THE IMPACT OF A CORPORATE MARKETING SYSTEM ON MARKETING AND BUSINESS PERFORMANCE

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Abstract: Paradigm shifts in communication forced many organizations to abandon their command and control structures. Empowered consumers using social media actively do not perceive value in traditional communication pathways. Organizational challenges arise in marketing, where traditional functions get replaced by a broader, holistic understanding of marketing systems facing new key roles on an organization-wide level. Marketers are driven into internal/external network management, knowledge and data management and cross-organizational team managers. Based on a profound literature review, the research model of a corporate marketing system has been developed and its impact on marketing and business performance has been empirically investigated.

Keywords: corporate marketing, marketing performance, business performance, social media

1 Introduction

The field of marketing is based on a very simple invention of humankind: the trade. The act of exchanging goods between two individuals is the fundamental operation for the emergence of a market and the development of marketing (Layton 2011). Even though the origin is a simple one, its conceptualization, especially in a scientific approach, is far more difficult. The reason for this is the dynamic, genuine role of marketing as a practical discipline. In most social sciences, the dichotomy between theory and reality in marketing science lead to a philosophical discussion about the value of theories and concepts extracted from practical experience and expertise. But for expertise it is not only "knowing how", Ryle (1959) stated, "knowing that" is at least as important for successful problem-solving. Extensive knowledge of the field is necessary to know what the possibilities are and which solution to choose only after this it is the know-how that is of importance. Even though marketing lacks universal laws, academic division has it's right to exist because the normative models such as the marketing mix frameworks, like the four P's from McCarthy (1981), Kotler's product life cycle (1994), strategic portfolio management from Porter (1980) or Ansoff's competitive strategy (1965) can improve the problem solving capability of managers by contributing the basic knowledge, the "know that". Some scholars critically reflect the validity, reliability and universality of this marketing conceptualization as they try to make universal statements about marketing related phenomena and cannot be scientifically established (Brown 1993).

Hackley (1999) mentions the existence of many generic, descriptive models of buyer behaviour, advertising communication and product conceptualization. Within this discussion, Brown (1993) emphasizes that academic marketers maintain the existence of that external reality. Further on, that these models deliver theoretical foundations and may show a high relevance of application in marketing practice and allow imperfect attempts to make universal statements. From an academic point of view, the heuristic power of such models is uncertain but still an important question within the managerial school of marketing, the most powerful school within academic marketing (Sheth, Gardener and Garrett 1988). Consequently, many theoretical foundations have their origin in the abstraction of expert practice or broad generalizing assumptions, which deliver conceptual frameworks but miss a scientific confrontation.

2 Changing Role of Marketing: from Functional to Organizational Level

Marketing fundamentals have undergone a controversial discussion within the scientific community ever since. The theoretical knowledge and conceptual frameworks are in a logically coherent relation to the contemporary economic, organizational and technological zeitgeist. And ever since, researchers as well as marketing practitioners are facing forces of change to compete with. Hence, the sacred temples that define marketing need to be in a controversy discussion, influenced by major directional changes in the world (Singer 2006). For a deeper understanding a differentiation of the marketing terminus is necessary and leads inevitably to a major question: what is marketing? Is it a management science? Is it a social discipline? Piercy and Cravens (1995) claim a distinction between marketing as a philosophy or culture and marketing as a set of management activities. This implicates a new understanding of marketing asides its definition as a function. Namely, to understand customers' needs and wants a side from an exploiting marketing monopoly (Thomas 2006). Hence, marketing is seen as a cross-organizational philosophy and strategic necessity – dealing with intra-organizational relationships and networks (Piercy and Cravens 1994).

Nowadays Layton contributed several new articles to the topic of marketing systems which for him is "the voluntary economic exchange of single or multiple goods, services, experiences and ideas" (Layton 2011) and he offers a definition of marketing as a complex system as follows:

- *"A network of individuals, groups and/or entities;*
- *embedded in a social matrix;*
- *linked directly or indirectly through sequential or shared participation in economic exchange;*
- *which jointly and/or collectively creates economic value with and for customers, through the offer of;*
- *assortments of products, services, experiences and ideas; and*
- *that emerge in response to or anticipation of customer demand."*

This systematic view is a consequent alignment of different processes, networks and value chains within business environments. Hence, marketing can be seen as a complex structure of processes and set of values rather than a managerial function or a line-up of normative models. And it is an inevitable fact, that almost all marketing systems feature structural and functional heterogeneity (Layton 2011).

