Process Oriented Marketing

by Hermann Diller and Björn Sven Ivens

The principal aim of this paper is to present the characteristics of process oriented marketing. The authors discuss various drivers of an increasing process orientation in the field of marketing and conceptualize the domain of process oriented marketing. They conclude by presenting the results of an exploratory study (n = 474) for which they develop a measurement approach for the process orientation construct. The empirical results confirm the positive impact of marketing process orientation on marketing effectiveness and marketing efficiency. The article concludes with a discussion of implications for marketing practice and theory.

Keywords
Marketing processes, marketing organization, process orientation, effectiveness, efficiency

1. Introduction

"Processes are becoming the primary vehicle for managing in today’s organization." (Galbraith 2002, p. 12)

Organization theory distinguishes between structure and processes as two fundamental organizational dimensions. In the field of marketing, organizational issues are a rather under-researched subject and most of the extant literature deals with structural matters (Moorman/Rust 1999; Webster 1992; Workman/Homburg/Gruner 1998).

On the other hand, one of the most important features of recent changes in the field of marketing practice has been a shift towards process oriented marketing. A number of driving forces inside and outside the field of marketing have contributed to a stronger focus on marketing processes. Advantages commonly ascribed to process management are increased effectiveness and efficiency in the execution of recurrent tasks in which several actors are involved (e.g. Guitianides 1983; Galbraith 2005; Mayer 2005; Osterloh/Frost 1996).

Conceptually, process orientation can be interpreted as a dimension of the market orientation concept. In fact, market orientation – as described in the cultural view of this construct (Narver/Slater 1990) – encompasses three dimensions: customer orientation, competitor orientation, and interfunctional coordination. Narver/Slater (1990, p. 22), stressing that the creation of value for customers is a task to which individuals in numerous functional departments can potentially contribute, define interfunctional coordination as “the coordinated utilization of company resources in creating superior value for target customers.” In order to achieve interfunctional coordination, they suggest that top management align the functional areas’ incentives and create interfunctional dependency. Process orientation serves the same coordinative objective. It is a strategic focus aimed at the optimization of marketing output, cost, quality, and timing.

However, by building on a certain number of tools (such as e.g. process goal definition, activity identification, activity configuration, process documentation, employee training, and process controlling), this approach goes beyond the “soft” techniques suggested by Narver/Slater (1990) under the label of “interfunctional coordination” in order to achieve marketing coordination. Against this background, we interpret process orientation as an extension of market orientation’s third dimension.

The present paper discusses the emergence of process management techniques in the field of marketing. In the remainder we first develop some fundamental thoughts about process oriented marketing: We present a series of external and internal drivers of an increasing marketing process orientation, we briefly review the dimensions of the process management concept and we define the scope of process oriented marketing. Particularly, we explicate how process oriented marketing differs from the classical instrumental marketing approach. We then formulate a set of hypotheses about interrelationships between process management and marketing performance. Finally, we present the results from an exploratory survey in which marketing managers were asked
about the extent to which typical marketing tasks in their organizations are executed in a process oriented manner.

2. Linking Marketing and Process Management

2.1. Drivers of Marketing Process Orientation

Over the past years, techniques of process management have received increasing attention from marketers in a growing number of companies. Process analysis projects have been conducted (Fahey et al. 2001); processes have been identified, documented, modified and tools for process controlling have been implemented (Cole/Scott 2000; Harry/Schroeder 2000). In the academic literature, the effective and efficient management of specific processes has been studied (e.g. the new product development process, Bonner 2004; Ozer 2002; Ulrich/Eppinger 2000; or organizational market information processes, Moorman 1995) and the importance of a process focus in marketing strategy has been stressed (e.g. Day 1994, who distinguishes outside-in processes, inside-out processes and spanning processes).

Process management views an organization as a system of interlinked processes (Brenner/Tushman 2003). Generally speaking, a process can be defined as an ordering of activities across time and place, with a beginning and an end, and transforming a given input into a pre-defined output (Garvin 1997; Melan 1992; Pall 1987). Pentland (1995) suggests considering a process as a grammar for action, prescribing the rules by which recurrent activities are assembled and carried out. The input comprises different types of resources (material, human, informational, legal, relational, financial resources etc.). The output serves the attainment of a goal. For example, conducting a market research study combines several of the abovementioned resources in order to provide a defined type of information (output) which will, in turn, allow managers to take marketing decisions at controllable levels of risk (goal). Marketing processes can be defined as companies’ recurrent core activities directed at the creation of value for and the exchange of values with customers (e.g. Sanchez 1999).

Marketers’ growing interest in process management cannot be explained by the sudden emergence of a previously unknown behaviour or technique. In fact, every company necessarily carries out marketing tasks and, indeed, have done so ever since people started marketing goods and products. Marketing processes or activities occur irrespective of the way they are managed. Firms gather market-related information, define market offerings, negotiate exchange conditions with potential customers and organize transactions. A process oriented approach to marketing, however, attempts to organize the execution of marketing tasks in an effective and efficient manner. Contrary to the classical “instrumental view”, it focuses equally on “what” the company does in order to create value for its customers (effectiveness) and on “how” these activities are implemented (efficiency). It attempts to maximize marketing outputs while optimizing the use of inputs. Process oriented marketing is a coherent set of management techniques aimed at both more effective and more efficient marketing.

Given that marketing processes take place even if companies do not implement an official process management system, the question arises as to which drivers have led to a stronger focus on explicit marketing process management. In this section, we discuss some of the major factors leading to increasing marketing process orientation. We distinguish factors directly related to the domain of marketing and external factors not related to marketing.

2.1.1. Marketing-related Factors

Lack of coordination: A fundamental problem in marketing management is the lack of organizational homogeneity (Webster 2005a). Whereas standard textbooks usually present marketing as a monolithic task, in most organizations “marketing” is a fragmented phenomenon and performed by numerous organizational units, e.g. in departments such as sales, product management, market research or communication. It is rarely structured within one single functional unit (Krohmer/Homburg/Workman 2002), and is often separated by important hierarchical, geographical, cultural, or other barriers (see e.g. Borgas/Muehlmeyer/Zupancic 2004). In an empirical study, Diller/Saatkamp (2002) identify a broad range of problems caused by a lack of coordination across marketing interfaces. In an Accenture survey of marketing executives in the US and the UK, 57 % of the respondents reported that their marketing campaigns are not well integrated and coordinated with other areas of their companies, particularly IT and CRM (Merrihue 2002). In addition to cross-functional dispersion, several authors report a trend towards an upgrading of corporate market orientation while marketing departments become simultaneously downsized (e.g. Greyser 1997; Webster 2005b). With decreasing concentration of marketing activities inside single units, coordination of market-directed activities becomes of paramount importance in order to provide superior value to customers. Getting close to the customer is “a journey the whole organization needs to make” (Gulati/Oldroyd 2005). Shifting the organization’s orientation from functions (vertical) to processes (horizontal) is an adequate step for many companies in order to re-integrate dispersed marketing activities.

