

# IMPORTANCE OF MARKETING ACTIVITIES IN A COMPANY: THE MANAGEMENT PERSPECTIVE

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*The article analyses how managers of companies see the importance of the overall marketing function as the importance of certain types of marketing activities. These types include typical areas of 4 Ps as well as marketing planning and marketing research activities. The research is based on a survey of 205 managers of primarily manufacturing and trading companies that operate in Lithuania.*

*Managers evaluated marketing planning and distribution as the most important marketing functions, while marketing research and price management appeared to be significantly less important. Some differences of evaluations were observed on the basis of characteristics of companies. Managers of larger companies see the advantages of marketing planning and marketing research, managers of subsidiaries of international corporations evaluated four types of marketing activities significantly higher than did managers of independent companies. A lot of differences in evaluations were observed, depending on the key priority of the company strategy.*

*Data also showed a positive relationship between the evaluations of marketing activities and company growth. Though the growth is obviously influenced by numerous other factors, this relationship proves the significance of the marketing function in achieving better business results.*

**Keywords:** marketing function, marketing activities

## Introduction and literature review

The activities and success of companies depend on numerous interrelated internal and external factors, which are being continuously analysed by both academicians and practitioners. However, the very complex nature of the subject requires dividing the issue into more specific aspects of analysis.

The marketing function plays the major role in establishing and maintaining contacts between a company and its markets. However, the scope of marketing activities is rather

broad, and the role of various types of marketing activities heavily depends on the characteristics of a company and its strategy. On the other hand, their importance and role is a kind of a function of managerial perceptions about marketing.

In this article, authors seek to analyse the importance of the marketing function from the standpoint of top and medium level managers of companies. Evaluation of the marketing function importance as a whole, as well as separately by its more narrowly

defined activities, seems to be a relevant methodology for understanding the most typical managerial stereotypes and relating them with general results (outputs) of companies' activities.

There are numerous studies that analyse specific marketing activities and their relationship with certain aspects of other functions within a company. Many of them discuss the relationship between marketing and finance, or model financial outcomes of some specific marketing activities (Sheth, Sharma, 2001; Uzelac, Sudarevic, 2006; Rust et al., 2004; Weinzimmer et al., 2003). In other cases, the marketing function is related with some other functions within a company that are perceived as being 'closer' to it, typically with sales (Rouziès et al., 2005), Dewsnap, Jobber, 2000), with public relations (Grunig, Grunig, 1998), new product development (Song et al., 1997) or with the function of operations (Piercy, Rich, 2004) and purchasing (Hawes et al., 2006). One more group of researchers analyse the linkage between a specific marketing activity and some either internal or external factors: pricing and revenue (Garrow et al., 2006); cooperation in product innovation (De Luca, Atuahene-Gima, 2007), the aspect of human resources in marketing (Chimhanzi, 2004), etc.

Some studies cover the strategic and managerial aspects of marketing activities, thus integrating the managerial perspective into the picture. Frederick E. Webster Jr. draws a conclusion about strengthening the managerial view of marketing (Webster, 2005). Companies achieve significantly greater pay-offs in business performance terms when the critical marketing input in all areas of the strategy formation process (from goal setting to strategy selection) is harnessed in comparison with those firms where marketing does not

make such a meaningful contribution to strategy formation (Morgan et al., 2000). In other words, the results of a company are better when management realizes the importance and role of marketing within a company. It is even more significant in the context of changes, when the role of marketing is rapidly transforming (Moroman, Rust, 1999; Fox, 2003; Shipley, 1994).

However, studies that would directly measure the managerial evaluations of importance of marketing activities are very rare and typically touch this aspect just indirectly (Spillard, Moriarty, 1994; Homburg et al., 1999; Valentin, 1992). Research on this issue in Eastern European countries is minimal, and probably the closest examples are studies in Czech Republic (Pribova, Savitt, 1995), Ukraine (Skliarenko, Bartel, 2006) and one exploratory study of authors of this article in Lithuania (Urbonavicius et al., 2007).