Singer (2006) points out, that the role of marketing is changing due to globalization and new information technologies. Traditional advertising is losing its impact on the buyer decision process. From the opposing perspective, all companies have an infinite source of information about consumers, but the fact that it is accessible for all competitors it can lose importance, something everybody knows is no advantage (Singer 2006). This leads from a customer-centric model to a network-centric model. It is no longer the brand that is the center of the marketing strategy but to build a business ecosystem and the focus is more on the future , how to foresee it and adapt to it than how to plan or respond to it. Also the paradigm change from push to pull is important in the network centric model, because the customers chose more to what exactly they give their attention out of the flood of information and for marketing the old promotion has to turn into a new information design, that people will attend to (Singer 2006).

The new technologies and especially the internet came with new challenges for marketing managers. The rise of digital media and technologies opened new channels for communication to reach specific individuals. This happens, when corporate marketing, which traditionally is selfish and focused on corporate interests, puts people back in the center of marketing considerations (Dibb and Carrigan 2013).

3 Current Managerial Challenges for Marketers and Organizations

Change is happening due to the growing popularity of social media (Coulter and Roggeveen, 2012). Paradigms are altered in the internet service and use of the web. The base of internet use is not the consumption anymore but the communication and interaction (Henderson and Bowley 2010) and old media might get replaced by it because information and content can be distributed in a wider range and a more effective way (Bruhn, Schoenmueller and Schäfer 2012). The biggest impact the instant evolution of the web has, is on the communication side that evolved from a face-to-face dialogue with one source talking to one recipient to a public conversation where one can reach many recipients at the same time (Coulter and Roggeveen 2012; Patino, Pitta and Quinones 2012). Also conversation over media got bi-directional and consumer have the possibility to interact with the source online (Henderson and Bowley 2010; Coulter and Roggeveen 2012) and most of the public conversations can be seen as public knowledge, accessible and for the use of everyone.

Malthouse and Hofacker (2010) deliver a clear model of how marketing changes due to the developments of digital communication landscapes. Figure 1 shows the potential communication channels between an organization and its target groups. Traditional media, like advertising or direct marketing still have their relevance, but as demonstrated by the single headed arrows, it is one-way communication, from the company as a sender to the customer as a receiver.
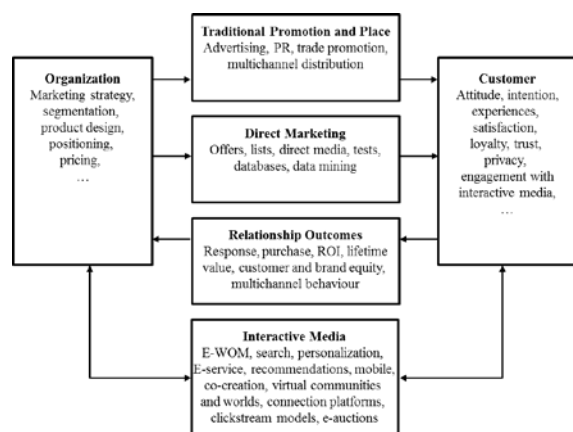

Figure 1: The New Marketing Perspective 2010+
Source: Author's illustration based on Malthouse and Hofacker (2010)

But by the rise of interactive media, a game changer entered the marketing stage. For the first time, media allows to transmit messages to, from and between customers, as demonstrated by the double-headed arrows. As a result, organizations need to transform, adopt to multichannel distribution, measure outcomes, quantify customer and brand equity (Malthouse and Hofacker 2010). The new media types and coherent communication possibilities change marketing organizations and even traditional business models on the one hand. On the other hand, customers change their habits and engagement with brands and media. Social media brought a lot of change that is summarized by Peters (1998) in three areas: the communication style, personalness of communication, consumers control of contact and also of content. In a broader context, the engagement of customers is not only their online-activity and contributing content but also a long-term relationship with companies, creation of opportunities to bond and interact gradually over time. For Sashi (2012) customer engagement "*focuses on satisfying customers by providing superior value than competitors to build trust and commitment in long-term relationships*". The process of value addition is a collaboration of company and customer, which is simplified by the new

possibilities of social media. A part of the foundation of customer engagement is the market orientation of a company as proposed by Jaworski and Kohli (1993), which includes:

- Organization-wide generation of market intelligence on customer needs.
- Dissemination of the intelligence across the departments.
- Organization-wide responsiveness to it.

