Transnational Marketing Journal

May 2015, Volume: 3, No: 1, pp. 26 - 44
ISSN: 2041-4684 & e-ISSN: 2041-4692

Article history: Received 4 December 2014; last revision 11 Feb. 2015; accepted 22 March 2015

The classification of customer- and brand-oriented marketing capabilities

KATHARINA BUTTENBERG♠

Abstract

According to the Resource-Based Theory of the Firm, companies need to acquire and develop a unique set of resources and capabilities to gain a competitive advantage in the market. In the last decade, a number of studies have focused on marketing capabilities. However, there has been no clear classification between marketing capabilities directed towards the development of the brand from the inside out and customer-oriented capabilities, integrating the customer in the process. Purpose of this review is to clearly classify marketing capabilities and define the differences between brand-orientation and customer-orientation. A structure is proposed to better classify marketing capabilities and pave the way for further research. This review article is providing a structure for the Resource-Based Theory of the firm for improving the classification of resources and capabilities.

Keywords: Resource-based view of the firm; marketing capabilities; customer-orientation; brand-orientation.

Introduction

In the last 30 years, after being introduced by Wernderfelt in 1984 as the Resource-Based View of the firm (Wernerfelt, 1984), the Resource-Based Theory (RBT) has evolved to a solidly founded and well-researched theory, which has gained a lot of interest across many disciplines in management research. Whilst previous research has often focused on the economic situation, the RBT is mainly focused on an internal view of the firm, its resources and capabilities and their differentiation towards the resources and capabilities of other firms as competitive advantage (Barney, 1991, pp. 102 pp.). To become strategically relevant and lead to a competitive advantage, resources have to be scarce, not easily transferrable, complementary and applicable (Amit & Schoemaker, 1993,

♠ Katharina Buttenberg, University of Latvia, Latvia. At the time of this study, she was a visiting research fellow at Regent's University London, Regent's Centre for Transnational Studies.
E-mail: buttenberg@gmail.com.

p. 42). To ensure that these criteria are met, Barney developed the VRIN/ VRIO-criteria to be fulfilled by resources or capabilities to become a sustained competitive advantage. Sustained competitive advantages are "implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy." (Barney, 1991, p. 102) The acronym VRIN stands for "valuable", "rare", "in-imitable" and "non-substitutable". After being criticized for completeness (e.g. Foss & Knudsen, 2003, pp. 291 pp.), Barney has replaced "non-substitutability" by the criterion "organization", meaning organizational capabilities to successfully apply the previously defined valuable, rare and in-imitable resources (Barney & Hesterly, 2008, p. 76) (See Figure 1 below).

Figure 1: The VRIO Framework (Barney & Hesterly, 2008, p. 92)

Is a resource or capability:

Valuable?	**Rare?**	**Costly to imitate?**	**Exploited by organization?**	**Competitive implications**
No	_	_	No	Competitive disadvantage
Yes	No	_	↑	Competitive parity
Yes	Yes	No	↓	Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Even though there have been discussions about the academic relevance of the RBT, because some researchers find the theory static and tautological (Kozlenkova, Samaha, & Palmatier, 2014, p. 5) and lack detail (Peteraf, 1993, p. 179), still the RBT has been the main theoretical approach in a quite noteable stream of literature and top management journals have dedicated sole editions of their publications to the topic (e.g. Barney, Ketchen, Jr., & Wright, 2011, p. 1299); (Kozlenkova et al., 2014, p. 1)). Since its first mentioning, the theory has been further defined and enhanced by the introduction of further terms and clarifications (Barney et al., 2011, p. 1299). Moreover, it has been broadened to further fields of study such as Economics, Entrepreneurship, Human Resource Management, Marketing and International Management (Barney, Wright, & Ketchen, Jr., 2001, pp. 625 ff.).

The main focus of the firm in the RBT is the generation of long-term higher returns for the firm (e.g. Wernerfelt, 1984, pp. 172). Firms are described as unique entities, possessing heterogeneous asset bases – a bundle of distinctive resources and their competitive advantage is defined by a positive differentiation from other firms. ({Conner 1991 #93S: 139; Penrose, 1959 // 1980, p. 74) Superior returns can be achieved in two ways: " (a) making the firm's product distinctive in the eyes of buyers (e.g., the firm's product must offer to consumers a dissimilar and attractive attribute/price relationship, in comparison to substitutes), or (b) that the firm selling an identical product in comparison to competitors must have a low-cost position." (Conner, 1991: 132)

In the firm, managers permanently need to structure, bundle and leverage resources to ensure the optimal exploitation of organizational resources and capabilities. (Sirmon et al., 2011: 1391–1394) They make use of performance management systems and measure performance indicators to ensure a proper allocation of resources and capabilities and hence the further improvement of performance (Koufteroset al., 2014: 313–314). Relying on these performance indicators, it is crucial to ensure that performance indicators are chosen which enable managers to properly measure the performance of their resources and capabilities and consequently make the right decisions. There are various conceptions of performance measures, ranging from financial measures to complex operational and organizational effectiveness measures, which support a broader view like market-shares, effectiveness of marketing and so on (Venkatraman & Ramanujam, 1986: 803–804). To better understand and make use of marketing capabilities, an extensive focus in literature has been placed on the definition of performance measures for marketing activities.

A resource or capability can provide a competitive advantage when it creates "more economic value than the marginal (breakeven) competitor in its product market." (Peteraf & Barney, 2003: 314) In this definition, economic value simply stands for "the differences between the perceived benefits gained by a customer that purchases a firm's products or services and the full economic cost of these products or services." (Barney & Hesterly, 2008: 11) The RBT assumes an intrinsic heterogeneity of resources (Leiblein, 2011: 915–916). Hence, some firms may own superior productive factors, which are not accessible to all firms in one market and need to add a durable value to the firm (Peteraf, 1993: 180 ff.). In fact, there are several types of competitive advantages: (1) A competitive advantage could be temporary and short-term, or a long-term sustained advantage. (2) If competitors create the same value as the firm, they are in competitive parity. (3) There can also be a competitive disadvantage, when the competitors are economically stronger. Similar to the advantage, the competitive disadvantage can also be short- or long-term (Barney & Hesterly, 2008:11–13).