Lack of productivity measurement: Whereas production, logistics, and other disciplines within the value chain have undergone considerable pressure to realize economies for well over a decade, today a rising number of companies seek potential savings in the field of marketing (Rust et al. 2004). Marketing budgets are often reduced, and marketing managers are held increasingly accountable for showing how marketing’s expenditures...
add to shareholder value (Doyle 2000). As a consequence, many firms seek ways to improve marketing effectiveness and efficiency (Sethi/Sisodia 2005). Examining and improving marketing and sales processes is a core element of programs aimed at ameliorating marketing productivity. Establishing a coherent measurement system for key variables such as cost, time, and quality – typical attributes of marketing processes – can be seen as a prerequisite for enhancing marketing productivity (Ambler 2003, p. 17).

Lack of implementation concepts: There is a broad stream of literature discussing the design of marketing strategies and instruments, their potential impact on objectives, as well as moderators and antecedents. Considerably less research has focused on marketing implementation. However, in practical application, many strategies and instruments do not produce the impact posited by underlying theories or models. Often the effects yielded are not attained because of inadequate execution (e.g. Rayport/Jaworski 2004; Simon 2004; Wirth/Dietrich 2004). The disappointment of many companies with the introduction of CRM systems is one example among others (e.g. Rigby/Ledingham 2004; Wilson/Daniel/McDonald 2002). Accordingly, there is increasing interest in the requirements of successful marketing implementation and particularly the activities (types, sequences, etc.) that need to be carried out (Bonoma 1985; Hilker 1995). For example, Piercy (1998) argues that a processual view of implementation that clarifies the underlying organizational and behavioural factors required to build marketing implementation capabilities is helpful.

More outsourcing: The decision whether to in- or outsource goods and services is a classical problem in disciplines such as operations management or logistics. In the field of marketing, this type of decision was mainly pertinent in very limited areas, such as market research, advertising, or distribution until recent advances in information technology modified some of the major influencing factors. As a consequence, outsourcing has become a potential mode of organizing for many if not most marketing activities in the value chain (e.g. Piercy/Cravens 1994; Webster 2005). Two of the main advantages associated with outsourcing are quality improvements through the work of specialists and cost reduction. However, in numerous outsourcing projects, outsourcers are dissatisfied with the outcomes. Among the reasons are unclear specifications of the activities to be performed and frictions at the interface between the outsourced activities and the internal organization. In order to reduce these negative effects, outsourcers and their suppliers increasingly define process standards. Standards make it easier to determine whether a process can be improved. They also lead to a reduction of variance in process design and, hence, to a growing “commoditization of processes” (Davenport 2005). Given the current relevance of outsourcing in marketing, one can expect a strong interest from marketing practitioners in process management.

Growing importance of service marketing: Finally, marketing is not only dispersed as a practical activity but also fragmented as an academic discipline (Vargo/Lusch 2004). Sectoral sub-disciplines, such as industrial marketing, consumer goods marketing, retail marketing, services marketing, and not-for-profit marketing have emerged. While there is an ongoing debate about the true distances and barriers between these sub-disciplines, it is a fact that each of them builds on – or has developed – specific foundations: concepts, models, frameworks, theories, or paradigms (Hunt 1983; Sethi/Garrett 1986; Sethi/Gardner/Garrett 1988). Among these foundations, some are more process-oriented than others. Services marketing, due to the definitional characteristics of customer-directed services, has the most explicit, strongest, and detailed process perspective (e.g. Brown/Fisk/Bittner 1994; Fliess/Kleinaltenkamp 2004). Today, one can observe an increase in the relative importance of services marketing concepts within marketing as an academic discipline. Different trends contribute to services marketing’s rising impact on the other sub-disciplines. An example from managerial practice is the shift towards value-added services as sources of differentiation in markets in which the core products are largely homogeneous across competitors (Normann 1984; Anderson/Narus 1995; Mentzer/Williams 2001). An example from academia is the current discussion about an emerging “new dominant logic for marketing, one in which service provision rather than goods is fundamental to economic exchange” (Vargo/Lusch 2004, p. 1; see also Vargo/Morgan 2005). If the relative importance of the services marketing perspective on exchange processes continues to grow, its inherent processual orientation will be more widely adopted by marketing scholars.

2.1.2. Factors not Related to Marketing

Business process reengineering: In their seminal work on the reengineering of the corporation, Hammer/Champy (1993) argue that the division of labour model designed during the 19th century is problematic in today’s economy. Some of the main reasons they cite are the complexity of coordination in large functional structures and the distance created between the managers who focus on coordinating, on the one hand, and customers’ needs, on the other. They introduce the objective of making important gains in reducing waste in the organization and suggest business process reengineering – the systematic redesign of processes with the aim of achieving radical improvement in speed, quality, and productivity – as a remedy. Process reengineering encompasses three perspectives on process redesign (Tinellla 1995): operational, organizational, and strategic. The operational perspective perceives IT as an enabler of processes by improving operative efficiency. The organizational focus sees potential to improve customer focus by developing processes with predetermined customer segments, suppliers, and products. The strategic approach interprets processes as units of strategic planning and, hence,
acknowledges the need to connect them more closely to business strategy. In many companies, reengineering projects have contributed to the emergence of a generic process-orientation which facilitates the introduction of process management approaches in marketing. Beyond simple reorganization, some of the most important innovations in business management over the past twenty years have been process innovations (Malone et al. 1997), for example efficient customer response (ECR), just-in-time delivery or simultaneous engineering.

Information technology has added to the trend towards increased marketing process-orientation, because it offers a wide array of tools to support process management. Several software programs have been developed to help managers identify activities, structure them in a logical way, and document the process and its characteristics (e.g. Scheer 1994). Even complex process architectures, including large numbers of inputs, actors, connections, deadlines, etc. can now be handled in process organization projects. Moreover, software applications exist for the management of virtually every domain of intra- and inter-company cooperation, e.g. enterprise resource planning systems, knowledge management systems, or customer relationship management systems (e.g. Busmann/Koenig 2000). The focus of these applications is on processes, and certain scholars predict that “processes will be critical components of all types of systems supporting enterprise-level and business-level activities” (Sheh/Arpirt 1999, p. 18). For example, companies introducing a CRM program need to carefully adapt their marketing and sales processes to those defined in the software package or vice versa. The goal of CRM is to capture information about the customer at each customer touch point and integrate that information so as to better serve him or her along the customer life cycle. For the various units involved to coordinate their contacts, a clear representation of the customer-company interaction process is required (Galbraith 2002). Beyond the strengthening of process orientation in the domain of marketing, information technology also enables the automation of marketing processes, e.g. voice automation or campaign management systems, transforming formerly often unstructured activities into programmed and technology-driven standard processes.

Conceptual advances: So far we have identified advances in information technology as one of the principal drivers of marketing process orientation. Various innovations (mainly in the field of software) support the definition and analysis, but also the execution of marketing processes. However, other disciplines have made important contributions, too:

One example is the emergence of activity-based costing in the field of accounting (Kaplan/Anderson 2004). Traditional cost systems, in which marketing costs were collected in the natural expense account and divided into direct and indirect, have often not satisfied the informational requirements of marketing managers. Under the activity-based method, all costs are directly traced or allocated to a specific activity. A unit rate for the activity is developed in terms of the activity’s cost driver, i.e. the principal cause of the cost incurrence (Lewis 1993). The procedure serves marketing managers as a framework for decision making.