This article is an attempt to partially fill this gap and to broaden the knowledge of managerial evaluations of marketing activities. Therefore, the main objective of the article is to study what characteristics of a company and its strategy predetermine the importance of various marketing activities. Authors also seek to view the relationship between these evaluations and the growth of company sales.

## **Methods**

In order to analyse managers' opinions about the importance of various marketing activities, we have developed a research model that includes the main factors and outcomes (Figure 1).

It is understood that the characteristics of a company play an important role in setting priorities for all types of activities, including activities that belong to the marketing

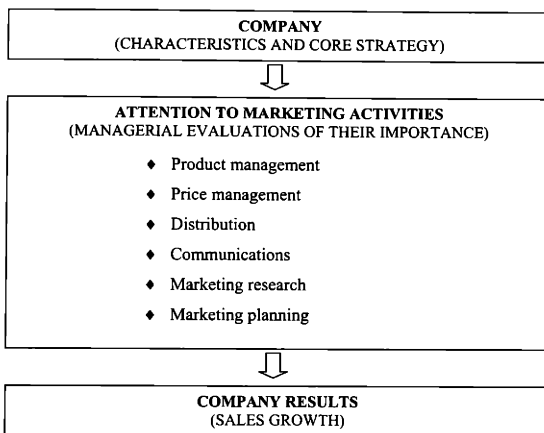


Figure 1. The study model

function of a company. The most important determinants here are associated either with characteristics of a company or its core strategy (Couto et al., 2005).

In the model, we included three demographic characteristics of a company: its type (independent versus subsidiary), size (number of employees), and the primary type of activities (manufacturing or trade; service companies were not included in this sample). The presence of a marketing department in a

company was used as a formal criterion of marketing function importance within a company (Homburg et al., 1999). Also, managers were asked to indicate the key priority of the strategy: competing and influencing the market mainly by lower prices or by superior characteristics (quality) of products.

A quantitative survey was performed by interviewing 205 top and medium level managers of companies that operate in Lithuania (Table 1).

Table 1. Sample profile

Company status	Frequency	%	Number of employees	Frequency	%	Area of activity	Frequency	%
Independent company	146	71.2	Less than 50	117	57.1	Manufacturing	72	35.1
Subsidiary	49	23.9	50–249	57	27.8	Trade	133	64.9
Other	10	4.9	250 and more	31	15.1			
<b>Marketing department</b>			<b>Sales last year</b>			<b>The core strategy</b>		
Present	91	44.6	Grew	170	82.9	Based on price	38	18.9
Absent	113	55.4	Didn't grow	35	17.1	Based on quality	163	81.1

More than 70% of the sample companies were independent enterprises, about one fourth being subsidiaries (branches or daughter companies of larger international corporations). Over 35% of respondents represented companies that primarily concentrate on manufacturing, and others – on wholesale and retail trade. A half of the sample companies were defined as small (less than 50 employees), others being medium-sized or large. Over 80% of sample companies have indicated that their core strategy is based on increasing the product's quality, while the other part has based their strategy on lowering the price of products. The companies that had a marketing department accounted for 55% of the sample.

Based on the academic literature review (Naik et al., 2005; Dibb, 2002), we defined 39 types of marketing activities that can be im-

portant to various companies. All of them were categorized into six groups, four of them representing elements of a typical marketing mix and the others covering marketing planning and marketing research activities. The questionnaire included seven statements about product management, two about price management, three about distribution management, ten about communications and promotion management, seven about marketing research and ten about marketing planning. Answers were presented using a five-point scale.

Statistical analysis showed the designed model to be relevant and adequately measure the identified types of activities, and revealed some relationships among the six measured areas, what corresponds to the theoretical statement about the overall interdependence of marketing activities.