Marketing Capabilities

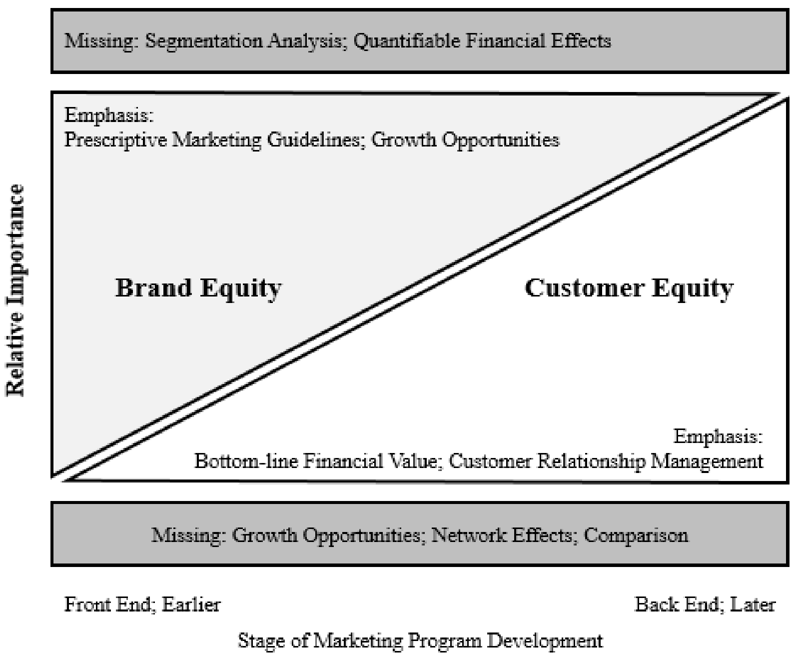
In the RBT, "resources" are defined as "anything which could be thought of as a strength or weakness of a given firm" (Wernerfelt, 1984: 172). Barney further defines this description, creating three sub-categories of resources: physical technology, which represents physical technology, plant and equipment, location and access to raw materials, human capital resources, such as training, experience, relationships and individual insights of employees of the firm, and organizational capital resources, summarizing company assets such as planning, controlling, and informal internal and external relations. (Barney, 1991, p. 101) Amit and Schoemaker develop this concept of resources by introducing the category of "Capabilities" (Amit & Schoemaker, 1993, p. 35). Capabilities are "the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result." (Helfat & Peteraf, 2003, p. 999) Compared to resources, capabilities are developed and created in the organization and consist of routines, "those to perform individual tasks and those that coordinate the individual tasks." (Helfat & Peteraf, 2003, p. 999) They provide "intermediate transformation ability" between resources and outputs. (Dutta, Narasimhan, & Rajiv, 2005, p. 278)

Also capabilities can be further spilt into strategic, functional and occupational categories. (Hooley, Broderick, & Moller, 1998, p. 101) This classification clearly describes the wide range of capabilities, ranging from the long-term, strategic capabilities to highly tactical skills, focused on the concrete execution of specific tasks. (Hooley et al., 1998, pp. 102–103) This categorization reflects the role of management in the development of firm-specific capabilities and it highlights the strategic impact of capabilities on firm performance.

In marketing, the RBT is a highly relevant framework "for explaining and predicting competitive advantages and performance outcomes." (Kozlenkova et al., 2014, p. 1) The capabilities in marketing can significantly support firm value (Kotler, 2009, p. 446). Especially in the last decades, the role of marketing has evolved to a highly service-oriented logic and a brand-based view. (Vargo & Lusch, 2004, pp. 2–8) Theories have developed form simple sales-focus and customer equity view to an integrated and strategic role and a brand equity view (Day & Fahey, 1988, pp. 46 ff). There is a quite revolutionary aspect to this shift in focus, because even though the end consumer is always the final center of both paradigms, the perspective of the so called customer equity, customer- or market-oriented approach is from the "outside-in" whereas the brand equity or brand-oriented perspective is from the "inside-out". (Leone et al., 2006, pp. 125 ff; Baumgarth, Merrilees, & Urde, 2011, pp. 8–9; Keller, 2008, pp. 84–87; Urde, Baumgarth, & Merrilees, 2013, pp. 14 ff) In other words, the brand equity view moves customers form their central position and replace them with the brand as focal point (Urde et al., 2013, p. 14).

Both constructs are based on two very different theoretical foundations: Customer orientation is focused on the fulfillment of customer needs and focuses on the bottom line financial value provided by consumers. The theory emphasizes relationship management. The limitation of this concept is the ignorance of the influence of the brand on other groups of interest such as future and current employees, suppliers, competitors and so on (Keller, 2008, pp. 84–87);(Urde et al., 2013, p. 14). On the other hand the concept of brand orientation includes brand awareness and brand image and therefore provides a more strategic approach. In this view, attention on the satisfaction of customer needs is paid within the limits of the core brand identity. (Urde et al., 2013, p. 14). The focus is on positive brand associations that are unique to the brand and influence consumer behavior (Leone et al., 2006, p. 126). These different concepts give managers a different view on marketing capabilities and therefore provide different strategic implications and lead to different management decisions, goals and performance measures (Baumgarth et al., 2011, p. 9). Customer-based and brand-based theories are clearly connected. They share the focus on customer loyalty (Leone et al., 2006, pp. 129–130) and can be both expanded to incorporate the respective other point of view (Keller, 2008, p. 85). As shown in Figure 2, the focus on the orientation and the emphasis for strategic management also develops over time. In the beginning of a brand, the focus is set on brand-orientation or the inside-out view. Once the firm further develops and the customer-base is growing, the emphasis on customer-orientation is growing. Regarding capabilities, both concepts need to be managed and expectations need to be fulfilled and meet demands for the transition and developments (Leone et al., 2006, p. 130).

