programme intended to “enable customers to achieve consistent, attainable and relevant value through their banking relationship with FinCo” (FinCo, D58:6). The loyalty programme enables FinCo to influence new customers to join the bank, encourage current customers to use their accounts (activation), motivate higher frequency of use of accounts and also increase the number of products customers hold with FinCo. The Customer Relationship platform underpinning the programme also enables the organisation to improve its understanding of customer demographics and financial behaviour.

Specialised Marketing Capabilities

Market Research is understanding the target audience at FinCo by identifying markets and segments, and understanding more about who they are. Key questions for understanding the target audience are: what are the customer needs; and what are the actual versus desired perceptions about the FinCo brand, product or service? (in other words, “this is what people think, what is the gap and how you are going to close it?” (Natalie, p7)). Other elements of this capability are understanding both the expressed and latent needs of the customer.

An important part of understanding the target audience is being able to turn an observation into an insight. This goes beyond understanding to generating insights that are described in FinCo as “robust, relevant and grow market intimacy through insight stress testing” (FinCo, D5:19). Sean’s description of this emphasises both a scientific and intuitive dimension:

Because if you think about the art of uncovering overt versus the hidden needs in clients' lives, it is a very iterative process that requires a bit of what you would call models just to uncover it, but there is a lot of intuitive art, the thing you call art, that looks at the underlying things that people are trying to do (Sean, p. 1).

Marketing's use of market research allows the function to be viewed within the organisation as representing the voice of the customer. Marketing is tasked with advising business partners to "drive a focus on the customer point of view when formulating and executing strategy in order to challenge business strategy" (FinCo, D5:24).

Market research includes operational or technical aspects such defining what is needed from research, analysing the results and utilising them to make informed decisions. It covers questionnaire design, differences between different kinds of research, for example qualitative and quantitative, as well as the ability to conduct desk research to "identify the need for, source interpret and evaluate information from a variety of sources" (FinCo, D1:32,35).

Emerging areas of focus in market research capability are being influenced by advances in behavioural economics, motivational psychology, changes in cultural values, and the macro environment (FinCo, D5:31). In addition, there is a growing focus on data and data analytics capability within FinCo (driven part by digital technology). This includes the ability to understand and interpret a range of information and data in a way that gives meaning to marketing. It is also linked to understanding the target audience. This capability was optimised when the data regarding consumer activity were integrated with knowledge of consumer motivation, yielding new insights into needs and how to best meet them (FinCo, D10:49).

Product management capability at FinCo entails developing product and service value propositions as part of the overall customer value proposition. The objective of the product propositions is to offer a solution to a customer problem or resolve what is described as a customer pain point, as Sean explains:

You see when customers are busy trying to execute something in their life, there is a lot of friction and pain points that they experience ... to the notion of pain point is not to deliver to that end outcome, but ideally solve for that pain point.... so there are two things about the pain point 1) the person who gets to it first and 2) develops the proposition that is got a deeper insight than the obvious (Sean p. 2).

These propositions are developed using customer insights, brand and business frameworks and based on competitive differentiation (FinCo, D1:40) and it is important that they are 'slightly ahead

of what everyone else sees' in order to be competitive (Sean, p1). Sean compares the development of the customer propositions to composing music:

It is a cognitive and an emotional capability that comes together in a way that is like music. You know every tap, every gong, every stroke or chime on its own is just like meaningless, until you line them up (Sean, p. 12).

The management of products differs according to area in FinCo. Some parts of the company manage products as a holistic solution for customers, rather than as separate or standalone products. This had been highly successful with higher-income target audiences. However, much of the organisation struggles to integrate the delivery of a single set of product solutions to the customer, and so the approach to product management in these departments is still via individual product offerings such as credit cards, home loans, vehicle and asset finance, transactional and savings products. Each of the 'product houses' has its own way of managing its products within the organisation. However, the key aspects include developing the product propositions, understanding competitors and trends, monitoring customer numbers and revenue, and setting product targets for the sales teams.

All commercial aspects of the products and services including **pricing management** are managed with the business lines within FinCo. Pricing is monitored relative to competitors. Changes do not take place on a regular basis, tending to be restricted to a few times a year (unless there are interest rate changes announced by the South African Reserve Bank, which will in turn affect the pricing of loans). Pricing is therefore managed within the constraints of industry regulations.

Channel management within the context of FinCo comprises multiple routes to market approaches, including over 700 branches, relationship bankers, call centres, ATMs, and digital channels. Digital channels are becoming increasingly important for financial services as a whole and are a major focus for the organisation as Janet describes:

Today place is anything. I mean any kind of digital channel, anywhere, anytime. We are talking about banking that is available 24/7, wherever you are, however you want to engage with us (Janet, p.8).

Therefore, a key part of channel management also relates to the customer experience as they transition from physical (branches for example) to online channels (for example, websites). The challenge for marketing is how to ensure that the brand experience for customers is consistent across these different platforms. This is referred to as 'omnichannel marketing' within FinCo.

Given the scale of the organisation and size of the marketing budget at FinCo, all types of **marketing communication** are used. For example, advertising on television, print, radio, outdoor, public relations, direct marketing, digital and social media marketing, internal and external communication and sponsorships (FinCo, D8:2). Due to the nature of the category that FinCo competes in (financial services), communication capability is importantly also about utilising digital platforms, such as social media, to engage in on-going conversations with customers. The highly regulated nature of financial services means that legal and compliance capabilities are important. Therefore, marketing needs to understand the key legal and regulatory issues that could impact on the reputation of FinCo (FinCo, D1:18).

Communication development and execution in FinCo also includes internal communication. The nature of FinCo's business means that employees and their understanding of the brand is critical to the ability of the organisation to effectively deliver their products and services to the end customer. Therefore, part of the marketing at FinCo is an internal marketing role. As Janet describes:

You have got a much bigger job of work to do to get 50 000 in our case staff members to understand what you are promising and deliver on it (Janet, p. 9).

The definition of this capability in FinCo is explained by Sandra as "employee engagement, employee communication, and that communication is centred around awareness and connecting the employees to what is happening the organisation" (Sandra, p. 1). Many of the same touchpoints are included in internal communication as for external marketing communication, for example digital internal communication, internal social media, intranet, sharepoints, and the use of broadcast media such as internal television channels.

Dynamic Capability

Dynamic capabilities emerged as capabilities that entailed being flexible and adaptable, using experimentation and also personally taking accountability for keeping up with changes in skills needed for marketing. Given changes within the financial services environment a key capability is flexibility and shifting direction when required. Janet outlines:

And flexible – what works today isn't going to work tomorrow...being able to be flexible enough to be able to go 'this was working for me now or it's not working or consumers have read it in a different direction. I need to change'. So, the concept of being able to have something in place and think you can have a 3 or 5 year plan – it worries me when we talk about 5 year plans, I think right, we can't even cope with next year! (Janet, p. 8).

Key to this is the ability to listen to what is happening 'on-the-ground' and act on that knowledge through experimentation (testing and learning). This notion is being built on the principles of agile and lean thinking at FinCo, as Peter explains:

So, in the lean start up world, you basically set up experiments and an experiment requires a hypothesis and that you are going to test against ... and then you run an experiment against that (Peter, p. 2).

This capability also entails being able to adapt when the plan and reality do not align. Susan describes the following examples:

But there is guaranteed to be someone who doesn't stick to your plans. So, I forgot to tell you there was down time on Friday. So instead of having this beautifully planned roll out, you are on the back foot. How do you deal with it? How do you play catch up? (Susan, p. 5)

Dynamic capability is facilitated by the increasing use of digital technology in financial services. Nathan's view is that "the ability to adapt and change "is going to become easier to do as people move to the digital bank and age. What is working and what is not working – the ability to quickly change, test and change as you go along" (Nathan, p. 11).

Due to the fast changing nature of marketing in FinCo, a key aspect of dynamic capability is the ability to keep up with the changes in the marketing discipline and to learn new skills or display what is described as "adaptive learning" (FinCo, D5:13). This is particularly relevant with the growing importance of digital marketing. It is not an easy task, and Susan describes the marketing team as being "so stuck," expressing her frustration "that the marketing managers, they have never heard of it [digital]" and saying she heard them say "oh no, I am not digital". Her view was that "actually we are all digital, if you are not, get your mind-set right, otherwise you are going to be left behind" (Sandra, p3). This learning capability is described a continuous process that also includes unlearning old skills and incorporating new information. Peter says:

Realising it is a continuous loop of learning. Not only do you need to unlearn things which is really hard as there is muscle memory in the brain, and certainly in organisations. So, unlearning is really tricky but the other piece is being humble enough to realise that just when you think you have got it, you realise there is another layer to this onion and you haven't quite got it (Peter, p. 1).

Additional capabilities that emerged in FinCo

Three capabilities emerged in FinCo which were not included in the original conceptualisation namely internal stakeholder management managing third parties and creative solutioning. The first

two capabilities have been grouped together under the descriptor “Enabling Marketing” capabilities, in that although they facilitated the performance of the marketing function, they are not specific to it. Creative solutioning, on the other hand, is a capability specifically related to the marketing discipline and it has been grouped within a category named creative capabilities.

Creative Marketing Capability: Creative Solutioning

Creative solutioning capability is the ability to apply creative insights, develop fresh ways of solving business problems, and delivering brand and/or product messages to customers and also to be able to assess the effectiveness of the creative material provided by agencies for fit with the brand and the target audience characteristics. Included within this capability is the notion of creative insights: the application of target audience insights to the type of creative material that will resonate with them. This capability is thus all about how the creative material connects with customers.

Part of this capability is the ability to assess the creative material coming from third party agencies, including the ability to assess what constitutes a good proposal or creative idea (FinCo, D1: 43) and to judge whether the marketing will resonate in the market (FinCo, D5:9). As Susan and Tina explain:

You evaluate it, how do you look, and how do you know it's not right – perhaps even more so? How often do you look at a print ad and say it's not right' and you can't do that 'copy is too dead; body type is too long'? But then when you get to the image and it is just not the right image for the market. What is it that makes it? Nobody did 100 miles of research but you would often be able to look at a piece of imagery and it is a businessman and a businessman and go 'this one feels right and this one doesn't (Susan, p. 9).

Because the aesthetic is just not there and it is frustrating you almost. It's hard to explain when you are having that debate with someone, and they are going 'but I want a green sparkly background'. And you are like God, that is going to look so %#\$!. But it is so hard (Tina, p. 6).

A challenge highlighted within FinCo is the need to avoid “outsourcing all the creative thinking”, to advertising agencies, for example (FinCo, D1:12). There is a recognition at FinCo that they do not currently exhibit this capability to any great degree, with supporting documentation describing its current practice as “inconsistent, haphazard and fragmented, lies with a few people, often crisis driven and not necessarily intentional, teams not empowered to drive problem solving” (FinCo D2:35).

Enabling Marketing Capabilities

Two types of marketing enabling capabilities are evident in FinCo: internal stakeholder management and managing third parties.

Internal stakeholder management is a very important foundation for getting marketing done at FinCo. The main aspect of this is “the ability to work with a broad range of people representing different internal and external groups to get them to understand and participate constructively in addressing a common interest” (FinCo, D1:72). It is described as winning the business over and so entails the need to persuade and influence people within the organisation regarding both business and marketing strategies and campaigns (Natalie, p. 4). It includes “influencing others beyond the individual’s position across functions and through different levels as well as employing appropriate negotiation strategies and techniques to reach some for mutual agreement or deal” (FinCo, D1:69-70). Internal stakeholder management also includes educating the organisation on aspects of marketing so that they are able to develop an appreciation for both the role and the value of the brand. Natalie outlined the key aspects of this:

What are the benefits of a brand, why does one have one’s brands, what is the difference between the brand and the reputation of the organisation...what is the role of the payoff line (Natalie, p. 6).

The fundamental component of successful internal stakeholder management at FinCo is therefore developing and nurturing relationships across the organisation. Natalie describes this as “getting close to business, building the relationships, understanding how to position things you want to do in a way that they think meets their needs and sometimes you have got to go this way to go that way” (Natalie, p. 9)”, adding that “it’s about being really good at navigating the complexity of the organisation, knowing when to give, when to push, when to give up” (Natalie, p. 9).

Due to the matrix structure of the organisation, multiple levels of relationships need to be cultivated, for example those with business lines, product houses, other operational functions (finance, risk compliance, etc.), and marketing itself. This is described in supporting documentation as “the ability to work cooperatively and proactively with other functions, units and disciplines inside and outside of marketing, as well as establish and leverage trust and credibility at various levels of seniority” (FinCo, D1:67; 74). Part of this capability is also to be able to communicate ideas clearly to diverse audiences and gain commitment, tailoring the delivery to a given audience using appropriate styles, language and approaches.

Some respondents feel that internal stakeholder management at FinCo relies more on the personality of the individual than their marketing ability. For example, Natalie says:

You have to go in and rely on your personality to break through and your relationships, and you use your relationships then to get a word in edgeways and if they like the way you are bonding with them they actually might ask you for help (Natalie, p. 4).

Within this context, specific interpersonal skills are outlined in documentation as important, for example “partnership engagement and communication, collaborative work style: agility and ability to take on different roles within virtual teams” (FinCo, D5:10).

With the increasing complexity of the marketing environment that FinCo operates in, internal stakeholder management is dealing with increasing numbers of stakeholders outside the traditional marketing team. Thus, the role of marketing from a stakeholder management point of view is also as a facilitator bringing all these people together across the organisation.

Not surprisingly, managing internal stakeholders in FinCo is not always an easy task. The ability to deal with the challenges and tensions that emerge with internal stakeholders is also a key part of this capability, as Peter describes:

Being a political animal and doing stakeholder engagement and appeasing this ego and stroking that ego and assuring this insecurity – all that EQ that you burn (Peter, p. 4).

Not all marketing activities are performed by the marketing team and so **managing third parties** involves briefing and creative design, which then leads to ideas being sourced from these agencies (FinCo, D5:5). This includes all the third parties involved in marketing, for example, advertising agencies, media agencies, sponsorship agencies, event companies, research agencies, PR agencies, and consultants. Part of this capability is thus to both manage and contribute to idea generation, debate the relevance of the outputs of ideation sessions, and manage the conversion of concepts or proposals into executions (FinCo, D1:44; D5:18).