*Table 2. Correlation among marketing functions*

		<b>Product management</b>	<b>Price management</b>	<b>Distribution</b>	<b>Communications</b>	<b>Marketing research</b>	<b>Marketing planning</b>
Product management	Pearson's correlation		0.289	0.203	0.526	0.457	0.438
	Sig. (two-tailed)		0.000	0.003	0.000	0.000	0.000
Price management	Pearson's correlation			0.059	0.206	0.070	0.133
	Sig. (two-tailed)			0.402	0.003	0.321	0.058
Distribution	Pearson's correlation				0.216	0.241	0.309
	Sig. (two-tailed)				0.002	0.001	0.000
Communications	Pearson's correlation					0.585	0.568
	Sig. (two-tailed)					0.000	0.000
Marketing research	Pearson's correlation						0.583
	Sig. (two-tailed)						0.000
Marketing planning	Pearson's correlation						
	Sig. (2-tailed)						

Table 3. Importance of marketing functions in companies

	Mean	Standard deviation
Marketing planning	3.917	0.5777
Price management	3.236	0.9945
Product management	3.508	0.4976
Marketing research	3.170	0.7633
Communications	3.406	0.6229
Distribution	3.818	0.8813

More specifically, marketing planning positively correlated with the importance of all other activities (except price management) and showed the strongest correlation with communications ( $r = 0.568$ ,  $p < .001$ ) and marketing research ( $r = 0.583$ ,  $p < .001$ ). The importance of product management positively correlated with the importance of all other marketing functions as well, but the correlation was rather weak, while the strongest one was with communication ( $r = 0.526$ ,  $p < .001$ ). Marketing research showed the strongest correlation with communications ( $r = 0.585$ ,  $p < .001$ ). In addition to this, product management had the strongest correlation with marketing planning ( $r = 0.412$ ,  $p < .001$ ), price management ( $r = 0.398$ ,  $p < .001$ ) and distribution ( $r = 0.365$ ,  $p < .001$ ).

## Findings and discussion

Managers evaluated two marketing functions as more important for companies than others. These were marketing planning and distribution. This differs from the findings of the previous study in Lithuania (Urbonavicius et al., 2007) in which the sample included a significant number of service companies to which distribution is a lower priority.

Respondents stated that product management was less important than marketing planning and distribution. The difference of eval-

uations between distribution and product management is  $m_{distr} = 3.818$ ,  $m_{prod} = 3.508$ ,  $t = -4.816$ ,  $p < .001$  (Table 3). Communication was rated as less important than product management (difference from product management  $m_{prod} = 3.508$ ,  $m_{commun} = 3.406$ ,  $t = 2.634$ ,  $p < .001$ ). Price management and marketing research were evaluated as the least important activities (difference between communications and price management  $m_{commun} = 3.406$ ,  $m_{price} = 3.236$ ,  $t = -2.295$ ,  $p < .005$ ).

Analysis by characteristics of companies disclosed more differences. Managers of independent companies considered four of the study marketing areas (distribution, communications, planning, research being less important than managers of subsidiaries of large international corporations (distribution  $m_{subsid} = 4.0953$ ,  $m_{indep} = 3.7445$ ,  $t = -2.493$ ,  $p < .001$ ; communications  $m_{subsid} = 3.5878$ ,  $m_{indep} = 3.3301$ ,  $t = -2.543$ ,  $p < .001$ ; planning  $m_{subsid} = 4.2041$ ,  $m_{indep} = 3.8253$ ,  $t = -4.215$ ,  $p < .001$ ; research ( $m_{subsid} = 3.4788$ ,  $m_{indep} = 3.0649$ ,  $t = -3.369$ ,  $p < .001$ ). Therefore, the overall importance of marketing activities was higher for subsidiary than for independent companies (Table 4).

Evaluations of importance of some marketing activities also varied Based on company size, varied evaluations only about marketing planning and marketing research, which