Figure 2: Brand Equity Versus Customer Equity (Leone et al., 2006, p. 130)



Classification of marketing capabilities

Classically, marketing is described as the "process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals." (Kotler, 2009, p. 865). This description mainly focuses on the operational capabilities needed in marketing and is not fully capturing the broader and more strategic role of marketing including brand management (De Chernatony, 2010, p. 15). However, the RBT provides frameworks for this more strategic and elaborate concept of marketing, to better structure and qualify marketing-capabilities (Kozlenkova et al., 2014, p. 1). Especially in the case of marketing-capabilities, where the diversity and challenges of the market environment are rapidly growing, the necessity of more structure is definite (Day, 2011, p. 183). Marketing capabilities are very closely interlinked with organizational processes and are therefore not easy to separate and classify (e.g. Vargo & Lusch, 2004, p. 3; Day, 1994, p. 38). Since they are highly connected with the firm, they are rare and in-imitable in the definition of Barney (Barney & Hesterly, 2008, p. 85). Therefore, the effect of the single marketing-capabilities on value generation needs to be evealuated. This effect is often measured through a multi-dimensional construct based on organizational performance, which again is broken down into measures of effectiveness and efficiency (e.g. Barney, 1991, p. 101; Chang, Park, & Chaiy, 2010, p. 850; Leiblein, 2011, p. 912). Dutta and his colleagues compare capabilities to "the efficiency which a firm uses the inputs available to it (i.e. its resources, such as R&D expenditure), and converts them into whatever output(s) it desires (i.e. its objectives, such as developing innovative technologies)." (Dutta et al., 2005, p. 278) Even though capabilities might be efficient, they still need to be proven to provide value for the firm. Often, this value is described by the term of effectiveness. Therefore, authors often connect marketing-capabilities to business performance (Ray, Barney, & Muhanna, 2004, p. 23). In the last decade, the connection of marketing-capabilities and firm value as well as financial performance has been an often-researched topic. (Rust, Ambler, Carpenter, Kumar, & Srivastava, 2004, p. 76).

Analysis of existing research

A literature analysis has been conducted, to get an overview on the state of the art of the current research on marketing capabilities and their connection to business performance. As base for the choice of literature, the SJR2 indicator ranking has been used and the top 10 Journals for the three subjects for the three subjects "Strategy and Management", "Business and International Management and "Marketing" of the 2013 ranking (representing the most current data available) have been chosen (SCImago Journal & Country Rank, 2014). Out of these journals, all issues published between January 2005 and September 2014 were screened to provide a foundation for this research. In addition, other journals were then added to the analysis. As result of this in-depth analysis, a total of 23 studies empirically describing the connection between marketing capabilities and business performance have been identified and compared.

Table 1. Overview on Studies analyzing the relationship between marketing-capabilities and business performance 2005-2014

Author(s) & Year	Method	Topic	Country	Firm Size
Hooley, Greenley, Cadogan, & Fahy, 2005	Interview/ Survey	The relationship between marketing support resources influencing customer performance and market performance through market-based resources.	UK	firms employing more than 20 people
Hult, Ketchen, Jr., & Slater, 2005	Survey / data	The effect of cultural and information-processing elements of market-orientation on performance	US	public firms from commercial database
Kor & Mahoney, 2005	Data	The impact of development of, management experience in and institutional investor ownership of R&D and marketing on firm performance	US	Firms going IPO between 1990 and 1995
Song, Droge, Hanvanich, & Calantone, 2005	Survey	The impact of technology-related, marketing-related and the interaction of technology- and marketing-related capabilities on performance	US	joint ventures formed between 1990 and 1997
Vorhies & Morgan, 2005	Focus group / survey / data	The effect of marketing capabilities on overall firm performance, considering marketing capability interdependence.	US	top marketing executives of 748 US firms
Menguc & Auh, 2006	Survey	The effect of market orientation and innovativeness on firm performance	AU	list of the 750 largest firms form private databank company
Slater, Olson, & Hult, 2006	Survey	The effect of strategic orientation on situation analysis and performance, comprehensiveness and comprehensiveness of alternative evaluation and performance, and strategy formation process formalization and performance.	US	manufacturing and service business with >500 employees
Song, Di Benedetto, & Mason, 2007	Survey / data	The relationship between technology, IT, market-inking and marketing capabilities	US	firms from two business firm lists Ward's Business

		and profit margin moderated by the strategic types on the M-S scale.		Directory and the Directory of Corporate Affiliations
Dev, Zhou, Brown, & Agarwal, 2008	Survey	The impact of customer orientation in comparison on competitor orientation on organizational performance.	56 countries	List of hotels from the Global Hoteliers Club. Hotels employed on average 433 people, offered 365 rooms and had been operating for almost 23 years.
Krasnikov & Jayachandran, 2008	Study Datasets	Finding variables moderating the capability-performance relationship. The capability types of marketing capability, R&D capability and operations are compared in the strength of their relationship.	n/a	n/a
Harmancioglu, Droge, & Calantone, 2009	Survey	The moderating effect of marketing execution proficiency and technical execution proficiency on the relationship between the strategic fit of a project (marketing & technological) and new product success	US	North-American firms
Morgan, Vorhies, & Mason, 2009	Survey	The effect of market orientation and marketing capabilities on firm performance.	US	US firms
Morgan, Slotegraaf, & Vorhies, 2009	Survey / data	The effect of CRM capabilities, brand management capabilities and market-sensing capabilities on financial performance of the firm	US	Publicly traded, single-business dominant US companies
Ramaswami, Srivastava, & Bhargava, 2009	Survey	The effect of market-based assets on performance in new product development, supply-chain and customer development and consequently financial performance.	US	Fifty companies of four big Midwestern cities (84 public and 116 private, sole proprietorship companies)
Chang et al., 2010	Survey	The effect of customer-centric management systems and customer-centric organizational culture on CRM Technology use. The effect on	Korea	list of top 500 Korean firms