When using third parties, one important aspect is to be able to translate the requirements of the business into a brief allowing them to understand the business intimately, and also understand what is required of them (FinCo, D1:21). Erik describes this in relation to working with market research companies:

So my role comes in to make sure that translation from a business point of view to the research, is done without losing the business requirements or expectations, and also the deliverables from a research house does not come in a format that doesn't deliver on the business requirements ... Quite often the business speaks business and the said suppliers speak models and sample sizes and methodologies and all that and those two, without the proper translation, you don't know what they are delivering (Erik, p. 2).

Another aspect of this capability is the notion of custodianship or “safeguarding the business interests” (Erik, p. 2). This is to avoid paying “for things that don't really help the business in any way

or the research supplier is also safeguarded against trying to be match against things they cannot deliver” (Erik, p. 2).

The relationship with third parties is therefore key, and while operational aspects are important, so too are more affective ones. The operational dimension of third party management capability includes the appointment of agencies according to policy and within procurement, and guidelines for contracting with them (e.g. forecasting and managing marketing activity to align with agency resource availability and reporting on agency/supplier performance and recommending remedial action (FinCo, D6:2). For creative agencies in particular, this also includes inspiring them to do good work. This is described as encouraging them to disrupt the norm and ensure that the work that they produced differentiates FinCo from its competitors in the financial services category (FinCo, D5:4). As Jane describes:

And also getting marketing people to get the best out of their advertising agencies or their partners, whatever they are. You are not buying pens, you are not buying a commodity, it is a completely different relationship. And getting to the point where they see and understand the more your agency understands your business, the better the work is going to be, and the more you can inspire and encourage them and less you use the stick approach, the better the work tends to be (Janet, p. 5).

Individual traits

For some of the respondents, individual traits are the secret ingredient or ‘magic’ in the marketing mix. Janet likens this to baking a cake:

I can follow the recipe and yet my cake does not look like it should – and I have followed that recipe to within an inch of its life. But somehow the magic is just not there. I have followed that recipe exactly, I have all the ingredients, I have done exactly what they have told me, yet my cake doesn’t come out the same way. There is a magic ingredient missing (Janet, p. 6).

The following individual characteristics were mentioned as key to performing marketing at FinCo: curiosity (also described as showing an interest in the world): interest and passion for the organisation, the ability to use gut-feel, resilience, and ability to resonate a sense of confidence.

Curiosity or an interest in the world around you is described as a ‘meerkat perspective’ (Natalie, p. 3) and is aptly characterised by Janet:

So, to be curious and constantly looking for what is out there, who is doing what, what is the next big thing, why do people do what they do (Janet, p. 3).

Another important individual trait is the need to be interested and – for some – **passionate** about the organisation and its products, which then also emerged in willingness to learn about the organisation (FinCo, D10: 56).

The ability or capability of the individual to **use their gut feeling** is also outlined. This emerged particularly in reference to the debate as to whether marketing is more art or science, with some respondents asserting that it is more art than science and thus should rely more on gut-feel. As Susan outlines:

You are marketing to a human, and somewhere along the line you have to go with what feels better. Choosing an ad, sometimes you have to go ‘does this feel right or not’ because you are human and someone on the other side is going to receive that ad, how are they going to feel?” (Susan, p.8)

In view of the need to manage many different stakeholders, **resilience** is also an important individual trait that emerged. This includes displaying a sense of optimism, adopting a positive outlook despite setbacks and obstacles, acknowledge the need for change, accepting change, adapting to effectively address change, helping others deal with change, and the ability to recognise and manage stressful, pressurised, and adverse situations (FinCo, D1:78). Coupled with resilience was the need to be able to “recognise, assess, respond to and resolve conflict in a constructive way” (FinCo, D1: 77).

An individual trait which emerged in a more nuanced way is the ability to display confidence in the relationships which marketers have with the rest of the organisation. This manifested in a number of ways including demonstrating that members of the marketing are “empowered to pitch solutions” (FinCo, D5:26) and marketing teams presenting “the case for specific marketing actions in a confident manner” (FinCo, D5:33). This attitude signals to stakeholders that marketing is knowledgeable about their area of expertise and can be trusted to deliver the agreed outcome.

Summary: types of marketing capability at FinCo

Architectural, Second Order marketing and Specialised marketing capabilities emerged at FinCo. Three additional capabilities were also identified: creative solutioning, internal stakeholder management, and third-party management. Creative solutioning was grouped into Creative marketing solutions, while the remaining two were grouped into Enabling marketing capabilities, as, while they were important facilitators in the performance of marketing, they are not specific to the marketing function. Six individual traits were also mentioned as key to performing marketing at FinCo: curiosity (also described as showing an interest in the world), namely interest and passion

for the organisation, the ability to use gut-feel, resilience, and ability to resonate a sense of confidence. Figure B3.1 outlines the key findings discussed in this section.

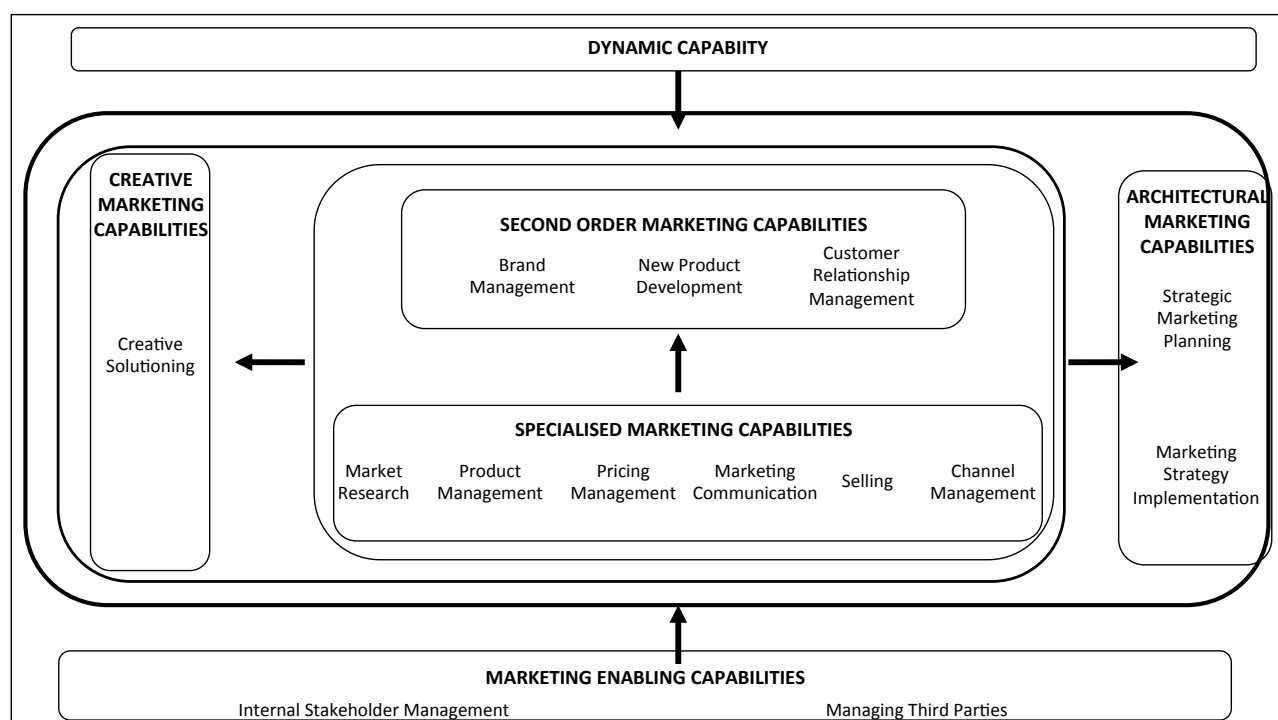


Figure B3.1 Types of Marketing Capabilities at FinCo

Six groups of capabilities make up the marketing capability at FinCo, namely Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. Strategic marketing capability and marketing strategy implementation together form Architectural marketing capability. This capability uses combinations of Specialised and Second Order marketing capabilities. Similarly, the Second Order marketing capabilities of new product development, customer relationship and brand management, utilise combinations of the six Specialised marketing capabilities. Creative marketing capability via Creative Solutioning is utilised in all of these groups of marketing capabilities. The practice of marketing is enabled by internal stakeholder and third-party management (Marketing Enabling capabilities). As the capability that enables FinCo to adapt its capability base in response to changes in the environment, Dynamic capability impacts on each of the capabilities.

MARKETING RESOURCE INPUTS AT FINCO

Types of marketing knowledge resources at FinCo

Eight types of marketing resources are evident at FinCo: financial, physical, relational, reputation and knowledge resources. This section outlines these resources and Table B3.1 provides a summary with examples. As marketing knowledge resources were the main focus of this study, this is the only category that is discussed in depth.

Table B3.1 Marketing Resources at FinCo

Type of Organisational Resource	Examples of resources at FinCo
Financial	Marketing investment (budgets)
Physical	Physical channels (branches, ATMs), product portfolio, provenance (Africa)
Human	Staff outside of marketing
Technological	Customer database of 11m customers, data analytics, FinCo website
Reputational	Brand equity, brand identity, trademarks, customer value propositions
Relational	Matrix structure, relationships with channel teams, customers, business lines, product houses, personal networks within the organisation and externally
Organisational	Improving customer-centric orientation, improving recognition of the role of brand in achieving business growth ambitions, structure of marketing (multiple specialist marketing resources)
Knowledge	Marketing capability investment, recognition of importance of training, team and individual experience, judgement, intelligence, insight

Marketing knowledge resources are contained in the focus (in time, resource, and investment) given to marketing capability at FinCo, the recognition of the importance of investing in marketing training evidenced by the extensive menu available for marketing learning and development programmes, and the individual experience, judgement and insight of the individuals in the teams. For example, many of the members of the marketing executive committee had been at the organisation for over 15 years.

The nature of marketing knowledge resources at FinCo

Marketing knowledge at FinCo includes explicit, tacit, procedural, declarative, and transactive knowledge. A number of initiatives in the organisation over the past ten years have aimed to make tacit knowledge more explicit, with varying levels of success. As Tina notes:

I don't see anyone using manuals, I have never seen it. I think manuals make people feel better because they have documented the process, but I never see anyone using a manual. And it is not even about it being a paper manual. You could make it electronic – I still don't ever see anyone using it (Tina, p. 4).

The approach to making marketing knowledge more explicit also seems to also rely strongly on the style or preference of the incumbent CMO. While the previous CMO made extensive use of tools such as manuals, blueprints, and frameworks, the current one, Natalie, does not emphasise this as much, with consequently less uptake. She seems to prefer a greater reliance on tacit knowledge. Explicit knowledge is also contained in the qualifications that the marketing team members have acquired, with many having studied marketing either at undergraduate or post-graduate level. While external short courses did feature among some respondents as another source of explicit knowledge, FinCo has developed a full menu of in-house marketing courses (both on-line and face-to-face) where the tacit knowledge of specialists is shared. Therefore, while there seem to be shifts in emphasis toward tacit marketing knowledge on some levels, explicit marketing knowledge still features strongly at FinCo.

As would be expected, given the operating structure and importance of relationships, both internal and external transactive knowledge are prominent in FinCo. External transactive marketing knowledge emerges through the networks of multiple third parties that the marketing team interacts with to perform marketing activities. Internal transactive marketing knowledge is a major contributor to how marketing is done at FinCo, and indeed, whether it can be done at all. This includes complexities such as knowing who in the business should be consulted on what parts of the marketing programme, who can provide final approvals, who in marketing or the lines of business is most likely to provide expertise, and who within, for example, legal and compliance, needs to rubber-stamp plans. The formal reporting hierarchy of the organisation provides some direction in this regard, but in many instances understanding the subtleties of the networks of influence within FinCo is of greater importance.

The link between the nature of marketing knowledge resources and the types of capabilities at FinCo emerged. Fifteen sub-capabilities were outlined at FinCo: strategic marketing planning, marketing strategy implementation, new product development, brand management, customer relationship management, market research, product management, pricing management, selling, channel management, marketing communications, creative solutioning capability, and dynamic capabilities. Two enabling marketing capabilities were also identified: internal stakeholder management and managing third parties. The 15 marketing capabilities were classified according to their levels of learnability and tacitness, specifically within FinCo. This is outlined in Figure B3.2.

Quadrant 1 includes the majority of both Second Order and Specialised capabilities. These have been classified as relatively easy to learn and exhibiting low levels of tacitness. The key feature of knowledge within FinCo which drives this is the fact that much of the knowledge for these sub-capabilities is available in codified form, for example in documents. While these might not always be formal manuals, the knowledge is nevertheless easily acquired and applied. For example, guidelines for channel management are contained in multiple documents (FinCo D4, D5, D6, D7, D8) outlining details such as channel behavioural requirements, how behaviours are to be implemented, the consequences for non-compliance to behavioural requirements, appearance guidelines, and in depth outlines of how customers should be interacted with and what to say both in person and in telephonic interactions. Another example outlines the minimum standards for branches, detailing how customers are serviced, the appearance of the branch, employee attitudes, and types of customer engagement (FinCo, D8).