In that context, building up an intelligence concerning the changing needs of customers is a basis for customer engagement, which adds active cooperation with the customer to assess their needs and entails a co-creation of value (Prahalad and Ramaswamy 2004).

Changes in the economic environment made knowledge an indispensable asset of a company and for marketing especially the data and knowledge from and about customers is essential. To achieve effective interactive strategies aiming for a close relationship with customers, high quality data is needed (Malthouse and Hofacker 2010). Following this, knowledge management is required for effective marketing implementations because information technology, globalization and the internet make huge databases available that need to be managed to infer important knowledge about customers and the market.

The growing role of information technologies forced organizations to abandon these traditional command and control structures. Fast decisions-making processes and empowered inter-organizational relationships are required (Tikkanen and Parvinen 2006). An organization, once it is aware of the ongoing paradigm changes in communications, must be able influence the organizational climate. It is a challenge to create an environment where other contribute innovative ideas and instantly develop or enhance a product or service. This brings a tacit aspect to management theories and affects the outcome of creation initiatives. A recent research study reveals new key functions of marketing managers which enclose network management, inside the organization as well as outside, gathering and managing information, customer relationship and controlling the efficiency and effectiveness of marketing (Gök and Hacioglu 2010). With the new role inventory of the marketing manager Gök and Hacioglu (2010) added six essential dimensions:

- Marketing mix management;
- Managing internal relationships network;
- Strategy development and execution;
- Managing external relationships network;
- Data and knowledge management; and
- Managing marketing productivity and performance

As marketing has broadly been regarded as a practical discipline in the past, scholars now see a shift from opinion-driven decision making to data-driven decision making. Hence, marketing is perceived as an organization-wide process and marketing managers become supporters, integrators and coordinators with an increased set of responsibilities throughout the organization (Gök and Hacioglu 2010). From an organizational perspective, the described changing role of marketing managers is not only a functional issue. The impact of social media and the coherent paradigm changes in communication require companies to show a new managerial commitment for a nontrivial, cultural and organizational transformation (Rossi 2011).

4 Hypotheses Deduction and Development of the Research Model

The underlying comprehension of a corporate marketing system follows the principles of Layton (2011), who constitutes a marketing system to be a social matrix framework with exchange logics, flows and roles, networks and governance. Singer (2006) and Malthouse and Hofacker (2010) describe the changing role marketing due to globalization and new information / communication technologies and emphasize the necessity of a new organizational understanding. McGrath (1992) adds new dimensions such as cross-functional teamwork and customer information systems to the so far existing "tried and true" skill

sets of marketers. Finally, Piercy and Cravens (1995) who put marketing outside department boarders and replace it by a system on business, corporate and enterprise level. Approval is given by Gök and Hacioglu (2010) analysing "marketing manager" job announcements by content analysis, and state new key-roles and functions, like internal/external network management, knowledge generation and performance management, in the managerial reality of marketers.

Information technology highly enables information exchange. Especially an improvement of tacit knowledge exchange can lead to a higher marketing productivity, as Arnett and Wittmann (2013) could prove in their study. Peltier, Zahay and Lehmann (2013) showed that an intensified marketing/IT integration in the organizational culture supports data sharing, which ultimately results in better marketing decisions and higher business performance. Moradi, Aghaie and Hosseini (2013) and Teoh and Pan (2008) could show in their case study the positive impact of knowledge management on organizational performance and emphasize strategy and leadership issues as important key factors for a successful implementation. This aspect of the importance of the "cultural factor" gets confirmed in the empirical studies of Magnier-Watanabe, Yoshida and Watanabe (2010) as well as by Ho (2009) who explicitly adds organizational culture to the list of knowledge management enablers.

Finally, the dichotomy between the organizational focus of knowledge management and the people focus of Web 2.0, the application of social media is an occasion for organizational change (Levy 2009).

Giving tribute to all these aspects and the general conceptualization of a marketing system, like presented in the theory chapter, the author proposes that:

H1: The dimensionality of a corporate marketing system is determined by an organization's corporate culture, social media usage and knowledge management.