		marketing capabilities and organizational performance		
Merrilees, Rundle-Thiele, & Lye, 2011	Survey	The relationships between market orientation, management capability, branding capability, innovation capability and marketing performance as well as the impact of marketing performance on financial performance.	Australia	Sample from Dun and Bradstreet Australia and Business Who's Who of Australia, firm size less than 500 employees
Orr, Bush, & Vorhies, 2011	Survey / data	The moderating effect of marketing employee development on the effect of customer relationship management capabilities and brand management capabilities on customer satisfaction, market effectiveness and consequently, financial performance.	US	primarily single-business US firms
Vorhies, Orr, & Bush, 2011	Interviews / survey / data	The effect of marketing exploration compared to marketing exploitation on customer focused marketing capabilities.	US	Single business unit firms
Menguc, Auh, & Uslu, 2013	Survey	The effect of task and outcome interdependence, empowering leadership through the process of customer knowledge creation capability on team customer relationship performance and team financial performance.	Turkey	distributors of one manufacturer
Wilden, Gudergan, Nielsen, & Lings, 2013	Interviews / survey / data	The effect of dynamic capabilities on organizational performance moderated by organizational structure and competitive intensity.	Australia	Large Australian organizations with +150 employees
Wu, 2013	Data analysis	The context of marketing capabilities with emerging market specific topics, economic development, legislative systems and cultural individualism.	73 countries	Data from world bank survey with 44.000 firms in 79 countries

Hirvonen, Laukkanen & Reijonen, 2013	Survey	Analysis of the moderating effects of firm-internal and market-related factors on the brand-orientation performance relationship	Finnland	9454 Finnish SMEs / 797 usable questionnaires
Angulo-Ruiz, Donthu, Prior, & Rialp, 2014	Data analysis	The effect of customer-oriented marketing capability on forward-looking performance (firm's value on the stock market and analysts' stock recommendations)	US	Variables from 2000 to 2006, observations gathered from Advertising age, Crain communications, ACSI

In terms of methodology, most of the studies (19 studies) were based on structured online- or mail-surveys as method of data collection. In four of the studies, a two-step approach, combining surveys with qualitative interviews (Hooley et al., 2005; Vorhies et al., 2011; Wilden et al., 2013) or focus-groups with marketing experts (Vorhies & Morgan, 2005) was used. As mentioned above, the capabilities analyzed in the articles range from functional capabilities that are very skill-focused to highly strategic levels. (Morgan, 2012, p. 106) Due to the nature of marketing, these capabilities are highly integrated, widely spread and closely connected to other capabilities (e.g. Vargo & Lusch, 2004, p. 3; Day, 1994, p. 38) In the majority of the studies, therefore marketing capabilities are combined with other capabilities, such as management-capabilities (Hooley et al., 2005); (Hult et al., 2005;Slater et al., 2006; Slater et al., 2006; Ramaswami et al., 2009; Menguc et al., 2013;), technologic and IT-capabilities (Song et al., 2005; Menguc & Auh, 2006; Slater et al., 2006; Harmancioglu et al., 2009; Chang et al., 2010), and innovation capability (e.g. Hult et al., 2005; Menguc & Auh, 2006; Merrilees et al., 2011)

In most studies, a broad range of businesses (business to consumer and business to business) and industrial sectors were analyzed. Only four studies were focused on specific industries (Kor and colleagues – life science technology Kor & Mahoney, 2005; Dev and colleagues – hotel industry Dev et al., 2008; Harmancioglu and colleagues – chemical, biochemical and pharmaceutics Harmancioglu et al., 2009; Menguc and colleagues – constructions Menguc et al., 2013). In terms of firm size, most researchers did not specifically analyze certain groups and turned to rather broad samples. Only one study by Hirvonen and colleagues was focused specifically on small and medium enterprises (Hirvonen et al., 2013). Three studies were analyzing certain life cycle stages of firms: Kor and colleagues analyzed firms in the IPO phase (Kor & Mahoney, 2005), Morgan and colleagues analyzed firms in the post-IPO stage (Morgan, Slotegraaf et al., 2009), and Song and colleagues focused on firms founded in a certain time before the study (1990-1997) (Song et al., 2005).

In in all studies, the effect of marketing-capabilities on business performance has been analyzed. Measures used were either financial firm performance or other common performance-measures such as market performance, customer performance, product performance or specific marketing performance. Capabilities connected to the topic of marketing were mainly customer relationship management capabilities or brand management capabilities.

Classification and clustering of capabilities

Because marketing is highly complex and integrated, there are various possibilities to classify marketing capabilities and in the studies analyzed, the classification by the authors varies greatly based on the topic analyzed. Most studies are analyzing capabilities based on a customer-oriented and brand-oriented basis, but since the concepts are – as described above – sometimes overlapping, there is not always a clear distinction between the factors. Also, strategic and functional factors are sometimes combined in items and concepts.

Clustering of grid elements

However, since these dimensions are important classifiers as described above, combining the customer-and brand-oriented approach and separating it into strategic and functional capabilities, a dimension matrix is suggested as classification tool. This model is a combination of the classification of resources and assets by Hooley (Hooley et al., 1998) and the "adaptive versus dynamic marketing capabilities" map of Day (Day, 2011, p. 187). This structure, depicted in Figure 3 is synthesizing the classifications described above ensures that all components of marketing-capabilities will be covered.