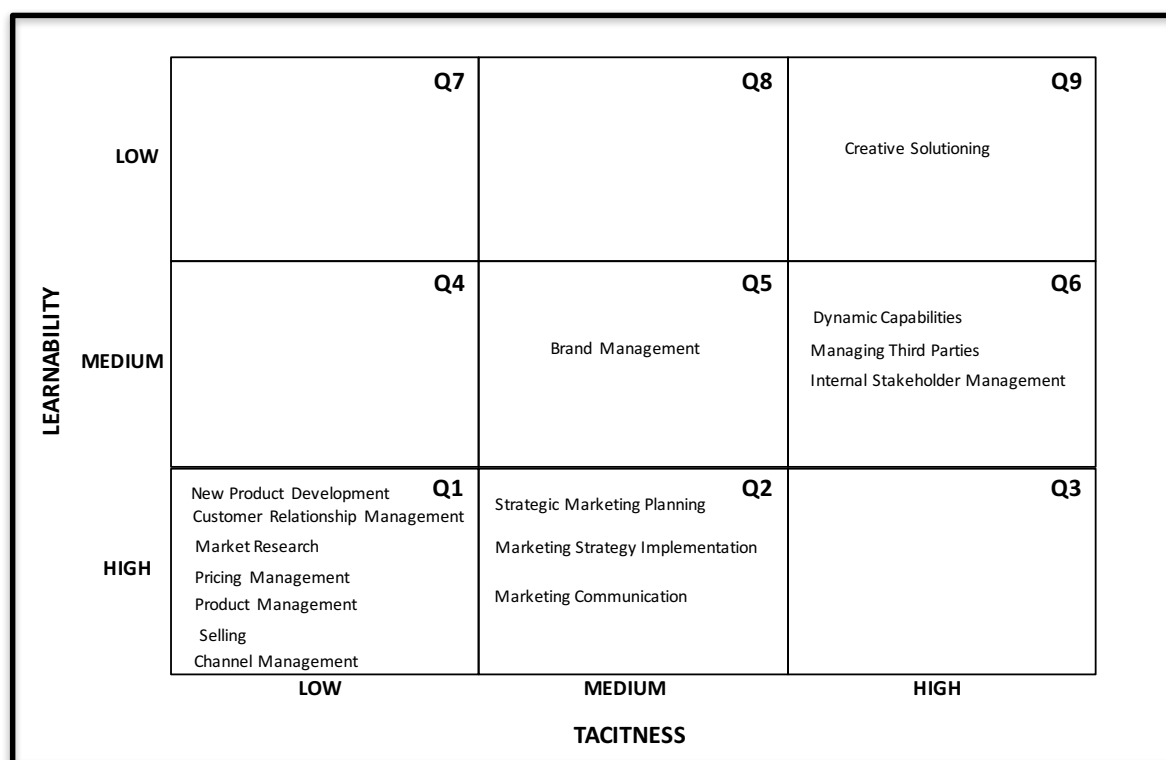


Figure B3.2 Nature of Knowledge Resources Underpinning Marketing Sub-Capabilities at FinCo

The sub-capabilities placed in **Quadrant 2** for FinCo are strategic marketing planning, marketing strategy implementation and marketing communication. The marketing strategy is outlined in a format prescribed and used by the organisation as a whole, known as the strategy map. This includes: marketing purpose, legitimacy (defined as: “How FinCo marketing can legitimately harbour such high aspirations, why does FinCo marketing think they can win”), vision, what the marketing needed to do in FinCo, and how it would go about doing it (D57:14). Strategic marketing planning and strategy implementation has also been made explicit via documented processes (FinCo, D10) which outline in detail each step of what needs to be completed including strategy and planning, marketing charter and project set-up, concept development and briefing, communication and media plan, creative development, campaign implementation development, campaign material produced, launch and monitoring and evaluation. In spite of this, however, tacit elements still need to be considered, especially when the implementation does not always go to plan, as Tina describes:

And also, if we are actually honest with ourselves, you do a nice strategy and then when you start implementing it everything changes and everything goes to hell in any case and you realise that that nice strategy template you filled in was irrelevant (Tina, p. 1).

Similarly, marketing communication has also been made easily learnable via various tools used by the marketing team and their external agencies. While marketing communication is a matter of

implementing these tools, an element of tacitness is also evident: applying experience and judgement between the options available for marketing communication to resonate with the needs of the target audience on the one hand, and the brand promise on the other.

Brand Management fell into **Quadrant 5**, which is the middle of the matrix, indicating knowledge that is both tacit and explicit. The explicit dimension of the brand is outlined in detail in the style guide and includes the guidelines for the following elements: logo design, colours, types of images to be used (people, places and environments, typography, graphics and iconography). Instructions regarding how these are to be applied in different contexts are also outlined, for example brochures, stationary, print, outdoor, branches, ATMs, merchandising, and digital environments (FinCo, D4). Brand positioning is also detailed in a one page document summarising the link between the brand purpose and the organisational purpose, outlining the defining characteristics of the brand and translating each into actionable guidelines for how the brand should communicate with customers, the visual identity of the brand, the culture of the organisation and the desired customer outcome. A broad description of the target audience and key customer insight is also included in the document (FinCo, D1:11). The more tacit elements of brand management concern how this brand positioning is to be applied to meet the needs of specific target audiences and different customer contexts. Supporting documentation outlines the more tacit nature of the task as needing to address the following: "based on the global brand positioning, how does this translate into the South Africa brand positioning? It must incorporate all the key elements of the global brand positioning but localise it for South Africa, so it becomes real within our context" (FinCo, D5:1).

Quadrant 6 includes those capabilities comprised of knowledge that is highly tacit, but with medium levels of learnability relative to other capabilities: dynamic capabilities, internal stakeholder management and managing third parties. Dynamic capabilities are not rated high because, as Peter noted above, there has been extensive use of the principles of agile and lean methodologies in FinCo. This improved the learnability of the capability. However, given that a high level of judgment is needed in application, tacitness is still rated as high. Internal stakeholder management exhibits a high degree of tacitness based on the judgment of the individual, but medium levels of learnability. Management of third parties has a similar profile, however the learnability is also enhanced via the guidelines provided from the central marketing function in FinCo. This is known as the Global Lead Agency model and is described as "the way in which the central marketing functions reinforced its ways of working with creative agencies to achieve the best possible service and value and to ensure consistency across the group" (FinCo, D11:2). Guidelines for third party management are also outlined, based on the type of marketing work required, and a decision tree is provided.

The knowledge required for creative solutioning was highly tacit and difficult to learn, and this capability is therefore placed in the top right-hand corner, **Quadrant 9**. In the view of some of the

respondents, the essential reason is the notion that marketing involves communicating between human beings which means that “somewhere along the line, you have to go with what feels better” (Susan, p. 8). Others go even further, suggesting that this type of knowledge is innate and cannot be taught. As Janet asserts:

Creativity, and I am not sure you can teach people how to be creative; you can give them all the tools but that ability to love to brainstorm and free think and come up with ideas and build on ideas, I am not sure you can teach people that (Janet, p. 3).

Summary of market resource inputs at FinCo

Eight types of marketing resources are evident at FinCo: financial, physical, human, technological, reputational, relational, organisational and knowledge resources. Marketing knowledge resources include explicit, tacit, procedural, and transactive elements. The explicit nature of marketing knowledge is prominent in FinCo, as evidenced by the multiple projects designed to codify capabilities, the use of various guides, and the extensive use of templates and standardised processes. However, the tacit aspects are crucial, given the structure and culture of the organisation which emphasise the importance of relationships in the effective practice of marketing.

KNOWLEDGE INTEGRATION MECHANISMS AT FINCO

Marketing knowledge at FinCo is integrated via formal training using company manuals, templates, tertiary qualifications, organisational training and online sources, coaching, learning from third parties, on the job experience, recruiting expertise, and also through self-directed learning. The formal integration mechanisms at FinCo involve high levels of codification, particularly in the development of manuals and templates. Coaching and learning from third parties provides the platform upon which integration is possible through knowledge articulation, and this depends on the style of individual managers within the organisation. On-the-job learning, recruiting expertise, and self-directed approaches provide opportunities for knowledge integration through the mechanism of experience accumulation. The knowledge integration approaches at FinCo are summarised in Figure B3.3 and discussed in more detail in the sections below.



Figure B3.3 Knowledge Integration at FinCo

Knowledge Codification

Knowledge codification is evident in the use of company manuals and templates, as well as descriptions of formal training, such as tertiary qualifications, organisational training short courses, and accessing codified marketing knowledge online.

Across the board there is a sense that while **company manuals** such as the FinCo marketing ‘way’ are well-intentioned, they are most useful for specific purposes, such as the brand visual identity manual (DrinksCo: D4, D12, D13). Some respondents are categorical that “manuals are useless” (Tina, p. 3). Extensive use is, however, made of process guidelines and templates. Process guidelines are evident in examples observed in channel management (FinCo, D15,16,17,18); management of third parties (FinCo, D11), strategy map, and the detailed marketing strategy planning processes (FinCo, D23). There are numerous examples of templates, including the agency briefing template (FinCo D14), marketing strategy template (FinCo D6, D7, D8), and new product development template. Tina, however, warns of some of the dangers of over-using templates: “sometimes they [the marketing team] get so worried about filling in the template, that they don’t actually think about what they are filling in” (Tina, p. 8).

The other aspect raised by respondents at FinCo is that, even by following the manual or filling in the template, the outcome may still not be what is intended. Janet uses the analogy of baking a cake, saying anyone can follow a particular recipe but that does not mean the cake will turn out well. Her view is this is the ‘magic’ part of the process:

So, I can’t bake, and I can follow a recipe and yet my cake does not look like it should – and I have followed that recipe to within an inch of its life! But somehow the magic is just not there. I have followed that recipe exactly, I have all the ingredients, I have done exactly what they told me, yet my cake doesn’t come out in the same way. There is a magic ingredient missing (Janet, p. 6).

There were mixed views about **formal qualifications**, with some respondents expressing a view that they are just “passport factors”, with courses taken just to get a qualification rather than because the content would be of any use. Others feel formal qualifications allow them to cement their existing knowledge. The two sides of this argument are outlined in Table B3.1. What emerges is that qualifications appear to be viewed as more important to knowledge integration later in marketing careers, and possibly through post graduate qualifications rather than at undergraduate level.

Table B3.1 Views Regarding the Role of Formal Qualifications at FinCo

Formal qualifications are ‘passport factors’	Formal qualifications are key to cementing knowledge
Well at that age, I just wanted to get a qualification. I actually didn’t care what it was. I didn’t want to study journalism to be honest, I was just getting a qualification to be honest” (Sandra, p. 4).	“So, it certainly opens your mind to the fact that there is more to the world than just an income statement and a balance sheet and a profit and loss account. It certainly can play a big role in inspiring a different way of thinking and different tools you can tap into”. (Natalie, p. 6).

It is clear that FinCo was committed to building capability through **company courses**. However, some respondents still express scepticism about the impact. As Tina describes:

... if you want to go on formalised training, unlike a lot of organisations, you have got all the support in the world. We really have spent massive loads of time and money-making manuals, putting formalised courses, getting Graham and Janet to do all kinds of clever little things that people can book and go to. So, I think we are a structured environment, we want it. I think a lot of other marketing companies don’t worry about training nearly as much – or they just leave it all to on the job training... So, we are very good with that, I just think maybe we are going about it the wrong way (Tina, p. 9–10).

Janet describes trying to build marketing capability in FinCo through using multiple practical examples (case studies again) that resonate personally with those participating in the training. FinCo tries to do this by putting the participants in the customer’s or agency’s shoes to see things from their perspective. This applies in particular to skills such as understanding brand positioning and agency management. Janet described going through the process of agency management by conducting role-plays from beginning to end, including swapping roles, where the agency plays the role of the client and vice versa:

So, until they see it themselves, where they experience and they receive a brief and they realise that that single-minded proposition actually has about ten different ways you could go and how easy it is to get a creative team going off in one direction when you thought you were sending them in another direction. Role play, get them to do it themselves. It has often been a great tool (Janet, p. 5).

For specialists, such as those in the market research roles, **conferences** are seen as an important way to keep up with developments in the industry. There seems to be a sense that there is a place

for outside courses when new skills need to be learned, especially digital skills. To some extent this is driven by the fact that at the time some respondents completed their degrees, e-commerce and digital were covered in very limited detail, if at all:

I do think there is a place for courses when there are new skill sets to be learned. So, let's say digital is always the easiest because I think this is the one we all struggle with the most. I benefitted from courses to explain to me how or what is a Google search term versus a display term. I didn't learn that at university because also the world changed. When I was at university e-commerce was one text book and it was about Amazon (Tina, p. 4).

Softer skills, such as behaviour and general management skills, were also described as amenable to course training.

Knowledge Articulation

The main way in which knowledge is articulated in FinCo is through **coaching**. This is described as a process whereby a person would sit one-on-one with another (who may or may not be more junior), go through the work and provide personal feedback. The benefit of coaching, as opposed to courses, at more senior levels was its personalised nature: the gap or challenge that the person was experiencing could be described and addressed without the distraction of other potentially irrelevant discussions or scenarios.

The respondents in FinCo provided many descriptions of how the coaching process works within the company. Three specific elements were highlighted: coaching allows coaches to develop their own knowledge through a process of self-discovery, which is more beneficial than being instructed; the coaching process allows for the provision of context and outlines the principles underlying a particular course of action which can then be applied more easily in other contexts; and observation is often combined with coaching. Respondents described how they would suggest the coaches observe a particular situation which would be reviewed together afterwards. Table B3.3 provides selected quotes from respondents highlighting these key elements of coaching.

Table B3.3 Key Elements of Coaching at FinCo

Key elements	Coaching Descriptions
Self-discovery	<p>“Now I have adapted my style and realise that you have to say: ‘you come and tell me what you think of it’ and then we sit and go through it together. So, what is happening if you are telling, is people get lazy and they are also not learning because they just know: ‘I don’t have to worry, Tina will pick up on everything that is wrong and I am actually not going to think about it’” (Tina, p. 3).</p> <p>“Let’s use Daniel. Let’s say to Daniel: ‘could you give me a view (and I started doing it with them this year), could you give me a view of how you would structure you budget given that you have more money now?’ So instead of me telling him what I would spend more money on if I were him, I would ask him ‘in your mind, what do you think we should be doing and why?’ That is quite a wide ask. Or if you say to him: ‘Could you look at increasing spend above the line?’” (Walter, p. 2).</p>
Opportunity to provide context	It is putting your thinking in, so that they can start learning to apply the logic behind it. Because marketing is gut. So, I can’t learn [teach] your gut easily, but if I can learn [teach] why you have reacted on your gut then maybe try and apply that thinking somewhere else” (Susan, p. 7).
Combined with observation	“I took him for every meeting, I said to him ‘even if you feel uncomfortable you are not saying anything, that is okay, sometimes I sit in lots of meetings where I just listen’. And I said to him, ‘just listen and take notes’ and he was happy enough to watch and see what I do. And ask the questions when he didn’t understand” (Sandra, p. 6).