The growing role of information technologies forced organizations to abandon their traditional command and control structures, fast decisions-making processes and empowered inter-organizational relationships are required (Tikkanen and Parvinen 2006). An organization, once it is aware of the ongoing paradigm changes in communications must be able to influence the organizational climate. It is a challenge to create an environment where other contribute innovative ideas and instantly develop or enhance a product or service. This brings a tacit aspect to management theories and affects the outcome of creation initiatives. Kimmerle, Wodzicki and Cress (2008) emphasize the necessity of an organizational culture that supports cooperation and knowledge sharing in an everyday work. This learning-by-doing approach is an enabler of an organization's culture (Williams 2006) which represents the foundation of organizational learning as a result of integration of people, processes and technologies within one cultural framework (Gorelick and Tantawy-Monsou 2005).

H1a: A corporate marketing system is partly determined by an organization's corporate culture.

Whereas social media can highly support cooperation and knowledge sharing within organizations (Kane, Robinson-Combre and Berge 2010; Levy 2009) their relevance for marketing-driven organizations is eminent, as social and economic networks merge (Gensler et. al 2013). Result is a new, self-sustaining economic system, in which traditional media such as television, radio or print show a decreasing impact on consumers. This is not saying that they are yet negligible but with increasing success, consumers' attention – either technological or mentally – to these traditional media is declining as interactive and social media became an influential game changer (e.g. Malthouse and Hofacker, 2010; Baird and Parasnis 2011; El-Haddadeh, Weerakkody and Peng 2012; Rossi 2011). Hence,

H1b: A Corporate marketing system is partly determined by social media usage.

Within a marketing system, marketers are in a central position of data gatekeepers. On one side the collect information from external sources and social media allow new ways of doing so, on the other side, they are responsible for an efficient and effective distribution of this information within their organization. Thus, new organizational structures, like the knowledge organization, can develop (Walczak 2005). The study of Peltier, Zahay and Lehmann (2013) did reveal the importance of data sharing through marketing/IT integration to increase customer and business performance. Hence, it is supposed that the appropriate treatment of knowledge will play an important role in more holistic marketing considerations as well.

H1c: A corporate marketing system is partly determined by knowledge management.

A legitimate goal for organizational development is value creation. Within this research, organizational value creation got defined as marketing performance and business performance. Following the logics of the previous antecedents, marketing function performance is an alignment of different value chains.

H2: It is expected that there is a significant relationship between a corporate marketing system and marketing performance.

Besides the fact that an organization can use social media to extract information from external environments, intra-organizational information flows are essential as well (Vuori and Okkonen 2012). This makes it possible to share and discuss insights, enables collaborative exchange and cross-functional information delivery. From an intra-organizational perspective, employees and their managers are expected to virtually cross time zones and require increased flexibility in work arrangements to form the virtual organization, which has become a new business model in the global economy (Meyers, Hearn and Bradley 2006). Therefore,

H2a: There is a significant relationship between an organization's corporate culture and marketing performance.

The role of social media is essential and is probably the real evolution in this matter. It enables open participation and access to information; it enhances communication and processing capabilities, optimizes supply chains and provides direct accessibility to actual information. And following Gupta, Grant and Melewar (2008) today's customer perceive value not only in products but also in modern forms of communications and technology, effecting their brand knowledge and brand associations. Hence,

H3a: There is a significant relationship between social media usage and marketing performance.

Exactly these web 2.0, respectively social media, applications enable a horizontal flow of knowledge and information between companies and customers (Rossi 2011). The efficient use of this idle knowledge will create a competitive advantage and will improve organizational success (Sandhawalia and Dalcher 2011; Moradi, Aghaie and Hosseini 2013). Extracting value from knowledge is a key management challenge for organizations (Mahesh and Suresh 2009). More precisely, key challenge is the ability to import new external knowledge and synthesize existing internal knowledge (Sandhawalia and Dalcher 2011). Or from a more strategic point of view: knowledge management needs to deliver the right knowledge to the right persons at the right time (Ho 2009) in dynamic processes (Pan, Bradbeer and Jurries 2011). Having a proper infrastructure and clearly defined process work flows seem to be essential for knowledge management. In an organizational redesign, it is important to create effective ways for the flow of knowledge, from the knowledge sources to

the points where knowledge is needed. Thus, organizational value will extract from knowledge (Mahesh and Suresh 2009).