*Table 4. Importance of marketing functions depending on company's status*

	Company status	N	Mean	SD	t	Significance (two-tailed)
All marketing activities	Independent company	146	3.4468	0.4607	-3.727	0.000
	Subsidiary	49	3.7452	0.4265		
Product management	Independent company	146	3.4854	0.4668	-1.609	0.109
	Subsidiary	49	3.6147	0.5421		
Price management	Independent company	146	3.2808	0.9613	1.088	0.278
	Subsidiary	49	3.1020	1.0896		
Distribution	Independent company	146	3.7445	0.8740	-2.493	0.013
	Subsidiary	49	4.0953	0.7821		
Communications	Independent company	146	3.3301	0.6226	-2.543	0.012
	Subsidiary	49	3.5878	0.5855		
Marketing research	Independent company	146	3.0649	0.7372	-3.369	0.001
	Subsidiary	49	3.4788	0.7645		
Marketing planning	Independent company	146	3.8253	0.5601	-4.215	0.000
	Subsidiary	49	4.2041	0.4928		

resulted into small difference of general evaluation of all marketing activities together (table 5). Managers of small companies (be-

low 50 employees) rated marketing planning and marketing research as less important to them than managers of large companies. One

*Table 5. Importance of marketing functions depending on size of companies*

	Number of employees	N	Mean	SD	Differences	t	Significance (two-tailed)
All marketing activities together	Less than 50 SM	117	3.4528	0.4773	SM-M	-2.175	0.030
	50-249 M	57	3.6185	0.4597	M-L	-0.8300	0.409
	250 and more L	31	3.7005	0.4096	L-SM	-2.6424	0.009
Marketing planning	Less than 50 SM	117	3.7923	0.5891	SM-M	-2.662	0.009
	50-249 M	57	4.0351	0.5101	M-L	-1.172	0.244
	250 and more L	31	4.1710	0.5368	L-SM	-3.239	0.001
Marketing research	Less than 50 SM	117	3.0088	0.7373	SM-M	-2.330	0.021
	50-249 M	57	3.2984	0.8321	M-L	-1.686	0.096
	250 and more L	31	3.5455	0.5379	L-SM	-4.539	0.000

Table 6. Importance of marketing functions depending on the core strategy

	The core strategy	N	Mean	SD	t	Significance (two-tailed)
All marketing activities	Based on price	38	3.3697	0.5038	-2.470	0.014
	Based on quality	163	3.5779	0.4591		
Product management	Based on price	38	3.4895	0.4825	-0.274	0.784
	Based on quality	163	3.5142	0.5051		
Price management	Based on price	38	3.7763	0.9980	3.828	0.000
	Based on quality	163	3.1074	0.9634		
Distribution	Based on price	38	3.6671	0.9588	-1.246	0.213
	Based on quality	163	3.8652	0.8631		
Communications	Based on price	38	3.0632	0.7046	-3.917	0.000
	Based on quality	163	3.4908	0.5811		
Marketing research	Based on price	38	2.9287	0.8285	-2.188	0.029
	Based on quality	163	3.2266	0.7380		
Marketing planning	Based on price	38	3.7421	0.5769	-2.100	0.036
	Based on quality	163	3.9607	0.5781		

of possible interpretation is related with scarce resources of these companies, which does not allow paying more managerial attention to marketing activities (Siu, Kirby, 1999).

Differences in evaluations between manufacturing and trade companies were observed in case of communication activities. Communication activities were less important to manufacturing than to trade companies ( $m_{\text{manuf}} = 3.2431$ ,  $m_{\text{trade}} = 3.4947$ ,  $t = -2.807$ ,  $p < .001$ ).

However, a lot of differences were found regarding the core strategy (primary attention to price versus product quality, and vice versa).

Naturally, companies that base their core strategies on price indicated a higher importance of price management than did other companies ( $m_{\text{price}} = 3.7763$ ,  $m_{\text{quality}} = 3.1074$ ,  $t = 3.828$ ,  $p < .001$ ). However, communication ( $m_{\text{price}} = 3.0632$ ,  $m_{\text{quality}} = 3.4908$ ,  $t = -3.917$ ,  $p < .001$ ), marketing research ( $m_{\text{price}} = 2.9287$ ,  $m_{\text{quality}} = 3.2266$ ,  $t = -2.188$ ,  $p < .005$ ) and marketing planning ( $m_{\text{price}} = 3.7421$ ,  $m_{\text{quality}} = 3.9607$ ,  $t = -2.100$ ,  $p < .005$ ) were con-

sidered as more important for companies that based their core strategy on the quality of the product. In general, the overall importance of marketing functions was higher for companies that based their core strategy on quality.