The second way in which knowledge articulation is undertaken is through discussions with **third parties**, such as experts and colleagues. One reason for this might be that, within the marketing environment, many situations arise that are not exactly as per the manual or template. Therefore, being able to share ideas is an important part of the process of solutioning. However, it is also easier to ask someone rather than going through a manual, as Tina describes:

Eventually we threw the manuals out I think; I just think people don’t refer to manuals all I do is send it to Stacey and go ‘give me a view on this’. I don’t go and dig through the manual.

So, you would rather ask an expert?

Ja, who I perceive to be an expert, rather than trying to dig through a manual (Tina, p. 4).

Experience Accumulation

Experience is accumulated in a number of ways at FinCo, including on-the-job learning, recruiting individuals with experience, and self-directed integration.

On-the-job learning is the key way in which knowledge is integrated via experience accumulation. Respondents from FinCo describe being “thrown in the deep end” during their careers and having to work out how to do the job. Within this context, knowledge is also integrated through trial and error. Tina notes that this did sometimes mean a financial cost for the organisation in fixing the errors. Patrick describes his experience of on-the-job learning as having “been very much a function of two things: being sort of tricked into walking to the water’s edge and then being given a kick up the butt into the water and realising it’s the deep end and having to figure out how to swim quickly

or risk sinking” (Patrick, p. 1). Sandra’s view was that on-the-job learning is a process of “finding a way to bring a method to the chaos that is around you” and a way to “see what happens and say, ‘oh sh*t, okay, how does it not happen next time around?’” or “how can I do it better?” (Sandra, p. 4)

Some specific marketing capabilities were described as being more suited to on-the-job knowledge integration. These includes those more oriented to execution and the ability to assess creative work. Both these are described as being subject to variability depending on context, which is why this approach is viewed as more suitable. Tina describes an example of making a print ad and “having got a newspaper and realising oh hell, no-one can actually read this because we have made the font so small” (Tina, p. 2) With regard to executional competencies, this relates back to the need to be able to manage issues which arise within the situation and are not covered in the theoretical approach. As Susan describes:

When you get into the reality of a comms program or whatever, there is always the fact that it doesn’t quite work. So how do you manage that? . . . So instead of a beautifully planned roll-out you are on the back foot – how do you deal with it, how do you play catch up, how do you?
(Susan, p. 4)

Natalie described a discussion with CEO regarding capability development programmes where it emerged that he believed recruiting experienced senior marketing people into the organisation was the best way to build capability. This perspective is shared by Susan, who feels that in order to keep up with the changing nature of the marketing function, there may be a need to hire differently i e. bring in the expertise from the outside.

The final way in which experience was accumulated at FinCo was via **self-directed learning**. A key enabler of this approach is the amount of information available on-line. Whereas previously it was difficult to access advertising and communication from other organisations, this is now freely available, as Tina explains:

Six years ago, it was so fabulous to sit and see all the Cannes Lions winners and I would sit there and think ‘oh this is so great!’ But now you know, as the winners come out you get the link, you go to YouTube at night, you sit and watch all the ads. So, I think the way information becomes available to use even from when I first started working here, and my career to now, it has changed so much that you can actually help yourself a lot. There is less need for formalised courses (Tina, p. 5).

FRAMEWORK OF ORGANISATIONAL MARKETING CAPABILITY DEVELOPMENT AT FINCO

Fifteen organisational marketing capabilities were described at FinCo. These were then applied to a framework which expressed their relative level of tacitness and learnability. The next section then

discussed ways in which marketing knowledge is integrated in FinCo, using the three mechanisms of knowledge codification, knowledge articulation, and experience accumulation. This section of the within-case analysis synthesises all these findings to develop a framework of organisational capability development at FinCo, which is outlined in Figure B3.4 and discussed further in the sections that follow.

The development of marketing capability at FinCo takes place through various types of knowledge integration mechanisms, depending on the type of sub-capability. Some capabilities are developed via one means of knowledge integration, while others are the result of combinations of types. The higher levels of explicitness of the knowledge in FinCo is evident by the finding that many of the marketing capabilities include some measure of codification as the means by which marketing knowledge is integrated.

The knowledge underpinning Architectural, brand management, internal stakeholder management, and third-party management is integrated via a combination of articulation and experience articulation. On the one hand this reflects the extensive use of manuals, templates, and standardised processes at FinCo. On the other, it also recognises that each of these capabilities requires personal coaching and application in practice.

Most of the Specialised marketing capabilities (excluding marketing communication), new product development, and customer relationship management are developed via the integration of knowledge using codification mechanisms. Marketing communication includes both knowledge codification and articulation, reflecting the importance of coaching in the application of the communication mix.

The knowledge that makes up Creative solutioning and Dynamic capability is integrated via experience accumulation. This is illustrative of the highly tacit nature of these capabilities and the tendency to acquire this knowledge in practice.

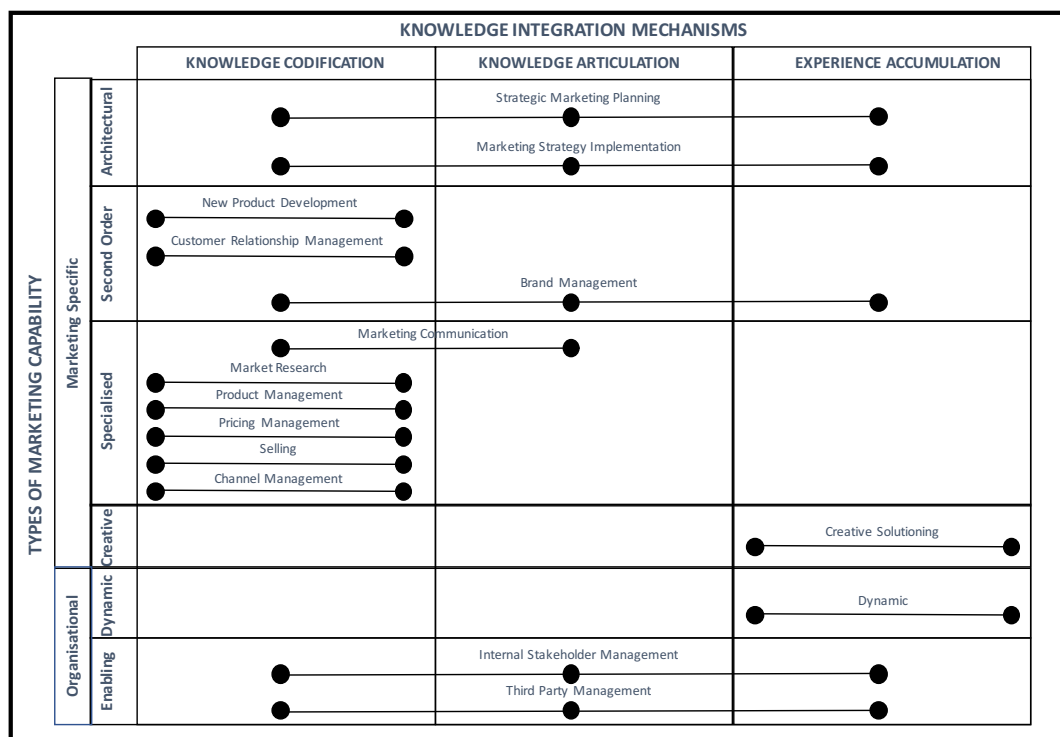


Figure B3.4 Organisational Marketing Capability Development at FinCo

SUMMARY FINCO WITHIN-CASE ANALYSIS

The components of organisational marketing capability at FinCo

Shifts in the broader environment at FinCo are impacting the perceived importance of marketing and the types of marketing capability required. These include the growing importance of digital technology, increasing levels of competition and innovation from inside and outside the financial services industry, and a greater focus on the importance of customer-centricity.

Fifteen marketing capabilities are evident at FinCo. These were categorised into four groups: Architectural (strategic marketing planning and marketing strategy implementation), Second Order (new product development, brand management, and customer relationship management), Specialised (market research, product management, pricing management, selling, channel management, and marketing communication), and Creative marketing capabilities (creative solutioning). Two other groups of capabilities are also evident, while they are not specific to marketing, in that they are critical enablers of effective practice. The first is Enabling Marketing capabilities (internal stakeholder management and third party management) and the second is Dynamic capability.

Marketing Knowledge Integration at FinCo

The nature of marketing knowledge at FinCo evidenced tacit, explicit, declarative, procedural and transactive aspects. Explicit dimensions of marketing knowledge are very prominent in the organisation and are reflected in the high levels of codification. This did not mean that tacit knowledge was unimportant, as most of the knowledge also included this aspect. The transactive element of marketing knowledge was also highly evident. This is driven by the matrix structure and culture of the organisation which means that relationships are key to the practice of marketing.

Integration of marketing knowledge at FinCo occurs via knowledge codification, knowledge articulation, and experience accumulation. Architectural and Enabling marketing capabilities utilise all three mechanisms of marketing knowledge integration, while one of the Specialised marketing capabilities, marketing communication, achieve this via a combination of only two (knowledge codification and articulation). Knowledge codification is the way in which the knowledge underpinning the remaining Specialised marketing capabilities, as well as new product development and customer relationship management, is integrated. Both Dynamic capability and creative solutioning (Creative marketing capabilities) are integrated via experience accumulation only.

B4 ADCO: WITHIN CASE ANALYSIS

MARKETING CAPABILITIES OUTLINED AT ADCO

Respondents in AdCo felt they did not spend as much time as they should building their marketing capabilities for their own organisation, as opposed to marketing their client's organisations. The analogy of the 'cobbler's children having no shoes' was used by both Michelle and Daphne. This emphasis on having to 'market' more suggests a need to increase the focus on building specific marketing capabilities, particularly in the areas of growth they had identified, such as digital, marketing, design, and strategy.

The following marketing capabilities emerged at AdCo: Architectural, Second Order, Specialised, and Dynamic. Some additional capabilities emerged at AdCo that did not fit into the original model. Two additional categories were created to cater for these. 'Creative marketing capabilities' include creative solutioning, and this is specific to marketing in the organisation. The other category descriptor is 'Enabling Marketing capabilities'. This group consisted of two capabilities, internal stakeholder management and third-party management, and while not specific only to marketing, were key to the practice of marketing at AdCo.

Architectural Marketing Capabilities

Two architectural marketing capabilities are evident at AdCo: strategic marketing planning and marketing strategy implementation.

The **strategic marketing planning** capability at AdCo involves putting together a business development plan that aligns with the overall holding company plans and then each of the other business plans. The objective of this is for AdCo to be able to present an integrated service offering to the client, in addition to each of the agencies being able to brand and market themselves independently.

The sources of growth for the business are part of the plan, which covers both current and prospective clients. Current clients represent an area in which AdCo could deepen relationships and increase the number of services being offered, thereby increasing revenue per client. For new clients, the process entails assessing the current client base, identifying client gaps and then prioritising those that AdCo wants to fill. Sometimes this could take the form of an industry that AdCo specifically wanted to target, such as the automotive or telecommunications industry. Planning includes getting the 'market approach right' (Dean, p. 3) and ensuring that there is a fit between what AdCo offers and client requirements. According to Dean, this sometimes leads to extending the business into other areas to take advantage of new sources of growth, for example acquiring and assimilating other companies, so that their offering to clients can be enhanced.

The overall business plan normally includes three specific areas of focus: Customer Relationship Management (direct marketing), public relations, and eventing (Dean, p. 8). The Customer Relationship Management (CRM) strategy and plan incorporates both current and new customers. With regard to current customers, it includes exploring the additional value-added services AdCo could offer. A recent example mentioned by Dean is a learning portal that AdCo has developed for clients to access various learning modules to build their own awareness and skills. The CRM strategy and plan also includes the selling plan for new clients, covering prospect identification and outlining the contact strategy to be employed.

The public relations (PR) plan is focused on three pillars: showcasing the work produced by AdCo, identifying thought-leadership opportunities, and amplifying awards. With regard to the creative work produced by the company, Dean describes this part of the PR plan as focusing on the "quality, resonance and effectiveness" of the work that they do for clients (Dean, p. 9). This also includes identifying the pro-bono or charity accounts they take on, because these typically allow more creative freedom and are thus platforms for showcasing. Thought-leadership is described as the opportunity to illustrate "what we are doing differently, what our perspective is in relation to something that would have marketers rethink they are approaching something" (Dean, p. 9). The specific aspects of thought leadership that AdCo emphasises are based on topical areas of interest or specific issues they know clients are facing, for example shopper marketing, regulatory impacts, marketing to millennials or marketing in Africa. Thought-leadership has a number of elements to it including the

industry bodies that members of the senior team are involved in, identifying who to profile (key, as the business is based on the expertise of people in the organisation) and determining the industry conferences the senior team would speak at.

The eventing plan is integrally linked to both the CRM and PR plans. It also includes events the senior members of the team would speak at and events that AdCo plans to create around topics of interest to current and prospective clients. This, in turn, also helps them to demonstrate their expertise. Some examples of the types of events AdCo holds include inviting clients to their organisation, and sharing, for example, what they learned at a global event such as the Cannes Festival of Creativity, as well as less formal social events such as Christmas parties.

AdCo measures its success in the following ways: the impact their work has on their customers' business, feedback via formal measurement tools, industry recognition via awards, and through the revenue contribution of clients. Michelle explains why the impact AdCo's work has on their client's business is so important:

If we are not making our client successful, and that is measured in that you are seen well in the eyes of your [the client's] stakeholders, if [the client's] brand is doing well and your business [the client's] business is doing well, then everything else is academic (Michelle, p. 7).

The extent to which clients return to AdCo and positive word of mouth are also mechanisms via which their performance is measured. Michelle goes on to explain: "I mean if I deliver well to your need I am going to have an output you are going to be proud of... you are going to be very happy, you are going to like spread positive word... that is going to have a positive influence on how people perceive us" (Michelle, p. 10).

Measurement also takes place achieved through appraisals conducted with clients that outline gaps and opportunities. An external company is used to conduct these appraisals and they include a 360-degree assessment of AdCo and their client.

From an industry point of view, AdCo measures itself through the recognition that the organisation receives through awards, including local awards such as The Loerie Awards, Advertising Media Association (AMASA) awards, Assegai awards, Pendorng Awards, Agency of the Year, as well as global creative awards such as Cannes.