H4a: There is a significant relationship between knowledge management and marketing performance.

Marketing, from a functional perspective, can be regarded as an exchange between organization and customer. The customer gives time and cognitive attendance. The organization, respectively the marketer, is expected to deliver entertainment and information as main value components (Ducoffe 1995). In traditional communication landscapes exchange does not happen. It is a technological limitation that there is a sender and a receiver. Interaction cannot happen. As the market is changing from consumption to interaction (Malthouse and Hofacker 2010) generating higher relevance and value for the consumer in a converse argument, increasing the efficiency and effectiveness of marketing on a corporate level. In that way, a company can face the challenges of new economies and digital communication landscapes and successfully use a new understanding of marketing, hence

H3: It is expected that there is a significant relationship between a corporate marketing system and business performance.

Gorelick and Tantawy-Monsou (2005) emphasize the importance of culture as superordinate framework of the learning organization, which aims at an overall improvement of performance results. Organizational structures and corporate culture need a managerial commitment for change, as many traditional hierarchical management structures will limit the knowledge transfer performance (Walczak 2005). Consequently, lacking knowledge will lead to inefficiency, which finally limits the performance potential of an organization.

H2b: There is a significant relationship between an organization's corporate culture and business performance.

The influential source of information exchange between consumers in digital communication landscapes is seen as an established consensus in literature (Dellarocas 2003). Consumer-to-consumer conversations can lead to measureable outcomes and social media can influence business performance:

▪ An improvement in a book's reviews leads to an increase in relative sales (Chevalier and Mayzlin 2006).
▪ There's an impact in box office revenues caused by consumer-to-consumer communication (Liu 2006).
▪ Online movie ratings significantly influence the predictive power of a revenue forecasting model (Dellarocas, Zhang and Awas 2007).
▪ Consumer-to-consumer communication during different stages of viral marketing positively influence the recipient's decision-making process (De Bruyn and Lilien 2008).

These studies did essentially prove that social media have a direct impact on purchase decisions. Organizations, which are aware of these business potentials and understand to change their traditional thinking will be successful. Hence,

H3b: There is a significant relationship between social media usage and business performance.

There is a significant relation of knowledge creation and internalization to financial performance, as presented by Ho (2009). Gibbert, Leibold and Probst (2002) see customer knowledge management as promoter of economic value creation. According to Sandhawalia and Dalcher (2011), obtaining, sharing, storing and using knowledge can only be successful if an organization finds the right balance between knowledge management infrastructure and process capabilities. Initiatives can only be implemented step by step, shifting knowledge management from initial states to an organizational state – matching organizational growth and sustain quality.

H4b: There is a significant relationship between knowledge management and business performance.

For the purpose of this research and with a positive assumption that a higher level of marketing performance can lead to an increased level of business performance, it is assumed that:

H5: Marketing performance is positively related to business performance.

Finally, it is assumed that companies with a more advanced level of corporate marketing system integration show a higher business performance level. Hence,

H6: There is a significant relationship between the dimensions of marketing performance and business performance.

H7: Company size has an impact on corporate marketing system integration.

H8: Industry sectors have an influence on corporate marketing system integration.

Figure 2 illustrates the finalized conceptual framework of hypothesis deduction and provides hypotheses references. It also outlines the dependent and independent variables.
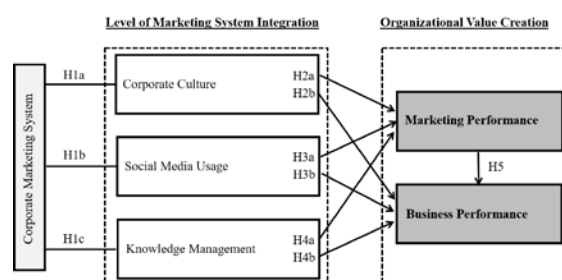

Figure 2: Conceptualized research model related to the impact of a corporate marketing system on marketing and business performance
Source: Author's illustration

5 Sample Deduction of Primary Research conducted

In order to address the research questions a decent number of companies within industry economy in Austria were approached. Further on, the participants were sampled among companies without micro companies, thus, minimizing confounding factors. An industry-wide database of marketing executives of the selected companies yielded potential respondents. The interview partners represented each one of the four predominant business models defined by three criteria, namely (1) number of employees, (2) annual turnover and (3) independence. While "number of employees" is generally considered as the main criterion to classify a venture, "annual turnover" represents the impact of a company on the market and its performance. "Independence" can be viewed as an important criterion to distinguish between small to medium companies either affiliated to large corporate groups or not.