Evaluation of importance of marketing activities also varied depending on presence of marketing department in a company. Managers of companies that had a marketing department, evaluated the importance of almost all marketing activities higher than did managers of companies that had no separate marketing department (Table 7).

The only exception was evaluations regarding the price which was rated higher by respondents from companies that have no marketing department. This means that companies that have no marketing department typically see price management as the most important marketing tool. This assumptions was confirmed by the fact that as many as 89% of companies with a marketing department based their core strategy on quality, and this percentage was significantly lower (75%) for com-

**Table 7. Importance of marketing functions depending on the presence of marketing department**

	<b>Marketing department</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>t</b>	<b>Significance (two-tailed)</b>
All marketing activities together	Yes	91	3.4451	0.4704	-2.053	0.041
	No	113	3.5856	0.4663		
Product management	Yes	91	3.5746	0.4695	1.728	0.085
	No	113	3.4538	0.5167		
Price management	Yes	91	3.1484	0.9902	-1.150	0.251
	No	113	3.3097	1.0007		
Distribution	Yes	91	4.0367	0.7430	3.346	0.001
	No	113	3.6404	0.9487		
Communication	Yes	91	3.5780	0.4977	3.760	0.000
	No	113	3.2673	0.6813		
Marketing research	Yes	91	3.4669	0.6761	5.346	0.000
	No	113	2.9270	0.7484		
Marketing planning	Yes	91	4.2110	0.4100	7.641	0.000
	No	113	3.6770	0.5858		

panies that did not have marketing department ( $\chi^2 = 6.281, i = 0.05, p = 0.012$ ).

All the above-discussed factors (characteristics of companies and their core strategies) influence managers' evaluations of marketing. However, higher evaluations of marketing activities can be positively related with the growth of companies (Table 8).

Data showed that managers of growing companies typically evaluated marketing planning ( $m_{grow} = 3.9576, m_{stable} = 3.6133, t = 3.074, p < .001$ ), product management ( $m_{grow} = 3.5293, m_{stable} = 3.3197, t = 2.153, p < .005$ ) and communication activities ( $m_{grow} = 3.4576, m_{stable} = 3.1067, t = 2.876, p < .001$ ) as being more important than did managers of companies whose sales were stable.

le. Authors assume that higher evaluations of some marketing activities (others being equal) may be responsible for the growth of companies. This corresponds to findings of previous studies (Urbonavicius et al., 2007).

### **Conclusions and directions for future research**

The objective of the present research was to analyse the importance of various marketing activities through the opinions of managers of various companies. The study allows drawing some preliminary conclusions and outlining directions for future research.

First of all, the study model proved its relevance. Future studies may have a similar back-



Table 8. Importance of marketing functions by sales growth

	Sales last year	N	Mean	SD	t	Significance (two-tailed)
All marketing activities	Grew	170	3.5717	0.4566	2.401	0.017
	Didn't grow	30	3.3641	0.5099		
Product management	Grew	170	3.5293	0.4810	2.153	0.032
	Didn't grow	30	3.3197	0.5491		
Price management	Grew	170	3.2000	1.0080	-0.593	0.553
	Didn't grow	30	3.3167	0.8952		
Distribution	Grew	170	3.8434	0.9164	0.942	0.347
	Didn't grow	30	3.6777	0.7035		
Communications	Grew	170	3.4576	0.6137	2.876	0.004
	Didn't grow	30	3.1067	0.6302		
Marketing research	Grew	170	3.2146	0.7525	1.932	0.054
	Didn't grow	30	2.9247	0.7889		
Marketing planning	Grew	170	3.9576	0.5551	3.074	0.002
	Didn't grow	30	3.6133	0.6224		

ground, but need to include more aspects regarding price and distribution management. Certainly, a larger sample would allow reaching a higher statistical significance.

Second, a number of rather concrete differences in the evaluation of the importance of marketing activities were observed on the

basis of the characteristics of companies and their core strategic idea.

Third, there was a positive relationship between recognizing the importance of marketing activities and the growth of companies.

All these findings may serve as an empirical background for further studies.

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