Internal measures include assessing the business potential and profitability of account relationships, and then setting income targets for one or a group of clients (Adco D1:1). Financial management

incorporates the dual focus of managing the profitability of the client with the interests of AdCo and also responsibly managing the client's budget as part of building and nurturing the client relationships. Financial management capability therefore included all these aspects, for example "understanding of production processes and costs in order to maximise agency profitability and client costs; ensuring a balance between maximising profit on an account, presenting the agency in the best possible light and developing and executing the best possibly work; ensuring invoicing and financial administration of the highest standards to ensure timeous collection of fees for the agency; providing monthly forecasts and income reports; driving ethics of cost control and income growth in the team" (AdCo, D1:3).

Second-Order Marketing Capabilities

Second Order marketing capabilities at AdCo include mainly brand management and customer relationship management. New product development is not a separate capability, but is integral to the culture of the organisation.

Differentiation of the AdCo **brand** depends on their ability to demonstrate what they are doing differently and challenge their clients to, in turn, also think differently about their challenges. An important part of the positioning capability is therefore the ability to demonstrate that the positioning of the AdCo brand will benefit the positioning of the client brand. The brand positioning of the company also means understanding what the organisational and sub-brands brand stand for. The current focus in the company is to assess where each of the sub-brands within the organisation fits from a portfolio point of view, and therefore which kind of portfolio strategy to adopt. The development of the Corporate Identity (CI) – the visual representation of the brand such as the logo and other associated material – is also included in brand management.

Brand Management also includes positioning the employer brand. Building this part of the brand has two layers to it, the one is the positioning among prospective employees and the other is the type of talent that AdCo can attract and the message this then sends to the industry and clients. To illustrate, if AdCo is able to attract those known as the best creative directors or copywriters in the industry, then there is a halo effect on the AdCo brand. As Dean explains:

Part of our marketing initiative is the employment brand, finding the best talent, because as much as our work speaks volumes about us, so too does our talent speak volumes about us. So, you know people work with people and when I say people, clients work with talent that they can trust and people join agencies where they are going to work with people that are going to help them elevate their skills (Dean, p. 11).

New Product Development is not a capability specifically singled out as a separate entity within AdCo. Rather, it is integrated into the culture and approach of the organisation. Finding new ways of doing things and new approaches to solving customer problems is the nature of the offering that AdCo provides.

AdCo has relationships with clients at different levels, ranging from those with an overall institution to those with individuals. The **Customer Relationship Management** (CRM) capability therefore takes both of these levels into account. Creating relationships with clients is not only about current but also prospective clients. In Dean's words:

It feels a bit disingenuous like okay now – ja you couldn't be bothered to build a relationship with me two years ago but now that you know my business is out now you are going to chase me. So, I think it is, I think it is very much about trying to build relationships, it's about trying to identify those prospects and try over a period of time to build a relationship with them (Dean, p. 5).

CRM involves demonstrating the complexity of understanding the full breadth of the client objectives and then delivering against this. Getting to know the client's business goes beyond asking them to simply describe what they do but is also about immersion in the business. Bonnie advises her team to "go to their environment, purchase, talk to people whatever" (Bonnie, p. 7). AdCo is focused on providing 'business solutions' for the client rather than only focusing on the delivery of a particular project (AdCo, D1:2). This includes not only cross-selling (i.e. finding new services they can offer), but also looking for ways in which more business opportunities can be developed on behalf of the client, thus helping them to grow. Delivering more value-added services is a means of helping to build the strength of the business relationship (AdCo, D1:2).

A number of tools are used in cultivating relationships with customers and most include personal communication via, for example, written communication such as direct mailers, white papers, and knowledge sharing sessions. Weekly emails are sent on topics of interest from the CEO of the group, who is well known in marketing and advertising circles. White papers display the knowledge and thought leadership of the organisation to current and prospective clients. These publications are then also used as direct mailing opportunities. Another tool for CRM at AdCo is providing access to expertise and knowledge – for example, the learning platform to which clients can subscribe for specific topics such as shopper marketing. This extends the reach of the expertise and builds loyalty among clients when they feel that AdCo is adding value to their business. This also allows AdCo to explore other potential sources of business with the same clients and is described by Dean as creating an ecosystem around the client (Dean, p. 4).

The process of building the relationship is described as moving from 'light touch' to a more one-on-one approach. This may start with receiving a weekly email from the CEO through which to acquaint the prospect with AdCo. Then the team examines the industry the client operates in, and engages the client on a topic of interest, suggesting that AdCo can share expertise with the client. Following this, AdCo then requests whether they can tell the client more about their organisation and the services they offer. Dean described this as moving from "the kind of light touch to as specific as can we come and talk to you about an opportunity for working with you" (Dean, p. 6).

This process is part of the ongoing proactive cultivation of the relationship with the client: "So how do we get that going, how do you create an opportunity to engage with your client outside a brief on stuff that might be relevant now, that could be later?" (Bonnie, p. 12). The anticipated outcome of this is "through research and actively working networking within the industry, ensure that the client is at the forefront of innovation" (AdCo D1:1).

The work AdCo does with their clients often means working together on projects and with third parties on an extended basis. Therefore, CRM also takes on a more literal meaning: it entails cultivating the relationship between client and agency while the work is being conducted. For example, in the process of working on creative ideas together with the client, as Patrick describes:

Because it was a journey that you and yourself had to go on with your client, with your team and it just made the relationship between an agency and a client [a] partnership and trying to get work out there (Patrick, p. 2).

The nature of the relationship between AdCo and their clients has both operational and emotional elements. On the operational side, most important is continuous and consistent delivery for the client. Part of this is also ensuring that basic dimensions within the relationship are delivered seamlessly such as attention to detail, contact reports, status reports, and invoices.

It takes work and it takes time and it takes demonstrating the ability to deliver, demonstrating the ability to add value demonstrating a passion for the business, getting great work out of the system that everyone is proud of (Bonnie, p. 9).

The relationship is complex, because as Bonnie described, "they are calling you a partner also, but you are serving them and you need to be very clear that you are serving them and that they are paying for that service" (Bonnie, p. 1). Being able to negotiate these two levels is key to the management of the relationship. Bonnie describes it as each party being able to understand the expectations of the other: "I have an expectation and you have an expectation, how do we make sure we serve those expectations" (Bonnie, p. 1). The ability to strike a balance between being a

'partner' to the client and challenging the client is also part of this. Sometime the agency needs to debate and at times disagree with the client. This is seen as being part of the dynamics of the relationship, as Michelle remarks:

If we were to reduce ourselves to just giving you exactly what you have in your head, then why would you need an agency? (Michelle, p. 7)

The more emotive side also entails a certain degree of chemistry, and so part of cultivating customer relationships at AdCo means not just focusing on the business side, but also building on other aspects of the relationship. Bonnie outlines this as follows:

I worked out a long time ago, talk to people about people, don't just talk to them about the work, get to know people and find out what their likes and dislikes are, what do they care about, what don't they care about (Bonnie, p. 6).

Part of the CRM or relationship capability is being able to translate what the client asks for in their brief into objectives, and then into an internal or third-party brief that meets those objectives. This sometimes involves digging deeper than what is provided by the client by probing or continuously asking 'why', as Bonnie describes:

Ask why, ask why, ask why and then you get to the fifth one in theory there are no more why's to be asked and in theory get to what the client actually wants you to do and why (Bonnie, p. 8).

Specialised Marketing Capabilities

Five specialised marketing capabilities were observed at AdCo: market research, product management, pricing management, selling, and marketing communication. Channel management did not emerge as a specific capability.

Market research at AdCo is understanding the client at both the institutional and individual level. Since relationships play a pivotal role in AdCo, part of understanding the target audience is also assessing which potential clients are a good 'culture fit' and 'brand fit' (Michelle, p. 2). Market research also includes segmenting clients and developing specific solutions for these different ones:

It is the detail and the nuance that you have on that group of people is very detailed and you understand exactly what I need [the target audience] – as opposed to the vanilla way we do advertising now which is the most affordable want for [the client] to do it (Patrick, p. 10).

At a broader level, understanding the environment of business and its impact is also seen as one of the key tasks in AdCo. Part of their role is to be able to build that understanding and knowledge into the work they are doing for clients.

The **product** that AdCo sells is their expertise within the marketing communications industry. Bonnie outlines how she viewed this:

It is not like buying a can of Coke that is tangible and I can walk away with it, I down it and move on to the next thing. This is completely **intangible**, but we are serving the intangible and we have to deliver and go beyond that (Bonnie, p. 1).

This expertise is, in turn, reflected in the effectiveness of their work in achieving client objectives and also the recognition of the quality of that work within the industry through, e.g., awards. The product capability is therefore integrated into the corporate brand positioning, selling, and customer relationship capabilities. Michelle describes the offering of Adco as “we connect the dots and try and deliver seamless communication to our clients or to our clients’ customers if you like” (Michelle, p. 1).

The relationship that AdCo is able to maintain with their clients depends on the quality of the output produced. Dean’s view is that “a great relationship and poor outputs, I think you are not going to sustain a client relationship. Great outputs with a mediocre relationship, I think the client would probably say yes, it is a little transactional but I am getting what I need so I am very happy to continue” (Dean, p. 12). This is a point of debate at AdCo, with some respondents saying the opposite i. e. that relationships are the key driver.

Pricing management at AdCo is fees-based and negotiated with clients based on resources allocated and hours worked on their projects. The fees per hour are variable, depending on the seniority of the resource allocated to the business and are benchmarked to the industry. The increasing involvement of procurement departments in this process, driven largely by the need to comply with regulatory requirements, has meant that this dynamic has changed significantly. As Dean remarks: “... if you’ve the strong influence of procurement in the equation then they look at value very differently than does a marketer” (Dean, p. 15).

The fees-based pricing approach depends on the time taken to complete projects, and the resources allocated, and therefore there is a sense of responsibility to manage this efficiently. As described in one of the documents “financial consciousness to ensure clients get the best value for their money,

to always know the budget per project, and get this approved by the client before we go ahead with any work on behalf of the client” (AdCo, D2:3).

Selling at AdCo starts with a list of prospects. Often an industry publication (Brewers Directory) is used, which outlines the details of every client, Chief Marketing Officer, and Chief Executive Officer in the industry. AdCo goes through this directory, creates lists of potential clients, and then the MD cold calls them. The cold calling process is quite focused, as Dean describes: “You can’t take a sort of funnel type approach where you start with a thousand in the hope that two people are going to drop out the bottom” (Dean, p. 6). Due to the relationship-focused nature of the business, the process entails moving the client from “cold to warm to hot” (Michelle, p. 3). In the selling process, it is important to ensure that the person with whom the prospective client will be working is the one making the initial contact, since what AdCo is selling is individual expertise and the ability to build relationships.

Another way of identifying prospects is to use the contacts within the broader agency group and arrange an introduction. For example, if a particular company is a client of one of the other agencies in the group in another part of the world, then the team working on that account would be asked for an introduction to the company in South Africa, to create an opportunity to canvas for business. The process of selling to a client is termed in the advertising industry ‘pitching’: clients request agencies to outline their ideas about how they would approach their brand in the market.

One of the challenges within the industry, however, is the reluctance of clients to allow advertising agencies to work on competing firms’ accounts. For example, if the agency had a financial services company as a client, they might be precluded from taking on another in the same industry due to potential leaks of sensitive information.

With regard to **marketing communication**, marketing campaigns for AdCo do not take the form of traditional, above-the-line campaigns, but involve approaches such as speaking at events where clients might be in attendance and the expertise of the specialists within the organisation can be profiled. The capabilities of the people within the organisation are used as marketing vehicles. People within the organisation would establish themselves as experts in a particular area, and this would, in turn, position the organisation.

Speaking at industry bodies also allowed for the employer brand to be built: “Just trying to identify other people in the industry, connect with people that we might want to try and recruit into our company, give them a bit of a sense of who we are” (Dean, p. 4).

Digital and social media – for example, the company website, Facebook, Linked In and Twitter – are used as some of the execution tools. Public Relations and eventing are key tools as well.

The work the agency produces is also perceived as, what Michelle calls, the “shop window”.

Industry awards are used as a means of positioning in AdCo, as Michelle explains:

Well in our world, we see accolades as currency. So, like awards would be a currency that we would leverage in marketing ourselves.... like for example, if Jackie thinks we are shit at radio it is important for us to win at radio because then that gives you affirmation that maybe I should look at them differently, maybe they are not so bad. So, it is not just about glory, it is about what it signals” (Michelle, p. 3–4).

In essence, industry awards form part of the marketing toolkit used by AdCo, both from a positioning and a communication point of view. For example, icons outlining the awards would be used at the bottom of email signatures as part of the customer touchpoint strategy.

An interesting part of the communication mix for AdCo is mentioned by Michelle: the building in which the company was located:

Even our offices are part of our marketing ourselves, because it is like you come into a boring rabbit warren and dull and dingy, it’s not signalling, the semiotics of it are all wrong. So, when you come in and like we have wacky chairs that look like bums or asses on the fourth floor, its signalling creativity and it makes the environment something clients want to be part of” (Michelle, p. 4).

Integration of messages is part of this process, and in AdCo this means the ability to integrate and communicate the messages and offers of each of the specialist companies. One of the factors driving this is the ability of the leadership of AdCo to be able to directly impact and integrate each of the companies.

Channel management did not emerge in AdCo, since the channel was technically the people within the organisation.

Dynamic Capability

The ability to employ dynamic capability is the foundation of the AdCo culture. This is aptly outlined in this extract of from their company manifesto:

This is your first day.
 It is everybody's first day.
 Everything is different.
 Change is good.
 Let it inspire you.
 (AdCo, D15:15)

This capability is built into tools that the company (AdCo, D15) uses in marketing and positioning themselves. This capability involves three parts. The first step is visioning which is where the company outlined "where it wanted to be tomorrow" (AdCo, D15:4). This is not based on fanciful ideas, but is what the organisation terms "insight-led". The second step is to understand the current environment, the nature of competitors, and what the norms are, i.e. what are some of the common ways in which competitors in the advertising industry market themselves. The final stage is to develop solutions that are deliberately counter to these norms and which break the mould of the usual ways in which marketing is approached in the category. Given the ever-changing nature of the advertising industry, this is a frequent process of re-invention.