Figure 3: Dimensions for classification of marketing capabilities

	Customer-oriented	**Brand- oriented**
Strategic	Customer-oriented capabilities on the strategic level	Brand-oriented capabilities on the strategic level
Functional	Customer-oriented capabilities on the functional level	Brand-oriented capabilities on the functional level

Definition of grid elements

The author has created a description of the four elements of the grid based on the literature review on the definitions of the dimensions of customer-orientation and brand-orientation (Keller, 2008, pp. 84–87; Day, 2011, pp. 187 ff;

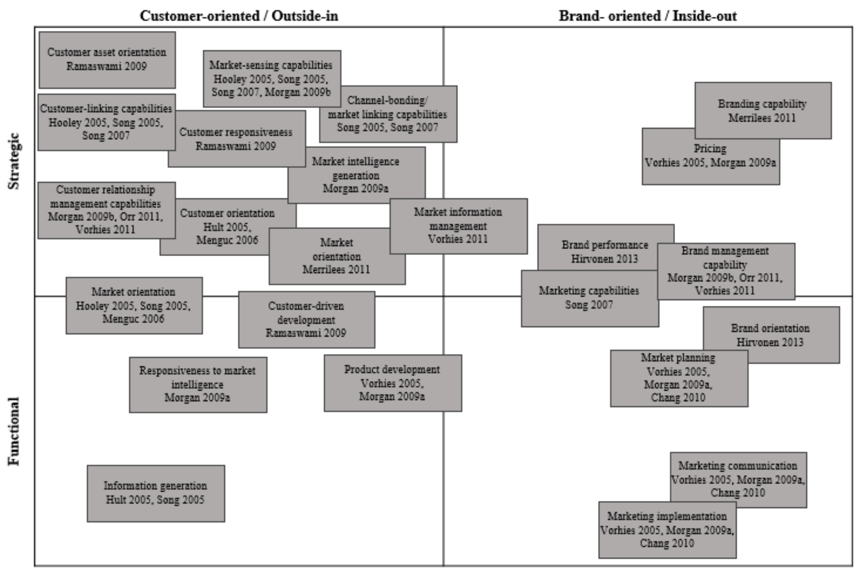
Baumgarth et al., 2011, pp. 11 ff; Urde et al., 2013, pp. 14 ff) as well as the strategic and functional dimensions (Hooley et al., 1998, pp. 101 ff).

Customer-oriented capabilities on the strategic level: The understanding that customers are assets that the firm can benefit from is the underlying understanding of customer-oriented capabilities. These capabilities are following the need for a proactive marketing strategy as described by Day (Day, 2011, p. 186). A very important aspect of this approach is that the customer is seen as long-term partner of the firm. For example the concept by Morgan and his colleagues of market-learning capabilities is focusing on the understanding of the market on a higher strategic level. (Morgan, 2012, p. 109) or the concepts by Ramaswami can colleagues of customer asset orientation (Ramaswami et al., 2009, p. 105) or by Hult and colleagues of customer-orientation (Hult et al., 2005, p. 1180), which are focusing on the overall strategic approach of the relationship of the firm with the consumer. By being responsive to the consumer (Ramaswami et al., 2009, p. 105), making sure that the needs are met (Harmancioglu et al., 2009, p. 274), and even anticipating the needs and requirements of the customer (Hooley et al., 2005, p. 26) the firm can obtain a sustained competitive advantage, because it can anticipate "trends and events before they are fully apparent and then adapting effectively" (Day, 2011, p. 187). These customer oriented strategic capabilities are closely connected to the customer-oriented selling approach by Saxe and Weitz, where the salesperson individually responds to the customer and also anticipates his/her needs (Saxe & Weitz, 1982, p. 343). Consequently, part of the strategic customer-oriented capabilities is also the setting of objectives based on customer satisfaction creation (Hooley et al., 2005, p. 26).

Customer-oriented capabilities on the functional level: Breaking down the strategic customer-orientation to a more functional level, the firm also requires special marketing capabilities. A main set of functional capabilities is the tactical focus on customer relationship management capabilities, such as market segmentation and targeting (e.g. Morgan, Slotegraaf et al., 2009, p. 292; Orr et al., 2011, p. 1080; Vorhies et al., 2011, pp. 753–754). A dialogue with the target audience needs to be established, customers need to be convinced to try products (Morgan, Slotegraaf et al., 2009, p. 292). Long-term needs have to be met and loyalty needs to be created (e.g. Morgan, Slotegraaf et al., 2009, p. 292; Orr et al., 2011, p. 1080; Vorhies et al., 2011, pp. 753–754; Hooley et al., 2005, p. 26). However, not only the focus on the customer, but also knowledge of the market is a key marketing capability for customer-orientation including a proactive approach to gathering information on the competition (Hult et al., 2005, p. 1181). Authors have defined this capability as market-orientation (e.g. Dev et al., 2008, p. 25; Merrilees et al., 2011, p. 372), market-sensing capabilities (Morgan, Slotegraaf et al., 2009, p. 291) and market-intelligence generation (Morgan, Vorhies et al., 2009, p. 919). Depending on the definition of the term "market", suppliers (Song et al., 2007, p. 24), wholesalers and retailers (Song et al., 2005, p. 264), or employees (Hooley et al., 2005, p. 26) were also included in some papers. Also product-related capabilities can be included in the functional marketing capabilities, for example the question whether the product is meeting customers' needs and new product development based on customer needs (Vorhies & Morgan, 2005, p. 92).

Brand-oriented capabilities on the strategic level: As mentioned above, brand-orientation is setting the brand in the center of marketing and the capabilities are therefore centered on the strengthening of the brand and focusing from the inside out (Leone et al., 2006, p. 126). The measure of brand management capabilities by Morgan and colleagues focuses on the creation, development and maintenance of the brand and its brand equity. (Morgan, Slotegraaf et al., 2009, p. 286) It includes measuring necessary items for brand-management, the use of customer insights to identify valuable brand positioning, the establishment of desired brand associations in customers' minds, the management of a positive brand image relative to competitors, high level brand awareness, the leverage of brand equity into preferential brand positions, and the tracking brand image and awareness among target customers. (Morgan, Slotegraaf et al., 2009, p. 292) This construct has also been used by Orr and colleagues (Orr et al., 2011, p. 1080) and Vorhies and colleagues (Vorhies et al., 2011, pp. 753–754). There should be a clear distinction between these strategic management capabilities and the brand management capabilities that are used to create and execute a value-generating brand.