A second example is total quality management (TQM). The primary goal of TQM is to improve the value that a company delivers to its customers. It works on the belief that the overall quality of a product or service can be enhanced by improving the quality of the processes directly or indirectly linked to their creation. In the TQM literature, marketing has been interpreted as a supporting function of the core value production process. Marketing would argue that within its domain, direct and indirect processes can be distinguished (e.g. Ahire/Landeros/Golhar 1995). Irrespective of the position taken, the analysis of marketing processes and the search for potential improvement (e.g. cost reduction, elimination of mistakes, and increase in speed) have high relevance in the TQM approach. With the revised ISO 9000:2000 certification standard, which moves to a process based approach applicable to production as well as management activities, there now exists an official standard against which marketing processes can be analyzed.

The process-oriented management concepts developed at the marketing/supply chain management (SCM) interface, particularly efficient consumer response (ECR) and category management (CM), provide a third example. SCM has been defined as “the integration of business processes from end-users through original suppliers” (Lambert/Stock/Ellram 1998, p. 504). Within the supply chain for consumer goods, suppliers and retailers working together under the umbrella of the ECR concept focus particularly on the integration and optimization of four sub-processes: (1) efficient replenishment, (2) efficient promotion, (3) efficient store assortment, and (4) efficient product introduction. For each of these processes, the ECR concept proposes the installation of interorganizational solutions to reduce the impact of departmental and organizational borders (Alvarado/Kotzab 2001). With ongoing adoption of ECR and related concepts, process management thinking makes its way into a growing number of marketing departments.

All three examples reflect processual advances in different areas of business management which contribute to and, for some of them, enable a stronger process orientation in marketing.

In summary, there is a broad set of drivers for the increasing process orientation we observe in marketing practice. In the following section we provide a more detailed description of the process oriented view on marketing. We link the process management approach to marketing activities and define the scope of the paradigm we refer to as process oriented marketing (POM).
2.2. Linking Process Management and Marketing

2.2.1. Fundamentals of Process Management

One of the core arguments in the process management literature is the necessity for companies to overcome the dominance of functional silos. By optimizing their respective department’s individual goal function, employees disregard the overall output in a chain of activities and, hence, the customer’s interest (Lehmann 2004). Customers do not receive optimal value from their suppliers, because the suppliers optimize variables in internal sub-processes. In order to achieve customer orientation, it is argued, a 90° shift is required, leading from vertical functional optimization to a horizontal customer value perspective (e.g. Hammer/Stanton 1999; Osterloh/Frost 1996). The process management literature stresses that customer orientation is the paramount objective in a company’s goal system (e.g. Gaitanides 1983). Against this background, process management techniques “focus on improving an organization’s efficiency (and effectiveness, added by the authors) through high-level coordination of an organization’s activities in a rationalized system of end-to-end processes” (Brenner/Tushman 2002, p. 677).

From marketing’s vantage point, customer orientation is one important performance measure. Other important objectives exist, e.g. market-related performance measures (sales, market share, etc.) and internal goals (employee satisfaction, knowledge development, etc.). All of these variables reflect marketing effectiveness. One of the acknowledged problems of many firms’ marketing management, however, is a lack of attention to the input-output relationship when attempting to attain their effectiveness objectives. The process management literature, on the other hand, posits the necessity to simultaneously yield marketing effectiveness and efficiency. Three dimensions of efficiency can be distinguished: quality, cost, and time (e.g. Gaitanides/Scholz/Vrohlings 1994). While quality refers to the reduction of the number of mistakes and errors in a process, the cost objective leads to a focus on the expenditures required for the performance of a process. The time dimension reflects the necessity to perform processes with the right timing. In many cases, the right timing occurs when the speed of a process is high. However, in certain cases, punctuality can be more important than speed.

In order to ensure marketing effectiveness and efficiency, a focal primary process (e.g. market research, new product development, or a direct marketing campaign) needs to be accompanied by a set of secondary processes: process controlling, personal management, information technology support, and the implementation of a supporting organizational structure. These secondary processes provide necessary resources (human resources, know-how, etc.) and ensure the transparency of the processes through a more or less close monitoring of process performance as well as through the implementation of process improvement measures. Accordingly, the literature distinguishes three complementary dimensions of process management (e.g. Brenner/Tushman 2002, 2003): process mapping, process improvement, and process measurement.

These three dimensions describe the many facets of process management on an abstract level. Based upon a series of case study interviews and a comprehensive review of the process management literature, we propose a more detailed model of the different steps required in implementing a process oriented management concept (Figure 1).

1. When beginning to implement process management, companies need to classify the activities they perform. Such a classification is required because resources available for the organizational shift are limited and hence priorities need to be established as to which activities should be first (re-)defined in a process perspective.

2. For the focal processes, the target output(s) need(s) to be defined next. For example, in the new product development process, the target output is a new product that can be introduced to the company’s market(s), or in the quotation process, the output is an offer transmitted to a customer.

3. Based on the definition of the target output, process specific effectiveness and efficiency criteria can be defined which take the required inputs into account. For example, the quotation process is effective if the output represents a complete order that comprises all the relevant information required to obtain an order from the customer. A lack of efficiency could be due to wrong information on the offer (quality), an unnecessary length of the quotation process (time), or preventable costs.

4. The structuring of process activities encompasses the ordering of the various steps required to produce the target output across time and space. The degree of decomposition of the entire process into partial activities depends on factors such as the number of actors involved, the length of the process, the complexity of the task etc., whereas the linking of these activities has to take into account interdependencies between actors and activities as well as output characteristics. For example, the same fundamental sales process can require alternative configurations depending on whether it is conducted as a direct sale, a sale in a retail store, or by mail order (Malone et al. 1997). All three processes may comprise identical activities (e.g. product delivery) and idiosyncratic activities (e.g. obtaining mailing lists in the mail order case).

5. Once the process structure is defined, the degree of flexibility in process performance needs to be specified. Formalization reflects the degree of variability (or lack thereof) for a recurrent process executed by an identical actor (or set of actors). Standardization reflects the degree of variability for a recurrent process executed by different actors. For example, the quotation process may be centralized in one single
organizational unit for customers across the world, or
the company may have implemented distinct regional
quote departments. If detailed prescriptions for the
execution of sub-activities exist within the central
quote unit, the process is formalized. In the event that
the process is performed identically by all quote cen-
tres in the different sales regions, it is standardized.

(6) In most companies, process structures do not
completely substitute the classical functional struc-
tures; rather, they complement them (matrix type of
organization). Hence, the actors classically organized
in functional units need to be linked to the different
process steps.

(7) Within a specific process, actors may perform dif-
ferent roles. Particularly, the definition of process
responsibility and the assignment of a process owner
are required. For example, Galbraith (2000) distin-
guishes between actors responsible for the process,
actors who need to approve, actors who need to be
consulted, actors needing to be informed, and actors
who do not play a formal role. At the same time, the
specific resources which the actors can draw upon
must be specified. For example, process budgets need
to be fixed or the qualifications needed to execute
individual sub-activities must be specified.