Additional capabilities that emerged in AdCo

Three capabilities emerged at AdCo which were not included in the original model. One of these is related to the creative capabilities of the organisation and is termed creative solutioning. The remainder are not specific to marketing, but are key enabling capabilities for its effective performance. These are internal stakeholder management and managing third parties.

Creative Marketing Capabilities

One additional Creative marketing capability emerged: **creative solutioning**. In view of the nature of AdCo's business, which includes the development of creative solutions at its core, having this capability is critical. Creative solutioning is described as ensuring "innovation and creativity in our day-to-day responsibilities" and "continuously improving processes and finding new ways to serve our Client's interests" (Adco, D2:3). Patrick's view is that the most important part of creative solutioning is the process of challenging convention, testing the waters, and delving deep into the idea by asking the question 'why does it work this way, why can't it work that way?' (Patrick, p. 7).

Creative solutioning at AdCo is linked closely to the ability to understand the client's business and their objectives; it is not simply creativity for creativity's sake. Understanding business and how business works, and the value of what the team are trying to do, is viewed as key when it comes to creative flair in the ideas that are presented to clients. Michelle is adamant regarding the value of creativity: "We believe that creativity makes better business solutions" (Michelle, p. 5).

The “guts and bones” of creative solutioning is the ability to tell a good story in a new way which generates a sense of empathy with the end consumer. As Patrick describes:

Because people need to see different, engaging stories – that are refreshing to look at and experience. And I suppose in a lot of ways the best expression of creativity is the ideas that have a lot of empathy, that express a lot of empathy, because if you can express that empathy in a very refreshing way you are going to have appeal to many different people in many different ways (Patrick, p. 3).

An interesting distinction of types of creativity emerged in the discussions with Patrick where he explores the difference between creativity as an artist and what he termed “commissioned work”.

Creativity as an artist means that is the way I see the world – that is the way it is.....but when you are doing commissioned work.... the creative solutions are ‘this is how I want to interpret it and do what I need to do [to meet the client brief] (Patrick, p. 5).

One of the influencers on developing creative capability is creating an enabling environment. Patrick describes his experience of this in reference to organisations that lacked it:

So, you don’t really get to see anyone’s creative flair because the only bit of people you really do see is what the environment is allowing you to see or allowing them to show but as soon as you get into deeper conversations with people, so you start to see a little bit more flair and those things (Patrick, p. 5).

Marketing Enabling Capabilities

Two Marketing Enabling capabilities emerged at AdCo: internal stakeholder management and third-party management.

Internal stakeholder management is important within AdCo. As Bonnie says:

If I could just get under the skin of those guys that were in the main agency on [the Client], if I could just get under their skin and prove to them that the below the line agency delivers and is creative and will make it on time etc. they would start sharing with us and we would start working even closer (Bonnie, p. 6).

As with external relationship building, fostering a sense of trust is a key aspect. Some examples of what this includes are sharing information with internal stakeholders, leading and driving integration between various agencies working on the client’s business (AdCo, D1:1-2). As Bonnie outlines:

So, it is not just your relationship with your clients, it is your relationship with your peers and then when they are not part of your group you can also bring them in and they can feel like they are part of the group and it is trust and respect (Bonnie, p. 11).

Managing internal stakeholder relationships has some other commonalities with managing customer relationships, for example not just focusing on the work, but also taking time to understand and get to know the person. Part of this is not relying on electronic communication, but actually talking to people. Both Bonnie and Patrick explain why this is so important in their roles:

So, I spend very little time in my chair and most of the time running between agencies, I hate email because it eliminates conversation. I am not saying I can't have a relationship via e-mail but it is not a relationship, it is a conversation (Bonnie, p. 7).

Even with me, the way I go around the agency, my last port of call is typing up an email. First point is to get up out of my chair and I walk and I say what I need to say (Patrick, p. 16).

Collaboration and sharing of ideas around how to address client problems also falls into the area of internal stakeholder management. For example, "I would be like walking into an office and going 'I am thinking of writing a brief like this and doing it like this, but I think we will get something like this'. And the one or two other people at the coffee station – 'hey you what we do'" (Patrick, p. 16).

The way in which work is delivered in AdCo always involves the management of teams of people towards achieving a client outcome. Therefore, being able to work within a team and also to manage teams at leadership level are a key capability in delivering to the client. As one of the AdCo documents outlines: "... leading cross capability teams to deliver customer-centric, creative thinking, and powerful ideas that meet client objectives and goals" (AdCo, D5:1).

The capability to **manage third parties** is an important part of AdCo's business. For example, they manage the process of producing a television commercial for a particular client, something advertising agencies tend to outsource to a production company, working together with the various sub-contractors to produce the end result. Sometimes, AdCo also needs to manage another advertising agency (which could also have been a competitor) as part of the team working on a particular project for a client. The ability to translate the client objectives to these third parties and ensure that what is delivered is what was required is key. Part of this capability also means being able to identify the right specialists who could deliver what the client needed, and to, in turn, convince the client that this person was the correct choice. Michelle's description of a situation with a particular client illustrates this:

I remember at one stage [the client] said, 'we'll use X person, the guy who did [XYZ campaign] and now we knew that guy could not pull that off...you have also got to choose the director to get the work right for the client (Michelle, pp. 6–7).

Being able to develop and maintain relationships with third parties enables this capability, in that it means that things could get done for the client more easily, which is in turn viewed as adding value to the client, offering 'seamless' delivery.

Individual Traits

A number of individual traits were mentioned as enhancing the ability of the AdCo team to perform marketing well. These are also linked to individual attributes facilitating the development of successful client relationships. For example, responsiveness, resilience, strong presentation and communication skills, and the ability to display a sense of confidence. A subtle aspect of the relationship with clients is the ability to develop and maintain trust. Bonnie attributes this to displaying honesty in this relationship. She says:

Because if you are honest and you have integrity you clients also respect and they feel like they can rely on you to do stuff for them, because that is what [clients] are asking us to do, [they] are saying please do something for me.... I think that's where relationships come in and that's where they get forged because you tend to like somebody you can trust, you don't have to love them (Bonnie, p. 8).

Underpinning all the relationship-based attributes is displaying a 'passion' for the client's business. The ideal expression of this is outlined in the supporting documents:

We are ambitious for our clients, their brands, our company, our colleagues and ourselves. We constantly chase new heights and yearn to achieve new things all without politics and selfish behaviour (AdCo, D2:3).

Daphne's view on key individual traits is inspired by what she had experienced in Silicon Valley, specifically innovation at an individual level which is "the ability to play outside the rules and to create from scratch" and "there is just no boundaries" (Daphne, p. 5). She believes these attributes will be key to the competitiveness of AdCo in the future.

Patrick also adds that the ability to make decisions based on gut feel, without having to always rely on the data, is key in their context:

Because when I grew up in an era of advertising where your gut, your intuition was a large part of the decision-making you did, and you could see the success that came from that kind of trust that one had in your instincts (Patrick, p. 1).

He later adds:

Obviously you had to be responsible, obviously you had to think about all the things you think about today but there was an element of stuff that you couldn't calculate, a stuff that you could just feel and that is a hard thing to try and put a formula around and it is a hard thing to try and build a structure around, when I say gut reaction, to listen to something or explain something to you and you go 'that feels good' (Patrick, p. 2).

Summary of organisational marketing capability at AdCo

Architectural, Second Order, Specialised, and Dynamic capabilities emerged at AdCo. An additional marketing specific capability, creative solutioning, was also identified and grouped into a category described as Creative marketing capabilities. Another set of capabilities also emerged which were categorised as Marketing Enabling capabilities, since while they were not specific just to marketing, they facilitated its effective practice. These are internal stakeholder management and third-party management. A few individual traits were also evident as impacting on AdCo's ability to perform marketing. These are responsiveness, resilience, strong presentation and communication skills, the ability to build trust and resonating a sense of confidence. Figure B4.1 outlines these capabilities.

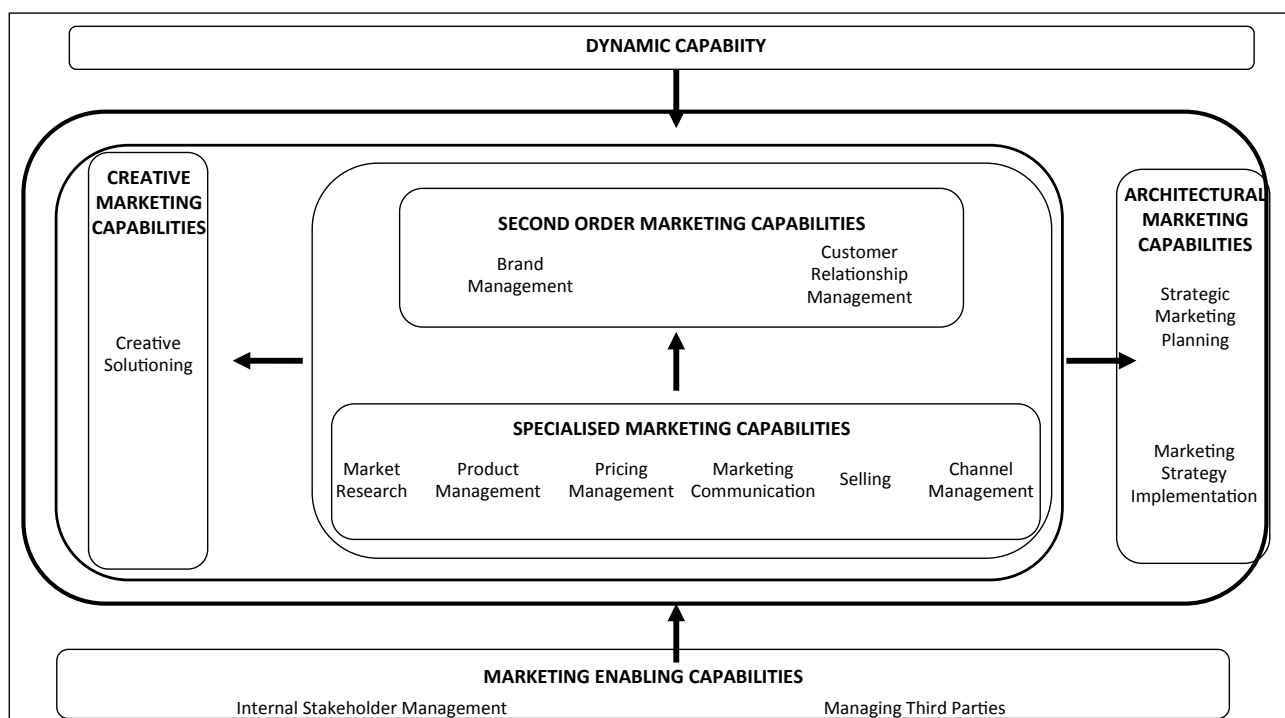


Figure B4.1 Types of Marketing Capabilities at AdCo

Marketing capability at AdCo consists of six groups, namely Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. Strategic marketing capability uses combinations

of Second Order and Specialised marketing capabilities. Similarly, the two Second Order marketing capabilities at AdCo utilise various combinations of specialised marketing capabilities. Creative marketing capabilities act as inputs into Architectural, Second Order, and Specialised capabilities. Marketing at AdCo is enabled by the two Marketing Enabling capabilities: internal stakeholder and third-party management. Dynamic capability is the ability of AdCo to change the nature of its capability base in response to changes in the environment and this impacts all the other capabilities.

MARKETING RESOURCE INPUTS AT ADCO

Types of Marketing Resources at AdCo

Seven types of marketing resources are evident at AdCo: financial, physical, technological, reputational, relational, organisational, and knowledge. This section outlines these resources and Table B4.1 provides a summary with examples and interview quotes. As the focus of this study was on marketing knowledge resources, only this category is discussed in depth.

Table B4.1 Marketing Resources at AdCo

Type of Organisational Resource	Examples of resources at FinCo
Financial	Marketing investment (budgets)
Physical	Physical building
Technological	Customer database, AdCo website
Reputational	Brand equity, brand identity, brand positioning, trademarks
Relational	Relationships with customers, between different companies within AdCo, personal networks within the organisation and in the industry
Organisational	Customer-centric orientation, structure as integrated agency and independent specialist agencies as required by clients
Knowledge	Proprietary conceptual models, team and individual experience, judgement, intelligence, insight, marketing capability investment

Knowledge marketing resources are what AdCo offers as its 'product' to clients. This entails proprietary tools that the company has developed to assist clients in positioning and marketing themselves effectively in the market. These tools are also an integral part of the company's brand positioning. Knowledge resources are also contained in the expertise, judgment, intelligence, and insight of the people within the organisation. This is highlighted as so key to the brand positioning and marketing of AdCo that their employer brand and ability to attract talent is one of the key priorities for the organisation. Allied to this is the priority and investment levels given to marketing capability development at the company, which has received increased focus due to changes being experienced in the business environment and shifts in the nature of client demand.

The nature of marketing resources at AdCo

Marketing knowledge at AdCo includes tacit, explicit, procedural, declarative, and transactive aspects. However, due to the intangible nature of its offering, certain knowledge attributes dominate, namely tacit, declarative, and transactive. Explicit knowledge is limited and emerges mainly in the

documentation of the proprietary tools that AdCo has developed. Other than this, there are few formally documented processes within the company. In fact, the culture of the organisation encourages challenging the status quo and not sticking with the norm, suggesting that standardisation would be antithetical to this culture.

Internal and external transactive knowledge are evident in AdCo, and while both are viewed as key, external transactive knowledge is one 'engine' that drives the business. This includes two dimensions. Firstly, maintaining networks within the client environment are key to the effective marketing of the organisation by keeping the company and its suite of services top of mind among current and prospective customers. The second aspect to external transactive knowledge is the need to be able to tap into and manage third party networks in AdCo's delivery of their services to clients, since the quality of the work delivered by these companies would be viewed as synonymous with AdCo itself. Some examples of this include directors, photographers, editors, sound experts, and animators. The structure of the organisation also means that internal transactive knowledge also has a significant impact on the ability of AdCo to deliver its services to clients. It requires co-ordination both within and across subsidiary specialist organisations.