Figure 4: Classification of marketing-capabilities in analyzed studies



Brand-oriented capabilities on the functional level: Functional brand-oriented marketing capabilities are core brand items such as a renowned brand name and credibility (Hooley et al., 2005, p. 26), the creation of a simple brand meaning (Merrilees et al., 2011, p. 372), and the segmenting of the market (Chang et al., 2010, p. 854). In addition, the single components of the marketing program such as the creation of creative marketing strategies (Morgan, Vorhies et al., 2009, p. 919), (Keller & Lehmann, 2003, p. 29), a clear and consistent brand communication (Merrilees et al., 2011, p. 372), advertising and promotional skills ((Harmancioglu et al., 2009, p. 274), but also the qualitative component such as the execution of marketing plans (Morgan, Vorhies et al., 2009, p. 919) and the effective delivery of marketing programs (Chang et al., 2010, p. 854). Pricing strategies (Morgan, 2012, p. 106) are also a very important factor of the marketing program, since they are at the same time having a direct impact on business performance and also create a perception for the brand and the product (Morgan, Vorhies et al., 2009, p. 919; Vorhies & Morgan, 2005, p. 92). Another factor of functional brand-oriented marketing capabilities is the ability to define product requirements by customers and the capabilities of integrating them into the brand (e.g. Harmancioglu et al., 2009, p. 274; Morgan, 2012, p. 106). This ability is closely connected to customer-oriented marketing capabilities.

Structuring of constructs

To successfully structure the constructs and place the single studies and items in the suggested grid, the author has conducted the following steps:

- Based on the descriptions of the single grid elements, the author has broken down the constructs of the 23 articles related to marketing capabilities have been broken down into the respective single items and have been classified according to the criteria mentioned above. The following studies have been excluded from the original group of studies analyzed, because they did not provide items for their measured concepts: (Slater et al., 2006), (Dev et al., 2008) or did not analyze concrete marketing-capabilities (Harmancioglu et al., 2009), (Menguc et al., 2013), (Wilden et al., 2013).

- In a second step, the author has regrouped the constructs and has calculated the relative position in the classification and placed them accordingly in the grid. The placement of the single items can be seen in Figure 4. To ensure a clear overview in the graph, only the name of the first author and the year of the study was provided in this figure. The authors are: Hooley 2005: (Hooley et al., 2005); Hult 2005: (Hult et al., 2005); Song 2005: (Song et al., 2005); Vorhies 2005: (Vorhies & Morgan, 2005); Menguc 2006: (Menguc & Auh, 2006); Song 2007: (Song et al., 2007); Morgan 2009a: (Morgan, Vorhies et al., 2009); Morgan 2009b: (Morgan, Slotegraaf et al., 2009); Ramaswami 2009: (Ramaswami et al., 2009); Chang 2010: (Chang et al., 2010); Merrilees 2011: (Merrilees et al., 2011);

Orr 2011: (Orr et al., 2011); Vorhies 2011: (Vorhies et al., 2011); Hirvonen 2013: (Hirvonen et al., 2013)

From the final results of this calculation, the distribution of the concepts in the research papers on the structural grid for marketing capabilities. Each of the constructs used in the papers has a specific position on the grid, showing which dimensions of customer-orientation and brand-orientation or strategic and functional orientation it is covering.

Conclusions

This clustering of items is still at the very basic level and rather conceptual. However, looking at the distribution of the constructs, it seems that in customer-oriented capabilities, strategic capabilities seem to be used quite frequently in research. This might partly be due to the late paradigm shift from a strong customer-orientation in marketing to the new brand-centric concept of marketing capabilities (Leone et al., 2006, pp. 125 ff; Baumgarth et al., 2011, pp. 8–9; Keller, 2008, pp. 84–87; Urde et al., 2013, pp. 14 ff).

In brand-oriented capabilities, the constructs seem to be using more a mix of strategic and functional capabilities. It might be an opportunity to further split strategic and functional brand-oriented marketing capabilities in the analysis of marketing capability constructs and further analyze them and put them in relation to business performance.

This paper only provides a first step in the classification of marketing capabilities, which has just gained an increase of intention in the last decades (Kozlenkova et al., 2014, p. 1). Since marketing capabilities are quite complex and often integrated with other capabilities of the firm (Vargo & Lusch, 2004, pp. 2–8), it is even more important to clearly define and classify them. Therefore, further research in the area needs to be done and empirically tested.

References

Amit, R., & Schoemaker, P. J. H. (1993). Strategic assets and organizational rent. *Strategic Management Journal, 14*(1), 33–46. doi:10.1002/smj.4250140105

Angulo-Ruiz, F., Donthu, N., Prior, D., & Rialp, J. (2014). The financial contribution of customer-oriented marketing capability. *Journal of the Academy of Marketing Science, 42*(4), 380–399. doi:10.1007/s11747-013-0353-6

Barney, J. B. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management, 17*(1), 99–120. doi:10.1177/014920639101700108

Barney, J. B., & Hesterly, W. S. (2008). *Strategic management and competitive advantage: Concepts and cases* (2nd ed.). Upper Saddle River, N.J.: Pearson Education International.

