CONDITIONS OF DEPARTMENTAL POWER: A STRATEGIC CONTINGENCY EXPLORATION OF MARKETING'S CUSTOMER CONNECTING ROLE

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ABSTRACT

The marketing department's power is an important topic in current marketing debate. Previous scholars have focused largely on exploring its capability-related and contingency-related antecedents, its dispersion, and its performance implications. Customer connection, as a critical organizational capability, has been related to increasing marketing's power. However, this capability has seen equivocal results as a source of power. For instance, Moorman and Rust (1999) confirm its relevance to the emergence of marketing power, while Verhoef and Leeflang (2009) do not. The mixed results indicate that different context factors must be at work and they underscore the need to explore contextual moderators (e.g., Verhoef et al., 2011). As marketing literature has mostly neglected the close link between Resource Dependence Theory (RDT) and Strategic Contingency Theory (SCT), our study advances previous work by combining RDT and SCT to argue that the relationship between power sources and power is contingent on context factors. Based on RDT, the customer connection capability represents a critical resource to firm success, so that firm's depend on marketing's customer-connecting role and marketing thus gains power. According to SCT, however, this relationship is additionally affected by contextual circumstances under which capabilities like customer connection are enhanced or hindered to function as sources of power. The study develops and tests a model based on Yan and Gray's (2001) framework comprising of six context factors—asset specificity, selection and training, market orientation, environmental dynamism, differentiation strategy, and political skill of the head of marketing—that affect the availability of alternatives and strategic importance of resources like the customer connection capability.

An empirical study was conducted among 257 senior management executives (CEO or the head of marketing) of German firms. The regression results confirm that customer connection positively affects the marketing department's power and that four of six context factors moderate this relationship. Selection and training and environmental dynamism affect customer connection's effect on marketing power positively by reducing the number of available alternatives and by increasing customer connection's strategic importance to the firm, respectively. Market orientation is confirmed to have a negative effect on customer connection as a source of marketing power, as a prevailing market-oriented mindset provides an alternative and substitutes marketing's customer-connecting role. Against our prediction, asset specificity shows a similar negative effect on the power source-power relationship. A possible explanation may be that the changing routines in externally oriented task settings such as marketing and specifically customer connection impede the establishment of asset specificity. In order to empower marketing beyond its natural task-dependent importance within the organization, marketing managers should be aware of the surrounding conditions and the fact that customer connection is especially beneficial for marketing's position when high uncertainty, specifically skilled and knowledgeable marketing employees, and low market orientation prevail. The insights of our analysis help to reconcile previous mixed findings and underline that contextual factors are relevant in power relationships and that study's of power need to be complemented with a contingency perspective.

References available upon request