The link between marketing capabilities and the types of marketing knowledge thus emerges from these observations. Thirteen marketing capabilities are evident in AdCo: strategic marketing planning, marketing strategy implementation, brand management, customer relationship management, market research, product management, pricing management, selling, marketing communication, and creative solutioning. Two additional marketing enabling capabilities are also observed: third party management and internal stakeholder management.

The 13 marketing sub-capabilities were classified according to their level of learnability and tacitness. Given the highly tacit nature of the AdCo offering, the majority of capabilities displayed higher levels of tacitness. However, the original categorisation into only high and low did not capture the subtleties that emerged from respondents regarding these capabilities, and so a medium level of observation was added for both learnability and tacitness. To illustrate, in the case of product management, there are specific proprietary conceptual tools which are offered to clients, and these are relatively easily learnt, thus exhibiting low levels of tacitness. However, the application of these tools is not simply a case of 'paint by numbers', and some judgement based on an individual's level of experience needs to be applied to suite differing client contexts. Figure B4.2 outlines the categorisation of the capabilities at AdCo.

Two marketing capabilities emerged in the lower left-hand corner, **Quadrant 1**: market research and pricing management. These capabilities exhibited low levels of tacitness and were easily learnable.

Market research to explore client needs is only conducted to a limited extent at AdCo, but where it was used the approach followed was tacit, based on the standard technical aspects of the discipline. Pricing management is based on a structured and explicit fees-based approach and scoping process, and therefore is low on tacitness and high on learnability.

The only marketing capability to fall within **Quadrant 2** (medium levels of tacitness and high levels of learnability) is marketing communication. This reflects the nature of the approach that AdCo takes to engaging with their current and prospective customers. On the one hand, there are specific types of communication approaches available and these are easily learnt. On the other hand, the manner in which these are employed is specific to the particular characteristics of clients and this implies a greater degree of tacitness.

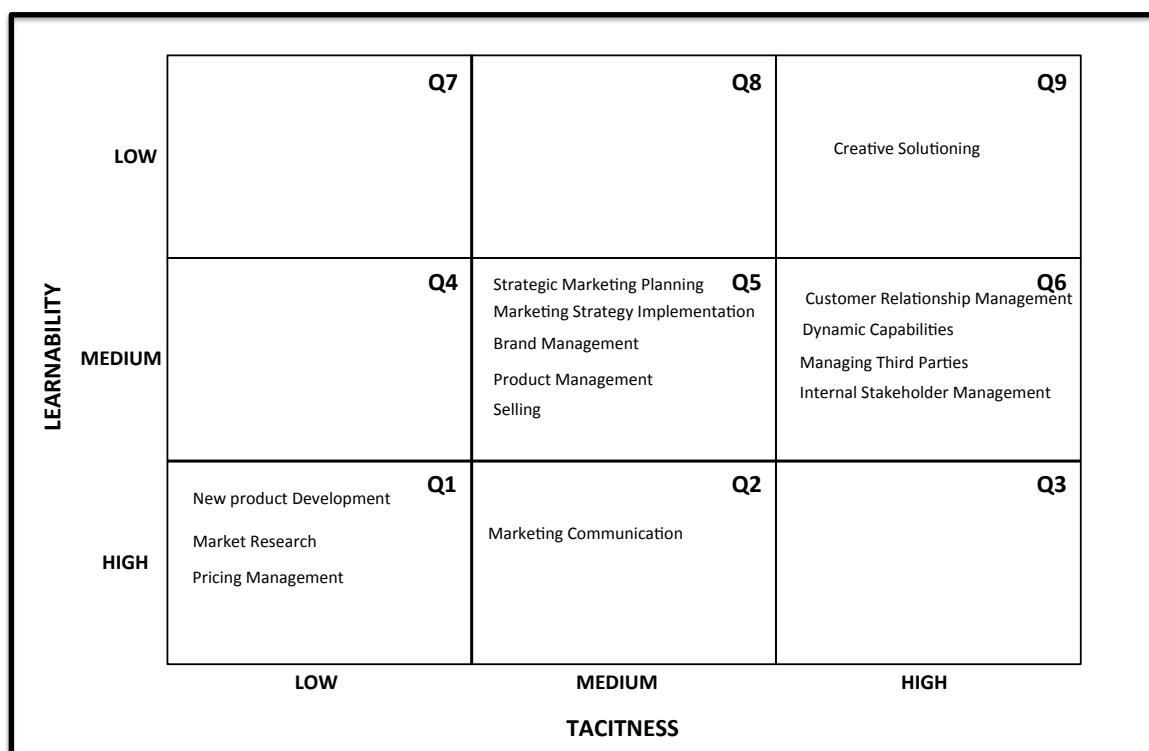


Figure B4.2 Nature of Knowledge Resources Underpinning Marketing Sub-Capabilities at AdCo

The majority of marketing capabilities at AdCo fell into the middle of the matrix. In other words, they exhibited a mix of medium levels of learnability and tacitness. The capabilities in **Quadrant 5** are both architectural capabilities: strategic marketing planning and marketing strategy implementation, one of the second order capabilities: brand management, and two of the specialised marketing capabilities: product management and selling. The location of these capabilities in Figure B4.2 is illustrative of the highly tacit nature of the AdCo business and the fact that very little of the marketing

knowledge in the company was codified. A good example of this is in the descriptions of selling, given by respondents Dean and Michelle. On the more explicit and learnable dimensions, they outline how the process works: current and prospective client lists are drawn up after consulting outside sources or assessing gaps in their portfolio, and this is followed by a process of building the relationship with the client. However, how the sales process progresses is almost entirely based on the personal style, approach, and experience of the business MDs. This individual approach is considered to be key to the a successful 'sale'. A similar approach is evident with regard to product management. While there are specific conceptual tools offered by the company (learnable and less tacit), the product that the company offers is the expertise of the individuals, which is to a large extent based on their experience (less learnable and more tacit).

Quadrant 6 contains those marketing capabilities at AdCo that also have medium levels of learnability, but are more tacit. They are all capabilities that also impact at an organisational level, rather than being specific to marketing alone: dynamic capability and the two marketing enabling capabilities (managing third parties and internal stakeholder management). Dynamic capability is woven into the fabric of the organisational culture and as outlined previously, is an integral part of the AdCo offering to clients. Therefore, while its application exhibits highly tacit characteristics, it is more easily learnable in this context. Managing third parties and internal stakeholder management both involve managing multiple networks of relationships, and so by their nature this entails a higher level of tacitness, as the capability is developed based more on experience and depends on individual style. However, since this is again so integral to the day-to-day running of AdCo, it is at a medium level of learnability.

Creative solutioning falls into the upper right-hand quadrant of the matrix, **Quadrant 9**. This highlights the highly tacit nature of this capability and the sense that it is relatively more difficult to learn than the others. The ability to develop creative solutions which are differentiated from competitors is key to competing in the industry in which AdCo operates. As such, it makes sense that this capability would not be easily learnable or explicit, since if it was, it would imply that it could be transferred and imitated. Allied to this is the strong reliance that AdCo has on specific individuals in creative roles. The strength and range of their individual experience and the successes they have had in successfully building client businesses is often showcased as part of AdCo's unique offering.

Summary of market resource inputs at AdCo

The following types of marketing resources emerged at AdCo: physical, technological, reputational, relational, organisational, and knowledge. While marketing knowledge resources at the organisation display explicit, tacit, declarative, procedural, and transactive characteristics, tacit and transactive aspects dominate in this context. This is reflective of the finding that there are few manuals and

formally documented processes at AdCo. In addition, the competitive advantage of the organisation is its ability to use expertise in new and creative ways which are not easily imitated, thus indicating that tacitness was critical to their operating model.

KNOWLEDGE INTEGRATION MECHANISMS AT ADCO

The main way in which marketing knowledge resources are integrated at AdCo is through on-the-job experience, recruiting for expertise and the application of previous experience. While there are descriptions of formal qualifications (mainly undergraduate qualifications) playing a role for new recruits, this is not as evident at the senior levels. Coaching and the use of communities of practice within the company and across the industry are also mentioned as ways in which knowledge was integrated at AdCo. Learning on the job, the application of previous experience, and hiring individuals with specific areas of expertise are all ways in which knowledge is integrated via experience accumulation in the organisation. Therefore, there is evidence of knowledge codification (formal qualifications), knowledge articulation (coaching and communities of practice), and experience accumulation (on-the-job learning, application of previous experience). These observations are summarised in Figure B4.3, and discussed in more depth in the sections which follow.

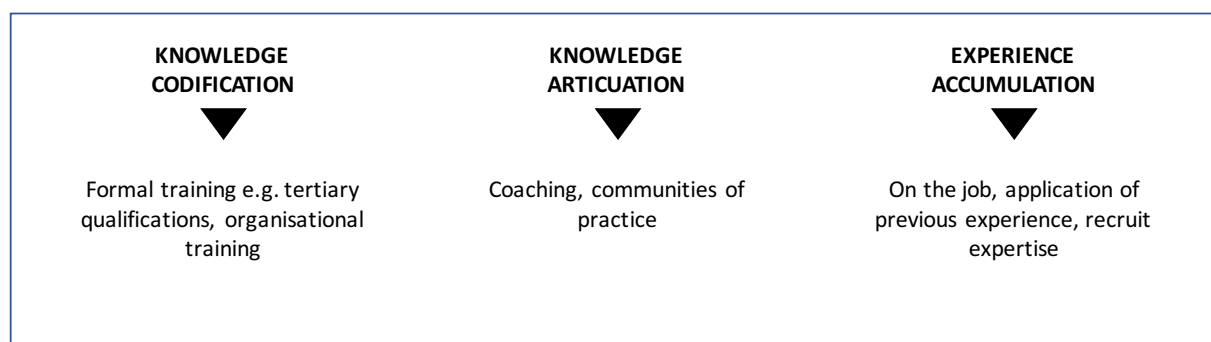


Figure B4.3 Knowledge Integration at AdCo

Knowledge Codification

Knowledge codification is limited at AdCo, with a lot of the codified material being brought into the organisation through individuals bringing it with them from their tertiary qualifications or approaches used in their previous companies.

With regard to **formal training**, there was a sense that new skills are being sought as part of qualifications. These are viewed as 'basic skills' from other areas, for example business, consulting and analytics skills. Daphne even goes so far as to say, "... we would rather recruit people with business background and then they will teach them advertising in six months." (Daphne, p. 3). While

outside conferences are attended, these are used as inspiration for ideas and to connect with others in the industry, rather than as ways in which codified processes are shared and borrowed. **Organisational training** is used to share knowledge about softer management skills that were seen helping management to be more effective leaders and teams to work together better.

Knowledge Articulation

There is a culture within AdCo of discussing ideas and bouncing solutions off one another. This is facilitated by the fact that there is access to many experts in the organisation. As Bonnie says:

There were people in the company that said: 'you can do this; these are the people we use and phone them and go and chat to them' and do this and do that. So, it was like learning that I need 1000 of these and the size and you would have creative helping you and you weren't really in it on your own (Bonnie, p. 3).

Aligned with this is an approach to coaching which is informal and continuous. Patrick describes a typical situation where a colleague would approach him and say: "Hey, I have the brief that is in [for a particular client], it is due in two days' time, it is amazing. There might be one or two things over here or there, but just have a look at it. I think we are in a good space" (Patrick, p. 16). This can also happen through group sessions where different parts of the organisation with different skills are brought together to brainstorm customer challenges, as Bonnie describes:

So, you have got so many different people and bringing them together and getting them to really feed and play off each other is another skill which that has taught us. Also, there is no rule book for it (Bonnie, p. 11).

Knowledge is shared across within the organisation through informal sharing, electronic newsletters to which everyone contributes, and via an internal app that has been developed for this purpose, as Bonnie describes:

We spend a lot of time sharing information, it is informal, people do it. It is like we always say if you come across something interesting, tell the rest of the team, everybody is sharing information (Bonnie, p. 11).

Experience Accumulation

Experience accumulation is one of the key ways in which knowledge is integrated in AdCo. This occurs through on-the-job learning, the application of previous experience, hiring individuals with the required experience, and self-directed learning.

The integration of marketing knowledge through **on-the-job learning** is described as sometimes emerging from being thrown in the deep end and being forced to work out how to do the job. Bonnie describes her personal experience as follows:

In those days, we were a very small agency and the creatives were out or something and I remember it was a liquor brand that phoned and said: 'I need my shelf talker'. So, I said: 'Not a problem' and there weren't any creatives in the building. I got the tracing paper, I got the shape of the bottle and I made a shelf talker with a trace type mock-up (Bonnie, pp. 4–5).

This approach is not without its risks, but making and learning from mistakes is seen as part of the learning process:

Deep end, boom! And interestingly enough I think that is probably the best way to do it because we are going to make mistakes, but you learn from them and boy, did I make mistakes (Bonnie, p. 3).

Another aspect of her on-the-job learning experience is that in her earlier career, she has been exposed to a large variety of clients, which in turn means she has gained diverse knowledge. Bonnie started her career in travel and has progressed through various types of agencies before starting at AdCo. She says that this previous experience shaped her understanding of the service industry, building relationships and learning how to manage third parties.

The other key way in which knowledge is integrated at AdCo is to recruit individuals with the required expertise. This is linked to fact that the positioning of the business is heavily reliant on the talent of individuals and also that the business is fundamentally built on relationships. The role of individuals in driving capabilities of the organisation is emphasised by the Group MD and also the MD of one of the sub-agencies, who also mentions this in relation to the fact that this kind of organisation is built so fundamentally on relationships and this is critical. Respondents emphasise repeatedly the importance of the individual in this capability.

The acquisition of knowledge may also extend to a broader approach such as buying a new company. For example, an important emerging capability mentioned by the Dean is content creation, and so AdCo has acquired a content creation company to get this expertise into the organisation. Dean describes the thinking behind this as follows:

One of our objectives now is to acquire a content creation company, a specialist content creation company. It started off as a content production company and we have been working with them over the last while to say content production is probably not going to be vastly

attractive to our parent company, so how do we build you guys into a content creation and production company (Dean, p. 3).

FRAMEWORK OF ORGANISATIONAL MARKETING CAPABILITY DEVELOPMENT AT ADCO

Thirteen marketing capabilities were described at Adco. These were then categorised according to their levels of tacitness and learnability to explore the nature of the marketing knowledge underpinning them. Various mechanisms of integrating marketing knowledge were then explored namely, knowledge codification, knowledge articulation and experience accumulation. This section of the within-case analysis applies all these findings in the development of a framework to understand how marketing capability is developed at Adco. This is outlined in Figure B4.5 and discussed in the sections that follow.