(8) Finally, in order to ensure that the defined effective-
ness and efficiency criteria are met and respected, a
measurement and monitoring system needs to be estab-
lished. This process controlling device must
provide the feedback required in order to improve the
process and take decisions about potential reconfigu-
rations of the activities.

The scheme developed in Figure 1 concerns the or-
ganization’s complete process architecture, i.e. the entire set
of business processes performed in order to create value
for the company’s stakeholders. The process architecture
encompasses different types of processes. The extant lit-
erature provides various process taxonomies. One of the
most important typologies is the one differentiating
between primary (or core) processes and secondary (sup-
port) processes. Whereas the first relate directly to the
value creation process, the latter are required in order to
guarantee the proper execution of the core processes. For
example, typical marketing and sales processes, such as
new product development, market communication, or
order processes, contribute directly to the creation of
customer value and, hence, are typical primary pro-
cesses. On the other hand, four support processes can be
distinguished:

(1) Organizing processes deal with the establishment of
an appropriate organizational structure and the
related decisions (e.g. concerning centralization/
decentralization decisions or the distribution of
power),

(2) Human resource processes cover personal recruit-
ment, administration, and qualification activities (e.g.
the search for talented salesmen or the training of
market researchers on new statistical methods),

(3) Information technology processes are required in
order to ensure the establishment, maintenance, and
adaptation of hardware and software supporting the
primary processes (e.g. process-modelling software
such as ARIS or content management systems),

(4) Controlling processes involve the measurement and
analysis of inputs, transformations, and outputs of
core processes (e.g. the number of offers sent out to
customers in a period or the average time spent on the
establishment of an offer).

Summarizing, a coherent process management system
requires the definition of process objectives (effective-

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**Figure 1: A process management model**

1. Systematization / Prioritization of marketing activities
2. Definition of target output
3. Definition of effectiveness and efficiency criteria
4. Structuring of process activities
5. Formalization and standardization decision
6. Attribution of actors to process activities
7. Definition of process owner and actor roles
8. Establishment of a controlling system
   - responsible
   - approve
   - consult
   - inform
   - no formal role
   e.g.
   - IT systems
   - personnel
   - budgets
   - education

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ness and efficiency goals), the definition of process activities, the definition of actors and their roles, the implementation of support tools, conflict resolution mechanisms, improvement and development systems, qualification measures, and a controlling system.

It was mentioned previously that marketing is a fairly heterogeneous field. Marketing tasks vary along several dimensions, e.g. operational vs. strategic, creative vs. executive, and the like. We believe that the approach described in Figure 1 can fundamentally be applied to any marketing task. Two concerns are often raised when considering process management. The first concern lies in restrictions of creativity, for example in the design process of an advertisement campaign. However, process management only leads to a systematic ordering of interdependent activities; it does not suppress creative tasks. In our example, it leads to a linking of actors, activities and resources involved in creating an advertisement campaign. The second commonly expressed concern lies in the negative motivational effects of imposing work structures on people who are used to rely on their own heuristics in order to solve specific problems. However, proponents of the process approach would argue that gains in efficiency would outweigh these effects. For example, in advertising budgeting, the coordination achieved through a clear structuring of an often complex process should lead to more precise outputs (goals formulation and budgets for specific campaigns), less loss of time in the process (time dimension of efficiency) and lower overall cost (e.g. because redundancies are avoided). Kreutzer (1986) discusses the formalization aspect and suggests that formalization is a continuous phenomenon. He claims that by introducing moderate levels of formalization, e.g. through the formulation of guidelines, companies may establish a balance between the need for transparency and coordination on the one side and creativity on the other.

Among the companies interviewed in the exploratory phase of this research project, a German car manufacturer has established a process scheme for managing the pricing process. This scheme is derived from the product lifecycle, distinguishes four main phases of the pricing process, defines the target output (price lists for the producer’s car models) for and actors involved (mainly sales, marketing, and controlling, with other functions providing inputs) in these phases. It comprises clear milestones defining the latest dates at which specific decisions must be taken. It also specifies the internal customers of the process (principally the national subsidiaries working with the price lists and additionally the IT department responsible for integrating the prices into the information systems). The principal effectiveness objective for the process consists in the definition of an optimal price system, i.e. a system in which the thousands of individual prices included in the price list are set neither too low (loss of realizable revenue) nor too high (loss of units sold). Efficiency objectives are the controlled use of resources (e.g. using secondary data instead of primary data where possible, limiting human resources involved in the process), the respect of fixed deadlines (e.g. for the last series of conjoint analyses before market entry), and the prevention of mistakes (such as redundancies in the workflow, the forwarding of wrong information, etc.). However, the degree of formalization within this process is lower than that reached in the quotation process of a large cable company we also interviewed.

By conceiving such a system, companies create the necessary conditions for the emergence of a process orientation. However, in order to become truly process oriented, they need to ensure that the managers and employees performing the processes accept the system and use the tools at their disposal. There are cases in which official process definitions and documentations exist, but the true flow of activities has little if anything to do with the official process management system. Instead, more or less efficient and effective parallel practices develop. Hence, a process orientation not only requires the design of a coherent set of tools and practices; it also assumes that the actors bring life to the process management system.

2.2.2. Process Oriented Marketing

Whereas in numerous companies, many or all of the components of the process management concept have been successfully implemented in areas such as production or supply chain management, in the field of marketing and sales the duration and level of process orientation are usually lower (Davenport/Harris/Cantrell 2004). At the same time, due to the factors described above, a growing number of marketing managers are considering a shift towards stronger process orientation in their companies. This evolution is leading to the emergence of a new perspective on marketing. We refer to this new perspective as process oriented marketing (POM).

POM encompasses a series of marketing trends observed over the past years and bundles them in a coherent management concept. The character of this concept is innovative; it is not just a development or a variant of the classical instrumental marketing concept (see Table 1).

1) Whereas the instrumental approach is concerned with the potential effects of tools (e.g. an advertisement with specific colours, images and text) on specific output variables (e.g. attitude towards the ad or recall), the POM concept’s primary focus is internal rather than external. For example, it would look at the process leading to the creation or the usage of an advertisement, analysing the costs caused by individual activities, the errors made in the sub-activities and/or the time required in the creation process. Accordingly, POM seeks an optimization of efficiency and effectiveness as opposed to the effectiveness concern underlying marketing mix optimization models.

2) Adopting a process orientation in marketing also implies a shift from a vertical, primarily functional, per-
spective to a horizontal one. In many companies, the instrumental view is expressed in the organizational chart. Product managers, advertisement specialists, sales people, etc. are clustered into functional entities (specialized departments). Oftentimes, compensation schemes encourage them to optimize their functional objectives. Because these functional optimizations usually do not result in an optimization of the overall value delivered to customers, POM introduces a horizontal focus establishing customer orientation as the paramount objective. Note that the horizontal perspective is unrelated to the existence of a marketing department. Rather, it reflects the organization’s adoption of market-oriented management practices.

