

# **Building Marketing Capabilities with Successful Marketing Strategy Implementation for Better Global Reach**

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**ABSTRACT:** The aim of this paper is to provide a theoretical framework that can be used by scholars and businesses to formulate global marketing strategies that can help them to pursue their international operation in foreign markets successfully. For this purpose it is believed that executing an effective marketing strategy is just as important as conceptualizing and creating it. Through marketing strategy implementation firms employ scarce resources through marketing capabilities in order to attain the set goals and targets. The paper highlights the significance of marketing capabilities and further reconstructing the path from marketing capabilities to organizational outcomes, thus explaining how much these marketing capabilities are important to pursue global strategy that will help the firm to achieve competitive advantage.

**KEYWORDS:** Global marketing strategies, Marketing capabilities, Organizational outcomes, Firm Success

## **INTRODUCTION**

Company marketing strategy is an important and crucial constituent for the global market. Marketing strategies can vary from country to country, brand to brand and organization to organization. In order to achieve a satisfactory and adequate marketing strategy which has a positive outcome on global and overall firm success, the marketing department within a company should bear in mind all the different marketing mix strategies that can influence the comprehensive result and the cumulative firm success. When launching a product into foreign markets companies can use a conventional marketing mix or adapt the existing marketing mix, to satisfy the country they are carrying out their business activities in. the link between standardization/adaptation and company performance is complicated and possibly influenced by other factors<sup>1</sup> It should be emphasized that the influence of standardization/adaptation decisions of international marketing strategy on company performance is named also as one of the most topical research objects of international business<sup>2</sup> Therefore inconsistent results of empirical research works and limited research contexts confirm that the link between standardization/adaption decisions of international marketing strategy and company performance are a topical object of scientific research<sup>3</sup>

For a successful company marketing strategy, it is vital to understand everything that is going on a global and international market. Organizational strategy defines the market orientation of a firm, which defines how a company is focused in relation to factors such as customers, competitors, and departmental dynamics to deliver success<sup>4</sup> Effective strategic planning requires that organizations improve their understanding of the strengths shaping the situation and the mechanisms by which such an understanding occurs and, subsequently, form marketing strategy<sup>5</sup> The idea of leveraging a marketing strategy across multiple markets seems to be nothing but beneficial. It saves effort and resources and ensures a high degree of consistency between all in-market branding and activities. However, in order to achieve this company should possess certain marketing capabilities. The role of marketing capabilities in achieving company's market and financial success is enormous<sup>6</sup> For instance, firm's product development capability (PDC) influences the launch strategy for a long-lasting product that is sequentially improved over time<sup>7</sup> Marketing capabilities also contribute to the international expansion of international new ventures by impacting firm's decision to choose entry modes including

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higher resource engagement in foreign markets<sup>8</sup> Furthermore, a study of<sup>9</sup> examined how market sensing, brand management, and customer relationship management (CRM) capabilities define firms' revenue growth and margin growth - the two components of profit growth. The results indicated that marketing capabilities have a direct and complementary effect on revenue and margin growth rates. Brand management and CRM capabilities have an opposing effect on revenue and margin growth rates<sup>10</sup> The immediate effects of marketing resources on firm performance were also emphasized in a study performed by<sup>10</sup> The study determined how sales capabilities and performance monitoring via marketing dashboards determine a firm's sense making. Studies illustrating value of marketing capabilities are plentiful. Still it is suggested that there is insufficient understanding whether marketing capabilities lead to certain positive organizational outcomes<sup>11</sup>