For the sample collection small to medium companies which can't be considered independent as well as micro companies, defined by an annual turnover lower than 2 million Euros and less than 10 employees, were excluded. Hence, from a total of 426.364 within industrial economy in Austria still 31.460 companies remained for further processing.

After sampling the outlined 31.460 companies an accessible sample size consisting of 5.875 potential respondents has been drawn from an industry-wide database of marketing executives. It was assumed, that these potential research participants are representing management as well as non-management levels of the respective companies. Next, both lists were matched and a simple random sample of marketing executives from 4.697

companies was received. From a total of 4.231 successfully delivered emails, 233 (5.51%) answered questionnaires were received back, which make up 0.74 % of the relevant population.

6 Main Results of Primary Research

The subsequent main results have been derived from primary research and enhance existing theories related to a corporate marketing system and its impact on marketing and business performance. Hence, they represent a valuable contribution to the academic discourse of the research topic:

- It is verified that a corporate marketing system is determined by aspects of corporate culture, social media usage and knowledge management and that these variables represent a significant contribution to marketing and business performance.
- Marketing performance is positively related to business performance and enhances organizational value creation.
- In this context, social media usage and knowledge management have been identified as strong predictors for marketing performance and corporate culture for business performance.
- Interdependencies within the construct of a corporate marketing system and its influence on business performance appeared. Hence, a holistic approach of organizational integration seems appropriate.
- Corporate marketing system integration enhances business performance regardless of company size, indicated by number of employees and annual turnover.
- There are differences of corporate marketing integration caused by industrial sectors, especially for business-to-business, retail and service/tourism industries.

These main results strongly indicate that there is indeed an impact of a corporate marketing system on marketing and business performance throughout industry sectors and company classifications. The following sections go in detail.

6.1 Dimensionality of a Corporate Marketing System

In order to investigate the dimensionality of a corporate marketing system within small to large sized companies a principal components analysis has been assessed, in order to explore patterns in the collected data (Brown 2009; Fabrigar et al., 1999). Principal components analyses was performed with Varimax rotation in 6 iterations and a Kaiser normalization. This was done based on the 233 sample elements and for 30 measurement items, basically assigned to the independent variables corporate culture, social media usage and knowledge management. Factorability and correlation of the samples was considered appropriate based upon the values of the Kaiser-Meyer-Olkin measure and Bartlett's test of spherity which showed values of 0.863 and p<0.001, respectively. Cronbach's Alpha was used to assess the internal reliability of a questionnaire. The analysis of the model exhibited values ranging from 0.811 (social media usage), 0.845 (knowledge management) to 0.866 (corporate culture). This can be considered as indicative for high internal consistency of the measurement scales. Only components showing Eigenvalues above 2.0 have been accepted and items with factor loadings >0.5 have been included. Eight main components have been extracted, but only three have been considered for further investigation, as the others showed Eigenvalues only slightly >1. Consequently, three main components were defaulted. These three main components were explaining 46.8 % of the variation. In detail, knowledge management explains 16.8 %, corporate culture 16.2 % and social media usage 13.8 % of the construct.

The underlying research construct of a corporate marketing system has been operationalized by corporate culture, social media usage and knowledge management. Firstly, corporate culture can be approached from different angles. The basic foundation is probably the recognition of knowledge as an organizational asset which refers to the attitude of a company and its top-management towards the evaluation of intangible goods. Once there is a positive approach, managerial commitment can create a cultural climate that enhances information exchange and the fostering of ideas throughout the organization. This can happen on a voluntary basis in everyday situations but nevertheless, defined corporate procedures and proper technological infrastructures, like common knowledge platforms, further enhance exchange of ideas and information and contributes to a cultural understanding of a corporate marketing system. As research results did show, the consequent training of all employees for knowledge exchange and dedicated time schedules in daily operations are strong cultural factors and need to be considered in relating managerial frameworks.