The development of marketing capability at AdCo is the result of various approaches to knowledge integration including knowledge codification, knowledge articulation, and experience accumulation. The higher levels of tacitness is evident in the finding that most of the knowledge integration at the organisation rely on mechanisms other than codification.

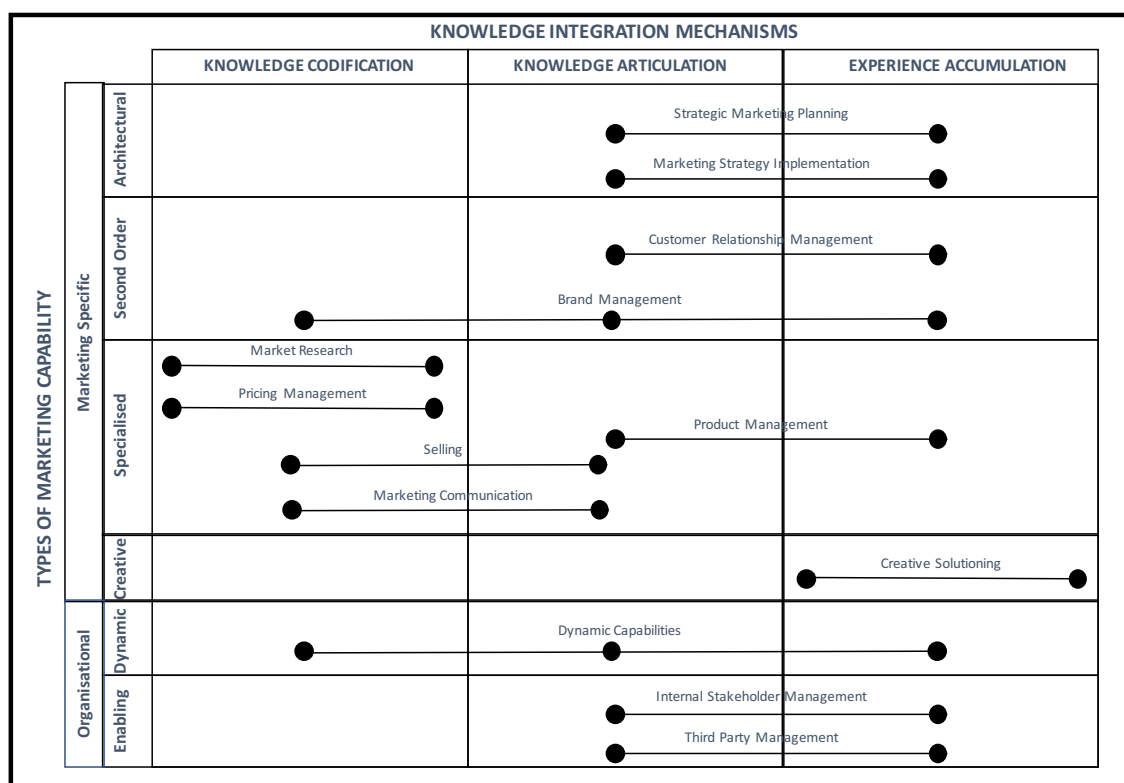
The only two capabilities that fell into knowledge codification were market research and pricing management. This is indicative of the technical and therefore more explicit nature of both of these capabilities in general and in AdCo.

The knowledge underpinning selling and marketing communication is integrated via a combination of knowledge codification and knowledge articulation. This illustrates the finding that there is greater use of templates with regard to these capabilities, but that there is still some level of coaching and discussion that takes place in their application.

Both brand management and Dynamic capabilities utilise a combination of all three knowledge integration mechanisms. Brand management is a function of the use of codified manuals, outlining the aspects such as visual identity, but it requires coaching and experience in practice for effective application of the brand's positioning in different contexts. Dynamic capability is codified in the tools that AdCo uses as part of its business approach. However, again, their application is dependent on the nature of the environmental changes that the company needs to respond to.

Creative solutioning is also fundamental to Adco's offering and was a key source of competitive advantage versus other agencies. Unsurprisingly then, the knowledge that underpins this capability is integrated only through experience accumulation.

Figure B4.5 Organisational Marketing Capability Development at AdCo



SUMMARY WITHIN CASE ANALYSIS ADCO

The components of marketing capability at AdCo

Thirteen marketing capabilities are evident in AdCo. These were grouped into the following categories: Architectural (strategic marketing planning, marketing strategy implementation), Second Order (brand management, customer relationship management), Specialised (market research, product management, pricing management, selling, marketing communication), and Creative marketing capabilities (creative solutioning). Two other groups of capability are also evident which, although they are not specific to marketing alone, they are key to its practice particularly in the context of AdCo which it could be argued builds its competitive advantage on these capabilities. The first group involves a focus on managing internal and external relationships and was been grouped under the descriptor, Marketing Enabling capabilities. The other is Dynamic capability, which is the ability of AdCo to adapt its capabilities in response to changes in the external environment.

Marketing knowledge integration at AdCo

The nature of marketing knowledge at AdCo indicate evidence of tacit, explicit, declarative, procedural, and transactive aspects. Tacit and transactive dimensions are very prominent in AdCo. This is a result of the nature of the business where expertise and relationships are what the company sells to its clients.

The integration of knowledge at AdCo takes place through knowledge codification, knowledge articulation, and experience accumulation. There is variation in how these three mechanisms apply to different types of marketing knowledge. Only codification features in the case of two of the Specialised capabilities (Market Research and Pricing Management). For the remaining two capabilities in this group, knowledge is integration through a combination of knowledge codification and knowledge articulation. Knowledge is integrated via a combination of knowledge articulation and experience accumulation in Architectural capabilities, one of the Second Order capabilities (customer relationship management), one of the Specialised capabilities (product management), and both of the Enabling marketing capabilities (internal stakeholder and third-party management). The knowledge underpinning one of the Second Order capabilities (brand management) and Dynamic capability is integrated via a mix of all three mechanisms.

WITHIN-CASE ANALYSIS SUMMARY

Four cases were discussed in depth in this chapter: a seller of heavy machinery (MachineCo), a softdrink company (DrinksCo), a financial services organisation (FinCo), and a provider of marketing and communications services (AdCo). The cases varied in terms of the product or service being offered and the type of customer targeted (business or individual). In addition, there were variations in terms of the size of the business (medium or large) and the size of the marketing team (no marketing team, small, medium, large).

The environment within which MachineCo operates is characterised by internal and external shifts that are positively impacting marketing and marketing capability development in the organisation, and marketing is now being seen as a key contributor to growth at MachineCo. Marketing capability at the organisation comprises six groups of capabilities. These include the four contained in the original model, namely Architectural, Second Order, Specialised, and Dynamic capabilities. The sub-capabilities within these groups matched those outlined in the original model. A further two categories were discovered, one of which was specific to marketing, and another which played more of an enabling role in facilitating the practice of marketing at MachineCo. The former was named 'Creative marketing capabilities' and the group was given the descriptor 'Enabling Marketing capabilities'. Creative marketing capabilities consisted of creative solutioning, and Enabling Marketing capabilities incorporated internal stakeholder management and third-party management. The marketing knowledge that formed the input into marketing capability at MachineCo evidenced aspects of tacit, explicit, declarative, procedural, and transactive marketing knowledge. While the tacit dimension of marketing knowledge is dominant in the company, it was becoming more explicit through the efforts of the new CMO. The analysis of the ways in which marketing knowledge is integrated in MachineCo showed that this did not occur in only one way. Different combinations of

knowledge codification, knowledge articulation, and experience accumulation are used to integrate the different types of knowledge underpinning the marketing capabilities.

DrinksCo was in the process of being sold to another company when the interviews were conducted, and as such was in a state of significant flux. However, the company was still strongly focused on the future with ambitious growth plans, which included key marketing initiatives. Six groups of marketing capability were also evident in DrinksCo. Four of these matched the original model and an additional two were found through the interviews. The groups of marketing capabilities are: Architectural, Creative, Second Order, Specialised, Enabling, and Dynamic capabilities. The sub-capabilities within the Architectural, Second Order, Specialised, and Dynamic groups matched those of the original model. Creative marketing capability included creative solutioning, and Enabling marketing capability consisted of internal stakeholder and third-party management. Marketing knowledge resources are evolving in DrinksCo due to an increase in focus, however they still consisted of four key aspects, although to varying degrees: tacit, explicit, declarative, procedural, and transactive. Marketing knowledge integration at DrinksCo had many tacit features, particularly as this related to Architectural, Second Order, Creative, and Marketing Enabling capabilities. This, in turn, impacts on the way in which knowledge is integrated in the company. While this occurs through various combinations of knowledge codification, knowledge articulation, and experience accumulation, the two latter mechanisms play a more prominent role.

FinCo is a large and complex financial services organisation which operated using a matrix structure and relied heavily on internal personal networks and relationships. Numerous environmental factors are having an impact on marketing and marketing capability in the company, including the growing importance of digital channels, significant increases in competitive activity and innovation, regulatory pressure, and the increasingly cash-strapped South African customer. In accordance with the original model, various sub-capabilities emerged in the categories of Architectural, Second Order, Specialised, and Dynamic marketing capabilities. A further two categories were developed based on the findings, namely Creative Marketing capabilities (consisting of creative solutioning) and Enabling Marketing Capabilities (internal stakeholder and third-party management). Marketing knowledge at FinCo evidenced a high level of explicitness evidenced by the use of manuals, various guides, templates and standardised processes. This is, in turn, reflected in the manner in which marketing knowledge is integrated in the company. While all three mechanisms (knowledge codification, knowledge articulation, and experience accumulation) were present, there was a greater focus on knowledge codification, either as a standalone mechanism, or in combination with others.

The fourth case was Adco, and they too were experiencing significant changes in their operating environment. This concerned shifts in the services they offered clients from traditional advertising to

a greater focus on digital, design, and strategy. This not only meant that they needed to change how they operated, but also the types of marketing capabilities they developed and hired. While the four original groups of marketing capabilities emerged in AdCo (Architectural, Second Order, Specialised, and Dynamic), some of the sub-capabilities were not evident, namely new product development from Second Order and channel management from Specialised. The nature of marketing knowledge resources at Adco indicated an emphasis on the tacit and transactive dimensions. This reflected the nature of the business that the organisation operated in, since being able to guard their expertise and maintain excellent customer relationships is critical to their success. Marketing capability at AdCo resulted from various approaches to marketing knowledge integration. While knowledge codification was not used extensively, it still featured in the case of some Specialised marketing capabilities. However, as expected, given the nature of the organisation and its operating environment, most of the marketing knowledge was integrated through combinations of knowledge articulation and experience accumulation.

APPENDIX C: DATA COLLECTION INSTRUMENTS

Interview Guide

Part 1: Marketing Overview

Describe how your organisation defines marketing

What is the role of marketing in your organisation?

Thinking of how your organisation defines marketing and its role, which departments are involved in marketing in your organisation?

Part 2: Marketing Skills or Knowledge

What knowledge and skills do you think are needed for marketing in your organisation?

For each mentioned above, where do these currently reside?

Where should they reside?

How would you describe your organisation's marketing capability versus those of your competitors?

What additional marketing skills and capabilities do you believe your organisation needs in order to compete effectively?

Part 3: Marketing Processes

Describe the processes that you go through in marketing your products and services to your customers.

For each stage in the process, what knowledge and skills do you require?

For each stage in the process, who is involved?

Describe any manual, standard operating procedures included in this process?

If a multinational, to what extent are processes prescribed globally?

APPENDIX D: RESPONDENT INFORMED CONSENT FORM FOR INTERVIEW

Informed Consent for participation in an academic research study FRAMEWORK FOR UNDERSTANDING MARKETING CAPABILITY

Dear Respondent

You are invited to participate in an academic research study conducted by Jacqui Carnelley, a Doctoral student from the Department of Marketing at the University of Pretoria.

The purpose of the study is to investigate and describe the full range of marketing capabilities within firms in order to develop a framework of these capabilities across different types of organisations. This is a case study of how this works in your organisation and will include interviews with management and teams, observations and reviews of documents.

Please note the following:

- This part of the study involves an interview. Your name will not appear in any quotes used from the interview and the answers you give will be treated as strictly confidential. Any results will be of such a nature that it will not be possible to identify you in person.
- Your participation on this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Questions will be used to guide the interview, and you are urged to answer the questions of the interview as completely and honestly as possible. You may also volunteer additional information as you see applicable. The interview is planned to take one and a half hours.
- The results of the study will be used for academic purposes as well as for lay articles and conference proceedings; however, identities of individuals will be kept confidential. The results of the study will also be published in an academic journal. We will provide you with a summary of the findings on request.
- Please contact my supervisor (details to be included once confirmed), if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis

Respondent's signature

Date

APPENDIX E: ORGANISATIONAL PERMISSION

Permission for your Organisation to participate in an academic research study

Topic: A Framework for Understanding Marketing Capability

Dear Sir/Madam

Your company is invited to participate in an academic research study conducted by Jacqui Carnelley (Student number: 2134747; contact number 072 240 9840), a doctoral student from the Department of Marketing at the University of Pretoria.

The purpose of the study is to investigate and describe the full range of marketing capabilities within firms in order to develop a framework of these capabilities across different types of organisations. This is a case study of how this works in your organisation and will include interviews with management and teams, observations and reviews of documents.

Please note the following:

- All components of the study will be treated as strictly confidential. Any results will be of such a nature that it will not be possible to identify your organisation or any individuals in the organisation.
- Your participation on this study is very important to us. Your organisation may, however, choose not to participate and your organisation may also stop participating at any time without any negative consequences.
- The individual participants in the study will be selected in collaboration with yourself and will also be given the option to participate on a voluntary basis.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will discuss interim results of the specific case study with you, and provide you with a summary of our findings on request.
- Please contact my supervisor (details to be included once confirmed) if you have any questions or comments regarding the study.
- The study itself will most probably take place in late 2014.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

Initials and Surname

Position in the Organisation

Signature

Date