Barney, J. B., Ketchen, D. J., Jr., & Wright, M. (2011). The Future of Resource-Based Theory: Revitalization or Decline? *Journal of Management, 37*(5), 1299–1315. doi:10.1177/0149206310391805

Barney, J. B., Wright, M., & Ketchen, D. J., Jr. (2001). The resource-based view of the firm: Ten years after 1991. *Journal of Management, 27*(6), 625–641. doi:10.1177/014920630102700601

Baumgarth, C., Merrilees, B., & Urde, M. (2011). Kunden- oder Markenorientierung – Zwei Seiten einer Medaille oder alternative Routen? *Marketing Review St. Gallen, 28*(1), 8-13. doi:10.1007/s11621-011-0014-4

Chang, W., Park, J.-E., & Chaiy, S. (2010). How does CRM technology transform into organizational performance? A mediating role of marketing capability. *Journal of Business Research, 63*(8), 849–855. doi:10.1016/j.jbusres.2009.07.003

Conner, K. R. (1991). A Historical Comparison of Resource-Based Theory and Five Schools of Thought Within Industrial Organization Economics: Do We Have a New Theory of the Firm? *Journal of Management, 17*(17), 121–154. Retrieved from 10.1177/014920639101700109

Day, G. S. (1994). The capabilities of market-driven organizations. *Journal of Marketing, 58*(4), 37. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=9410316032&site=ehost-live

Day, G. S. (2011). Closing the Marketing Capabilities Gap. *Journal of Marketing, 75*(4), 183–195. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=61237672&site=ehost-live

Day, G. S., & Fahey, L. (1988). Valuing Market Strategies. *Journal of Marketing, 52*(3), 45–57. Retrieved from http://www.jstor.org/stable/1251449

De Chernatony, L. (2010). *From brand vision to brand evaluation: The strategic process of growing and strengthening brands* (3rd ed.). Amsterdam, Boston, London: Butterworth-Heinemann.

Dev, C., Zhou, K. Z., Brown, J., & Agarwal, S. (2008). Customer Orientation or Competitor Orientation: Which Marketing Strategy Has a Higher Payoff for Hotel Brands? *Cornell Hospitality Quarterly, 50*(1), 19–28. doi:10.1177/1938965508320575

Dutta, S., Narasimhan, O., & Rajiv, S. (2005). Conceptualizing and measuring capabilities: methodology and empirical application. *Strategic Management Journal, 26*(3), 277–285. doi:10.1002/smj.442

Foss, N. J., & Knudsen, T. (2003). The resource-based tangle: towards a sustainable explanation of competitive advantage. *Managerial and Decision Economics, 24*(4), 291–307. doi:10.1002/mde.1122

Harmancioglu, N., Droge, C., & Calantone, R. J. (2009). Strategic fit to resources versus NPD execution proficiencies: what are their roles in determining success? *Journal of the Academy of Marketing Science, 37*(3), 266-282. doi:10.1007/s11747-008-0125-x

Helfat, C. E., & Peteraf, M. A. (2003). The Dynamic Resource-Based View: Capability Lifecycles. *Strategic Management Journal, 24*(10), 997–1010. Retrieved from 10.1002/smj.332

Hirvonen, S., Laukkanen, T., & Reijonen, H. (2013). The brand orientation-performance relationship: An examination of moderation effects. *Journal of Brand Management, 20*(8), 623–641. doi:10.1057/bm.2013.4

Hooley, G. J., Broderick, A., & Moller, K. (1998). Competitive positioning and the resource-based view of the firm. *Journal of Strategic Marketing, 6*(2), 97. Retrieved from 10.1080/09652549800000003

Hooley, G. J., Greenley, G. E., Cadogan, J. W., & Fahy, J. (2005). The performance impact of marketing resources. *Journal of Business Research, 58*(1), 18–27. doi:10.1016/S0148-2963(03)00109-7

Hult, G. T. M., Ketchen, D. J., Jr., & Slater, S. F. (2005). Market Orientation and Performance: An Integration of Disparate Approaches. *Strategic Management Journal, 26*(12), 1173–1181. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=18700502&site=ehost-live

Keller, K. L. (2008). *Strategic brand management: Building, measuring, and managing brand equity* (3rd ed.). Upper Saddle River, NJ: Pearson/Prentice Hall.

Keller, K. L., & Lehmann, D. R. (2003). How Do Brands Create Value? *Marketing Management, 12*(3), 26–31. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=10600463&site=ehost-live

Kor, Y. Y., & Mahoney, J. T. (2005). How Dynamics, Management, And Governance Of Resource Deployments Influence Firm-Level Performance. *Strategic Management Journal, 26*(5), 489–496. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=17077546&site=ehost-live

Kotler, P. (2009). *Marketing management*. Harlow, England, New York: Pearson/Prentice Hall.

Koufteros, X., Verghese, A., & Lucianetti, L. (2014). The effect of performance measurement systems on firm performance: A cross-sectional and a longitudinal study. *Journal of Operations Management, 32*(6), 313–336. doi:10.1016/j.jom.2014.06.003

Kozlenkova, I. V., Samaha, S., & Palmatier, R. W. (2014). Resource-based theory in marketing. *Journal of the Academy of Marketing Science, 42*(1), 1-21. doi:10.1007/s11747-013-0336-7

Krasnikov, A., & Jayachandran, S. (2008). The Relative Impact of Marketing, Research-and-Development, and Operations Capabilities on Firm Performance. *Journal of Marketing, 72*(4), 1–11. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=32573175&site=ehost-live

Leiblein, M. J. (2011). What Do Resource- and Capability-Based Theories Propose? *Journal of Management, 37*(4), 909–932. doi:10.1177/0149206311408321

Leone, R. P., Rao, V. R., Keller, K. L., Luo, A. M., McAlister, L., & Srivastava, R. K. (2006). Linking Brand Equity to Customer Equity. *Journal of Service Research, 9*(2), 125–138. doi:10.1177/1094670506293563

Menguc, B., & Auh, S. (2006). Creating a Firm-level Dynamic Capability through Capitalizing on Market Orientation and Innovativeness. *Journal of the Academy of Marketing Science, 34*(1), 63–73.

Menguc, B., Auh, S., & Uslu, A. (2013). Customer knowledge creation capability and performance in sales teams. *Journal of the Academy of Marketing Science, 41*(1), 19–39. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=84621012&site=ehost-live

Merrilees, B., Rundle-Thiele, S., & Lye, A. (2011). Marketing capabilities: Antecedents and implications for B2B SME performance. *Special Issue on Industrial Marketing Strategy and B2B Management by SMEs, 40*(3), 368–375. doi:10.1016/j.indmarman.2010.08.005

Morgan, N. A. (2012). Marketing and business performance. *Journal of the Academy of Marketing Science, 40*(1), 102–119.