Understanding marketing environment and being equipped with the latest technological advances as well as having the latest information about the market trends in international market are considered as an important prerequisite for formulating good marketing strategy. Market orientation of the firm is defined by organizational strategy. That is to say, using organizational strategy, market orientation of the firm is determined in relation to customers, competitors and market forces. There are numerous numbers of studies that have been conducted to identify the best means of formulating marketing strategy. When the issue of marketing strategy is discussed, most marketing scholars highlight the significance of marketing capability, which is considered as a backbone of formulating a strong marketing strategy. Previous literature in the marketing strategy has reported a positive link between strong marketing capabilities and firm success<sup>12</sup> Moreover, most of the scholars highlighted the enormous role of marketing in achieving firm success and strong positioning in the market. Marketing capabilities are also believed to contribute to the international expansion of the firms. The role of marketing capabilities has also been studied in relation to company profit. The study conducted by<sup>13</sup> analysed the influence of marketing sensing, brand management and customer engagement on company growth. Morgan (2009) found a significant positive relationship between marketing capabilities and company growth. Marketing literature also proposed different elements of marketing capabilities such as market sensing, customer engagement and partnership capabilities. All these elements are reported as the fundamental prerequisites of marketing capability, which will contribute to the establishment of competitive advantage. Product innovations are directly related to success of the companies in international market. In this regard, most of the previous literature stated that companies with strong marketing capabilities are more likely to make innovative products. Marketing strategy is a significant driving force that distinguishes the success of many organizations not only by well developed marketing strategies outlining where, when, and how the firm will compete but also by their ability to execute the marketing strategy decision options chosen<sup>14</sup> The appropriate and effectively implemented marketing strategies are required to productively guide the deployment of the limited available resources via the firm's marketing capabilities in pursuit of desired goals and objectives<sup>15</sup>. The literature reveals two distinct but related features to marketing strategy content: marketing strategy decisions and marketing strategy decision implementation. Hence, decision makers responsible for the marketing strategy must select which available resources the firm should deploy, where to deploy them appropriately, and set and signal priorities in terms of achieving the various goals and objectives of the firm<sup>16</sup> These marketing strategies toward firm performance may be either formal, top-down strategies<sup>17</sup> or emergent or improvisational strategies<sup>18</sup> A firm's marketing strategy content therefore involves explicit or implicit decisions regarding goal setting, target market selection, positional advantage to be pursued, and timing to attain firm performance<sup>19</sup> Well-defined strategic marketing objectives are critical feature of marketing strategy in which managers must make decisions about what the objectives and priorities of the firm are, translate these objectives and vision of the firm into marketing-related goal criteria, and set and articulate the desired achievement levels on each goal. This can be complicated to realize by the fact that many goal criteria and levels may be incompatible or at least non-complementary in the pursuit of achieving firm performance. For instance, the firm's growth revenue and margin growth are difficult to achieve simultaneously<sup>20</sup> Managers, therefore, have to prioritize objectives that may be in conflict. Since most definitions of strategy concern plans for how desired objectives are to be achieved, such goal setting is clearly important in determining subsequent marketing strategy content decisions. Indeed such goal selection decisions may be one of the most important manifestations of strategic choice within the marketing strategy content<sup>21</sup>

Another important feature of marketing strategy content is the selection of the market. This deals with the segmentation and targeting decisions of the classic STP framework of marketing strategy, which revolves on market segmentation, target and positioning. Specifically, this marketing strategy content decision determines where the firm will seek to

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compete in order to meet the strategic marketing objectives stipulated. Value proposition is also a significant feature of the marketing strategy as it is responsible for the choosing of the specific product and/or service offerings to be delivered into the target market with the objective of exceeding the customers' expectations<sup>22</sup> Marketing capabilities such as market sensing, partner linking, customer capabilities, functional capabilities, networking capabilities have been linked to various positive organizational outcomes<sup>23</sup> Such capabilities can either be used to form a marketing strategy that would lead to superior performance or may be of tactical or operational use, thus contributing to the value chain. In order to support our thesis that marketing capabilities indeed lead to market success we perform a review of key literature. In a study performed by<sup>24</sup> the goal was to determine the influence of a firm's functional capabilities (marketing and operations) and diversification approaches (product/ service and international diversification) on overall financial performance. The results indicated that marketing capability is the fundamental determinant for superior financial performance and also that market-driven firms are likely to have much better business performance than a firm focusing entirely on operational capabilities<sup>25</sup> The relationship between the marketing competencies of SMEs and their entrepreneurial vision and international marketing-oriented awareness has been established<sup>26</sup> Developed sense making capability also expands the potential range of strategic responses and, finally, enhances customer-based performance<sup>27</sup>. For example, product development capability (PDC) impacts the launch strategy for a durable product that is sequentially developed over time in a market where consumers have heterogeneous valuations for quality<sup>28</sup> The results indicated that that looking through firms' resource use up to their marketing capabilities, use of informational and economic resource combines with administration and consumer relations capabilities<sup>29</sup> Marketing and research and development (R&D) capabilities as well as degree of internationalization were linked to the innovation performance of SMEs<sup>28</sup> The results indicated that internationalization has a positive impact on innovation performance when R&D capability of SMEs' or marketing capability is high<sup>20</sup> Furthermore, the results showed that the impact of internationalization on innovation performance has a negative result when marketing capability or R&D capability is low. Marketing capabilities strongly influence and further strengthen the influence of internationalization on innovation performance<sup>22</sup> Benchmarking and market based learning are also important factors that fit the domain of marketing capabilities. The understanding of firms' benchmarking of strategies in two disciplines, marketing and operational (R&D and manufacturing) capabilities is modeled as drivers of international performance<sup>26</sup> Research results of a study performed by<sup>24</sup> indicated that that sales capability and the use of marketing dashboards not only contribute directly, but also have an interactive impact, emphasizing the significance of combining both sales and marketing operations. Also, there was some evidence that sense-making impacts cost control and improves customer relationship performance, which suggests that it has the potential to concurrently affect both cost efficiency and growth<sup>18</sup>

**Market Sensing :** Marketing sensing capability provides an opportunity for the companies to react on time and efficient manner towards changing market trends including consumer wants and needs.<sup>20</sup> Therefore, it can be stated that market sensing involves the collection of necessary information that might be later used to formulate necessary strategies in order to respond well to evolving and rapidly changing market conditions. Market sensing capabilities also help firms to identify market opportunities earlier than competitors<sup>23</sup> Therefore, it can be mentioned that good market sensing information not only requires having good knowledge or understanding of changing marketing trends but also requires efficient organizational information processing capabilities such as filtering, explanation of new knowledge and sorting necessary information.