(3) Although the introduction of POM and the existence of a functional marketing unit are unrelated issues, the adoption of process management techniques does reflect an increase in the degree of formal marketing organization. It aims at reducing frictions along interfaces between functional units by specifying the cooperation between actors. The increased coordination between the actors in marketing processes is expected to lead to an improvement in the organization’s responsiveness to market developments. This is particularly valuable in environments in which marketing speed and flexibility determine a company’s competitiveness.

(4) Finally, measurement issues in marketing are affected by the POM paradigm. Whereas instrumental marketing developed various methods in order to measure marketing effectiveness (e.g. scales for satisfaction, loyalty, images, attitudes etc.), POM’s additional focus on marketing efficiency requires the development of measures for marketing costs, quality, and timing. These performance measures can be partly borrowed from disciplines such as accounting and controlling. However, due to the specificity of the marketing discipline, additional scales also need to be developed.

Recapitulating these fundamental characteristics of POM, the concept provides a new perspective on marketing. It shifts the emphasis from marketing instruments and their effects in the market place to the activities required for implementing the instruments. However, POM does not provide marketers with radically new tools. And we do not claim that this new perspective should replace traditional approaches such as the instrumental marketing paradigm. Rather, we suggest that POM offers a complementary approach. By attracting managers’ attention to marketing efficiency it extends the traditional focus on marketing effectiveness. The concept offers marketers new, additional insights into the conditions required to achieve positions of competitive advantage. Although we acknowledge that, because process management as a concept has been practiced in various other domains, the introduction of process management techniques in the field of marketing is not revolutionary, we do believe that POM is not merely “old wine in new wineskins.” It offers marketers the means to increase the efficiency of their activities and, hence, to better resist the increasing pressure exerted by finance on marketing.

We interpret POM as a strategic concept. Its implementation requires a long-term commitment from top management to considerably modify a company’s core activities and pursue a continuous improvement of these activities (Davenport/Harris/Cantrell 2004). Because POM is more than merely a tool directed at short-term effects, we posit that a company practicing POM should develop a marketing process orientation. Marketing process orientation is a construct reflecting the degree to which a company has adopted the conceptual premises of process oriented marketing (as described in this paragraph).

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<th>Process oriented marketing</th>
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<tbody>
<tr>
<td>Optimizing the marketing mix</td>
<td>Optimizing marketing processes</td>
</tr>
<tr>
<td>External customer orientation</td>
<td>Continuous customer orientation (internal and external customers)</td>
</tr>
<tr>
<td>What are we doing? – creativity and differentiation</td>
<td>Excellence of marketing processes – how are we doing things?</td>
</tr>
<tr>
<td>Improvisation of marketing and sales organization</td>
<td>Strong organization of marketing and sales activities</td>
</tr>
<tr>
<td>Vertical perspective – functional orientation with conflicts between e.g. marketing, sales, etc.</td>
<td>Horizontal perspective – market orientation instead of functional understanding of marketing</td>
</tr>
<tr>
<td>Instrumental orientation</td>
<td>Implementation orientation</td>
</tr>
<tr>
<td>Strong focus on effectiveness, efficiency focus hardly present, “secret” marketing costs</td>
<td>Strong focus on efficiency, marketing performance, and marketing metrics</td>
</tr>
<tr>
<td>Originality and differentiation as marketing objectives</td>
<td>Speed and flexibility as marketing objectives</td>
</tr>
</tbody>
</table>

Table 1: Differences between “established” instrumental marketing and “emerging” process oriented marketing
3. Marketing Process Orientation: An Exploratory Study

3.1. Research Propositions

So far we have explicated the increasing importance of process management techniques in marketing. An underlying assumption is that higher levels of marketing process orientation lead to an improvement in marketing performance. This hypothesis is based on a line of reasoning which is well summarized by Galbraith (2002). He argues that most of the activity in an organization does not follow the vertical hierarchical structure. As continuous change becomes the natural state in most industries, lateral processes become the principal means of coordinating activities. What are the benefits of lateral processes? The benefits involve permitting the company to make more decisions, different kinds of decisions, better and faster decisions. Accordingly, one would expect process oriented marketing to have a positive impact on the two principal objectives in companies’ goal systems, i.e. marketing effectiveness and marketing efficiency.

The literature also provides arguments fostering doubts about this positive causal link. For example, Galbraith (2002) refers to the opportunity cost of time spent with process management, costs from increased levels of conflict or costs caused by wrong decisions taken by front line people instead of top management (see also Cespedes 1995). Despite these important counterarguments, we posit that the overall benefits of POM should outweigh the negative effects. This expectation is also in line with the market orientation literature (Narver/Slater 1990; Kohli/Jaworski 1990) which we referred to as a theoretical anchor for the process orientation construct. From vantage point of this stream of research, higher levels of interfunctional coordination should lead to higher levels of marketing performance. Hence we formulate the following two propositions:

P1: Marketing process orientation has a positive impact on marketing effectiveness.

P2: Marketing process orientation has a positive impact on marketing efficiency (process costs, time, and quality).

In the following sections we present an exploratory study in which these propositions were tested empirically.

3.2. Measuring Marketing Process Orientation

In order to evaluate whether a marketing process orientation has positive effects on marketing performance, it is necessary to determine a company’s level of process orientation in the field of marketing. In this section, we describe the development of an instrument for the measurement of a company’s marketing process orientation and its application in a cross-sectional empirical study testing the propositions P1 and P2.

In the first step, the existing process management literature was analysed in order to identify the process management approach’s main dimensions. The main findings of this literature review have been presented in the previous sections.

In the second step, the different facets of process management were summarized in a list of potential management activities which was then submitted to a panel of managers from twelve companies for discussion. Parallel to this, a set of five case studies was conducted in companies which had already introduced process management techniques to parts or all of their marketing and sales activities. Whereas the managers provided feedback about the comprehensiveness of the list of process management dimensions, the case studies aimed at identifying facets of process management which could not be found in the literature. Both steps led to a revised list of process management dimensions. These dimensions were then translated into questions representing items of our process orientation scale. Given that the dimensions are complementary in nature, the scale is of the formative type. The measurement instrument was finally submitted to a second panel of managers in order to check for clarity.

The final scale comprised 16 items. It encompasses questions related to all the components of a process management system (e.g. process documentation, process support through IT) as well as to the actual implementation and application of the defined processes and tools (e.g. whether the actual process performed is identical with the “official” process description).

When attempting to measure a company’s process orientation, an important step is to determine the appropriate measurement level. Process orientation is a complex construct describing an organizational aspect of a company. It can be interpreted as related to the company as a whole, to a business unit or other structural units. We opted for the level of the individual marketing process. Companies and their subunits perform a variety of different activities which directly or indirectly contribute to overall value creation. These single activities can be more or less in line with the principles of process management. As Davenport/Harris/Cantrell (2004) show in a survey of 168 companies, process management is not necessarily introduced to all parts of a company at the same time. Important reasons for the selective and successive approach to process management implementation are limited financial and human resources allocated to process management projects. For example, in a large automotive company, hundreds of marketing and sales activities can be identified. Whereas process management techniques are applied to some of them, others are performed following different approaches.