Morgan, N. A., Slotegraaf, R. J., & Vorhies, D. W. (2009). Linking marketing capabilities with profit growth. *International Journal of Research in Marketing, 26*(4), 284–293. doi:10.1016/j.ijresmar.2009.06.005

Morgan, N. A., Vorhies, D. W., & Mason, C. H. (2009). Market orientation, marketing capabilities, and firm performance. *Strategic Management Journal, 30*(8), 909–920. Retrieved from http://search.ebscohost.com/login.aspx?direct=true &AuthType=cookie,ip,athens,url,uid&db=bth&AN=41136799&site=ehost-live

Orr, L. M., Bush, V. D., & Vorhies, D. W. (2011). Leveraging firm-level marketing capabilities with marketing employee development. *Journal of Business Research, 64*(10), 1074–1081. doi:10.1016/j.jbusres.2010.11.003

Penrose, E. T. (1959 // 1980). *The Theory of The Growth of the Firm* (1st ed.). New York: M. E. Sharpe, Inc.

Peteraf, M. A. (1993). The Cornerstones of Competitive Advantage: A Resource-Based View. *Strategic Management Journal, 14*(3), 179–191. doi:10.2307/2486921

Peteraf, M. A., & Barney, J. B. (2003). Unraveling the resource-based tangle. *Managerial and Decision Economics, 24*(4), 309–323. doi:10.1002/mde.1126

Ramaswami, S. N., Srivastava, R. K., & Bhargava, M. (2009). Market-based capabilities and financial performance of firms: insights into marketing's contribution to firm value. *Journal of the Academy of Marketing Science, 37*(2), 97–116. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&Auth Type= cookie,ip,athens,url,uid&db=bth&AN=38594517&site=ehost-live

Ray, G., Barney, J. B., & Muhanna, W. A. (2004). Capabilities, business processes, and competitive advantage: choosing the dependent variable in empirical tests of the resource-based view. *Strategic Management Journal, 25*(1), 23–37. doi:10.1002/smj.366

Rust, R. T., Ambler, T., Carpenter, G. S., Kumar, V., & Srivastava, R. K. (2004). Measuring Marketing Productivity: Current Knowledge and Future Directions. *Journal of Marketing, 68*(4), 76–89. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=14342529&site=ehost-live

Saxe, R., & Weitz, B. A. (1982). The SOCO Scale: A Measure of the Customer Orientation of Salespeople. *Journal of Marketing Research, 19*(3), 343–351. doi:10.2307/3151568

SCImago Journal & Country Rank. (2014). *SCImago Journal & Country Rank*. Retrieved from http://www.scimagojr.com/journalrank.php?area=1400&category=1406 &country=all&year=2013&order=sjr&min=1&min_type=tc

Sirmon, D. G., Hitt, M. A., Ireland, R. Duane, & Gilbert, B. A. (2011). Resource Orchestration to Create Competitive Advantage: Breadth, Depth, and Life Cycle Effects. *Journal of Management, 37*(5), 1390–1412. doi:10.1177/0149206310385695

Slater, S. F., Olson, E. M., & Hult, G. T. M. (2006). The moderating influence of strategic orientation on the strategy formation capability–performance relationship.

Strategic Management Journal, 27(12), 1221–1231. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=22980400&site=ehost-live

Song, M., Di Benedetto, A. C., & Mason, R. W. (2007). Capabilities and financial performance: the moderating effect of strategic type. *Journal of the Academy of Marketing Science, 35*(1), 18–34. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=25308037&site=ehost-live

Song, M., Droge, C., Hanvanich, S., & Calantone, R. J. (2005). Marketing and Technology Resource Complementarity: An Analysisi Of Their Interaction Effect In Two Environmental Contexts. *Strategic Management Journal, 26*(3), 259–276. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=16095692&site=ehost-live

Urde, M., Baumgarth, C., & Merrilees, B. (2013). Brand orientation and market orientation — From alternatives to synergy. *Journal of Business Research, 66*(1), 13–20. doi:10.1016/j.jbusres.2011.07.018

Vargo, S. L., & Lusch, R. F. (2004). Evolving to a New Dominant Logic for Marketing. *Journal of Marketing, 68*(1), 1–17. doi:10.1509/jmkg.68.1.1.24036

Venkatraman, N., & Ramanujam, V. (1986). Measurement of Business Performance in Strategy Research: A Comparison of Approaches. *Academy of Management Review, 11*(4), 801–814. doi:10.2307/258398

Vorhies, D. W., & Morgan, N. A. (2005). Benchmarking Marketing Capabilities for Sustainable Competitive Advantage. *Journal of Marketing, 69*(1), 80–94. Retrieved from http://search.ebscohost.com/login.aspx?direct=true& AuthType=cookie,ip,athens,url,uid&db=bth&AN=15403066&site=ehost-live

Vorhies, D. W., Orr, L. M., & Bush, V. D. (2011). Improving customer-focused marketing capabilities and firm financial performance via marketing exploration and exploitation. *Journal of the Academy of Marketing Science, 39*(5), 736–756. Retrieved from http://search.ebscohost.com/login.aspx?direct=true&AuthType=cookie,ip,athens,url,uid&db=bth&AN=64894392&site=ehost-live

Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal, Vol 5*(2), 171–180.

Wilden, R., Gudergan, S. P., Nielsen, B. B., & Lings, I. (2013). Dynamic Capabilities and Performance: Strategy, Structure and Environment. *Long Range Planning, 46*(1-2), 72–96. doi:10.1016/j.lrp.2012.12.001

Wu, J. (2013). Marketing capabilities, institutional development, and the performance of emerging market firms: A multinational study. *International Journal of Research in Marketing, 30*(1), 36–45. doi:10.1016/j.ijresmar.2012.07.001.