Secondly, the usage of social media requires a professional engagement by all employees, across managerial and functional levels, as they represent a very important source for external opinions, market insights and the allocation of potential target groups. Further, social media deliver inspirational information that can lead to the development of new products and services or just to improvements in many areas of a company. Hence, information derived from social media dynamically captures sentiments and intentions from the external business environment that can directly be addressed to strategic decision-making and daily operations. Research results did show that the training of all employees for proper usage of social media is necessary to fortify the potentials of a corporate marketing system.

Thirdly, within the underlying research construct, knowledge management addresses structural and behavioral necessities of a systematic marketing understanding. The strategic foundation is an intensified focusing on customer needs and wants and an organizational setting that puts customer insights in the center of every organizational consideration. This is coherent with the above mentioned possibilities of social media, that allow new approaches towards customer-centric business models. But this possibilities need to be applied on an organization-wide level and flat hierarchies with short decision pathways strongly support this approach. Further, the dynamics of the external business environment needs to be reflected in organizational work processes. For people to catch up with these requirements, inter-divisional co-working and multifunctional teams contribute to the generation of new ideas, shared knowledge and the development of intellectual capital, which can be generated, processed and stored on virtual platforms. Thus, and for the use of real-life application in daily business, shared insights and experiences overwind departmental and functional boarders and create a dynamic environment for constantly learning organizations, facing the organizational challenges of the data society and for the purpose to impact marketing and business performance in a digitalized world.

6.2 Influencing factors of Marketing Performance

Based upon the factor analysis the impact of the independent variables corporate culture, social media usage and knowledge management on the dependent variable marketing performance was determined. In order to calculate the factor scores the items of each dimension as resulted from the factor analysis were averaged. Corporate culture consisted of seven items, social media usage of eight and knowledge management of eleven items. The following regression analysis was performed to test the null-hypothesis (no relationship between independent and dependent variables). The F-test resulted in 57.3 (p=0.000), thus rejecting the null-hypothesis and indicating relationships between independent and dependent variables. Further on, considering the Durbin-Watson value of 1.9 no auto-correlation was detected, meaning that the residuals are uncorrelated. Results show, that 42.9% of the total variance in marketing performance is explained by the independent variables knowledge management and social media usage.

The beta values figured out, that social media usage appears to be the best predictor for marketing performance (beta=0.530), followed by knowledge management (beta=0.239). However, there was no relationship found between corporate culture and marketing performance.

6.3 Influencing factors of Business Performance

In analogy to the estimation of relationships between the independent variables corporate culture, social media usage and knowledge management on the dependent variable marketing performance a similar analysis for the dependent variable business performance was performed. Factor scores of the items of each dimension (corporate culture: 7 items; social media usage: 8 items; knowledge management: 11 items) were calculated based upon the results from the factor analysis. Regression analysis to test the null-hypothesis (no relationship between independent and dependent variables) yielded an F-value of 7.5 (p=0.000), thus rejecting the null-hypothesis and indicating relationships between independent and dependent variables. Like in case of marketing performance the Durbin-Watson value of 1.9 suggested no auto-correlation among the residuals. Considering the beta values, corporate culture appears to be the best predictor for business performance (beta=0.228), followed by knowledge management (beta=0.239).

However, no significant relationships were found between both knowledge management and social media usage and the dependent variable business performance. Hence, the total variance of 9.0% in business performance is explained by just one independent variable, namely corporate culture.

Testing the influence of independent variables social media usage, corporate culture and knowledge management on the dependent variables marketing and business performance a multiple regression analysis was performed.

Summarized, there are significant positive relationships between the independent and dependent variables. However, considering the beta values, the impact of the single independent variables on either marketing or business performance, are not consistent. While social media usage has an influence on marketing performance (p=0.000), this effect cannot be observed when it comes to business performance. The same is true in case of knowledge management, where an impact on marketing performance is detectable (p=0.000), while the impact on business performance is weak but not statistically significant (p=0.087). Corporate culture is the only dimension having an influence on business performance (p=0.002). Consequently, combining the results, hypotheses H3a, H4a and H2b could have been confirmed while H2a, H3b and H4b had to be rejected.