In such a case, it is difficult to determine the company’s overall process orientation as a single measure. Rather, in order to measure overall process orientation, one needs to aggregate the individual process orientation scores measured for each process component of the company. Processes can be interpreted as relevant subunits
inside a company. It becomes clear that a coherent set of activities which may be identified as a process represents an appropriate unit of analysis. Consequently, in this study process orientation is not measured at the overall marketing and sales level, but at the level of individual processes. For the purpose of this study, five marketing and sales processes were selected:

- P1: the price adaptation process,
- P2: the market segmentation process,
- P3: the complaint management process,
- P4: the product development process,
- P5: the quotation process.

The processes were selected in order to include different types of processes. We selected processes along three dimensions: operational vs. strategic processes (Timmila 1995), internal vs. boundary-spanning processes (see the taxonomy developed by Day 1994), and marketing processes with high vs. low cross-functional dispersion (see the empirical results presented by Krohmer/Homburg/Workman 2002).

The scale items for the measurement of a company’s process orientation in the execution of each of these processes are listed in Table 2. Respondents were asked to fill in the questionnaire for only one of the five processes. All questions focused on the one process selected. Across the five processes, questionnaires were identical in order to allow for comparisons between processes.

### Table 2: The marketing process orientation scale (all items were measured on 7-point Likert-type scales, 1 = totally disagree, 7 = totally agree, R indicates reverse scaled items)

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clear rules for the execution of the process exist.</td>
</tr>
<tr>
<td>2</td>
<td>The process is transparent for all actors involved.</td>
</tr>
<tr>
<td>3</td>
<td>The process is comprehensively documented (e.g. in a handbook).</td>
</tr>
<tr>
<td>4</td>
<td>The employees accept the process definition.</td>
</tr>
<tr>
<td>5</td>
<td>In actual practice, the actors perform the process as defined.</td>
</tr>
<tr>
<td>6</td>
<td>In the execution of the process, interface problems and frictions often occur (R).</td>
</tr>
<tr>
<td>7</td>
<td>In case of conflict, clear rules for conflict resolution exist.</td>
</tr>
<tr>
<td>8</td>
<td>Top-management ensures that the process is executed as defined.</td>
</tr>
<tr>
<td>9</td>
<td>The process is managed by clearly defined objectives.</td>
</tr>
<tr>
<td>10</td>
<td>If the process objectives are not met, the underperformance leads to consequences.</td>
</tr>
<tr>
<td>11</td>
<td>All actors dispose of the appropriate qualification for participating in the process.</td>
</tr>
<tr>
<td>12</td>
<td>IT tools are used where possible in order to support the actors in the process.</td>
</tr>
<tr>
<td>13</td>
<td>There was considerable resistance to the introduction of the process (R).</td>
</tr>
<tr>
<td>14</td>
<td>Employees of all levels participate in process improvement efforts.</td>
</tr>
<tr>
<td>15</td>
<td>IT tools were employed during process definition and implementation.</td>
</tr>
<tr>
<td>16</td>
<td>We make intensive process improvement efforts (e.g. quality circles, teams, etc.).</td>
</tr>
</tbody>
</table>

3.3. Measuring Marketing Performance

In order to examine the relevance of the marketing process orientation construct, we want to explore process orientation’s impact on relevant marketing performance variables. Measuring marketing performance has proven to be a challenging objective (Clark 1999; Doyle 2000). Different performance variables are discussed in the marketing literature, e.g. customer satisfaction or market share (Ambler/Kokkinaki/Puntoni 2004). Given that, in this study’s context, we do not measure a company’s overall process orientation, establishing a direct causal link between the way a specific process (such as the quotation process) is organized and global performance measures (such as satisfaction or market share) is problematic. Too many uncontrollable external variables influence the dependent variable. Hence, we decided to measure respondent companies’ performance on the level of the individual process. This leads to a variety of potential performance measures for each process such as the percentage of quotes transformed into orders after the quotation process, the acceptance of a company’s price increases by its customers in the pricing process, or a product innovation’s success in the market place for the new product process.

Because of the variety of relevant performance variables within and in-between the five processes studied here, we opted for an approach in which we asked each respondent to provide the performance variables relevant for the process for which he filled in the questionnaire.
and for his company. This approach reduces the researcher’s influence on the results in that it does not ask the respondent to evaluate his company’s performance for a pre-specified measure which is not relevant from the company’s point of view (concerning managerial perceptions of marketing performance cf. Clark 2000). However, in order to reduce the degree of fragmentation in the answers and in order to make responses comparable across the five processes we draw upon a taxonomy of performance measures discussed in the process management literature (e.g. Brenner/Mayer 2005; Harrington 1991; Osterloh/Frost 1996) and differentiate between marketing effectiveness and marketing efficiency.

Often summarized in the statement “doing the right things,” marketing effectiveness is usually described as the degree to which a company achieves a specific goal that it has fixed as the target outcome for an activity (Hackman/Wageman 2000; Hall 2002; Rueter/Walker/ Roering 1985). For one identical activity, a company can set several goals. The process management literature refers to customer satisfaction and customer orientation as paramount effectiveness objectives (e.g. Scholz/Vrohlings 1994). However, on the level of each process, numerous (and potentially conflicting) goals can be defined. The same applies to efficiency goals for which the literature distinguishes three super-ordinate categories: cost, time, and quality.

The measurement instrument for the effectiveness and efficiency variables is represented in Table 3. In order to ensure that respondents would judge their company’s performance for relevant effectiveness and efficiency criteria, we asked them in a first step to name their most important effectiveness criteria (up to three) and their most important efficiency criteria (up to three) for the specific process they were providing answers for. To help them, we provided examples of common goals for each process. In a second step, the respondents were asked to evaluate on a 7-point Likert-type scale to what extent their company actually manages to achieve the goals they set for themselves for the process (1 = not at all, 7 = completely). For example, one respondent answered that one of his objectives (effectiveness) for the quote process was acquiring orders (orders / quotes) and then indicated that his company was not excellent in transforming quotes into orders (4 points on a 7-point scale). Another respondent said that meeting time limits was the most important efficiency criterion in his company’s new product development process and replied that they perform well on this criterion (6 points on a 7-point scale).

We acknowledge that although measuring performance by self-evaluation is common, it carries the risk of inflating degrees of explanation due to consistent response behaviour and demand effects. At the same time, it has been argued that self-reported measures yield outcomes which are comparable (i.e. highly correlated) to objective measures (e.g. Dess 1987; Golden 1992). The literature also points to the fact that financial and other performance measures obtained from small and medium-sized companies (and in certain cases also from large companies) can be criticized for being unreliable or subject to differing accounting or measuring conventions or even to managerial manipulation for numerous reasons (e.g. Dess/Robinson 1984). Finally, while self-reported measurement instruments may be criticized for their validity, using perceived performance scales allows comparisons across differing contexts, e.g. industries or competitive situations (Song et al. 2005).