**Customer Engagement:** Customer engagement involves formulating close relationship with the customers in order to better satisfy their wants and needs<sup>24</sup> This concept may also be useful in terms of increasing the number of existing customers through close engagement with them. Previous studies found a positive link between customer engagement and firm performance and superior financial performance<sup>15</sup> Adaptation to the changing marketing environment requires having strong customer engagement capabilities through which changing market opportunities might be identified<sup>10</sup> Consumer centric approach is regarded as the focal point of customer engagement. Better customer expectations are also developed through customer engagement capabilities<sup>11</sup> Having high levels of customer engagement is more likely to lead to having a better customer experience, satisfaction and consequently loyalty towards company offering. Loyal customers are essential for the success of the company in international markets<sup>13</sup> Word of mouth marketing is strongly promoted through loyal customers who will contribute to the increasing number of new customers. International performance of the firm can be characterized by the increasing market share, financial performance of the firm, which is directly related to customer satisfaction and loyalty, which is an integral focus of customer integration.

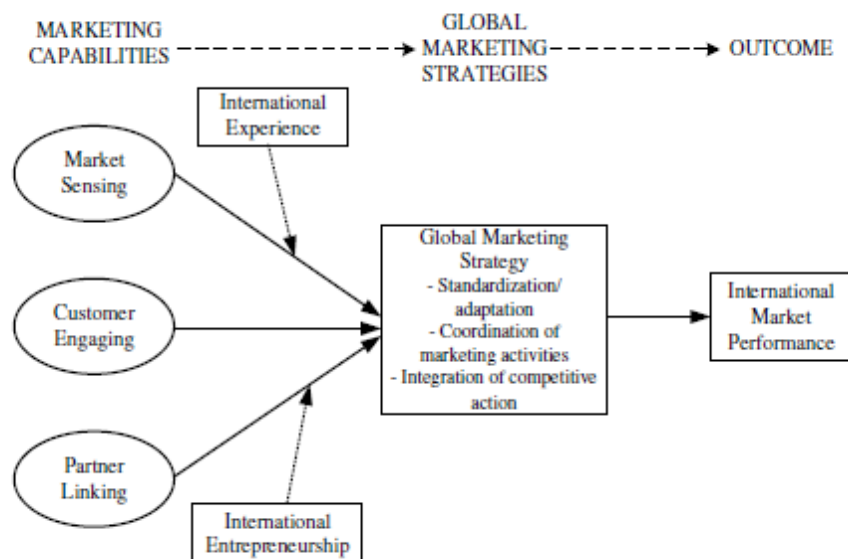
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Volume 8, Issue 11, November 2021

Partner Linking :Partner linking is described as the capability of the firm through which it can set contact with its partners and make efficient use of current resources <sup>12</sup>The importance of partner linking becomes more relevant in the case of open market operations where it is crucial asset to exchange needed knowledge and skills in order to provide on time information for partners <sup>11</sup> Partner linking can help the firms to achieve value creation through having better relations among parties and having access to deep set of information resources, which can be shared among partners<sup>10</sup>In order to create product innovation and achieve high level of customer satisfaction it is important to have efficient integration of resources and skills among business partners <sup>11</sup> The more diverse the availability of resources and capabilities among partners, the more efficient they will be in achieving high levels of customer value and they will increase their efficiency in terms of creating new product. Therefore, it is important for the firms to stay aware of market changes in order to have ongoing relationship with the partners <sup>22</sup>



## DISCUSSION, IMPLICATIONS AND CONCLUSION

Marketing strategy is an essential part of conducting business operation as it directly influences the outcome and result of firm performance. Since one regard of a marketing plan affects all of the others, coordinating business projects is significant when reducing interference and maximizing company profits. In terms of the program perspective the marketing strategy standardization/adaptation is important in the sense it can separate marketing mix elements to be standardized or adapted in the international market. In a nutshell on the 4Ps of marketing strategy, a company should be constantly developing new products in consideration of product life cycle (PLC)- the product element is the new product itself, getting the price right involves examining customer perceptions and rival products as well as costs of manufacture, promotion involves engaging in a range of promotional activities e.g. competitions, product tasting etc, and place involves using the best possible channels of distribution such as leading retail chains. The product is the central point on which marketing energy must focus. Finding out how to make the product, setting up the production line, providing the finance and manufacturing the product are not the responsibility of the marketing function. However, it is concerned with what the product means to the customer. Marketing therefore plays a key role in determining such aspects as:

- the appearance of the product - in line with the requirements of the market;<sup>24</sup>

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- the function of the product - products must address the needs of customers as identified through market research;

Effective marketing is one of the most important keys to a successful business. Without a proper marketing strategy, customers will never be aware of a business or its location, products, or services. The problem with marketing is that it can actually hurt a business if done incorrectly. Marketing capabilities therefore play a major role in ensuring this does not occur. As our conceptual study illustrated, product, partner linking, market-sensing and other capabilities all have positive effects. Beyond this, one of the biggest benefits of operating globally with a local presence is the opportunity it provides to develop a deeper understanding of the markets in which your company operates and their potential. It enables you to prioritize and optimize your efforts and budgets effectively. Thus far, marketing capabilities allow for effective and rapid access and penetration to multiple markets by offering to customers the leading-edge innovative products because they are firm specific, valuable, with no substitutes, difficult to imitate and easily transferable between markets.<sup>26</sup> Consequently, this study suggest that the possession of marketing capabilities will result in much greater success potential in firms operating in both domestic and international markets. In particular, marketing capability is suggested to significantly improve the performance of firms innovatively and enable them to attain higher market share in foreign markets. In addition, international experience and entrepreneurship are attained by correctly identifying marketing capabilities such as market sensing, customer engagement and partner linking that influence the performance of firms in international markets. Hence, in demonstrating the impact of marketing capability on success of companies encourages more firms to accelerate their internationalization process. Moreover, superior marketing capabilities give the firm the ability to generate adequate information about competitor actions and reactions and then draw adequate intelligence to counter on the acts of its rivals. This process of marketing capability which is aimed at generating knowledge and its application toward delivering superior customer value helps the firm to also develop the basis for a competitive advantage.<sup>28</sup> A suitable set of business strategies that is effectively focused with superior marketing capabilities have a greater probability to achieve business success resulting in attaining competitive advantage.<sup>27</sup> Market sensing, customer engagement and partner linking are proposed to have positive link with formulating global marketing strategy. Market sensing is one of the important marketing capabilities which allow firms to react to external changes in market environment. Likewise, customer engaging and partnership linking allows firm to build a strong relationship with company's prospective and current customers as well as partners. The analysis of previous literature mentioned number of important criteria to maintain the stability of marketing strategy including adaptation, coordination of marketing activities and integration of competitive action. The study has different implications for business practitioners and marketing experts who are always in constant search for new strategies to succeed in the market. International experience and international entrepreneurship are regarded as the moderating variables among marketing capabilities and global marketing strategy. The adequate understanding the importance of marketing capabilities by business practitioners are found to lead for the success in international market performance.<sup>28</sup>

This paper proposed conceptual framework, which is focused on the usage of marketing capabilities in order to formulate strong global marketing strategy. Most companies are constantly looking for the ways to go global and offer their products and services in international markets. Therefore, strong implementation of right marketing strategies is becoming even more vital in order to ensure the success of companies in international market. Extensive review of the previous literature in the area leads to the development of different characteristics contributing to the success of the marketing strategy revealed the significance of marketing capabilities, which are defined as the ability of the companies to react and cope with changes in external market environment. Marketing capabilities are reported to consist of market sensing, customer engagement and partner linking. These are three important elements which aim to strategy adaptation, coordination of marketing activities and integration of competitive actions. Pursuing right global marketing strategy is expected to contribute for maintaining strong market position in the international business level.<sup>29</sup>

Global marketing strategy involves standardization, coordination of marketing activities and integration of competitive actions in itself. The notion of Porters generic strategies provides the concept of three important strategies that firms use including cost leadership, differentiation and focus strategies, which are used by many world famous firms in order to ensure the success of their international performance. Pursuing these global marketing strategies requires from firms strong marketing capabilities.<sup>21</sup> These capabilities include market sensing, partner linking and customer engagement, which are the crucial backbones of each global strategy. When these marketing capabilities are properly used, firms are believed to achieve certain strong position in the international market.<sup>23</sup> Market sensing, customer engagement and



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partner linking allow firms to stay alert regarding the changes in market trends including those such as customer preferences, exploitation of new market opportunities and collaboration with partners. Therefore, successful participation in foreign market requires from firms to become aware of market trends and customer needs all of which are achieved through effective utilization of global marketing strategy linking. These are three important elements which aim to strategy adaptation, coordination of marketing activities and integration of competitive actions. Pursuing right global marketing strategy is expected to contribute for maintaining strong market position in the international business level.<sup>29</sup>

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