While the dimensions knowledge management, corporate culture and social media usage showed an impact on both dependent variables, marketing performance and business performance, a correlation of the latter two variables appeared to be likely. Performing a simple linear regression analysis between the independent variable marketing performance and the dependent variable business performance identified a significant positive relationship between the two variables (F-value=5.3 at p=0,022) explaining 2.3 % of the total variance (b=0.23; t=2.3; p=0.022*).

6.4 Correlation of Single Dimensions with Business Performance

Because a corporate marketing system seems to have an influence on business performance, the single dimensions of marketing performance were checked for correlations to business performance and for inter-correlations. After performing a Pearson correlation analysis, significant positive correlations between knowledge management and corporate culture and business performance (R-values are 0.227 and 0.279 at p=0.000, respectively) could have been observed, while in case of social media usage there was no correlation detectable. Inter-correlations among the dimensions of marketing performance were seen between corporate culture and knowledge management (R=0.503, p=0.000), corporate culture and social media usage (R=0.343, p=0.000) and social media usage and knowledge management (R=0.452, p=0.000).

Because the size of a company could have an influence on corporate marketing system integration, the three dimensions of marketing performance, knowledge management, corporate

culture and social media usage were tested. Analysis of variance (ANOVA) for group differences were performed, regarding the two main criteria for the classification of a company and the impact of a company on the market and its performance, which is (1) annual turnover and (2) number of employees, respectively. In both analyses there were no significant group differences detectable, suggesting no effects of company size, regarding marketing performance.

Because the industry sectors in which the respondent's companies resided in could exhibit specific issues, regarding the corporate marketing system integration, an ANOVA with a Games-Howell post-hoc-testing was applied. Significant differences between the groups could point towards diverging characteristics among the sectors business to business (B2B), business to consumer (B2C), retail, services including tourism and other. The results of the ANOVA showed differences in corporate culture (p=0.09) and social media usage (p=0.015). Post-hoc-testing specified these results as being mainly caused due to (1) the differences between retail and services including tourism (p=0.020) for the corporate marketing system dimension corporate culture and (2) the differences between B2B and retail versus services including tourism (p-values are 0.045 and 0.014, respectively) for the dimension social media usage.

7 Conclusions

Companies of all industry sectors are exposed to the paradigm changes of digital communication landscapes and the eminent importance of new economies for business. The so-called information, respectively data society, forces companies to adopt their management procedures systematically to the evolution of internet-based networking. Considering that roughly one third of earth's entire population is connected to the usage of social media, one cannot ignore the implications of this fact for marketing systems. Since the value of social contacts is increasing, the systematic extraction and distribution of customer knowledge, respectively information shows a high relevance for all companies. However, apart from the common notion that the usage of social media is of high value as a marketing tool, there is confusion of how to achieve a well-suited application of this instrument into organizational structures. Hence, managerial challenges arise on an organization-wide level and especially the application of social media and web 2.0 is an important occasion for organizational change.

Thinking outside the box is necessary and hardened organizational structures need to be questioned when organizations face these challenges caused by strong external factors and a fundamentally changing environment. An absolute customer-centric approach and dialogue-orientated procedures are necessary for organizations to adopt their strategies but also their internal structures, hierarchy levels, functions and work- and information-flows to the web 2.0 challenge. Dynamic work processes should allow multifunctional teams to constantly exchange ideas and information, derived either from professional engagement in social media or from individuals within the organization. There should be no functional, structural nor technological boarders to understand the organization as a dynamic and permanently learning construct. Management must consider time management issues and an open atmosphere for their employees and encourage instant and dynamic information exchange through specified procedures.

Regardless of the fact, that marketing is often considered to be a practical discipline with a vast spectrum of specification, the possibilities of a new marketing understanding address many organizational challenges for development, which ultimately result in business metrics like competitiveness, growth and sustainability. The changes in a holistic conceptualization of marketing meet the development of the information technology, from its beginning to current state and give many hints for organization-wide implementation. The rise and growing importance of the internet, coherent digital communication landscapes and social media shows some enormous impact on organizations and marketing practice. With an increasing amount and accessibility to data, information and knowledge, an

organization-wide adjustment can be a crucial factor for future competitiveness. Especially marketers, which are traditionally at the front of consumer communication, can strengthen their position and jump out departmental boarders by becoming knowledge ambassadors and central managers of external and internal networks and thus, become drivers of organizational change and renewal.

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