### 3.4. Design of the Empirical Study

Along with the process orientation scale, the questionnaire comprised questions about the following categories of variables:

- **Antecedent variables:** Observing the current trend of increasing marketing and sales process orientation, the question as to which factors push companies to

<table>
<thead>
<tr>
<th>Please name relevant (1) effectiveness objectives (what is the goal of the process, e.g. acceptance of prices by distributors; satisfaction of sales force with prices) and (2) efficiency objectives (e.g. costs, speed, number of mistakes) your company has set for this process.</th>
<th>To what extent do you meet these objectives? (1 = “not at all” to 7 = “perfectly well”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>effectiveness</strong></td>
<td></td>
</tr>
<tr>
<td>1. e.g. customer satisfaction</td>
<td>5</td>
</tr>
<tr>
<td>2. e.g. market share</td>
<td>4</td>
</tr>
<tr>
<td>3. e.g. profitability</td>
<td>5</td>
</tr>
<tr>
<td><strong>efficiency</strong></td>
<td></td>
</tr>
<tr>
<td>1. e.g. costs</td>
<td>6</td>
</tr>
<tr>
<td>2. e.g. punctuality</td>
<td>5</td>
</tr>
<tr>
<td>3. e.g. mistakes</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 3: Measurement instrument for process effectiveness and efficiency (example from the questionnaire concerning the pricing process)
implement process management systems is of some relevance. Measurement instruments for the following constructs were included in the questionnaire: market complexity, market dynamism, internal complexity of the company, standardisation requirements (by suppliers, customers, or certification organisations), innovation orientation, and customer orientation.

- General descriptive variables: In order to better understand the characteristics of the respondents, their companies, and the focal processes, a set of general descriptive variables (e.g., position of respondent, company size and legal form) were included in the questionnaire.

The questionnaires were sent out to companies located in the Federal Republic of Germany in a total of 14 different industries, selected based on the NACE classification codes. The industries were selected in order to cover different market types. Because we assumed that intensity of competition would have a positive impact on companies’ attempts to improve their effectiveness and efficiency, and in order to cover different competitive contexts, we used the concentration index available from public statistical offices on the NACE level as a selection criterion. The fourteen industries cover market concentration rates for the largest five companies in their respective industry between 6% and 92%. Further, we aimed at covering three sectors: consumer goods, industrial goods and service industries. Potential contacts from relevant companies were identified from industry address lists. Where immediately available from the mailing list, the target respondent was then contacted directly by telephone. Otherwise potentially knowledgeable respondents were identified through questions to the company’s contact staff. Contacts were then either established directly on the telephone or via email. In both cases the questionnaire was sent in the form of a Word document and could be filled in on the screen.

A total of 2,500 companies were contacted and 474 usable questionnaires returned (19% return rate). Cases in the final sample stem almost equally from the industrial goods sector (n = 158, 33%), the consumer goods sector (n = 162, 34%), and the services sector (n = 154, 32%). 54% of the respondents belong to their company’s top management and 31% to middle management. Hence, the sample can be considered appropriate for the type of exploratory study we present here.

3.5. Results

In order to examine the impact of a company’s process orientation in a given marketing task on the performance of the process, regression analyses were conducted. The results are shown in Table 4.

The main result emerging from the data collected is that the degree of process orientation in the execution of a marketing task has a positive and significant impact on both marketing effectiveness and marketing efficiency. The empirical relationship between the focal constructs is confirmed not only on the level of the complete sample, but for each individual process sample. The adjusted values for $R^2$ for both effectiveness and efficiency confirm the marketing process orientation construct’s explanatory power. In organizational research, it is not unusual that the percentage of variance explained by the focal construct(s) remains below the levels usually met in the field of consumer behaviour. As a benchmark, in their study of the relationship between marketing’s cross-functional dispersion and marketing performance, Krohmer/Homburg/Workman (2002) report adjusted values for $R^2$ between 0.04 and 0.09. Because their focal construct reflects the degree of decentralization of marketing activities whereas our core construct describes the degree of process coordination, we believe that the amount of variety explained in our regression models is realistic. Nevertheless, one must bear in mind the subjective judgement underlying the outcome variables and the risk of seeing a common rater bias (Podsakoff et al. 2003).

A second question of interest is the process orientation construct’s relative explanatory power for the two perfor-

---

### Results of Regression on Effectiveness

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Total</th>
<th>G1</th>
<th>G2</th>
<th>G3</th>
<th>G4</th>
<th>G5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Orientation</td>
<td>0.437 ***</td>
<td>0.394 ***</td>
<td>0.461 ***</td>
<td>0.501 ***</td>
<td>0.508 ***</td>
<td>0.353 ***</td>
</tr>
<tr>
<td>Sample size</td>
<td>474</td>
<td>93</td>
<td>92</td>
<td>97</td>
<td>97</td>
<td>95</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.189</td>
<td>0.142</td>
<td>0.202</td>
<td>0.242</td>
<td>0.25</td>
<td>0.115</td>
</tr>
</tbody>
</table>

### Results of Regression on Efficiency

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Total</th>
<th>G1</th>
<th>G2</th>
<th>G3</th>
<th>G4</th>
<th>G5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Orientation</td>
<td>0.554 ***</td>
<td>0.476 ***</td>
<td>0.552 ***</td>
<td>0.558 ***</td>
<td>0.574 ***</td>
<td>0.599 ***</td>
</tr>
<tr>
<td>Sample size</td>
<td>474</td>
<td>93</td>
<td>92</td>
<td>97</td>
<td>97</td>
<td>95</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.306</td>
<td>0.216</td>
<td>0.297</td>
<td>0.303</td>
<td>0.323</td>
<td>0.352</td>
</tr>
<tr>
<td>F-ratio (sign.)</td>
<td>194.351 ***</td>
<td>21.955 ***</td>
<td>36.839 ***</td>
<td>38.365 ***</td>
<td>45.813 ***</td>
<td>52.05 ***</td>
</tr>
</tbody>
</table>

*** Significant at alpha < .01  ** Significant at alpha = .05  * Significant at alpha = .10  n.s. = not significant

*Table 4: Results for the two regression models for the total sample and processes 1 to 5*
mance variables. Again in line with our argumentation, the impact on marketing efficiency is higher than on marketing effectiveness. We consistently find this pattern for the total sample as well as across the five sub-samples even though the levels of variance explained by the process orientation construct vary. This result confirms that process orientation reflects the level of horizontal coordination achieved for the execution of a specific marketing task.

It is interesting to see the distribution of objectives within the efficiency variable. Among the efficiency objectives named by our respondents, 42.8% of the answers referred to timing issues, 37.4% concerned cost objectives and 19.8% represented quality targets.

Because we define efficiency as a three-dimensional construct covering cost, timing and quality aspects, it is interesting to take a more detailed look at the relationship between process orientation and these efficiency dimensions. For this purpose, we first analyzed the frequency at which objectives from the three efficiency categories were reported. Among the efficiency objectives named by our respondents, timing and cost objectives constitute marketers’ major concerns with 42.8% and 37.4% of the replies respectively. Only 19.8% of reported objectives represent quality objectives such as the reduction of error rates. In a second step, we ran regression analysis in order to establish the impact of a company’s process orientation on the realization of cost, timing, and quality objectives. The results are represented in Table 5. In all three regression models, process orientation exerts a positive and significant impact on the outcome variables.

The strongest impact is observed for the cost objective, 37.5% of which is explained by process orientation. However, the adjusted values for \( R^2 \) in the models for process timing and quality are not radically lower. These results are important because they provide evidence, on the one hand, for the general relevance of the process orientation construct and, on the other hand, for the pertinence of the conceptual distinction between cost, timing and quality aspects within the efficiency construct.

To summarize, the results reveal the close link which exists between process orientation, a concept newly introduced in this article, and marketing effectiveness and efficiency, two core variables in the marketing performance literature. The total data set collected allows more detailed analyses concerning the dimensionality of the marketing process orientation scale, antecedents of marketing process orientation, other interrelationships and potential mediators. However, due to space restrictions and a strong conceptual perspective, this paper focuses on the fundamental causal link between marketing process orientation and marketing performance.

4. Discussion

4.1. Implications

As the functional boundaries between marketing and other functions begin to diminish (Webster/Montgomery 1997) and the role of “part-time marketers” (Gummesson 1999) compared with the marketing department’s full-time marketers continuously augments, the adequate management of horizontal marketing processes is of critical importance for a company’s competitive position. From the results of the exploratory empirical study, several implications for theory and practice can be drawn.

First, for marketing theory, the identification of POM as a strategic concept represents a substantial enrichment. Without wanting to draw upon the notion of paradigm shift, we believe that a process oriented approach to marketing bears the potential to provide a new access to phenomena which have not always been well understood in the past. For example, there have often been gaps between theoretical knowledge concerning the effects of using marketing instruments on marketing outcomes on the one hand, and the practical experiences made by marketers on the other. To a certain extent, this gap can be explained by problems in the implementation cycle of individual instruments. A process oriented view of marketing emphasizes the potential pitfalls of applying an instrument to a market, segment, or customer. It points to the importance of cost, timing, and quality of execution for marketing success. Hence, we would argue that POM provides a new perspective on existing objects of research.

The marketing process orientation construct is the result of an attempt to operationalize a multi-faceted phenomenon (i.e. the use of process management techniques) which is gaining importance and hence determining management behaviours and outcomes in the field of marketing. The construct and the measurement instrument described here allow determining to what extent a company has truly adopted process management techniques for the execution of marketing tasks. Because we interpret marketing process orientation as an extension of market orientation’s interfunctional coordination dimen-

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Table 5: Results for three regression models for the impact of process orientation on process costs, timing, and quality

<table>
<thead>
<tr>
<th>Independent variable marketing process orientation</th>
<th>Dependent variable</th>
<th>Adj. R²</th>
<th>Std. beta (sign.)</th>
<th>F-value (sign.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process costs</td>
<td>Adj. R²</td>
<td>.375</td>
<td>.615***</td>
<td>116.438***</td>
</tr>
<tr>
<td>Process timing</td>
<td>Adj. R²</td>
<td>.270</td>
<td>.523***</td>
<td>91.360***</td>
</tr>
<tr>
<td>Process quality</td>
<td>Adj. R²</td>
<td>.318</td>
<td>.569***</td>
<td>61.138***</td>
</tr>
</tbody>
</table>

Table 5: Results for three regression models for the impact of process orientation on process costs, timing, and quality.
sion, we believe that we have opened the road for more empirical research on this under-researched aspect of market orientation. By linking process orientation to marketing effectiveness and efficiency we also contribute to the growing stream of research on marketing performance (e.g. Ambler/Kokkinaki/Puntoni 2004; Clark 1999). We propose an innovative approach to the measurement of marketing efficiency and effectiveness and provide insights for the explanation of marketing performance which are complementary to the extant literature.

Second, there are implications for managerial practice. The process oriented approach to marketing cannot be considered completely innovative because process management is a subject practitioners have been familiar with for well over a decade. In many functional areas the concept has been adopted and implemented. However, POM as we describe it here provides a coherent conception of marketing management which alternative perspectives, such as the instrumental view on marketing, do not represent. As discussed in the introductory sections of this paper, process management has made deep inroads more or less into marketing, depending on the specific process and the specific process one looks at. Its implementation in the field of marketing is often rather fragmentary. A consequent application of the concept to all of a company’s marketing processes would lay the foundations for a comprehensive and coherent management concept for a domain threatened by an increasing degree of organizational heterogeneity due to an augmenting cross-functional dispersion. Hence, we believe that POM has strong potential for becoming the guiding philosophy for the management of marketing activities in market-oriented companies. The ability to measure and compare process orientation on the level of individual processes represents a prerequisite for the systematic management of marketing processes.

4.2. Limitations

The purpose of this paper is to present a process oriented approach to marketing management. We intended to complete our conceptual discussion of the characteristics and benefits of process oriented marketing through an exploratory study allowing preliminary insights into the relevance of the marketing process orientation construct. Because our study yielded exploratory insights into the relationship between marketing process orientation and marketing performance, but also because the available literature we were able to draw upon for the conceptualization of our study is very restricted, we have to point to several limitations of this survey.

First of all, the degree of process orientation in the way that focal activities (price adaptation, segmentation, complaint management, new product development, and quotations) are conducted, as well as the outcome variables (effectiveness and efficiency), are not measured based on “hard” data but as perceived by respondents. Because we addressed the questionnaire to people at higher management levels who have a more complete view of the focal activities as a whole, as compared to employees who are only concerned with partial activities in the total process, we believe that respondents are knowledgeable. Nevertheless, their role within the process may cause subjectivity and hence bias their evaluations. This problem may concern the process orientation measure as well as the performance measures. However, due to the variety of potential outcome variables and the lack of benchmarks for judging whether specific time, cost, or quality data in a company’s process are satisfactory or not (relativity problem across cases), but also because asking respondents to provide concrete process-related data would probably have reduced respondents’ willingness to participate in this study, we believe that individual judgements represent the most feasible approach for this type of research.

Secondly, we relied upon single respondents. Using multiple respondents and calculating e.g. average scores might have reduced the subjectivity problem. At the same time, we observe an increasing reluctance among companies to participate in survey research. The arguments most often advanced are lack of time and an increasing number of requests to fill in questionnaires. Against this background, the decision for a single respondent approach can be justified in an exploratory research setting because it allows establishing a broad data base for fundamental analyses.

Thirdly, we only conducted our survey in selected industries. Because we wanted to analyse our research topic in different contexts, we opted for this type of design. Because the sample covers three important industry sectors almost equally, we believe that the limitations of the selective approach are not so significant. Finally, we only examined a limited number of processes. Our overall sample comprises almost 500 cases, but we rely only upon about 100 responses per process. Although approximately 100 cases is a sufficient number to conduct multivariate analyses, future research should attempt extending the available number of cases for single processes in order to provide more solid foundations.

In summary, we acknowledge several limitations of this research. However, we believe that against the background of the study’s purpose, the basic features of the data set as well as the general design of the research are adequate. Each of the limitations provides a starting point for future research. Hence, we believe that the field of process oriented marketing merits further attention from scholars as well as from practitioners.

References


